MEMBERS PRESENT

Mr. David Ackerman, Chairperson for Mike Curb, Lieutenant Governor

Mr. John Jervis, Commissioner, for Kenneth Cory, State Controller

Ms. Susanne Morgan, Commissioner, for Mary Ann Graves, Director of Finance

STAFF PRESENT

Mr. James F. Trout

Mr. Robert Night

Mr. Donald Everitts

Ms. Diane Jones

Mr. Harley Pinson

Mr. David Hayward
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CHAIRPERSON ACKERMANN: Call the meeting to order.

MR. HIGHT: Yes, Mr. Chairman. Mr. Jervis will be sitting for the Controller in a nonvoting capacity this morning.

CHAIRPERSON ACKERMANN: I have before me the minutes of the meeting of June 26th, 1980. If there are no corrections or additions to those meetings, they will be deemed approved as submitted.

ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, in getting started, we would like to point out a couple of things. We will need to talk to the Commission briefly in executive session following this regular meeting on a matter of litigation.

And on the calendar, item C-12 and item C-30 have been taken off calendar.

On July 21st, staff was contacted by the San Joaquin County Sheriff's Department concerning a safety problem at the intersection of Paradise Cut, Sugar Cut and Salmon Slough in Southern San Joaquin County. A sand bar has developed at that area and there has been one fatal accident and several near misses. The Sheriff's Office has
asked permission to install warning signs in that location. Their request came after the calendar had been prepared. Because of the immediate need for public health and safety, I think a letter to the Sheriff's Office authorizing them to go ahead and install the signs at once, and the county will make application for a permanent permit for the signs.

That's all we have to do.

CHAIRPERSON ACKERMAN: Any questions by any of the Commission members?

Okay. Is there any staff report on the Coastal Commission matters this morning?

ASSISTANT EXECUTIVE OFFICER TROUT: No report, Mr. Chairman.

CHAIRPERSON ACKERMAN: Okay. We will proceed with the agenda. The first 16 items on the agenda, with the exception of item 12, is considered the consent calendar. These are routine matters, administrative in nature, that are approved in block by the Commission unless there is an objection from the audience or any member of the Commission to have these items set out and heard separately.

Is there any objection from anyone in the audience to approving items on the consent calendar?

Any items or questions from any of the Commissioners?

All right. I will entertain a motion to approve
the consent calendar with the exceptions of items C-12.

COMMISSIONER MORGAN: So moved.

CHAIRPERSON ACKERMAN: Okay. So ordered.

Item number 17, Ocean Front Oil Company.

ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman,
you may remember this item was before the Commission last
time. I would like Mr. Everitts and Mr. Pinson, staff
counsel, to come up to the table and explain what has
happened since last month.

You may recall that Ocean Front Oil Company has
one well, which is in a dangerous condition as far as our
staff is concerned, and the representative of the Applicant
or the owner of the oil wells was here and asked that there
be given additional time for an engineering report to be
completed. That engineering report was received just day
before yesterday, early in the morning. We have had an
inadequate time to go through it, and if Mr. Everitts would
come up, he can tell us what the status of the project is.

MR. EVERITTS: One of the questions that the
Commission asked at the last meeting also was what was the
involvement of the Division of Oil and Gas in the project.
So, I thought we ought at least to discuss that.

Actually, on November 1, the Division of Oil and
Gas wrote a letter to the lessee and advised him that since
the well was a flowing well -- November 1, '78 -- the letter
was written to the lessee advising that since it was a flowing well, that certain safety devices should be installed, not the specific downhole subsurface safety valve and then surface safety valve, and that sort of thing, and gave them until November 15, 1980 to equip the well, otherwise they would be in violation and subject to penalties of various types.

This also is in violation of State Lands Commission's lease, and specifically in violation of regulations which the Commission approved several months ago. So, therefore, we have been involved in it also.

The well, furthermore, is not profitable. Lessee has never contented that it is profitable, particularly under the existing royalty, which is in excess of 100 percent.

CHAIRPERSON ACKERMAN: The output is what, less than a barrel a day?

MR. EVERITTS: Yes. About a barrel a day at the present time. The oil sells for around $25 a barrel. The royalty for them is roughly eight times the selling price, which gets you above 100 percent.

CHAIRPERSON ACKERMAN: You make it up in volume.

MR. EVERITTS: We have had quite a bit of conversation with the lessee. They have contacted a reputable firm of consulting engineers, who have reviewed
the project and have suggested two possibilities. One of them is that we put in a high-volume subsurface electrical pump, and pump the well at a high rate, perhaps as high as 5,000 barrels per day -- the theory being that if this can pump hard enough, maybe we can get some more oil. There was a suggestion that there may be five to ten barrels of production available if they go to those high rates, 5,000 barrels of water and oil, maybe the net of five or ten barrels of oil.

The other possibility is that if this does not make production, then the suggestion of the lessee that he abandon the existing well and redrill to a location directly under his lease -- a well from the onshore drilled to offshore. Now, if he abandons back to the mean high tideline, or whatever the legal boundary is these days, it won't be our problem anymore, because it won't be a state well. And if he redrills and gets production, it will be his own well, but at least it will be off our lease, off of our lands.

My engineering opinion is that he should abandon the well or state lands and go ahead and do his redrill underneath. However, it is his option.

CHAIRPERSON ACKERMAN: If he abandons the well, slant drilling on state lands, then he is still under the jurisdiction, and do we have any concerns?

MR. EVERITTS: No. We would have no concern after
that. It would be strictly a matter between the surface owner -- I don't know if they are the surface owner or not -- it would be a matter of City of Huntington Beach and Division of Oil and Gas.

CHAIRPERSON ACKERMAN: If I recall, basically, the same situation was presented 30 days ago at the last meeting, and the representative from Ocean Front Oil at that time -- who is in the audience -- was given 30 days to submit the report, which I understand was submitted Tuesday.

MR. EVERITTS: Yes. Was submitted on Tuesday.

CHAIRPERSON ACKERMAN: But, you haven't had an adequate opportunity to review that report?

MR. EVERITTS: I have. In my opinion it is not a very good engineering prospect.

MR. PINSON: Mr. Chairman, there are parts of the proposal that we have accepted and the remaining issues are technical issues which there isn't enough information to evaluate, and we have asked for a meeting with the lessee and Mr. Everitts' staff for next week.

As Mr. Everitts mentioned, this began in December of 1978, when Mr. Northrop wrote to the lessee, and we have been unable to get a firm proposal for the lessee to either abandon or properly equip the well until 48 hours ago. And the item before you is a request for authorization for litigation, and we feel that the only progress that we made
with the lessee was after the meeting last month when that recommendation was brought before the Commission. And we feel that in order to make the further progress with the lessee that we would like to have that authorization now.

MR. HIGHTS: Mr. Chairman, it would be implicit in that authorization that we would continue to work very diligently with the applicant, and would not file suit immediately, but would continue to work in hopes of resolving the situation.

MR. PINSON: And we have made that assurance to the lessee's attorney.

CHAIRPERSON ACKERMAN: There is a representative I know from Ocean Front. I think if he could come forward, we would like him to respond to the staff recommendation.

MR. MEYER: I am Steven Meyer. I am attorney with the law firm of Downey, Brand, Seymour & Rohwer. We represent Ocean Front Oil Company.

A proposal was made by my client on Tuesday on redrilling this well. The delay, as mentioned before, was getting this engineering report. We made an offer. The State Lands staff wrote us a letter which we received last evening, where basically we seem to be in agreement on principle, but there are technical issues to resolve. My client is going to be meeting with the State Lands staff next week to advise them as to the details, how he will
equip this well and the economic -- to demonstrate that this would be a paying proposition. I think granting authorization today would be inconsistent with the settlement negotiations that are going on presently. I don't suggest that this matter simply be dropped. I can ask that it be continued for another 30 days or 60 days.

I also want to point out one other thing, that there has been, you know, some small amount of acrimony between my client and the staff of the State Lands Commission, which I don't want to dwell on particularly, but it was pointed out that there has been this long delay since 1978 in handling this matter. Well, my client for a number of years, previously was paying an 80 to 90 percent, right now that royalty rate would be 200 percent. He paid it on a protest for several years, I think, two or three years -- I don't mean to overstate it, it was two or three years, and we didn't hear anything.

So, there may be some delay on our side, but certainly there was delay on the staff side, and I certainly don't want the view, the impression made that our client has simply been dilatory and has been obstructive because I don't really believe he has. There has been a lot of problems in settling this matter, but I think we are on the verge of settling it. I think we are in agreement in principle as to how we are going to settle it, and I think
it would be just showing a good faith on both sides if this authorization were not approved today, but we simply continue it. If it breaks down in the next 30 days, staff can always come back and point out what egregious violations we have committed in these 30 days, and you can all go ahead and grant authorization.

CHAIRPERSON ACKERMAN: Does the staff have any response?

ASSISTANT EXECUTIVE OFFICER TROUT: Well, Mr. Chairman, without meaning any malice or anything, we think that approval of the recommendation of the staff to include litigation as an alternative would make sure that things proceeded smoothly during the next 30 days. I think we don't have to run out to the courthouse; we can continue negotiating. And we'd like very much to report back next month that we have a settlement and litigation is not necessary.

Nevertheless, staff would like the authority because we think that would keep things moving along.

MR. MEYER: I think things are moving along as they are. I don't really think this authorization would move this thing along, but you can come back again -- you can come back again next time. It's not like continuing it at this time precludes you from seeking such authorization.

CHAIRPERSON ACKERMAN: Any questions from members

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COMMISSIONER MORGAN: I don't particularly have any problem with authorizing what the staff is asking. It seems to me that there has been delay on both sides and this would help to move things along. It's a motion of substance it seems to me, because the staff always has an opportunity to take necessary legal steps if they need to. But, I am concerned that there may be a hazardous situation that develops from this.

MR. MEYER: Let me speak to the hazardous situation. If the DOG thought this was a hazardous situation, they wouldn't have given my client two years to fix it, and they are not required to have it fixed until November 15th. If this thing was going to blow up down there, I'm sure the State of California can shut that down immediately. I just don't think there has been that-- that's really very overstated because of the hazard this wall presents. It is certainly not the view of DOG, and that's mainly their area of expertise and their area of interest.

COMMISSIONER MORGAN: What is the November date?

MR. HIGHT: The Division of Oil and Gas arbitrarily set a date of November, by which time the well had to be brought to the safety standards.

CHAIRPERSON ACKERMAN: Does that November date
apply whether or not the Lands Commission has any vested interests? In other words, if they redrill the well or abandon it, or whatever, they still have to come under the well and gas safety standards regardless of whether or not the Lands Commission remains in interest.

MR. HIGHT: Yes.

MR. EVERITT: The attorney corrected me a while ago, let me correct an attorney. That two years is not arbitrary; it is a matter of regulation. Section 1724.3.

COMMISSIONER MORGAN: What two years?

MR. EVERITT: Two years from November 1 of '78. They have two years to correct the hazardous condition once the well has been defined as a critical well. This well was defined as a critical well because it is capable of flowing and it is within 300 feet of a building capable of human occupancy, or something like that.

CHAIRPERSON ACKERMAN: John, any questions?

COMMISSIONER JERVIS: No.

CHAIRPERSON ACKERMAN: I think my feeling is that this is the second meeting with which this item has been on the calendar. I would be inclined to go with the staff's recommendation here, I think, with one caveat, and that was already mentioned by Mr. Hight in that this is just an authorization to litigation, not a direction from the Commission to immediately pursue litigation. And I think it
would be inherent in any motion before the Commission that
the negotiations are continuing -- this is just simply an
authorization for future litigation if that becomes
necessary.

It seems obvious that if your client wishes to
redrill, abandon the slant drilling and redrill vertically,
that the State Lands Commission no longer then has an
interest and litigation is obviously not necessary. And I
would hope that the staff would pursue the negotiations and
this would only be authorization for litigation, not a
direction by the Commission to litigate at this point in
time. And it is just that we keep getting 30 day delays,
and I would really like to see this matter resolved once and
for all without having to come back to the Commission if at
all possible. And I would be happy to entertain a motion
to approve the staff recommendation.

COMMISSIONER MORGAN: I'll approve that.

ASSISTANT EXECUTIVE OFFICER TROUT: I think we
would like to request as part of that that there be at least
weekly reports to us from the Applicant or from the company,
so that we have contact as to what they are doing. If we
are going to continue negotiations and withhold litigation,
we think it is appropriate.

We would suggest also that maybe the Applicant
could weekly inform us as to what is going on.
COMMISSIONER MORGAN: We don't have any control over them. We can ask them if they would be willing to help move things along.

ASSISTANT EXECUTIVE OFFICER TROUT: I think that would be the key, that if we did not hear from them, then we would feel that we would be justified in going ahead with the litigation.

MR. MEYER: We are negotiating with staff. I think that places a very -- it places just sort of a -- the parties may agree to that as we are discussing it, as we meet next week. But, none of the people who are here, other than Mr. Pinson, are the ones that we negotiate with. Plus, it is simply, as you say, simply an authorization. But, I would --

ASSISTANT EXECUTIVE OFFICER TROUT: I think it's all right.

CHAIRPERSON ACKERMAN: Well, the question was just made if it would be proper to notify the Chairman of the Lands Commission prior to any litigation measures.

ASSISTANT EXECUTIVE OFFICER TROUT: Certainly.

CHAIRPERSON ACKERMAN: That would give at least -- it doesn't give carte blanche to the staff to require prior notification to the Chairman before beginning with any litigation.

MR. MEYER: Okay. If it were to fail, we would
like to be able to come back to the Commission and discuss
the background of this case and why it may have failed, and
why my clients should be allowed to continue with the well.
So, I think it would be proper.

COMMISSIONER MORGAN: That's the sense of my
motion.

CHAIRPERSON ACKERMAN: Without objection, the
recommendations will be adopted as presented, plus the
addition that prior to any litigation, that notification
shall be made to the Chairman of the State Lands Commission.

I neglected one formality at the opening of the
meeting, and that is introducing new members of the
Commission. Susanne Morgan, is the new Deputy Director of
the Department of Finance, and she formerly served as the
Chief Deputy Director of the Department of General Services,
in that capacity served on numerous state boards and
commissions as well. So, she brings to the Lands Commission
considerable experience serving on other state boards, and
I think we welcome her and know that she can assist the
Commission.

COMMISSIONER MORGAN: Thank you.

CHAIRPERSON ACKERMAN: Item 18 on the agenda,
Neushul Mariculture Incorporated.

ASSISTANT EXECUTIVE OFFICER TROUT: This is a lease
for two years for industrial use. It is for Solar Bio-Energy
Research facilities. It is the location of the Ellwood Pier, currently under lease to Aminoil and Arco, as a base for supplying their offshore oil platforms. It requires the consent of Arco and Aminoil, and as far as we know there is no problems with it.

CHAIRPERSON ACKERMAN: Is there anyone in the audience on this item?
Any questions from the Commissioners?
The item will be approved.
Item 19, Granted Lands, City of Capitola. This is on a reimbursement, I believe.

ASSISTANT EXECUTIVE OFFICER TROUT: The City of Capitola became the successor to the County of Santa Cruz to a grant of tidelands. The survey was approved by the Commission several meetings ago. The city is now establishing a trust fund, and they are advising the State Lands Commission, as the administrator of the residual interest, that they are going to advance some money on the tidelands from the city general fund, and they intend to be reimbursed out of revenues from the tidelands. So, they are complying with their trust requirements, and this is a reasonable condition to impose, and we recommend approval.

CHAIRPERSON ACKERMAN: Is there anyone in the audience on this item?
Any questions from Commissioners?
The item will be deemed as approved without objection.

Item Number 20, Award of Royalty Oil Sales Contract.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 20, 21, and 22 all involve the award of royalty oil sales contracts. We can't take them up together, but they all relate in that they involve the same subject.

On item 20, USA Petrochem bid 86 cents over posted for the uncontrolled share of oil on the leases that are listed there. The Accounting Office has determined that the Petrochem Corporation is a responsible corporation, and we recommend approval of the award.

CHAIRPERSON ACKERMAN: Okay. Is there anyone in the audience on this item?

Any questions from the Commissioners on item number 20?

COMMISSIONER MORGAN: No.

CHAIRPERSON ACKERMAN: Approved without objection.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 21 is similar in the sense that it is USA Petrochem. It is a different series of leases. The apparent high bid by USA Petrochem is 32 cents over posted, and staff recommends approval.

CHAIRPERSON ACKERMAN: Is there anyone in the audience?
audience on item 21?

Questions from Commissioners?
The item will be approved, then, without objection.

Item 22.

MR. HIGHT: Item 22, Mr. Chairman, is the award of royalty oil to La Jet Corporation. We have received a letter from La Jet, and they now desire not to take the oil. We believe that under the Division procedure, that the Commission should award the contract, and then if La Jet continues not to desire to take the oil, we will seek whatever remedies we have which would include the $25,000 bond. So, I think that for the Commission to be in the best legal position, they should --

CHAIRPERSON ACKERMAN: Were they the only bidder?

MR. HIGHT: They were the only bidder, yes.

CHAIRPERSON ACKERMAN: Is there any way to just go back out and rebid, or it is more appropriate to go ahead and award?

MR. HIGHT: The time involved to go out and rebid is several months, and I think it would be better just to award the bid.

CHAIRPERSON ACKERMAN: They will be reimbursed?

Once they decline, they will be reimbursed, their bond?

MR. HIGHT: The Commission would have the option
of taking the bond in lieu of any damages that would accrue to the Commission.

CHAIRPERSON ACKERMAN: Would that come back on a future calendar?

MR. HIGHT: Most likely, yes. In fact, it would.

CHAIRPERSON ACKERMAN: Okay. Is there anyone in the audience on this item?

Any questions from the Commissioners?

COMMISSIONER MORGAN: No. I think we would proceed and award the bid.

CHAIRPERSON ACKERMAN: All right. Without objection, then that item will be approved.

Item 23, the Winton Cemetery District.

ASSISTANT EXECUTIVE OFFICER TROUT: This cemetery district has 32 acres. The area surrounding the cemetery is leased for oil and gas production to a couple of oil companies. The cemetery district is asking Commission approval for exemption from the competitive bidding requirements so that they could lease their property, oil and gas resources under their property to the same firms that are developing the surrounding properties. Staff recommends approval.

CHAIRPERSON ACKERMAN: Any problems with this item?

The item will be approved without objection.
Item 24, the Napa Flood Control District, Dredging Permit.

ASSISTANT EXECUTIVE OFFICER TROUT: This is approval of a one-year dredging permit for about 125,000 cubic yards to be disposed of on public-owned uplands. It is dredging from the Napa River. The Corps of Engineers put out a study and notice of no environmental significant problems with this. There were no unresolved comments, and we recommend approval.

CHAIRPERSON ACKERMAN: Anyone in the audience on this item?

Any questions from Commissioners?

COMMISSIONER MORGAN: No questions.

CHAIRPERSON ACKERMAN: All right. It will be deemed approved as presented.

Item 25, Olin Jones Sand Co.

ASSISTANT EXECUTIVE OFFICER TROUT: This is the award of a mineral extraction lease for Alcatraz Shoal. The bid factor by Olin Jones was 65.4 percent of weighted average sales. We have an existing lease with Olin Jones. They made their quarterly payments as required, and so we don't believe there will be a problem with this lease, and recommend approval.

COMMISSIONER MORGAN: Question. Is this a small business? Do you know if this is a small business?
ASSISTANT EXECUTIVE OFFICER TROUT: I don't know. Perhaps one of the staff knows. The question is whether Olin Jones is a registered small business company?

MR. EVERITTS: They are a very small business company. I don't know if they are registered.

CHAIRPERSON ACKERMAN: That's in the staff writeup, there was considerable concern about the financial backing of the company and their ability to make future payments.

ASSISTANT EXECUTIVE OFFICER TROUT: Right. Staff is recommending approval because we have people in the field and they are required to make quarterly payments; under the current lease, they have not missed a payment.

So, we believe it is safe to go ahead and issue this lease and keep an eye on them, and we will advise Director Morgan as to whether or not they are a small business.

COMMISSIONER MORGAN: Thank you.

CHAIRPERSON ACKERMAN: Any other questions? The item will be deemed approved, without objection.

Item 26, Crude Oil Sell-Off, also 27.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 26 is a regular item except it is presented in a little different fashion this time. Normally, when the City of Long Beach conducts an oil sell-off, the City Council approves the
action first and then it is presented to the State Lands Commission.

In this case, because of the timing of the bid openings and the review by the City Auditors Office, the City of Long Beach will not be able to approve this award until July 31st. However, the City Auditor has reviewed the bidders for the sale of this oil. They find that all of the bidders are responsible. Our staff has looked at the bidders and find that they are responsible, and staff recommends that we go ahead and approve it.

The award is for a sell-off of twelve and a half percent. It was bid in three increments: seven percent, four percent, and one and a half percent. On the seven percent increment, Champlin Oil Company bid 21.6 cents over posted for the uncontrolled oil, and Marlex Petroleum Company bid 35 cents over posted for both the four percent and one and a half percent increments.

Mr. Hayward is here from the Long Beach operations if there are questions. We got pretty good bidding. We got six and eight bids about per increment, and staff recommends that we go ahead — that the Commission go ahead and approve the award of the contract.

CHAIRPERSON ACKERMAN: Does this indicate a little more stimulation for the heavy oil market?

MR. HAYWARD: Yes, it does, a little more relative
than our previous request for bid, which was another
informative calendar item coming up.

CHAIRPERSON ACKERMAN: Okay. And if I understand
right, the Commission is acting on this first, will kind of
move things along quickly so that those bids can go ahead
and be awarded.

MR. HAYWARD: That's correct.

ASSISTANT EXECUTIVE OFFICER TROUT: There is a
six-month notice provision requiring that if we sent that
out at the 1st of August, then as I understand, they can
take the oil on the 1st of March, which is why we need to do
it before the August meeting.

CHAIRPERSON ACKERMAN: I have no problems with
that. Are there any problems?

COMMISSIONER MORGAN: No objection.

CHAIRPERSON ACKERMAN: Anyone else in the audience
on this item?

Item 26 will be deemed approved unanimously.

Item 27.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 27 is
informative, and I will just ask Mr. Hayward to explain it.

MR. HAYWARD: Yes. Prior to the request for bids
on the Tract I sell-off oil, a request was made for the
Tract II sell-off oil. Although a number of notices were
sent out, something like 162 notices were sent out, only 20
persons or firms requested the bid package, and of those no one offered a bid. So, that is why I answered as I did a few minutes ago, that at that point in time, there didn't seem to be any interest in that parcel. This is strictly an informative calendar item.

CHAIRPERSON ACKERMAN: It seems like some oil companies need the oil and others don't.

ASSISTANT EXECUTIVE OFFICER TROUT: I think it is important to point out that at the bid opening, the representative -- two oil companies were represented at the bid opening, although nobody bid. One of the companies asked when it might be bid again, so we will be checking with the companies, and if it appears there is going to be a market, we will bring it up again.

CHAIRPERSON ACKERMAN: It is a little both ways on the side.

MR. HAYWARD: Yes, it is.

CHAIRPERSON ACKERMAN: Thank you.

Item 28, matter of litigation.

ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Hight wants to talk about the rest of the calendar.

MR. HIGHT: Thank you, Mr. Chairman. This is the amendment to a settlement agreement which the Commission approved in February of this year. That agreement provided that the Richmond Sanitary Service would convey to the state
property of a value of $100,000. There has been some
difficulty in finding the property. In order to close the
paperwork, what we would like to do is set up a deposit
fund of $100,000 which East Bay Regional Park District could
use, then, to fund the land. So that the same purpose is
being accomplished with just a little different means.

CHAIRPERSON ACKERMAN: Okay. I understand too
that the Park District will maintain whatever is ultimately
purchased?

MR. HIGHT: That's correct.

CHAIRPERSON ACKERMAN: Is there anyone in the
audience on this item?

Any questions from Commissioners?

COMMISSIONER MORGAN: We are approving an
amendment to a settlement?

MR. HIGHT: Correct.

COMMISSIONER MORGAN: No problem.

CHAIRPERSON ACKERMAN: The item will be deemed
approved unanimously.

Mr. Hight, item 29.

MR. HIGHT: Item 29, Mr. Chairman, is the
authorization and approval of an exchange agreement with the
Ventura Port District. The Port District desires to develop
a portion of land which contains some historic state land,
and this exchange would give the state 12.87 acres of
ocean-front property in exchange the state's interest out from a 6.68 acre parcel, and in addition give the Port District a 66-year public agency lease over a portion of the submerged lands.

CHAIRPERSON ACKERMAN: Okay. Good exchange.
MR. HIGHT: Very good exchange.
CHAIRPERSON ACKERMAN: Is there anyone in the audience on this item?

Any questions from the Commissioners?
COMMISSIONER MORGAN: No.
CHAIRPERSON ACKERMAN: The item 29 will be deemed approved.

Item 30 is off calendar. Item 31.
MR. HIGHT: Item 31, Mr. Chairman, is the authorization to dismiss a suit with the Commission authorized against Sunnyside Tahoe Properties, which you will recall last month came under lease. This was the authorization to sue the prior owner, and we believe now that since the Marina is under lease that --
CHAIRPERSON ACKERMAN: There is no need.
MR. HIGHT: -- there is no need for the litigation.
CHAIRPERSON ACKERMAN: Is there anyone in the audience on this item?
MR. STEVENS: The dismissal would be without prejudice, Mr. Chairman.
CHAIRPERSON ACKERMAN: Item Number 32.

MR. HIGHT: Mr. Chairman, 32 is the annexation of a portion of land for the City of Redding. This approval would approve the legal description of the boundaries. From there the process would go to LAFCO, and it would either go to -- there will be a vote of the people in the District or several other steps. It depends on what LAFCO does. But, this approves the legal sufficiency of the description.

CHAIRPERSON ACKERMAN: Just because of the state's interests in this parcel?

MR. HIGHT: Correct.

CHAIRPERSON ACKERMAN: Is there anyone in the audience on item 32?

Any questions from Commissioners?

Item 32 will be deemed approved.

That concludes the calendar items.

ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, two quick things. Mr. Stevens may have a report on the status of some litigation. I don't know if he has a report or not.

MR. STEVENS: We have several matters we would like to present in Executive Session concerning pending litigation.

MR. TROUT: The other point, Mr. Chairman, is the City of Long Beach has invited the Commission to come to
Long Beach for the August meeting. They believe that on or about August 26th, the Long Beach Unit oil field -- what is it, Dave?

MR. HAYWARD: Five hundred millionth barrel of crude oil will have been produced from the Long Beach Unit.

ASSISTANT EXECUTIVE OFFICER TROUT: And they would like to have a little commemoration of that event and would like to invite the Commission to meet in August in Long Beach on the 26th.

We made a reservation for the Harbor Department Board Room where the Commission has met before. That's just advice at this point; we will be talking with the Commissioners about the actual details and whether that will work out or not.

CHAIRPERSON ACKERMAN: That's a lot of oil.

COMMISSIONER MORGAN: A lot of money.

ASSISTANT EXECUTIVE OFFICER TROUT: That concludes all the business the staff has, except the Executive Session.

CHAIRPERSON ACKERMAN: Are there any other items that any member of the audience wishes to bring before the Commission?

The Commission meeting will be deemed adjourned, and we will go into Executive Session. The room will be cleared, All appropriate personnel remain.
(Thereupon the meeting of the State
Lands Commission was adjourned at
11:15 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, DIANE LYNN WALTON, a certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing meeting before the State Lands Commission was reported in shorthand by me, Diane Lynn Walton, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of August, 1980.

DIANE LYNN WALTON
Certified Shorthand Reporter
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