MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 4203
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, DECEMBER 30, 1981
2:00 P.M.

DELORES I. DALTON, CSR
License No. 4691
APPEARANCES

Commission Members:

Kenneth Cory, Chairperson, Controller
David Ackerman, representing Mike Curb, Lieutenant Governor
Susanne Morgan, representing Mary Ann Graves, Director of Finance

Staff Present:

William F. Northrop, Executive Officer
Robert Collins
George Wakayama
Robert Hight, Esq., Chief Counsel
Bob Faber
Jane Smith

Also Present:

Allan Moore, Chevron, U.S.A.
## INDEX

<table>
<thead>
<tr>
<th>Agenda Item 1 -</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Officer Northrop</td>
<td>1</td>
</tr>
<tr>
<td>Allen Moore, Chevron, U.S.A.</td>
<td>2</td>
</tr>
<tr>
<td>Bob Faber</td>
<td>4</td>
</tr>
<tr>
<td>Adjournment</td>
<td>10</td>
</tr>
<tr>
<td>Certificate of Reporter</td>
<td>11</td>
</tr>
</tbody>
</table>

---00o---
CHAIRPERSON CORY: Call the meeting to order.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the calendar item before us is a request from staff to participate in some joint --

COMMISSIONER MORGAN: What is a retired person doing here?

EXECUTIVE OFFICER NORTHROP: -- to participate in the preparation of --

CHAIRPERSON CORY: I don't believe you answered the question.

EXECUTIVE OFFICER NORTHROP: I lost my place.

(Laughter.)

CHAIRPERSON CORY: Did you hear her question?

EXECUTIVE OFFICER NORTHROP: What was that? No.

CHAIRPERSON CORY: The question is, she wants to know what a retired person is doing here.

EXECUTIVE OFFICER NORTHROP: George is here because of the Executive Session. We have asked him to come out of retirement to handle this particular problem that is before us, and he told me he had been washing dish's and doing a lot of things around the house and he was kind of glad to get out of Sacramento and let someone else take over. So he is going to come up here for the
Executive Session.

CHAIRPERSON CORY: Go ahead and tell us what you want to tell us now.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this calendar item before us, we are requesting permission to participate in joint hearings for joint regulations for -- I lost my place again.

(Laughter.)

CHAIRPERSON CORY: You need longer arms.

EXECUTIVE OFFICER NORTHROP: We are attempting to work with the Division of Oil and Gas to set up some joint regulations as it regards the offshore in both of our responsibilities. We are attempting to do this so that we can set up a separate code section which will deal with our responsibility in the offshore as well as their own.

CHAIRPERSON CORY: Is there anybody in the audience on this item?

Any questions from Commissioners?

Yes. Come forward.

MR. MOORE: Mr. Chairman, my name is Allan Moore. I'm with Chevron, U.S.A.

We received the Notice this morning in our office. I have it here. It is dated December 23rd. It is the Notice of this meeting.

I have been participating for Chevron in the
regulations review under Assembly Bill AB 1111. When I saw this Notice, it occurred to me that these regulations had been reviewed, I believe, back in March of this year. I was concerned that regulations were going to be adopted at this time.

The Notice says here:

"Adoption of Administrative Regulations Concerning Oil and Gas Drilling, Production, and Pollution Control (Articles 3.2, 3.3 and 3.4 of the California Administrative Code)."

Is it wrong to assume that any regulations are going to be adopted at this meeting today?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, no regulations will be adopted at this meeting.

MR. MOORE: Okay.

COMMISSIONER ACKERMAN: The calendar writing does indicate, though, that you are planning the adoption at the January, 1982 meeting; is that correct?

EXECUTIVE OFFICER NORTHROP: That is correct.

COMMISSIONER ACKERMAN: That is scheduled for January 28th?

EXECUTIVE OFFICER NORTHROP: Right.

COMMISSIONER ACKERMAN: Does that mean that those regulations will be run by OAL?
EXECUTIVE OFFICER NORTHROP: These regulations will be joint regulations dealing with the Division of Oil and Gas and State Lands on the operation, without regard to OAL. This is with regard to operations.

MR. MOORE: Will the regulations be a part of the California Administrative Code?

EXECUTIVE OFFICER NORTHROP: That is correct, yes.

MR. MOORE: Then will not the Procedures Act be followed, public hearings, and a 45-day comment period, for the public to look at regulations?

EXECUTIVE OFFICER NORTHROP: I believe the hearings were held.

Bob, do you want to address that, please. This is Bob Faber, Mr. Chairman, who has been working directly with the Division of Oil and Gas on this matter.

MR. FABER: Mr. Chairman, there were hearings on the State Lands Commission regulations in March, as he indicated. There were also hearings yesterday at the Division of Oil and Gas, also held on their regulations.

It is pursuant to the comments in both of those forums that we are suggesting this particular approach. We believe that the regulations that we are suggesting be worked out between now and the January meeting will be responsive to those hearings and those comments.

So in that sense, we believe that the staff of
both have complied with AB 1111 requirements.

If, after they are adopted by the Commission, we take them to OAL, and they want further hearings, I don't see any reason why we couldn't go ahead and do that.

MR. MOORE: Mr. Chairman, it would seem to me that not only Chevron, but all public entities and private individuals that would be concerned with these regulations, would want to see at least a rough draft of these regulations before they are adopted. That is the spirit of public hearings. And a time limit within which to adopt the regulations. All we would ask is a time limit after seeing a draft of the regulations that are going to be adopted, which are going to become law, seeing a draft of those beforehand so that we can express any problems we might have with the regulations. It would be best to see them before the adoption rather than have them adopted and then have a public hearing after with OAL review. It seems to me that the most effective manner would be to publish a draft for the public, and let us give our comments and have a certain time limit, and then we can adopt them in the ordinary procedure.

CHAIRPERSON CORY: I think Bob's position is that there have been two hearings already and some proposed regulations. The new regulations will be taking into effect those suggestions that came out of those two hearings.
MR. MOORE: Yes, I understand that. However, if I understand it right, the new regulations that are proposed will be a new draft of new regulations. We have not seen those yet. We have not seen a draft of what is going to be adopted.

CHAIRPERSON CORY: Bob?

MR. FABER: Yes. We are going to, hopefully, have those drafted by mid-January, and, of course, we will send out copies with the calendar notice so that prior to the 28th, when you meet next time, these folks should have an opportunity to look at what is proposed. We don't think they are going to be substantially different or not take into account the comments they have made. So I don't think there's going to be a problem. But they will have time to look at them and address them before the next Commission meeting.

MR. MOORE: That is acceptable. Thank you. We can look at the draft, and then we will have an opportunity for public comment at the adoptive hearing?

CHAIRPERSON CORY: Yes.

MR. FABER: Yes.

COMMISSIONER MORGAN: So, from your point of view, this isn't the beginning of a new process? You are toward the end of what was started last spring. They have received comments, and as a part of the comments that were
received, they are now talking about issuing joint regu-
lations with another agency.

MR. FABER: Yes.

COMMISSIONER MORGAN: And that is just a technique.

The regulations themselves are ready to come to the
Commission?

MR. FABER: I don't think they are going to find
anything substantially new that they haven't seen before
in that sense.

COMMISSIONER ACKERMAN: Our next meeting is
scheduled for January 28th.

EXECUTIVE OFFICER NORTHROP: That is correct.

COMMISSIONER ACKERMAN: So would the regulations,
the draft, be available at least ten days before that?

EXECUTIVE OFFICER NORTHROP: We hope to have
them by the 15th.

MR. MOORE: Chevron did participate in the two
public hearings earlier. We are aware of those. We
were just concerned that there might be some changes in
the joint regulations as they are set together.

COMMISSIONER MORGAN: You have to keep your
eyes on these guys.

(Laughter.)

CHAIRPERSON CORY: You will have them done by
the 15th?
MR. FABER: We are going to make every effort to
have the first draft ready by then and --

EXECUTIVE OFFICER NORTHROP: He wants a yes
answer, Bob.

(Laughter.)

CHAIRPERSON CORY: What I'm saying is --

MR. FABER: Yes, they will be done by then.

CHAIRPERSON CORY: -- why don't you get them done.

(Laughter.)

EXECUTIVE OFFICER NORTHROP: They will be done,
Mr. Chairman.

CHAIRPERSON CORY: Mails being what they are,
that way they have got --

EXECUTIVE OFFICER NORTHROP: Right.

If Mr. Moore will leave his address, if he is
local, we will see that he gets them immediately.

CHAIRPERSON CORY: Okay. Any further questions
from anybody in the audience?

Questions from Commissioners?

COMMISSIONER ACKERMAN: None.

CHAIRPERSON CORY: So you want us to direct you
to draft --

EXECUTIVE OFFICER NORTHROP: Right.

CHAIRPERSON CORY: We want you to draft, and we
would like to add "timely" --
(Laughter.)

EXECUTIVE OFFICER NORTHROP: Duly noted, Mr. Chairman, on the timing.

CHAIRPERSON CORY: Okay. Without objection.

COMMISSIONER ACKERMAN: One question. Is there a key difference between the January date -- is there some problem with the draft, postponing adoption to February? Does that cause some timing problems with the regulations?

EXECUTIVE OFFICER NORTHROP: We have a problem timewise. We would like to get them done in January.

COMMISSIONER ACKERMAN: Because I think it is important, like if the gentleman from Chevron has any problems, or you anticipate there may be any, it would be incumbent then upon yourselves to get those regulations out as soon as possible.

EXECUTIVE OFFICER NORTHROP: If the gentleman is familiar with WOGA and has conversations with them, it would be well to advise them that we have a time problem.

MR. MOORE: Yes, I will.

Thank you.

CHAIRPERSON CORY: Anything else?

EXECUTIVE OFFICER NORTHROP: That concludes the regular meeting. We do have an Executive Session we would like to go into.

CHAIRPERSON CORY: Could we clear the room for
the Executive Session.

(Thereupon the regular meeting for the State Lands Commission was concluded at 2:15 p.m.)

---000---
CERTIFICATE OF SHORTHAND REPORTER

I, DELORES I. DALTON, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, DELORES I. DALTON, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of January, 1982.

[Signature]

DELORES I. DALTON
Certified Shorthand Reporter
License No. 4691

PETERS SHORTHAND REPORTING CORPORATION
7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 393-3501