MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

THURSDAY, MAY 27, 1982
10:30 A.M.

Eileen Jennings, C.S.R.
License No. 5122
COMMISSIONERS PRESENT

Kenneth Cory, Chairperson

Susanne Morgan, representing Mary Ann Graves
Director of Finance

David Ackerman, representing Mike Curb, Lieutenant Governor

STAFF PRESENT

Claire T. Dedrick, Executive Officer

James F. Trout, Assistant Executive Officer

Robert C. Night, Chief Counsel

Jane Smith, Secretary

ALSO PRESENT

Jan Stevens, Deputy Attorney General

Alan Hager, Deputy Attorney General
<table>
<thead>
<tr>
<th>INDEX</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceedings</td>
<td>1</td>
</tr>
<tr>
<td>Approval of Minutes</td>
<td>1</td>
</tr>
<tr>
<td>Report of Executive Officer</td>
<td>1</td>
</tr>
<tr>
<td>Report of Mr. Sanders on Coastal Commission</td>
<td>7</td>
</tr>
<tr>
<td>Consent Calendar</td>
<td>9</td>
</tr>
<tr>
<td>Items Cl through C23</td>
<td>9</td>
</tr>
<tr>
<td>Regular Calendar</td>
<td></td>
</tr>
<tr>
<td>Item 25, Redwood Shores, Inc., conveyance of 60-acre parcel.</td>
<td>9</td>
</tr>
<tr>
<td>Item 26, Anza Shareholders' Liquidating Trust (Echanges), modification of Sovereign Land Exchange Agreement</td>
<td>9</td>
</tr>
<tr>
<td>Item 27, Placid Fuchsin, three-year renewal of a General Lease</td>
<td>10</td>
</tr>
<tr>
<td>Item 28, John O. Stringer, 30-year General Lease</td>
<td>10</td>
</tr>
<tr>
<td>Item 29, Pacific Offshore Pipeline Company, encumbrance of Lease for construction and maintenance of Pipelines on lease premises</td>
<td>10</td>
</tr>
<tr>
<td>Item 30, City of Imperial Beach, application for use of state-owned land.</td>
<td>11</td>
</tr>
<tr>
<td>Item 31, Crane Mills and Collins Pine Company, timber sale agreements</td>
<td>11</td>
</tr>
<tr>
<td>Item 32, Phillips Petroleum Company, resumption of offshore exploratory drilling operations</td>
<td>13</td>
</tr>
<tr>
<td>Item 33, Champlin Petroleum Company, Royalty Oil Sales Contract, State Oil and Gas Lease</td>
<td>13</td>
</tr>
<tr>
<td>Item 34, USA Petrochem Corporation, Royalty Oil Sale, Summerland or Carpinteria Offshore Fields</td>
<td>15</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>35</td>
<td>USA Petrochem Corporation, Bid for Royalty Oil Sale, Belmont Offshore Field</td>
</tr>
<tr>
<td>36</td>
<td>Casex Company and Seahawk Oil International, deferment of drilling requirements</td>
</tr>
<tr>
<td>37</td>
<td>State Lands Commission, inclusion of Lease Parcel P 2205 in EIR</td>
</tr>
<tr>
<td>38</td>
<td>Lowell E. Garrison, Oil and Gas Lease</td>
</tr>
<tr>
<td>39</td>
<td>Shell Oil Company, assign statewide production properties to subsidiary</td>
</tr>
<tr>
<td>41</td>
<td>E. B. Towne, Jr., two-year Geothermal Prospecting Permit on Cobb Mountain, Lake County</td>
</tr>
<tr>
<td>42</td>
<td>GRI Operator Corporation, Geothermal Exploratory Permit</td>
</tr>
<tr>
<td>43</td>
<td>City of Long Beach, Seventh Modification 1981-82 Plan of Development and Operations and Budget</td>
</tr>
<tr>
<td>44</td>
<td>City of Long Beach, Eighth Modification of 1981-82 Plan of Development and Operations and Budget</td>
</tr>
<tr>
<td>45</td>
<td>City of Long Beach, notice of intent to spend share of tideland oil revenues</td>
</tr>
<tr>
<td>46</td>
<td>Shell Oil Company, assignment of interest in Contractors' Agreement</td>
</tr>
<tr>
<td>47</td>
<td>State Lands Commission, conduct public hearing re extent and needs of public trust at Albany Mud Flats</td>
</tr>
<tr>
<td>48</td>
<td>State Lands Commission, litigation at Three Arch Bay Beach, 1000 Steps</td>
</tr>
<tr>
<td>49</td>
<td>Tenneco Realty Development Corporation, execution of a Boundary Line Agreement</td>
</tr>
<tr>
<td>50</td>
<td>Colorado River Sportman's League, Inc.; Arciero and Sons, Inc.; City of Needles, Exchange Agreement</td>
</tr>
</tbody>
</table>
Item 51, City of Morro Bay (Litigation Settlement/Boundary Line Agreement), three-month extension of execution deadline

Item 54, Department of Justice, interagency agreement to provide legal services

Item 55, Lobel, Novins and Lamont, contract for legal consulting services in Washington, D.C.

Item 56, Successful Bidder, contract for helicopter services

Item 57, Successful Bidder, contract for reproduction of maps, drawings and related materials

Item 58, Closed Session, consideration of possible and pending litigation.

Adjournment

Certificate of Court Reporter
CHAIRPERSON CORY: We'll call the meeting to order.

Are there any corrections or additions to the Minutes?

COMMISSIONER MORGAN: No.

COMMISSIONER ACKERMAN: No.

CHAIRPERSON CORY: Without objection, be confirmed as presented.

First we have a report of the Executive Officer.

EXECUTIVE OFFICER DEDRICK: Yes, I have a short report today.

We've granted a Letter of Permission to Pacific Telephone in advance of a routine permit to enter submerged land in Walker Creek, Marin County, to relocate a telephone conduit 85 feet west of where it is.

Do you want any more detail on that?

CHAIRPERSON CORY: No, that's probably more than we needed.

EXECUTIVE OFFICER DEDRICK: I thought so.

More importantly, we've been looking, as you know, for quite a long time on engineering salaries. And Jim met with the Department of Personnel Administration staff people last week and presented our proposal for salary
realignment for the classes.

This represents an increase of six hundred to nine hundred for our engineering classes, equating then with the level of the Department of Oil Properties in Long Beach.

This level, if approved, would be a very vast improvement in the morale situation of our people down there, who are making 22 percent less than the people they are overseeing at the Department of Oil Properties.

We've asked DPA to meet face-to-face with our staff people and to allow them to express --

CHAIRPERSON CORY: We might lose the project at that point.

EXECUTIVE OFFICER DEDRICK: What did you say?

CHAIRPERSON CORY: We might lose the project at that point. Go ahead.

EXECUTIVE OFFICER DEDRICK: Should I quit talking?

(Laughter.)

EXECUTIVE OFFICER DEDRICK: Anyway, we're supposed to hear back from them by the end of the week.

COMMISSIONER ACKERMAN: Is this before the Personnel Board?

EXECUTIVE OFFICER DEDRICK: This is the Department of Personnel Administration.

COMMISSIONER ACKERMAN: A new bureaucracy.
CHAIRPERSON CORY: Yes.

EXECUTIVE OFFICER DEDRICK: Yes.

We've got drilling activities picking up in the Santa Barbara Channel. And Don Everitts is here. I'd like him to tell you about -- if you'd like to hear about -- what's going on there. There's some interesting things.

And also, he has looked at the famous Arco tents, which are under construction in Vallejo. We've got a couple pictures. Would you be interested in that?

COMMISSIONER MORGAN: I want to see the pictures.

CHAIRPERSON CORY: You want to see the pictures.

COMMISSIONER MORGAN: Come on, Don, tell us what's happening.

EXECUTIVE OFFICER DEDRICK: Tell them about it.

MR. EVERITTS: Well, there's two things that you might be interested in.

There's a calendar item in today's calendar requesting a continuation of our helicopter contract into next year. It's something we need because of this picked-up activity.

EXECUTIVE OFFICER DEDRICK: I think you ought to explain what --

COMMISSIONER ACERMAN: What are these?

CHAIRPERSON CORY: These are the things that are going to catch the seeps at Coal Oil Point, right?
MR. EVERITTS: Right. Those tents are about 65 percent complete now. That picture there is a good looking engineer I know.

CHAIRPERSON CORY: Looks like he was working hard. (Laughter.)

EXECUTIVE OFFICER DEDRICK: You know, this is that -- they're going to drop it on that natural seep off Santa Barbara as an air pollution trade-off for their drilling activities. It's really a very --

COMMISSIONER MORGAN: It's huge.

CHAIRPERSON CORY: Yes, it's a huge seep.

EXECUTIVE OFFICER DEDRICK: Don, tell them how big it is.

MR. EVERITTS: Well, basically there's 102 tents, 100 by 100. And it stands -- the apex of the cone is about 30 foot and then the trap on top is about 20-foot tall.

They're going to put that in about 200 foot of water. And there's a lot of steel in it. There's 650 tons of steel just in the frame itself. There's going to be 160 tons of concrete weights on it to help keep it down.

And that large gadget there standing by me is one of the magnesium anodes. There's 20 tons of that, which is installed on it for corrosion protection.

They're calculated for a 20-year life. The thing will last for about 20 years.
EXECUTIVE OFFICER DEDRICK: When are they going to install this thing, Don?

MR. EVERITTS: They're going to load it out of Vallejo where it's being constructed in the middle of July. And it should be in place and operating by August.

EXECUTIVE OFFICER DEDRICK: They've invited Don to stand underneath it and make sure it comes down straight.

CHAIRPERSON CORY: And who gets to keep the oil?

MR. EVERITTS: They'll probably keep the oil. They've got about six and a half million dollars in the project. I don't think it will ever pay out. It's about ten barrels a day maximum.

CHAIRPERSON CORY: And what royalty are we getting on that?

EXECUTIVE OFFICER DEDRICK: That's a good question. Do they have a lease?

CHAIRPERSON CORY: Okay, you were on helicopters when we so rudely interrupted you.

MR. EVERITTS: One other thing that's of interest, in 1975 one of the first actions of this Commission was to allow -- or give permission to Atlantic Richfield Company to resume drilling on PRC 308 and 309; or in that general area. I shouldn't say '75, that's a mistake; but quite a long time ago, a good number of years ago.

They've just now gotten all their final permits
and they've moved in on location with the drilling vessel, which is the first drilling done from anything except from a fixed platform, existing facility, since the oil spill in 1968 or '69.

And the reason I was mentioning the helicopter contract was just coincidentally today we're having an oil spill drill on the ship in conjunction with the Coastal Commission and the Coast Guard and the Department of Fish and Game. And our helicopter is taking part in the activity. We'll be doing air observations from it.

And I'm just -- that's a pitch when we get to the helicopter contract.

EXECUTIVE OFFICER DEDRICK: Will you quit making that pitch, Don.

CHAIRPERSON CORY: Questions from Commissioners.

COMMISSIONER MORGAN: He wants to buy his own helicopter?

CHAIRPERSON CORY: Sure.

MR. TROUT: Next year.

CHAIRPERSON CORY: Then he can stand next to it and have his picture taken.

(Laughter.)

EXECUTIVE OFFICER DEDRICK: That's all I have to say.

CHAIRPERSON CORY: Okay.
We have a report, Dwight, on coastal matters.

MR. SANDERS: Yes, Mr. Chairman, members.

On Wednesday, May 19th of this year, the Coastal Commission had, as part of its meeting, a public hearing to assist them in developing their comments -- or at least their staff comments -- on the Program Environmental Impact Report that covers the Commission's proposed lease from Point Conception and Point Arguello.

The hearing lasted approximately an hour, in which ten individuals testified on the document, eight of which had testified at one or both of the two previous hearings that the Commission staff had held in Santa Barbara.

The issues discussed ranged from oil spill contingency planning to effects on sea otters and so forth, the full range.

The Coastal Commission staff has developed comments on the document. And those will be considered in conjunction with transcripts from the public hearing at their meeting of June 4th in San Francisco. We will be in attendance to answer any questions or assist them in any manner.

The comments will then be addressed in the Final Environmental Impact Report that will be prepared by the Commission for your certification.

EXECUTIVE OFFICER DEDRICK: I should tell you -- report back to you on the two hearings which I conducted
directly on our EIR, both held in Santa Barbara.

To my great surprise, there was not a great deal of testimony. There were 17 people at the first hearing, which was held in an afternoon and an evening; and 19 at the second hearing, which was held on a Saturday. These preceded the Coastal Commission hearings that Dwight was just talking about.

As you recall, I asked if you would extend the commenting period and have two hearings, which you did. That was extremely well received by the people there. There were many comments from individuals in local government thanking the Commission for extending the time and giving people a chance to testify.

The close of everything is June 7th. And then Dwight has to sit down and incorporate everybody's comments. We have not yet received any official comments, of course, from the state agencies.

CHAIRPERSON CORY: Questions from Commissioners?

COMMISSIONER ACKERMAN: No.

COMMISSIONER MORGAN: No.

CHAIRPERSON CORY: Okay, thank you.

The next item is the Consent Calendar. These are the items with a prefix "C" in front of them, C1 through 23. We should note that C16, Subitem F) has been removed from the calendar. All the rest of them are going
to be taken up in a single motion, unless somebody in the audience has objection to the proposed staff disposition of these items. If they have any objection, if they would please say so now. If not, these items are going to be taken up.

Without objection --

COMMISSIONER MORGAN: That's fine.

CHAIRPERSON CORY: -- Consent Calendar will be approved as presented.

That takes us to Item 24, which is off calendar. Item 25, approval and acceptance of conveyance of a 60-acre parcel in satisfaction of an obligation under Bear Island Environmental Study Agreement.

Is there anybody in the audience on this item? Questions from Commissioners?

COMMISSIONER ACKERMAN: No.

CHAIRPERSON CORY: Without objection, Item 25 will be approved as presented.

Item 26, an exchange of land between Anza Shareholders' Liquidating Trust and the State Lands Commission.

Is there anybody in the audience on this item? Questions from Commissioners?

COMMISSIONER MORGAN: No.

CHAIRPERSON CORY: Without objection, Item 26 is
approved as presented.

Item 27, Placid Fuch --

MR. TROUT: Fuchslin.

CHAIRPERSON CORY: Fuchslin, okay; dba Lakeside Marina. I can understand that.

(Laughter.)

CHAIRPERSON CORY: This is a three-year renewal on a lease.

Is there anybody in the audience on this item?

Any questions from Commissioners?

Without objection, item 27 is approved as presented.

Item 28, John Stringer's application, dba Golden Gate Island Resort for a 30-year commercial lease, Solano County.

Anybody in the audience on this item? Questions from Commissioners?

Without objection, Item 28 is approved as presented.

Item 29, Pacific Offshore Pipeline, consent for an encumbrance for the pipe itself and the leasehold interest if the lender has to foreclose.

Any questions from Commissioners? Anybody in the audience on this item?

Without objection, Item 29 is approved as presented.
Item 30. This is an application for the City of Imperial Beach needs some more time, so we're denying without prejudice, this application.

EXECUTIVE OFFICER DEDRICK: That's right.

COMMISSIONER MORGAN: Fine.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, Item 30 is approved as presented.

Item 31, Crane Mills and Collins Pine Company are the successful bidders on timber parcels in Plumas and Tehama Counties.

Do we have anybody in the audience on this item?

Questions from Commissioners?

COMMISSIONER ACKERMANN: Just one question on this in our timber sales.

Claire, wasn't there the issue we got into where we have one large parcel to where we had some cash problems of timber companies putting up enough cash; because we require cash --

EXECUTIVE OFFICER DEDRICK: Yes, that's right.

The state law requires cash, which we interpret as 30 days. And that means that the guys who want to cut have to go out and borrow money.

For that reason, we don't get bids that we would like to get on the large parcels. And the three parcels
went to bid. The two that are before you were bid above
the minimum the state required. The third received no bids
on it.

COMMISSIONER ACKERMAN: So, your interpretation
basically is because of the cash requirements?

EXECUTIVE OFFICER DEDRICK: That is what they tell
us. That's precisely what the bidders told us.

CHAIRPERSON CORY: We're in the process of trying
to figure out some accommodation for that. But that parcel
is not being awarded to anyone because of it.

EXECUTIVE OFFICER DEDRICK: That's correct.

COMMISSIONER ACKERMAN: I think it would be in the
intent of the Commission to see what we could do to
encourage a method by which we could solicit bids that do
not require cash.

EXECUTIVE OFFICER DEDRICK: Thank you, I really
appreciate your guidance on that. We will go ahead working
on that.

COMMISSIONER ACKERMAN: Okay.

CHAIRPERSON CORY: Perhaps you could get some of
the oil companies to bid seashells. That's another item.

COMMISSIONER MORGAN: What?

EXECUTIVE OFFICER DEDRICK: I missed that last
item.

CHAIRPERSON CORY: That's an inbred joke for
Okay, Item 31, authorization is granted as requested.

Item 32. This is a request for resumption of exploratory offshore drilling on PRC 2933.1, Santa Barbara County.

Is there anybody in the audience on this item?

Questions from Commissioners?

COMMISSIONER ACKERMAN: This is gas, right?

EXECUTIVE OFFICER DEDRICK: Yes.

COMMISSIONER ACKERMAN: Okay.

EXECUTIVE OFFICER DEDRICK: It's oil also, Don?

CHAIRPERSON CORY: It's whatever they can find.

MR. EVERITTS: It's whatever they can find. It's producing gas now:

COMMISSIONER ACKERMAN: It's exploratory now?

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: Without objection, Item 32 is approved as presented.

Item 33 is award of a Royalty Oil Sales Contract on the Huntington Beach PRC 425 sell off to Champlin. And this is how much per barrel?

EXECUTIVE OFFICER DEDRICK: Five cents over the posted --

CHAIRPERSON CORY: Five cents.
Anybody in the audience on this? Questions from Commissioners?

COMMISSIONER ACYERMAN: It's five cents.

CHAIRPERSON CORY: Five cents a barrel above posted.

EXECUTIVE OFFICER DEDRICK: Commissioners, that is an 18-month commitment at five cents. In my judgment, it was a borderline case.

COMMISSIONER MORGAN: It's still bad.

EXECUTIVE OFFICER DEDRICK: Well, it gets worse on the next two.

COMMISSIONER MORGAN: That's too bad. How many bidders were there?

EXECUTIVE OFFICER DEDRICK: One.

It was an arbitrary cutoff. We accepted the one that bid five cents and we turned down the ones that bid 2.4 and 1.1, all three with an 18-month commitment.

So, you can bet on the comment. I don't know what to tell you about what's going to happen to oil prices over the next six months. Needless to say, we are all praying that they stabilize.

COMMISSIONER MORGAN: What was the last bid we had?

EXECUTIVE OFFICER DEDRICK: About the same.

COMMISSIONER MORGAN: About the same.

EXECUTIVE OFFICER DEDRICK: We haven't had a high one in a long time.
Don, what was the last bid we had?

MR. HIGHT: Last month I believe the Commission approved one at five and a fraction tenths.

MR. EVERITTS: Eight cents, I guess.

EXECUTIVE OFFICER DEDRICK: The time before it was eleven.

CHAIRPERSON CORY: Ready to go for a nickel?

COMMISSIONER ACKERMAN: Okay. It's only 18 months, right?

CHAIRPERSON CORY: Okay, Item 33 is approved as presented.

Item 34 is staff is proposing rejection of a bid of two cents.

EXECUTIVE OFFICER DEDRICK: That was either 1.1 or 2.4.

MR. EVERITTS: One of them was 1.1 and the other was 2.6.

CHAIRPERSON CORY: Which is --

EXECUTIVE OFFICER DEDRICK: This is the 1.1.

MR. EVERITTS: Item 34 is 1.1.

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

COMMISSIONER MORGAN: What do we do? Do we reject the bid and sit on the oil?

CHAIRPERSON CORY: Well, no --
EXECUTIVE OFFICER DEDRICK: If the price goes up --

CHAIRPERSON CORY: -- the oil will still be sold at the posted price, but we have the option of going to bid. And there's some indication at sometime toward the end of the year, if we could go to bid December or January --

EXECUTIVE OFFICER DEDRICK: Maybe.

CHAIRPERSON CORY: -- we might have --

COMMISSIONER MORGAN: Three cents.

CHAIRPERSON CORY: -- a better market. It could be worse than that. It will be a short run.

COMMISSIONER MORGAN: Okay.

CHAIRPERSON CORY: Glitch in the supply I would think at that point.

Without objection, Item 34, we reject the bid.

Item 35, rejection of a 2.4-cent bid.

Anybody in the audience on this item? Questions from Commissioners?

Without objection, Item 35, reject the bids.

Item 36 is a deferment of a drilling requirement.

This is the Seahawk, Casex Gas Lease in Sacramento County?

San Joaquin?

MR. EVSPITTS: Solano County.

CHAIRPERSON CORY: Solano, okay.

Questions from the audience?

COMMISSIONER ACKERMAN: Is this one where we're
looking into --

EXECUTIVE OFFICER DEDRICK: That's right.

COMMISSIONER ACKERMAN: -- where they've had a six-month delay? And I asked to look at why we don't just give them a six-month extension or a full-year extension.

CHAIRPERSON CORY: And this has been adjusted for the six months?

COMMISSIONER ACKERMAN: Or a year.

MR. EVERITTS: We were asking for a 12-month originally.

EXECUTIVE OFFICER DEDRICK: Yes, but, Don, we directed you to go back and give them the amount of time they've lost. You will do that.

MR. EVERITTS: The amount of time they've lost is six months. And we discussed it with them. They pointed out that they could be in the rainy season, which means they couldn't do anything six months from now. But we told them when that time came, we'd discuss it.

COMMISSIONER ACKERMAN: Then let's look at it then.

EXECUTIVE OFFICER DEDRICK: Yes.

COMMISSIONER MORGAN: So, you're moving a six-month extension?

CHAIRPERSON CORY: So, a six-month extension is granted on Item 36.

Without objection, such will be the order.
Item 37. This is amendment of a Commission action of December 17 to include -- okay, I'm lost.

EXECUTIVE OFFICER DEDRICK: It's a third quitclaim parcel along the Santa Barbara coast into the EIR that you have already approved.

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

Item 37 is approved as presented.

Item 38. This is an oil and gas lease under the California Aqueduct, a negotiated --

EXECUTIVE OFFICER DEDRICK: Yes, the reason it's a negotiated bid, Mr. Chairman, is because the parcels are really irregular in shape and it's kind of a weird physical situation.

CHAIRPERSON CORY: Anybody in the audience on this item? Questions from Commissioners?

Without objection, Item 38 is approved as presented.

Item 39, Approval of proposal of Shell Oil Company to assign its statewide production properties and leases to a wholly owned subsidiary named Shell California Production, Inc. And the holding company is guaranteeing with all of its assets everything.

EXECUTIVE OFFICER DEDRICK: That is correct. Item 44 will be the Long Beach portion of the same agreement.

CHAIRPERSON CORY: Anybody in the audience on this
Without objection, Item 39 is approved as presented.

Item 41, approval of a two-year Geothermal Prospecting Permit for 2,280 acres in Latour State Forest, Shasta County.

Anybody in the audience on this item? Questions from Commissioners?

COMMISSIONER MORGAN: That's fine.

CHAIRPERSON CORY: Without objection, Item 41 is approved as presented.

Item 42, application for a Geothermal Exploratory Permit to build three temperature grading holes to a depth of 2,000 feet in The Geysers, Lake and Mendocino Counties; request from GRI Operator Corporation.

Anybody in the audience on this item? Questions from Commissioners?

Without objection, Item 42 is approved as presented.

Item 43. We have a Seventh Modification of Moose's budget. He needs some more money in some of the drilling accounts to make sure we keep the oil flowing --

EXECUTIVE OFFICER DEDRICK: Correct.

CHAIRPERSON CORY: -- so we hit the high market that's coming this fall.

EXECUTIVE OFFICER DEDRICK: Yes, sir.
CHAIRPERSON CORY: Anybody in the audience on this item? Questions from Commissioners?

COMMISSIONER MORGAN: Putting money on that?

CHAIRPERSON CORY: I think we are if we approve this.

(Laughter.)

COMMISSIONER MORGAN: Fine.

CHAIRPERSON CORY: Without objection, Item 43 is approved as presented.

Item 44 is the Eighth Modification. And this is just the economic projections.

EXECUTIVE OFFICER DEDRICK: That's correct. It's a report in response to the reporting requirement.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, Item 44 will be approved as presented.

Item 45, Long Beach wants to spend $75,000 in tidelands revenues for capital improvements on Bluff Park slope protection.

Anybody in the audience on this one? Questions from Commissioners?

COMMISSIONER MORGAN: I have a question.

At the last meeting I raised a question, which I think the staff is responding to, but I haven't discussed it...
with them yet.

EXECUTIVE OFFICER DEDRICK: That's right. We have a report which will be available to you today which you can look at at your leisure.

COMMISSIONER MORGAN: My question was whether we had any perspective on what the city plans to do in the next year or so.

EXECUTIVE OFFICER DEDRICK: The answer is that they have a five-year plan. And we've got all the stuff put together.

CHAIRPERSON CORY: You can rest assured that their plan is to take it downtown. And what the battle will be is how we can catch how they're doing it.

EXECUTIVE OFFICER DEDRICK: You may have a very good point.

COMMISSIONER MORGAN: Okay.

CHAIRPERSON CORY: We do have a report coming.

COMMISSIONER MORGAN: I'll look for the report.

EXECUTIVE OFFICER DEDRICK: It's available. We just didn't bring it in formally.

COMMISSIONER MORGAN: It came faster than I thought too.

EXECUTIVE OFFICER DEDRICK: It came faster than I thought.

COMMISSIONER MORGAN: Thanks.
CHAIRPERSON CORY: Item 45 is approved.

Item 46. This is the assignment similar to the other one, but assignment of the Long Beach interest in the THUMS Agreement to Shell California Production, Inc.; same guarantees from the holding company.

Questions from Commissioners? Anybody in the audience?

Without objection, Item 46 --

Bob, you've looked at this. So, it's a full and complete assignment?

MR. TROUT: Alan Hager --

MR. HIGHT: It's a complete assignment with Shell remaining. I know what your problem is and it's not a problem.

CHAIRPERSON CORY: Okay, fine.

COMMISSIONER MORGAN: Is that English?

CHAIRPERSON CORY: No, it's just in terms of any pending litigation, that Shell holding company is on the hook for whatever.

MR. HIGHT: Yes.

CHAIRPERSON CORY: I just wanted to make sure of that.

COMMISSIONER ACKERMAN: Okay.

COMMISSIONER MORGAN: All their liabilities are assigned also?
CHAIRPERSON CORY: Uh-huh.

COMMISSIONER MORGAN: Okay.

CHAIRPERSON CORY: The existing Shell Oil Company is on the hook for all of the liabilities.

COMMISSIONER ACKERMAN: Is still liable.

MR. HIGHT: Yes.

CHAIRPERSON CORY: Without objection, Item 46 is approved as presented.

Item 47 is a request for authorization for staff to conduct a public hearing concerning the needs of the public trust at the Albany Mud Flats in the City of Albany, County of Alameda. This is something which the local city council has passed a resolution requesting of us.

Is there anybody in the audience on this item?

Questions from Commissioners?

Without objection, Item 47 authorization is granted.

Item 48, request for authority to enter into litigation at Three Arch Bay Beach; 1000 Steps in the City of South Laguna.

Is there anybody in the audience on this item?

Questions from Commissioners?

Without objection, request is granted.

Item 49. This is a request to approve and authorize execution of a BLA, No. 211 between State Lands
and Tenneco Realty Development in Kern County along the Kern River.

Is there anybody in the audience on this item? Any questions from Commissioners?

Without objection, we will approve and authorize the agreement as presented. Such will be the order.

Item 50. This is an execution of an Exchange Agreement between State Lands and the Colorado River Sportsman's League; Arciero --

EXECUTIVE OFFICER DEDRICK: Arciero.

CHAIRPERSON CORY: Arciero, okay -- and Sons, Incorporated, and the City of Needles, settling a title dispute in the City of Needles, San Bernardino County.

Is there anybody in the audience on this item? Questions from Commissioners?

Without objection, Item 50 is approved as presented.

Item 51, a three-month extension request for the deadline of the Morro Bay Litigation.

Anybody in the audience on this item? Questions from Commissioners?

COMMISSIONER MORGAN: No.

CHAIRPERSON CORY: Without objection, Item 51 is approved as presented.

Item 52 is off calendar. We get one playmate in
here -- oh, well.

Item 53 is off calendar.

Item 54, approval of an interagency agreement to provide legal services required in connection with the Commission's responsibilities for Long Beach Operations for $250,000.

EXECUTIVE OFFICER DEDRICK: Well, it's Alan Hager.

CHAIRPERSON CORY: Where's the Grand Kahuna?

Where's Taylor? He doesn't show up for the bread?

MR. THOMPSON: He's out spending it.

CHAIRPERSON CORY: I'd like to put some control language in here that none of the money can go to Greg Taylor. If he's not willing to show up and fight for his contract.

I mean, is there some explanation of why --

COMMISSIONER ACKERMAN: The Chairman might want to reduce it by what Greg's worth.

(Laughter.)

CHAIRPERSON CORY: It will be approved for $299,999.99.

(Laughter.)

CHAIRPERSON CORY: Is there some explanation where Mr. Taylor is? The quarter of a million isn't worth it to him anymore? Is he out on a campaign?

MR. HAGER: I don't understand his absence. He was here yesterday and then went home.
MR. STEVENS: Important Commission business called him to Los Angeles.

CHAIRPERSON CORY: Important Commission business. Do you have her name?

(Laughter.)

CHAIRPERSON CORY: Okay, anybody in the audience about this outrageous ripoff by the Attorney General?

COMMISSIONER ACKERMAN: No comment.

COMMISSIONER MORGAN: What's their billing rate these days?

MR. STEVENS: It's a bargain.

(Laughter.)

MR. STEVENS: $46 an hour.

CHAIRPERSON CORY: $46 an hour cash money.

EXECUTIVE OFFICER DEDRICK: Gee, that's cheaper than General Services.

COMMISSIONER MORGAN: It must be. Everything is.

CHAIRPERSON CORY: Okay, without objection we'll approve the interagency agreement.

Item 55 is approval of a contract for legal consulting services for a Washington law firm.

I would like to point out to those of you who don't know it, we may have an amendment to this contract reducing the fees. John Lamont is ill, has suffered a heart attack. And if he gets the minutes of this meeting thinking
we're going to reduce the size of this contract because he's not able to work, he'll have another one.

But John is apparently doing much better and is out of intensive care, for those of you who know the old curmudgeon.

And I don't know what the appropriate response would be, whether we should try to pass a resolution. I don't know if we could get enough votes to wish him well on his recovery. But people should be aware of that.

Are there any serious questions about the Lamont contract?

COMMISSIONER ACKERMAN: I think we should wish him well.

COMMISSIONER MORGAN: I do too.

CHAIRPERSON CORY: Okay, let the record show that's a two to one vote. And we won't say --

(Laughter.)

COMMISSIONER MORGAN: Did you run for Finance?

CHAIRPERSON CORY: Close.

We will approve in the single motion the contract and the well wishes to Mr. Lamont, if the staff could prepare that. There was some heated discussion.

EXECUTIVE OFFICER DEDRICK: You want the record to show that the contract was approved 3 and 0 and the well wishes is 2 and 1, right?
CHAIRPERSON CORY: Yes.

Item 56, successful bidder. This is authority to execute --

EXECUTIVE OFFICER DEDRICK: Don's helicopter.

CHAIRPERSON CORY: -- Don's helicopter.

What kind of helicopter do you want?

MR. EVERITTS: A big one.

CHAIRPERSON CORY: I can understand that.

EXECUTIVE OFFICER DEDRICK: It's a great helicopter with a plastic floor straight down. I took a five-hour ride in it the other day and got a fast education on all the oil operations in Santa Barbara and Huntington Beach. If you ever really want to really find out what that is like out there and get the whole picture clear in your head, they fly about once a month. And we could put somebody aboard. You don't have to go the whole day, I'm just a demon for this kind of thing. You can go for a few hours. If you're available, you can go out at Santa Barbara. It's really an education.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, Item 56 is approved as presented.

Item 57 is approval -- who's the successful bidder on that one?
MR. TROUT: Atlas Blueprint, $32,000.

CHAIRPERSON CORY: Anybody -- questions?

Without objection, Item 57 is approved as presented.

Do we have any other items to come before us?

Mr. Hager, do we have another item we should announce here or not? Long Beach?

MR. HIGHT: Yes, Mr. Chairman, I think that the record should state that we met in Executive Session. And a decision was made by the Commission to institute litigation against the City of Long Beach regarding natural gas pricing.

CHAIRPERSON CORY: Is there anybody in the audience who wishes to comment?

Without objection, we will so acknowledge that we have ordered the $46-an-hour warriors into battle. Don't spend it all in one place.

Any other items?

We stand adjourned.

(Thereupon the meeting before the State Lands Commission was adjourned at 11:03 a.m.)
CERTIFICATE OF SHORTHAND REPORTER

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I, EILEEN JENNINGS, a 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, Eileen Jennings, 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 8th day of June, 1982.

EILEEN JENNINGS
Certified Shorthand Reporter
CSR No. 5122

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