MEMBERS PRESENT

Kenneth Cory, State Controller, Chairperson
Leo T. McCarthy, Lt. Governor, Commissioner

MEMBERS ABSENT

Michael Franchetti, Director of Finance, Commissioner

STAFF PRESENT

Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight
Don J. Evertts
Lance Kiley
Jane Smith, Secretary

ALSO PRESENT

N. Gregory Taylor, Deputy Attorney General
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Adjournment

Certificate of Reporter

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CHAIRPERSON CORY: We'll call the meeting to order. My apologies for the delays this morning, but there were some other items that were concerning some litigation that had to be dealt with. The Director of Finance will be here or his deputy as time of the budget process and negotiations permit.

The budget is somewhat important to get out and the time is getting short. So it has taken priority at this point on a lot of our things.

Does the staff have – I understand there are some of the items coming off the Consent Calendar.

EXECUTIVE OFFICER DEDRICK: Yes, indeed. Quite.

SECRETARY SMITH: He has a list.

CHAIRPERSON CORY: The Consent Calendar for those in the audience are those items which have the preface "C" before the agenda number and there have been questions raised about some of these items. So they are being removed from the Consent Calendar and they will be taken up after we get done with the Consent Calendar.

The first item C2(f) is off the Consent Calendar to the regular calendar. Item C2(m) is off calendar in its entirety. Item C4 is off calendar in its entirety.
Item C12 is off the Consent Calendar, moved to the regular calendar and will be taken up subsequently. C16 is off the Consent Calendar to the regular calendar to be taken up.

MR. TROUT: Along with C17, Mr. Chairman. They need to move together.

CHAIRPERSON CORY: And C17. All right. Amendments to the amendment.

Item C17 is off the Consent Calendar, moved to the regular agenda. C23 is off calendar in its entirety and will not be taken up.

EXECUTIVE OFFICER DEDRICK: And regular items --

CHAIRPERSON CORY: Item 30 which is a regular calendar item, subitem (1) and (3) through (8) are off calendar. We will only take up subitem (2) of Item 33 and 42 is off calendar.

EXECUTIVE OFFICER DEDRICK: And Item 30.

CHAIRPERSON CORY: Item 30 is off calendar?

EXECUTIVE OFFICER DEDRICK: Correct.

CHAIRPERSON CORY: People who are here for those items, they will not be taken up.

So what we have before us is the amended Consent Calendar item. If there is anybody who has any objection to the proposed staff recommendations of those remaining Consent Calendar items, if they'd please indicate their
concern with that now and we will remove those items from the Consent Calendar. Is there anybody in the audience that is concerned about any of those remaining Consent Calendar items?

Without objection, then, Mr. McCarthy, we will adopt the Consent Calendar. All of those staff recommendations are approved as presented and we will then start proceeding through the regular calendar.

The first item is the confirmation of the minutes of May 31st.

Without objection, those minutes will be confirmed.

The Executive Officer's Report.

EXECUTIVE OFFICER DEDRICK: Very briefly. On April 28th, the Commission authorized the University of California to set some research buoys in Lake Tahoe. They've asked to relocate those and I've given them that permission.

CHAIRPERSON CORY: Any concern about that?

Questions from Commissioners?

Okay. Thank you.

The next item is Item 2(f), Trinidad Island Homeowners Association.

Anybody fill us in on this?

MR. TROUT: Mr. Chairman, this is for 60 slips in the Huntington Harbor area. The total rent would be $1412 or roughly be $126 per slip per year. We understand
that someone representing Trinidad may be here.

CHAIRPERSON CORY: Is there a representative of Trinidad here in the audience?

EXECUTIVE OFFICER DEDRICK: No.

CHAIRPERSON CORY: Okay.

MR. TROUT: And staff recommends you adopt the calendar item.

CHAIRPERSON CORY: They had expressed some concern that they were being asked to pay too much money; is that the problem?

MR. TROUT: Yes, sir.

The rental that's being proposed would come out to $126 per slip per year. The going market rate in marinas that general area is from $4 to $7.50 a foot per month. So we're talking about something in the neighborhood of $2,000 versus $126. Now, the difference between them is —

CHAIRPERSON CORY: You have some justification for this gift of public funds?

MR. TROUT: The difference is that the State does not put in the capital improvements. We're just renting land.

CHAIRPERSON CORY: So you've discounted it. Our increment is for the property and you believe it is fair market value?

MR. TROUT: Yes, sir, it is.
COMMISSIONER McCARTHY: That sounds okay to me.

CHAIRPERSON CORY: All right. Without objection, Item C2(f) will be approved as presented.

The next item is C12.

Sadie Ashley and Mary Ashley dba The Spot Resort, approval of 20-year general lease-commercial use.

Can we get a quick rundown from the staff on what's before us?

MR. KILEY: Mr. Chairman, this is a proposed lease of this parcel -- Let's put it right side up here -- with the parcel on the waterward side of the boundary line agreement 198 between us and Mr. Weber here. The Commission would be leasing only the parcel that's on the waterward side of this angular line here and the dock area which is presently used for parking of recreational vehicle type things and this mobile home here.

The applicant and Mr. Weber have presented some petitions and some letters here which I'd like to put into the record on their behalf:

CHAIRPERSON CORY: Okay.

MR. KILEY: I understand there is some opposition to this item.

CHAIRPERSON CORY: Okay. Terms of the lease, $2,796.80 annually with five-year rent review?

MR. KILEY: Correct.
CHAIRPERSON CORY: Is there Mr. Gualco?

MR. GUALCO: I represent the applicant.

CHAIRPERSON CORY: Is there anything you'd like to tell us about? You're happy with the proposal and you're prepared to sign the lease?

MR. GUALCO: We're very happy with it. We're prepared to sign the lease. We've paid the rent assessed to date. We've posted the bond. We've obtained the required insurance. We have a petition from almost 100 percent of the neighbors along the river there asking that the Commission approve the lease. We have 17 letters from people in the vicinity attesting to the applicant's high moral character, integrity, compassion, respectability. She's developed this resort herself from the ground up on landfill. We're asking that the Commission approve the lease.

CHAIRPERSON CORY: Do you have any?

COMMISSIONER McCARTHY: I'm just trying to understand the mail. Are your letters of support from the neighbors in the area in here? You submitted them for the record?

MR. GUALCO: Yes, we did.

COMMISSIONER McCARTHY: So it's part of this?

MR. GUALCO: Right.

We have letters from competitors of Sadie Ashley,
patrons of The Spot, civil leaders of Rio Vista, the police department in Rio Vista, her friends, bankers in the area, businessmen, tenants, local farmers that use the place as a gathering spot.

CHAIRPERSON CORY: Satisfied customers?

MR. GUALCO: Right, very satisfied customers.

COMMISSIONER McCARTHY: And the only other use was that it be turned over to the State Parks Department for development and use. That's what one letter said.

MR. KILEY: I don't know anything about that proposal.

EXECUTIVE OFFICER DEDRICK: That proposal has never been made from the --

COMMISSIONER McCARTHY: So it's contained within this letter but not submitted to anyone before?

EXECUTIVE OFFICER DEDRICK: As far as we know we haven't seen anything like that.

COMMISSIONER McCARTHY: Thank you, sir.

CHAIRPERSON CORY: Thank you, Mr. Gualco.

We have a Mr. Lewis.

MR. LEWIS: Yes. I'm here representing the adjacent landowners, your Honor, and I would just withdraw at this time. I don't have anything to add to what Mr. Gualco said. We're in favor of the lease.

CHAIRPERSON CORY: Mr. Harold Skelton.
MR. SKELTON: Here.

CHAIRPERSON CORY: Would you like to comment on this item?

Come on up and identify yourself and tell us --

MR. SKELTON: Harold Skelton. My brother-in-law is Mr. Weber.

CHAIRPERSON CORY: Okay. You wish to make a presentation?

MR. SKELTON: Yes.

CHAIRPERSON CORY: Sit down and tell us what you have to tell us.

MR. SKELTON: Well, under the circumstances, the litigation that's going on, the way she obtained the property next door, and also you've got the letters there that was written. I don't think this should be decided on at this time until it's established who owns the property that she's now on. According to the State and to the surveyors, it belongs to Mr. Weber.

MR. KILEY: Mr. Chairman, the litigation involves this parcel here behind the boundary line agreement which is shown as belonging to Mr. Weber. We don't dispute his ownership of that property and any action you take today won't involve title to that property in any way, shape or form. The action we're asking you to take involves only the part that the State admittedly owns with respect to
Mr. Weber.

CHAIRPERSON CORY: Admittedly by whom?

MR. KILEY: By Mr. Weber.

Mr. Weber is a signatory to the boundary line agreement here.

MR. SKELTON: The only other thing I can say about it, this here property is so small that if she has to conform to the same permit that we had to, it's not large enough to do anything with because her sewer, well and everything, is on Mr. Weber's property and if he, in fact, gets his property back, she's not going to have a well, sewer or nothing else on that piece of property.

CHAIRPERSON CORY: Let me ask the staff. Do not we require those are conditions of the lease and if somebody doesn't have adequate sewage, water and those sorts of things, then their lease isn't much good?

MR. KILEY: That's correct. Her lease will be conditional upon her having the correct permits to operate the type of business that she has.

CHAIRPERSON CORY: Mr. Gualco, do you and your client understand? There seems to be some dispute between your client and someone else that we're not involved with.

MR. GUALCO: There is a misunderstanding. There is a septic tank on this State property. There are leech lines and a well can easily be put in there and we are
operating with all the proper county permits.

CHAIRPERSON CORY: But if you do not have those permits, you understand that what we are offering you is nothing?

MR. GUALCO: But we have them all, so there's no problem.

CHAIRPERSON CORY: I just wanted to get that into the record so everybody understands.

MR. SKELTON: Well, at this time, according to all the records we've been able to dig up, there is no well on that property. I know there's no well on that property and there's no leach lines. Her sewer line runs across the driveway. Mr. Weber's property line is right in the middle of that driveway. That sewer comes across onto his property.

CHAIRPERSON CORY: That is --

MR. SKELTON: That's basically all I've got to say.

CHAIRPERSON CORY: That's a problem that your litigation or your brother-in-law's litigation will resolve as to what those facts are.

MR. SKELTON: That's the reason I say it should be held off until we see what's going to happen.

CHAIRPERSON CORY: What we're thinking about in our standard lease form makes it conditional upon people
having adequate sewage treatment, permits to make sure they aren't fouling the water and if for some reason you win that lawsuit and they don't have that --

MR. SKELTON: We spent the last three weeks looking for permits for that leach line for her trailer which we can't even find. No permits at all. The only permit we could find is a use permit and a permit for the well. That's all.

CHAIRPERSON CORY: Okay. Mr. Weber.

MR. WEBER: I don't have much to add to this except that we were told that if we could prove that she would be an unfit tenant, that they would take this into consideration. Okay. We have supplied you with pictures. We've supplied you with police reports, accident reports, and letters from neighbors and various people that know what's going on in the area. If a sample of how she's going to take care of the State property reflects onto my property, you can look at mine that she's on now and she's going to take care of the State property in the same manner which is a total mess.

CHAIRPERSON CORY: I'm looking at counsel. Do I want to ask the questions to what their dispute is over?

MR. HIGHT: It's irrelevant, I think, Mr. Chairman, to the issue before the Commission, but --

CHAIRPERSON CORY: Well, it seems to be relevant,
I guess, to the point that that which we're doing is
conditional, that I do not want to prejudice if somebody is,
from looking at that area, it looks like it is a combined
operation.

MR. KILEY: It is in fact a combined operation.
It occupies both parcels at the present time.

CHAIRPERSON CORY: And that if somehow the
litigation is resolved in favor of Mr. Weber, I do not want
to prejudice the State's position that we have something,
you know, have an airplane that isn't going to fly in trying
to make it work. They would still have to have after-the-
fact adequate permits or they could not function with that
lease.

MR. KILEY: That's correct.

MR. HIGHT: That's correct, Mr. Chairman.

CHAIRPERSON CORY: And you will check to make sure
that there are adequate permits before any lease, if this
is approved today, is executed?

MR. KILEY: That's correct.

CHAIRPERSON CORY: That everybody has full, legal,
proper permits?

MR. KILEY: That's correct.

CHAIRPERSON CORY: Mr. Gualco is concerned about
something.

MR. GUALCO: Yes. May I say just one more thing.
Based upon Mr. Weber's complaints, all of the county representatives from the County of Sacramento have been down to The Spot again recently and have talked with Mrs. Ashley. They can't understand what Mr. Weber is complaining about because she has all of her required permits and they've all been checked out within the last two weeks by the County of Sacramento. So we don't know what he's talking about. The leach lines are on the State property. The septic tank is on the State property. A well can easily be drilled, if necessary, on the State property. Mr. Weber in his boundary line agreement quitclaimed any interest in this property. The State vice-versa quitclaimed any interest in the property that's in litigation. So the property is being very well maintained. There are no complaints by any county officials at all. It's just a personal animosity problem arising out of the lawsuit is all it is.

The State Lands Commission parcel is a one-acre parcel, a parcel that can be operated as a viable economic unit just as well as the other one-acre parcel can be which is in litigation. The problem being that the ramp going down from the levee is on the State Lands Commission property and that's what Mr. Weber's concern is.

MR. KILEY: As you can see from the aerial here, the majority of the present access there appears to be on the State Lands Commission parcel and we feel, the staff feels,
that there probably is a good chance that some kind of an economic entity, although considerably smaller, could be run on the State parcel as a separate entity.

MR. WEBER: I'd like to have the State Lands propose that we postpone this thing until after the litigation on the other parcel is done.

CHAIRPERSON CORY: Our difficulty, not knowing who is right in the dispute, would be to forego the State's revenue and its option during the interim if, in fact, Miss Ashley is in fact rightful owner or tenant or whatever. It seems to me to be prejudging your case given that the staff is ensuring me that legally we're protected. I'm sort of inclined to go ahead and understanding you're going to live or die based upon your litigation. That's what courts are for and that's what lawsuits are about.

MR. WEBER: But I asked one of your representatives in State Lands whether she had a permit to put her mobile home on State property and they told me absolutely not. Did she move it on first and then ask for permits or did she get a permit and then move it on?

CHAIRPERSON CORY: That, Mr. Weber, unfortunately given State lands and the condition of State lands throughout the state, the answers to those up and down the state are not totally satisfactory from my viewpoint and they may not be from yours, but we need to get people under lease and
take the condition that we find. Now, the staff will go through the entire list of permits and make sure that all permits are there and that they're being complied with. If somebody doesn't comply with those permits, they'll be in violation of the lease and subject to termination. As long as everybody understands that, I think -- I don't know where the Governor is on this -- but I think that's about as far as we can go. I don't think we can preclude our option of renting our property based upon your difficulties.

MR. WEBER: Well, at one time I was told that they would only lease to adjacent landowner and I am the adjacent landowner. Sadie Ashley owns no land in the vicinity at all. So she can't be an adjacent landowner.

COMMISSIONER MCCARTHY: May I just make this comment, Mr. Chairman.

Sir, I'm always sensitive to someone's concern about what they perceive as an unattractive neighbor and I get from a tone of a couple of the letters a concern about the traffic in and out of the place with noise. There may be, whether there's any drunk drivers around, and so on.

Please try to appreciate that this Commission doesn't make those law enforcement type judgments. That's really a judgment of the county sheriff's office or the local -- this is an unincorporated area we're dealing with here; isn't it?
MR. KILEY: That's correct.

COMMISSIONER McCarthy: So it's the county sheriff's office. Now, if there were some overwhelming case being presented by the county sheriff's office, if it was a big problem here, maybe that would relate in an unspoken way to our judgment. Short of that and conflicting letters in the file because there are a number of letters that I've just read here that go exactly the opposite to what you're saying, testimony given by people who say they also live in the area. Looking at this through our eyes, seeing this contradiction, seeing an absence of some compelling evidence, how do we ever get to the point of trying to make in effect a land use judgment which is really a county-local government judgment. See?

MR. WEBER: Yes. I have one question.

COMMISSIONER McCarthy: This forum is not for that purpose.

MR. WEBER: I realize that.

COMMISSIONER McCarthy: We don't want to ignore in a cold way your concerns about this. We're just suggesting this forum.

MR. WEBER: Do you have the handwritten note that came from the Sheriff's Department in Sacramento County in regards to The Spot? If not, I have it in my file. Would you care to see it?
COMMISSIONER McCARTHY: It's not in this group of letters that I just looked at.

MR. WEBER: It should be there because I gave it to Blake Stevenson. I have a copy of that letter in my file here.

COMMISSIONER McCARTHY: I guess what I was trying to say is if under existing law the law enforcement authority there, the sheriff in this case, feels that the conditions are bad enough, he would exercise the authority to move against what's going on. We're not in a position to make a judgment.

MR. WEBER: Would you care to read this, sir?

COMMISSIONER McCARTHY: Please hand it up. I'd be happy to.

MR. STEVENSON: Mr. Commissioner, I'm Blake Stevenson. I did receive such a letter which is being transmitted to you now. What it is is a police report regarding a certain incident where there were fisticuffs at The Spot and it is the official police report as to one single incident.

MR. WEBER: Read the handwritten note, sir.

COMMISSIONER McCARTHY: That's what I read, sir.

MR. STEVENSON: It should be noted I think also for the record that the single comment made here is not made in an official capacity on behalf of the sheriff's
department but by the person who transmitted this report from the records.

MR. TROUT: We do have a copy and we'll put it in the record.

COMMISSIONER McCARTHY: What this police report says is that there was an ugly fistfight. I guess the point I was trying to make most respectfully to you as a property owner with important rights is that that sheriff is empowered under the law to make those judgments and to see whether there is a cumulative succession of acts showing that something ought to be done about the permit given to this entity to operate there. The sheriff's office is the one that's in a position to closely investigate and to come to those conclusions, not us sitting here on the State Lands Commission. That's the only point I was trying to make.

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

Without objection --

COMMISSIONER McCARTHY: I just want to conclude, Mr. Weber, by saying that there are a number of other letters in here which perhaps you might want to look at -- they're part of the public record -- that come from apparently neighbors and other business people in the area that are strongly supportive of our allowing this
action to proceed.

CHAIRPERSON CORY: Without objection from Commissioners, since there are two of us here, we will approve the lease as presented with the conditions of the understanding of the staff is to enforce all of the permit requirements.

Okay. Which item?

EXECUTIVE OFFICER DEDRICK: C16 and 17, Mr. Chairman.

CHAIRPERSON CORY: C16 and 17. These are approval of amendments in El Segundo for Chevron. They're wishing to replace some eroded beach area. They're wanting an annual rental. What is the issue here?

EXECUTIVE OFFICER DEDRICK: The County has informed us that they wanted to speak to the issue which is why we recommended it go off the Consent Calendar. Now, as I understand it, the basic issue is that the County wants -- is it the County?

MR. TROUT: [Nodding head.]

EXECUTIVE OFFICER DEDRICK: -- wants $100,000 in annual maintenance cost from Chevron. The staff does not feel that that is within the purview of the State Lands Commission lease. That would be a separate agreement, deal, that needs to be cut between Chevron and the County independent of this lease.
CHAIRPERSON CORY: Is there anyone in the audience on 16 or 17 that wishes to speak?

MR. LEROY: Mr. Chairman, Chevron is represented. We don't have a presentation unless there's questions to be asked. We'd be happy to answer questions.

CHAIRPERSON CORY: Both of you are from Chevron?

MR. LEROY: Yes.

CHAIRPERSON CORY: Okay. Is there anybody from the County who wants to explain their concern?

EXECUTIVE OFFICER DEDRICK: What is your name, sir?

MR. LEROY: My name is Norman Leroy, Manager of Environmental Affairs for the El Segundo Refinery, and this is Hilman Walker who is in our Chevron Land Department.

MR. WALKER: Mr. Chairman, for the record, I'd like to state that Chevron is willing to enter into such an agreement with the County for the maintenance of the beach, both for lifeguard and maintenance service. We place the amount, after talking with Supervisor Dana's office in the neighborhood of 100,000, 120,000.

CHAIRPERSON CORY: But that's something you were going to conclude?

MR. WALKER: That's correct.

CHAIRPERSON CORY: That sounds very good and the people of California appreciate your added help in
our time of need.

MR. WALKER: All right. Thank you.

COMMISSIONER McCARTHY: Another tax deduction.

[Laughter,]

CHAIRPERSON CORY: Without objection, Item 16 and 17 will be approved as presented.

Then we go to Item 31. This is acceptance of a land donation by Pittsburg Plate Glass at Owens Dry Lake, some upland property as I understand.

EXECUTIVE OFFICER DEDRICK: That's correct, Mr. Chairman.

CHAIRPERSON CORY: Anybody in the audience on this item?

Questions from Commissioners?

Without objection, Item 31 is approved as presented.

Item 32, determinations under PRC 6701 et seq. concerning a lease between the City of Monterey and Cannery Row.

Is there anybody in the audience that's in opposition to this?

Is there any questions of Commissioners or any --

MR. KILEY: There's a date change.

MR. HIGHT: Mr. Chairman, on page 6 of the calendar item, August 31st needs to be changed to August 4th. We'll
just note that for the record.

CHAIRPERSON CORY: There's an amendment of the date change and I presume the people from the Cannery Row Company are aware of this change and are happy with it?

MR. KILEY: Yes, they are.

MR. HUBBARD: Yes, sir, that's fine.

MR. KILEY: There's a corresponding change within the body of the calendar, too, but it's not critical to your action. It should be changed in both places.

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

Item 33, we'll be only taking up 33, sub (2) -- and, staff, it's a lot better when you use numbers, then you use letters and then you go back to numbers.

MR. TROUT: We stand corrected. You've counseled us once before.

CHAIRPERSON CORY: That's why I took occasion to point it out to you.

We are at 33.2, I guess. We're on the Dewey Decimal System on this calendar item.

COMMISSIONER MCCARTHY: Need a Master's in Library Science.

CHAIRPERSON CORY: This is the extractive development of Mr. and Mrs. Perrine.

EXECUTIVE OFFICER DEDRICK: I think it's Perrine.
CHAIRPERSON CORY: And tell us about this permit.

MR. TROUT: A number of years ago several people around the shores of Clear Lake applied for geothermal prospecting permits on the thought that this was going to be a big boom area. When we put this calendar item together, it appeared that the Commission should reject all of the eight applications. Since that time the applicants 1 and 3 through 8 on A and C through whatever, have withdrawn their applications or agreed to withdraw their applications which leaves us only with the number 2 item and we're recommending that the lease be cancelled. We've tried over the period of time to get them to complete their permit by applying and getting environmental impact reports, doing the other work that's required. Mr. Everitts can answer any detailed questions, but in effect we're just terminating permits that aren't moving.

CHAIRPERSON CORY: Anybody in the audience on this item?

Questions?

Without objection, Item 33, sub 2, cancellation will be approved as the staff recommended.

Item 34, a bid opening on certain patented State school lands in Ventura County.

MR. HIGHT: And we didn't receive any bids, Mr. Chairman.
MR. TROUT: Informative item only. There were no bids received.

CHAIRPERSON CORY: Item 35, authorization for Chevron to enter into a unit agreement in order to protect State from drainage easement in Sacramento County.

Anybody in the audience on this?

Questions from Commissioners?

Without objection, 35 is approved as presented.

Item 36, assignment of State oil and gas lease from Marathon Petroleum Company to Marathon Oil Company in Santa Barbara County.

Is there anybody in the audience on this item?

Our security interests are protected?

EXECUTIVE OFFICER DEDRICK: Yes.

MR. HIGHT: Correct, Mr. Chairman.

CHAIRPERSON CORY: Questions from Commissioners?

Without objection, Item 36 is approved as presented.

Item 37, proposed soil boring program on State leases PRO 308, 309, 3120 and 3242, Santa Barbara County.

Anybody in the audience on this?

EXECUTIVE OFFICER DEDRICK: I would like to say for the record, Mr. Chairman, that as in all issues that relate to Santa Barbara County, this has been worked out in close cooperation with the County and Diane Guzman who...
is Director of Environmental Planning has said that they have no problems with this item.

CHAIRPERSON CORY: Questions?

Without objection, Item 37 is approved as presented.

Item 38, proposed sale of crude oil, Tract 2 in Wilmington.

EXECUTIVE OFFICER DEDRICK: 25-cent minimum.

CHAIRPERSON CORY: This is going out to bid?

MR. HIGHT: Yes.

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

Questions from Commissioners?

Without objection, Item 38 is approved as presented.

Item 39, approval of second modification of the '83-'84 Plan of Development.

MR. TAYLOR: I have a statement on that.

CHAIRPERSON CORY: Okay.

MR. TAYLOR: Mr. Chairman, this item is being raised because of the barrel tax or the business license tax which was unilaterally increased by the City of Long Beach. Providing for the payment of that fund does not constitute the State's acquiescence and the validity of the City's action or in its conformity with the previous
understanding between the City and State in 1964 when the City and State were supposed to have settled this. Up until two years ago the City of Long Beach remitted all of the funds to the tidelands trust. Two years ago they stopped doing that. Now they are increasing this amount by approximately $5 a barrel.

It's my understanding that the effect of this action will cost the State about $40 million over the life of the field. We have previously advised you that we have no legal objection to that item, but it was a matter which was indicated would be called to the attention of the appropriate State agencies if the City sought to take that action. This action today does not say that the State is waiving any right to talk about that at the time the payment would come due. The manner in which you challenge taxes is:

CHAIRPERSON CORY: Pay them.
MR. TAYLOR: Pay them and then challenge.
EXECUTIVE OFFICER DEDRICK: The other major portion of the items, Commissioners, is the repair of the two islands that were damaged in the big storm in March.
CHAIRPERSON CORY: Okay. Without objection, Item 39 is approved as presented.
Item 40, approve estimated subsidence costs of 205,000 for subsidence vertical and horizontal measurements.
and studies in the Long Beach Harbor, Los Angeles County, during '83-'84.

Questions from anybody in the audience?

Questions from Commissioners?

Without objection, Item 40 is approved.

I guess we should, since we're somewhat close to a relevant item, acknowledge publicly that we hope "Moose" gets well from his appendicitis, I believe?

EXECUTIVE OFFICER DEDRICK: That was the latest report is that they think that is wrong.

CHAIRPERSON CORY: Okay. Even shotputters can have problems.

Item 41, file disclaimer as to compensation on behalf of 19.1 acres and the United States of America suing one another.

MR. TAYLOR: That disclaimer is based on the fact that the Federal Government is not taking any reserve interest of the State or other agencies and we're only disclaiming as to our nonreserved interest. We should make that clear. We're not kissing off the entire parcel. We reserve the right to fish on this parcel which they're taking subject to.

CHAIRPERSON CORY: Okay. Anybody in the audience?

Questions from Commissioners?
Without objection, Item 41 is approved as presented.

Item 42 is off calendar.

Item 43, authorization to bring litigation against Ideal Basic Industries and Bell Marine Company concerning title and dredging in tide and submerged lands in South San Francisco Bay.

Is there anybody in the audience on this item?
Questions from Commissioners?
Without objection, Item 43 is approved as presented.

Item 44, request to authorize the staff to enter into a reimbursable contract with an engineering firm to study natural high water line in Ballona Lagoon, City of Los Angeles.

Questions from Commissioners?
Anybody in the audience on this?
Without objection, Item 44 is approved as presented.

Is there any other items?

EXECUTIVE OFFICER DEDRICK: No, that is it.
CHAIRPERSON CORY: Okay. Thank you very much. Again, I apologize for the lateness in start.

Thereupon the State Lands Commission Meeting was adjourned at 11:25 a.m.]
CERTIFICATE OF SHORTHAND REPORTER

I, CATHLEEN SLOCUM, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the forgoing State Lands Commission Meeting was reported in shorthand by me, Cathleen Slocum, 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 ___ day of July, 1983.

CATHLEEN SLOCUM
Certified Shorthand Reporter
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