MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 147
SACRAMENTO, CALIFORNIA

THURSDAY, JULY 21, 1983
10:00 A.M.

ORIGIONAL

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION
3435 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-8894
MEMBERS PRESENT

Leo T. McCarthy, Lieutenant Governor,
Acting Chairman

Nancy Ordway, Deputy Director of Finance,
representing Michael Franchetti, Director
of Finance, Commissioner

Walter Harvey, Deputy Controller, representing
Kenneth Cory, State Controller, Chairman

STAFF PRESENT

Claire T. Dedrick, Executive Officer

James Trout

Robert Hight

N. Gregory Taylor

Jane Smith, Secretary

ALSO PRESENT

Lance Kiley
## INDEX

<table>
<thead>
<tr>
<th>Proceedings</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of Minutes</td>
<td>1</td>
</tr>
<tr>
<td>Executive Officer's Report</td>
<td>2</td>
</tr>
<tr>
<td>Consent Calendar, Items C-1 through C-23, excluding C-15</td>
<td>2</td>
</tr>
<tr>
<td>Agenda Item 24</td>
<td>2</td>
</tr>
<tr>
<td>Dr. Ruth Corwin, Oceanic Society and</td>
<td>6</td>
</tr>
<tr>
<td>Environmental Coalition on the OCS</td>
<td></td>
</tr>
<tr>
<td>Jim Hudock, Texaco</td>
<td>12</td>
</tr>
<tr>
<td>Agenda Item 25</td>
<td>13</td>
</tr>
<tr>
<td>Agenda Item 26</td>
<td>13</td>
</tr>
<tr>
<td>Agenda Item 27</td>
<td>14</td>
</tr>
<tr>
<td>Agenda Item 28</td>
<td>14</td>
</tr>
<tr>
<td>Agenda Item 29</td>
<td>14</td>
</tr>
<tr>
<td>Agenda Item 30</td>
<td>15</td>
</tr>
<tr>
<td>Agenda Item 31</td>
<td>15</td>
</tr>
<tr>
<td>Agenda Item 32</td>
<td>15</td>
</tr>
<tr>
<td>Agenda Item 33</td>
<td>16</td>
</tr>
<tr>
<td>Agenda Item 34</td>
<td>16</td>
</tr>
<tr>
<td>Agenda Item 35</td>
<td>16</td>
</tr>
<tr>
<td>Agenda Item 36</td>
<td>16</td>
</tr>
<tr>
<td>Agenda Item 37</td>
<td>17</td>
</tr>
<tr>
<td>Agenda Item 38</td>
<td>18</td>
</tr>
<tr>
<td>Agenda Item 39 (off calendar)</td>
<td></td>
</tr>
</tbody>
</table>

PETERS SHORTHAND REPORTING CORPORATION
3435 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-6634
Agenda Item 40 (off calendar)

Agenda Item 41 (off calendar)

Adjournment of Regular meeting

Certificate of Shorthand Reporter
ACTING CHAIRMAN MC CARTHY: Ladies and gentlemen, we will begin the meeting now. Is the representative from Finance going to join us?

EXECUTIVE OFFICER DEDRICK: Pardon?

ACTING CHAIRMAN MC CARTHY: For Mr. Franchetti?

EXECUTIVE OFFICER DEDRICK: Nancy Ordway is the executive planning to be here, but she wasn't certain she could be here on time, Governor.

ACTING CHAIRMAN MC CARTHY: Something about the budget?

EXECUTIVE OFFICER DEDRICK: I think it was.

ACTING CHAIRMAN MC CARTHY: Ladies and gentlemen in the audience, we first want to mention to you that the following items are off the budget -- on the consent calendar, which is C-1 through C-23. We're removing C-15. Anybody who may be here on that item?

And on the regular calendar we're removing Items 39, 40, and 41.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, the first item of business is confirmation of the minutes of the meeting of June 23rd, 1983.

ACTING CHAIRMAN MC CARTHY: Is there a question about the minutes from that meeting? If not, they are confirmed.
EXECUTIVE OFFICER DEDRICK: And the next item in the Executive Officer's report, which I don't think we need to read. It's before you.

ACTING CHAIRMAN MCCARTHY: All right. Thank you very much. Put that in the record.

Now let's turn to Item 24.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, you should probably move and approve the consent calendar before we begin the regular.

ACTING CHAIRMAN MCCARTHY: All right. Question?

The consent calendar is approved.


Item 25.

MR. TROUT: Mr. Chairman, Item 25 is a request by the staff to have the Commission authorize the release to the public for comments the amendments, and changes, and alterations to the lease package that had been prepared and put out in December.

The purpose of this is to make technical corrections as suggested by industry and by members of the public and to reflect a -- several solutions to concerns raised by the Coastal Commission.

What the Commission is asked to do here in this item
in summary is to postpone the receipt of bids and the opening of bids on the lease sale package from August 15th to September 30th, to approve and adopt for release to the public these changes in the calendar item and in the lease package, and to authorize the release of a preliminary map showing biologically sensitive areas and areas which would be off limits for occupation of the sea bed.

ACTING CHAIRMAN MCCARTHY: Before we go any further, are there copies of this item on the rear table for anyone who cares to get a copy of it?

EXECUTIVE OFFICER DEDRICK: Jane has it.

ACTING CHAIRMAN MCCARTHY: I notice we have one note from Dr. Ruth Ann Corwin. I'm sure there are other people in the audience on this item. I'd like them to be able to have a copy of that in their hands so that they know what is being proposed here.

EXECUTIVE OFFICER DEDRICK: Yes. And, Mr. Chairman, we will have -- if you approve this item or authorize us to release it to the public, we will then have everything in the mail this afternoon.

ACTING CHAIRMAN MCCARTHY: Is there any problem with having members of the audience that are here at this time?

EXECUTIVE OFFICER DEDRICK: Not at all. Not at all.
ACTING CHAIRMAN MCCARTHY: Would you, any of you in the audience who want a copy of this, just please indicate so we have it in your hands before we go further.

MR. TROUT: We have a limited number of copies, Mr. Chairman. I hope we have enough to go around. But it was -- we were trying to get copies for the Commissioners late this morning. We hope we have enough.

The Exhibit 1 mistakenly has the wrong tract layout. There's no other change to that.

ACTING CHAIRMAN MCCARTHY: As soon as they get it in their hands, we can start by giving them whatever correction is needed.

Does everybody have a copy now who is interested?

Why don't you please indicate the correction necessary.

MR. TROUT: Okay, Mr. Chairman, the lease tracts laid out on page 124.6 is the original lease tract layout and not the one approved by the Commission in December.

We apologize for that error. Before it's sent out officially to the public this afternoon that will be corrected.

EXECUTIVE OFFICER DEDRICK: The primary -- the primary difference, Mr. Chairman, for your information, is that in response to the public comment, the Commission authorized the reformation of the tract so that the outer line conform to the OCS Federal tract.
ACTING CHAIRMAN MC CARTHY: Okay. Now, what was handed out to members of the audience, does that have 124.6?

MR. TROUT: Yes, it does.

EXECUTIVE OFFICER DEDRICK: That is correct.

MR. TROUT: They should have pages 124 through --

ACTING CHAIRMAN MC CARTHY: When I saw it earlier, it only went up to 124.4.

MR. TROUT: They should have pages 124 through 224.39.

ACTING CHAIRMAN MC CARTHY: Okay.

All right. Ladies and gentlemen, I think all or many of you are aware that there have been several discussions between one member of this Commission and two members of the Coastal Commission and one staff member from Secretary Duffy's office was involved -- dealing with areas of disagreement or dealing with the source data that we were relying upon to make judgments on this issue.

And as you've just been told by Mr. Trout, this document suggests the postponement of the lease sale for 45 days until September 30th instead of August 15th. And the intent is to act today to put this out for your review or public review individuals, by organizations anywhere who have an interest from any point of view on this subject.

Then the Lands Commission would meet on August 12th to consider this item before us at that time. The intent is
on that day we will take action and, of course, take
whatever testimony any California citizen or organization
wishes to give at that time.

You can see on the -- starting on the second page
what the essentials are of this proposal. And, of course,
any member of the Commission or the staff of the State Lands
Commission is available to you after this meeting for
questioning on any aspect of this in advance of the August
12th meeting.

Is there any comment by anyone at this time?

All right. I would then, putting this into the
record and acting upon this -- Miss Dedrick, what else do
we need to do?

EXECUTIVE OFFICER DEDRICK: I think if you just
adopt the resolutions at the end of the calendar item,
Mr. Chairman, that that covers --

ACTING CHAIRMAN MC CARTHY: The resolutions are
before us?

Yes, a question. Step forward, please.

DR. CORWIN: I'm Dr. Ruth Corwin. I did wish to
just make a few comments on the --

ACTING CHAIRMAN MC CARTHY: Please. Why don't you
come around and take a seat and use the microphone.

DR. CORWIN: Thank you very much.

ACTING CHAIRMAN MC CARTHY: The Oceanic Society

DR. CORWIN: Yes. I'm also representing the
Environmental Coalition on the OCS.

ACTING CHAIRMAN MCCARTHY: All right.

DR. CORWIN: And, for one thing, we'd like to thank you very much for this 5-day period in which we can reconsider the calendar item and to come before you in the full public hearing.

We would like to request that there be regular mailings out to the public. There was a mailing list last fall of those individuals who were notified for some of the events of the documents that were being sent out. And we didn't receive any mailings on this one. And we would like to request that full list be notified for the August 12th public hearing.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, the reason that the calendar item was not distributed was because, as you recall, the negotiations were completed very recently and we were not able to complete writing the document until yesterday afternoon.

ACTING CHAIRMAN MCCARTHY: I think the concern now is given the schedule we have proposed, are we going to mail out? So, do we have that mailing list --

EXECUTIVE OFFICER DEDRICK: Yes.

ACTING CHAIRMAN MCCARTHY: -- in its completed form?

EXECUTIVE OFFICER DEDRICK: We fully intend to -- when you have authorized it -- to mail out all of the
completed calendar items and the preliminary biologically
sensitive area map this afternoon to the entire mailing
list. I'm sure -- earlier than that we notified that mailing
list by the calendar summary that the item would appear.
And that was the only information anybody had at the time.

ACTING CHAIRMAN MCCARTHY: Your request is going
to be complied with.

DR. CORWIN: Thank you very much.

EXECUTIVE OF DEDRICK: I would like also to
require that the public comments be returned to the State
Lands Commission by August 8th so they can be incorporated
in the calendar item for August 12th.

ACTING CHAIRMAN MCCARTHY: We will include that
request in our mailing, won't we?

EXECUTIVE OFFICER DEDRICK: Yes. They'll be
notified of that point.

DR. CORWIN: If I may point out, there are a number
of items that people who are concerned about offshore
development were tracking two major Federal sales. There's
an EPA hearing on August 11th of that week and, of course,
there's a Sale 80 hearing next week in Los Angeles. This is
not a great deal of time to consider these and to have
those comments ready by that day. Certainly, we would like
to have them in the record and incorporated. But I would
think that it would be difficult to have them prepared in
such a short time.
EXECUTIVE OFFICER DEDRICK: The purpose of the special meeting scheduled for August 12th would be for the Commission to adopt these -- the final version, whatever it comes out after comment, as the Commission lease package. The date August 12th is dictated by the time of the Coastal Commission meeting at which they have said they would like to consider the State Lands Commission's actions.

The date of that meeting is the 23rd. So, that gives ten days -- them an opportunity for ten days notice and to get their package out to their entire clientele.

The time frames are simply a matter of having to meet the requirements of both our agency, the public noticing requirements, and the requirements of another agency.

DR. CORWIN: Well, if I just may comment on that time frame which is basically to accomplish this whole reconsideration by the State Lands Commission and the Coastal Commission in one month, it's somewhat of an example of the same problems that we had in the fall trying to deal with these where we received weighty materials with a great deal of things to consider in very short time frames. And if the Coastal Commission is also going to be considering doing that, we certainly don't want a repetition of the kind of last-minute negotiations and
changes where the staff comes before the Coastal Commission without the public having had an opportunity to see what the actual items that are being considered.

ACTING CHAIRMAN MC CARTHY: What we're trying with this process is to avoid that kind of discomfort to everybody, including the members of both Commissions and the staffs of both Commissions, and is to formulate a list of questions and answers. We're trying to raise as much as we can in inviting questions to be asked by members of the public in advance of the two Commissions' hearings so that we're operating from as much common data and perceptions of that data as we possibly can.

I know the Coastal Commission's staff is trying to develop that list. I don't know what the status of that is, but I had personally requested that just so there aren't a lot of negotiations or discussions over language that everybody hasn't had an opportunity to see.

DR. CORWIN: We appreciate that and we'll attempt to get as much as we can together for those hearings.

ACTING CHAIRMAN MC CARTHY: Tom Tobin of the Coastal Commission was the person I think responsible for developing that list.

DR. CORWIN: Uh-huh.

EXECUTIVE OFFICER DEDRICK: Dr. Corwin, the basic document is the one you received today.
DR. CORWIN: Not yet.

EXECUTIVE OFFICER DEDRICK: Will receive today.

DR. CORWIN: Okay.

MR. TAYLOR: Governor, I think we ought to clarify something as far as distribution of material is concerned over a period of time. This is a continuation of the same issues which have been previously raised. There is nothing new in this. This is a further refinement of those unfinished matters. I don't know what the expense of mailing out material has been; but it has been substantial at every stage that these refinements have occurred.

And I don't want the record to stand that there has been any failure to either distribute information or that there's been a lack, any kind of lack. Because I think, if anything, this Commission has gone over backwards to make sure that there was distribution of material. Nothing new is presented in this thing. I think it is further addressive of issues which Dr. Corwin and other people have presented in the past. And that, therefore, there isn't any undue problems being presented or anything new being interjected in this thing at the last minute.

EXECUTIVE OFFICER DEDRICK: That is correct.

ACTING CHAIRMAN MC CARTHY: I think we all understand this is a long continuum of discussion on this. And I think we also want to bend over backwards to make
sure that we follow notice procedures and data distribution in a way that satisfies all Californians that they are fully informed about what's going on. And that's what I heard Dr. Corwin referring to I think.

Any other questions? Are you finished, Dr. Corwin?

DR. CORWIN: I simply want to say that if there is nothing new in this presentation, then it's not going to answer a great deal of our concerns. But I will wait for the date of the public hearing to address these concerns. And I thank you for the opportunity.

ACTING CHAIRMAN MC CATHY: Okay. Thanks.

MR. TAYLOR: I don't think she took my statement correctly.

EXECUTIVE OFFICER DEDRICK: No, I don't think she did. The issues are all familiar.

ACTING CHAIRMAN MC CATHY: Are you ready for the adoption of the resolution?

MR. HUDOCK: Would you please clarify --

ACTING CHAIRMAN MC CATHY: Would you step forward and state your name?

MR. HUDOCK: Yes. I don't have a -- is this exhibit the correct one?

EXECUTIVE OFFICER DEDRICK: Would you state your name for the record, please?

MR. HUDOCK: Yeah. My name is Jim Hudock, H-u-d-o-c-k,
with Texaco. You're saying this exhibit is the correct exhibit that is in this copy?

MR. TAYLOR: It is not.

EXECUTIVE OFFICER DEDRICK: Not?

ACTING CHAIRMAN MC CARthy: It is not.

EXECUTIVE OFFICER DEDRICK: It is the one that you will not like, because it's already been rejected. You don't have to worry about it.

MR. HUDOCK: All right. Thank you.

ACTING CHAIRMAN MC CARthy: All right. Any further questions? We're ready for adoption of the resolution. Any dissent? Unanimously adopted.

Item 26. I understand there is agreement on this item?

EXECUTIVE OFFICER DEDRICK: Correct.

ACTING CHAIRMAN MC CARthy: The negotiation among the parties?

EXECUTIVE OFFICER DEDRICK: Mr. Hight, would you?

MR. HIGHT: Correct, Mr. Chairman. This is an assignment from Gulf Oil to Golden West.

ACTING CHAIRMAN MC CARthy: Any questions: Anybody in the audience want to testify on this?

All right. The item is before the Commission for approval. Any dissent? It's unanimously approved.

Item 28:
EXECUTIVE OFFICER DEDRICK: Item 27.

ACTING CHAIRMAN MC CARTHY: Item 27.

MR. TROUT: Mr. Chairman, Item 27 is just approval of secured party lenders; in place of just one bank, they are now allowing four banks to share in the loan.

ACTING CHAIRMAN MC CARTHY: Anybody in the audience wish to testify on this item? Any dissent? Unanimously approved.

EXECUTIVE OFFICER DEDRICK: This is an authorization to the staff to sell salvage metal from the S.S. Ohican, which is a sunken vessel located near Seal Rock under the ocean.

ACTING CHAIRMAN MC CARTHY: Anyone in the audience wish to testify on this item? Any dissent from the Commission? Approved.

EXECUTIVE OFFICER DEDRICK: 29 is the quarterly report to the Legislature regarding the oil and gas development program. The item as it is contained is no longer accurate as a result of your action on 25. We will correct the information and bring it in conformance with 25 and transfer it to the Legislature with your approval.

ACTING CHAIRMAN MC CARTHY: This is by way of a report. This is a strictly informational item.
EXECUTIVE OFFICER DEDRICK: That's correct. It's part of our budget language requirement.

ACTING CHAIRMAN MC CARTHY: Comments noted.

Item 30.

EXECUTIVE OFFICER DEDRICK: This is a report at the request of the Commission reporting on the status of the damage to Island Esther which was destroyed in the storm in April. The action requested is that you require that they report to us again in 90 days.

ACTING CHAIRMAN MC CARTHY: Anyone in the audience wish to testify on this? Any dissent from the Commission? All right. That is a request to forward another report in 90 days.

EXECUTIVE OFFICER DEDRICK: 31 is a dredging permit granted under my authority to grant dredging permits of less than 10,000 cubic yards. This was granted to the Marin Yacht Club in Marin County. Western Dock Enterprises.

ACTING CHAIRMAN MC CARTHY: Any comments by Commission members? If not, Item 32.

EXECUTIVE OFFICER DEDRICK: Item 32 is a prospecting permit for valuable minerals, not including oil, gas, and geothermal in San Bernardino County. Keith Lindsey is the applicant.

ACTING CHAIRMAN MC CARTHY: Any comments? It's before
us for approval. All right. The Commission unanimously approves.

33.

EXECUTIVE OFFICER DEDRICK: 33 is U.S. Borax amendment to their five-year renewal of their existing lease.

ACTING CHAIRMAN MCCARTHY: Any questions from anybody in the audience on this item?

Any comments from Commissioners? All right. We will unanimously renew.

34.

EXECUTIVE OFFICER DEDRICK: 34 is a proposed oil sale at Huntington Beach. The minimum of the bid requirement is 35 cents. Mr. Thompson tells me that oil is going for about a dollar and a quarter over postedrice now.

ACTING CHAIRMAN MCCARTHY: Any comments from members of the Commission? In the audience? All right. We approve the specifications.

EXECUTIVE OFFICER DEDRICK: 35 is the same kind of thing for a different batch of royalty oil. It has the same conditions.

ACTING CHAIRMAN MCCARTHY: Any comments from the Commissioners? Anybody in the audience? Unanimously approved.

36.
EXECUTIVE OFFICER DEDRICK: 36, Seahawk Oil International. It's our acceptance of a quitclaim deed for oil and gas in Solano County.

ACTING CHAIRMAN MC CATHY: All right, we're being asked to approve a quitclaim deed arrangement. Anybody in the audience? Any comments by the Commissioners?

Unanimously approved.

EXECUTIVE OFFICER DEDRICK: 37 is an informational item giving you the status of the Owens Dry Lake study that has gone on for about three years.

ACTING CHAIRMAN MC CATHY: The gist of which is the work on this will have to be picked up by local government.

EXECUTIVE OFFICER DEDRICK: I don't think it's quite that bad yet. Well, if you'd like the gist, the point is the project is showing some indications that some partial solutions may be found. The State has funded that entirely for the past three years. Now the Department of the Navy and Los Angeles Department of Water & Power are proposing that they fund two-thirds of it and the State fund one-third of it. The State is not budgeted for this. And I have offered -- I'm in discussions with them now to offer services rather than financial help for the next I think three years in the proposed continuation.
ACTING CHAIRMAN MC CARTHY: To be in kind.

EXECUTIVE OFFICER DEDRICK: That is the direction I am taking, sir.

ACTING CHAIRMAN MC CARTHY: All right, I authorize that direction.

EXECUTIVE OFFICER DEDRICK: All right. Thank you.

ACTING CHAIRMAN MC CARTHY: 39, 38.

EXECUTIVE OFFICER DEDRICK: This is a notice of intent by the City of Long Beach to spend $643,000 from its share of tidelands oil revenues to replace a floating walkway. Your action here authorizes that to go ahead. Your failure to act would also authorize it to go ahead.

This is one over which we have a lot of jurisdiction.

ACTING CHAIRMAN MC CARTHY: Therefore our action is--

MR. HARVEY: Let's split it three ways.

ACTING CHAIRMAN MC CARTHY: We abstain.

(Laughter.)

We won't suffer any indignity of not having any effect on this decision. All right. We approve the inaction.

Item 39 is pulled. That's all I have on the calendar.

EXECUTIVE OFFICER DEDRICK: That's it. 39, 40, and 41 are pulled.
ACTING CHAIRMAN M. C. CARTHY: Thank you, ladies and gentlemen. This meeting is over.

(Thereupon the Commission adjourned to executive session at 11:25 a.m.)

"-000-"
CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, 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 and by me, Nadine J. Parks, 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 19th day of August, 1983.

Nadine J. Parks
Shorthand Reporter