MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

THURSDAY, AUGUST 25, 1983
10:15 A.M.

ORIGINAL

Cathleen Slorum, C.S.R.
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PETERS SHORTHAND REPORTING CORPORATION
3435 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-8894
MEMBERS PRESENT

John Jervis, Acting Chairperson, representing Kenneth Cory, Controller
Nancy Ordway, representing Michael Franchetti, Director of Finance
Leo T. McCarthy, Lieutenant Governor
Susan Wallace, representing Leo T. McCarthy, Lieutenant Governor, non-voting capacity

MEMBERS ABSENT

NONE

STAFF PRESENT

Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight
W.W. Thompson
Al Willard
Lance Kiley
Jane Smith, Secretary

ALSO PRESENT

Jan Stevens, Deputy Attorney General
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ACTING CHAIRPERSON JERVIS: All right. We'll get started.

Governor McCarthy has been detained, but he will be here shortly. In his place is Susan Wallace.

We need to have an announcement read into the record by Bob Hight.

MR. HIGHT: Mr. Chairman, for the record, Susan Wallace will be sitting for the Lieutenant Governor in a nonvoting capacity.

ACTING CHAIRPERSON JERVIS: All right. Approval of the minutes of the meeting of August 12th. Here they are.

COMMISSIONER ORDWAY: I'll move approval.

EXECUTIVE OFFICER DEDRICK: You also need to confirm the minutes of July 21st, Mr. Chairman.

COMMISSIONER ORDWAY: I'll move the approval of both July 21st and August 12th.

ACTING CHAIRPERSON JERVIS: All right. So moved.

The Consent Calendar, Item C1 through 15, Mr. Kiley has a change in C14.

MR. KILEY: Yes, Mr. Chairman. Just a minor change that's been agreed to by the applicant. The work to be performed by the Department of Public Works at each site
will be substantially similar in nature. By issuing this permit, the need to process individual permits for each work site would be eliminated. That’s just explanatory.

The Department of Public Works will submit a complete description of each project site to the commission staff at least 30 days prior to initiation of the work.

The Coastal Commission has approved this particular emergency bank protection work. However, they will require further permitting for any future protection projects.

COMMISSIONER ORDWAY: Is this change agreeable to all parties?

MR. KILEY: It's agreeable. They've all agreed.

ACTING CHAIRPERSON JERVIS: Is a motion necessary?

COMMISSIONER ORDWAY: I will move the Consent Calendar, Item 1 through 15. I assume that there’s no one that would like to speak on any items on the Consent Calendar.

ACTING CHAIRPERSON JERVIS: Any item, 1 through 15, anyone care to be heard?

We have a motion and a second. Without objection, Items 1 through 15 with the amendment to 14 are approved.

Item 16. Do we have people who are here to testify on 16, Chevron, U.S.A., approval of a waiver on an offshore boundary?
MS. BERTWHISTLE: Yes, sir.

EXECUTIVE OFFICER DEDRICK: Chevron is present if you feel you need testimony. I think they're here to be informative and also to make sure they know what's going on.

ACTING CHAIRPERSON JERVIS: Why don't you give us an explanation, Miss Dedrick, of Chevron, U.S.A.

EXECUTIVE OFFICER DEDRICK: Chevron is building a groin out into the coastal waters at El Segundo. When you do something like that, the boundary between the offshore and the federal OCS gets moved out. As a matter of economy, and to reduce problems with the Federal Government, we are recommending that this commission waive that necessity, the extension of the boundary into the federal waters. This will take legislation which is now moving through and appears to be acceptable to everybody. But under that legislation, you have that authority. Is that correct, Bob?

MR. HIGHT: That's correct.

MR. KILEY: That's correct. Your action will be conditional on the passage of the legislation if you approve the calendar item as it's written.

COMMISSIONER ORDWAY: What's the status of the legislation?

MR. KILEY: I don't know exactly. Is Bill Morrison here?
EXECUTIVE OFFICER DEDRICK: Morrison is here.

Bill, would you come up.

MR. MORRISON: Mr. Chairman and members, Bill Morrison.

The amendment is in a bill carried by Senator Beverly, Senate Bill 216. I believe that that bill is on the floor of the Senate for concurrence of Assembly amendments. To my knowledge there's no opposition to the amendment. Sean McCarthy with the California Land Title Association did call me yesterday to find out more specifics. There was already or there is currently a code statute that does a similar thing for Ventura County. The amendment would just expand that to Los Angeles County.

EXECUTIVE OFFICER DEDRICK: And the legislation gives the commission authority to make that kind of a waiver; is that correct?

MR. MORRISON: Yes, it does.

ACTING CHAIRPERSON JERVIS: Any further questions?

Do I hear a motion?

COMMISSIONER ORDWAY: Move the item.

ACTING CHAIRPERSON JERVIS: Without objection, Item 16 is approved.

Item 17, Wilfred West.

MR. TROUT: Item 17, 18 and 19 are virtually identical in action, Mr. Chairman. They involve the denial...
without prejudice of applications received by the commission for leasing of some of the property. The exact reasons are different, but unless there's someone here to object to them, we just recommend that you approve those. It's without prejudice and when we can work out the difficulties, these may be back before you.

ACTING CHAIRPERSON JERVIS: Let's take all three of these together. Is there anyone in the audience on Item 17, Wilfred West; Item 18, Frank Marcks and Raford Jones; Item 19, Neill Smith, anybody here on those items?

Any questions?

COMMISSIONER ORDWAY: I'll move the three items.

ACTING CHAIRPERSON JERVIS: I'll second.

Without objection, Items 17, 18 and 19 are approved.

Item 20, City of Long Beach.

EXECUTIVE OFFICER DEDRICK: This is a capital improvement project. It's an expenditure of their tidelands oil revenue. By approving this item you're approving or paying that this is a proper expenditure of tideland oil revenues. It's for improvement of the Apian Way Bridge, 187,400. It is an appropriate use of tidelands revenue.

ACTING CHAIRPERSON JERVIS: I'll move. Any questions?

COMMISSIONER ORDWAY: I would just ask if there's anybody in the audience that wishes to speak to the issue?
ACTING CHAIRPERSON JERVIS: Without objection, Item 20 is approved.

Item 21, also City of Long Beach.

EXECUTIVE OFFICER DEDRICK: It's essentially the same thing. In this case, a rock embankment on Marine Stadium, 173,000.

ACTING CHAIRPERSON JERVIS: Any questions?

COMMISSIONER ORDWAY: I'll move the item.

ACTING CHAIRPERSON JERVIS: Without objection, Item 21 is approved.

Item 22, also the City of Long Beach.

EXECUTIVE OFFICER DEDRICK: This is approval of the Third Modification of the '83-'84 budget. Moose Thompson is here if you have any questions about it. Would you like to have him come and describe this whole thing to you?

ACTING CHAIRPERSON JERVIS: Why not. Moose, welcome to Sacramento.

MR. THOMPSON: Well, I would have to come up and apologize for some omissions that we made when this was first presented to you in April. This is merely trying to clean up some things. We forgot to include redrills in our six-month approvals and since those come up periodically, we need that language in there. Also, we would like to have delegation to get approval to do this...
by the Executive Office or Chief of Extractive Development.

There's technical corrections in the procedures.

ACTING CHAIRPERSON JERVIS: I'll move. Without objection, Item 22 is approved.

The City of Long Beach information on monitoring of subsidence, seismic hazards.

EXECUTIVE OFFICER DEDRICK: Again, Moose may as well sit here for these.

MR. THOMPSON: Every six months we run a grid of ground elevations throughout the whole Long Beach area and the results of this are in effect that since 1965 there has been no subsidence of any benchmarks that could be affected by production in the Long Beach Unit. This ties into any potential claims for the subsidence of any contingency monies that are impounded and set up. That's a $40 million fund for any claims against us. This is just an annual, semiannual monitoring.

EXECUTIVE OFFICER DEDRICK: This is an informational item and no action is required.

ACTING CHAIRPERSON JERVIS: All right. Item 24.

EXECUTIVE OFFICER DEDRICK: Item 24 is a report covering the actual revenues for '82-'83 and revenue estimates for '83-'84, '84-'85, and '85-'86. Moose has got some good news since this revenue estimate was put together...
and, Moose, would you run through the thing and update it for the commission?

MR. THOMPSON: Okay. There's been every indication that crude oil posting prices should have moved upward. We're getting over two dollars for our bogus sell-off bids. Posting for North Slope crude have gone up. But there's been no posting change. The first posting change came out yesterday. Chevrón increased their posting by a dollar. So these estimates, if the other posters in California come along, this will increase these revenue protections with a revised one in a month or so. Right now, since the last projection for '83-'84 was in May, this is a $20 million increase over that estimate. For '84-'85, the last estimate was made in February. This now is a $75 million increase over that. Primarily the biggest changes there are because of crude oil pricing. At that particular time when we made the one in February we were still anticipating the possibility of further slide in crude oil prices and since that didn't happen, in fact, is now strengthening; that's the reason for the additional revenue.

ACTING CHAIRPERSON JERVIS: Are you thinking in terms that the posting increase of a dollar is going to increase even further?

MR. THOMPSON: If all companies post this particular
thing for '83-'84, we should have a further increase in the magnitude of 15 to 20 million dollars more.

EXECUTIVE OFFICER DEDRICK: The price we receive is the average of the posted price of four companies: Chevron, ARCO, Mobil and Union. They don't walk in lock step, but normally if one goes up, that means everybody's heading up. They may not all go up at the same time.

MR. THOMPSON: That's why we will try and get the revised as soon as we see the pattern of the rest of the companies.

EXECUTIVE OFFICER DEDRICK: We do need approval of this report which we submit to the legislature.

MR. THOMPSON: Yes.

COMMISSIONER ORDWAY: I'll move to approve the report.

ACTING CHAIRPERSON JERVIS: Miss Ordway moves, Miss Wallace seconds [sic]. Without objection, the report is approved.

Item 25, State Lands Commission on the Los Angeles County Assessment Appeal.

EXECUTIVE OFFICER DEDRICK: The Assessor's Office each year determines the fair market values of the Wilmington field for purposes of possessory tax, ad valorem tax. I'm sorry. We invariably feel that their estimate is too high. So we invariably appeal this and usually we get something
out of that. This is a request for your approval or this is asking for you to authorize the Executive Office and the Office of the Attorney General to pursue such an appeal on this year's assessment.

ACTING CHAIRPERSON JERVIS: Any questions?

COMMISSIONER ORDWAY: I'll move.

ACTING CHAIRPERSON JERVIS: It's been moved, seconded. Without objection, Item 25 is approved.

Item 26, American Bridge.

EXECUTIVE OFFICER DEDRICK: It's an application to dredge 90,000 cubic yards of material from the Hunter's Point Fabrication Yard in Hunter's Point. It has all the usual requirements of our regulations. A royalty of 15 cents a yard is to be charged for the spoils placed at the Corps of Engineers' approved dump and a, I mean, a disposal site — they don't call them dumps — and a royalty of 25 cents if the spoils are placed on private property or sold.

COMMISSIONER ORDWAY: I'll move the application.

ACTING CHAIRPERSON JERVIS: Without objection, Item 26 is approved.

Item 27, Harding Lawson Associates.

EXECUTIVE OFFICER DEDRICK: This is a request for approval of a geophysical survey permit by Harding Lawson Associates in Regions I, II, III, and IV.
this is the seismic exploration of what we laughingly call the boom-boom boats. The regions are the four northern regions of the state. I can't remember whether there are five or six regions. Region I would be the far north coast and it moves on south.

COMMISSIONER ORDWAY: How far down does Region IV extend?

EXECUTIVE OFFICER DEDRICK: I'm not certain.

MR. THOMPSON: Boundary of Mendocino and Sonoma County.

EXECUTIVE OFFICER DEDRICK: Oh.

MR. THOMPSON: There's a map attached.

EXECUTIVE OFFICER DEDRICK: The map's in here. I'm sorry. I numbered it wrong. It's numbered from the bottom up, not the top down. That is all four regions of the state. So it would cover the entire coast. It's on page 109.

MR. THOMPSON: 109. Region IV is the top one there.

ACTING CHAIRPERSON JERVIS: Is there anyone in the audience who desires to be heard on this application? Please come forward.

DR. CORWIN: I'm Dr. Ruthann Corwin of the Oceanic Society.

I just want to know whether or not the individuals
who are involved and concerned in the seismic testing issue and its impacts on the marine environment have been notified of this issue on the calendar today?

EXECUTIVE OFFICER DEDRICK: Faber.

MR. HIGHT: This item, Mr. Chairman, received our normal distribution list and Mr. Willard will amplify on that.

MR. WILLARD: I'm Al Willard, an engineer from the Long Beach Office.

As Bob has indicated, the normal mailing list of the calendar to those that have requested to be on that list which this item was presented. We had no indication that there was any adverse comments on this. As the commission knows, we've approved these geophysical survey permits in the past. We approved them for a period of 18 months some time ago. This one, as you'll note here, is just for a period of six months which will expire at the time all of the geophysical permits that are currently in effect will expire and any extension of these permits would then be all heard in one group and which at that time I'm sure there would be many comments brought forward.

EXECUTIVE OFFICER DEDRICK: The commission last August, about a year ago, approved the permitting plan the way we do these survey permits. The use of these permits or the imposition of these permits is an advantage...
to the state. A problem arose in the coastal waters as well as in federal waters between fishermen and the geoseismic vessels because the geoseismic vessels drag about a two-mile line of hydrophones behind them and, therefore, they take a big turning radius. In the absence of some organized interchange of information, frequently damaged fishing equipment. In January, a year ago, the commission staff began a series of public hearings which were held in every fishing port in California or virtually every fishing port including little ones for a round-table sort of hearing to try to develop a process between the geophysical operators and the fishermen that would resolve this problem.

That process has proved quite successful. It was the result of that process of discussion and interchange of ideas and so forth that the survey permit plan was presented to the commission in August and was accepted by the commission last August.

I think there were 35 or 40 permits granted at that time. This is someone who just wasn't working in California at the time and now has a job out here and wants the permit for the six-month period. We limit it to the six-month period as Willard has told you so that they'll all come due on the same day and can all be handled simultaneously in a more organized way and that will be
in about January or February.

ACTING CHAIRPERSON JERVIS: So the 18-month period expires in January or February of 1984?

EXECUTIVE OFFICER DEDRICK: Approximately. Let's see.

MR. WILLARD: I think it's February.

EXECUTIVE OFFICER DEDRICK: It will be February.

ACTING CHAIRPERSON JERVIS: Now, about the mailing of notice, there was, of course, mailing of notice at the outset of the 18-month period?

EXECUTIVE OFFICER DEDRICK: That is correct.

MR. HIGHT: Correct.

EXECUTIVE OFFICER DEDRICK: There have been other geological, geophysical survey permits that have come in since the initial meeting and we have received protests on none.

ACTING CHAIRPERSON JERVIS: And what about the mailing for this one?

MR. HIGHT: We have received no protest on this mailing either.

ACTING CHAIRPERSON JERVIS: When was this mailing done?

MR. HIGHT: It would have been statutorily ten days prior, at a minimum, ten days prior to this meeting.

MR. WILLARD: One thing that might be of interest
is that under our permit procedure we have a notification 
process prior to any operations under the permit. That 
is, five days before any operations are conducted, the 
operator is obligated to post notices in the local fishing 
establishments, at the docks, the field docks, and those 
areas that the concerned people, that is, the fishermen, 
would be put on notice that such an operation was going 
to be conducted. At that time, if that fishermen or anyone 
has a concern or there's going to be a conflict with the 
proposed operation, he would contact the operator initially 
and try and resolve that. If that fails, he then comes 
to the State Lands Commission or to the staff for resolution 
of that conflict.

DR. CORWIN: May I just ask how many miles might 
be affected during the period before the six months, before 
the period of the permit is up?

EXECUTIVE OFFICER DEDRICK: Miles of what?

DR. CORWIN: Miles of survey line that are involved, 
how many miles of ocean floor will be covered?

EXECUTIVE OFFICER DEDRICK: This is a surface 
operation. I couldn't give you that estimate. It would 
be enormous, I expect.

MR. WILLARD: This is a general permit that allows 
him to conduct these operations in the area. If he elects 
at a later date to propose a specific survey at which time
he would then know how many line miles he's going to run, that's when the notices would be posted and everyone would become aware of where he's actually operating. He may not have a specific operation in mind right at this time. He's just obtaining a general permit.

DR. CORWIN: I understand.

EXECUTIVE OFFICER DEDRICK: So that he could take it.

MR. WILLARD: Yes.

DR. CORWIN: Is this review at the end, when the six-month period ends, there's going to be review of all the information respecting the damages that are caused by these operations to the fisheries and a review of the whole permit process or the whole permit structure and the way it's done?

EXECUTIVE OFFICER DEDRICK: Is there a need for another CEQA?

Identify yourself.

MR. FABER: I'm Robert Faber, staff counsel for the State Lands Commission.

When the permits are reviewed again in February -- the reason that the permits were issued for 18 months in the first place is because it was an introduction of a new program and for the period of the 18 months we're evaluating what the impacts are, the provisions that are
in the permitting process. What we're intending to do
is come to the commission in February with a review of
how the procedure's been working, with any changes that
seem to be needed and made to the permits, and we're going
to be working and have been working in the last 12 months
and will be working during the next six months with a number
of the affected groups to get their comments.

DR. CORWIN: I'd just like to request of the
commission that due to the fact that this is being reviewed
and to the fishermen's grave concerns over the potential
damage to juvenile species and the fact that a general
permit doesn't look at the specific circumstances and
situations, whether you have a larval spawning or you have
a particular critical period and the organism might be
affected, that this permit be denied until after the end
of that six-month review and it be taken up at that time
when you have the results of this knowledge and this
information.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, I would
like to point out that there is absolutely no scientific
evidence to support Dr. Corwin's concerns. None.

ACTING CHAIRPERSON JERVIS: Well, if it's not
true that once these notices are posted by this Harding
Lawson Associates, there's still a point in there where
a concerned fisherman can still come to the Lands Commission
before this geophysical work would begin? Is that not true?

MR. HIGHT: Correct, Mr. Chairman.

DR. CORWIN: I'm simply talking about the total effect of having an unknown amount of this operation going on during certain seasons and certain locations and there is scientific evidence that pressure, high pressure zones which are caused by these can damage and rupture larval organisms, planktonic organism and so forth. It depends upon the closeness they are and how many there are in the area and where the high pressure zone is occurring.

EXECUTIVE OFFICER DEDRICK: Last fall a series of accusations were made by people concerned about whales and people concerned about, commercial fishermen located in the Fort Bragg area. The people who were concerned about whales contended that the seismic activity interrupted the whale migration. The fishermen contended that the seismic vessels disrupted their fishing. They shook up the fish so they moved out of their schools so they didn't have as good results.

Because they at that time also, the accusation was made that a vessel was using explosives which is illegal and that a vessel was operating without a permit in the area which is also illegal, I closed the upper region number IV to activity while we investigated that. We put together a team of the four representatives, the
four responsible agencies: State Lands, Fish and Game for the state side, the Mineral Management Service who is responsible for the offshore OCS oil and the National Marine Fishery Service of the United States Fish and Wildlife Service which has total federal authority for the Gray Whale. It's the only agency in the country that has the authority. Nobody else has that authority. That team investigated all of the charges in addition to which they did an extensive literature search. The results of that -- this business went on for approximately two months. Is that correct?

The results of those investigations indicated that there is no evidence that there is any damage to the Gray Whale. There is no evidence that the kind of seismic exploration that is now being done, the sonic instead of using dynamite, is damaging at all to the fishery. We did a complete literature search. The Congressional Research Service did a literature search and the results were completely negative. Currently there is an ongoing study funded by the Mineral Management Service on the effects of noise from petroleum exploration and development operations on the migration of the Gray Whale being conducted at Yankee Point in Monterey County. So far the results of that study have indicated no problem.

The study that Dr. Corwin is referring to is
a laboratory study on the effects of high pressure on larval or single cell, small cell, small animals, primarily in the larval state. It is certainly true that high pressure will break cytoplasmic membrane. There is, however, no evidence to indicate that the activities of the geophysical operators in the ocean would disrupt cells.

Now, one of the reasons for that is that though the air leaves the cylinders which are called airguns in the cylinder is at a very high pressure, the highest pressure in the water is significantly lower than that and is ten feet below the airgun. Clearly it is dissipated very rapidly. I can see no reason to believe on the basis of laboratory evidence that we have in vito, in life, the same effect you have concentrated in a test tube. Certainly that would be an interesting area of academic study. But based on existing scientific information, there is no validity to the charge.

DR. CORWIN: How close into shore will these boats be allowed to come?

EXECUTIVE OFFICER DEDRICK: The boats by their nature can't get very close to shore. They're dragging a two-mile-long cable. You can't turn around very close to shore. I would not like to say myself, but Al can tell us what the closest in they can get is.

MR. WILLARD: I would say no more than within
a half a mile.

EXECUTIVE OFFICER DEDRICK: Usually they don't go in within a mile.

MR. WILLARD: They're usually outside the mile, but they probably could get in in the turning operation.

EXECUTIVE OFFICER DEDRICK: In the turn.

MR. WILLARD: They would not be operating.

DR. CORWIN: They could be moving along shore very closely without turning.

EXECUTIVE OFFICER DEDRICK: If they have a two-mile line behind them, they're making a turn, they're not going to start shooting till that two-mile line is.

DR. CORWIN: I understand. But if they're making a very long, straight run, they can come fairly close into shore.

MR. WILLARD: Well, one thing. They wouldn't get in the kelp area at all because they do not want to get tangled up in the kelp.

DR. CORWIN: I understand. But the potential, I mean, the life that's out in the ocean doesn't stop dead at the edge of the kelp bed. I won't get into any further argument and debate over this. There's certainly a lot of disagreement over what the effects can be and there are studies going on. There is going to be a review of this permit at the end of the six months and this is a
general permit for a fairly large area with an extensive number of miles that will be permitted under it. I would think that the commission would want to look at all of this evidence at the end of their period when they have all these permits up and examine that situation at that time.

MR. HIGHT: Mr. Chairman, one other item for the record that has just come to my attention that this calendar item had wider distribution than normal because of the Point Conception item being on the list and we have a much broader environmental mailing list then and we still have received no comments.

COMMISSIONER ORDWAY: I'll move the item, but I would like to have this calendared at the February-March meeting at the end when the permits have expired and we can take a look at how --

EXECUTIVE OFFICER DEDRICK: As Mr. Faber told you, Commissioners, we intend to bring in the full range of information in February.

COMMISSIONER ORDWAY: Fine. Let's have that noticed properly so anybody has any interest can come and give us their information.

EXECUTIVE OFFICER DEDRICK: All right. Not a problem.

ACTING CHAIRPERSON JERVIS: It's moved. Without
objection, Item 27 is approved.

Item 28, Charles Price, a prospecting permit application.

EXECUTIVE OFFICER PEDRICK: This is just an approval of our usual two-year term for a prospecting permit on 160 acres of land in Riverside County. The permit is for minerals other than oil, gas, geothermal resources or sand and gravel.

ACTING CHAIRPERSON JERVIS: Anybody in the audience to testify on Item 28?

COMMISSIONER ORDWAY: I'll move the application.

ACTING CHAIRPERSON JERVIS: Without objection, Item 28 is approved.

Item 29, Larry Durkan and Exploration Engineering, Inc.

MR. HIGHT: Mr. Chairman, this is an assignment by Larry Durkan to Exploration Engineering, Inc., which is a company which he owns which have 25 percent interest of the prospecting permit that he has at Sonoma State Hospital. This assignment will allow him to proceed with the exploration of the area.

ACTING CHAIRPERSON JERVIS: Anybody in the audience on this item?

COMMISSIONER ORDWAY: Move the item.

ACTING CHAIRPERSON JERVIS: It's been moved.
Without objection, Item 29 is approved.

Item 30, Gasco Gasoline, Inc.

EXECUTIVE OFFICER DEDRICK: Yes. This is an award of royalty oil sales from Tract 2 in Long Beach that authorized us to go to sale oil, to go to bid on a couple of months ago. The winning bid, the high bid is Gasco Gasoline, Inc., and the bonus bid is $1.38 over the posted price. Gasco is a responsible bidder. So we would seek approval of selling the oil at that price.

ACTING CHAIRPERSON JERVIS: Without objection, Item 30 is approved.

Item 31, Powerine Oil Company.

EXECUTIVE OFFICER DEDRICK: This is similar, but the oil is from the Huntington field. Powerine is the high bid at $2.121, $2.121 cents. It's an encouragingly high bid.

COMMISSIONER ORDWAY: Move the award.

ACTING CHAIRPERSON JERVIS: It's been moved. Without objection, Item 31 is approved.

Item 32, Edgington Oil Company.

EXECUTIVE OFFICER DEDRICK: Yes. Again, this is also for Huntington Beach. The high bid is $2.25.2 cents.

COMMISSIONER ORDWAY: Move the award.

ACTING CHAIRPERSON JERVIS: Without objection,
Item 32 is approved.

Item 33, State Lands Commission proposed sale of crude oil.

EXECUTIVE OFFICER DEDRICK: This is another Huntington Beach one.

MR. HIGHT: This is authorization, Mr. Chairman, to put the 710 barrels per day for Huntington Beach out to bid.

COMMISSIONER ORDWAY: Move the award.

ACTING CHAIRPERSON JERVIS: It's been moved.

Without objection, Item 33 is approved.

Item 34, Fred Sahao.

Anyone in the audience on this item? Staff?

EXECUTIVE OFFICER DEDRICK: No.

MR. HIGHT: This is an informative item, Mr. Chairman. Dredging permit at Lake Tahoe.

ACTING CHAIRPERSON JERVIS: We don't need a motion?

EXECUTIVE OFFICER DEDRICK: No.

ACTING CHAIRPERSON JERVIS: Item 35, anybody in the audience on the Coast Guard application?

EXECUTIVE OFFICER DEDRICK: Same situation.

MR. HIGHT: This is an informative item in addition. 3500 yards at Noyo Harbor.

ACTING CHAIRPERSON JERVIS: Item 36, GRI.
Operator Corporation.

MR. HIGHT: This is a geothermal exploratory permit in Mendocino and Lake Counties and this is an extension for six months on their existing term.

COMMISSIONER ORDWAY: I'll move the application.

ACTING CHAIRPERSON JERVIS: It's been moved.

Without objection, Item 36 is approved.

We'll pass Item 37 for the present and move on to Item 38.

World College West.

MR. HIGHT: Mr. Chairman, Item 38 is an item that has come before the commission before. This is an authority to accept, we're accepting less acreage than was originally anticipated because of some encumbrances and because of the encumbrances the value will go down. So we're paying 76,000 now for the area that will be purchased.

MR. TROUT: The commission is also acting as trustees of the land bank in this case.

COMMISSIONER ORDWAY: Move the authorization.

ACTING CHAIRPERSON JERVIS: It's been moved.

Without objection, Item 38 is approved.

Item 39, Redwood Shores.

MR. HIGHT: Mr. Chairman, this is an extension of the existing Redwood Shores and a substitution of performance bond for a Letter of Credit. The extension
to build the necessary improvements will be for two additional years and they will have until July 31st, ’85. There’s been some problems with getting the improvements built and the staff is in support of this motion.

COMMISSIONER ORDWAY: Move the extension.

ACTING CHAIRPERSON JERVIS: It’s been moved without objection, Item 39 is approved.

Item 40, Caltrans.

MR. HIGHT: This is a settlement with Caltrans at Foster City by which Caltrans a portion of the land and the State Lands Commission will also get a portion of the land.

COMMISSIONER ORDWAY: Move the settlement.

ACTING CHAIRPERSON JERVIS: Without objection, Item 40 is approved.

Item 41, Native Sun Investment Group and others.

MR. HIGHT: Native Sun is approval of a boundary and exchange agreement with Native Sun at Carlsbad. This item was discussed in Executive Session and the commission will receive an easement around the front of the area plus an access to the area.

ACTING CHAIRPERSON JERVIS: All right. Is anyone in the audience on Item 41, the Native Sun Investment Group, a parcel of land between Oceanside and Carlsbad? Would you explain this one to us?
MR. HIGHT: I'd call on Tim Patterson or Curtis Fossum. They were intimately involved in it and I think they can probably get the details more succinct.

MR. PATTERSON: Mr. Chairman, members of the commission, my name is Tim Patterson. I'm Deputy Attorney General representing the Lands Commission in this matter.

This calendar item concerns a lawsuit which is pending in the Superior Court in San Diego County over approximately ten acres of land. Staff has recommended the settlement agreement proposed in Calendar Item 41 be approved by the commission. It results in an exchange of interest where the state receives an interest in the property as a trust interest in exchange for terminating a claim of a trust interest in another portion of the property. These acreages are similar. They average about 1.2 acres each and the staff has determined that the interest received by the state is of equal or greater value than interest on which the trust is being terminated. The settlement also involves the establishment of the ordinary high watermark of the Pacific Ocean by agreement so that there will be no further dispute between the upland owner and the state as to whether the state's ownership exists in the Pacific Ocean and in the tidelands and next to the ocean.

The third item of the settlement concerns the
establishment of a public easement area which will allow public access and recreational use of the sandy beach portion of the property and also establish an easement for the public from the nearest public road down to the beach where the easement area is being established, thereby assuring public use of the property on the most advantageous portion of the property in dispute for public use, that is, the sandy beach.

MR. HIGHT: In addition, Mr. Chairman, we have received a letter from the city, a telegram from the City of Carlsbad and Oceanside which Mr. Fossum will describe.

MR. FOSSUM: Yesterday we received a telegram from the two cities and they have requested that the commission seek to renegotiate this agreement to create an easement in their favor for maintenance of the weir across Native Sun's property. There's an existing easement to the weir on the oceanside side of the property, and it has been sufficient for maintenance of the weir to date. As I stated, our staff just received notice of this. We don't feel it's part of our settlement agreement because it's not a question of title that we're involved in. It's simply those two cities have requested us at this late date to try and extract further things from Native Sun. Native Sun has received a permit from the Coastal Commission and this easement that has been requested by
the cities would go right through the middle of their
development and doesn't appear proper for us to act upon
this.

We have issued last year to the cities a permit
for expansion and maintenance of the weir on any lands
that we own in that area. The city did not sign the permit
and did not accept the permit and failed to construct the
weir last year and it expired by its own terms.

I'm certain that staff would welcome a new
application for expansion of the weir and any interest
the State has in that area we would look at and review
and, if appropriate, we would issue them a permit. So
there's no necessity for an easement on our property. We
would be -- but they will have to talk to Native Sun on
their own because it's just not part of our settlement
agreement of the title questions involved. So we would,
staff would suggest that the commission not act on the
request by the cities.

ACTING CHAIRPERSON JERVIS: Sounds reasonable
to me. Any questions?

COMMISSIONER ORDWAY: I'll move the settlement.

ACTING CHAIRPERSON JERVIS: It's been moved.

Without objection, Item 41 is approved.

Item 42.

MR. HIGHT: Item 42, Mr. Chairman, is the
authorization to file a disclaimer on behalf of the
commission for 13.94 acres in San Bernardino County.
The Lands Commission has no interest in the land and the
land will be used as a restricted use for Norton Air Force
Base. The Federal Government just as a matter of procedure
any time they corban land in the state, they
serve the Lands Commission just to make sure that they
have named every necessary party and this is one of those
times.

COMMISSIONER ORDWAY: Move the authorization.

ACTING CHAIRPERSON JERVIS: Moved. Without
objection, Item 42 is approved.

Item 43, Jennifer Alves.

MR. HIGHT: This is a disclaimer of interest
in an area of the Russian River where there was an accident
and the commission has no jurisdiction or ownership in
this area and this disclaimer will remove the commission
as a party from the lawsuit.

ACTING CHAIRPERSON JERVIS: We’re contending
that portion of the Russian River is not a navigable stream,
et cetera?

MR. HIGHT: That’s correct.

MR. KILEY: The commission is not by doing this
waiving any interest that the public may have to navigate
over these waters. The commission's only disclaiming any
title interest in the bed of the river here.

ACTING CHAIRPERSON JERVIS: You've got a good lawyer, Bob.

All right.

COMMISSIONER ORDWAY: I'll move the authorization.

ACTING CHAIRPERSON JERVIS: It's been moved.

Without objection, Item 43 is approved.

All right. We are still waiting for the arrival of Governor McCarthy who's in the building. Let's take a brief recess and we'll come back for Item 37.

Let's say ten minutes or upon his arrival.

[Thereupon a recess was taken.]

ACTING CHAIRPERSON JERVIS: All right. We'll be back in session now. We had earlier postponed Item 37, consideration of proposed leasing for oil and gas, Point Conception.

Miss Dedrick.

EXECUTIVE OFFICER, DEDRICK: Mr. Trout will present this item, Mr. Chairman.

MR. TROUT: Mr. Chairman, I think we would like to start out by saying we received two communications concerning this item. We received by telephone yesterday a telegram from Santa Barbara County requesting that the commission take no action to lease this area until their concerns are addressed. We've been told that that telegram
will be delivered in today's mail.

The second letter we received is from Mike Fisher, the Executive Director of the California Coastal Commission, indicating their approval of the project with one amendment to the interagency agreement adopted by the Coastal Commission. In the calendar item we request the commission's concurrence or acceptance of that recommendation by the Coastal Commission. That provided that where appropriate a member of the Scientific Advisory Committee be a scientist with expertise in commercial fisheries.

A change that is not in the calendar item but which the staff would like you to also approve is to reflect the intent of the Special Operating Requirement provision of the prohibition within the 15 fathom half-mile line. During the preparation of the last version of the Special Operating Requirement, a clarification that exploratory wells on the ocean bottom were to be prohibited was left out. So that Special Operating Requirement 4(a) should read that, "Exploratory wells, production and development activities, will be prohibited in the 15 fathom one-half mile ban."

So staff is recommending that with the acceptance of the Coastal Commission recommendation and a technical change in Special Operating Requirement 4(a) that the commission accept the staff recommendation.
We also would ask that in that approval you would give the staff and the Office of the Attorney General the authority to take whatever further action might be necessary to implement the wishes of the Commission.

ACTING CHAIRPERSON JERVIS: Any questions or comments?

COMMISSIONER MCCARTHY: Mr. Chairman, did the Coastal Commission, you make the Coastal Commission aware of the amendments you want to make to 4(a)?

MR. TROUT: Yes. That was agreed between the staffs and with the Coastal Commission. In fact, they were the one that pointed out the omission and we were pleased to correct it.

COMMISSIONER MCCARTHY: Okay.

ACTING CHAIRPERSON JERVIS: Further comment? Anybody in the audience on Item 37?

Yes.

DR. CORWIN: Dr. Ruthann Corwin, Oceanic Society and the Environmental Coalition on the OCS.

I just have a couple of questions. Will there be any further changes in language between now and the September 30th sale date? Is this the final package and does that mean the August 30th meeting is cancelled?

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, we contemplate no further changes. In fact, I would recommend
that we don't make any further changes. We would like
to get the package out so that the oil companies have the
final package. We plan to do that tomorrow with your approval.

The August 30th meeting was scheduled to give
us the flexibility for you to act, if necessary, prior
to the September 2nd court date on the jurisdictional lawsuit.
I would prefer that that remain scheduled until we're
certain that there will be no needed commission action
prior to that suit.

ACTING CHAIRPERSON JERVIS: All right. That's
still up in the air then.

DR. CORWIN: Sounds like it is.

I also was interested to know, since Mr. McCarthy
mentioned at the August 12th hearing, that the jurisdiction
question would be reserved until today, what your resolution
of that question is.

COMMISSIONER MCCARTHY: Apparently the Coastal
Commission I'm told in taking its action the other day
treated it as a permit application.

EXECUTIVE OFFICER DEDRICK: That is correct.

COMMISSIONER MCCARTHY: And had that form in
front of them. I think it was the Coastal Commission's
interpretation that that procedure protected their authority
in their dealing with the Federal Government and I believe
they were so advised by their counsel.
DR. CORWIN: But my question deals with whether or not the State Lands Commission will be signing off on the conditions that were put on permit that was in the staff report?

EXECUTIVE OFFICER DEDRICK: That is the recommendation before you.

COMMISSIONER MCCARTHY: Yes, that's what's before us.

DR. CORWIN: Is to sign on the permit, not just on the interagency agreement, but with respect to that whole item?

MR. TROUT: Mr. Chairman, the recommendation of staff is that the commission accept the recommendations of the Coastal Commission.

COMMISSIONER MCCARTHY: Does that answer the question?

DR. CORWIN: There is a procedure when the Coastal Commission issues a permit that the Executive Director signs off on it and there was a set of standard conditions that were adopted as part of it. I'm just not clear on whether this is the same thing.

MR. TROUT: I've been directed by counsel to refrain from talking about that issue. Counsel is here. But I've been instructed not to talk about that issue.

COMMISSIONER MCCARTHY: I think the answer is
that the Coastal Commission adopted the form of action to protect its position entirely and we are acquiescing without comment on what the Coastal Commission action was.

DR. CORWIN: I can't really understand that. That's all the comments I have.

COMMISSIONER McCARTHY: I think it's the world that you desire and the world that the Coastal Commission desires.

DR. CORWIN: Thank you very much.

ACTING CHAIRPERSON JERVIS: You might read just for your information the last paragraph, the jurisdiction in the interagency agreement wherein both parties expressly reserve their right to pursue the jurisdictional issue.

DR. CORWIN: Then I understand that that's the case, that it will be continued to be pursued.

ACTING CHAIRPERSON JERVIS: Well, --

COMMISSIONER McCARTHY: Reserve the right without any affirmative indication that there's going to be any additional conversation between the agencies. All right.

Mr. Stevens.

MR. STEVENS: I may just complete the record. There is before the commission a letter from the Director of the Coastal Commission stating that the Coastal Commission has approved a permit and that based upon the discussion...
of the conditions which has just occurred, there appears to be no substantive controversy with respect to the terms which the Coastal Commission has approved and with which this commission is being asked to concur by the staff.

DR. CORWIN: Okay.

COMMISSIONER McCARTHY: Move approval of the amendments of the --

COMMISSIONER ORDWAY: Second.

ACTING CHAIRPERSON JERVIS: It's been moved and seconded that the two amendments that have been suggested by staff today be approved.

Without objection.

Now, the issue itself.

I don't think we need to vote on that, do we?

We've approved the amendments to the interagency agreement.

EXECUTIVE OFFICER DEDRICK: No. That's all.

ACTING CHAIRPERSON JERVIS: We're all set.

Any further comments?

We'll be adjourned.

[Thereupon the State Lands Commission Meeting was adjourned at 11:40 a.m.]

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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 foregoing 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 31 day of August, 1983.

CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822