APPEARANCES

Lizabeth Rasmussen, Chairwoman, for Kenneth Cory, State Controller, Chairman

Nancy Ordway, for Jesse R. Huff, Director of Finance, Commissioner

Staff Present:

Clairé T. Dedrick, Executive Officer
James Trout
Robert Hight
Dave Judson, Deputy Attorney General
W. M. Thompson
Jane Smith
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CHAIRWOMAN RASMUSSEN: The meeting is called to order. We have the confirmation of the minutes for the meeting of July 12th and 27th. Do you have any questions or corrections?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: Approved.

Ms. Dedrick, your Executive Officer's report?

MS. DEDRICK: Yes, Commissioners. Pursuant to your direction in the July 12th meeting to come up with a proposal for marina development, so far we have imposed a moratorium on proposed new commercial and industrial facilities and proposed expansion of those.

And we have advised all the agencies that have jurisdiction on the river of the proposal and have a meeting scheduled and an inspection trip for September the 20th. Couldn't get people together any sooner. I'm sorry. But we will report back to you then at the September Commission meeting.

The idea has been extremely well-received by everyone we talked to and the city has been very supportive, also the Corps of Engineers, and the other departments.

CHAIRWOMAN RASMUSSEN: Will this be a trip that's
open to the public?

EXECUTIVE OFFICER DEDRICK: There's not enough
room on the boat for the public. There's a lot of agencies
involved. We'll end up with 40-odd people with the agencies
represented.

CHAIRWOMAN RASMUSSEN: And we can get a great deal
of feedback and have everyone be able to -- include as
many people as possible in it --

EXECUTIVE OFFICER DEDRICK: We'd like to --

CHAIRWOMAN RASMUSSEN: -- for input, not necessarily
on the trip, for purposes of getting input.

MS. DEDRICK: Yes. I think we're going to have
to have a public meeting; just can't get that many people
on one boat yet in the Sacramento River, but --

MS. ORDWAY: I have one question. You said you
would report at the September meeting. I want to
officially ask that the September meeting not be held
on the Jewish High Holy Day.

EXECUTIVE OFFICER DEDRICK: We have made that
correction. I apologize. It was an oversight; not one I
usually make, by the way.

CHAIRWOMAN RASMUSSEN: Okay. Any other
questions? All right, the consent agenda.

EXECUTIVE OFFICER DEDRICK: Before you go into
that, there's some of the items are off calendar. One of
there is on the consent calendar. C-14 is off, and Items 30, 31, 32, and 53.

CHAIRWOMAN RASMUSSEN: Consent Agenda Item C-14 has been removed from the calendar. Are there any questions about the consent agenda?

MS. ORDWAY: No question.

CHAIRWOMAN RASMUSSEN: The consent agenda is approved. Item 27.

EXECUTIVE OFFICER DEDRICK: Item 27 is an application from Western Salt Company for approval of a 25-year general lease for salt-making purposes on a parcel in south San Diego Bay.

CHAIRWOMAN RASMUSSEN: All right. I have one request to speak and that's for Roger Wooley.

MR. WOOLEY: Would you like me right here?

CHAIRWOMAN RASMUSSEN: We need your name.

MR. WOOLEY: Yes. Roger Wooley, Box R, Rancho Santa Fe, California.

I'm here representing Western Salt. We have had a series of discussions with staff relative to the lease. And I think everything has been worked out with one possible exception. And that is the second paragraph -- or is that the first paragraph? I think --

MR. TROUT: The second paragraph in Section 2.

MR. WOOLEY: The salt company, having been in
business in the Bay Area there harvesting salt for 60 or 70 years, has always been very concerned about people making use of the adjacent properties or adjacent waters because of the likelihood of whatever that use might be polluting the area and damaging the salt crop.

So, we have asked that the staff consider a slight amendment to that paragraph permitting the lessee to also have the right of consent on other uses under the lease.

I think the language -- the additional language, now reads that the lessee will be advised of any potential entities seeking to make joint use or any use of the 500 acres there or about.

Our request is that you consider the possibility of giving us, as lessee, the right to agree to that use.

EXECUTIVE OFFICER DEDRICK: I think if you have questions --

MS. ORDWAY: I have one comment. What you're asking is a little unprecedented, although I can appreciate your concern with your company today. Would it be acceptable to have that language that in a sense says the State Lands Commission shall consult with you prior to any action?

MR. WOOLEY: Yes, I think that this has been suggested by Mr. Hight prior, and I'm not sure that isn't in
the potential language that's drafted now or has that amendment been made?

MR. HIGHT: It will be made pending the discussion here. I think -- it's primary to point out that potential conflict or problem that could arise. The likelihood of it actually occurring I think is rather minimal, but the company has been bothered with the leasing area for a great number of years.

The area, as you are probably aware, is something of a game preserve, in the sense that salt production does permit other passive use of the entire fee side as well as the lease side.

So, as long as we do have something assuring us that the company will be advised and if there is a concern, that concern will be seriously considered in additional lease of that same property.

I think that's possibly all we could obtain.

But it is a very great concern and we hope that the situation is academic and we'll never really be given reason to express our concern.

MS. ORDWAY: So, it's recommended that you consult with the applicant prior to any action being taken.

MR. HIGHT: We have that language prepared.

CHAIRWOMAN RASMUSSEN: Is that the same language that you --
MR. HIGHT: That's the language that staff would recommend.

CHAIRWOMAN RASMUSSEN: I, too, can understand your concern and I think that will probably take care of it.

MR. WOOLEY: And I've also been advised, I think, by Mr. Hight that several of the other paragraphs have been deleted from the form portion of the lease which we, of course, had requested and are pleased that you would so act.

Thank you.

CHAIRWOMAN RASMUSSEN: Thank you. Are there any other questions?

MS. ORDWAY: Move the item.

CHAIRWOMAN RASMUSSEN: Item 27 is approved.

MS. ORDWAY: As amended.

CHAIRWOMAN RASMUSSEN: As amended.

EXECUTIVE OFFICER DEDRICK: Item 28 is Bankers Land Company. It's a rescission of prior authorization and approval of a 15-year general lease on a parcel in Turner Cut. You heard from the current lessee at the last Commission meeting.

CHAIRWOMAN RASMUSSEN: I have no questions. Are there any questions?

MS. ORDWAY: Move the item.
CHAIRWOMAN RASMUSSEN: 28 is approved.

29.

MR. TROUT: 29 is a -- what we think is the first in a series of giant steps in resolving the state's outstanding entitlement with the Bureau of Land Management. The proposal is to exchange 53,000 acres of unsurveyed land entitlement, mostly in the desert, for 5720 acres of timberland in Mendocino County.

CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: 29 is approved.

Item 30 is off. Item 31 is off. Item 32 is off.

Item 33.

MS. DEDRICK: This is the City of Arcata's request for approval of a 49-year general permit, public agency use, for a parcel of tide and submerged land in the city for restoration and maintenance of the wetland habitat and estuary.

CHAIRWOMAN RASMUSSEN: Questions?

MS. ORDWAY: Move the item.

CHAIRWOMAN RASMUSSEN: 33 is approved. 34.

EXECUTIVE OFFICER DEDRICK: 34 is a memorandum of understanding with the Department of Fish & Wildlife for lands in south San Francisco Bay in Alameda County.
CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: Move the item.

CHAIRWOMAN RASMUSSEN: 34 is approved. 35.

EXECUTIVE OFFICER DEDRICK: Item 35 is -- this is

MR. TROUT: It's the second modification of the

item budget for 84-85. If you have any questions,

Mr. Thompson is here to answer.

CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: No, looks fine.

CHAIRWOMAN RASMUSSEN: 35 is approved. 36.

EXECUTIVE OFFICER DEDRICK: 36 is a request for

approval of a prospecting permit for Caprock Resources, Inc.

CHAIRWOMAN RASMUSSEN: Questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: Item 37.

EXECUTIVE OFFICER DEDRICK: 37 is a request for

another prospecting permit in Kern County for the

applicants as listed.

CHAIRWOMAN RASMUSSEN: Any questions on 37?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: Item 37 is approved.

Item 38.

EXECUTIVE OFFICER DEDRICK: 38 is approval of

amendments to oil and gas leases in Santa Barbara County

for Chevron.
CHAIRWOMAN RASMUSSEN: All right. I have a request to speak from a Ralph Mayo?

MR. MAYO: Yes.

CHAIRWOMAN RASMUSSEN: Are you available to answer questions?

MR. MAYO: Right.

CHAIRWOMAN RASMUSSEN: Are there any questions for Mr. Mayo?

MS. ORDWAY: Move the item.

CHAIRWOMAN RASMUSSEN: Item 38 is approved. 39.

EXECUTIVE OFFICER DEDRICK: Is a deferment of drilling obligation for a Solano County gas lease for Chevron.

CHAIRWOMAN RASMUSSEN: Arthur Boehm, Jr. is also here from Chevron to answer questions.

MR. BOEHM: Correct.

CHAIRWOMAN RASMUSSEN: Any questions of staff?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: Item 39 is approved. Item 40.

EXECUTIVE OFFICER DEDRICK: 40 is an approval of geophysical survey permit on Joice Island in the Delta for Chevron Corporation.

CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: Move the item.
CHAIRWOMAN RASMUSSEN: Item 40 is approved. Item 41.

EXECUTIVE OFFICER DEDRICK: And 41 is approval of assignment of mineral extraction lease from Construction Aggregates to Construction Aggregates.

CHAIRWOMAN RASMUSSEN: Any questions on 41?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: 41 is approved. Item 42.

EXECUTIVE OFFICER DEDRICK: Item 42 is approval of a four-month dredging permit for a maintenance dredging in a marina in Marin County. The only thing unusual about this is that the applicants have requested that the Commission do a study as to the advisability of continuing to charge for dredger spoils which are not used commercially; that is to say, it's dumped in the Alcatraz Dump instead of put on land. I would recommend that we go ahead with a study.

The applicants have agreed to pay under protest the 15 cubic yard charged. And we recommend that if, in fact, the Commission decides to change that policy, that his deposit should be returned.

CHAIRWOMAN RASMUSSEN: Okay. It seems to me that maybe the question here is if lessor/lessee gets any sort of consideration from the spoils, receive any sort of profit or anything --

EXECUTIVE OFFICER DEDRICK: That --

CHAIRWOMAN RASMUSSEN: -- but I have no problem...
with the staff's proposal. Item 42 is approved.

Item 43.

EXECUTIVE OFFICER DEDRICK: This is the revised revenue estimates. And I wonder if you'd like to hear from Mr. Thompson, who's bringing us this good news.

CHAIRWOMAN RASMUSSEN: Sure. We could use some good news.

MR. THOMPSON: Well, I'll tell you the estimates, but give you no guarantee. Things do look better; primarily this is because of changes in the oil rate in the Long Beach unit and past expenditures approved by the Commission. Our building funds were approved at that time. We had short-term payouts. But the rate is even better now, so our rate of return is very, very attractive.

Of course, the equity change also accounts for about $20 or $25 million primarily from Tract 1 and Tract 2 of the Long Beach Unit.

CHAIRWOMAN RASMUSSEN: Good news.

MS. ORDWAY: You can come back with news like that every month.

MR. THOMPSON: Yes.

CHAIRWOMAN RASMUSSEN: Item 43 is approved. Item 44.

EXECUTIVE OFFICER DEDRICK: All right. This is a subsidence question and, again, Moose has something that he
needs to present for the record, the City of Long Beach.

MR. THOMPSON: Every six months we run ground elevation surveys for hundreds of benchmarks in the Long Beach area. We start over here with the benchmark and take a stable and then across this area:

What this is is a summation of 19 years cumulative change in these benchmarks. What this shows is between this area (indicating) and this small area, everything is now higher than it was 19 years ago. So, in effect, nothing we've done at Long Beach --

MS. ORDWAY: I'm not going to ask why. I just --

MR. THOMPSON: Nothing we've done has caused the land to go down. That's the main point I want to make.

CHAIRWOMAN RASMUSSEN: All right. Thank you. Are there any questions on 44?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: 44 is approved. Item 45.

MR. TROUT: 45 is the delegation from the Commission to the Executive Officer for well approvals or geothermal wells as she has under your prior blanket authority the ability to further delegate that to various enumerated people, including Mr. Thompson.

CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: All right. No questions on
that: 45. 46.

MR. TROUT: You might take up 46 and 47 together, because they relate.

CHAIRWOMAN RASMUSSEN: All right.

MR. TROUT: For a long time we've had an ongoing problem with HKM Investments, which is Timber Cove Lodge up South Tahoe.

After a continued amount of struggle, we finally resolved the litigation and, so, we ask your approval of the stipulation of judgment in the litigation and then the approval of the issuance of a lease to the upland owner for the pier and other uses there.

CHAIRWOMAN RASMUSSEN: All right. Do we have to do that in a specific order then?

MR. TROUT: You can approve them together.

CHAIRWOMAN RASMUSSEN: All right. Are there any questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: 46 and 47 are both approved. Item 48.

MR. HIGHT: 48 is a disclaimer of compensation but not of interest in an area under the New Melones Dam.

EXECUTIVE OFFICER DEDRICK: I wanted him to say how you can sue 140 acres.

MS. ORDWAY: They have a very good lawyer.
(Laughter)

MR. TROUT: The good ones are when it's U.S. vs. .00165 acres or something like that.

CHAIRWOMAN RASMUSSEN: Any questions on this one?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: 48 is approved. 49.

MR. TROUT: Item 49 is an exchange involving the State Lands Commission and the Department of Water & Power for some land. It involves the land around Owens Lake.

CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: 49 is approved. 50.

MR. TROUT: 50 is approval of the legal sufficiency of the boundaries of a proposed annexation to the City of Carlsbad.

The Commission will also have to approve the annexation itself at some future time. We're not all that certain of the tidal conditions there, so we're asking only that you approve the sufficiency of the legal description.

CHAIRWOMAN RASMUSSEN: Questions?

MS. ORDWAY: Uh-uh.

CHAIRWOMAN RASMUSSEN: 50 is approved. 51.

EXECUTIVE OFFICER DEDRICK: 51 is approval of the compromise title settlement on 12 acres of land in Redwood
City in San Mateo County. In this capacity you will be sitting in your capacity as Land Bank trustee to accept the funds from this transfer.

CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: We're always willing to accept money.

51 is approved. 52.

EXECUTIVE OFFICER DEDRICK: This is approval of the compromise title settlement with the City of Newark. Is this also a trust?

MR. HIGHT: Yes.

EXECUTIVE OFFICER DEDRICK: This is, again, a case of where you receive the money as Land Bank trustees.

CHAIRWOMAN RASMUSSEN: Questions on 52?

MS. ORDWAY: Uh-uh.

CHAIRWOMAN RASMUSSEN: 52 is approved. 53?

MS. ORDWAY: It's off calendar.

CHAIRWOMAN RASMUSSEN: 53 is off calendar.

EXECUTIVE OFFICER DEDRICK: 53 is off calendar.

54 is a request from the State Lands Commission staff for modification of criteria for deeming applications complete so that we can include a fully executed agreement for the reimbursement of costs associated with environmental analysis--analyses prior to deeming an application complete.
CHAIRWOMAN RASMUSSEN: Any questions?

MS. ORDWAY: No.

CHAIRWOMAN RASMUSSEN: That item is approved.

Anything else? The meeting is adjourned.

Thank you.

(Thereupon the meeting was adjourned at 10:25 a.m.)
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 meeting of the State Lands Commission was reported in shorthand 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 29th day of August, 1984.

Nadine J. Parks
Shorthand Reporter