MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, MARCH 28, 1987
10:30 A.M.

Reported by:
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License No. 2822

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
MEMBERS PRESENT

Lizabeth Rasmussen, Acting Chairperson, representing Kenneth Cory, State Controller

Nancy Ordway, representing Jesse N. Huff, Director of Finance

Susan Wallace, representing Leo T. McCarthy, Lieutenant Governor

MEMBERS ABSENT

NONE

STAFF PRESENT

Claire Dedrick, Executive Officer

Robert Hight, Chief Counsel

James Trout, Assistant Executive Officer

Lance Kiley

W. M. Thompson

Jane Smith, Secretary

ALSO PRESENT

Dave Judson, Deputy Attorney General
Proceedings

I. Confirmation of Minutes for the Meeting of February 28, 1985

II. Report of Executive Officer

III. Consent Calendar C1 through C6, C8 through C10, C12 through C19

IV. Regular Calendar

Agenda Item 20 - Off Calendar

Agenda Item 21 - Robert M. Sherman (Applicant)

Agenda Item 22 - Harbor Point Estates (Assignor); Coastline Development Corp. (Assignee)

Agenda Item 23 - John H. Crosswell; Vicky J. Crosswell; Crosswell Pollination Service (Applicants); Investment Company (Parties)

Agenda Item 24 - Todd Shipyards Corporation (Applicant)

Agenda Item 25 - ARCO Oil and Gas Company (Operator)

Agenda Item 26 - Casex Company (Lessee)

Agenda Item 27 - City of Long Beach (Applicant)

Agenda Item 28 - City of Long Beach (Party)

Agenda Item 29 - City of Long Beach (Party)

Agenda Item 30 - State Lands Commission (Party)

Agenda Item 31 - Placer Center Executive Office Park (Applicant)

Agenda Item 32 - Off Calendar

Agenda Item 33 - National Park Service United States Department of the Interior (Party)
| Agenda Item 34 - State Lands Commission (Party) | 8 |
| Agenda Item 35 - Department of Justice (Contractor) | 9 |
| Agenda Item 36 - State Lands Commission (Party) | 10 |
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| Certificate of Shorthand Reporter | 13 |
ACTING CHAIRPERSON RASMUSSEN: Let's call the meeting to order.

First item of business is the confirmation of the minutes of the meeting of February 28. There's a motion.

Any questions, comments, concerns? Minutes are approved.

Miss Dedrick, the report of the Executive Officer, please.

EXECUTIVE OFFICER DEDRICK: Nothing to report today.

ACTING CHAIRPERSON RASMUSSEN: All right. That was easy.

EXECUTIVE OFFICER DEDRICK: The items that are off calendar today are C7, C11, number 20, number 32 and number 38.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: The consent calendar has been moved with the exception of C7 and C11 which have been removed from the calendar. Are there any questions or comments on the consent calendar? Then the consent calendar is approved.

Mr. Hight, did you have a comment briefly about the voting here?

MR. HIGHT: For the record, Lizabeth Rasmussen will be representing the Controller in a nonvoting capacity.
COMMISSIONER ORDWAY: You're nonvoting?

ACTING CHAIRPERSON RASMUSSEN: Right.

COMMISSIONER ORDWAY: But you're chairing?

ACTING CHAIRPERSON RASMUSSEN: Yes. I assume that's all right.

MR. HIGHT: That's okay.

ACTING CHAIRPERSON RASMUSSEN: The regular calendar.

Item 20.

COMMISSIONER ORDWAY: Did the Attorney General come up with that little move? You don't have to put that in the record, that's just a little aside. It's interesting.

EXECUTIVE OFFICER DEDRICK: It's also strange.

ACTING CHAIRPERSON RASMUSSEN: Well, they had to give me something to do. If they're going to vote, I have to do something. Okay.

EXECUTIVE OFFICER DEDRICK: Item 20 is off calendar.

ACTING CHAIRPERSON RASMUSSEN: Right. Item 21.

EXECUTIVE OFFICER DEDRICK: Item 21, Robert Sherman, applicant for an approval of an amendment to a general commercial use lease in Burlingame, San Francisco Bay, to extend its term by 25 years and revise the rental structure.

COMMISSIONER ORDWAY: Motion.
ACTING CHAIRPERSON RASMUSSEN: All right. Any questions, comments? It's been moved. Item 21 is approved as presented.

Item 22.

EXECUTIVE OFFICER DEDRICK: Harbor Point Estates, assignor and Coastline Development Corp., assignee, an assignment of a 35-year General Permit - Recreational use lease in Huntington Harbor in Orange County.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Any questions, comments, concerns? Item 22 is approved.

Item 23.

EXECUTIVE OFFICER DEDRICK: John V. Crosswell, and Vicky J. Crosswell, approve and authorize the execution of an exchange agreement between State Lands and Crosswell along the Kings River in Kings County near Hanford.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Questions? Item 23 is approved.

Item 24.

EXECUTIVE OFFICER DEDRICK: Todd Shipyards, approval of an amendment to a dredging permit to increase the amount of material dredged to a total of 275,000 cubic yards at Todd Shipyards in San Francisco Bay.

COMMISSIONER ORDWAY: Motion.
ACTING CHAIRPERSON RASMUSSEN: Questions? Item 24 is approved.

Item 25.

EXECUTIVE OFFICER DEDRICK: ARCO Oil and Gas Company. It's a deferment of a drilling obligation on state leases in Santa Barbara County.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Questions on 25?

Twenty-five is approved.

Twenty-six.

EXECUTIVE OFFICER DEDRICK: Casex Company, it's approval of an amended gas sales agreement on a state oil and gas lease in Solano County.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Any questions on 26?

Twenty-six is approved.

Twenty-seven.

EXECUTIVE OFFICER DEDRICK: Twenty-seven is a notice of intent by the City of Long Beach to spend an estimated 50,000 of tidelands oil revenues for sand at 55th Place Beach.

COMMISSIONER ORDWAY: This is an internal change, not an addition?

EXECUTIVE OFFICER DEDRICK: That is correct. This is a -- no, this is a situation where the city is within its
own money --

COMMISSIONER ORDWAY: Within its own budget amount, it's not additional --

EXECUTIVE OFFICER DEDRICK: That's correct.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Twenty-seven, any additional questions? Twenty-seven is approved.

Twenty-eight.

EXECUTIVE OFFICER DEDRICK: Twenty-eight is, again, the City of Long Beach. This is the seventh "mod" to the plan and development and gives you the increase, the figures for the increase in production over our projected --

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: No questions.

Twenty-nine.

Twenty-eight is approved.

EXECUTIVE OFFICER DEDRICK: Twenty-nine is approved.

COMMISSIONER ORDWAY: No.

ACTING CHAIRPERSON RASMUSSEN: Twenty-eight is approved. We're on item 29.

EXECUTIVE OFFICER DEDRICK: I'm sorry, I skipped --

ACTING CHAIRPERSON RASMUSSEN: I confused you. I apologize.

EXECUTIVE OFFICER DEDRICK: Gosh, I think I mixed them up. Again, this is the eight modification of the plan.
and budget which authorizes a shift of funds within the existing budget.

Acting Chairperson Rasmussen: All right.

Commissioner Ordway: Motion.

Acting Chairperson Rasmussen: Questions?

Twenty-nine is approved.

Item 30.

Executive Officer Dedrick: Item 30 is the, again, the City of Long Beach, State Lands Commission, monitoring of seismic hazards. Moose Thompson would like to make a statement for the record.

Mr. Thompson: Just for the record, I'd like to show the graphic presentation that confirms the statements we make here that there's no subsidence occurred as a result of the production from Long Beach.

The Long Beach unit boundaries are these boundaries right here. These are ISO elevation maps for the period of about 19 years here, May of 1965, which was prior to the start of production along this unit. All of this area here is now higher than it was before we started production in the Long Beach Unit. This is the last six months elevation map that was run. It also shows increase in elevation.

We take about $2 million a year and charge the cost against the net profit that goes into a contingency fund unless there is any judgment against the field contractor or
the state and the city and that fund is now $40 or $45 million.

COMMISSIONER ORDWAY: And we've had no claims?

MR. THOMPSON: No claims because of this particular increase.

ACTING CHAIRPERSON RASMUSSEN: Thank you, Mr. Thompson. Any other questions?

Item 30 is approved.

Thirty-one.

EXECUTIVE OFFICER DEDRICK: Item 31 is approval for an agreement to modify surface entry rights on a parcel of land where the state owns the mineral rights and would also authorize the Executive Officer to execute the agreement and all the necessary documents.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: All right. Thirty-one, any questions? Thirty-one is approved.

Thirty-two is off calendar.

It's 33.

MR. HIGHT: Item 33 is the authorization to hold a public hearing at Yosemite National Park concerning the retrocession of jurisdiction. We will report back to you on the findings of the hearing.

COMMISSIONER ORDWAY: When is the hearing?

MR. HIGHT: It's in early May.
ACTING CHAIRPERSON RASMUSSEN: That's a nice time of year to be there.

EXECUTIVE OFFICER DEBERRY: Bob always does it right.

ACTING CHAIRPERSON RASMUSSEN: I'm sure this is strictly business.

Item 33, no questions. Item 33 is approved.

Item 34.

MR. TROUT: Item 34 is to augment the contract we have with Robert Armstrong who is a Texas attorney and associates of his in the Outer Continental Shelf dispute with the federal government. Mr. Armstrong and some consultants that are working for him have been aiding the state. The Governor's Office of Environmental Affairs, OCS Coordinator, Gordon Duffy, has asked us to work with them in negotiations with the Secretary of Interior and that's required additional work that we hadn't anticipated.

COMMISSIONER ORDEWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: We just approved this last month or the month before, didn't we, the original contract, fairly recent?

MR. TROUT: The original one was approved almost a year ago.

COMMISSIONER ORDEWAY: Time flies when you're having a good time.
ACTING CHAIRPERSON RASMUSSEN: Oh, it sure does.

Yeah.

All right. Any other questions on thirty-four?

Thirty-four is approved.

Item 35.

MR. TROUT: Mr. Taylor would like to have another $150,000 to carry on his work for the Lands Commission.

COMMISSIONER ORDWAY: That's why he wore the sincere suit.

MR. TAYLOR: It's essentially for consultants.

COMMISSIONER ORDWAY: Is this within the budget?

MR. TROUT: Excuse me.

COMMISSIONER ORDWAY: Is this within your budget?

MR. TROUT: This would be reimbursable from the Long Beach -- this is just moving money from one pocket to the another.

MR. TAYLOR: It will require a Section 28 letter for both departments.

COMMISSIONER ORDWAY: And that will be prepared as soon as action is taken?

MR. TAYLOR: Yes.

COMMISSIONER ORDWAY: Motion.

MR. THOMPSON: A lot of the expense is due to

exquity expense, too.

ACTING CHAIRPERSON RASMUSSEN: We'll meet all of the
requirements of law, right?

MR. TAYLOR: The primary reason for this is that we have one expert who is going to have to testify in the arbitration proceedings which we anticipate will go for about 90 days and he is having to do a whole bunch of engineering work.

As a matter of fact, he's from Oklahoma and he's living out here now while he prepares for that. But in terms of cost effectiveness, the first rulings in this case have been $30 million more this year from one ruling in the arbitration proceeding. So cost effective wise it's very, very good for all of us.

ACTING CHAIRPERSON RASMUSSEN: Okay. Any other questions on 35?

Thirty-five is approved.

Thirty-six.

MR. TROUT: Thirty-six is an augmentation of the contract with Lobel, Novins and Lamont, our Washington law firm, that has had to do additional work for the state on the Elk Hills, our negotiations with the federal government on the Elk Hills school lands situation which is worth, the last fuel line into Elk Hills is worth about one and a half to $1.8 billion and we're trying to get the equitable title to those lands in place from the Department of Interior. So they should produce somewhere between $75 and $50 million a
COMMISSIONER ORDWAY: Are there funds within your budget for this?

MR. TROUT: I'm sorry.

COMMISSIONER ORDWAY: Are there funds within your budget for this?

MR. TROUT: No, not right now. If the Commission approves it, we would then go through with a Section 29 letter and a fund transfer.

ACTING CHAIRPERSON RASMUSSEN: And this is not reimbursable out of the Long Beach money?

MR. TROUT: No, it is not.

EXECUTIVE OFFICER DEDRICK: This is, would add to the school lands revenue, Commissioner. This is part of the STRS --

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: All right. Item 36. Any other questions?

EXECUTIVE OFFICER DEDRICK: I'm sorry. No, that's right, it is STRS.

MR. TROUT: You're correct.

ACTING CHAIRPERSON RASMUSSEN: Thirty-six is approved.

Thirty-seven.

MR. TROUT: Thirty-seven is authority to solicit a
request for proposals to have a study done for the purpose of making some exchanges with the Bureau of Land Management. They have a number of parcels of ours that are enclosed totally within wilderness study areas. This contract would be funded out of the State Teachers' Retirement System. In other words, it comes off of the top of the school land revenues before the balance is given to the, to the State Teachers' Retirement System. This also, if the Commission approves it, would probably require, may require a Section 28 approval.

ACTING CHAIRPERSON RASMUSSEN: All right. Any questions on 37?

COMMISSIONER ORDWAY: No.

ACTING CHAIRPERSON RASMUSSEN: Thirty-seven is approved.

Thirty-eight is off calendar.

Are there any other items to come before the Commission?

EXECUTIVE OFFICER DEDRICK: No, Commissioners.

ACTING CHAIRPERSON RASMUSSEN: All right. Thank you.

EXECUTIVE OFFICER DEDRICK: Thank you.

(Thereupon the Meeting of the State Lands Commission was adjourned at 10:45 a.m.)
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 meeting of the State Lands Commission was reported by me, Cathleen Slocum, and hereinafter 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 herein set my hand this 20th day of June, 1986.

Cathleen Slocum
Certified Shorthand Reporter
License No. 2822