MEMBERS PRESENT
Kenneth Cory, State Controller, Chairperson
Jesse R. Huff, Director of Finance
Laura Schlichtmann, representing Leo T. McCarthy, Lieutenant Governor

MEMBERS ABSENT:
NONE

STAFF PRESENT
Claire Dedrick, Executive Officer
Robert Hight, Chief Counsel
James Trout, Assistant Executive Officer
Frederick Ludlow, Staff Counsel
Lance Kiley
Moose Thompson
Jane Smith, Secretary

ALSO PRESENT
Dave Judson, Deputy Attorney General
### INDEX

**Proceedings**

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
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<tr>
<td>36</td>
</tr>
<tr>
<td>37</td>
</tr>
<tr>
<td>38</td>
</tr>
</tbody>
</table>

### I. Confirmation of Minutes for the Meeting of October 24, 1985

- Page 1

### II. Report of Executive Officer

- Page 1

### III. Consent Calendar C1-C-24, excluding C3 & C18

- Page 2

### IV. Regular Calendar

- Agenda Item 33 - State Lands Commission (Party)
  - Assemblyman Dave Elder
  - Page 3

- Agenda Item 25 - State Lands Commission (Party)
  - Page 8

- Agenda Item 26 - Exxon Corporation and Atlantic Richfield Company (Co-Lessees)
  - Page 9

- Agenda Item 27 - Department of Water Resources (Party)
  - Page 9

- Agenda Item 28 - Chevron U.S.A., Inc. (Party)
  - Page 9

- Agenda Item 29 - Robert and Leah Forester (Applicants)
  - Page 10

- Agenda Item 30 - Fred Pfyffer (Applicant)
  - Page 10

- Agenda Item 31 - Don Bargiacchi (Applicant)
  - Page 10

- Agenda Item 32 - Sunset Farms, Inc. (Applicant)
  - Page 11

- Agenda Item 34 - Off calendar
  - Page 11

- Agenda Item 35 - City of Hermosa Beach (Party)
  - Staff Presentation - Mr. Trout
    - Page 11
    - Gary Brutsch, Councilman, Hermosa Beach
    - Page 13
    - Gregory T. Meyer, City Manager, Hermosa Beach
    - Page 15
    - Discussion
    - Page 17

- Agenda Item 36 - Shell Western E & P, Inc. (Lessee)
  - Page 19

- Agenda Item 37 - City of Long Beach (Party)
  - Page 19
INDEX (Continued)

Agenda Item 38 - City of Long Beach (Party) 19
Agenda Item 39 - ARCO Oil and Gas Company (Operator) 22
Agenda Item 40 - Sid Levin (Party) 22
Agenda Item 41 - San Mateo City School District (Party) 23
Agenda Item 42 - Off Calendar
Agenda Item C18 - Informative - Tahoe Keys Marina (Permittee) 24

Dina Schwarde, Tahoe Keys Marina
Discussion 25

Adjournment 29

Certificate of Shorthand Reporter 30

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CHAIRPERSON CORY: We'll call the meeting to order. Jess Huff is in route and will be here shortly. We'll try to take care of some of the items beforehand.

First we have the confirmation of the Minutes of October 24th. Without any objections, they will be confirmed as presented and such will be the order.

We have a Report of the Executive Officer.

EXECUTIVE OFFICER DEDRICK: You have the report before you. Just to emphasize a couple of the items. The 10,000 foot well, the experimental well that's being done by the federal government on a piece of state lands at the Salton Sea has been spudded on September 23rd. This well should give us a good deal of information on the deep geothermal capacity of the Salton Sea area.

The other item I'd like to call to your attention is that the November net profits payments from the field contractors 80 percent share of Track 1 in Long Beach brings the total net profits payments to the field contractors, by the field contractor to over two billion dollars. From Track 1, the total net profits is now in excess of two and half billion. Is that correct, Moose?

CHAIRPERSON CORY: That's from the commencement of the --
EXECUTIVE OFFICER DEDRICK: That's correct.

MR. THOMPSON: Long Beach units.

EXECUTIVE OFFICER DEDRICK: From the commencement of
the units.

CHAIRPERSON CORY: I didn't notice any payments like
that this month.

EXECUTIVE OFFICER DEDRICK: Gee, you're hard to
please.

CHAIRPERSON CORY: Okay. We've got the Report of
the Executive Officer.

Next item we'll take up will be the consent
calendar. For those people in the audience, the consent
calendar has the letter "C" ahead of, preceding the number of
the calendar item and they go C-1 through 24, and we will
take those up in a single motion with the proposed staff
recommendation unless someone in the audience has a problem
with the proposed action. We have taken off calendar Item
C-3. So it will not be taken up. The other items, unless
there is some objection by someone in the audience, will be
taken up in a single motion. So if there is anyone here who
disagrees with the proposed staff recommendation, we'd like
to hear from you now.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, could we
move C-18 to the regular calendar?

CHAIRPERSON CORY: Pardon me. C-18 is no longer C.
the consent calendar. It will be taken up as a separate item. So it is Item C-1 through 24 excluding 3 and 18.

Is there any other item that needs to be removed?

Without objection, the consent calendar will be approved as presented, excluding 3 which is off calendar and 18 which is on the regular calendar. Okay.

We have a series of items. Mr. Elder is here. Mr. Elder, you are here for --

ASSEMBLYMAN ELDER: 33.

CHAIRPERSON CORY: -- Item 33. So we would, I think we should take that one up so you can get on with your schedule and we can do our work without you observing us.

ASSEMBLYMAN ELDER: Two billion dollars, huh? Well, that's a tidy sum of money and being Long Beach, of course, they're more then anxious to share those revenues with the people in Northern California if they'll just give us a little water. The accidents of geology and geography are such that we can't really control the equitable distribution of those resources, but we all have needs.

I have Item 33 on agenda and I appreciate very much the opportunity to address the Commission. I would like to present to the Commission at this time letters from the Long Beach oil royalty owners who are the property owners within the area represented I believe on the map on the wall here in the Long Beach area. These are known as the upland owners.
This is the portion of the oil field that's generated the two billion dollars located under the land as opposed to under the ocean. Since 1964 that portion of the oil field was thought to represent approximately 11 percent of the reserves in the field, and subsequent geological information has suggested a figure somewhat less than that, and the terms of the 1964 agreement, Chapter 138, require that if that adjustment is made, it has to go back to 1964 and those people have to pay back any additional excessive revenues that were paid them, and the terms of the agreement also stipulate that pay back be in the form of a 50 percent reduction in their future royalties. And that particular provision is extremely burdensome now for these individuals because the oil field is going to last I believe until the year at least 2010, and therefore the 50 percent reduction is no longer required as initially called for in the agreement.

We have time to recover any overpayment of these individual property owners and these letters suggest support for my AB 2568 which was signed into law this year, well, not signed into law, actually became law this year. And that bill provides for a reduction in that 50 percent payback schedule to as low as ten percent which, of course, will provide an opportunity for the state to receive its share should that be determined to be appropriate.

These letters suggest support for AB 2568 and urge
the Commission to implement it which the staff report frankly suggests take place. So I'm here frankly to support the recommendations of staff and that 2568 be implemented.

I'd like to submit these letters from Long Beach oil royalty owners who we've been able to identify which is a very serious problem, by the way.

CHAIRPERSON CORY: That we're very glad to have in the record to get those people identified.

It is the staff's recommendation that Commission agree to consider the approval of a reduction in rate of retroactive equity adjustments and that we authorize the Executive Officer to contact the various parties to start negotiating the collection of data and information that will enable us to comply with the statute and to also direct the Executive Officer to report back to the Commission on the progress of the staff and we'd like to have at the next meeting when you think you can conclude this whole thing so everyone knows.

EXECUTIVE OFFICER DEDRICK: I would say not before January. Let me ask Moose --

CHAIRPERSON CORY: Can you give us a report at the January meeting as to when you will have this concluded?

EXECUTIVE OFFICER DEDRICK: Yes, we can do that, Mr. Chairman.

MR. THOMPSON: This involves meeting with the City
of Long Beach. So it takes some time.

CHAIRPERSON CORY: But the January meeting you should give us an estimate of when we can complete it. Not that it’s going to be completed in January, but we’ll have a time frame.

EXECUTIVE OFFICER DEDRICK: Yes.

MR. THOMPSON: More important, hopefully we’ll get a feeling from the participants who must approve the second part of this. In other words, the Commission has taken action, unless all the participants in the unit agree to it, it would not become effective. So we’re trying to get some consensus to see if the participants would go along with the move.

ASSEMBLYMAN ELDER: I might indicate for the record that the Long Beach Unified School District is one of the benefiting property owners as is of course the city of Long Beach by virtue of its parks and streets in that area and any public lands it owns. But the principle trust of this is frankly not from them, but rather from the individual property owners many of whom are in advanced years and with these payments cut in some cases to zero because the 50 percent repayment schedule was not implemented in a timely way, their checks have been reduced to anywhere from 20 percent of what they formerly were to zero percent. As for some, this represented the amount of money necessary for them
to make retirement decisions. They're in a very difficult circumstance.

Individuals who know and who can wait are in the process of buying up these leases at bargain rates because no payments are being received, recognizing over a two or three year period they would resume at a level yet to be determined. So individuals are being panicked, and I think the Commission's position is totally, the staff recommendation is totally consistent with the objects of the bill as to provide these individuals with some relief in their later years.

MR. THOMPSON: I think Assemblyman Elder has brought up a point here that we're having trouble with and that is the fact there's a working relationship between the working interest owner and the royalty owner that is beyond what happens in the unit, and those arrangements sometimes we're going to have trouble in finding real assurance in any benefit that you pass onto royalty owners actually ends up in the royalty owner's hands.

CHAIRPERSON CORY: The statute does address itself to that, does it not?

EXECUTIVE OFFICER DEDRICK: That is correct.

MR. THOMPSON: It puts the burden on the Commission to make sure that happens.

ASSEMBLYMAN ELDER: But it would be clear to the
individual that the State of California has done everything
it can to ease the burden and that if, in fact, the burden is
not eased, then the responsibility lies with the oil
companies who are refusing to make a pass through.

CHAIRPERSON CORY: Okay. We have the item before
us. Any questions from Commissioners?

MR. TROUT: We just want to add that the Commission
at the headquarters office has also received communications
from the town lot owners urging this action and we have those
for the record, too.

CHAIRPERSON CORY: Anybody in the audience on this
item?

Without objection, Item 33 will be approved as
presented.

Thank you, Mr. Elder.

ASSEMBLYMAN ELDER: Thank you, Mr. Chairman.

CHAIRPERSON CORY: Thank you for taking the time out
of your schedule.

Item 25. This is extension of suspension of further
consideration of applications relating to the sighting of
hazardous waste management facilities on state lands in Inyo
County.

Is there anybody in the audience on this item?

Any questions of Commissioners?

Without objection, Item 25 will be approved as
recommended by the staff.

Item 26, approval of agreement between Exxon and Atlantic Richfield to remove, Ellwood Pier in Santa Barbara, to remove an abandoned well casing, two-thirds, one-thirds split on the expenditures of that.

Any questions from Commissioners?
Anybody in the audience on this item?
Without objection, Item 26 will be approved as presented.

Item 27. This is in accordance with a Memorandum of Understanding with Department of Water Resources for a recreational pier in Montezuma Slough, Solano County.

Any questions from Commissioners?
Anybody in the audience on this one?
Without objection, Item 27 is approved as presented.

Item 28, approval of a Letter of Authorization to drill two test bore sites in tide and submerged lands one and a half miles north of Point Conception, Santa Barbara County.

This is a request of coastal --

EXECUTIVE OFFICER DEDRICK: That is correct.

CHAIRPERSON CORY: --for Chevron to see about laying the pipeline underground?

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: Anybody in the audience on this item?
Questions from Commissioners?

Without objection, Item 28 will be approved as presented.

Item 29. This is an application of Robert and Leah Forester. Recommended that we deny without prejudice the application for use of state owned land. This is in the Napa River.

Is there anybody in the audience on this item?

Any questions of the Commissioners?

Without objection, we will deny without prejudice this application. Such will be the order.

Item 30, approval of a five year renewal of general grazing lease from January 1, '86 on 440 acres of school land three miles northwest of Santa Cruz, livestock grazing $453 per annum.

Anybody in the audience on this item?

Questions of Commissioners?

Without objection, Item 30 will be approved as presented.

Item 31 is a five year renewal of a general lease, agricultural use, row crop in Santa Cruz County for $8610 per year.

Anybody in the audience on this item?

Questions of Commissioners?

Without objection, 31 will be approved as presented.
Item 32, one year renewal of general lease, agricultural use, for $23,584 a year, Santa Cruz row crop land.

Anybody in the audience on this item?
Questions from Commissioners?
Without objection, Item 32 will be approved as presented.

Item 33, we've already taken care of.

Item 34 is off calendar. Is that correct?
EXECUTIVE OFFICER DEDRICK: That is correct.

CHAIRPERSON CORY: Item 35, consideration of resolution, Hermosa Beach tidelands drilling, and we have some people here from Hermosa Beach who want to speak on this one.

Staff, will you give us a quick rundown on this item while they're coming forward to talk to us? Who's going to fill us in on Hermosa Beach's --

EXECUTIVE OFFICER DEDRICK: Mr. Trout, Jim, would you?

MR. TROUT: Mr. Chairman, the City of Hermosa Beach has a tideland grant in which the legislature has also granted the minerals.

Hermosa Beach joins to the north Redondo Beach in L.A. County. Redondo Beach currently is producing from state
lands pursuant to their grant. The City of Hermosa Beach has asked the Commission to consider its request to offset the drainage from Redondo Beach and develop the structure offshore of the City of Hermosa Beach.

According to what the city has advised us, that a significant percent of the citizens in the city rescinded a prior no oil and gas development drilling ordinance and the City Council has adopted an oil and gas leasing ordinance.

In effect, the Commission must take several steps. The Commission is required to approve a resolution that sets forth the terms and conditions of the lease, the time and place for the bid opening and other matters.

The Commission also must make several findings. It must make findings that there is oil and gas in the area in which they propose to lease, that there is drainage from that area and that leasing would be in the best interest of the state. This also includes approval of the form of lease proposed to be issued by the city.

One of the problems that appears to prevent action by the Commission today and why we're recommending that you defer it is that we do not have completion of the environmental treatment as required by the California Environmental Quality Act. The city has considered that point, but we're not sure that it completely complies with the terms of the act.
So what we're asking you to do today is to recognize for the city that the application is in the shop, that you defer any action on the item today, but thirdly that you direct the staff to diligently work with the city to attempt to resolve what differences we have and get back to you as quickly as possible.

CHAIRPERSON CORY: Okay. Who wishes to speak first from the city?

MR. BRUTSCH: I think I'll do that. My name is Councilman Gary Brutsch and I'm from Hermosa Beach. I'd like to speak in support of the project and I'd like to give you a brief history of what has occurred.

In 1907 the State of California granted by deed to the City of Hermosa Beach the right to recover hydrocarbons in the submerged tidelands off its shore. In 1932 the people of Hermosa Beach voted to prohibit any further drilling into the tidelands. In 1984, by a vote of 4354 yes and 2961 no, which is a significant number, the people of Hermosa voted to allow an exception to the 1932 drilling prohibition.

The people voted favorably to allow the city to drill into the tidelands from a site specific, the city owned maintenance yard, located approximately one-half mile east of the shoreline in an industrial area approximately 500 yards from any residential structure.

The proceedings from this well must be specifically
used to acquire and maintain parks and open space, specifically used to maintain parks and open space. The question is what convinced the voters to allow hydrocarbon recovery.

Number one, after Proposition 13 and a 17 percent reduction of state and federal bailout monies, the City of Hermosa Beach is experiencing a tremendous general fund revenue shortfall necessitating reduction of staff and field services.

Number two, the monies derived from hydrocarbon recovery would give the city a source of income sufficient to purchase and maintain presently available open space and thereby free up general fund money. And this open space is railroad right-of-way property. It's about 21 acres that runs right through the middle of our town.

Number three, another mitigating factor is the presence of 48, 48 offshore and 19 onshore wells located on our southern border in Redondo Beach. Since 1956 these wells have produced in excess of eight million barrels of oil and nine million cubic feet of gas.

Gentlemen, this production represents millions of dollars to the City of Redondo Beach and the tidelands fund. The City of Hermosa Beach would like to exercise its right under the tidelands trust and utilize hydrocarbon recovery revenues to benefit its citizens as Redondo has.
I'm an environmentalist actively working to block offshore oil drilling. However, I believe that with proper environmental constraints, onshore oil drilling can be a tremendous benefit to our citizens.

Gentlemen and ladies, the mandate is clear, my constituents demand that we explore every means available to bring new revenues into our city. In the spirit of proposition 13 we do not support increased property taxes.

I respectfully submit that we have met the criteria for onshore drilling as promulgated by your State Lands Commission. I therefore respectfully request that you allow our city to proceed with this project.

This project has gone beyond the bureaucracy. The issue in Hermosa Beach is we do not have funds. We have an opportunity to acquire some open space and we do not have the money to buy that.

If you allow us to go forward and drill our wells, the money will be used to acquire open space needed in a very densely populated area.

Thank you very much.

CHAIRPERSON CORY: Questions from Commissioners?

Mr. Meyer, do you wish --

MR. MEYER: Yes. My name is Gregory T. Meyer, City Manager for the City of Hermosa Beach and I wish to make a brief statement urging that you enact the staff
recommendation that is before you today.

The City of Hermosa Beach is appearing before you to request what we believe we are legally entitled to, the right to drill for hydrocarbon recovery in the tidelands of Hermosa Beach.

The city has been very upfront and direct about its intentions and over many months of discussions with Commission staff sought to develop a workable Request for Proposal process. The City Council adopted its resolution of intent to so proceed. We have retained competent legal counsel and employed a geologist in order to insure that our process is proper and that it adequately protects the rights of all interested parties and of the environment.

All that we ask of the honorable Commission is authorization to proceed with, number one, the Request for Proposal process, number two, a full environmental impact report process that would be coordinated with a successful driller and, number three, proceed with developing an appropriate lease document that adequately provides for both state and city interests.

In the judgment of city staff, the recovery of tidelands oil from the city corporate yard site can be done legally and safely. The oil field has proven and bidders are ready to respond. We are therefore prepared to proceed on any reasonable basis pursuant to the Commission's direction.
Thank you, Mr. Chairman.

CHAIRPERSON CORY: Okay. I have one question. Do you have any tax on extraction of oil, city tax?

MR. MEYER: At this point there is a small barrel tax.

CHAIRPERSON CORY: How much is that per barrel?

MR. MEYER: It's approximately I believe five cents a barrel. We do have some current wells, all that predate the 1932 prohibition of drilling.

CHAIRPERSON CORY: Do you have any plans to increase that?

MR. MEYER: The Council has considered it and has taken no action at this time.

CHAIRPERSON CORY: At some point as this goes through, that is one issue that at least I as one Commissioner am going to be looking at in terms of if that is used as a device to circumvent the trust, I would have some problems with it.

I think the open space probably complies with the trust doctrine. I'm not sure of that. The lawyers of the Lands Commission and AG's office would have to deal with. But I would prefer to have the proceeds of that impressed with the public trust doctrine so it's for all of the people of the state. Obviously the City of Hermosa Beach residents would get much greater use, but if it's derived from the
tidelands property, the benefit should extend to people generally in having that trust doctrine on there would be helpful.

MR. BRUTSCH: Mr. Chairman, if I might, there's no intent to deceive here. The issue here is solely for the purpose of trying to develop our open space.

CHAIRPERSON CORY: I just wanted to put that on the record so you knew and you have looked at the staff recommendations. As I understand it, they want to go ahead and proceed with completing the environmental documentation and the staff is going to move with all alacrity --

MR. TROUT: Yes, sir.

CHAIRPERSON CORY: --if we approve this to get Hermosa Beach's problem up or down in a way we can live with it.

MR. TROUT: Yes, sir.

MR. BRUTSCH: We appreciate that support. This has been a long process for us, about a year.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection then, the staff recommendation will be approved as on items, three and four of the item.

MR. BRUTSCH: Thank you.

MR. MEYER: Thank you.

CHAIRPERSON CORY: Thank you very much for coming
up. We appreciate it.

Okay. Item 36 is request from Shell Western E & P Inc. for deferment of drilling operations on a Ventura County lease.

Is there anybody in the audience on this item?

Any questions from Commissioners? Without objection, Item 36 will be approved as presented.

Item 37, disposing of subsidence cost. Since Long Beach isn't subsiding, we don't have to pay them anything. Is that what we're --

MR. THOMPSON: No. As part of the settlement we agreed to pay these costs.

CHAIRPERSON CORY: But this is something we've already approved and it's just closing out the account, that it was within budget.

MR. THOMPSON: This is an ongoing thing that's done every year to see if there are any subsidence in the area.

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

Questions from Commissioners?

Without objection, item 37 will be approved as presented.

Item 38, notification to Long Beach of direct field contractor sale off.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman.
CHAIRPERSON CORY: This is an item in which there is currently a minimum over bid requirement; is that correct?

EXECUTIVE OFFICER DEDRICK: That is correct.

CHAIRPERSON CORY: And the staff thinks maybe we ought to eliminate that given the competitive environment. Is that where we're at?

MR. THOMPSON: I believe the staff and the Attorney General have come up with this particular recommendation. Mr. Willard can speak to that. I don't know whether anybody from the Attorney General can concur with that, but Willard can speak to that now.

They are concerned at the present time that the crude oil market is somewhat depressed and they have some concerns over putting a minimum in and they can explain these.

MR. WILLARD: Well, Al Willard, engineer with the Long Beach office.

Our concern is that the recent bids that we've been seeing in our sell offs have not been all that large. The terms of this particular sell off is that we're asking for a bid over the highest posted price in the field. The terms of the Long Beach unit agreement is one of the average price in those fields. And it can work out that actually a lower bid, a negative bid could turn out to be a positive bid from the sense of as comparing it with the terms of the Long Beach...
unit agreement.

And we would recommend that the Commission retain the discretion of obviously rejecting any bids that you receive. When and if we receive bids, we'll report back to you. If they're sufficiently low and it doesn't appear that it's in your best interest to accept it, why you can reject it. But not to place a minimum bid on the --

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, I'd like to recommend that if you decide to go forward with this change in policy which I have no real opinion on, that we do it on a case by case basis. We won't see the results of this for sometime.

CHAIRPERSON CORY: The only request before us is for this particular sell off?

EXECUTIVE OFFICER DEDRICK: That is correct.

I'd just like to make that clear.

MR. THOMPSON: This is rather a complicated one and we have to give long term notice on this and actually we do not sell it off nor neither does the City of Long Beach. Actually field contractor sells it off. It's kind of a very left-handed arrangement.

EXECUTIVE OFFICER DEDRICK: I'd like staff to track this one closely and report back to me and to you on what the effects of this change in policy is.

CHAIRPERSON CORY: The fact that you had to ask that
here, do they sometimes not report back to you, Clare? Are you telling us something?

EXECUTIVE OFFICER DEDRICK: I think that problem arises in any organization, Mr. Chairman.

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

Questions of Commissioners?

Without objection, Item 38 will be approved as presented.

Item 39, modification deferment of drilling operations on state oil and gas leases PRC 308, 309, 3120, 3242. These are just changing the actual well numbers; is that correct, Moose?

MR. THOMPSON: You had a prior approval by specific well numbers.

We're not going to drill one of those, so we need your specific approval to change to another well number.

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

Questions of Commissioners?

Without objection, Item 39 will be approved as presented.

Item 40, approval of a compromise title settlement agreement concerning 12 acres in San Carlos, San Mateo County.
Anybody in the audience on this item?

Any questions of Commissioners?

MR. HIGHT: Mr. Chairman, in 40 and 41 we need to note for the record that you are acting as trustees of the Land Bank Trust Fund in addition to your capacity as Lands Commissioners because we're accepting money in both items.

CHAIRPERSON CORY: So we are accepting that in both capacities?

MR. HIGHT: Yes.

CHAIRPERSON CORY: And we want the record to clearly show that?

MR. HIGHT: Correct.

CHAIRPERSON CORY: Did nimble fingers get both of those capacities I hope so I don't have to repeat them?

Okay. Questions of Commissioners?

Anybody in the audience?

Without objection, Item 40 is approved as presented.

Item 41, compromise title settlement agreement in which we are acting both as the Lands Commission and as Trustee.

Anybody in the audience on the Item 41?

Any questions of Commissioners?

Without objection, Item 41 will be approved as presented.

Item 42 is off calendar.
MR. TROUT: Mr. Chairman we still need to dispose of
Item 18 I believe.

CHAIRPERSON CORY: 18, C 18, pardon me. We're now
at C 18. This is a, there was a proposed dredging permit
which, as I understand it, the Executive Officer has not
signed or issued.

EXECUTIVE OFFICER DEDRICK: That's true. It is
within my discretion under your direction to issue permits
for under 10,000 cubic yards. And as it happens in this
instance, that letter was never issued. The applicant,
however, has carried out some of the dredging and deposited
spoils on the disposal site they proposed which is a marsh.

CHAIRPERSON CORY: Is there anybody in the audience
on this item? Yes, ma'am. Would you come forth and identify
yourself for us.

MS. SCHWARDE: I'm Dina Schwarde and I'm
representing Tahoe Keys Marina.

EXECUTIVE OFFICER DEDRICK: Could you pull the mike
a little closer to you.

MS. SCHWARDE: I'm Dina Schwarde and I'm
representing Tahoe Keys Marina.

CHAIRPERSON CORY: To help us since we've got it on
the tape, would you spell the last name?

MS. SCHWARDE: S-c-h-w-a-r-d-e.

CHAIRPERSON CORY: Okay. And what we have before us
is a request for a dredging permit or what specifically do we have before us?

MR. TROUT: Mr. Chairman, you had an informative item in which the Executive Officer was informing you that she had signed the permit. Between the time the calendar item was prepared and today we found that there were some problems with the proposed permit and, therefore, it was not signed.

In the meantime we have determined from, not only from Tahoe Keys Marina, but from others that apparently the dredging project has in fact been started and may have been substantially carried out. And therefore, we wanted to report that condition to you and let the applicant have a chance to explain.

EXECUTIVE OFFICER DEDRICK: We are not asking you to take action. In fact we recommend against taking action today.

CHAIRPERSON CORY: Could you tell us what the status is and how we got to where we are?

MS. SCHWARDE: All right. In August 25th I wrote a letter to the State Lands Division requesting information on the necessity of getting a permit to conduct some urgently needed maintenance dredging in the channel that's the access channel that goes into the marina from the lake.

I had gotten an exception from the federal court
injunction against the TIPA so that they would be able to proceed since they felt that it was a matter of public health and safety.

I went ahead and I’ve gotten five other permits. I want you to know I’m not adverse to getting permits. This operation had taken place before and in 1979 and I had not been involved in that procedure at the time, and there was an environmental document adopted or certified on it and waste discharge requirements were adopted by the Regional Water Quality Control Board.

So all those agencies concurred, the Army Corps, Fish and Game, that the project could proceed. I left. I went on a trip to Europe, but all my permits were in and when I came back because we weren't going to proceed until after we had received our State Lands permit. And when I came back I hadn't heard any of the applicant, he didn't send it in or anything. So it was like he knew that was the last thing that had to be resolved.

So I sent it in and I spoke to Miss Martinez and she said that it would be an administrative permit and that it would be issued as soon as possible. I explained to her I had another constraint and that is a grading deadline in the basin. It's a moratorium against moving earth. And we had built the berms around the disposal site, and if it, if the berms should fail, we would have to bring in some heavy
equipment into that area which is not, it's pretty
environmentally sensitive and the TIPA would not appreciate
us doing that during the grading moritorium.

So I had those two constraints on me as far as
getting going.

We did not do it intentionally. It was my
understanding that we had been granted the permit and that's
the way I understood it and that it was in the mail. She
said the Army Corps permit's in the mail and I said yes, I
know. And as soon as I got that I jet packed that back down
to the Army Corps. She said your permit should be coming in
a few days.

We proceeded without receiving that permit which I
didn't quite understand. I just thought it was going to be a
letter and it was a fact that it was signed. So, I'm sorry.

CHAIRPERSON CORY: Is there -- the staff would like
to sit down and negotiate some resolution?

EXECUTIVE OFFICER DEDRICK: Yes, we would Mr.
Chairman. We have a problem with the disposal site in
question that has come up and we would like to facilitate
handling their problem, but we're going to need a few days to
do it. So we'll report back to you --

CHAIRPERSON CORY: The problem rests not with the
dredging site but the disposal?

EXECUTIVE OFFICER DEDRICK: That is correct as far
as I understand it. Is that correct, Lance?

MR. KILEY: Yes.

CHAIRPERSON CORY: If you would have time --

MS. SCHWARDE: Can I answer any questions?

CHAIRPERSON CORY: Well, I would guess it's probably better, rather than take time in this formal a meeting just to get the staff together with you at your earliest convenience to try to get it resolved as to what we can do in terms of the disposal site because I'm sort of reading between the lines of what's said, but apparently there's a problem for some reason of having put it where it's been j it.

EXECUTIVE OFFICER DEDRICK: I think that is a problem.

CHAIRPERSON CORY: Not having taken it from where it's been taken.

EXECUTIVE OFFICER DEDRICK: That I think is correct. But we certainly can begin the process again and using the information we have and discuss it with --I missed your last name.

MS. SCHWARDE: Schwarde.

CHAIRPERSON CORY: Thank you very much. So there is no action required on this item?

EXECUTIVE OFFICER DEDRICK: Right.

CHAIRPERSON CORY: Okay. Is there anything else to come before the Commission in this meeting?
EXECUTIVE OFFICER DEDRICK: No, sir.

CHAIRPERSON CORY: So what we should do is adjourn this meeting and open another meeting; is that --

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: --the wish of the staff and the legal beagles here? Okay. We stand adjourned of the regular meeting.

(Thereupon the Meeting of the State Lands Commission was adjourned at approximately 11:30 a.m.)
CERTIFICATE OF SHORTHAND REPORTER

I, Cathleen Slocum, a certified shorthand reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the 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 12th day of December, 1985.

Cathleen Slocum
Certified Shorthand Reporter
License No. 2822