

MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL

ROOM 447

SACRAMENTO, CALIF

THURSDAY OCTOBER

23, 1986

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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 23, 1986
10:12 A.M.

ORIGINAL

Reported by:
Cathleen Slocum, C.S.R.
License No. 2822

MEMBERS PRESENT

1
2 Leo T. McCarthy, Acting Chairperson, Lieutenant Governor
3 Nancy Ordway, representing Jesse R. Huff, Director of Finance
4 Walter Harvey, representing Kenneth Cory, State Controller,
5 Jock O'Connell, Alternate Commissioner, representing
6 Leo T. McCarthy, Lieutenant Governor

MEMBERS ABSENT

7
8 NONE

STAFF PRESENT

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11 Claire Dedrick, Executive Officer
12 Robert Hight, Chief Counsel
13 James Trout, Assistant Executive Officer
14 Lance Kiley
15 W. M. Thompson
16 Jane Smith, Secretary
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ALSO PRESENT

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20 Jan S. Stevens, Deputy Attorney General
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I N D E X

Proceedings

III. Consent Calendar C1 through C22, excluding C2, C8, C9, C10, C14

IV. Regular Calendar

Agenda Item 39 - The Virgin Sturgeon, Inc.

 Dave Durrett, Esq., Virgin Sturgeon

 Thomas Westley, Esq., Riverbank Holding Company

Agenda Item 24 - State of California Department of Parks and Recreation (Applicant)

 Ken Collier, Executive Secretary, Underwater Advisory Board

 Questions

Agenda Item 25 - Union Oil Company (Applicant)

Agenda Item 26 - Off Calendar

Agenda Item 27 - Phillips Petroleum Company (Assignor)

Agenda Item 28 - Successful Bidder (Applicant)

Agenda Item 29 - Chevron U.S.A., Inc.

Agenda Item 30 - City of Long Beach (Party)

Agenda Item 31 - County of Del Norte (Applicant)

Agenda Item 32 - International Minerals Services, LTD. (Applicant)

Agenda Item 33 - Steckler Pacific (Applicant)

Agenda Item 34 - Off Calendar

Agenda Item 35 - United States of American v. 0.30 Acres of Land (Party)

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PROCEEDINGS

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3 ACTING CHAIRPERSON McCARTHY: Ladies and gentlemen,
4 thank you, welcome to this meeting of the State Lands
5 Commission.

6 For the convenience of those who might be here on
7 some items that will be off the calendar this morning, among
8 the consent Items 1 through 22, Item 2 is now off the
9 calendar completely, Item 8 off, Item 9 off the calendar,
10 Item 10 off the calendar, Item 14 off the calendar. So for
11 any of you who are interested in those items, please know
12 they will be rescheduled for another Commission meeting and
13 may or may not be on the consent calendar. Some questions
14 have arisen.

15 COMMISSIONER ORDWAY: Mr. Chair, may I also note in
16 addition that on the regular calendar Items 23, 26 --

17 ACTING CHAIRPERSON McCARTHY: Thank you, 34 --

18 COMMISSIONER ORDWAY: -- 34 and 36.

19 ACTING CHAIRPERSON McCARTHY: -- 34 and 36 are also
20 off.

21 Thank you, Commissioner Ordway.

22 COMMISSIONER ORDWAY: I'll move the consent calendar
23 first.

24 ACTING CHAIRPERSON McCARTHY: Do we have a motion on
25 the consent calendar?

1 COMMISSIONER ORDWAY: I move the consent calendar 1
2 through 22 with the five exceptions.

3 ACTING CHAIRPERSON McCARTHY: Seconded. Any
4 objection from members of the audience on that motion? If
5 not, the motion is adopted.

6 Now, on the regular calendar.

7 COMMISSIONER HARVEY: Mr. Chairman, if I may.

8 COMMISSIONER ORDWAY: Would you use the microphone
9 please, Walter.

10 COMMISSIONER HARVEY: If I may, Mr. Chairman, Item
11 39 I would like, if possible, to take up out of sequence and
12 dispose of early this morning if any interested parties are
13 already in the audience that would want to speak or testify
14 on that item.

15 ACTING CHAIRPERSON McCARTHY: Any objection?

16 COMMISSIONER ORDWAY: No objection. As a matter of
17 fact, I'd like to make it known for the record that I
18 unfortunately will have to leave here at a quarter to 11:00.

19 ACTING CHAIRPERSON McCARTHY: On Item 39, may we
20 have a report? Do we have a staff report first?

21 EXECUTIVE OFFICER DEDRICK: I'm sorry. Bob, would
22 you give the staff report, please. I apologize.

23 MR. HIGHT: Item 39 --

24 COMMISSIONER ORDWAY: You'll have to use the
25 microphone.

1 MR. HIGHT: Item 39 is an application by Virgin
2 Sturgeon, Inc. for a sublease of 200 feet of their existing
3 marina facility to River Bank Holding Company. We have a
4 chart if that would be of assistance to you.

5 ACTING CHAIRPERSON McCARTHY: Fine.

6 EXECUTIVE OFFICER DEDRICK: Go ahead, Bob. You
7 talk. We'll get this set up. Do you see that all right?

8 MR. HIGHT: The area that is subject to the sublease
9 is this area of River Bank Holding's lease which is included
10 within the description of the Virgin Sturgeon.

11 ACTING CHAIRPERSON McCARTHY. Do you have any other
12 comments?

13 COMMISSIONER ORDWAY: And exactly the issue before
14 us is?

15 MR. HIGHT: The approval of the sublease dated July
16 of 1986 between River Bank Holding and the Virgin Sturgeon.

17 COMMISSIONER ORDWAY: Our lease is with the Virgin
18 Sturgeon. So it would be a sublease from the Virgin Sturgeon
19 to River Bank?

20 MR. HIGHT: Correct.

21 COMMISSIONER ORDWAY: Thank you.

22 COMMISSIONER HARVEY: That item is before us at the
23 request of Virgin Sturgeon, Inc.?

24 MR. HIGHT: Yes. And Dave Durrett and Laurie
25 Patching of the Virgin Sturgeon are here to answer any

1 questions.

2 ACTING CHAIRPERSON McCARTHY: Who would like to
3 open?

4 MR. DURRETT: Let me.

5 ACTING CHAIRPERSON McCARTHY: Please.

6 MR. DURRETT: My name is Dave Durrett from the law
7 firm of Trainor, Robertson and Smiths. We're representing
8 Virgin Sturgeon. We are requesting approval of a sublease
9 between Virgin Sturgeon and River Bank Holding Company.

10 As background information, you should be aware that
11 there is an existing dispute between Virgin Sturgeon and
12 River Bank as to what is the appropriate controlling
13 document. We aren't asking the Commission to consider that.
14 Rather we want simply the approval for the subletting so we
15 can go on record that Virgin Sturgeon is in compliance with
16 its lease obligations to obtain approval as to any
17 subletting.

18 ACTING CHAIRPERSON McCARTHY: All right. Miss
19 Patching, would you like to add anything?

20 MS. PATCHING: No.

21 MR. DURKETT: Just so you're aware, I believe that
22 River Bank Holding Company is planning to appear today.
23 Yesterday they attempted to get a restraining order to
24 prevent the Commission from hearing this item. Judge Ford
25 refused. He doesn't feel I guess that this decision will

1 affect the pending litigation between the parties.

2 ACTING CHAIRPERSON McCARTHY: Questions of
3 Commissioners?

4 All right. Thank you.

5 May we hear from the other side now, please? I have
6 a request from Mr. Thomas Westley, representing River Bank
7 Holding Company.

8 Mr. Westley.

9 MR. WESTLEY: Good morning, Commissioners. Thomas
10 Westley. I'm an attorney at law and also a principal of
11 River Bank Holding Company.

12 We had sent a letter to the Commission actually to
13 Bob Hight and Claire Dedrick with our concerns. Our
14 objection is really that I'm not sure that this Commission
15 has before it the proper controlling document that would
16 control the rights and responsibilities of Virgin Sturgeon
17 and River Bank.

18 Now, I'm not entirely clear what the Board action
19 would do with respect to rights of River Bank to State Lands
20 Commission, but we are willing to accept whatever the
21 Commission, of course, wishes to do in this regard and we'll
22 fight our battles with Virgin Sturgeon and Laurie Patching in
23 the Superior Court.

24 ACTING CHAIRPERSON McCARTHY: Any questions?
25 Questions from Commissioners?

1 COMMISSIONER HARVEY: What you're saying is you
2 would have no objection essentially then if this body were to
3 approve the request of Virgin Sturgeon?

4 MR. WESTLEY: As long as it's clearly understood
5 that the document before you may or may not be the proper
6 controlling document of the rights and responsibilities of
7 Virgin Sturgeon and River Bank. As I understand this
8 request, it's simply to confirm a sublease of the master
9 lease that the Virgin Sturgeon has with the State Lands
10 Commission.

11 COMMISSIONER ORDWAY: That's correct.

12 MR. WESTLEY: And with that understanding I think
13 that --

14 COMMISSIONER ORDWAY: That's the only item that I
15 believe is before us and I believe before us, although I
16 don't have the document in front of me, I believe we have a
17 document that is signed by the parties in July of this year.
18 Am I correct, Mr. Hight?

19 MR. HIGHT: Yes, that's correct.

20 COMMISSIONER ORDWAY: So that is technically all
21 that is before us and that's what we will be dealing with.

22 MR. WESTLEY: I think I'm on record --

23 COMMISSIONER ORDWAY: I'm a little confused, I guess.

24 MR. WESTLEY: I think maybe what I'm saying is the
25 document that you have now is really not it. Here is the

1 document. Let's substitute the proper document to bring your
2 records up to whatever the litigation, the result of the
3 litigation. That's what I'm saying. And as long as this is
4 not -- and I, as an attorney, I can't see what your action
5 would bind me anymore or less than I would be bound under
6 this document in any event.

7 COMMISSIONER ORDWAY: Okay.

8 MR. WESTLEY: So essentially that's it.

9 ACTING CHAIRPERSON McCARTHY: Thank you, Mr.
10 Westley.

11 Any other questions?

12 COMMISSIONER ORDWAY: No, thank you.

13 COMMISSIONER HARVEY: With that understanding, I'll
14 move approval of the request of Virgin Sturgeon.

15 COMMISSIONER ORDWAY: Second.

16 ACTING CHAIRPERSON McCARTHY: All right. The item
17 is approved.

18 Let's go back to 24, Item 24.

19 EXECUTIVE OFFICER DEDRICK: Item 24 is a request for
20 authorization to deny a couple of applications from the
21 Department of Parks. These are denials without prejudice.
22 The Department of Parks would like to lease some underwater
23 lands for underwater parks. We are in negotiations with them
24 and they have granted us an extension on the 8/84 deadline
25 which otherwise would have run last month.

1 ACTING CHAIRPERSON McCARTHY: Mr. Ken Collier is
2 here. He's the Executive Secretary for the Underwater
3 Advisory Board.

4 Mr. Collier, do you have some words you'd like to
5 give us on this item.

6 MR. COLLIER: Yes, sir, if I could.

7 ACTING CHAIRPERSON McCARTHY: Please do.

8 MR. COLLIER: Mr. Chairman and Commission, I'd like
9 to speak in favor of the Commission granting us these
10 long-term leases at this time. And in this, I'd like to
11 refute some of the staff writeup that's been done by State
12 Lands or the staff of your Commission.

13 First of all, I feel, as the Department feels, that
14 these areas are justified us receiving a long-term leases in
15 the fact that we have to have adequate interests in the land
16 to justify or amortize what we might do there in the way of
17 providing staff for the underwater areas and capital costs in
18 promoting safe public use of the areas through interpretive
19 methods and providing facilities for the public's convenience
20 and safety.

21 We would also preserve appropriate areas after an
22 inventory is done to determine what the natural and cultural
23 resources are of the areas and then we would develop a
24 management plan. Our whole intent with the underwater parks
25 program is to develop a balanced program between development

1 and preservation.

2 State Lands in their writeup is saying that these
3 leases are exclusive. The leases are not exclusive. That's
4 the way their leases have been written on the existing leases
5 that we have.

6 EXECUTIVE OFFICER DEDRICK: Excuse me,
7 Commissioners. The court reporter is having problems with
8 her machine. Ken, we're going to have to hold it for a
9 second while she gets that straightened out.

10 (Thereupon a short discussion was held off the
11 record.)

12 EXECUTIVE OFFICER DEDRICK: Mr. Collier needs to
13 begin his testimony closer to the front again because the
14 machine really did fowl up here. The last thing the court
15 reporter has reported, Ken, is "I would like to refute some
16 of the statements by staff." So you get two shots here.

17 MR. COLLIER: Thank you. The staff has said that we
18 don't have adequate justification for requesting these
19 long-term leases. And it is true. We are in negotiations
20 with them to take the areas in the future with other means
21 than long term leases, but I would still like to ask you at
22 this time to grant us the long-term leases, if possible.

23 Our justification is to, again, justify or amortize
24 these areas by, and to do this we need adequate interest in
25 the land to justify to Department of Finance and the

1 Legislature. And our program would be to promote the safe
2 public use through interpretive methods and also providing
3 safe, convenient public access for use of the areas. This
4 normally takes place on land where we already own the land.
5 But these facilities on land would also be supporting the
6 underwater areas and for, to justify the development of the
7 facilities on the land to be used by people using the
8 underwater areas is what we're after.

9 The State Lands in their writeup says that the
10 leases are exclusive leases. Well, our existing leases are
11 nonexclusive leases. We will accept the nonexclusive leases
12 as we have in the past. The lack of, they say we have lack
13 of financing. This may be just a glitch in staff
14 communications because at San Elijo-Cardiff there was a
15 development proposed, although we lost it in Finance, for the
16 1986-'87 budget year. We're now proposing the same thing for
17 '87-'88 budget year.

18 Also, they point out that we have 11 existing units
19 underwater with development in only some of those. In
20 actuality six of those we received years ago for
21 administrative purposes basically and now we have a law that
22 takes care of that. On all of our units on the coastline now
23 we can manage in State Lands Commission area by law which is
24 chaptered on 897 of '83 statutes. It allows us management
25 control of lands below the mean high tideline out to a

1 thousand feet from the higher or the mean high tide line.

2 COMMISSIONER ORDWAY: What chapter was that? I'm
3 sorry.

4 MR. COLLIER: That was Chapter 897. It is '83
5 statutes. That just gives us administrative control.

6 EXECUTIVE OFFICER DEDRICK: Just a moment, Ken. I
7 believe that what you're talking about is those tidelands
8 which are immediately adjacent to existing state parks.

9 MR. COLLIER: Yes.

10 EXECUTIVE OFFICER DEDRICK: In which that
11 jurisdiction -- the Commission supported that legislation, I
12 think, three years ago -- I believe you will all three
13 remember that -- in order to allow the park rangers to
14 enforce park regulations when guys run away from them in the
15 water. That is restricted to the areas adjacent to state
16 parks.

17 MR. COLLIER: Right. I see a quizzical look on the
18 face of the Chairman.

19 ACTING CHAIRPERSON MCCARTHY: I just have a few
20 questions pending. That's not one.

21 MR. COLLIER: I'm sorry. The point I'm trying to
22 make is that this law allows us the same purpose that was
23 originally intended on some of these units that we now have
24 from State Lands. These units are only out to the 18 foot
25 depth line. So it covers the same situation.

1 The rest of the areas that we have for state parks,
2 the underwater parks, are developed more extensively for that
3 particular use. And their last point is they claim that they
4 can manage these areas better than we can.

5 ACTING CHAIRPERSON McCARTHY: "They" being?

6 MR. COLLIER: State Lands Commission or your staff.

7 ACTING CHAIRPERSON McCARTHY: Better for the same
8 purposes as you're trying --

9 MR. COLLIER: Not necessarily for the same purposes
10 better, just manage them in toto better for the public
11 benefit. And I don't see how they can manage them better
12 when we actually have rangers and lifeguards on the site in
13 the field at these units who can then manage them for the
14 purposes that we intend.

15 That's the end of my testimony.

16 ACTING CHAIRPERSON McCARTHY: All right. Let me ask
17 a couple of questions.

18 How many of these underwater recreation areas are
19 you now managing or is this a beginning, your program? I
20 heard the reference to 11 existing units, six of which you'd
21 received years ago for administrative purposes only. Were
22 you telling us that five are being actively managed to expand
23 the availability of underwater recreation purposes?

24 MR. COLLIER: Yes, sir.

25 ACTING CHAIRPERSON McCARTHY: How long have you been

1 managing those?

2 MR. COLLIER: I don't have the dates right now. We
3 have a fee ownership --

4 ACTING CHAIRPERSON McCARTHY: Just give us a rough
5 idea, number of years.

6 MR. COLLIER: Ten years.

7 ACTING CHAIRPERSON McCARTHY: And do you have some
8 experience with them so you could tell us how the public is
9 responding to these? Was this your effort to try to respond
10 to the public interest in snorkeling and underwater
11 exploration or just capsulize for us why you're into this
12 program you're pushing?

13 MR. COLLIER: I don't know if we initiated the
14 program due to public pressure or we thought it was a good
15 program and the public has responded. But, in fact, the
16 public has definitely responded.

17 ACTING CHAIRPERSON McCARTHY: I'm not so much
18 interested in who started it, it's how you define the need.
19 Is that what you're aiming at? Just give me a sense of what
20 the Department's policy is.

21 MR. COLLIER: We feel there's a basic need, first of
22 all, to preserve certain areas that might be lost through
23 degradation, through uncontrolled use in the future. But we
24 want a balanced program between that and providing
25 recreation, and we definitely want to provide recreation for

1 the great number of divers that want to dive the coast.

2 ACTING CHAIRPERSON McCARTHY: Okay. I have enough.
3 Thanks.

4 What is our general posture in response to what this
5 Department is trying to --

6 EXECUTIVE OFFICER DEDRICK: I'd like Mr. Trout to
7 respond for you.

8 ACTING CHAIRPERSON McCARTHY: Let me ask the
9 question first, then you can respond.

10 MR. TROUT: Yes, sir.

11 ACTING CHAIRPERSON McCARTHY: What do we feel about
12 what this Department is trying to do? On the face of it it
13 seems quite sensible to me, population growing rapidly,
14 families seeking more and more recreational outlets. It
15 seems like a very sensible thing to do. What has our
16 response been in relinquishing or sharing control over some
17 of these areas with this Department that's designated under
18 state law to pursue providing recreational activities to the
19 public? What's our response to all those?

20 MR. TROUT: Well, Governor, we supported that. We
21 were on the original Underwater Parks Advisory Committee or
22 Council or whatever it is and we've been working on it.

23 I think our position from, at least from the staff
24 view, is that this is a very satisfactory program. I think
25 what our position is that in reviewing how its been handled

1 in the past we do not need to lease for 49 years in order to
2 accomplish their objectives. They have a couple of things.
3 They do the interpretation on the upland. Mr. Collier said
4 they wanted to do an inventory and protection. They don't
5 need a lease to do inventory, and once the inventory is done
6 and they define the areas that would be protected, we would
7 come back to the the Commission to deal with those areas.
8 They now have a statute with which the Commission assisted
9 them in getting through that allows them to avoid having
10 people who have violated some park regulation run off into
11 the water and thumb their nose at the rangers and that was a
12 big problem. And we solved that problem through some
13 legislation that allows them to enforce park regulations
14 out -- once they've done the inventory, once they've
15 determined what needs to be protected and we can define those
16 areas, we will be back to you with some form of transfer of
17 control to Parks to accomplish that.

18 At the moment we have not finished our negotiations
19 and we're asking you to deny this today only because we're up
20 against the Chapter 884 statutory deadline on handling an
21 application. We've continued to work. I talked to the
22 director yesterday. He and Mr. Collier have been working
23 with us in trying to find something. We just weren't able to
24 pull it all together at this time.

25 Staff feels on these four parks, two separate

1 parcels, one on the coast and one at Lake Tahoe, that the
2 approval of an application at this time is premature.

3 ACTING CHAIRPERSON McCARTHY: First of all, let me
4 say my general reaction to this from what I've heard so far
5 is I'd like to help this Department do its job.

6 MR. TROUT: So would we.

7 EXECUTIVE OFFICER DEDRICK: So would we.

8 ACTING CHAIRPERSON McCARTHY: I really want to
9 search for ways to ease any obstacles between us so that they
10 can get about doing their job.

11 Now, if we've got some compelling reason not to give
12 them a long lease, I'd like to know what that is. If there's
13 some -- because I think I understand Mr. Collier's testimony
14 about they're trying to do it less expensively for the
15 taxpayers, and getting better amortization terms. Now if
16 there's some compelling reason why it shouldn't be 49 years
17 and it should be something else, I'd like you to spell that
18 out to me.

19 MR. TROUT: I think I was involved in it from the
20 beginning and have some historical background. Mr. Kiley has
21 been directly involved in this transaction. I think that the
22 Chairman has hit right on the issue here and that is is the
23 49 year lease to Parks the best way to do it. We have some
24 questions about that. We think there is some management and
25 control options. There may be ample justification for

1 leasing specific areas that will allow them to specifically
2 protect and interpret some of the areas, but they've asked
3 for significant large areas of underwater areas which would
4 in effect because of the purpose of their program, while it's
5 not an exclusive lease, in effect makes it exclusive in terms
6 of the use. And I think we need to identify what areas
7 really need to be exclusive and we'd like the opportunity to
8 come back and recommend a process to you.

9 ACTING CHAIRPERSON McCARTHY: The problem I have
10 with what I hear you saying is that the determination of how
11 limiting we will be in the areas involved hinges on how much
12 weight we attach to the very purposes that they're pursuing
13 of providing underwater recreational opportunities to people.
14 So if we are really committed to that and, I've just heard
15 you say that made a good case and we seem to be, then we want
16 to be removing obstacles from what they're doing and not
17 trying to argue over the length of the lease unless there is
18 some good reason why this lease should not be long. Maybe
19 there is. I just haven't heard it yet.

20 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, let me
21 interject something here. The reason that we're recommending
22 denial today is because we are in negotiations and
23 discussions with the Department of Parks. We understood that
24 they were satisfied with that process, that they recognized
25 that we were asking for denial for that reason today, and

1 that we would resolve some of these difficulties and get back
2 to the Commission with a program which is what I would like
3 to do that deals with this thing in a real world way between
4 Parks and State Lands.

5 As you know, we do this kind of leasing or we do
6 leasing to Fish and Game and to Parks for special purpose
7 all the time. As it happens in this particular instance,
8 there has been a lot of kind of sloppy work in my opinion as
9 your Executive Officer. We have leases out there that are
10 poorly defined. They cause a great deal of discontent at
11 least at our staff level. There has been difficulties
12 between Parks people and our people over them. I believe the
13 reason for that is because the program has not been clearly
14 defined and the leases haven't clearly stated what their
15 conditions are.

16 Secondly to that, some of these leases have been
17 held without any activity by Parks. There are good reasons
18 for that, but what I'm trying to say to you is that when the
19 whole business came to my attention, I said let's sit down
20 and negotiate this. I very strongly favor the underwater
21 parks program and as you know I have a record on that and so
22 has Mr. Trout.

23 What I would urge you to do is allow the denial to
24 go forward today so that we can get back into -- I thought we
25 were okay, but it sounds like we're not -- serious

1 negotiating mode with the Department of Parks and put
2 together a program that makes sense so we don't have these
3 kinds of problems when their proposals for leases come up.
4 That is precisely where I am coming from.

5 COMMISSIONER ORDWAY: You're asking then for a
6 denial without prejudice.

7 EXECUTIVE OFFICER DEDRICK: That is correct. I'm
8 sorry. All our denials are without prejudice.

9 ACTING CHAIRPERSON McCARTHY: I don't know, Mr.
10 Collier. We don't need to get into a response from your side
11 today on how the Department feels about whether you've
12 handled things --

13 EXECUTIVE OFFICER DEDRICK: I'm not condemning him.
14 I didn't mean to imply that.

15 ACTING CHAIRPERSON McCARTHY: No, I said the
16 Department. Mr. Collier is such a nice man, no one would
17 ever condemn him.

18 Let me just conclude by saying, please give us some
19 kind of a timetable when we'll --

20 EXECUTIVE OFFICER DEDRICK: I think before the end
21 of the year we'll be in pretty good shape. As I understood
22 it -- Lance can speak to this much more closely -- but as I
23 understood it, we expected to be back to you with at least a
24 lease within the next month.

25 MR. KELLEY: We think we'd have some kind of a

1 management agreement worked out within a month or so.

2 EXECUTIVE OFFICER DEDRICK: Yeah. So I would expect
3 to be back before the end of the year with a management
4 agreement per your approval.

5 ACTING CHAIRPERSON McCARTHY: That satisfies me.

6 COMMISSIONER HARVEY: That answers my question.

7 COMMISSIONER ORDWAY: I'm going to ask to abstain on
8 this in light of the fact that this will be a BCP that will
9 be before me in another capacity. So I will not be voting on
10 this item.

11 ACTING CHAIRPERSON McCARTHY: Okay. Mr. Collier, do
12 you have any closing comment? You have an understanding, I
13 think.

14 MR. COLLIER: I have an understanding.

15 ACTING CHAIRPERSON McCARTHY: Okay.

16 MR. COLLIER: Thank you.

17 COMMISSIONER HARVEY: Move denial without prejudice.

18 ACTING CHAIRPERSON McCARTHY: That's the decision of
19 the Commission.

20 Item 25.

21 EXECUTIVE OFFICER DEDRICK: Item 25 is the approval
22 of a letter of understanding to continue an extension
23 agreement with the Union Oil Company for their facility in
24 San Pablo Bay at Davis Point.

25 COMMISSIONER ORDWAY: Motion.

1 ACTING CHAIRPERSON McCARTHY: Commission approves.
2 Twenty-six.

3 EXECUTIVE OFFICER DEDRICK: Twenty-six is off
4 calendar.

5 ACTING CHAIRPERSON McCARTHY: Twenty-seven.

6 EXECUTIVE OFFICER DEDRICK: Twenty-seven is an
7 approval of an assignment of the state geothermal leases from
8 Phillips who has sold the leases to the Freeport Geothermal
9 Resources Company.

10 ACTING CHAIRPERSON McCARTHY: Any questions from the
11 audience. We have a motion and a second. Approval is
12 granted by the Commission.

13 EXECUTIVE OFFICER DEDRICK: Item 28 is consideration
14 of bids for royalty oil sales contracts on two parcels of oil
15 from the ARCO leases that are served by Platform Polly in
16 Santa Barbara County.

17 The first parcel which I think is 3120, is that
18 right? What the staff recommends is that you accept the
19 parcel with the 28 and a half cent bid, you accept that bid
20 and grant the sale to the Huntway Company.

21 On the second parcel there's reason on the staff's
22 part to request that we put over, simply don't take any
23 action on that issue until November. We will come back to
24 you with a firm recommendation at that time. In order to
25 take the action that I recommend, it would be necessary to

1 delete resolutions three and four.

2 COMMISSIONER ORDWAY: I would like to move that with
3 resolutions three and four deleted.

4 EXECUTIVE OFFICER DEDRICK: Thank you.

5 ACTING CHAIRPERSON McCARTHY: Moved. Seconded. They
6 are deleted.

7 COMMISSIONER HARVEY: I would abstain. The
8 Controller is abstaining on this item, please.

9 ACTING CHAIRPERSON McCARTHY: All right. There are
10 two votes for deletion.

11 EXECUTIVE OFFICER DEDRICK: Thank you.

12 ACTING CHAIRPERSON McCARTHY: On the issue, any
13 further comments?

14 EXECUTIVE OFFICER DEDRICK: Not from me.

15 ACTING CHAIRPERSON McCARTHY: Number 29.

16 EXECUTIVE OFFICER DEDRICK: Number 29 is approval of
17 a deferment for drilling operations on state oil and gas
18 leases by Chevron Corporation in Santa Barbara County. We
19 recommend deferral. I will call to your attention that there
20 is a letter from Get Oil Out, Inc. of Santa Barbara which is
21 referring to this item. The letter appears to support the
22 deferment, but you I'm sure will want to read it. It has
23 some comments with regards to oil development in general.

24 COMMISSIONER ORDWAY: I'd like to move the item.

25 COMMISSIONER HARVEY: I will abstain on this one

1 also, Mr. Chairman.

2 ACTING CHAIRPERSON McCARTHY: Where is the letter?

3 EXECUTIVE OFFICER DEDRICK: Oh, I'm sorry. It
4 should be before you. I apologize. Do the other
5 Commissioners have that letter? Sorry, Mr. Chairman.

6 ACTING CHAIRPERSON McCARTHY: Is anyone here from
7 Get Oil Out, Incorporated? Anyone here from the oil
8 companies represented that have any comment on the letter
9 that they've written.

10 FROM THE AUDIENCE: We haven't seen it.

11 COMMISSIONER ORDWAY: Would you like to see it?

12 EXECUTIVE OFFICER DEDRICK: Jane has a copy.

13 ACTING CHAIRPERSON McCARTHY: Let me just ask our
14 staff, looking at the first paragraph of this letter, how
15 would you respond to the point being made that since all of
16 these leases were granted prior to the enactment of the
17 California Environmental Quality Act, these leases should be
18 reviewed in light of the current air quality and marine
19 biology?

20 EXECUTIVE OFFICER DEDRICK: No, that's okay. I
21 think this is Bob's answer here.

22 MR. HIGHT: When these leases were approved as you
23 said prior to the enactment of CEQA, there was a moratorium
24 then placed upon any drilling by the Commission in 1969.

25 EXECUTIVE OFFICER DEDRICK: 1969, the result of the

1 oil spill.

2 MR. HIGHT: The Commission then approved a
3 resumption of drilling on a case by case basis in about '76
4 and at that time did an Environmental Impact Report. So in
5 effect CEQA has been complied with and an Environmental
6 Impact Report included, I'm almost positive, the air quality
7 analysis.

8 EXECUTIVE OFFICER DEDRICK: In addition to that Mr.
9 Chairman, before they go forward with new exploration on
10 these leases, CEQA must be complied with as well as the
11 Coastal Act. What we're doing here is giving them the
12 opportunity to continue to defer drilling. They're required
13 to drill every 120 is it, every 180 days?

14 MR. THOMPSON: Actually we came at this time to
15 minimize the environmental impact by only using one drilling
16 rig on these four leases. That was part of the review.

17 ACTING CHAIRPERSON McCARTHY: Would you please
18 respond to this organization citing the three things that
19 you've just mentioned to the members of the Commission?

20 EXECUTIVE OFFICER DEDRICK: We would do that, Mr.
21 Chairman.

22 COMMISSIONER ORDWAY: Motion.

23 ACTING CHAIRPERSON McCARTHY: Motion and seconded.
24 Approved as requested.

25 EXECUTIVE OFFICER DEDRICK: Item 30 is the approval

1 to close the accounts of the tideland oil revenue
2 expenditures for subsidence, vertical and horizontal
3 measurements, at Long Beach.

4 ACTING CHAIRPERSON McCARTHY: Any questions from the
5 audience?

6 COMMISSIONER ORDWAY: Move approval.

7 ACTING CHAIRPERSON McCARTHY: Moved, seconded.

8 Approved by the Commission.

9 Thirty-one.

10 EXECUTIVE OFFICER DEDRICK: Item 31, approval of a
11 ten-year maintenance dredging permit for the County of Del
12 Norte.

13 COMMISSIONER ORDWAY: Motion.

14 ACTING CHAIRPERSON McCARTHY: Questions from the
15 audience? There's a motion and a second. Approved by the
16 Commission.

17 Thirty-two.

18 EXECUTIVE OFFICER DEDRICK: Item 32, authorization
19 to offer pursuant to competitive bidding, that is to say,
20 we're asking you to put out to bid a proposal to lease, to
21 extract sand and gravel in the Sacramento River near Miller
22 Park is what I'm trying to think of.

23 COMMISSIONER HARVEY: Motion.

24 ACTING CHAIRPERSON McCARTHY: Any questions from the
25 audience?

1 We have with us in the audience Mr. John Grattan who
2 is a partner in Grattan, Gersick and Karp representing Bell
3 Marine, and Mr. Wilbert Dykas, and I hope I'm pronouncing
4 that name correctly, sir, President of International Mineral
5 Services who are here and ready to answer any questions as I
6 understand the notes.

7 Do any of you wish to offer anything specific at
8 this time or do you just want to be available to answer
9 questions? All right. Are there questions from members of
10 the Commission?

11 COMMISSIONER HARVEY: Motion.

12 COMMISSIONER ORDWAY: Second.

13 ACTING CHAIRPERSON McCARTHY: There is a motion and
14 a second for approval. It is approved by the Commission.

15 EXECUTIVE OFFICER DEDRICK: Item 33, Steckler
16 Pacific. This is the authorization for the return of
17 royalties that were in dispute and which gave rise to our
18 doing the dredging study and changing the regs that you
19 approved last time. This is the one company that had money
20 in an escrow account.

21 COMMISSIONER ORDWAY: Motion.

22 COMMISSIONER HARVEY: Second.

23 ACTING CHAIRPERSON McCARTHY: Any questions from the
24 audience? There's a motion before the Commission. Approved
25 as recommended.

1 EXECUTIVE OFFICER DEDRICK: Legal.

2 MR. HIGHT: Thirty-five, Mr. Chairman, is the
3 authorization to file a disclaimer in a condemnation action
4 for New Malones Dam. The Commission has no interest in the
5 property.

6 COMMISSIONER ORDWAY: Motion.

7 ACTING CHAIRPERSON McCARTHY: All right. Any
8 questions from the audience on this issue? Second. Approved
9 as recommended.

10 EXECUTIVE OFFICER DEDRICK: Under administration,
11 Item 37 is the other part of the dredging request from the
12 last meeting and it is a request for your approval to notify
13 people that the changes have taken place and invite them to
14 come in and change their leases.

15 COMMISSIONER ORDWAY: Motion.

16 ACTING CHAIRPERSON McCARTHY: Any questions from the
17 audience? There's a motion and a second. Approved as
18 recommended.

19 EXECUTIVE OFFICER DEDRICK: Item 38 is the approval
20 of the payment of subventions or the calculation of
21 subventions to the cities and counties for the fiscal year of
22 '86-'87.

23 COMMISSIONER ORDWAY: Motion.

24 ACTING CHAIRPERSON McCARTHY: Approved as
25 recommended.

1 EXECUTIVE OFFICER DEDRICK: That is the calendar,
2 Commissioner.

3 COMMISSIONER ORDWAY: I will move adjournment if we
4 have no other business.

5 ACTING CHAIRPERSON McCARTHY: Thank you. This
6 Commission meeting is adjourned. Thank you, ladies and
7 gentlemen.

8 (Thereupon the Meeting of the State Lands
9 Commission was adjourned at 10:50 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 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 17th day of November, 1985.



Cathleen Slocum
Certified Shorthand Reporter
License No. 2822