MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA
STATE CAPITOL
Room 447
SACRAMENTO, CALIF
Thursday October 23, 1986
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STATE OF CALIFORNIA

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SACRAMENTO, CALIFORNIA

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

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

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

Jan S. Stevens, Deputy Attorney General
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ACTING CHAIRPERSON McCARTHY: Ladies and gentlemen, thank you, welcome to this meeting of the State Lands Commission.

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

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

ACTING CHAIRPERSON McCARTHY: Thank you, 34 --

COMMISSIONER ORDWAY: -- 34 and 36.

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

Thank you, Commissioner Ordway.

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

ACTING CHAIRPERSON McCARTHY: Do we have a motion on the consent calendar?
COMMISSIONER ORDWAY: I move the consent calendar 1 through 22 with the five exceptions.

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

Now, on the regular calendar.

COMMISSIONER HARVEY: Mr. Chairman, if I may.

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

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

ACTING CHAIRPERSON MccARTHY: Any objection?

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

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

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

MR. HIGHT: Item 39 --

COMMISSIONER ORDWAY: You'll have to use the microphone.
MR. HIGHT: Item 39 is an application by Virgin Sturgeon, Inc. for a sublease of 200 feet of their existing marina facility to River Bank Holding Company. We have a chart if that would be of assistance to you.

ACTING CHAIRPERSON McCARTHY: Fine.

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

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

ACTING CHAIRPERSON McCARTHY: Do you have any other comments?

COMMISSIONER ORDWAY: And exactly the issue before us is?

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

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

MR. HIGHT: Correct.

COMMISSIONER ORDWAY: Thank you.

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

MR. HIGHT: Yes. And Dave Durrett and Laurie Patching of the Virgin Sturgeon are here to answer any
ACTING CHAIRPERSON McCarthy: Who would like to open?

Mr. Durrett: Let me.

ACTING CHAIRPERSON McCarthy: Please.

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

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

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

Ms. Patching: No.

Mr. Durrett: Just so you're aware, I believe that River Bank Holding Company is planning to appear today. Yesterday they attempted to get a restraining order to prevent the Commission from hearing this item. Judge Ford refused. He doesn't feel I guess that this decision will
affect the pending litigation between the parties.

ACTING CHAIRPERSON McCARTHY: Questions of Commissioners?

All right. Thank you.

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

Mr. Westley.

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

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

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

ACTING CHAIRPERSON McCARTHY: Any questions?

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

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

COMMISSIONER ORDWAY: That's correct.

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

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

MR. HIGHT: Yes, that's correct.

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

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

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

MR. WESTLEY: I think maybe what I'm saying is the document that you have now is really not it. Here is the
document. Let's substitute the proper document to bring your records up to whatever the litigation, the result of the litigation. That's what I'm saying. And as long as this is not -- and I, as an attorney, I can't see what your action would bind me anymore or less than I would be bound under this document in any event.

COMMISSIONER ORDWAY: Okay.

MR. WESTLEY: So essentially that's it.

ACTING CHAIRPERSON McCARTHY: Thank you, Mr. Westley.

Any other questions?

COMMISSIONER ORDWAY: No, thank you.

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

COMMISSIONER ORDWAY: Second.

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

Let's go back to 24, Item 24.

EXECUTIVE OFFICER DEDRICK: Item 24 is a request for authorization to deny a couple of applications from the Department of Parks. These are denials without prejudice. The Department of Parks would like to lease some underwater lands for underwater parks. We are in negotiations with them and they have granted us an extension on the 8/84 deadline which otherwise would have run last month.
ACTING CHAIRPERSON McCarthy: Mr. Ken Collier is here. He's the Executive Secretary for the Underwater Advisory Board.

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

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

ACTING CHAIRPERSON McCarthy: Please do.

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

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

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

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

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

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

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

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

Our justification is to, again, justify or amortize these areas by, and to do this we need adequate interest in the land to justify to Department of Finance and the
Legislature. And our program would be to promote the safe public use through interpretive methods and also providing safe, convenient public access for use of the areas. This normally takes place on land where we already own the land. But these facilities on land would also be supporting the underwater areas and for, to justify the development of the facilities on the land to be used by people using the underwater areas is what we're after.

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

Also, they point out that we have 11 existing units underwater with development in only some of those. In actuality six of those we received years ago for administrative purposes basically and now we have a law that takes care of that. On all of our units on the coastline now we can manage in State Lands Commission area by law which is chaptered on 397 of '83 statutes. It allows us management control of lands below the mean high tideline out to a
thousand feet from the higher or the mean high tide line.

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

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

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

MR. COLLIER: Yes.

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

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

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

MR. COLLIER: I'm sorry. The point I'm trying to make is that this law allows us the same purpose that was originally intended on some of these units that we now have from State Lands. These units are only out to the 18 foot depth line. So it covers the same situation.
The rest of the areas that we have for state parks, the underwater parks, are developed more extensively for that particular use. And their last point is they claim that they can manage these areas better than we can.

ACTING CHAIRPERSON McCARTHY: "They" being?

MR. COLLIER: State Lands Commission or your staff.

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

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

That's the end of my testimony.

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

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

MR. COLLIER: Yes, sir.

ACTING CHAIRPERSON McCARTHY: How long have you been
managing those?

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

ACTING CHAIRPERSON McCArTHY: Just give us a rough idea, number of years.

MR. COLLIER: Ten years.

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

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

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

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

ACTING CHAIRPERSON McCARTHY: Okay. I have enough.

Thanks.

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

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

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

MR. TROUT: Yes, sir.

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

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

I think our position from, at least from the staff view, is that this is a very satisfactory program. I think what our position is that in reviewing how its been handled
in the past, we do not need to lease for 49 years in order to accomplish their objectives. They have a couple of things. They do the interpretation on the upland. Mr. Collier said they wanted to do an inventory and protection. They don't need a lease to do inventory, and once the inventory is done and they define the areas that would be protected, we would come back to the the Commission to deal with those areas.

They now have a statute with which the Commission assisted them in getting through that allows them to avoid having people who have violated some park regulation run off into the water and thumb their nose at the rangers and that was a big problem. And we solved that problem through some legislation that allows them to enforce park regulations out -- once they've done the inventory, once they've determined what needs to be protected and we can define those areas, we will be back to you with some form of transfer of control to Parks to accomplish that.

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

Staff feels on these four parks, two separate...
parcels, one on the coast and one at Lake Tahoe, that the
approval of an application at this time is premature.

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

MR. TROUT: So would we.

EXECUTIVE OFFICER DEDRICK: So would we.

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

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

MR. TROUT: I think I was involved in it from the
beginning and have some historical background. Mr. Kiley has
been directly involved in this transaction. I think that the
Chairman has hit right on the issue here and that is is the
49 year lease to Parks the best way to do it. We have some
questions about that. We think there is some management and
control options. There may be ample justification for
leasing specific areas that will allow them to specifically protect and interpret some of the areas, but they've asked for significant large areas of underwater areas which would in effect because of the purpose of their program, while it's not an exclusive lease, in effect makes it exclusive in terms of the use. And I think we need to identify what areas really need to be exclusive and we'd like the opportunity to come back and recommend a process to you.

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

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, let me interject something here. The reason that we're recommending denial today is because we are in negotiations and discussions with the Department of Parks. We understood that they were satisfied with that process, that they recognized that we were asking for denial for that reason today, and
that we would resolve some of these difficulties and get back
to the Commission with a program which is what I would like
to do that deals with this thing in a real world way between
Parks and State Lands.

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

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

What I would urge you to do is allow the denial to
go forward today so that we can get back into -- I thought we
were okay, but it sounds like we're not -- serious
negotiating mode with the Department of Parks and put
together a program that makes sense so we don't have these
kinds of problems when their proposals for leases come up.
That is precisely where I am coming from.

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

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

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

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

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

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

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

MR. KILCOY: We think we'd have some kind of a
management agreement worked out within a month or so.

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

ACTING CHAIRPERSON McCARTHY: That satisfies me.

COMMISSIONER HARVEY: That answers my question.

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

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

MR. COLLIER: I have an understanding.

ACTING CHAIRPERSON McCARTHY: Okay.

MR. COLLIER: Thank you.

COMMISSIONER HARVEY: Move denial without prejudice.

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

Item 25.

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

COMMISSIONER ORDWAY: Motion.
ACTING CHAIRPERSON McCARTHY: Commission approves.
Twenty-six.

EXECUTIVE OFFICER DEDRICK: Twenty-six is off calendar.

ACTING CHAIRPERSON McCARTHY: Twenty-seven.

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

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

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

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

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

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

EXECUTIVE OFFICER DEDRICK: Thank you.

ACTING CHAIRPERSON MCCARTHY: Moved. Seconded. They are deleted.

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

ACTING CHAIRPERSON MCCARTHY: All right. There are two votes for deletion.

EXECUTIVE OFFICER DEDRICK: Thank you.

ACTING CHAIRPERSON MCCARTHY: On the issue, any further comments?

EXECUTIVE OFFICER DEDRICK: Not from me.

ACTING CHAIRPERSON MCCARTHY: Number 29.

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

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

COMMISSIONER HARVEY: I will abstain on this one.
also, Mr. Chairman.

ACTING CHAIRPERSON MCCARTHY: Where is the letter?

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

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

FROM THE AUDIENCE: We haven't seen it.

COMMISSIONER ORDWAY: Would you like to see it?

EXECUTIVE OFFICER DEDRICK: Jane has a copy.

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

EXECUTIVE OFFICE DEDRICK: Moose, that's okay. I think this is Bob's answer here.

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

EXECUTIVE OFFICER DEDRICK: 1969, the result of the
MR. HIGHT: The Commission then approved a resumption of drilling on a case by case basis in about '76 and at that time did an Environmental Impact Report. So in effect CEQA has been complied with and an Environmental Impact Report included, I'm almost positive, the air quality analysis.

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

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

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

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

COMMISSIONER ORDWAY: Motion.

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

EXECUTIVE OFFICER DEDRICK: Item 30 is the approval
to close the accounts of the tideland oil revenue expenditures for subsidence, vertical and horizontal measurements, at Long Beach.

ACTING CHAIRPERSON McCARTHY: Any questions from the audience?

COMMISSIONER ORDWAY: Move approval.

ACTING CHAIRPERSON McCARTHY: Moved, seconded.

Approved by the Commission.

Thirty-one.

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

COMMISSIONER ORDWAY: Motion.

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

Thirty-two.

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

COMMISSIONER HARVEY: Motion.

ACTING CHAIRPERSON McCARTHY: Any questions from the audience?
We have with us in the audience Mr. John Grattan who is a partner in Grattan, Gersick and Karp representing Bell Marine, and Mr. Wilbert Dykas, and I hope I'm pronouncing that name correctly, sir, President of International Mineral Services who are here and ready to answer any questions as I understand the notes.

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

COMMISSIONER HARVEY: Motion.
COMMISSIONER ORDWAY: Second.

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

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

COMMISSIONER ORDWAY: Motion.
COMMISSIONER HARVEY: Second.

ACTING CHAIRPERSON McCARthy: Any questions from the audience? There's a motion before the Commission. Approved as recommended.
EXECUTIVE OFFICER DEDRICK: Legal.

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

COMMISSIONER ORDWAY: Motion.

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

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

COMMISSIONER ORDWAY: Motion.

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

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

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON MCCARTHY: Approved as recommended.
EXECUTIVE OFFICER DEDRICK: That is the calendar, Commissioner.

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

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

(Thereupon the Meeting of the State Lands Commission was adjourned at 10:50 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 7th day of November, 1986.

Cathleen Slocum
Certified Shorthand Reporter
License No. 2822