MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

ORIGINAL

ROOM 447
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, JULY 16, 1987
10:10 A.M.

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION
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SAN CARLOS, CALIFORNIA 94070
PHONE (415) 944-2345
MEMBERS PRESENT
Leo T. McCarthy, Lieutenant Governor, Chairman
Nancy Ordway, representing Jesse R. Huff,
   Director of Finance, Commissioner
Jim Tucker, representing Gray Davis, State Controller,
   Commissioner

STAFF PRESENT
Claire T. Dedrick, Executive Officer
J. Trout, Assistant Executive Officer
Robert Hight, Chief Counsel
Jan Stevens, Deputy Attorney General
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CHAIRMAN MC CARTHY: Good morning, ladies and gentlemen. Welcome to this meeting of the State Lands Commission.

On my right is Nancy Ordway. And we have some very mixed feelings this morning, because this is Commissioner Ordway's last meeting as a member of the State Lands Commission.

In 1983, she was appointed Deputy Director of the Department of Finance, and in 1984, the Chief Deputy Director of the Department of Finance. She is viewed by both Democrats and Republicans in this building as one of the most able people in State service and someone who, through a lot of gut-wrenching crises, manages to keep a sense of humor, and never lets the grinding of her teeth be heard by anyone.

(Laughter.)

CHAIRMAN MC CARTHY: It's been sheer pleasure to attend a lot of these State Lands Commission meetings with her because she has an extraordinary level of intelligence; she's very incisive, and she's fun to work with. Being a good professional and being a good person is often very tough in this building with the level of stress that occurs here. And I think on behalf of Gray...
Davis, who is not here -- but Jim Tucker's here representing him in sitting this morning -- all of the staff who admire Nancy very, very much, and myself -- I want to say, we're really going to miss you, Commissioner. Thank you.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman.

CHAIRMAN MC CARTHY: Yes.

EXECUTIVE OFFICER DEDRICK: We have kind of a token of service, which is traditional here, which I think --

COMMISSIONER ORDWAY: Is it edible?

(Laughter.)

EXECUTIVE OFFICER DEDRICK: No, it is not edible.

CHAIRMAN MC CARTHY: Here we go.

COMMISSIONER ORDWAY: Do I soak it in water first?

(Laughter.)

CHAIRMAN MC CARTHY: Listen, if one of the highest execs in the Department of Finance doesn't know how to defuse things --

EXECUTIVE OFFICER DEDRICK: Open it.

(Thereupon Commissioner Ordway opened a gift package.)

CHAIRMAN MC CARTHY: A map of Washington, D.C.

(Laughter.)

EXECUTIVE OFFICER DEDRICK: Turn it over, Nancy.
This is a survey monument.

COMMISSIONER ORDWAY: This is wonderful.

EXECUTIVE OFFICER DEDRICK: You might want to read the caption.


I will put it outside my new office door. This is wonderful.

CHAIRMAN MCCARTHY: I wanted to do this at the beginning of the meeting instead of at the end to give us--

COMMISSIONER ORDWAY: Get another one at the end?

(Laughter.)

COMMISSIONER ORDWAY: May I make some comments now or would you prefer it later?

CHAIRMAN MCCARTHY: I hope so. No, I'd like it right now.

COMMISSIONER ORDWAY: I'm not going to--

(Laughter.)

COMMISSIONER ORDWAY: In Finance, you get to do some things that are fun and some things that are less fun. But one of the things that's a real joy is to serve on the Lands Commission, particularly with the
Commissioners I've been able to work with and their
delegates and the staff, and the type of issues we deal
with.

It has not always been great fun, but it has
always been a wonderful experience. Thank you all very,
very much for it. And I look forward to getting your
phone calls and I look forward to seeing you in
Washington. Thank you for a good time.

CHAIRMAN MC CARthy: Thank you.

To begin the rest of the meeting, off calendar
today -- for those of you who may be on these particular
items -- are the following: 13, 16, 17, 20, 21, 22, and
29. Those are all off calendar.

We'll begin with Item No. 1.

EXECUTIVE OFFICER DEDRICK: Excuse me, Mr.
Chairman, we have the confirmation of the minutes, which
is hiding at the bottom of the page.

CHAIRMAN MC CARthy: I was forgetting a
critical part of the meeting.

EXECUTIVE OFFICER DEDRICK: And stimulating.
CHAIRMAN MC CARthy: And stimulating part of the
meeting.

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARthy: Motion from Commissioner.

Ordway. Second by Commissioner Tucker. Minutes of the last
Item No. 1.

COMMISSIONER ORDWAY: I move the consent calendar, Item C-1 through C-10.

CHAIRMAN MC CARthy: I through C-10 is the consent calendar. Without objection, those items are approved. No. 11.

EXECUTIVE OFFICER DEDRICK: Commissioners, this is relating to the Manila Galleon off the Pt. Reyes National Seashore area of California.

Robert Marx, the applicant. The issue was heard extensively at the last Commission meeting. The Commission -- particularly Susan Wallace -- asked for some clarification and changes in the way the permit was structured. Those changes have been made. We have received a letter from the Park Service, from Lowell Smith, in which they expressed some concerns that I'd like to address if I may.

There was a basic misunderstanding I think in relation to the fundamental environmental issues or the issues that have to do with the protection of the archeological resource. And I have talked to Lowell and explained to him that that aspect of his concern is addressed in the memorandum of agreement between the applicant, ourselves, and the State Historic Preservation
Office. That, I believe, satisfied his concern there. But they raised another question that I think really needs to be stated. And that is as to the specific location of the permit that would be granted. We have never released that information publicly at the request of the archeological community, because that kind of asks for trouble from folks coming out to look at it. But certainly, there's no reasonable reason why the National Park Service should not be made aware of the location. And if you do grant the permit, we'd be happy to have our people sit down with the National Park Service people and make sure that the location -- that they know the location.

The permit, as it would be granted, would not allow any exploration on the lands that have been granted by the Legislature to the Pt. Reyes National Seashore, which is the first quarter mile of submerged land. With that clarification, if you would like to hear from Robert Hight, he has some comments he'd like to make.

CHAIRMAN MC CARTHY: I'd like to call on our legal counsel. Mr. Hight.

MR. HIGHT: Yes. At the Commission's direction last month, I revised the permit agreement. And somehow in the process, it didn't turn out exactly the way I intended it. It's my understanding that Mr. Marx has agreed to the concept that the items salvaged will be
valued as an entity and as individually, and the
Commission shall be the ultimate arbitrator of the
value of the archives.

And I would like just to kind of clean up the
language just a very little bit. So, with that caveat --

CHAIRMAN MC CARTHY: Questions from the
Commissioners? Any other staff comments?

COMMISSIONER ORDWAY: Is Mr. Marx here?

CHAIRMAN MC CARTHY: I was going to ask Mr.
Marx -- do you have anything you'd like to say?

MR. MARX: No, sir. I did last time.
I'll answer any questions that you have.

COMMISSIONER ORDWAY: I will move the item with
the appropriate amendments.

MR. TUCKER: Second.

CHAIRMAN MC CARTHY: The Commission unanimously
approves the recommendation.

No. 12.

EXECUTIVE OFFICER DEDRICK: Item 12, this is a
consideration of a 49-year general permit-public agency
use for the Tahoe Conservancy to authorize the use of
submerged lands for some experimental fish spawning
habitat. Dennis Machida, Executive Officer of the
Conservancy, is here if you have any questions. The item
is noncontroversial. A couple of permits have not yet been
issued, but the Commission's permission is dependent upon those permits being issued. So, there's nothing inappropriate about your taking action today.

COMMISSIONER ORDWAY: I'll move the item conditioned on the issuance of those permits.

CHAIRMAN MC CARTHY: Mr. Machida, do you have anything you want to add?

MR. MACHIDA: No, I don't.

CHAIRMAN MC CARTHY: The item's been moved.

COMMISSIONER TUCKER: Second.


Item No. 12 -- 13.

EXECUTIVE OFFICER DEDRICK: Item 13 is off calendar. Item 14 is Charles Patmon III and Cheryl Lynn Patmon, the applicants, approval of a ten-year general permit - protective structure and recreational use in -- I can't read my own writing -- San Joaquin River in San Joaquin County.

CHAIRMAN MC CARTHY: Any questions, from the audience? Hear a motion?

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARTHY: Motion by Commissioner Ordway, seconded by Commissioner Tucker.

EXECUTIVE OFFICER DEDRICK: No. 15 is the
Burlingame joint venture. I'd like Mr. Trout to present this item.

MR. TROUT: This is a lease of -- actually three leases of property that were perfected to State ownership as part of a boundary settlement. These leases were for the development of these parcels. The current Burlingame Joint Venture I is about a third of the series of people who have handled this lease, and we still have no development underway. The lease is in breach at the present time, and we're seeking the Commission's approval to declare it in breach and move ahead to either bring the lease into compliance or terminate.

CHAIRMAN MC CARthy: Any questions?

COMMISSIONER ORDWAY: Move.

CHAIRMAN MC CARthy: Commissioner Ordway moves. Commissioner Tucker seconds. The recommendation is adopted. Item 18?

EXECUTIVE OFFICER DEDRICK: Item 18, San Joaquin County Flood Control and Water Conservation District, approval of a 49-year public agency use for submerged land in San Joaquin County.

CHAIRMAN MC CARthy: Any questions?

COMMISSIONER ORDWAY: Move.

CHAIRMAN MC CARthy: Commissioner Ordway move.

Commissioner Tucker seconds. The recommendation is...
EXECUTIVE OFFICER DEDRICK: 19, this is the Golden Gate National Recreation Area. At the request of the GGNRA, we are approving a public agency permit for a thousand-foot band offshore of the existing National Recreation Area.

CHAIRMAN MC CARTHY: Any questions?

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARTHY: Commissioner Ordway moves.

Mr. Tucker seconds. Approved. 23?

EXECUTIVE OFFICER DEDRICK: Item 23 is a dredging permit to the City and County of San Francisco for a maximum of 1.4 million cubic yards of material to improve access to the container terminal.

CHAIRMAN MC CARTHY: Any questions?

COMMISSIONER ORDWAY: Motion.

COMMISSIONER TUCKER: Second.

CHAIRMAN MC CARTHY: Commissioner Ordway moves.

Commissioner Tucker seconds. It's approved. 24.

EXECUTIVE OFFICER DEDRICK: 24 is the Bel Marin Keys Community Services District, dredging permit for a maximum of 95,000 cubic yards in Marin County.

CHAIRMAN MC CARTHY: Any questions?

COMMISSIONER TUCKER: Move.

CHAIRMAN MC CARTHY: Commissioner Tucker moves.
Commissioner Ordway seconds. Approved. 25.

EXECUTIVE OFFICER DEDRICK: 25 is the Corbin J. Robertson with Quintana Petroleum as the agent. The approval of an issuance of a negotiated oil and gas lease in the bed of the Middle River in San Joaquin County. This is a negotiated lease because the access depends upon the uplands owner -- well, that's not quite true. Robertson has the upland lease, so the access can only be reached through his lease.

CHAIRMAN MC CARTHY: This is in San Joaquin?

EXECUTIVE OFFICER DEDRICK: That is correct. The Middle River in San Joaquin County.

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARTHY: Commissioner Ordway moves.


EXECUTIVE OFFICER DEDRICK: This is an application from the County of Orange, a five-year dredging permit for a maximum of 156,000 cubic yards to dredge Huntington Harbor in Orange County.

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARTHY: Item 26, Commissioner Ordway moves. Commissioner Tucker seconds. Recommendation approved. 27.

EXECUTIVE OFFICER DEDRICK: 27 is the award of two crude oil royalty oil contracts both in the -- one in
the Wilmington field -- and I guess they're both in the
Wilmington field. The price is 87 cents on both parcels.
Edginton is the winner.

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARTHY: Motion by Commissioner
Ordway. Second by Commissioner Tucker. Recommendation
approved.

28.

EXECUTIVE OFFICER DEDRICK: 28 is a negotiated
subsurface oil and gas lease to replace a compensatory
agreement we had with TXO. Again, this is a question of
the leaseholder being the only leaseholder with access,
the only lease area with access.

CHAIRMAN MC CARTHY: Any questions?

COMMISSIONER ORDWAY: Motion.

CHAIRMAN MC CARTHY: Commissioner Ordway moves.

Commissioner Tucker seconds. Approved.

And that is the end of today's agenda.

COMMISSIONER ORDWAY: Move to adjourn.

CHAIRMAN MC CARTHY: Is that your last word?

COMMISSIONER ORDWAY: My last word is in the
absence of any further business, I move to adjourn.

CHAIRMAN MC CARTHY: All right.

EXECUTIVE OFFICER DEDRICK: Thank you, Commissioners.
CHAIRMAN MC CARTHY: The meeting is over.

Thank you, Commissioner Ordway.

(Thereupon the meeting was adjourned at 10:30 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting of the State Lands Commission was reported in shorthand by me, and thereafter 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 heretounto set my hand this 9th day of August, 1987.

Nadine J. Parks
Shorthand Reporter