STATE LANDS COMMISSION

TRANSCRIPTS

MAY 1, 1991,
MAY 23, 1991
AND
MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

AUDITORIUM
744 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 1, 1991
10:20 A.M.

Nadine J. Parks
Shorthand Reporter
MEMBERS PRESENT

Leo T. McCarthy, Lieutenant Governor, Chairman
Jim Tucker, representing Gray Davis, State Controller, Commissioner
LaFenus Stancell, representing Thomas W. Hayes, Director of Finance, Commissioner

Staff Present
Charles Warren, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Chief Counsel
Jan Stevens, Deputy Attorney General
Lance Kiley
Paul Mount
**INDEX**

| Proceedings                  | 1 |
| Approval of Minutes of April 2, 1991 | 1 |
| Consent Calendar             | 1 |
| **Regular Calendar**         |   |
| Item 24                      | 2 |
| Item 25                      | 16|
| Item 26                      | 16|
| Item 27                      | 17|
| Item 28                      | 17|
| Item 29                      | 17|
| Item 30                      | 17|
| Item 31 (Off Calendar)       |   |
| Item 32                      | 18|
| Item 33                      | 18|
| Item 34 (Off Calendar)       |   |
| Item 35                      | 18|
| Item 36                      | 19|
| Item 37                      | 28|
| Item 38 (Off Calendar)       |   |
| Adjournment                  | 28|
| Certificate of Shorthand Reporter | 29 |

PETERS SHORTHAND REPORTING CORPORATION
CHAIRMAN MCCARTHY: Welcome, ladies and
gentlemen, to the meeting of the State Lands Commission.
My name is Leo McCarthy. My colleagues on either side are
Commissioner Stan Stancell, representing the Department of
Finance; Commissioner Jim Tucker, representing the State
Controller.

The minutes of the last meeting are approved
as reviewed.

The consent calendar, as I understand it,
there was removal of three sections from the consent
calendar: Item 1-H, I, and J, all dealing with Union Oil
Company. Those three sections of Consent Calendar 1 are
off.

The remainder of Item 1 is still on the
consent file. Also pulled off consent are Consent Items
8, 11, and 13. The remainder of the consent calendar is
before the Commission. Is there any objection to any of the
remaining consent items remaining on the consent calendar?

If there is none, it's moved, and the consent
calendar, as amended, is adopted.

Mr. Warren, let's go to the next item on the
regular calendar.

EXECUTIVE OFFICER WARREN: Mr. Chairman, you
have to announce the regular calendar --

CHAIRMAN MC CARTHY: I'm sorry. Regular
calendar item 34 is also off the calendar.

EXECUTIVE OFFICER WARREN: Also Item 38 and 31.

CHAIRMAN MC CARTHY: Items 31, 34, and 38 are
off calendar. Let's proceed.

EXECUTIVE OFFICER WARREN: All right. The
next calendar item will be presented by Mr. Trout.

ASSISTANT EXECUTIVE OFFICER TROUT: Item No.
24, Mr. Chairman, is the approval of the annual plan and
development operations and budget for the Long Beach unit
in the Wilmington Field.

The proposed budget sent to the Lands
Commission by the City of Long Beach totaled $169 million
an increase over last year.

Our staff has reviewed the budget. We have
reached agreement on the terms of the budget with one
exception. The City of Long Beach has agreed to reduce
the amount by $5 million, which basically just reduces
the contingency and, if necessary, can be added to if the
Commission finds it necessary later in the year.

The remaining issue, then, of what would then
be $164 million budget, is the question of the well
approvals. And I'd like Mr. Paul Mount, who is the
Division Chief, to come up and explain his position with
regard to the drilling schedule.

The city has proposed a six-month well drilling schedule review period. It is the position of staff that the period should be -- wells should be reviewed every four months. And I'd like Mr. Mount to give you his assessment of why that's necessary.

I believe the City of Long Beach may be represented and would want to make a statement.

MR. MOUNT: Good morning, Mr. Chairman.

CHAIRMAN MCCARTHY: Good morning.

MR. MOUNT: I'm Paul Mount right here beside you, sir.

CHAIRMAN MCCARTHY: Thank you, Mr. Mount. It proves I don't have eyes in the side of my head.

MR. MOUNT: In 1983, it was proposed that well drilling be planned better than it had been previously. And previously, it had been done and approved on a well-by-well basis. In 1983, a six-month drilling list was developed between the city and State Lands in order to plan for future drilling in the Long Beach unit. That six-month list was continued until 1986, when the oil price fluctuations caused radical changes in operations and uncertainties in the future.

At that point, they went to a four-month drilling list because of the uncertainties and the
question of whether they would even continue to have a
drilling rig active.

Recently, the city requested that we go back
to a six-month drilling list from a four-month drilling
list as proposed or has been done since 1986.

We felt that it was a prudent thing to do to
continue with the four-month list, because it allowed the
State Lands Commission and city and staff to review the
success or lack of success on drilling that had occurred
over the previous four months, and to reevaluate any work
that had been done in preparation for future drilling,
and take advantage of any lessons that we learned.

And, in fact, with a $30 million drilling
budget -- in fact, it's 33 on this budget -- we felt it
was critical that we have an opportunity to look at the
expenditures and the justification for those expenditures
more frequently than once every six months.

In the past, there had been times when we
even stopped drilling in certain areas based on the lack
of success or information learned from doing that work.

The four-month list does involve a little more
time, in that the city and State have to get together more
frequently to review the list. Other than that, we
provide enough wells on the four-month list currently to
allow the city and Thums (phonetic), the contractor,
a considerable amount of flexibility planning for the drilling.

ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, staff recommends approval of the plan and budget as submitted by the City of Long Beach with the condition that the city submit a first modification that reduces the budget by $5 million and the schedule that's already been agreed to with staff, and schedule well approvals on a four-month interval.

CHAIRMAN MC CARTHY: Questions by Commissioners?

Mr. Tucker.

ACTING COMMISSIONER TUCKER: Can we hear from Long Beach on this?

CHAIRMAN MC CARTHY: We have three witnesses we're going to hear from. Is there any question of the staff at this point, Mr. Mount?

I have three witnesses, Mr. Alesso, Mr. Colazos, and Mr. Frown. All right. Why don't you please come up in whatever order you want to address us. Thank you.

MR. ALESSO: Thank you, Mr. Chairman, members of the Commission. My name is Richard Alesso, Deputy City Attorney, representing the City of Long Beach.

As Mr. Trout has indicated, the city and the staff have agreed upon the budget portion of the plan, which
include a modification -- which includes a modification
of expenditures by $5 million. The one aspect of the
plan is an operational portion of the plan to which the
city and the staff have not agreed.

The city has proposed a two month -- two
six-month drilling lists for the year; staff is seeking
to have the Commission modify the city's proposal to have
three four-month drilling lists.

Mr. Xen Colazas, the Director of the city's
Department of Oil Properties, and Mr. Frank Brown, the
president of the Thums Long Beach Company, the field
contractor for the Long Beach unit, would like to briefly
explain the operational aspects of this issue in
relationship to good oil field practice. Mr. Colazas.

MR. COLAZAS: Thank you, sir.

CHAIRMAN MCCARTHY: Very impressive name.

MR. COLAZAS: Thank you, sir. Mr. Chairman
and members of the Commission. My name is Xen Colazas,
and I'm the Director of Oil Properties for the City of
Long Beach.

I would like to briefly summarize how we
arrive at the annual plan and budget. By law and by
Chapter 138, we have to declare an annual plan and budget,
which has to be submitted and approved by the Long Beach
City Council and also by the State Lands Commission.
Our City Council approved this particular 1991 budget on March 5th, 1991, and it was submitted to the State Lands Commission on March 19, 1991.

The budget is prepared jointly by both the City of Long Beach and Thums Long Beach Company, which is the contractor for the city. Both the city and Thums spent literally thousands of hours in the preparation of this complex document, because it provides for the orderly operation of the oil field, the Long Beach unit.

About three weeks ago, we met with some members of your State Lands Commission staff, and we discussed the expenses, some of the projects, and we discussed the arrangements and rescheduling. We took that under advisement and we went back to the Thums Long Beach company and we discussed the budget again. And then we finally reduced the budget by about $5 million. We did so. I called the State Lands Commission staff, and we agreed that, you know, we agree with the $5 million reduction in the budget.

Unfortunately, there's one small issue that has not been resolved yet, a small issue according to what I think. However, unfortunately very important, in that the issue of planning a six-month drilling schedule versus a four-month drilling schedule plan, as the State Lands Commission wants it, I would like to briefly summarize now.
what the advantages would be of the six-month plan versus the four-month plan. And Mr. Frank Brown is going to operationally given you the advantages of the six-month drilling schedule plan.

According to — as you know, the Long Beach unit has more than 1300 wells drilled now. And it's becoming a pretty, pretty busy oil field. I have shown that to Mr. Tucker before and other members of the Commission, and I would like to show you again what this area looks like. (Holding up map.)

Therefore, a longer drilling time, a longer planning — this is what it looks like. A longer drilling time is required by the contractor in order to lay those wells out properly.

Number two is that the Chapter 138 actually does call for a one-year plan — one-year drilling schedule to be submitted with the annual plan and budget, which can be modified according to discussion between the city and the State. And we have done so many times in the past.

In 1981, the State Lands Commission produced an audit of the Thums Long Beach Company by Deloitte, Haskins, and Sellers, which was prepared for the State Lands Commission. And in that, I would like to quote, they said the following: It is recommended that the units should
approve and maintain maximum leadtime in the drilling 
schedule and minimize changes in it. By mutual compromise, 
the city and the State got together, and we went to a six-
month drilling schedule.

Now, the -- it is common agreement that there 
are many wells in the Long Beach unit to be drilled. The 
State Lands had long-term plans, in which they said they 
were going to have 150 to 300 wells to be drilled. The 
City of Long Beach and Thums Long Beach Company published 
a five-year plan in which we stated there we have about 
150 to 300 wells to be drilled.

Arco has put forward an optimized plan 
saying they have about 200 to 300 wells to be drilled. 
Therefore, it is common agreement that we have plenty of 
good candidates to be drilled.

What we're asking for really is we're asking 
that we have a six-month drilling plan rather than a four-
month drilling plan. We have three drilling rigs right 
now which are active, and they're moving very fast; therefore, 
we do need at least a six-month drilling plan. We have 
always worked with the State Lands Commission before in 
order to delete, add, or modify wells, and we're willing to 
do so in the future.

We should, I think, between the city and the 
State and Thums, we have a six-month drilling schedule. We
have more than a six-month drilling of work of wells to be drilled. I recommend, with your permission, that the recommendations remain as proposed by Mr. Tucker, however, I feel I would like to propose that the last recommendation number two read in the last two lines deleted, which would read as follows: No. 2. Approve the 1991 Long Beach Unit Plan and Budget. This approval is conditional upon submission by the City of Long Beach to the State Lands Commission for approval of the First Modification of the 90-92 plan of development and operations and budget that revise downward the 1991-92 plan and budget and expenditures.

Mr. Chairman and members of the Commission, thank you very much for listening. And now, Mr. Brown is going to address the Commission. Thank you very much.

CHAIRMAN MC CARTHY: Thank you, Colazas.

MR. BROWN: My name is Frank Brown, president of Thumps Long Beach Company. I want to speak to the three main areas operationally in support of the six-month list as opposed to a four-month drilling list. The three areas are people, the equipment, and the acquisition of materials and supplies.

For the people side of it, by going -- dropping one planning cycle out, we get about a 33 percent improvement in the utilization of people. And there are
many man/days spent on this planning process. So, I think we feel, especially with increased drilling rig activity that we have, you know, we have definitely used those man/days of work, both in the city and the Thums Long Beach Company.

The utilization of our equipment in the form of drilling rigs, being able to look a little ahead and schedule the rig moves and the locations gives us many advantages and sometimes to avoid unnecessary drilling moves. One of the main advantages I think we see is the acquisition of materials and supplies, and being able to look a little head in the future and get with our suppliers and get price breaks and cost savings by doing this.

So, these are the three main areas I see. And I guess I don't see any downside. Looks like an opportunity to have a productivity gain on three fronts. You don't normally have those set of alternatives available to you.

In summary, Thums Long Beach Company proposes that we go to a six-month drilling list. And we want to on the record to support that. Thank you.

CHAIRMAN MC CARTHY: Thank you, Mr. Brown. Any questions from either Commissioner?

COMMISSIONER TUCKER: I have some questions.

CHAIRMAN MC CARTHY: Commissioner Tucker.
ACTING COMMISSIONER TUCKER: Is there someone that represents Thums?

CHAIRMAN McN CARTHY: Mr. Brown.

ACTING COMMISSIONER TUCKER: So, you're saying the operator feels that this is the best approach; is that right?

MR. BROWN: Yes. I think we -- yeah, we think we have a list of wells, like I said, we don't have any problem with changing or altering the slate of wells, just have an opportunity to eliminate that planning cycle.

ACTING COMMISSIONER TUCKER: Okay. When does this budget have to be adopted by, submitted?

MR. BROWN: Today.

ACTING COMMISSIONER TUCKER: All right. As I understand it, if the Arco bill is passed, that we would go to a different procedure anyway; is that correct?

MR. HIGHT: Right.

ACTING COMMISSIONER TUCKER: And so, if there's some way that we could avoid having to make this decision now, that would be my preference. So that maybe we could approve the budget, take out any references to any period of review for now, revisit this in three or four months when we have a better idea -- or earlier -- if we know earlier what's happened with the Arco bill. And then, if we need to deal with it, we can deal with it. I do think it's a
serious issue. I am concerned about, you know, a company being run with essentially three boards of directors.

You got the operator, we've got the city, and then we've got the Lands Commission. And they all seem to have a vote, and an opinion, and unfortunately sometimes their opinions seem to be different. And I don't quite understand how you can run a company this way, because that's really what we're doing.

So, I think it's a serious issue, but I would prefer that we not have to deal with it until it's something that must be addressed. Now, I don't think at this point it has to be addressed. And really, it seems to me that is part of the benefit of the O'Connell bill, is to streamline this procedure and make it more efficient and more effective, at the same time protecting the city's interest in subsidence and everyone's interest in the safety and environmental issues, et cetera.

So, my question would be to Mr. Warren as to whether or not we can approve the budget, delete any reference to review at this point, you know, and just reserve that issue to decide three months from now whether it's going to be a four-month review or six-month review, or whether it's all irrelevant.

EXECUTIVE OFFICER WARREN: Let me inquire of either Mr. Mount or Mr. Colazas -- is the present list approved for the six months or --
MR. COLAZAS: The present list has been submitted for a six-month list.

EXECUTIVE OFFICER WARREN: For a six-month period.

MR. COLAZAS: Yes. It is about eight months worth of wells.

EXECUTIVE OFFICER WARREN: All right. The suggestion, Mr. Tucker, has merit in the staff's opinion. Mr. Chairman, we have a present drilling list, the basis for which the field can be operated for the next several months. Mr. Mount advises that the substantive aspect of the issue can be deferred until sometime in late September, at which time that we know the fate of AB 227.

So, we would have no objection to having the subject matter just deleted, as suggested by Commissioner Tucker, and to be revisited at that time.

MR. COLAZAS: However, we do need some kind of a plan either for four months or six months in order for the contractor to be able to go ahead to have the wells in the plan.

ACTING COMMISSIONER TUCKER: You have a plan.

MR. COLAZAS: In this particular budget, we're going to have to have approval of their four-month plan or six-month plan, and we don't mind either one of them to
expeditc the operations. We just prefer six months.

EXECUTIVE OFFICER WARREN: We can approve the
six-month plan today.

ACTING COMMISSIONER TUCKER: Let's approve the
six-months, review it in four months. We are family here,
correct?

MR. COLAZAS: We have been family for 18
months now, yes.

MR. HIGHT: We just need a slight
clarification, I think, for the record. Your recommendation
is for approval of the six-month list and the city agrees
that in four months, we'll come back and revisit it.

ACTING COMMISSIONER TUCKER: Right. Right?

MR. COLAZAS: Right.

MR. HIGHT: Right.

MR. MOUNT: That would work as long as we
review it in four months and take a look at it.

CHAIRMAN MC CARTHY: Commissioner Stancell.

ACTING COMMISSIONER STANCELL: I just wanted
to make sure I understand something that was stated by
Mr. Brown. Mr. Brown, you said there would be a gain of
at least 33 percent in terms of the utilization of your
people resources if you stay on the six-month plan. In
other words, you would lose 33 percent.

MR. BROWN: We have three planning cycles a
year, and a lot of man/days are required. By going to
two a year, then you drop off one-third of the meetings,
and that's what I --

ACTING COMMISSIONER STANCELL: So, this
budget that we're being asked to approve, then, if we
were to adopt, based on what you just said, the cost would
increase?

MR. BROWN: It would not have any effect on
the budget. It would not be noticeable. It would just be
better utilization of the people in setting of the wells
we're proposing.

ACTING COMMISSIONER STANCELL: Thank you.

CHAIRMAN MCCARTHY: Any other questions?

The Commission approves as described and
recommended.

Next item.

EXECUTIVE OFFICER WARREN: Item 25 is merely
an informational item detailing the efforts of the staff
of the California Energy Commission and State Lands
Commission to explore cogeneration opportunities and
potentials in the Long Beach Harbor area in order to reduce
energy costs in the operation of the field.

Item 26, Mr. Chairman, will be presented by
Mr. Trout.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 26 is
the eleventh modification of the 90-91 plan and budget to transfer $2.1 million into the direct oil well charges account from development drilling. There's no increase in the budget. We recommend approval.


Next item.

ASSISTANT EXECUTIVE OFFICER TROUT: Items 27, 28, and 29 are similar. These are awards of royalty oil sales. Item 27, Ultramar, provides for the sale of royalty oil from the Belmont offshore field. Ultramar has bid 25 cents a barrel over the average price. It'll be 2345 barrels a month, or about $600 a month additional royalty. We recommend approval.

CHAIRMAN MC CARTHY: Questions? Approved as recommended.

Item 28.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 28, Enron Oil Trading and Transportation has bid 30 cents over posted average for 45,000 barrels per month, for an increase of about $13,500 a month from that area. We recommend approval.

CHAIRMAN MC CARTHY: We're taking these items together. 28 and 29 are also approved. Item 30.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 30, American Girl Mining Company. This is an amendment of a
mineral prospecting lease to allow them to do some core
drilling on the area using existing roads wherever possible,
and it extends for one year. We recommend approval.

CHAIRMAN MC CARthy: Any questions? That's
approved. 31 was taken off calendar. 32.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 32
provides for an agreement to sell lands at the Sierra
Army Depot. The Army needs a few extra months on the
existing lease to finalize that transaction. And so, we
recommend approval that the agreement would be amended
and approve the sale of 16,282 acres to the United States
Army Depot.

CHAIRMAN MC CARthy: Questions? Approved as
recommended. 33.

MR. HIGHT: Item 33, Mr. Chairman, is the
authorization to file a disclaimer in a federal
condemnation action, which the Commission has no interest.

CHAIRMAN MC CARthy: Questions? Approved as
recommended. 35.

ASSISTANT EXECUTIVE OFFICER TROUT: Item 35
is to rescind all prior delegations of the Commission to the
Executive Officer and approval of redelegations to the
staff and replace that with new delegations, which would
reflect the existing organization of the Commission. There's
no policy change involved.
CHAIRMAN MC CARTHY: Questions? The recommendation is adopted. 36.

ASSISTANT EXECUTIVE OFFICER TROUT: Item No. 36 is Vollman-Clark Ranch, and that was before you at the last meeting. Subsequent to the last hearing, we have reviewed the marina -- commercial marina leasing in the navigable waters of the State generally. We have asked staff to review the criteria and standards which are presently applicable to Commission review of these applications. We asked staff to particularly review such standards and criteria for the purpose of more clearly demonstrating the public need and benefit of such applications, inasmuch as their use of one public trust purpose frequently results in the abridgement of other public trust uses of these waterways. So we are undertaking that review. We hope to be able to report back to you within three months of our recommendations of how much criteria and standards should be modified.

In the meantime, the Vollman-Clark lease is before you. It's a standard lease for 25 years, which is a standard provision for such leases. The Fish & Game advises that they are still opposed. But the item's before you for your consideration.

CHAIRMAN MC CARTHY: How would you involve local government in the formulation of the benefit standards?
for applications like the one before us?

EXECUTIVE OFFICER WARREN: That will be one of the specific objectives that staff will seek to accomplish. The State agencies involved consistently indicated to the applicant their opposition to the proposal. However, this project was permitted by the county in which the commercial marina will be located and, therefore, indicating to them that the project would otherwise be acceptable. We feel that the review by the county of the application is not -- does not conform to what we believe are the requirements of the public trust document would indicate. And it's for the purpose of trying to involve local government more directly in that kind of a review process that our review of the standards and criteria is focused on.

CHAIRMAN MC CARTHY: What opportunity will any potential applicants that would have to abide by such standards have to comment on the appropriate regulations?

EXECUTIVE OFFICER WARREN: That would not be abridged at all. There will be full opportunity for the public generally to comment on any standards and criteria that we propose to local government and we follow in the review of these applications.

CHAIRMAN MC CARTHY: Questions by members of the Commission?
ACTING COMMISSIONER TUCKER: I have just one comment.

CHAIRMAN MC CARTHY: Mr. Tucker.

ACTING COMMISSIONER TUCKER: One thing I think you ought to give some consideration to is whether we should be at the beginning of the process. That's always been a step I've been reluctant to take just for practical reasons. You know, sometimes these things go away, because they don't get local approval.

But I think here, we're talking about a situation where probably we're the only ones along with Fish & Game and some other State entities that are really going to evaluate these public trust issues. I just don't think it's realistic. I mean we certainly should give local government an opportunity to encourage them to weigh these considerations. But I just don't think they're going to look at that. I mean, they're going to look at their local plan and does this fit in with their plan. They don't really have a mechanism that I'm aware of in general to look at these issues of impact on resources and impact on the public trust values, et cetera. And ultimately, it seems to me that they would want to look at it, they would want to ask Fish & Game and other State agencies to help them out on that.

So, all I'm saying is I think you ought to give
some consideration to whether we should encourage people
in this instance, this type of situation to apply first
so that we don't get them, you know, winding through all
of the long path, only to get here and find that there is
a different consideration than was made at the local level.

And I think in these issues, we're not going
to be overruling local consideration, because I think in
most instances, they're really not going to be looking
at this point in such a way.

EXECUTIVE OFFICE WARREN: All right. Thank
you.

CHAIRMAN MC CARTHY: Any other questions?
We have the matter before us, and we have back
with us, Mr. Vollman and Mr. Clark, and Mr. Labrie.

We heard this matter at length last time.
Is there anything singularly unique or important that was
not stated last time that would not be repetitious of the
testimony last time?

MR. VOLLMAN: My name is Dennis Vollman. In
answer to the Chairman's question, the issue of conflicting
public trust that we talked about a little bit last time,
and the issue of need, which was a question that was
really not answered, only small amounts could be added
at this point in time. Public trust of accessing the
waterways and fishing, as well as boating purposes seems
to be fairly well addressed in the agenda item. As to the access and need, I have not, nor has -- my associates conducted a detailed study of the number of waiting lists, people on those waiting lists in the general vicinity. We have, in fact, ascertained that there are waiting lists which don't have the hard facts as to how many people are on them or how long they've existed.

Other than that, thank you for your consideration.

CHAIRMAN MC CARTHY: You heard me state at the last meeting that one thing that troubles me is that there were no standards against which to weigh applications such as yours so that we could come to some sort of consistent policy judgment on it. You just heard Mr. Warren say that within three months, they think they can, working with local government, formulate such standards to make judgments as to whether this kind of application is appropriate.

Do you have any comment on that?

MR. VOLLMAN: I think that's an excellent idea. It seems to me that there would be a fairly reasonable way to do that. Certainly, every county has a planning and processing process that could certainly be added to to further that checklist an applicant would have to go and do first as opposed to last in line. If the guidelines are clear, it should be something that would be very, very
beneficial to everybody.

CHAIRMAN MC CARTHY: My view of this whole matter at this time, is that I hope this doesn't produce too much chagrin. You've been weaving yourself through the bureaucratic process for, as I remember, four or five years on this matter. I started to think about the logic last time of not having any standards against which to make a judgment on your application. I'm still thinking that.

Mr. Warren, our Executive Officer, just told us that in three months he would have those standards. I'm just one of the three Commissioners here. I'd like to suggest that we postpone any action on this application without prejudice until we have those standards, and we can make a judgment about the propriety of your application weighed against the standards that are formulated, with your knowledge and hopefully with your participation as a citizen.

MR. VOLLMAN: Well, I certainly understand that consideration. It's very logical. We have other considerations that we have been working on for the last actually five and a half years. Some of them are financial. The opportunities that are available to us may not be available to us some months down the road.

If we could certainly be assured that within 90 days, that we would be back here with a set of standards
and the same lease document that we have today, I -- speaking for myself without consulting with my associate, that will be fine.

CHAIRMAN MC CARTH: I don't think there's any guarantee that it's going to be here in three months. But I think they're telling us it's not going to take 12 months. Other Commissioners' comments of any kind?

Commissioner Tucker.

ACTING COMMISSIONER TUCKER: One thing I want to make clear so that you're not misled in this, is that from my perspective, I'm still very uncomfortable with the Fish & Game's opposition and uncomfortable in the sense that, as I would weigh these competing public trust values, I would give a great deal of weight to that versus the need. Clearly, if there is a need, this isn't the only way that that need can be met. I would assume, you know, it's a big river, and I assume there are other places that the need could be met. So, as you go away, I just don't, from my perspective, I don't want you to be misled into thinking that once these standards are developed, they will inevitably lead to an approval of your request.

From my own perspective, I still think there are problems as long as Fish & Game has these concerns, and has asserted there will be some impact on fishing. And
maybe, as these standards develop and our thinking gets
more sophisticated, we'll be able to deal with Fish &
Game's concerns.

But I don't want you to leave today -- you've
been through a lot, and I'm sympathetic to how much
you've had to go through. But then, I don't want you to be
misled in some way thinking, at least from my perspective,
that we are inevitably going to approve this lease once
this process is completed that Mr. Warren is talking about.

Just giving you notice. You don't really need
to respond to that. I just want you to understand.

CHAIRMAN MC CARTHY: I think Commissioner
Tucker is suggesting that he leans against your
application.

MR. VOLLMAN: I think I heard that.

CHAIRMAN MC CARTHY: In any action we may
take in the future. And maybe Commissioner Stancell and
I don't lean either way. We're waiting to look at these
standards and then we'll make a judgment.

MR. VOLLMAN: I understand that.

CHAIRMAN MC CARTHY: At this moment you have
no votes.

MR. VOLLMAN: I understand. I would like to make
a comment to Mr. Tucker. I understand that the conflicting
public trust issue -- I think it would be equitable if people
that had experienced meaningful onsite experience with regard to this issue or any other issue -- this is a thought process for standards to be developed for the next applicant have an opportunity to submit either in writing or testify personally, if they come to the hearing, through their expertise and first-hand knowledge of the issue. If there's not a conflicting situation, then there shouldn't be a problem to overcome. I'm not real sure that that's was absolutely clear last time.

CHAIRMAN MC CARTHY: Thank you.

EXECUTIVE OFFICER WARREN: Mr. Chairman, if I may interrupt, I would suggest that this item not be postponed. We will have to, because of AB 884, it will have to be denied without prejudice. And of course, we will waive any filing fees associated with refiling.

MR. VOLLMAN: I recall last time that we stopped the clock and restarted the clock by our withdrawal and needed reapplication. Is that not accurate?

MR. KILEY: I believe that's correct. I believe that the application was stopped and restarted. We would have, I believe, one year.

EXECUTIVE OFFICER WARRREN: Thank you. Very good. Thank you.

CHAIRMAN MC CARTHY: Thank you very much. Next item.
MR. HIGHT: 37, Mr. Chairman, is the authorization to conduct a public hearing on the cession of concurrent criminal jurisdiction at Fort Irin. The Commission staff will hold a hearing and report back to you. Currently, the law requires every five years these cessions of jurisdiction be renewed. This is a typical renewal process.

CHAIRMAN MC CARTHY: Questions? So authorized as requested. That concludes the calendar.

EXECUTIVE OFFICER WARREN: Yes, it does.

CHAIRMAN MC CARTHY: That concludes the public hearing. Thank you very much.

(Thereupon, the hearing was concluded at 11:05 a.m.)

--000--
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 writing by me, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney to any of the parties herein; that I am not interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of May, 1951.

[Signature]
Nadine J. Parks
Shorthand Reporter