TRANSCRIPT OF
MEETING
STATE LANDS COMMISSION
DECEMBER 12, 1957 - 9:30 A. M.

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PARTICIPANTS:

THE COMMISSION:
Messrs. John M. Peirce, Chairman
Harold J. Powers
Robert C. Kirkwood

STATE LANDS DIVISION:
Mr. Frank J. Hortig, Executive Officer
Mr. Kenneth C. Smith, Sup. Land Title Examiner
Mrs. Julia T. Stahl, Secretary

ATTORNEY GENERAL'S OFFICE:
Mr. Howard Goldin

and ... in the order of their appearance:

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Mr. Bernard J. Ward
City and County of San Francisco 5

Harold A. Lingle
Attorney, City of Long Beach 7

Assemblyman Richard T. Hanna
Orange County 9 - 22

J. Barton Hutchins
Edwin W. Pauley and Associates 13

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DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
MR. PEIRCE: The meeting will come to order. First order of business is the approval of the minutes of the meeting of the State Lands Commission which took place in Sacramento on November 12, 1957. Copies of the minutes have been mailed to the Commission. Your pleasure, gentlemen?

GOV. POWERS: I move we approve the minutes.

MR. KIRKWOOD: Second. There are no technical corrections on it.

MR. PEIRCE: The motion has been made and seconded and the minutes will stand as written. Now, Mr. Hortig, do you want at this time to say something with respect to the next Commission meeting?

MR. HORTIG: If the Commission please, we should, I believe, consider the necessity again of a Commission meeting in the first half of January, prior to January 15th, due to recurring items for consideration of the Commission which must be considered prior to the 15th of the month, in order to eliminate administrative difficulties. If the Chairman please, the staff will be glad to undertake to consult with your secretaries to determine an available date in that area. We might also suggest, if the Commissioners do not consider it unfeasible, that it might be desirable to have that meeting in Los Angeles because a high proportion of the calendar items to be considered at that time, as far as importance is concerned, relate to
oil and gas lease offers, rules and regulations and related matters, on which the majority of personal presentations which may be made from the outside will probably be organizations having headquarters in Los Angeles.

MR. PEIRCE: It would meet with my approval and convenience to have the meeting in Los Angeles.

GOV. POWERS: All right with me if you make it just as close to the 15th as possible. I will be out of the State the first part of the month, I know that.

MR. PEIRCE: The second week of January?

MR. HORTIG: That will be entirely satisfactory and we will tailor it to the convenience of your calendar.

GOV. POWERS: I will be back about the 10th.

MR. PEIRCE: That's O.K. with me.

MR. KIRKWOOD: As far as I know...

MR. PEIRCE: It appears that that will meet with the convenience of the three members of the Commission, so, Mr. Hortig, if you will proceed on that basis.... With respect to the agenda today, in what order do you wish to have the various items taken up?

MR. HORTIG: If the Commission please, I think we should take them up in respect to the order of personal appearances relating to the various items. This is not to indicate any priority of one over the other, but simply as a matter of convenience it would appear that possibly we should start at the back end of the calendar this morning --
on Page 57. The Commission will recall prior presentations by the City and County of San Francisco relative to the necessity of acquiring either title or operating rights in certain areas of San Francisco Bay, to be used as a parking lot in conjunction with the establishment of a new baseball stadium, an operation in which the Commission directed that the staff cooperate fully and with the maximum of expedition for the City and County of San Francisco.

Consideration of these applications and these requirements resulted in the two agenda items now about to be considered. In that the area to be utilized by the City and County of San Francisco involves a portion of an abandoned underwater railroad right-of-way which reverted to the State of California, which is already under lease in part, therefore on page 57 the calendar item proposes that pursuant to the application of the City, and with the concurrence of the present lessee of that railroad right-of-way ... excuse me, that should be page 58 .... that 6.86 acres of the area, currently under lease P.R.C. 835.1 to Piombo Construction Company and Charles L. Harney as lessees, be deleted from that lease and that the same 6.86 acres be leased to the City and County of San Francisco at the same rental rate which is now applicable under the existing lease, which would be at an annual rental of $654.72. The recommendation is that a 35-year lease be issued, effective January 1, 1958. May I expand that recommendation ....
MR. PEIRCE: Mr. Doyle, page 57 and 58.

MR. HORTIG: ... expand that recommendation to include that the effective date of the lease should be determined by funds being available by appropriation by the City and County of San Francisco, so that if funds are not actually available on January 1st, the initial date of the lease will be tailored to coincide with the availability of such funds.

Before we consider action on this railroad right-of-way portion just read, we should like to refer you to page 57, which is the companion item and which relates to 27.89 acres of underwater streets in San Francisco which are part and parcel of the same project, which streets, according to independent appraisals, do not have the same value as the railroad right-of-way we have just discussed. As a matter of fact, independent appraisals indicate an annual rental value considerably less than the $100 annual minimum which is in the Commission's rules and regulations for lease issuance. Therefore, it is proposed that a lease for 35 years, coinciding with date funds are available, be issued to the City and County of San Francisco for approximately 27.89 acres of underwater streets at an annual rental of $100.

Representatives of the City and County of San Francisco are here this morning, Mr. Peirce, and I believe they would like to present a brief statement on this project.
GOV. POWERS: Your $100 is your minimum?

MR. HORTIG: $100 is the minimum that would apply to the underwater streets. The railroad right-of-way portion would be leased at $654.72 per year.

MR. PEIRCE: You are representing the Mayor of San Francisco? (To gentleman in audience)

VOICE: That is right.

MR. PEIRCE: Your name for the record?

MR. WARD: B. J. Ward -- and the statement we would like to make, Mr. Chairman and gentlemen of the Commission -- this plan of leasing the streets is an interim plan. In other words, the City and County of San Francisco is going to seek from the Legislature a fee for this property. However, because of the necessity of beginning the work by March ... if we get on the calendar ... we need this land to do the work immediately. On the other hand, if it does not get on the calendar, we would have the lease in the regular session in 1959. We want the record to show that the Commission is aware of the fact that in leasing this, we are in no way intending to tie our hands, and will bring this up in the Legislature at the first available time. Should any question arise that we have it on the leases and then switch it over to the fee, we want it recognized that we are ultimately seeking a fee, but want the leases now so that we can go ahead with the project as soon as possible.

MR. PEIRCE: The record will so show that this arrangement
if approved by the Commission will be an interim arrangement pending determination at the next session of the Legislature.

MR. KIRKWOOD: Move the two recommendations on 57 and 58.

GOV. POWERS: I'll second.

MR. PEIRCE: It is moved that the two recommendations be approved, and so will be the order. Does that take care of you, Mr. Ward?

MR. WARD: Thank you very much.

MR. HORTIG: Having started in reverse order, gentlemen -- page 55. The Commission has previously authorized expenditures by the City of Long Beach of certain funds under the project titled "Back Areas of Piers A to D." This project was approved on a fiscal year basis, authorizing expenditures to not later than June 30, 1958. Operating developments have shown that currently additional costs will be incurred in connection with engineering and grading and placement of a rock base for construction of a storage area within the limits of the previously authorized project. Therefore, it is recommended, after review by the staff which has been had, that the Commission approve the cost proposed to be expended by the City of Long Beach, including subsidence remedial work, in a total estimated amount not to exceed $20,000 in "Back Areas of Piers A to D", to be expended not later than June 30, 1958; with the standard reservations to the Commission of the right to determine
the amount finally allowable as determined from engineering review and final audit subsequent to completion of the final items.

MR. KIRKWOOD: This is the usual request -- an addition . . .

MR. HORTIG: An augmentation of the previous project.

GOV. POWERS: All right.

MR. PEIRCE: Does this meet with the approval of Long Beach?

MR. LING: That's right.

MR. PEIRCE: All right. The recommendation is approved.

MR. HORTIG: Page 43 is an analogous item for the benefit of the City of Long Beach, relating to expansion or additions to Project "Pier A" for the Port of Long Beach, previously approved by the Commission for the balance of the fiscal year, and an additional item within the scope of that project on which approval had been withheld previously, relating to the proposed construction of the new Administration Building. The data relative to this site and the necessary cost and engineering studies have been completed, and it is now recommended that the Commission therefore authorize the addition, to the project "Long Beach - Pier A" previously approved, of the work proposed to be conducted relative to the new Administration Building in an estimated total expenditure amount not to exceed one million dollars.
as shown on page 44, Exhibit A of this item, to be expended prior to June 30, 1958.

MR. KIRKWOOD: Move the approval.

GOV. POWERS: That's O. K.

MR. PEIRCE: Moved and seconded. The item is approved.

MR. HORTIG: The Commission has previously approved, on a monthly basis, expenditure of funds for certain areal fills within the limits of a project titled "Areal Fill Property Purchase" in the "Town Lot" project, as detailed on Exhibit A (page 46) of this item under discussion. The project as a whole has not yet been sufficiently processed to be able to recommend to the Commission a basis for full fiscal year approval. Therefore, again at this time it is being recommended that expenditures be approved for the month of December 1957 and January 1958 on a monthly continuing basis, identical with that which the Commission has utilized in the previous four approvals.

MR. KIRKWOOD: Move the recommendation.

GOV. POWERS: Yes.

MR. PEIRCE: Moved and seconded. The recommendation is approved. Does that conclude Long Beach?

MR. HORTIG: Yes.

MR. PEIRCE: All right. Now, have you gentlemen from Long Beach anything to say while we are still within your bailiwick?

MR. LINGLE: Not this time.
MR. PEIRCE: You reserve that right for a later meeting?

MR. LINGLE: We seem to be getting our modus operandi down so we go along fine.

MR. PEIRCE: I want to give recognition to the presence of Assemblyman Hanna from Orange County. Do you have anything that you are particularly interested in, that you would like to have us take for your convenience?

ASSEMBLYMAN HANNA: No, I am particularly interested in one case you will be covering, but I am interested in the whole thing.

MR. PEIRCE: All right. Well, you feel free to participate in the discussion to the fullest extent, and we are happy to have you with us this morning. All right, Mr. Hortig.

MR. HORTIG: Page 1. I don't believe there is a basis for further selection so we will revert to the original order.

MR. PEIRCE: Page 1.

MR. HORTIG: The Commission has heretofore authorized the deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1524.1, held by Douglas Oil Company of California. Two wells have been drilled on this lease and are on production and during July and August of 1957 operators on adjacent leased areas to the west drilled a geological exploration core hole. An application has been received from the lessee requesting a further extension
of drilling and operating requirements for such period as may be deemed advisable by the Commission, with the request that further time will be needed for use on the geological survey already acquired in conjunction with additional information obtained in coring operations on the adjacent lease and future explorations.

Therefore, it is recommended that the Commission authorize the granting to Douglas Oil Company of California a deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1524.1 to September 1, 1958... (If I may inject there parenthetically, this date will appear in additional items and would put all extensions on this and adjoining leases in the Huntington Beach area to the same date.) ... subject to the express condition that during the period of deferment the lessee will perform one of the following actions: Initiate development of the lease; quitclaim the undeveloped lease area; or present new adequate bases for any further consideration.

MESSRS. POWERS and KIRKWOOD: That's all right.

MR. PEIRCE: The recommendation is approved.

MR. HORTIG: An analogous item on the adjoining lease to the east of the one just considered: Request for deferment of drilling and operating requirements by Signal Oil and Gas Company, as one of the joint lessees with Richfield Oil Corporation and Honolulu Oil Company. Signal Oil and Gas Company are the operators on the lease. The lessees have
drilled two wells, neither of which has been productive of oil or gas, and extensive instrumental surface and other analyses were made during the course of the drilling of these wells to obtain more than the normal exploration data usually available from the drilling of a well, which data are now under continuing consideration. An application has been received from the lessee, requesting a further extension of drilling and operating requirements to September 1, 1951. The staff of the lessees are interpreting and further evaluating the data and the additional time will be used to further evaluate these data to determine the feasibility of further exploratory work.

MR. KIRKWOOD: All right. Moved.

GOV. POWERS: O. K.

MR. PEIRCE: Moved and seconded. The recommendation is approved.

MR. HORTIG: Page 3. On October 8th the Commission authorized the initiation of procedures under the provisions of the Government Code for amendment of -- consideration of amendment of the rules and regulations, including Section 2100(b), by the addition of certain language. In accordance with the provisions of the Code, proposed amendments were published, with the specification that statements relative thereto would be received during a thirty-day period terminating December 2nd. One statement suggesting modification of the proposed amendment was received. However, the consensus
of all informal discussions has been for adoption of the amendments as originally authorized for consideration; and in view of this it is recommended that the Commission adopt the following additions to Section 2100(b) of the Public Resources Code, to read:

The taking of cores and other samples may be conducted on and under tide and submerged lands of the State only if a permit therefor is first obtained from the State Lands Commission.

Geophysical survey permits are required for the conduct of geophysical surveys on all State lands by any seismic method employing explosives.

Geological survey permits are required for the conduct of geological surveys on and under tide and submerged lands of this State where geological samples are obtained through any drilling operations.

and to amend Section 2100(c) to read:

A person ....

If I may suggest, the amendment differs from the existing rule and regulation in striking the words "as required" and in a reference to "a core drilling permit", to eliminate a conflict with core drilling in 2100(b) precedent. In other words (c) is simply for clarification and not to change the substance.

MR. KIRKWOOD: There is no controversy on this?

MR. HORNE: There may be a few gentlemen here. Here they are in legislative draft form -- the rule as it was and as it would be amended as a result of this recommendation.

MR. PEIRCE: Now, these changes in the California Administrative Code are made necessary by changes in the law
made by the Legislature of the last session?

MR. HORTIG: No sir, not this particular suggested set of changes. These were indicated to be necessary for clarification purposes in that permittees felt that, lacking a specification of particular areas of exploration for permits to be required, that permits would otherwise be required for any type of exploration; and it was concluded that there were many types of instrumentation that did not result in an occupancy of State lands and penetration of State lands, and, obviously, there is still much to be invented, which it did not appear to be the intent of the Legislature to require permits for that type of operations. Therefore, this language was proposed so that would be required -- geophysical permits pertaining to explosives and geological permits for studying the ocean floor. This appears to be satisfactory in consensus of all industry representatives with whom it was discussed and the only adverse comment, or comment suggesting other language, was received -- I believe Mr. Hutchins, in behalf of Edwin Pauley, desires to present that to the Commission before the Commission takes action.

MR. PEIRCE: Mr. Hutchins, would you care to express the views of your company with regard to these proposed changes in the Administrative Code?

MR. HUTCHINS: Thank you. Mr. Chairman and members of the Commission, may I guide your attention to the last
paragraph of the proposed amendment to Section 2100(b)? It reads as follows:

Geological survey permits are required for the conduct of geological surveys on and under tide and submerged lands of this State where geological samples are obtained through any drilling operations.

We would propose and expect to recommend that you consider, and that the staff reconsider their recommendation here, by adding the following language: After the word "operations" put a semi-colon and proceed as follows, add this language: 'Provided, however, that drilling operations as used herein shall include only those types of operations wherein the bored hole is drilled using conventional rotary or cable tool drilling equipment and shall not apply to nor shall a permit be required for operations wherein geological samples are obtained by "jet" and/or "dart" or "ocean floor grab sample" methods.' In other words, where cable equipment is not used or employed.

Among some of the oil industry, particularly those interested in this type operation, remarks were made and copies sent to me by those who had something to say. There were three or four of them that came in endorsing the amendment. Some even wanted to go further. As far as I know, there were no adverse comments addressed to a committee that was to handle this type of legislation — for part of the oil industry anyway. So, therefore, without any fanfare, I would like Mr. Hortig and the staff to reconsider their
recommendation and see if they couldn't insert that. The purpose of this is for the same reason that he mentioned to you with reference to the other amendment -- for clarification as to what should be done and should not be done. I am presenting this because some of the lawyers with whom we deal feel that it would be easier to have it clarified rather than to have it extend to drilling where ordinary core work and standard tools are used and to eliminate the possibility of these grab samples or other samples.

MR. PEIRCE: Are there other representatives of the oil industry who wish to be heard with reference to the recommendations submitted by Mr. Hutchins? Mr. Home.

MR. HOME: Mr. Chairman, members of the Commission, I am in full sympathy with both the desires of Mr. Hortig and Mr. Hutchins. Generally speaking, we all feel the requirement of permits should be limited to those operations involving explosives or substantial penetration into State lands. I believe the suggestion Mr. Hutchins made would certainly make clear that intention, although I do have one substantial reservation with respect to it. The entire statement refers to "conventional" rotary methods. As of today, I think I understand what that means. I am not sure but what there may be other rotary methods which would be unconventional varieties, for example, something in a drill stem where nothing turns but the bit. Is that conventional or unconventional? So, while I am in sympathy with the objectives
of the proposed amendment, I do have a slight reservation with respect to the precise wording of the proposal made by Mr. Hutchins.

MR. PEIRCE: Mr. Cook, Richfield Oil Corporation, have you any comment with regard to this?

MR. COOK: I have no comment to make.

MR. PEIRCE: Mr. Ottoson, Signal Oil and Gas?

MR. OTTOSON: No, we don't have any particular comment, Mr. Peirce.

MR. PEIRCE: Would you recommend either one way or the other?

MR. OTTOSON: I hesitate, that what I might say might be taken in the realm of criticism. I think you are over-doing the matter from both vantages myself. I am not too certain any of us are sure what Section 2100(b) as amended means. We are not too concerned how it might read. I would like to, for my own personal interest, I'd like to have a little more explanation from Frank, Mr. Hartig, on his or the Attorney General's thinking with respect to the wherefore and why there is any concern with the addition of such language as Mr. Hutchins proposes. I don't see much difference.

MR. PEIRCE: Mr. Leovy, do you have any comments with regard to this proposed change?

MR. LEovy: I haven't heard any. I think maybe the purpose of it is good. I agree with Mr. Home that the language is probably too broad, that the prohibition against
the conventional rotary drilling, I think, is too broad. I think maybe you should say "jet or grab methods" or something of that kind, but there may be other methods that you can't trace. I hadn't heard it until I came this morning, but it is just -- my reaction is just about the same as Mr. Home's.

MR. HUTCHINS: Mr. Chairman ...

MR. PEIRCE: Mr. Hutchins.

MR. HUTCHINS: It's all right with our people to eliminate the word "conventional." Our only idea is to -- I agree with Mr. Home, the time may come when ....... and nothing rotates. I agree that we can scratch the word "conventional."

MR. PEIRCE: Now we have heard from several representatives, Mr. Hortig, what is your reaction to the suggestion of Mr. Hutchins?

MR. HORTIG: In summary to the Commission, the suggestion by Mr. Hutchins was considered in industry sessions held on proposed rules and regulations. The statement and the proposed alternative language were the only suggested deviation that was received from the language as it is proposed before the Commission. The consideration of the suggested deviation developed another, I believe basic, objection to including the deviation in that it would be stating in the rule certain exceptions, but by no means all techniques which are excepted from permit requirements. Therefore, it was felt that more hazards could be created than problems solved.
by stating exceptions, when we couldn't at this time state
and enumerate all exceptions, including those not yet in-
vented. Therefore, it would be better to have the rules
stated broadly as to the two general types of operations for
which a permit would be required, rather than state a series
of exceptions; and on that basis, the recommendation has been
suggested to the Commission.

If I may suggest to you gentlemen -- If the Commiss-
ion feels that further consideration should be given to the
rules and regulations, if the consensus of the industry rep-
resentatives is that it should be, that should be the order
of the Commission rather than to amend as given here and
give opportunity to all parties interested further consider-
ation.

MR. PEIRCE: In other words, time is not of the essence
and delay until the next meeting will not interfere with our
operations?

MR. HORTIG: As a practical matter, we have two schools
of thought there, Mr. Peirce -- number one, those operators
who feel it is necessary to have protection in the form
which is desired here; and the other operators who have
proceeded to operate and have operated for years without
the protection of this form. We have so operated, this
has been the policy of the Commission and would continue to
be the policy of the Commission to operate in this manner,
even without this in the rules and regulations at the present
time, so the hazards of the delay are probably minimal.
MR. PEIRCE: May I ask a technical question? What is referred to by this "jet" mechanism?

MR. HORTIG: Nominally, a hydraulic jet with a high pressure water stream excavating the hole, so that it permits the pipe to follow down. Simplest analogy would be a nozzle on your garden hose, where you have the nozzle penetrating into a hole in the ground.

MR. PEIRCE: Isn't that capable of obtaining a core sample?

MR. HORTIG: Yes, but it isn't capable of obtaining a core sample of the type obtained from other methods.

MR. PEIRCE: You do not object to the type?

MR. HORTIG: No sir, except if we go into enumerating all the types, we have the technological difficulty that we can't name all of them, so we very well may overlook some; and tomorrow somebody will invent something and it, in turn, will not be acceptable. So we like to keep it in general terms.

MR. KIRKWOOD: The exception should come in the first paragraph. The first paragraph is applicable only in the case of the second and third paragraphs, isn't that right?

MR. HORTIG: Yes sir.

MR. KIRKWOOD: Any drilling operations wouldn't include these. You wouldn't expect, in other words, to acquire a permit and a jet operation wouldn't be a drilling operation?
MR. HORTIG: Not a drilling operation, for obtaining
ground but data.

MR. KIRKWOOD: What do you want us to do?

MR. HORTIG: Under the circumstances, authorization
to publish notice of intention as to the rules and regula-
tions to be considered by the State Lands Commission to
effect amendment of Section 2100 of the rules and regula-
tions relating to geophysical and geological exploration.

I assume we will have to, therefore, undertake another meet-
ing delay and develop a form of language proposed to be con-
sidered, to be authorized by the Commission, for considera-
tion at the next meeting.

MR. PEIRCE: The effect of your suggestion is delay
until the next meeting?

MR. HORTIG: Yes sir.

MR. PEIRCE: Anybody present who wants to comment
further with respect to the matter? We are going to delay
this decision until the next meeting of the Commission.

MR. KIRKWOOD: What if that first paragraph were
amended, just thinking of resubmitting it -- if you said
"... taking of cores and other samples may be conducted on
and under tide and submerged lands of the State without
permit, except that a permit must first be obtained ...."
in these two cases. Isn't that really what they are trying
to have said?

MR. HORTIG: I believe so -- better draftsmanship.
The intent here was the easy way -- the first paragraph is in the existing rules and regulations and the other two to be additions -- obviously mechanically cumbersome.

MR. KIRKWOOD: I would think the A. G. within the law would explore whether it can be put in as an exclusion.

MR. HORTIG: The proposed draft of language representing the review of the A. G.'s office and, I trust, a consensus of industry will be presented to the Commission at the next meeting.

MR. PEIRCE: All right. So will be the order.

MR. HORTIG: Page 5. Mr. Edwin W. Pauley has made application for authorization to conduct submarine geophysical exploration on those tide and submerged lands under the jurisdiction of the Commission lying between Coal Oil Point, Santa Barbara County, and a north-south line between Pt. Dume, Los Angeles County, and between Pt. Fermin, Los Angeles County, and the northerly corporate limits of the City of Newport Beach, Orange County. A permit has been requested for a ninety-day period commencing January 1, 1958. The boards of supervisors of the affected counties and the mayor and city council of the City of Santa Barbara have been informed that this application is to be considered. In geographical order, the City of Santa Barbara reported they would make no presentation, did not reply; Ventura County reported...
no presentation will be made; Los Angeles County reported 
that there is no objection; and the Board of Supervisors of 
the County of Orange referred the matter to the county 
counsel to ascertain the extent of the county interest and 
the county counsel has not replied. Therefore, it is 
recommended that the permit be authorized to be issued under 
the standard terms and conditions heretofore established by 
the Lands Commission.

MR. PEIRCE: Mr. Hanna.

ASSEMBLYMAN HANNA: Just as a matter of curiosity, 
have you had any reaction from the County of Orange?

MR. HORTIG: Yes sir, letter that the Board of Super-
visors had directed a letter to the county counsel to deter-
mine their interests.

MR. KIRKWOOD: Move the approval.

GOV. POWERS: Yes.

MR. PEIRCE: The recommendation is approved.

Company has applied for right-of-way easement in the south-
erly end of San Diego Bay for two parcels to provide for the 
intake and discharge of cooling water in connection with a 
generating plant. In addition to the easements there would 
be dredging necessary in order to provide the required volume 
of water and the material removed by dredging would necess-
arily be authorized only under mineral extraction lease 
issued pursuant to public bidding. Therefore, it is
recommended that the Executive Officer be authorized to
issue to the San Diego Gas and Electric Company an easement
for cooling intake and discharge channels in South San Diego
Bay adjacent to an electric generating plant, the area for
easement 225.6 acres and the term to be 49 years at a total
rental of $14,742.55 to be paid in advance.

It is also recommended that the Executive Officer be
authorized to offer a lease for the removal from the easement
area of a total of approximately 3,555,000 cubic yards of
material at a minimum royalty of 3 cents per cubic yard.

MR. KIRKWOOD: There are no minimum requirements under
that latter?

MR. HORTIG: The minimum royalty rate is the only
requirement under Commission policy. As to total amount
to be removed, there is no minimum.

MR. PEIRCE: They are not going to use the material?
MR. HORTIG: No sir. They wish they could lose it.
MR. PEIRCE: Mr. DeVore.

MR. DeVORE: Mr. Chairman, Frank -- I have one or two
questions here I am wondering about. In the contract for
the removal of the spoil, would it be for 3½ million or for
the amount we propose to take out at this time, 655,000?

MR. HORTIG: It would be a mineral extraction lease
with no specified amount to be taken out at any time. The
reference to the 3,555,000 cubic yards is to give the Com-
mission a gauge of what may be the ultimate to be removed
under the lease. There is no commitment to remove and pay
for this amount of material.

MR. DeVORE: I have a couple more questions I'd like
to bring up. The initial 655,000 cubic yards, Mr. Chairman,
will be used on our property. The remaining 2 million --
right around 3 million -- cubic yards, we would like to
have blown away. Since Chula Vista is the only remaining
area remaining open for development in San Diego County, it
is possible we could make an arrangement with them to use
the spoil. This is over a period of 10 to 15 years. I am
wondering if the Attorney General might come up with an
opinion as to whether this spoil to be placed on lands under
the trust of the City of Chula Vista, if it is possible that
the company can get by with some kind of ruling that we
wouldn't have to pay the 3¢ a yard on this spoil.

MR. HORTIG: May I suggest, in order to expedite this
matter, that that would appear to be a subject for explora-
tion; that if the Attorney General can determine that the
public interest and benefit is such as to not require the
continued payment of royalty rates under mineral extraction
leases for private use, the leases are subject to termination
by mutual consent if that is determined to be legally feasible,
without making any commitment that this can be accomplished.

MR. KIRKWOOD: You suggest that rather than limit the
lease to the 655,000 yards?

MR. HORTIG: I don't believe there is a maximum limit
or a maximum commitment now, therefore this matter can be  
explored during the term of the lease regardless of the  
material removed or not removed.

MR. DeVORE: That's fine. As you understand, Frank, 
there are so many things going on down south; if .....  
(unintelligible to reporter) we might not need to do any of  
this. We are very well satisfied.

MR. PEIRCE: Does that involve an amendment?  
MR. KIRKWOOD: Move the amendment.  
MR. POWERS: Yes.  
MR. PEIRCE: Subject to that understanding, the recom-
mandation is approved.

MR. HORTIG: Page 7. Connolly-Pacific Co. has a  
lease covering tide and submerged lands adjacent to Santa  
Catalina Island, which is the site of construction wharves,  
which it is desired to be extended for a one-year period.  
An advance annual rental of $50 has been deposited and it  
is recommended that extension for one year be approved.

MESSRS. POWERS and KIRKWOOD: O. K.  
MR. PEIRCE: Recommendation is approved.  
MR. HORTIG: Ken ...  
MR. SMITH: Page 8 -- sale of vacant school land to  
the Department of Fish and Game. The Department applied to  
purchase 58.78 acres in Siskiyou County. It is recommended  
that the Commission authorize the sale of the acreage in  
Siskiyou County to the State of California Department of Fish
and Game, without advertising, at the appraised cash price of $1763.40, plus $71.00 costs, subject to all statutory reservations including minerals. The Commission has heretofore withdrawn the land from public sale until December 31 of this year, for sale to the Department of Fish and Game.

MR. PEIRCE: Just where is this located?

MR. SMITH: It's located on Indian Tom Lake, which is a small lake in Siskiyou County, fronts on that lake. The Department desires the land, I believe, for public hunting ground — for public shooting grounds.

MR. PEIRCE: Also access.

MR. SMITH: Access to the lake, that is correct.

MR. KIRKWOOD: All right.

GOV. POWERS: Yes.

MR. PEIRCE: The recommendation is approved.

MR. SMITH: There are no conflicting private applications.

Sale of vacant school lands — page 9. It is recommended that the Commission authorize the sale of vacant state school land at the highest offer in accordance with the following tabulations, such sales to be subject to all statutory reservations including minerals. There follows a tabulation of sixteen individual sales, all of which are routine.

There is no conflict on any of those.

GOV. POWERS: I move they be accepted.

MR. KIRKWOOD: Second.

MR. PEIRCE: Moved and seconded. The recommendation is approved.
MR. SMITH: Page 29. This is a request for an extension of a withdrawal of vacant State school land from public sale by the Department of Water Resources, in connection with the proposed Wilson Valley Reservoir site in Lake County. The Commission heretofore withdrew the land from public sale until December 31st of this year and the Department is now asking for an additional one-year extension on the withdrawal to formulate their plans and submit them.

It is recommended that the withdrawal from public sale of 709.37 acres in Lake County be extended to December 31, 1958 and that an additional 10 acres be included therein which was not, incidentally, included in the original request. It is further recommended that in the event the lands embraced in Application 5202 are restored to entry, Frances Cain be granted the right of filing the first application thereon as authorized by resolution adopted by the Commission at its meeting of August 5, 1956. There was an application at the time the Commission originally withdrew the land from sale.

MR. KIRKWOOD: Is progress continuing to be made on this dam?

MR. SMITH: That's correct.

MR. HORTIG: On the studies.

GOV. POWERS: Well, I guess that's all right.

MR. PEIRCE: The recommendation is approved.

MR. SMITH: Page 31. This is the acquisition of
vacant Federal land through the exchange procedure. The recommendation -- It is recommended that the Commission authorize the Executive Officer to certify to the Governor that it is to the advantage of the State to exchange with the United States 400 acres of unsurveyed school land in Mono County for 400 acres in Mendocino and Lake Counties of approximately equal value; that the Executive Officer be authorized to execute, on behalf of the Commission, certificate provided by Section 6444 of the Public Resources Code; and that the State, upon acquisition from the United States of the 400 acres, offer said land for sale under competitive bidding in accordance with the rules and regulations governing the sale of State school land, under the application currently on file.

MR. PEIRCE: This is the usual procedure that we would follow?

MR. SMITH: Yes sir, it is.

MR. KIRKWOOD: O.K.

GOV. POWERS: That's all right.

MR. PEIRCE: Recommendation is approved.

MR. SMITH: Sale of vacant Federal land involving three parcels. It is recommended that the Commission determine that it is to the advantage of the State to select the lands comprised in the following tabulations; that the Commission find that the said lands are not suitable for cultivation; that the Commission authorize the sale of said lands.
for cash, at the total appraised value, in accordance with tabulations attached, subject to all statutory reservations including minerals.

GOV. POWERS: Nothing wrong with that. Move that we accept the recommendation.

MR. KIRKWOOD: Second it.

MR. PEIRCE: Moved and seconded. Recommendation is approved.

MR. HORTIG: That finish you?

MR. SMITH: That does it, Frank.

MR. HORTIG: Page 37, gentlemen. At the last meeting of the Commission, the Commission established the value of tide and submerged lands proposed to be annexed by the City of Richmond. The valuation was established on an estimated average basis for an area proposed to be annexed, as reported by the City of Richmond. Richmond City Assessor-Tax Collector has now reported that the total area of land proposed to be annexed is less than originally reported, a total of only 3,821 acres. Therefore, it is recommended that the Commission authorize the revision of the resolution of November 12 to read: The Executive Officer is authorized to advise the City of Richmond that the total current value of the lands proposed to be annexed under Resolution No. 6575 has been set at $382,100 pursuant to the provisions for such determinations as provided in Section 35313.1 of the Government Code.
MR. PEIRCE: This is merely an amendment ...

GOV. POWERS: Changing ...

MR. HORTIG: Decreasing the acreage.

MR. KIRKWOOD: Doesn't change the average value?

MR. HORTIG: No sir, same average value.

GOV. POWERS: That's O.K.

MR. PEIRCE: Recommendation is approved.

MR. HORTIG: Page 38. The Statutes of 1953 freed certain lands from the public trust for navigation and fisheries in the Black Point area in Marin County and provided for action against the State to quiet title and ascertain validity. A plat of the affected lands was approved for recordation by the Commission in January 1956. Recent field investigation has shown necessity of correcting this plat because of an erroneous location established for a lot corner. Therefore, additional field work was done to position all structures in the area and it is recommended a revised plat be recorded.

MR. KIRKWOOD: Move it.

MR. PEIRCE: Recommendation is approved.

MR. HORTIG: Page 39. City and County of San Francisco have applied for a life-of-structure permit on a portion of tide and submerged lands in San Mateo County for collecting sewers in the southeast portion of the city. It is recommended that authorization be granted to issue a life-of-structure permit, not to exceed 49 years, to the
City and County of San Francisco for the tide and submerged lands of San Mateo Canal for collecting sewers and a diversion structure ....

MR. KIRKWOOD: O.K.

GOV. POWERS: All right.

MR. PEIRCE: Recommendation is approved.

MR. HORTIG: Page 40. In prior delegations of authority by the Commission to the executive staff relative to the acceptance of faithful performance bonds secured by collateral in the form of negotiable securities of the United States Government, to be deposited with the State Treasurer and to be held in lieu of normal type of surety bond, these delegations were made to Rufus Putnam and J. Stuart Watson. Therefore, there is no one on the staff to carry out these directives for the Commission. It is recommended that Frank J. Hortig and Frank W. Porter be so authorized ...

GOV. POWERS: I think that's all right.

MR. KIRKWOOD: Yes.

MR. PEIRCE: Recommendation is approved.

MR. HORTIG: Page 42. The City of Hermosa Beach requested the State Lands Commission to map the State tidelands boundary along the shore of the Pacific Ocean within the city limits of Hermosa Beach, which holds a legislative grant and is particularly interested in knowing the location of that boundary, in that they are proposing to lease
their tide and submerged lands for oil development. Such survey has been completed and a map has been prepared at the cost of the City of Hermosa Beach, and it is recommended that permission be granted to have the map recorded.

MR. KIRKWOOD: All right.

GOV. POWERS: O.K.

MR. PEIRCE: The recommendation is approved.

MR. HORTIG: Page 47, which commences the tabulation ending on page 55, of transactions consummated by the Executive Officer under delegations of authority and for which confirmation of the issuance of the standard permits and easements as listed is requested.

MR. PEIRCE: All appear to be in order.

MR. KIRKWOOD: I move -- Does that even need a motion?

GOV. POWERS: It's O.K.

MR. PEIRCE: The recommendation is approved. Is there any further business, Mr. Hortig?

MR. HORTIG: Not to my knowledge, sir.

MR. PEIRCE: Mr. Hanna, have you anything you would like to say to us before we adjourn?

ASSEMBLYMAN HANNA: No sir.

MR. PEIRCE: We are glad to have had you here and that you have allowed yourself to listen in on our deliberations. We have some difficult problems to resolve at times and we are always glad to have members of the legislature with us. Is there anybody else present who would like to
be heard before we adjourn? (No response) If not, there being no further business, we stand adjourned.

ADJOURNED 10:30 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing is a full, true and correct transcript of the shorthand notes taken by me at the meeting of the State Lands Commission on December 12, 1957 at Sacramento, California.

Dated at Sacramento, California, on the 13th day of December, 1957.

[Signature]

DIVISION OF ADMINISTRATIVE PROCEDURE: STATE OF CALIFORNIA