

6. 15-YEAR INDUSTRIAL LEASE, SUBMERGED LAND IN THE BED OF THE SANTA BARBARA CHANNEL, CITY OF CAPITAN, COUNTY OF SANTA BARBARA; EXXON CORPORATION AND EXXON PIPELINE COMPANY OF CALIFORNIA - W 20799, PRC 4977.

During consideration of Calendar Item 4 attached, Messrs. E. N. Gladish, Executive Officer, and James F. Trout, Manager, Land Operations, summarized the proposed project and concluded that the recommended action should be approved. After a lengthy discussion concerning the basis of consideration, an amendment was adopted specifying that if the Commission within six months from the effective date of the lease, amends its regulations to provide for rental rates greater than six percent of appraised value for all leases, the initial annual rental rate for this lease would be adjusted to the new rate not to exceed eight percent of current appraised value to be computed from said effective date.

Appearances in Opposition:

Kenneth Cory, in pro per

A. Barry Cappello, City Attorney, representing the City of Santa Barbara

Mr. Cappello asked that the remarks made by the City of Santa Barbara concerning the Federal environmental impact report prepared for the subject project be incorporated into the record.

Appearances in Favor:

William L. Cole, Vice President-Gas Supply, representing the Southern California Gas Company

Mr. Cole requested that his remarks with respect to the Atlantic Richfield project (approved earlier in the meeting) be incorporated into the record with respect to the Exxon application, said remarks being on file in the office of the State Lands Commission and by reference made a part hereof.

R. W. Mansfield, Legislative Advocate, representing the State Building Construction Trades Council

A. Howard Hogue, Vice President, representing Tidewater Marine Service, Inc.

Mr. Hogue appeared during consideration of the Atlantic Richfield project (Minute Item 13). He requested that his statement be made part of the record concerning the Exxon project. Therefore, his statement is on file in the office of the State Lands Commission and by reference made a part hereof.

Commissioner Orr was not present during the discussion and action of this item.

Upon motion duly made and carried, the following resolution, as amended, was adopted:

MINUTE ITEM NO. 6. (CONTD)

THE COMMISSION:

1. DETERMINES THAT AN ENVIRONMENTAL STATEMENT HAS BEEN PREPARED FOR THIS PROJECT BY THE U. S. GEOLOGICAL SURVEY OF THE DEPARTMENT OF THE INTERIOR AND THAT THE PLAN OF DEVELOPMENT WAS APPROVED BY THE ACTING SECRETARY OF THE INTERIOR ON AUGUST 16, 1974.
2. CERTIFIES THAT THE INFORMATION CONTAINED IN THE FEDERAL IMPACT STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINES THAT THE PROJECT WILL HAVE A POTENTIAL SIGNIFICANT EFFECT ON THE ENVIRONMENT; HOWEVER, DEVELOPING THE NATION'S ENERGY RESOURCES IN ORDER TO AID IN AVERTING FUTURE ENERGY CRISES AND THUS PRESERVING THE NATIONAL WELFARE AND SAFETY REQUIRES APPROVAL OF THIS PROJECT.
4. APPROVES THE TERMINATION BY MUTUAL AGREEMENT WITH LESSEE OF LEASE PRC 2398.1, EFFECTIVE AFTER COMPLETION OF CONSTRUCTION AUTHORIZED HEREIN.
5. AUTHORIZES THE ISSUANCE TO EXXON CORPORATION AND EXXON PIPELINE COMPANY OF CALIFORNIA OF A 15-YEAR INDUSTRIAL LEASE FROM JANUARY 1, 1975, WITH LESSEE'S OPTION TO RENEW FOR TWO SUCCESSIVE PERIODS OF TEN YEARS EACH; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$27,023.64, PROVIDED THAT IF THE COMMISSION WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THE LEASE AMENDS ITS REGULATIONS TO PROVIDE FOR RENTAL RATES GREATER THAN SIX PERCENT OF APPRAISED VALUE FOR ALL LEASES, THE INTIAL RENTAL RATE FOR THIS LEASE SHALL BE ADJUSTED TO THE NEW RENTAL RATE NOT TO EXCEED EIGHT PERCENT OF CURRENT APPRAISED VALUE COMPUTED FROM THE EFFECTIVE DATE OF THE LEASE, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF A \$50,000 SURETY BOND; PUBLIC LIABILITY INSURANCE IN THE AMOUNTS OF \$500,000/\$1,000,000 FOR PERSONAL INJURY AND \$5,000,000 FOR PROPERTY DAMAGE (INCLUDING POLLUTION LIABILITY) AND PARTICIPATION IN CONTRACTUAL ARRANGEMENTS KNOWN AS TOVALOP AND CRISTAL; FOR THE CONSTRUCTION AND MAINTENANCE OF PIPELINES AND A MARINE TERMINAL ON THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment:

Calendar Item 4 (6 pages)

CALENDAR ITEM

12/74

GRH

W 20799

4.

INDUSTRIAL LEASE

APPLICANT: Exxon Corporation and
Exxon Pipeline Company of California.

AREA, TYPE LAND AND LOCATION:
Pipeline corridors 200 feet wide, totaling 26,942 lineal feet and a marine terminal containing 42.48 acres; total land area under lease is 166.18 acres.

LAND USE: Marine oil terminal and appurtenant pipelines.

TERMS OF EXISTING LEASE PRC 2398.1 WHICH WILL BE REPLACED AS HEREIN

PROVIDED: Period: 10 years, from April 30, 1974.

Renewal options: 1 additional period of 10 years.

Surety bond: \$50,000.

Public liability insurance:
\$300,000/\$900,000 for personal injury and
\$2,500,000 for property damage.

Consideration: \$7,337.60 per annum, with a 5-year review.

TERMS OF PROPOSED LEASE:

Initial period: 15 years, from January 1, 1975.

Renewal options: 2 successive periods of 10 years each.

Surety bond: \$50,000.

Public liability insurance:
\$500,000/\$1,000,000 for personal injury and
\$5,000,000 for property damage.
(Pollution liability is included.)

Special: 1. Participation in TOVALOP (Tanker Owners Voluntary Agreement Concerning Liability for Oil Pollution) and CRISTAL (Contract Regarding an Interim Supplement to Tanker Liability for Oil Pollution) with maximum coverage for damage caused by oil pollution and cleanup costs.

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2. Immediate notification of the State Office of Emergency Services by telephone of a spill or leak of oil or other liquid pollutants into the waters over State land followed by a complete written report within 30 days stating the source, cause, size of spill and action taken.

CONSIDERATION: \$27,023.64 per annum, with the State reserving the right to fix a different rental on each fifth anniversary of the lease.

BASIS FOR CONSIDERATION:

6% of appraised value of land underlying the terminal and \$0.01 per diameter inch per lineal foot for the land underlying the pipelines.

PREREQUISITE TERMS:

Applicant is lessee or permittee of upland.

STATUTORY AND OTHER REFERENCES:

- a. Public Resources Code: Div. 6, Parts 1 and 2.
- b. Administrative Code: Title 2, Div. 3, Arts. 1, 2 & 10;
Title 14, Div. 6, Chapter 3.

OTHER PERTINENT INFORMATION:

1. Minute Item 17, dated April 24, 1974, authorized the renewal, amendment and assignment of Lease PRC 2398.1 from Shell Oil Company to Exxon Corporation. The lease covered an existing marine oil terminal. Exxon Corporation proposed to use the facility in conjunction with development of the Santa Ynez Unit, Federal Offshore Oil and Gas Leases. Exxon now proposes to relocate and replace the existing marine terminal with a single point mooring system for the loading of barges and small tankers. The pipelines bringing oil ashore from the federal lands will traverse approximately 21,000 lineal feet of State tide and submerged lands.
2. An environmental impact report covering the Plan of Development of the Santa Ynez Unit was prepared and circulated by the U. S. Geological Survey of the Department of Interior. The draft and final environmental statements received wide circulation at all levels of government and a public hearing of several days duration was held. The acting Secretary of the Interior approved the Plan of Development on August 16, 1974. The Secretary for Resources Guidelines

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for implementing CEQA, as amended, authorizes the adoption of a Federal EIS in lieu of a State Environmental Impact Report if such EIS complies with the Secretary's Guidelines (14 Cal. Adm. Code 15063). Division staff has reviewed the Federal EIS and considers it to be in compliance with the State Guidelines.

3. Exxon will be required to provide evidence of its participation in the following contractual arrangements created by and within the oil industry: a) TOVALOP (Tanker Owners Voluntary Agreement Concerning Liability for Oil Pollution) and b) CRISTAL (Contract Regarding an Interim Supplement to Tanker Liability for Oil Pollution). The basic aim of these arrangements is to assure that governments and persons who suffer damage from oil pollution caused by tankers are fairly and promptly compensated.

TOVALOP provides a mechanism for governments to recover removal and cleanup costs up to \$100 per vessel gross ton or \$10 million, whichever is less, for a persistent oil spill caused by tanker fault; removal and cleanup costs by the vessel owner are covered up to \$15 million. CRISTAL, an agreement between oil owners rather than tanker owners, Supplements TOVALOP by providing coverage for compensation to third parties (including governments) sustaining pollution damage up to an overall total per incident of \$30 million.

4. Lease PRC 2398.1 which covers a conventional 5-buoy mooring facility and appurtenant pipelines (not now in use) shall be automatically terminated upon completion of construction and commencement of operations under the replacement lease as recommended herein.
5. Division engineering staff has reviewed the technical aspects of the project, in order to assure that the latest (state of the art) techniques and materials are incorporated into the project.

EXHIBITS: A. Land Description. B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL STATEMENT HAS BEEN PREPARED FOR THIS PROJECT BY THE U. S. GEOLOGICAL SURVEY OF THE DEPARTMENT OF THE INTERIOR AND THAT THE PLAN OF DEVELOPMENT WAS APPROVED BY THE ACTING SECRETARY OF THE INTERIOR ON AUGUST 16, 1974.

CALENDAR ITEM NO. 4. (CONTD)

2. CERTIFY THAT THE INFORMATION CONTAINED IN THE FEDERAL IMPACT STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT WILL HAVE A POTENTIAL SIGNIFICANT EFFECT ON THE ENVIRONMENT; HOWEVER, DEVELOPING THE NATION'S ENERGY RESOURCES IN ORDER TO AID IN AVERTING FUTURE ENERGY CRISES AND THUS PRESERVING THE NATIONAL WELFARE AND SAFETY REQUIRES APPROVAL OF THIS PROJECT.
4. APPROVE THE TERMINATION BY MUTUAL AGREEMENT WITH LESSEE OF LEASE PRC 2398.1, EFFECTIVE AFTER COMPLETION OF CONSTRUCTION AUTHORIZED HEREIN.
5. AUTHORIZE THE ISSUANCE TO EXXON CORPORATION AND EXXON PIPELINE COMPANY OF CALIFORNIA OF A 15-YEAR INDUSTRIAL LEASE FROM JANUARY 1, 1975, WITH LESSEE'S OPTION TO RENEW FOR TWO SUCCESSIVE PERIODS OF TEN YEARS EACH; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$27,023.64, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF A \$50,000 SURETY BOND; PUBLIC LIABILITY INSURANCE IN THE AMOUNTS OF \$500,000/\$1,000,000 FOR PERSONAL INJURY AND \$5,000,000 FOR PROPERTY DAMAGE (INCLUDING POLLUTION LIABILITY) AND PARTICIPATION IN CONTRACTUAL ARRANGEMENTS KNOWN AS TOVALOP AND CRISTAL; FOR THE CONSTRUCTION AND MAINTENANCE OF PIPELINES AND A MARINE TERMINAL ON THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment: Exhibit "A"

EXHIBIT "A"

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Those parcels of land lying in the bed of the Santa Barbara Channel, in the vicinity of Capitan, County of Santa Barbara, State of California, being more particularly described as follows:

PARCEL 1:

A parcel of tide and submerged land 200 feet wide the centerline being described as follows:

COMMENCING at State Highway Monument No. 41-36A, as shown on State Highway Right-of-Way Map V-SB-2-F, SB-101-PM, 34.13 to 44.56 (California Coordinate System Zone 5 Coordinates: X = 1,383,984 and Y = 356,965); thence S 27° 44' 38" E, 434 feet to the TRUE POINT OF BEGINNING (California Coordinate System Zone 5 Coordinates: X = 1,384,185 and Y = 356,581); thence S 07° 09' 38" E, 2600 feet to a point herein referred to as Point A (California Coordinate System Zone 5 Coordinates: X = 1,384,509 and Y = 354,001), and the end of the herein-described centerline.

EXCEPTING THEREFROM that portion lying landward of the ordinary high water mark.

PARCEL 2:

A parcel of submerged land 200 feet wide the centerline being more particularly described as follows:

BEGINNING at Point A as described in Parcel 1 (California Coordinate System Zone 5 Coordinates: X = 1,384,509 and Y = 354,001); thence S 45° 57' 13" W, 23,142 feet, more or less, to the boundary of the State of California, as described in the U. S. Supreme Court Case 382 U. S. 448, No. 5 original, dated 1966, being the end of the herein described centerline.

EXCEPTING THEREFROM any portion lying within Parcel 1.

PARCEL 3:

A parcel of submerged land 200 feet wide the centerline being more particularly described as follows:

BEGINNING at Point A as described in Parcel 1 (California Coordinate System Zone 5 Coordinates: X = 1,384,509 and Y = 354,001); thence S 38° 00' 00" E, 1200 feet to a point being herein referred to as Point B (California Coordinate System Zone 5 Coordinates: X = 1,385,247 and Y = 353,055), being the end of the herein described centerline.

EXCEPTING THEREFROM any portion lying within Parcels 1 and 2.

EXHIBIT "A" (CONTD)

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PARCEL 4:

A circular parcel of submerged land having a radius of 800.00 feet, the center of which being Point B, as described in Parcel 3. (California Coordinate System Zone 5 Coordinates: X = 1,385,247 and Y = 353,055); EXCEPTING THEREFROM any portion lying within Parcel 3.

END OF DESCRIPTION