

5. ACTION OF STATE LANDS COMMISSION OF DECEMBER 19, 1974, AUTHORIZING LEASE PRC 4977 AT CAPITAN BEACH, SANTA BARBARA COUNTY, TO EXXON CORPORATION AND EXXON PIPELINE COMPANY OF CALIFORNIA - W 20799, PRC 4977.

During consideration of Calendar Item 1 attached, Commissioner Mervyn Dymally moved that the Commission defer any action on the item until the next meeting. He also requested that a representative from the Attorney General's Office read into the record specific language defining his proposed motion.

At this time Mr. Jay L. Shavelson, Assistant Attorney General, requested the Commission to instruct the Attorney General's Office to take a position in the subject litigation. He stated for the record that the Attorney General's Office did represent the former State Lands Commission in a proceeding for a stay order and an alternative writ. He further stated that the Attorney General's Office was concerned whether an ethical problem might be involved. Counsel for Exxon was therefore contacted. Exxon informed them that in its opinion nothing had been related to give the Attorney General's Office an unfair advantage in the pending lawsuit. At this time Mr. Shavelson asked that a representative from Exxon appear to confirm the above-mentioned conversation.

Mr. Philip K. Verleger, Attorney, representing Exxon Corporation and Exxon Pipeline Company of California, appeared and confirmed the conversation as related by Mr. Shavelson.

Mr. N. Gregory Taylor, Deputy Attorney General, read into the record the motion submitted by Commissioner Dymally. Mr. Shavelson then suggested that Chairman Cory refrain from voting due to his interest in the subject lawsuit.

Commissioner Bell temporarily became Chairman and seconded Commissioner Dymally's motion. He also noted for the record Chairman Cory's abstention from voting.

Mr. Verleger reappeared to clarify the record. He specifically wanted it understood that Exxon was only stipulating that the Attorney General's Office could represent the new Commission and that no other stipulations were entered into. He pointed out that Exxon was not assenting to the proposition that there was any question with respect to the validity of the lease.

Mr. R. S. Golden, Assistant Executive Officer, read into the record a telegram from Mr. Joseph Edmiston, Southern California Coastal Coordinator, Sierra Club, Los Angeles, to the State Lands Commission, dated January 14, 1975, said telegram being on file in the office of the State Lands Commission and by reference made a part hereof.

MINUTE ITEM NO. 5. (CONTD)

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

THE COMMISSION:

1. DETERMINES THAT THERE IS A QUESTION AS TO WHETHER THE LEASE BETWEEN THE STATE, AS LESSOR, AND EXXON CORPORATION AND EXXON PIPELINE COMPANY OF CALIFORNIA, AS LESSEES, APPROVED BY THE STATE LANDS COMMISSION ON DECEMBER 19, 1974, IS LEGALLY VALID.
2. AUTHORIZES THE OFFICE OF THE ATTORNEY GENERAL TO REPRESENT THE COMMISSION IN THE CASE OF CORY V. THE STATE LANDS COMMISSION, SACRAMENTO COUNTY SUPERIOR COURT NO. 121974, AND TO TAKE SUCH LEGAL POSITION AS IS DEEMED IN THE BEST INTERESTS OF THE STATE AFTER CONSULTATION WITH THE COMMISSION.
3. INSTRUCTS THE DIVISION TO REPORT BACK TO THE COMMISSION CONCERNING THIS MATTER ON JANUARY 30, 1975.

Attachment:

Calendar Item 1 (8 pages)

CALENDAR ITEM

1/14/75

JFT

W 20799

1.

INFORMATION REGARDING ACTION OF
STATE LANDS COMMISSION DECEMBER 19, 1974,
AUTHORIZING LEASE PRC 4977 AT CAPITAN BEACH, SANTA BARBARA COUNTY,
TO EXXON CORPORATION AND EXXON PIPELINE COMPANY OF CALIFORNIA

On August 5, 1974, an application for a pipeline lease and single point mooring at Capitan, Santa Barbara County, was delivered by Exxon to the State Lands Division.

Prior to delivery of this application, a number of significant events had occurred. These were:

1. A proposed outline of the project was issued to various federal, State, and local entities on October 29, 1972. The State Lands Division responded to this outline. A preliminary draft EIS was issued to various federal agencies and the unit operator on March 15, 1973.
2. Oral statements at public hearings and written comments on the draft environmental impact statements were invited in the Department of Interior news releases of July 23 and August 24, 1973, and through formal correspondence.
3. The federal environmental impact statement was released July 23, 1973.
4. Public hearings on the environmental impact statements were held October 2, 3, and 4 of 1973, in Santa Barbara.
5. Resources Agency comments on the draft environmental impact statements were received. These comments were dated December 6, 1973. Principle among the agencies comments was that all pipelines be confined to an existing 50 foot right-of-way. (See Page IX - 93 of final environmental impact statement).
6. The final environmental impact statement was released May 3, 1974. The environmental statement agreed with the Resources Agency that all pipelines be limited to the 50 foot existing easement. (See Page IX - 84 of final environmental impact statement). Water supply and electric lines were discussed on pages I-20 and I-21. The water return line was discussed on pages VIII-58, 59, 60 and in the summary of environmental impacts table VIII-1 on page VIII - 63 of the final environmental impact statement.
7. On August 16, 1974, acting Secretary of Interior John C. Whitaker approved the plan for oil and gas development on 83,000 acres of O.C.S. lands about 20 miles northwest of Santa Barbara, the subject of the environmental impact statement. The operations authorized under the Commission lease are appurtenant to this development plan.

CALENDAR ITEM NO. 1. (CONTD)

Pursuant to the Secretary for Resources guidelines implementing C.E.Q.A. (14 Cal. Adm. Code Section 15063), the State Lands Commission determined that an environmental statement had been prepared by the federal agency; certified that the environmental statement complied with C.E.Q.A. and the Secretary's guidelines; and authorized the lease to Exxon on the basis of the environmental treatment given the project in the federal environmental impact statement.

Attachment: Exhibit "A" (Calendar Item 4, December 19, 1974 meeting)

Recommendation No. 5 of the Calendar Item was modified by the State Lands Commission after the hearing of this matter to read as follows:

- "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 INITIAL 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."

EXHIBIT "A"

CALENDAR ITEM

4.

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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.

CALENDAR ITEM NO. 4. (CONTD)

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

CALENDAR ITEM NO. 4. (CONTD)

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"

W 20799

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