

MINUTE ITEM

4/30/75
JFT

20. TERMINATION OF LEASE PRC 4977, TIDE AND SUBMERGED LAND AT EL CAPITAN, SANTA BARBARA COUNTY; EXXON CORPORATION AND EXXON PIPELINE COMPANY - W 20799, PRC 4977.

The Executive Officer reported that on Monday, April 21, 1975, Exxon obtained a temporary restraining order prohibiting the State Lands Commission from taking any action on this matter at this meeting, which seeks to cancel the Exxon lease for its failure to proceed with development within the time limits specified therein. As a result of the court order, no action can be taken on this matter by the Commission until the issue is resolved in the courts.

Attachment:
Calendar Item 18 (2 pages)

A 35
S 18

427

CALENDAR ITEM

18.

4/75
JFT
W 20799

TERMINATION OF LEASE PRC 4977

LESSEE; Exxon Corporation and Exxon Pipeline Company.

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 of tide and submerged land at El Capitan, Santa Barbara County.

LAND USE: Marine oil terminal and appurtenant pipelines.

TERMS OF LEASE: PRC 4977 - 15 years, from the beginning date of January 1, 1975, with two additional periods of 10 years each.

PROPOSED ACTION: Termination of lease for failure to commence use or construction within 90 days of the beginning date of the lease.

At the December 19, 1974, meeting the Commission approved the issuance of Lease PRC 4977 to Exxon Corporation and Exxon Pipeline Company. As is usual for an Industrial Lease, the lease provides that if use is not commenced by lessee on the land within 90 days, or if construction contemplated therein is not begun within 90 days, both from the beginning date of the lease, the lease and term thereof shall terminate upon notice to lessee (Section 4, paragraph 6). The lease also contains the standard provision that in the event of a breach of any of the lease covenants, or failure to observe the terms conditions, restrictions, or time limitations, the State may reenter into and upon the leased property, remove all persons therefrom, and repossess it (Section 4, paragraph 24).

Exxon Corporation and Exxon Pipeline Company have failed to use the property under Lease PRC 4977 and have failed to begin construction of the pipelines and marine terminal as permitted thereunder within 90 days from January 1, 1975, as required. They thus appear to be in breach of the specific provisions of Section 4, paragraph 6. It therefor appears appropriate for the Commission to notify the lessee of this breach of lease conditions and failure to observe the time limitations therein, and to advise Exxon Corporation and Exxon Pipeline Company that the lease will terminate upon receipt by them of such notice.

EXHIBIT: A. Location Map.

CALENDAR ITEM NO. 18. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT EXXON CORPORATION AND EXXON PIPELINE COMPANY HAVE NOT USED THE LEASED PREMISES UNDER PRC 4977 OR BEGUN CONSTRUCTION OF IMPROVEMENTS PERMITTED THEREBY WITHIN 90 DAYS OF THE BEGINNING DATE OF THE LEASE AS REQUIRED BY SECTION 4, PARAGRAPH 6 OF THE LEASE.
2. DETERMINE THAT LEASE PRC 4977 TERMINATES UPON RECEIPT OF NOTICE BY THE EXXON COMPANIES ON THE GROUND THAT THE COMPANIES HAVE FAILED TO COMMENCE THE USE OR CONSTRUCTION OF FACILITIES UPON THE LEASED LANDS WITHIN 90 DAYS AS REQUIRED BY LEASE PROVISIONS.
3. AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY EXXON CORPORATION AND EXXON PIPELINE COMPANY THAT THE STATE ELECTS TO TERMINATE LEASE PRC 4977 ON THE GROUNDS SET FORTH ABOVE.