

MINUTE ITEM

This Calendar Item No 25  
was approved as Minute Item  
No. 25 by the State Lands  
Commission by a vote of 3  
to 0 at its 5/26/77 MINUTE ITEM  
meeting.

5/26/77

GRH

PRC 3453

25. RENEWAL AND AMENDMENT OF INDUSTRIAL LEASE, LION OIL  
COMPANY - WP 3453.

During consideration of Calendar Item 25, attached, Mr. C.  
Rex Boyd, General Counsel, representing Lion Oil Company,  
appeared. However, since the Commission approved the item  
as presented, Mr. Boyd had no comments.

Upon motion duly made and carried, the resolution as presented  
in Calendar Item 25 was adopted by a vote of 3-0.

Attachment: Calendar Item 25 (4 pages)

CALENDAR ITEM

5/77  
WP 3453  
GRH

25.

RENEWAL AND AMENDMENT OF INDUSTRIAL LEASE PRC 3453.1

APPLICANT: Lion Oil Company  
10100 Santa Monica Boulevard  
Los Angeles, California 90067  
Attn: Mr. B. R. Swanson

AREA, TYPE LAND AND LOCATION:  
16 acres of tide and submerged land in  
Carquinez Straits near Martinez, Contra  
Costa County.

LAND USE: Marine petroleum wharf.

TERMS OF ORIGINAL LEASE:

Initial period: 15 years from December 19, 1961.

Renewal options: 3 successive periods of 10  
years each.

Surety bond: \$50,000.

Consideration: \$14,544.14 per annum.

TERMS OF PROPOSED AMENDMENT AND RENEWAL:

Initial period: 10 years from January 1, 1977.

Renewal options: 2 successive periods of 10  
years each.

Surety bond: \$50,000.

Public liability insurance: \$1,000,000 per  
occurrence for bodily injury  
and \$5,000,000 for property  
damage.

Special: For the period December 19,  
1976 through December 31,  
1977, rental for occupation  
of the leased lands shall be  
\$1496.

CONSIDERATION: Commencing January 1, 1977, volumetric rental  
accrues according to the following schedule:

- a. \$0.01 (one cent) per barrel for petroleum  
products until the minimum annual rental  
below (f) is equaled.

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- b. \$0.001 (1 mill) per barrel for the next 7,000,000 barrels; and
- c. \$0.003 (3 mills) per barrel for the next 20,000,000 barrels; and
- d. \$0.006 (6 mills) per barrel for the next 20,000,000 barrels; and
- e. \$0.009 (9 mills) per barrel for each additional barrel passing over the State's land in that same year.
- f. Minimum annual rental is \$42,000; with the State reserving the right to fix a different rental on each fifth anniversary of the lease.

BASIS FOR CONSIDERATION:

Volumetric rental pursuant to 2 Cal. Adm. Code 2006.

PREREQUISITE TERMS, FEES AND EXPENSES.

Applicant is owner of upland.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Div. 6, Parts 1 & 2.
- B. Administrative Code: Title 2, Div. 3, Arts. 1, 2, 6, 5, 10 & 11.

OTHER PERTINENT INFORMATION:

- 1. The subject lease was originally let to Tidewater Oil Company; subsequently assigned to Phillips Petroleum Company; and later assigned to Lion Oil Company in March, 1976. The assignment of State Lands leases from Phillips to Lion has caused a delay in renewing the lease in a timely manner. Negotiations concerning volumetric rental have also added to the delay in timely renewal of the "AMORCO" wharf site lease.
- 2. An Environmental Impact Report is not required. This transaction is within the purview of 2 Cal. Adm. Code 2907(a) which exempts an existing structure or facility that is in an acceptable state of repair and there is no evidence of record to show injury to adjacent property, shoreline erosion, or other types of environmental degradation.
- 3. This project is situated on State land identified as possessing significant

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environmental valves pursuant to Public Resources Code 6370.1, and is classified in a use category, Class "A" which authorizes Restricted Use.

Staff review of the terminal facility shows that the potential exists for damage to the environment. However, the applicant does operate the terminal under an approved (U.S. Coast Guard) terminal operations manual. In addition, Division staff has reviewed the piping/valving systems, terminal operations and clean-up/containment procedures and finds that the facility operates in a manner that minimizes the potential for environmental degradation.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21085, 14 CAL. ADM. CODE 15100 ET SEQ. AND 2 CAL. ADM. CODE 2907.
2. FIND THAT ADEQUATE PROVISIONS HAVE BEEN MADE FOR THE PERMANENT PROTECTION OF THE SIGNIFICANT ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1 OF THE PUBLIC RESOURCES CODE.
3. AUTHORIZE THE FOLLOWING ACTION WITH RESPECT TO LEASE PRC 3453.1:
  - A. THE ISSUANCE OF A 10-YEAR RENEWAL FROM JANUARY 1, 1977. RENTAL IS TO BE \$1,496 FOR THE PERIOD DECEMBER 19, 1976 THROUGH DECEMBER 31, 1976. COMMENCING JANUARY 1, 1977, ANNUAL RENTAL SHALL BE PAID AS FOLLOWS:
    - 1) UNTIL THE MINIMUM ANNUAL RENTAL PROVIDED FOR IN PARAGRAPH (3) HEREOF IS EQUALED IN EACH LEASE YEAR, THE ANNUAL RENTAL SHALL BE COMPUTED BY MULTIPLYING THE NUMBER OF BARRELS OF CRUDE OIL AND PRODUCTS AND DERIVATIVES THEREOF PASSING OVER THE STATE'S LAND BY \$0.01 (ONE CENT).
    - 2) FOR THE NEXT 7,000,000 BARRELS BEYOND THE NUMBER OF BARRELS NECESSARY TO SATISFY THE MINIMUM RENTAL UNDER PARAGRAPH (1) HEREOF, THE RENTAL SHALL BE \$0.001 (1 MILL) PER BARREL; AND THEREAFTER \$0.003 (3 MILLS) PER BARREL FOR THE NEXT 20,000,000 BARRELS OF SUCH COMMODITIES PASSING OVER THE STATE'S LAND IN THE SAME LEASE YEAR; AND THEREAFTER \$0.006 (6 MILLS) PER BARREL FOR

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- THE NEXT 20,000,000 BARRELS OF SUCH COMMODITIES PASSING OVER THE STATE'S LAND IN THE SAME LEASE YEAR; AND THEREAFTER \$0.009 (9 MILLS) PER BARREL FOR EACH ADDITIONAL BARREL OF SUCH COMMODITIES PASSING OVER THE STATE'S LAND IN THAT SAME LEASE YEAR.
- 3) THE MINIMUM ANNUAL RENTAL SHALL BE \$42,000.
- 4) THE STATE RESERVES THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF RENEWED LEASE PRC 3453.1.
- B. THE ISSUANCE OF AN AMENDMENT TO ADD PUBLIC LIABILITY INSURANCE IN THE AMOUNTS OF \$1,000,000 FOR BODILY INJURY AND \$5,000,000 FOR PROPERTY DAMAGE; FOR THE CONTINUED MAINTENANCE OF A MARINE PETROLEUM WHARF ON THE LAND DESCRIBED ON EXHIBIT "A" ON FILE WITH THE OFFICE OF THE STATE LANDS COMMISSION, PROVIDED THAT ALL OTHER TERMS AND CONDITIONS OF LEASE PRC 3453.1, AS AMENDED, SHALL REMAIN IN FULL FORCE AND EFFECT.
- C. THE EFFECTIVE DATE OF THIS AMENDMENT SHALL BE DECEMBER 19, 1976.