

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 1/26/78
meeting.

MINUTE ITEM

1/26/78
Horn

25. GENERAL LEASE, RIGHT-OF-WAY USE; SOUTHERN PACIFIC PIPE LINES;
W 21561; PRC 5439.

During consideration of Calendar Item 25 attached, Mr. James F. Trout, Manager, Land Operations, advised that in addition to the staff's recommendation, the applicant has requested that the staff send a letter to them as outlined in the resolution adopted by the Commission as set forth below.

Upon motion duly made and carried, the Commission adopted the resolution as presented in Calendar Item 25 by a vote of 3-0. In addition the Commission authorized the staff to send a letter from the Executive Officer to Southern Pacific Pipe Lines 1) outlining their obligation to pay the volumetric rental under these leases, 2) agreeing to the credit of their prepayments, and 3) agreeing that if the courts determine that the State's boundary is the low water mark, the subject leases will in turn reflect that boundary line.

Attachment: Calendar Item 25 (5 pages)

CALENDAR ITEM

25.

1/78

W 21361

Horn

PRC 5439

GENERAL LEASE
RIGHT-OF-WAY USE

APPLICANT: Southern Pacific Pipe Lines (SPPL)
610 South Main Street
Los Angeles, California 90014

AREA, TYPE LAND AND LOCATION: Tidelands and submerged lands throughout California.

LAND USE: Transportation of petroleum products.

TERMS OF PROPOSED LEASE:
Initial period: 20 years from January 1, 1978.

Renewal options: 2 successive periods of 10 years each.

Public liability insurance: \$1,000,000 per occurrence for bodily injury and \$2,000,000 for property damage.

CONSIDERATION: Commencing January 1, 1978, annual rental shall be calculated by multiplying each barrel of petroleum products passing through SPPL's Northern California Pipeline System by \$0.00024.

The minimum annual rental is \$15,000. The State reserves the right to fix a different rental on each tenth anniversary of the lease.

BASIS FOR CONSIDERATION:
Volumetric rental pursuant to 2 Cal. Adm. Code 2006.

PREREQUISITE TERMS, FEES AND EXPENSES:
Applicant is owner, lessee or permittee of the various upland parcels.

STATUTORY AND OTHER REFERENCES:
A. Public Resources Code: Div. 6, Parts 1 & 2.

CALENDAR ITEM NO. 25. (CONTD)

B. Administrative Code: Title 2, Div. 3,
Arts. 1, 2, 6.5,
10 & 11.

OTHER PERTINENT INFORMATION:

1. For over one year Commission Staff has been negotiating with SPPL on a method to apply the volumetric rental alternative to those pipeline leases where such rental is appropriate. Staff and SPPL have agreed to a system-wide approach as being in the best interest of the State and SEPL.

Staff is recommending consolidation of the 19 existing SPPL petroleum pipeline leases into one new master lease. For convenience, the descriptions of the various State lands crossed by SPPL petroleum pipelines are not appended to this calendar item, but are being referenced as being on file in the Commission's offices.

Rental under the proposed new master lease was determined using the proration procedure contained in the Commission's general leasing regulations in 2 Cal. Adm. Code 2007. It is agreed that all petroleum products passing through SPPL's Northern California Pipeline System will be subject to an apportioned volumetric rental rate of \$0.00024 per barrel.

2. This project is exempt from CEQA because it is not a project within the meaning of CEQA and implementing guidelines.

Authority: PRC 21065 and 14 Cal. Adm. Code 15037.

3. Many of the existing petroleum pipelines cross State lands which have been identified as possessing significant environmental values pursuant to PRC 6370.1 et seq. and are classified in one or other of the use categories. Inasmuch as

CALENDAR ITEM NO. 25. (CONTD)

this action of the Commission is administrative in nature, there will be no significant effect upon the identified environmental values. Future modifications to the petroleum pipeline system will require compliance with CEQA and implementing guidelines.

4. Staff believes this proposed lease consolidation procedure is of major benefit to the State and SPPL.
5. A list of affected leases is attached.

FURTHER APPROVALS REQUIRED:

No other agency approvals are required for this activity.

EXHIBIT:

- A. List of Affected State Lands Commission Leases.

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 21065, 14 CAL. ADM. CODE 15037 AND 2 CAL. ADM. CODE 2905(a).
2. FIND THAT GRANTING OF THE LEASE WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1, OF THE PUBLIC RESOURCES CODE.
3. AUTHORIZE ISSUANCE TO SOUTHERN PACIFIC PIPE LINES OF A 20 YEAR GENERAL LEASE - RIGHT-OF-WAY USE FROM JANUARY 1, 1978, WITH LESSEE'S OPTION TO RENEW FOR 2 SUCCESSIVE PERIODS OF 10 YEARS EACH; IN CONSIDERATION OF AN APPORTIONED VOLUMETIC RENTAL IN THE AMOUNT OF \$0.00024 FOR EACH BARREL OF PETROLEUM PRODUCTS THAT PASS THROUGH LESSEE'S NORTHERN CALIFORNIA PIPELINE SYSTEM; WITH A MINIMUM ANNUAL RENTAL OF \$15,000; WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH TENTH ANNIVERSARY OF THE LEASE; PROVISION OF PUBLIC LIABILITY INSURANCE IN AMOUNTS OF \$1,000,000 PER OCCURRENCE FOR BODILY INJURY AND \$2,000,000 FOR PROPERTY DAMAGE; FOR THE OPERATION AND MAINTENANCE OF PETROLEUM PRODUCT PIPELINES ON THE LANDS DESCRIBED ON EXHIBITS ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF.

CALENDAR ITEM NO. 25. (CONTD)

4. TERMINATE THOSE LEASES LISTED ON EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF; SAID TERMINATION TO BE EFFECTIVE DECEMBER 31, 1977
5. AUTHORIZE COMMISSION STAFF AND/OR THE OFFICE OF THE STATE ATTORNEY GENERAL TO TAKE ANY STEPS NECESSARY TO EFFECTUATE THIS TRANSACTION.

Attachment: Exhibit "A"

EXHIBIT "A"

STATE LANDS COMMISSION / SPPL PIPELINE LEASES

PRC'S

1876.1
1875.1
187.1
1862.1
1859.1
1890.1
2694.1
2693.1
2697.1
2696.1
2695.1
1903.1
1902.1
1889.1
2855.1
4086.1
3811.1
4028.1
3611.1