

MINUTE ITEM

This Calendar Item No. 28
was approved as Minute Item
No. 28 by the State Lands
Commission by a vote of 2
to 0 at its 8-22-79
meeting.

MINUTE ITEM

8/79
Horn

28. AMENDMENT AND RENEWAL OF LEASE PRC 3454.1

During consideration of Calendar Item 28 attached, Mr. V. R. Swanson, representing Tosco Corporation, appeared to answer any questions the Commissioners may have.

Upon motion duly made and carried, the resolution as presented in Calendar Item 28 was approved by a vote of 2-0.

Attachment: Calendar Item 28.

CALENDAR ITEM

28.

8/79
WP 3454
Horn
PRC 3454

AMENDMENT AND RENEWAL OF LEASE PRC 3454.1

APPLICANT: Tosco Corporation
10100 Santa Monica Blvd.
Los Angeles, California 90067
Attention: B. R. Swanson
Transportation Manager

AREA, TYPE LAND AND LOCATION:
Approximately 10.6 acres of tide and submerged
land near Martinez, Contra Costa County.

LAND USE: Marine petroleum wharf together with appurte-
nances.

TERMS OF ORIGINAL LEASE:

Initial period: 15 years from July 26,
1964.

Renewal options: 3 successive periods
of 10 years each.

Surety bond: \$50,000.

Consideration: \$8,069.78 per annum.

TERMS OF PROPOSED LEASE:

Amendment and Renewal period: 10 years
from January 1, 1980.

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: RENTAL IMPOUND. The proposed
lease amendment provides
that rental in excess
of the minimum annual

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rental shall be paid into a special deposit account in the State Treasury pending the outcome of litigation challenging the Commission's volumetric rental regulations. Should such regulations be declared invalid, impounded rentals shall be refunded and a new reasonable rental shall be determined by the Commission.

CONSIDERATION: Commencing January 1, 1980, volumetric rental accrues according to the following schedule:

- (a) \$0.01 (one cent) per barrel of commodities until the minimum annual rental set forth in (f) below is equaled.
- (b) \$0.001 (one mil) per barrel for the next 7,000,000 barrels.
- (c) \$0.003 (three mils) per barrel for the next 20,000,000 barrels.
- (d) \$0.006 (six mils) per barrel for the next 20,000,000 barrels;
- (e) \$0.009 (nine mils) per barrel for each additional barrel passing over the State's land in that same lease year.
- (f) The minimum annual rental is \$30,000.

Rental for occupation of the leased lands from July 26, 1979 to December 31, 1979 will be on a pro-rated volumetric rental basis. The State is 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 2005 and 2006.

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PREREQUISITE TERMS, FEES AND EXPENSES:

Applicant is owner of upland.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 & 2.

B. Cal. Adm. Code: Title 2, Div 3.

OTHER PERTINENT INFORMATION:

1. An EIR is not required. This transaction is within the purview of 2 Cal. Adm. Code 2907, Class 1(B), 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.
2. This project is situated on State land identified as possessing significant environmental values pursuant to P.R.C. 6370.1, and is classified in a use category, Class "A", which authorizes Restricted Use.

Staff review indicates that there will be no significant effect upon the identified environmental values. This is an existing facility for which no adverse comments have been received.

FURTHER APPROVALS REQUIRED:

No additional approvals are required.

EXHIBIT:

A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF P.R.C. 21085, 14 CAL. ADM. CODE 15100 ET SEQ., AND 2 CAL. ADM. CODE 2907.
2. FIND THAT GRANTING OF THE LEASE WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1, OF THE P.R.C.

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3. AUTHORIZE ISSUANCE TO TOSCO CORPORATION OF A 10-YEAR RENEWAL OF LEASE PRC 3454.1 FROM JANUARY 1, 1980, WITH LESSEE'S OPTION TO RENEW FOR 2 SUCCESSIVE PERIODS OF 10 YEARS EACH; IN CONSIDERATION OF ANNUAL RENT ACCORDING TO THE FOLLOWING SCHEDULE: COMMENCING JANUARY 1, 1980, VOLUMETRIC RENTAL ACCRUES ACCORDING TO THE FOLLOWING SCHEDULE:
- (a) UNTIL THE MINIMUM ANNUAL RENTAL PROVIDED FOR IN SUBPARAGRAPH (c) 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).
 - (b) FOR THE NEXT 7,000,000 BARRELS BEYOND THE NUMBER OF BARRELS NECESSARY TO SATISFY THE MINIMUM RENTAL UNDER SUBPARAGRAPH (a) ABOVE, THE RENTAL SHALL BE \$0.001 (1 MIL) PER BARREL; AND THEREAFTER \$0.003 (3 MILS) PER BARREL FOR THE NEXT 20,000,000 BARRELS; AND THEREAFTER \$0.006 (6 MILS) PER BARREL FOR THE NEXT 20,000,000 BARRELS; AND THEREAFTER \$0.009 (9 MILS) PER BARREL FOR EACH ADDITIONAL BARREL OF SUCH COMMODITIES PASSING OVER THE STATE'S LAND IN THAT SAME LEASE YEAR.
 - (c) THE MINIMUM ANNUAL RENTAL SHALL BE \$30,000. THE STATE RESERVES THE RIGHT TO RESET THE ANNUAL RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE.
 - (d) RENTAL FOR OCCUPATION OF THE LEASED LANDS FOR THE PERIOD JULY 26, 1979 THROUGH DECEMBER 31, 1979 SHALL BE BASED ON A PRORATION OF THE VOLUMETRIC SCHEDULE DETAILED IN (a) AND (b) ABOVE. PROVISION OF PUBLIC LIABILITY INSURANCE IN AMOUNTS OF \$1,000,000 PER OCCURRENCE FOR BODILY INJURY AND \$5,000,000 FOR PROPERTY DAMAGE; TOGETHER WITH OTHER MODIFICATIONS TO THE LEASE WITH ALL CHANGES TO BE EFFECTIVE JULY 26, 1979, FOR THE CONTINUED OPERATION OF A MARINE PETROLEUM WHARF ON THE LAND DESCRIBED ON PAGE 1 OF ORIGINAL LEASE PRC 3454.1 AND BY REFERENCE MADE A PART HEREOF.
4. PROVIDE IN THE LEASE AMENDMENT FOR PAYMENT OF RENTALS IN EXCESS OF THE MINIMUM ANNUAL RENTAL INTO A SPECIAL DEPOSIT ACCOUNT IN THE STATE TREASURY, PENDING A FINAL

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DISPOSITION OF CURRENT LITIGATION CONCERNING THE VALIDITY
OF THE COMMISSION'S VOLUMETRIC RENTAL REGULATIONS;
SAID IMPOUNDED RENTALS TO BE REFUNDED AND A NEW REASONABLE
RENTAL DETERMINED BY THE COMMISSION SHOULD THE COMMISSION'S
VOLUMETRIC RENTAL REGULATIONS BE INVALIDATED.

