

MINUTE ITEM

This Calendar Item No. C43 was approved as Minute Item No. 43 by the California State Lands Commission by a vote of 3 to 0 at its 08/21/96 meeting.

CALENDAR ITEM

C43

A 35

S 18

08/21/96
PRC 7075.1
A. Scott
J. Lien

**TERMINATION AGREEMENT
INDUSTRIAL LEASE**

APPLICANT:

Gaviota Terminal Company
16899 U. S. Highway 101
Gaviota, California 93117

AREA, TYPE LAND AND LOCATION:

A 74.31 acre parcel, more or less, of tide and submerged land located offshore of Gaviota, Santa Barbara County.

CURRENT LAND USE:

Maintenance of a marine terminal comprised of a six-point mooring system and underwater pipelines for the transfer and loading of crude oil.

CURRENT LEASE TERMS:

Lease period:

A maximum of two years and eight months beginning May 1, 1993, and ending no later than January 1, 1996, unless terminated earlier in accordance with other provisions of this lease.

Surety bond:

\$1,000,000.

Public liability insurance:

Lessee is self insured.

Consideration:

\$230,000 per annum.

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**PROPOSED LEASE
TERMINATION AGREEMENT:**

Background

In August, 1993, the Commission authorized the issuance of an industrial lease to the Gaviota Terminal Company (GTC) for the continuing operation of an existing offshore marine terminal. This lease had a maximum term which expired on January 1, 1996. Since that time staff has been working with GTC to reach an agreement on the continuing status of the terminal facilities.

GTC has also been working with the County of Santa Barbara concerning the status of both GTC's upland facilities and those located on State land. GTC has determined that it no longer will operate an offshore marine terminal at this location. The County of Santa Barbara has completed an environmental analysis of the impact of abandonment of both the offshore portions of the marine terminal and onshore support facilities. The County has prepared and circulated a Negative Declaration (96-ND-22) that addresses potential environmental impacts of the proposed abandonment.

GTC proposes to remove all pipelines from within the near shore to a water depth of -15 feet and to remove the pipeline end manifold (PLEM), hoses and PLEM pile supports. Pipelines to remain in place will be cleaned and filled with sea water. All other offshore parts of the marine terminal, including but not limited to, buoys and anchors, have been or will be removed.

Staff recommends that the Commission enter into a Lease Termination Agreement with GTC on the following terms and conditions.

Agreement Terms

Surety bond:
\$1,000,000.

Public liability insurance:
Combined single limit coverage of \$1,000,000; or a self insurance program approved by the State Lands Commission's Executive Officer.

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Special:

- I. Prior to the commencement of the abandonment activities, the Lessee shall provide a copy of the site-specific marine biology impact reduction plan (County of Santa Barbara condition H-2) for review and approval by the Executive Officer of the State Lands Commission in consultation with other affected agencies, including but not limited to the County of Santa Barbara and the California Coastal Commission. Said reduction plan shall:
 - 1) Indicate specific steps the lessee and its contractors will take to minimize the project impacts to grey whales, commercial fishing and kelp.
 - 2) Indicate specific steps the lessee and its contractors will take to minimize turbidity.
 - 3) Indicate the type and amount of spill response equipment that will be available on-site and on-call in the event that a spill occurs.
 - 4) Identify pre- and post-abandonment surveys for debris removal, bottom scarring and locating the pipeline that will be abandoned in-place. The survey techniques shall include high resolution sidescan sonar, visual inspection by divers and video.
 - 5) Indicate how the lessee will mitigate the impacts to kelp that could not be avoided in #1, above, by either method A or B below. The Post Mitigation Monitoring, Item C, would be completed subsequent to either method.
 - A. Pre- and Post-abandonment Surveys
 1. Identify the location, extent and techniques for pre- and post-abandonment surveys, including at least one control site, for evaluating damage, if any, to the kelp.
 2. Identify a method or methods for mitigating any impacts to kelp.
 - B. Kelp Census
 1. Identify the location, extent and techniques for a pre-abandonment census of the kelp in the work area.

-or-

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2. Describe the technique of kelp stapling, including past success with this technique in the area.
3. Identify the location, extent and techniques for periodic monitoring surveys at the site of stapling, and at a control site, in order to determine the success of the stapling mitigation relative to natural attrition.

-and-

C. Post Mitigation Monitoring

1. Outline a mitigation monitoring program of at least one year aimed at determining the degree to which the mitigation program was successful in providing one-to-one kelp plant replacement, including actions that will be taken, given concurrence of the reviewing agencies, in the event that the mitigation is not fully successful. These actions could include, but are not limited to additional mitigation, additional monitoring, or compensation.
- II. Lessee shall remain liable for any damages caused by improvements that are allowed to be abandoned in place.
 - III. Lessee shall remain liable for the removal of those improvements allowed to be abandoned in place should they be determined to be adverse to the public interest.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 2, Div. 3; Title 14, Div. 6.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

1. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code Sections 6370, et seq. but will not affect those significant lands.

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2. A Negative Declaration was prepared and adopted for this project by the County of Santa Barbara (96-ND-22). The State Lands Commission's staff has reviewed the document.
3. Pursuant to Public Resources Code Section 21081.6, the County of Santa Barbara adopted a Monitoring Program for the changes to the project which it has adopted or made a condition of approval in order to mitigate or avoid potential significant effects on the environment.

APPROVALS OBTAINED:

County of Santa Barbara

FURTHER APPROVALS REQUIRED:

California State Lands Commission; California Coastal Commission

EXHIBITS:

A. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT A NEGATIVE DECLARATION AND A MITIGATION MONITORING PLAN WERE PREPARED AND ADOPTED FOR THIS PROJECT BY THE COUNTY OF SANTA BARBARA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECTS ON SUCH LANDS.
3. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF A LEASE TERMINATION AGREEMENT COVERING LEASE NO. PRC 7075.1, BEGINNING JANUARY 1, 1996, CONSISTENT WITH THE TERMS OUTLINED ABOVE.

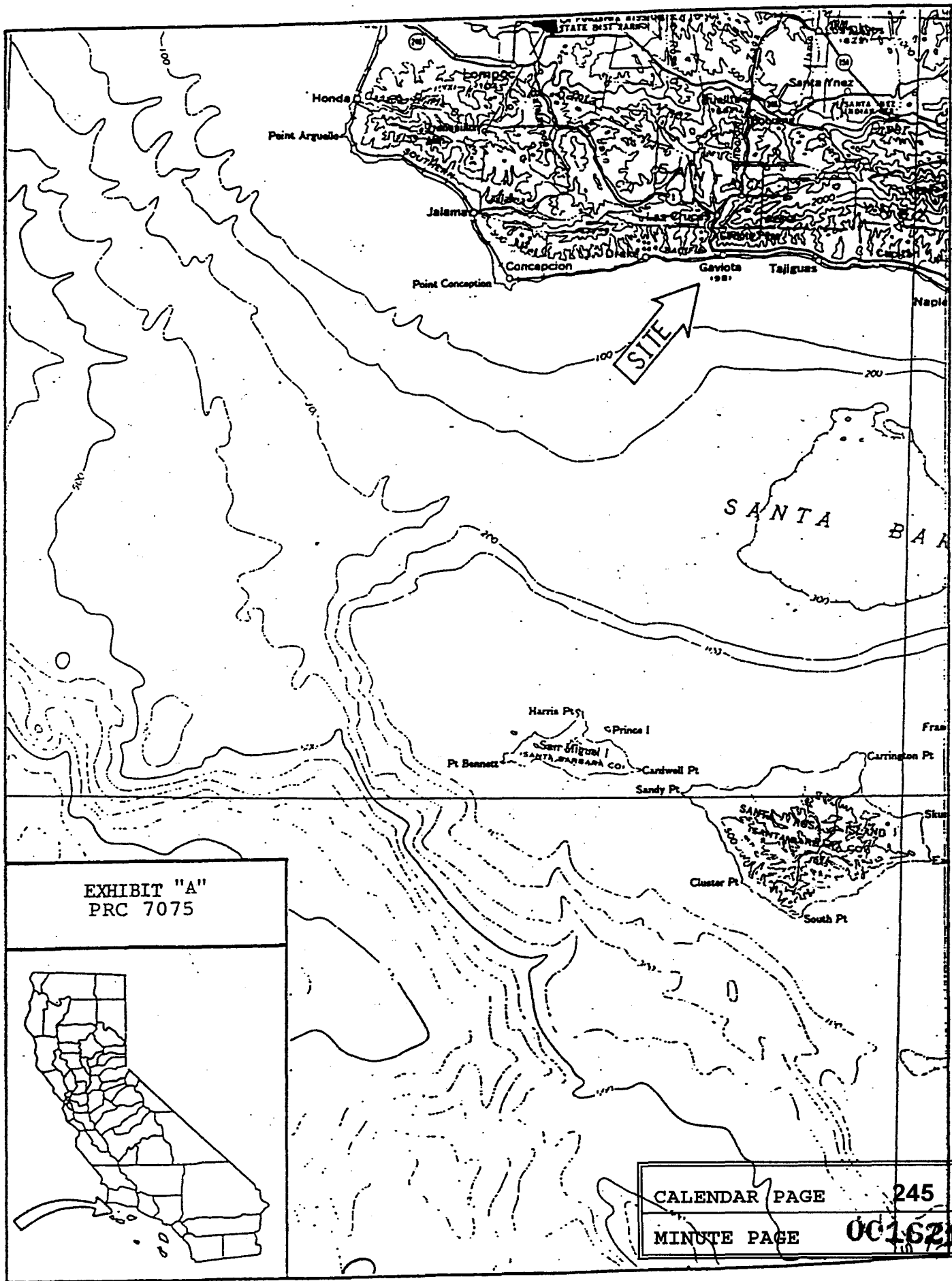


EXHIBIT "A"
 PRC 7075

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