MINUTE ITEM

This Calendar Item No. <u>C40</u> was approved as Minute Item No. 40 by the California State Lands Commission by a vote of 3 to 2 at its

CALENDAR ITEM 6 - 14 - 99 meeting.

C40

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06/14/99 PRC 2478.1

S 18 A. Scott, J. Lien

GENERAL LEASE-INDUSTRIAL USE AND LEASE TERMINATION AGREEMENT

LESSEE:

Chevron Pipe Line Company 4000 Highway One Morro Bay, California 93442

AREA, LAND TYPE, AND LOCATION:

2.48 acres, more or less, of sovereign tide and submerged lands in the Pacific Ocean, Estero Bay, near the city of Morro Bay, San Luis Obispo County.

AUTHORIZED USE:

General Lease-Industrial Use

Retention and continued maintenance of three submerged pipelines comprised of a 20-inch diameter pipeline, an 18-inch diameter pipeline and a 16-inch diameter pipeline to be maintained in non-operational status while being evaluated for possible future use.

Abandonment of Improvements Agreement

Abandon in place two 8-inch diameter submerged pipelines, one 12-inch diameter submerged pipeline, three anchors and two submerged telephone cables.

LEASE TERM:

5 years, beginning June 1, 1999.

CONSIDERATION:

\$12,660.00 per Annum

SPECIFIC LEASE PROVISIONS:

Insurance:

\$1,000,000.00 combined single limit.

Bond:

\$50,000.00.

Other:

Lessee is required to secure formal approval of Lessor prior to any reuse of the facilities.

OTHER PERTINENT INFORMATION:

- 1. Applicant owns the uplands adjoining the lease premises.
- 2. Lessee has maintained a marine terminal for transport of crude oil at this location since 1929. The facility has been used to transport San Joaquin Valley crude via tankers to refineries in Southern California. Over the years of operation many changes were made to the offshore facilities and some parts of the marine terminal have been allowed to remain in place even though not being used.
- 3. As of May 28, 1999 the marine terminal is no longer being used to transfer crude oil to tankers. Crude oil that had been transported through this terminal is now being transported via pipeline to Southern California. The Lessee proposes to remove most of the improvements (anchors, chains, buoys, etc.) from the terminal area but wishes to retain some selected improvements for future uses (certain pipelines) and to abandon, in place, other improvements (old pipelines, telephone cables and three anchors).
- 4. Commission staff has reviewed and evaluated Lessee's request to retain three pipelines for future use and to allow the abandonment in place of other pipelines and appurtenant facilities and recommends that the Commission authorize a lease for the retained pipelines and a Lease Termination Agreement that will provide for the abandonment, in place, of specific improvements of the Lessee.
- 5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15025), the staff has prepared a Proposed Mitigated Negative Declaration identified as CSLC ND 695, State Clearinghouse No. 99041095. Such Proposed Mitigated Negative Declaration was prepared and circulated for public review pursuant to the provisions of the CEQA.

The CSLC staff has worked extensively with the other affected agencies in assessing the project impacts. The Mitigated Negative Declaration examines a range of options from abandonment-in-place to full removal. From the onset, agencies have discussed the advantages of abandonment-in-place (e.g., less air emissions, less bottom disturbance, etc.) versus full removal (e.g., site completely cleared). The Mitigated Negative Declaration concludes that either option could be implemented

without significant impacts. However, on balance, the CSLC staff favors abandonment-in-place to avoid disturbance to resources. This recommendation is consistent with numerous past Commission actions. Furthermore, the interim lease that Chevron has applied for provides an excellent opportunity for the Commission to revisit this issue should any problems arise from abandonment-in-place. Additionally, a special condition has been added to the Lease Termination Agreement, and cross-referenced in the interim lease, which allows the Commission, to reconsider any authorized abandonment-in-place at the end of the interim lease.

Two circumstances could, however, prevent implementation of the abandonment-in-place option. The first would be Chevron's inability to adequately clean the pipelines. If the applicant is unable to clean the lines to acceptable levels (as evaluated by a variety of agencies, including the Commission, Regional Water Quality Control Board, Office of Oil Spill Prevention and Response, California Coastal Commission and U. S. Coast Guard) it may be necessary to remove them. Secondly, although abandonment-in-place is consistent with the past actions of this and other agencies, the number of projects that propose abandonment in place of some or all facilities is causing the Coastal Commission staff, to reevaluate its general position. It is, therefore, possible that an agency acting subsequent to the Commission could require full removal. To ensure that Chevron will be able to complete their project this year, CSLC staff has incorporated a condition into the Lease Termination Agreement, that provides for full removal of the facilities if it is required by either the applicant's inability to clean the pipelines adequately or by a decision from another agency.

Based upon the Initial Study, the Proposed Mitigated Negative Declaration, and the comments received in response thereto, there is no substantial evidence that the project will have a significant effect on the environment; Title 14, California Code of Regulations, section 15074 (b).

- 6. A Mitigation Monitoring Program has been prepared in conformance with the provisions of the CEQA (Public Resources Code section 21081.6).
- 7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370,

et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

FURTHER APPROVALS REQUIRED:

California Coastal Commission, US Army Corps of Engineers, County of San Luis Obispo, City of Morro Bay.

EXHIBITS:

- A. Site Map
- B. Location Map of Interim Lease Improvements
- C. Location Map of Improvements to be Abandoned In Place
- D. Mitigation Monitoring Program

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

CERTIFY THAT A PROPOSED MITIGATED NEGATIVE DECLARATION, CSLC ND NO. 695, STATE CLEARINGHOUSE NO. 99041095 WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE PROPOSED MITIGATED NEGATIVE DECLARATION AND DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED IN EXHIBIT D. ATTACHED HERETO.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

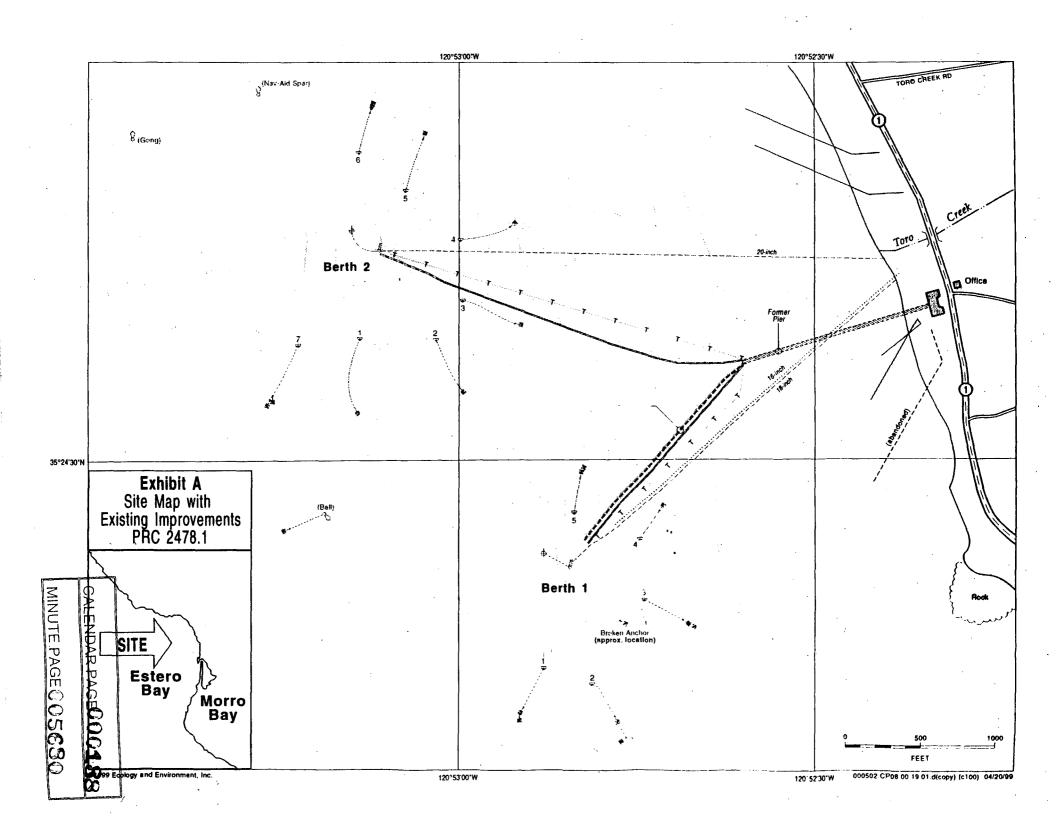
AUTHORIZATION:

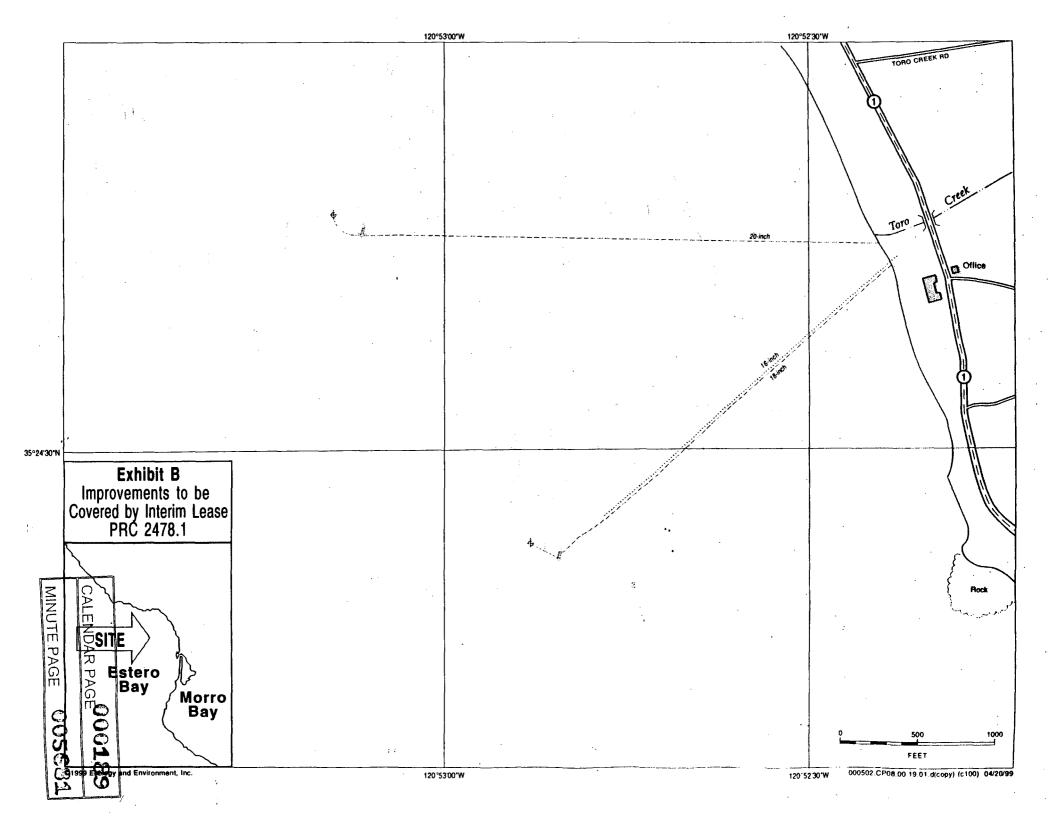
AUTHORIZE ISSUANCE TO CHEVRON PIPE LINE COMPANY OF A GENERAL LEASE-INDUSTRIAL USE, BEGINNING JUNE 1, 1999, FOR A TERM OF FIVE YEARS, FOR RETENTION OF THREE PIPELINES AND TWO BUOYS, ANCHORS AND CHAINS ON THE LAND SHOWN ON EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$12,660, LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$1,000,000; SURETY IN THE AMOUNT OF \$50,000.

AUTHORIZE EXECUTION OF A LEASE TERMINATION AGREEMENT WITH CHEVRON PIPE LINE COMPANY, COVERING THOSE IMPROVEMENTS SHOWN ON EXHIBIT C ATTACHED HERETO.

AUTHORIZE THE EXECUTIVE OFFICER TO TAKE ANY ACTION NECESSARY TO IMPLEMENT THE TERMS AND CONDITIONS OF THE LEASE AND LEASE TERMINATION AGREEMENT.

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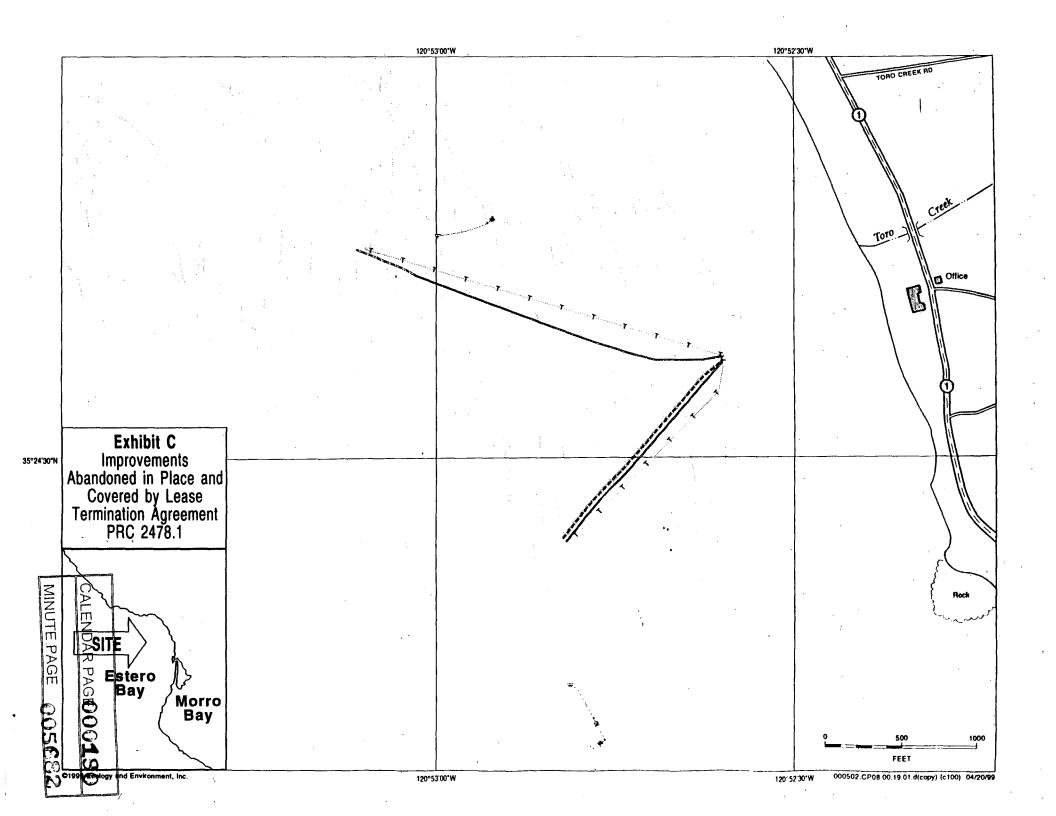


Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
Air Quality			,	
1	 To implement Best Available Control Technology for construction equipment, Chevron shall use reformulated fuel (CARB diesel) to power all marine vessel engines and auxiliary equipment itemized as emission sources for project activity; the emission estimates in Table 3-5 assume CARB diesel is used for all equipment. If CARB diesel cannot be used for any specific pieces of equipment, Chevron shall indicate to the SLO APCD which equipment cannot use CARB diesel, and application of emission reduction credits (discussed below) shall be adjusted. CARB diesel for marine vessel engines shall be obtained from marine vessel fuel suppliers in Port Hueneme, or an alternative source proposed by Chevron. Emission calculations reflecting the use of CARB diesel for all offshore project activities are summarized in Table 3-5. Because the 7% reduction in NO_x from the use of CARB diesel is not sufficient to lower emissions below the CEQA threshold, emission offsets shall be applied to mitigate the remainder of the exceedance. Chevron has adequate emission credits banked with the SLO APCD from prior emission reduction measures that can be used for project mitigation (Lajoie 1998). 	Air Quality #1	 Emission credits calculated from Negative Declaration estimates (Table 3-5) Provide SLO APCD with receipts for purchase of marine vessel fuel 	SLO APCD
2	Heavy equipment for onshore activity shall be fueled with CARB diesel to reduce emissions.	Air Quality #2	None .	SLO APCD
Water Quali	ty			
` 3	The discarded anchor near Berth 1 shall be abandoned in place.	Water Quality #1	None	CSLC
4	Chevron shall remove the batteries and other debris from the seafloor near Berth 2. Divers should place the batteries in a small plastic container with a lid that can be sealed to prevent the material within the batteries from escaping when the container is raised to the surface. Once on the work vessel, the batteries and the water within the plastic container should be transferred into a 55-gallon drum and handled as hazardous waste.	Water Quality #2	Chevron shall provide CSLC with a copy of the waste manifest upon completion.	CSLC

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation	Mitigation	Impact	Documentation	Agency
Number		Reference	Required	Responsible
5	The potential impact of having residual oil in the out-of-service return lines released to marine waters shall be mitigated by obtaining better information regarding the contents of the lines and, if needed, by purging the lines to attain a residual oil concentration of 15 ppm or less total petroleum hydrocarbons (TPH), which is consistent with residual levels set for the loading lines. This will be accomplished by: (1) sampling the lines, (2) setting action levels for sampling results, (3) purging the lines if needed, and (4) documentation. 1) Line Sampling Prior to the start of the project abandonment activities, Chevron shall submit a plan for agency review and approval to sample the out-of-service return lines and assess the contents of the lines. The plan will contain the following information: • Proposed method for locating the lines and exposing the high and low ends of each line. • Procedures for tapping into the lines and withdrawing a water sample(s). • Analytical methods for determining if water meets the California State Lands Commission (CSLC) standard of less than 15 ppm TPH (see Appendix E for explanation of CSLC Marine Facilities Division working policy on line flushing and testing). Field screening methods can be used for initial determinations, but samples verifying that the water in the lines contains less than 15 ppm TPH shall be analyzed and documented by a state-certified laboratory. • Anchor plan for the work vessel supporting sampling activities. • Contingency plans addressing instances when lines cannot be found, high ends of the lines cannot be exposed safely, or if water cannot be extracted from the lines. • Oil spill response equipment that will be available during sampling, if different from equipment required by this document. • An estimate of emissions, over and above abandonment activity, to perform line sampling.	Water Quality #4	 Line sampling plan Line purge plan Analytical results from line sampling Observations of line condition and integrity noted during sampling and, if applicable, whether these observations affect line purge procedures Analytical results from line purging 	CSLC with review and comment from CCC and OSPR

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
	2) Action Levels The disposition of the lines will depend on the sampling results. The following actions shall be taken based on sampling results:			
	TPH Level Less than 15 ppm No further action 15 to 1,000 ppm Lines to be purged Greater than 1,000 ppm Lines to be purged following re-evaluation of spill response capabilities			
	3) Line Purge If the water within the lines contains more than 15 ppm TPH, Chevron will submit a plan for agency review and approval to purge the lines of excess oil. These procedures can be incorporated into the sampling plan discussed above if Chevron proposes to purge the lines during the same mobilization as the sampling.			·
	 During line purge, a CSLC representative will be present to observe purge operations and of make field decisions, if needed, during the operations. The field monitor will have the authority to alter or cease operations based on safety, environmental, or other factors, and will document any field decisions made that vary from the previously established procedures. If sampling results indicate TPH levels greater than 1,000 ppm, the CSLC shall reevaluate the response capabilities required during purge operations. Response capabilities established in this document are based on a maximum spill volume derived from an estimate of 1,000 ppm residual oil remaining in the out-of-service 			·
	lines. Therefore, if 1,000 ppm is exceeded, additional response capabilities may be required.			

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
	4) Documentation In addition to the plans described above, Chevron shall submit the following information to the CSLC and California Coastal Commission (CCC): Analytical results from line sampling Observations of line condition and integrity noted during sampling and, if applicable, whether these observations affect line purge procedures Analytical results from line purging			
Biological F				
6	Chevron could abandon in place Anchor 2 at Berth 1 and Anchor 4 at Berth 2. Chevron shall cut the anchor chains at the mud line and record the length of chain removed.	Biological Resources #3	Record lengths of anchor chains removed	CSLC
7	The discarded anchor near Berth 1 could be abandoned in place.	Biological Resources #5	None	CSLC
8	Chevron could abandon in place the 500-foot segment of abandoned return line at Berth 2.	Biological Resources #6	None	CSLC
9	 For removal of the mooring and navigational buoys, Chevron shall: Schedule buoy removal when no animals are present, if possible. The sea lion breeding season extends from mid-May to late July. Between June 15 and July 15, most adult sea lions are in the Channel Islands. Employ a qualified marine biologist, approved by the CSLC in consultation with the CDFG and/or the NMFS, to handle marine mammals. The biologist shall have the authority to stop work if a situation develops that could be injurious to marine mammals. If the buoy removal cannot be scheduled when sea lions are absent, use noise and general activity in the berth area to entice the sea lions to leave the buoys. If sea lions remain on the buoys and work must continue, the qualified marine biologist may push the sea lions off of the buoys using a long pole with a blunt object attached to the end. At no time should the pole make contact with an animal's head. 	Biological Resources #7	None	CSLC

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
10	Chevron proposed to leave cable in place if removing it might disturb remnant snowy plover nests. Because the removal of cable will be conducted outside of the snowy plover nesting season, disturbance of the old nests would not be an adverse impact; therefore; Chevron shall remove cables from the beach even if they are near old plover nests.		None	CSLC
11	A biological monitor shall be on board the work vessel during any project activity where there is a potential for oil to be released to marine waters. This monitor will have the authority to stop work if threatened or endangered species are spotted in the immediate project area during hose disconnect and pipe sampling, purging, and cutting. Chevron shall provide bird capture equipment (one dip net and two pet carriers) for use by the biological monitor if a bird is oiled during project activity. The name and contact number for Pacific Wildlife Care (Ms. Barbie Dugan, pager 805/542-2626) shall be listed on both pet carriers:	Biological Resources #10	None	CSLC
12	Chevron shall test and flush out-of-service return lines proposed to remain on seafloor, as required by Mitigation #5.	Biological Resources #11	None	CSLC
13	Chevron shall remove debris from the seafloor, as required by Mitigation #4.	Biological Resources #12	None	CSLC
Commercia	I and Recreational Fishing			
14	The existing vessel corridor agreement shall apply to work vessels transiting from outside the area throughout the project period to prevent damage to set crab gear.	Fishing #1	None	CSLC

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
Risk of Upse	et			
. 15	 Chevron shall have a dedicated response boat (other than the work boat) with onwater response capabilities present during this activity in case the release volume exceeds Chevron's estimates, the seep tent fails to capture oil, or oil escapes from a different portion of the line. During pipe testing, cutting, and flushing, a fast response boat with response capabilities equivalent to or greater than the Clean Seas Clean Sweep shall be present. The response boat shall be capable of deploying boom, and skimming and storing released oil. The Clean Seas Clean Sweep has the following capabilities and equipment: 300 feet of 8- by 12-inch, foam-filled boom One hundred fifty-four barrels per hour skimming capacity (derated) Twenty-eight barrels recovered oil storage on board See Appendix D for additional information regarding the Clean Sweep. Chevron shall also use the seep tent during line testing or other activity that 	Risk of Upset #1	 Submit revised procedures to CSLC for review and approval. If a release is reported, provide a copy of notification documentation to CSLC. 	CSLC
,	 Notification procedures shall be added to the work plan that are specific to project activity. USCG and OSPR shall be notified if oil is released, even under controlled conditions. In the event residual oil is released and oil is captured in the seep tent, Chevron shall contact the California Office of Emergency Services and describe the spill as "contained, requiring no further action." Chevron shall also notify USCG and OSPR prior to commencing work so they will be aware of the activity. The recommended contacts are: 	•		·

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
	USCG Marine Safety Detachment, Santa Barbara (805) 965-0407 Office of Oil Spill Prevention and Response Melissa Boggs			
	(805) 772-1756			
16	Chevron's work plan shall add USCG and OSPR contacts for notification prior to project activity, and reporting a release captured in the seep tent.	Risk of Upset #2	See Mitigation #15	CSLC
17	 Chevron shall test and flush the remaining segment of the Berth 2 line and the two out-of-service return lines at Berth 1 prior to abandonment, as required under Mitigation #5. Additional response capabilities required by Mitigation #15 shall apply to line testing and flushing. 	Risk of Upset #4	None	CSLC
18	Chevron shall amend its abandonment response procedures to include explicit procedures to stop work, notify agencies, and isolate the immediate area if residual oil is discovered during shore work.	Risk of Upset #5	Submit revised procedures to CSLC for review and approval in consultation with OSPR.	CSLC
Public Safe	ty	٠,		
19	Remove the batteries and other seafloor debris near Berth 2 under controlled conditions, as required by Mitigation #4.	Public Safety #1	None	CSLC

Table A-1 Monitoring for Mitigations Required by California State Lands Commission

Mitigation Number	Mitigation	Impact Reference	Documentation Required	Agency Responsible
20	 Chevron shall use a large excavator to dig sand as deeply as possible and break the pilings off. The excavator should be able to reach about 5 feet below the surface, and the pilings could be broken off about 3 feet below sand level. This method would remove the pilings well below their historic level of exposure. In addition, Chevron shall: While maintaining worker safety as a priority, make a concerted second effort to remove as much of the pier pilings as possible. Document the length, amount, and location of material removed, and estimate the percentage of material removed (e.g., 95% removal). Monitor the area on a regular basis and after major storms to confirm that pilings are not exposed and endangering the public. Monitoring shall continue for two years following abandonment. 	Public Safety #3	Document the length, amount, and location of material removed, and estimate the percentage of material removed (e.g., 95% removal), and submit to CSLC.	CSLC
21	 If the anode pipe breaks off during removal, Chevron shall use an excavator to reach into the surf zone and try to pull the remaining segment of pipe to shore. If the pipe cannot be removed, the excavator shall flatten the exposed end of the pipe to eliminate any sharp protrusions. In addition, Chevron shall: While maintaining worker safety as a priority, make a concerted second effort to remove as much of the anodes as possible. Document the length, amount, and location of material removed, and estimate the percentage of material removed (e.g., 95% removal). Monitor the area on a regular basis and after major storms to confirm that anodes are not exposed and endangering the public. Monitoring shall continue for two years following abandonment. 	Public Safety #4	Document the length, amount, and location of material removed, and estimate the percentage of material removed (e.g., 95% removal), and submit to CSLC.	CSLC

Mitigation Report to CSLC

Upon completion of project activity, Chevron shall submit required documentation, as well as video or photo documentation of pre-project heach conditions (see Table A-3), to the CSLC.

Table A-2 Offshore Project Activity Field Checklist to Monitor Applicant-Proposed Mitigation

Mitigation Measure	Date Observed or Documented	Comment	Initials
Offshore	,		
Issue a Notice to Mariners two weeks prior to commencing the project.	·		·
Work vessel anchors will be deployed and recovered using a support vessel.			
Work vessel anchor placement to avoid sensitive resources.			
Support vessel will moor alongside work vessel or marker buoy and not deploy anchor.			
For recovery of the mooring buoys, anchors, and chains, work vessel will not deploy its own anchors.			
Draw a vacuum on the loading line from shore during hose removal.	·		
Deploy an oil containment device above the pipe end during hose removal and above the cut point in the out-of-service line that will be removed. ^a			
Capture oil residues in the hose string within the hose before it is lifted from the water.	÷		
Periodically transport the recovered buoys, anchors, and chains to shore.	·	. *	
Withdraw water from the out-of-service line to be removed, and inspect it for evidence of hydrocarbons. Draw additional water through the line if hydrocarbons are present. b			
Maintain oil spill response capabilities more than adequate to respond to a "worst-case" spill. c			
Schedule offshore activities around the gray whale migration seasons.			

Notes:

This mitigation is partially contingent on removal of the 500-foot pipe segment at Berth 2.

This mitigation is contingent on removal of the 500-foot pipe segment at Berth 2. Line flushing procedures are augmented by CSLC Mitigation #5.

This mitigation is augmented by CSLC Mitigation #15.

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Table A-3 Onshore Project Activity Field Checklist to Monitor Applicant-Proposed Mitigation

Mitigation Measure	Date Observed or Documented	Comment	Initials
Onshore			
Notify agencies listed on p.2-21 and OSPR two weeks before abandonment activities begin.	·		
Post notices at harbor masters' offices 15 days prior to beginning work.			
Post notices at appropriate locations at Morro Strand and Atascadero State Beaches at least one week prior to beginning construction.			
Document shoreline conditions by photograph or videotape.			
Recontour shoreline to match preconstruction conditions.			
Spread thinly toward the ocean the first foot of sand excavated below the high tide line.			
Refill excavations immediately once component is removed.			~
Leave no excavations open overnight.			
Conduct shoreline activities outside of the breeding and nesting season of the Western snowy plover (generally March 1 to September 30) or with appropriate authorization from applicable resource agencies.	•		
Use previously fenced off area of bluff for staging area.			
Park project vehicles within the fenced-in staging area only.		·	
Post personnel to direct beachgoers around construction.			
Work in daylight hours only.			
In accordance with its Cultural Resources Management Plan, retain a Native American monitor, with the authority to stop work, to oversee ground-disturbing activities in the shoreline area. If human remains are found, notify the County Coroner and take appropriate steps to facilitate reburial of the remains according to the wishes of the Chumash people.	·		

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