
**EXHIBIT E – CHEVRON EL SEGUNDO MARINE TERMINAL LEASE
RENEWAL PROJECT**

STATEMENT OF OVERRIDING CONSIDERATIONS

The California Environmental Quality Act (CEQA) requires a lead agency to balance the benefits of a project against the unavoidable environmental effects of such project in determining whether to approve the project. The Final Environmental Impact Report (EIR) identifies significant impacts of the proposed Chevron El Segundo Marine Terminal Lease Renewal Project (Project) that cannot feasibly be mitigated to below a level of significance (Class I impacts). Therefore, the California State Lands Commission (CSLC), as the CEQA lead agency, must state in writing its specific reasons for approving the Project in a Statement of Overriding Considerations pursuant to sections 15043 and 15093 of the State CEQA Guidelines.

Based on the Final EIR, and other information provided by Chevron Products Company (Applicant) and gained through the public involvement process that is documented in the administrative record, this Statement of Overriding Considerations provides the specific reasons supporting the approval of this Project by the CSLC. State CEQA Guidelines section 15093(a) notes that, “If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered ‘acceptable.’”

The CSLC adopts this Statement of Overriding Considerations with respect to the impacts identified in the Chevron El Segundo Marine Terminal Final EIR that cannot be reduced, with mitigation stipulated in the Final EIR, to a less than significant level. This includes the following impacts:

- SSR-1: Potential for Fires and Explosions;
- SSR-2: Potential for Spills;
- WSQ-1: Oil Spills;
- BIO-1: Oil Spill Impacts to Marine Biological Resources;
- BIO-2: Oil Spill Impacts to Commercial and Recreational Fishing;
- BIO-5: Oil Spill Impacts to Onshore Biological Resources;

- 1 • AQ-2: Emissions of Greenhouse Gases Within the SCAB Could Exceed
- 2 SCAQMD Thresholds;
- 3 • AES-1: Oil Spills and Resultant Cleanup Operations Affect Visual Quality;
- 4 • GEO-1: Rupture of Facilities from Earthquake Motion;
- 5 • GEO-2: Oil Spills from Tsunami Wave Damage;
- 6 • GEO-3: Oil Spills as a Result of Liquefaction; and
- 7 • LUPR-1: Accidental Oil Releases Could Affect Recreational Activities.

8 Specifically, the Final EIR found that routine operations and accidental spills at the El
9 Segundo Marine Terminal, from vessels in transit (near the terminal or in vessel transit
10 lanes) or associated with geological events, could result in a release of oil or petroleum
11 product in quantities greater than 50 barrels (bbls), resulting in significant adverse
12 environmental impacts, and/or residual impacts associated with operational safety,
13 water quality, biological resources, commercial and sport fisheries, aesthetics (visual
14 resources), and recreational activities.

15 The Final EIR presents a comprehensive set of mitigation measures for adoption by the
16 CSLC that would reduce the probability, severity, or frequency of a spill or accident at
17 the El Segundo Marine Terminal or near a vessel in transit. Measures specific to the
18 safety of the El Segundo Marine Terminal include the use of the following: inert gas
19 systems, pipeline leak detection system, motor operated valve system, shipboard
20 automatic identification system, and a pipeline vacuum and pipeline testing system.
21 Additional measures include incorporating specific earthquake and tsunami response
22 practices and developing and implementing spill response and notification procedures
23 for protection of biological resources and water quality protection.

24 The Final EIR also identifies as a potentially significant impact operational greenhouse
25 gas (GHG) emissions from additional marine tanker calls, if such emissions exceed the
26 South Coast Air Quality Management District (SCAQMD) threshold of 10,000 metric
27 tons per year equivalent, as defined by the SCAQMD for stationary sources. Although
28 the Marine Terminal is not a stationary source and would, therefore, not be subject to
29 the GHG threshold requirements, the SCAQMD threshold for a stationary source has
30 been applied. Approximately 34 percent of the GHG emissions would occur from
31 vessels while hoteling, 44 percent would occur while vessel is in transit while in the

1 South Coast Air Basin (SCAB), and the remaining would be generated by tugs and
2 shore-side electrical pumps and equipment. If these emissions exceed the GHG
3 emissions estimates associated with the baseline operations,

4 The Final EIR identifies a combination of mitigation measures that could reduce Project-
5 related GHG emissions to below the 10,000 tons/year SCAQMD threshold for stationary
6 sources. These include the use of low sulfur fuels in tugs, reductions of vessel speeds,
7 and a requirement for the Applicant to implement a program to quantify and report to
8 CSLC staff GHG emissions associated with Marine Terminal operations with the SCAB
9 and within California. If these emissions exceed the GHG emissions estimates
10 associated with the baseline operations, then the Applicant would implement a GHG
11 emission reduction program to reduce emissions to less than the baseline GHG
12 emissions. The program, which would be approved by the CSLC, could include
13 measures such as; using green electrical power to run onshore equipment; requiring
14 tugs to use biodiesel; using shore power systems, using shore-side pumping systems
15 instead of vessel-powered pumps, further reducing vessel speed while in the SCAB, or
16 other measures, including offsite GHG reduction programs in the community. As stated
17 above, the program would be implemented if the Applicant exceeds specified triggers;
18 however, since the ability to implement some of these measures is uncertain, the Final
19 EIR found the potential impacts to still be potentially significant under the proposed
20 Project scenario.

21 The Final EIR thoroughly evaluates the No Project Alternative and hereby finds it
22 infeasible. Under the No Project Alternative, the CSLC would not grant a new lease and
23 Chevron would cease to operate the Marine Terminal. Chevron would import crude oil
24 and export products through other means, including the Port of Los Angeles and Port of
25 Long Beach terminals, onshore pipelines, unit trains, trucking, or, most likely, a
26 combination of those means. This could limit the operations of the Refinery and may
27 reduce the Refinery's throughput. This alternative would decommission the Marine
28 Terminal facilities and abandon components in place or remove them.

29 The CSLC hereby finds that the El Segundo Marine Terminal Lease Renewal Project
30 will have benefits to the State of California and the region served by the El Segundo
31 Marine Terminal, including the following benefits.

- 32 • The Project would provide an alternative facility to import and export Southern
33 California's crude oil, gasoline, and other products. Having multiple facilities
34 would reduce the potential for energy supply disruptions associated with using

1 only a single port in the event a natural disaster (i.e., earthquake), civil unrest
2 (i.e., terrorist attack), or a spill or other accident shuts down operations at an
3 alternative location to the El Segundo Marine Terminal thus making crude oil
4 from this alternative port unavailable for extended periods of time. Such a
5 disruption would have a significant negative impact on the economy of the region
6 and the State.

- 7 • The Project would be subject to more stringent operational and environmental
8 controls than the existing Marine Terminal, which will provide additional benefits
9 to public and environmental safety than are presently required by the provisions
10 of its existing lease.

11 Furthermore, the CSLC finds that all feasible mitigation measures, developed in
12 conjunction with State and federal resource management agencies and identified in the
13 Final EIR, have been imposed to avoid or lessen impacts to the maximum extent
14 possible.

15 The proposed Project, as described in Calendar Item 47, dated November 2010, is
16 being considered because of the extent to which the proposed Project provides a
17 means for importing crude oil and petroleum products and exporting petroleum products
18 to and from the adjacent Refinery, and so that it may continue its operations for the next
19 30 years.

20 Based on the above discussion, the CSLC finds that the benefits of the El Segundo
21 Marine Terminal Lease Renewal Project outweigh the significant unavoidable impacts
22 that could remain after mitigation is applied and considers such impacts acceptable.