EXHIBIT E – Shell Martinez Marine Terminal
STATEMENT OF OVERRIDING CONSIDERATIONS

INTRODUCTION TO STATEMENT OF OVERRIDING CONSIDERATIONS

The Final Environmental Impact Report (EIR) for the Shell Martinez Marine Terminal (Shell Terminal) Lease Consideration Project (Project) identifies significant impacts of the proposed Project that cannot feasibly be mitigated to below a level of significance.[1] Pursuant to section 15043 of the State California Environmental Quality Act (CEQA) Guidelines,[2] the California State Lands Commission (CSLC), as CEQA lead agency, may approve the Project even though it would cause a significant effect on the environment, if the CSLC makes a fully informed and publicly disclosed decision that there is no feasible way to lessen or avoid the significant effect, and specifically identified expected benefits from the project outweigh the policy of reducing or avoiding significant environmental impacts of the project.

State CEQA Guidelines section 15093 states in part:

(a) CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable."

(b) When the lead agency approves a project which will result in the occurrence of significant effects which are identified in the final EIR but are not avoided or substantially lessened, the agency shall state in writing the specific reasons to support its action based on the final EIR and/or other information in the record. The statement of overriding considerations shall be supported by substantial evidence in the record.

Based on the analysis conducted in preparation of this Final EIR, information provided by the Applicant (Equilon Enterprises LLC, doing business as Shell Oil Products US [Shell]), information obtained through the public review process, and other information in the record, this Statement of Overriding Considerations presents a list of (1) the specific significant effects on the environment attributable to the Project that cannot feasibly be mitigated to below a level of significance, (2) benefits derived from the proposed Project, and (3) specific reasons for approving the Project.

[1] The Final EIR (May 2011) consists of changes to the text of the Draft EIR (January 2010), comments received during the Draft EIR's 45-day public comment period, and responses to those comments.

[2] The State CEQA Guidelines are found in Title 14 of the California Code of Regulations, commencing with section 15000.

LEAD AGENCY ADOPTION OF STATEMENT OF OVERRIDING CONSIDERATIONS

The CLSC has balanced the benefits of this Project against significant unavoidable impacts that would remain after mitigation is applied. The CSLC adopts this Statement of Overriding Considerations with respect to the impacts identified in the EIR that cannot be reduced, with mitigation stipulated in the EIR, to a less than significant level.

Although the Applicant has designed the proposed Project to minimize environmental effects, and the CSLC has imposed additional mitigation measures to further reduce impacts, impacts remain that would be considered significant after application of all feasible mitigation. Project-related significant impacts, which are listed in Table 1, fall into three categories:

- Oil Spills;
- Ballast Water/Other Contaminants; and
- Space Use Conflicts.

Mitigation Measures and Alternatives

The CSLC finds that all mitigation measures identified in the EIR have been imposed to avoid or lessen impacts to the maximum extent feasible.[3] The CSLC further finds that alternatives analyzed in the EIR, the No Project Alternative and the Full Throughput Alternative, are infeasible for the following reasons.

- The No Project Alternative would require the decommissioning and abandonment of the existing Shell Terminal and the development of an alternative means of crude oil/product transport. Additional CEQA review and approval by the CSLC and other agencies would be required. While the No Project Alternative would eliminate impacts from the Shell Terminal, it would shift similar levels of impact to other Bay area marine oil terminals that would make up the differential for crude oil and product transport in the area.
- The Full Throughput Alternative would eliminate operations and impacts at the Shell Terminal, and assumes the Shell Refinery operations would be dependent on crude oil receipts through pipelines via other Bay area marine oil terminals. This alternative would result in the transfer of significant impacts related to operational safety/risk of accidents and spills, water quality, biological resources, commercial and sports fisheries, land use/recreation, visual resources, and structural integrity to other Bay area marine terminals. This alternative would have the potential for less overall severity of spills into the marine environment. However, construction of pipelines between the other Bay area terminals and the Shell Refinery would have the potential for additional significant impacts relative to on-land pipeline spills and leaks.

[3] Impacts and mitigation measures are identified and discussed throughout Section 4.0 of the EIR. A summary of all impacts and mitigation measures is provided in the Mitigation Monitoring Program (MMP) in the EIR.

Table 1. List of Significant Impacts Identified for the Proposed Project

Impact	Impact Summary	Impact Description
OIL SPILLS		
OS-3	Potential for Spills and Response Capability for Containment of Class I-IV Oil Spills From Terminal During Transfer Operations	Shell's response capability for containment of spills during transfer operations would still result in adverse and significant impacts for spills greater than 50 barrels (bbls). Complex spills (spills that cannot be contained during first response efforts with rapid cleanup) would result in a significant impact with residual effects after mitigation.
OS-4	Group V Oils	Group V oils have a specific gravity greater than 1 and do not float on the water; instead, they will sink below the surface into the water column or possibly to the bottom. Shell does not identify in its Oil Spill Response Manual the types of oils by Group that it handles nor does Shell discuss response capabilities by Group. Shell handles asphalt and other products that may be Group V oils. If this is the case, a release of a Group V oil could be significant.
OS-7	Response Capability for Accidents in Bay and Outer Coast	Complex spills from accidents in the Bay could result in significant adverse but unmitigable impacts and residual impacts. While Shell does not have legal responsibility for tankers it does not own, it does have responsibility to participate in improving general response capabilities.
CUM-OS-1	Cumulative Accident Conditions	All terminals and tanker/barge operators are required by Federal and State regulations to demonstrate that they have, or have under contract, sufficient response assets to respond to worst-case releases. Even so, oil spills can still result in significant, adverse impacts to the environment depending on whether first response efforts can contain and clean up the spill. Shell contributes incrementally to the cumulative environment.
WQ-11	Oil and Product Leaks and Spills at Terminal	Potential impacts on water quality can result from leaks or spills. Larger spills (greater than 50 bbls) could result in significant adverse impacts.
WQ-12 & CUM-WQ-3	Oil Spills from Vessels in Transit in Bay/Along Outer Coast	A significant impact to water quality could result from leaks or an accidental spill of crude oil or oil product from a vessel spill along tanker routes either in San Francisco Bay or outer coast waters. A major oil spill along the outer coast would have a significant adverse cumulative impact on water quality.
BIO-6	Oil Spills at Terminal	The impacts of a spill on the biota at or near the Shell Terminal have the potential to spread through Carquinez Strait and into Suisun and San Pablo Bays. Vulnerable biota are plankton, benthos, eelgrass, fishes, marshes, birds, and mammals. Spills larger than 50 bbls may not be able to be contained and impacts from large spills are considered to be significant adverse impacts.

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Impact	Impact Summary	Impact Description
BIO-7	Biological Resources Impacts from Accidental Spills from Vessels in Transit in Bay/Along Outer Coast	A significant impact to biological resources could result from spills of crude oil or product from a vessel in transit along tanker routes either in San Francisco Bay or outer coast waters.
CUM-BIO-2	Accident Conditions	Oil spills from all terminals combined, or from all tankering combined, may affect more resources than Shell Terminal operations alone, due to the wider distribution of potential sources of spills. Operations solely associated with the Shell Terminal contribute relatively little to the cumulative risk of an oil spill. Even so, a spill from Shell Terminal operations has the potential to impact biological resources and result in a significant adverse impact.
FSH-9	Fisheries Impacts from Accidental Spills at Terminal/Along Bay Transit Routes	Shrimp, herring and sport fisheries in central and north San Francisco Bay, San Pablo Bay, Carquinez Strait, Napa River and Honker Bay are at highest risk of spill contamination. Depending on spill location, size, and water and weather conditions, areas upstream of the confluence of the Sacramento and San Joaquin rivers may also suffer harm. In addition, the Bay marinas, launch ramps and fishing access points may be threatened, contaminated or closed. Significant adverse impacts to Bay commercial and sport fisheries would result from oil spill accidents originating at the Shell Terminal or from tankers transiting the coast that service the Shell Terminal.
FSH-10	Fisheries Impacts From Accidental Spills Along Outer Coast Transit Routes	Significant adverse impacts to outer coast commercial and sport fisheries could result from oil spill accidents from transiting tankers calling at the Shell Terminal. The level of impact would depend on the size of the spill, location, and fisheries occurring in the area of spread of the spill.
CUM-FSH-4	Accident Conditions	Cumulative impacts on Bay and outer coast fisheries from harbor and shipping activity related oil spills include those associated with the Shell Terminal and related vessels.
LU-3	Accidental Releases At or Near Terminal	A number of recreational facilities (designated parks, wildlife preserves, open space, etc.) and recreational uses (nature viewing, boating, fishing, surfing, etc.) are within the potential area that could be impacted by the spread of oil. Shoreline and water-related uses would be disrupted by oil on the shoreline and in the water and could result in significant adverse impacts.
LU-4 & CUM-LU-1	Land Use / Recreational Impacts of Oil Spills from Vessels in Transit	Spills that beach along sensitive land use areas or heavily used areas including recreational areas would limit or preclude such uses and result in significant adverse impacts, depending on the various characteristics of a spill and its residual effects. Impacts to sensitive shoreline lands, and/or water and non-water recreation due to a

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		release of oil would result in potentially significant adverse impacts. When the cumulative environment is considered, the contribution from the Shell Terminal is small, but a spill could still be significant.
VR-2	Visual Effects from Accidental Releases of Oil At or Near Terminal	Visual impacts of a spill could last for a long period of time, depending on the level of physical impact and cleanup ability, and are considered to be adverse and significant.
VR-3	Visual Effects of Oil Spills from Vessels in Transit	Spills would change the color and texture of water and shoreline conditions. The level of public sensitivity and expectations of viewers would result in a negative impression of the view shed and result in significant adverse impacts, depending on the various characteristics of a spill and its residual effects.
CUM-VR-2	Visual Effect from Accidental Release of Oil	Spills from multiple sources that would overlap in time (either the spill occurrence or cleanup operation) are unlikely; however, such incidents would result in significant adverse visual impacts.
BALLAST WATER/OTHER CONTAMINANTS		
WQ-2 & CUM-WQ-2	Segregated Ballast Water	Discharge of ballast water that contains harmful organisms could impair several of the Project area's beneficial uses, including commercial and sport fishing, estuarine habitat, fish migration, preservation of rare and endangered species, water contact recreation, non-contact water recreation, fish spawning, and wildlife habitat. Therefore discharge of segregated ballast water is determined to have a potentially significant impact to water quality. Contribution of contaminants or exotic organisms from operations at the Shell Terminal would be a significant adverse cumulative impact.
BIO-4	Introduction of Non-Indigenous Species	Invasive organisms/introduction of nonindigenous species in ballast water released in the Bay or from vessel biofouling could have significant impacts to plankton, benthos, fishes, and birds.
CUM-BIO-1	Routine Operations (related to Ballast Water)	Operations at the Shell Terminal could contribute to the cumulative adverse impacts to biological resources from the introduction of non-indigenous organisms. These potential impacts include competition, destabilization of the aquatic food web, accumulation of contaminants in the tissues of non-native prey species such as the Asian clam, and introduction of disease organisms or toxic algae. These are cumulatively significant adverse impacts and the Shell Terminal's contribution to the cumulative potential for introduction of nonindigenous species through ballast water discharges or vessel biofouling could be considerable.

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Impact	Impact Summary	Impact Description
CUM-BIO-1	Routine Operations (not Ballast Water-related)	The Shell Terminal would contribute in a minor way to the cumulative degradation of water quality in San Francisco Bay. Impaired water quality in San Francisco Bay is a significant adverse impact. Disturbance to the benthic community by vessels in shipping channels has altered the benthic community in these areas. The Shell Terminal would contribute in a minor way to this significant impact. Dredging at the Terminal could contribute to potentially significant but mitigable impacts on migration and spawning.
FSH-2 & CUM-FSH-2	Impacts on Fish and Habitat from Discharge of Ballast Water	Fisheries depend on a healthy environment to survive and flourish. Invasive species discharged from ballast water could impair water quality and biological resources. These impacts to fisheries resources would impair commercial and sports fishing activities in the Bay and outer coast, resulting in significant adverse impacts. Vessels that call at the Shell Terminal, from outside the Golden Gate, have the potential to introduce invasive species to the San Francisco Bay Estuary and cause irreparable harm to fisheries and the ecosystem. In the future the problem could become greater if the number of vessels substantially increases.
WQ-7	Anti-Fouling Paints	Use by marine vessels of anti-fouling paints containing copper, sodium, zinc, and tributyltin (TBT) are considered toxic and present a significant adverse impact to water quality that cannot be mitigated to less than significant.
CUM-WQ-1	Contaminants Impacts on San Francisco Bay Water Quality	The water quality of the San Francisco Bay estuary has been degraded by inputs of pollutants from a variety of sources; any contribution of a contaminant already at significantly high levels to the waters of San Francisco Bay would have a significant adverse impact at the cumulative level.
CUM-FSH-3	Contaminant and Dredging Impacts on Fisheries	Shell's contribution to the San Francisco Bay Estuary of contaminants from storm water runoff and anti-fouling paints is small when compared to discharges from other development. However, contaminants have cumulatively caused irreparable and adverse harm to the Bay, thus impacts to plankton and fish populations are significant. These cumulative impacts are likely to significantly impacting sport and commercial fishing success.
SPACE USE CONFLICTS		
CUM-FSH-1	Cumulative Space Use Conflicts with Bay Fisheries	The cumulative projects would cause space use conflicts with the commercial shrimp, Pacific herring and sports fisheries, and result in significant impacts. Shell's contribution to space use conflicts with the Pacific herring fishery depends on herring spawning locations, fishing operations and other factors.

The CSLC finds that the alternatives:

1) only partially offset significant impacts;

2) potentially transfer environmental impacts to other marine terminal locations in the region;

3) have additional significant on-land impacts;

4) do not provide beneficial impacts;

5) do not meet the objective of the Project; and/or

6) have adverse, potentially significant social and economic consequences locally and regionally.

EIR Conclusions for Impacts Related to Routine Operations and Accidental Spills (OS-3, OS-4, OS-7, CUM-OS-1, WQ-7, WQ-11, WQ-12, CUM-WQ-1, CUM-WQ-3, BIO-6, BIO-7, CUM-BIO-2, FSH-10, CUM-FSH-3, CUM-FSH-4, LU-3, LU-4, CUM-LU-1, VR-2, VR-3, CUM-VR-2).

Routine operations and accidental spills at the Shell Terminal, or from vessels in transit near the Terminal or in vessel transit lanes, could result in a release of oil or product in quantities greater than 50 bbls. A large spill could result in significant adverse environmental impacts, and/or residual impacts to operational safety, water quality, biological resources, commercial and sport fisheries, land uses, and visual resources.

The EIR presents a comprehensive set of mitigation measures for adoption by the CSLC. The mitigation measures would reduce, to the maximum extent feasible, the probability, severity, or frequency of a spill or accident at the Shell Terminal or near a vessel in transit.

Measures specific to the safety of the Shell Terminal include the installation of mooring quick release devices, installation of tension monitoring systems, and installation of Allision Avoidance Systems at the Shell Terminal to prevent damage to the pier and/or vessel during docking operations.

Several mitigation measures to be incorporated into routine operations at the Shell Terminal would reduce potential impacts to water quality and biological resources. These include the following measures.

- Development of a fire plan, preparation of a Spill Prevention Plan for greywater, sewage, and other waste water streams and for ships visiting the Shell Terminal that includes best management practices (BMPs) to prevent leaks and spills during transfer of liquids between vessels and trucks on the Shell Terminal.
- Development of a Storm Water Pollution Prevention Plan specifying BMPs to reduce the input of chemicals to the San Francisco Bay from the Shell Terminal.

- Participation in U.S. Coast Guard (USCG) Port and Waterways Safety Assessment (PAWSA) workshops for the San Francisco Bay area, to help improve transit issues and response capabilities in general, and support overall safety improvements to the existing Vessel Traffic Service (VTS) in the future, which will help to reduce the potential for incidents and the consequences of spills within the Bay.
- Responding to any spill from a vessel traveling in the Bay, to or from the wharf, moored at its wharf, related in any way to the wharf, or carrying cargo owned by Shell, as if it were its own, without assuming liability, until such time as the vessel's response organization can take over management of the response actions in a coordinated manner.
- Consultation with the CSLC regarding Group V oil spill response technology including potential new response equipment and techniques that may be applicable for use at the Shell Terminal. Shell shall work with the CSLC in applying these new technologies, as agreed upon, if recommended for this facility.

Shell will also advise both agents and representatives of shipping companies having control over or representing vessels that have informed Shell of plans to call at the Shell Terminal about the requirements of the 2008 International Maritime Organization prohibition of TBT applications to vessel hulls. Shell will ensure that the Master or authorized representative of vessels intending to call at the Shell Terminal certifies that their vessel is in compliance and provides a copy of such certification to the CSLC's Marine Facilities Division's Northern California Field Office and Sacramento Office.

If a spill does occur, Shell will consult and work with the California Department of Fish and Game (CDFG), Natural Resource Damage Assessment (NRDA), and U.S. Fish and Wildlife Service (USFWS) for cleanup of any sensitive biological areas contacted by oil. Shell shall also identify a source of sonic hazing devices to scare birds away from Suisun Shoal and demonstrate to the satisfaction of the CDFG and Office of Spill Prevention and Response (OSPR) that these devices can be deployed within three hours of a spill at the Shell Terminal.

EIR Conclusions for Impacts Related to Ballast Water Discharge and Invasive Organism/Non-indigenous Species Introduction (WQ-2, CUM-WQ-2, BIO-4, CUM-BIO-1).

Effective systems for the treatment of ballast water to remove all associated organisms have not yet been developed. However, measures in the EIR specific to ballast water discharge at the Shell Terminal include the following.

- Shell shall not discharge any non-segregated ballast water received at the Shell Terminal to San Francisco Bay.
- Shell will advise both agents and representatives of shipping companies having control over vessels that have informed Shell of plans to call at the Shell Terminal about the California Marine Invasive Species Act.

- Shell will ensure that all vessels submit required reporting forms, as applicable for each vessel, to the CSLC's Marine Facilities Division, including but not limited to, the Ballast Water Reporting Form, Hull Husbandry Reporting Form, Ballast Water Treatment Technology Reporting Form, and/or Ballast Water Treatment Supplemental Reporting Form, prior to the vessel's entry into San Francisco Bay or in the alternative, at least 24 hours prior to the vessel's arrival at the Shell Terminal.
- Shell shall participate and assist in funding ongoing and future actions related to invasive species and identified in California's Delta Smelt Action Plan. Shell's participation in the Delta Smelt Action Plan will keep Shell company officials up-to-date on the causes of pelagic fish declines and the results of related invasive species studies and actions.

EIR Conclusions for Impacts Related to Conflicts with Commercial and Sport Fisheries (FSH-2, FSH-9, CUM-FSH-1, CUM-FSH-2).

Measures in the EIR specific to space use conflicts between fisheries and Shell Terminal operations include the following.

- Shell officials shall inform incoming vessel operators of fisheries activities near the Shell Terminal; Shell officials shall notify shrimp trawlers operating in Carquinez Strait of increases in vessel calls to the Shell Terminal.
- Shell Terminal officials shall work with shrimp trawlers to avoid conflicts between fishing and normal Shell Terminal operations.
- Shell shall notify the Pacific herring fishery during the herring season of vessel transits and shall participate in the Pacific herring commercial fishery annual public scoping and hearing process, part of CDFG's annual review of herring commercial fishing regulations.
- Shell shall post notices at spill sites, marinas, launch ramps and fishing access points to warn fishing interests of locations of contaminated sites. Notices shall be written in English and Spanish, and be posted in areas most likely to be seen by fishing interests.

If damages to fishing operations or related businesses are determined by state, federal or local authorities to be caused by Shell, Shell shall provide financial compensation as determined by the authorities. Any losses shall be documented as soon as possible after a spill. Response for damage losses should include provisions for compensating operators and businesses as soon as possible.

BENEFICIAL IMPACTS OF THE PROJECT THAT MEET PROJECT OBJECTIVES

The State CEQA Guidelines section 15093(a) requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project.

The Shell Terminal and Refinery have operated at their current locations, transferring and processing hydrocarbon fuels, lubricating oils, and asphalt since 1915. The provision of a lease to Shell to continue its existing marine terminal operations for another 30 years will have numerous benefits to the State of California (state) and the region served by the Shell Terminal.

Region-wide Benefits

A new 30-year lease from the CSLC of approximately 19.6 acres of sovereign land would allow Shell to continue to operate the Shell Terminal as a barge/tanker transfer facility for crude oil and petroleum products. The Shell Terminal is capable of operating 365 days a year, 24 hours a day, although actual operation depends on shipping demands. The Shell Terminal supports the Shell Martinez Refinery, located immediately south of the Shell Terminal on 850 acres of Shell-owned property, which is part of the greater Bay Area refining industry.

The objective of the Project is to maintain the Shell Refinery's operational viability by continuing current Shell Terminal operations through which the Refinery both receives its raw materials and exports its refined products. Without the Shell Terminal through which to transfer petroleum, the Shell Refinery could attempt to operate solely on pipeline deliveries. As a consequence, Shell's refinery production would be reduced, petroleum production in the region would decline significantly, and regional transportation fuel shortages and higher fuel prices would occur. If, due to the loss of the Shell Terminal, it became uneconomical to operate the Shell Refinery, and no other operator assumed any of the functions of the Shell Terminal, direct and indirect, local and regional consequences could result. Ultimately the reduction in infrastructure and capacity would weaken the economics, health and security of the region.

The future demand for crude oil at the nearby refineries is not expected to decrease. Without the Shell Terminal, other marine terminals in the Bay area may be taxed, potentially increasing vessel congestion, collisions, as well as the costs while vessels wait to berth and offload/load.

Benefits to the State Economy

The California Energy Commission (CEC) forecasts that crude oil imports to California will continue to increase, requiring expansion of the existing crude oil import infrastructure. This infrastructure is critical in ensuring a continued supply of feedstocks to enable refiners to operate their facilities and maintain a reliable supply of fuel for California and neighboring states." (CEC, 2009 Integrated Energy Policy Report, adopted December 16, 2009. Publication # CEC-100-2009-003-CMF.) The CEC's 2009 Integrated Energy Policy Report also states:

> "Until new vehicle technologies and fuels are commercialized, petroleum will continue to be the primary fuel source for California's vehicles, and the state must enhance and expand the existing petroleum infrastructure, particularly at in-state marine ports, while at the same time working to develop an alternative fuel

> infrastructure. The petroleum infrastructure is strained at marine ports and throughout the distribution system. To add further strain, especially in Southern California, staff expects the increased imports of crude oil to result in a greater number of marine vessels arriving in California ports, with 46 to 272 additional arrivals per year by 2030."

As described in the CEC's 2009 Integrated Energy Policy Report, "as California relies increasingly on crude oil imports, the state is looking at ways to enhance and expand the existing petroleum infrastructure, particularly at in-state marine ports." California is a major refining center for West Coast petroleum markets with crude oil refineries processing more than 1.8 million barrels a day of crude oil in 2008. The crude oil sources in 2008 came from in-state oil production (38.12%), combined with oil from Alaska (13.41%), and foreign sources (48.46%) [California's Major Sources of Energy, CEC, http://energyalmanac.ca.gov/energy_sources.html; last updated April 7, 2009].

Maintaining existing refineries and terminals, such as the Shell Martinez Refinery and Terminal, that currently meet state and local environmental requirements is critical to meeting existing demand. Any future or alternative projects to construct crude oil storage and handling capacity would require extensive environmental assessment, which may delay the construction of new infrastructure needed to support demand.

OVERRIDING CONSIDERATIONS CONCLUSION

The project objective to maintain the operation and viability of the Shell Martinez Refinery by continuing current Shell Terminal operations would not be met if the lease for the Shell Terminal was not granted.

If the lease was not granted for the Shell Terminal, continued oil production to meet California demand would require other marine oil terminals in the area to provide access to tankers that would otherwise use the Shell Terminal, and pipe petroleum back to the Shell Refinery. The rerouting activities would tax the other terminals already operating near maximum capacity, alter vessel traffic patterns within San Francisco Bay, potentially increase congestion in San Francisco Bay waters, and raise pumping rates/turnover at these terminals. This could potentially increase fuel expenditure for fuel production and elevate the risk of significant leaks and spills to the Bay environment.

Without the Shell Terminal through which to transfer petroleum, the Shell Refinery could attempt to operate solely on pipeline deliveries. As a consequence, Shell's refinery production would be reduced, petroleum production in the region would decline significantly contrary to the needs recognized by the CEC, and regional transportation fuel shortages and even higher fuel prices would occur. If, due to the loss of the Shell Terminal, it became uneconomical to operate the Shell Refinery, and no other operator assumed any of the functions of the Shell Terminal, direct and indirect, local and regional consequences could result. Ultimately the reduction in infrastructure and capacity would weaken the economics, health and security of the region.

The CSLC further finds that all mitigation measures identified in the EIR have been imposed to avoid or lessen impacts to the maximum extent feasible. Based upon the above discussion, the CSLC finds that the benefits of the proposed Project outweigh the unavoidable adverse environmental effects, and considers such effects acceptable.

Data to support the overriding factors are found in the EIR, including in the following sections: Introduction, Project Description, Operational Safety/Risk of Accidents, Water Quality, Biological Resources, Commercial and Sport Fisheries, Land Use and Recreation, and Visual Resources/Light and Glare.