

**CALENDAR ITEM
C82**

A 35
S 19

02/22/13
PRC 2932.1
A. Scott

LEASE TERMINATION AGREEMENT

APPLICANT:

ARCO Environmental Remediation, LLC
4 Centerpointe Drive
La Palma, CA 90623-1066

AREA, LAND TYPE, AND LOCATION:

11.68 acres, more or less, of sovereign land in the Pacific Ocean, Santa Barbara Channel near Gaviota, Santa Barbara County.

AUTHORIZED USE:

Abandonment in place of existing pipeline bundle containing multiple one - to four-inch pipes.

SPECIFIC LEASE PROVISIONS:

Insurance: \$1,000,000.

Bond: \$1,000,000.

OTHER PERTINENT INFORMATION:

1. The Commission authorized this lease in 1962. The lease with the pipeline bundles connected the offshore Ellwood Oil Field with an upland processing facility. The Applicant participated in the Commission's Subsea Well Abandonment and Flowline Abandonment/Removal Program (SWARS). As part of the SWARS program, oil well platforms and the near-shore portions of these pipelines were removed in the mid to late 1990s; however, the offshore portions were cleaned and then abandoned in place. The Lease Termination Agreement will allow the offshore pipelines to remain in place and the acceptance of a quitclaim for the existing lease.
2. The Lease Termination Agreement calls for the Applicant to remain responsible for the abandoned pipelines and to remove all or any portion of the pipelines if they are determined by Commission staff to have

CALENDAR ITEM NO. **C82** (CONT'D)

become a hazard to navigation or to pose an adverse effect on the environment or to the public interest. The State shall not be liable, and the Applicant shall indemnify the State, for any and all liability, claims, damages or injuries of any kind or from any cause whatsoever arising out of or in any way from the abandoned pipelines.

3. The staff recommends that the Commission find that the subject lease termination does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBIT:

- A. Site/Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

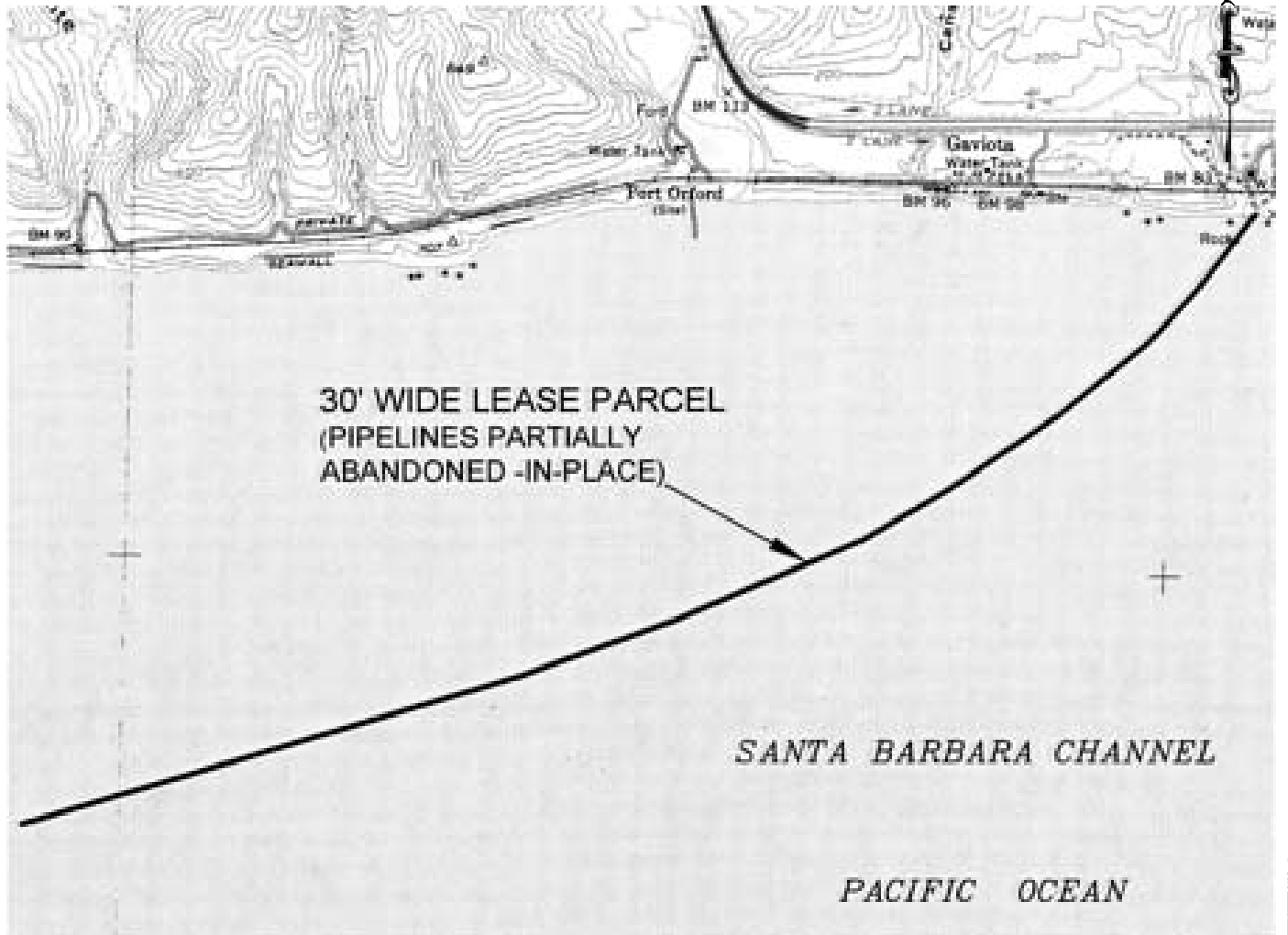
Find that the subject lease termination is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

Authorize Issuance of a Lease Termination Agreement to ARCO Environmental Remediation, LLC beginning February 22, 2013, for the quitclaim of Lease PRC 2932.1 and the abandonment in place of certain pipelines as shown on Exhibit A attached and by this reference made a part hereof.

NO SCALE

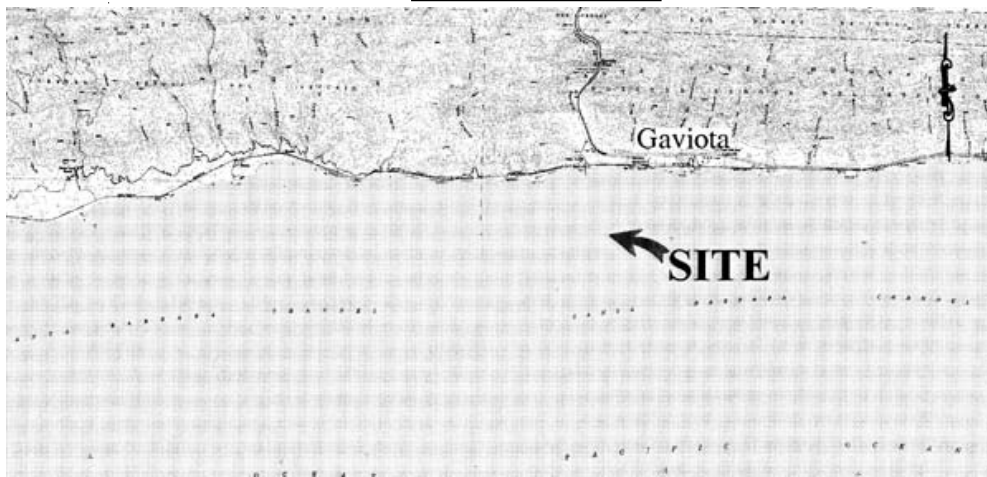
SITE



SANTA BARBARA CHANNEL, NEAR GAVIOTA

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 2932.1
 ARCO ENVIRONMENTAL
 REMEDIATION L.L.C.
 TERMINATION
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SANTA BARBARA COUNTY



TS 12/04/12

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.