

**STAFF REPORT
C58**

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S 19

08/17/17
PRC 3997.1
L. Pino

GENERAL LEASE – RIGHT OF WAY USE

APPLICANT:
DCOR, LLC.

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

29.018 acres of Sovereign land in the Pacific Ocean, near Summerland, Santa Barbara County.

AUTHORIZED USE:

Continued use and maintenance of an existing 3.25-inch-diameter armored power conduit.

LEASE TERM:

10 years, beginning July 17, 2017.

CONSIDERATION:

Rent in the amount of \$15,929 per year; with an annual Consumer Price Index adjustment.

SPECIFIC LEASE PROVISIONS:

Insurance:

General Liability insurance in an amount no less than \$2,000,000 per occurrence.

Performance Bond: \$3,000,000.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

Public Trust and State's Best Interests Analysis:

On July 17, 1968, the Commission authorized the issuance of Lease No. PRC 3997.1, an Industrial Easement (Right-of-Way Use) for a 3.25-inch-diameter armored power conduit (conduit), to the Union Oil Company of California (Union Oil) for a term of 49 years, beginning July, 17, 1968

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([Item 18, July 17, 1968](#)). Installation of the conduit was completed on October 10, 1968. The lease was assigned to various successor lessees over the intervening years. Most recently, on August 8, 2005, the Commission authorized the assignment of Lease No. PRC 3997.1 and three other leases (Nos. PRC 4017.1, 4324.1, and 5967.1) from Plains Exploration & Production Company to Dos Cuadras Offshore Resources Company (DCOR) ([Item C32, August 8, 2005](#)). The lease expired on July 16, 2017. The Applicant is now applying for a new lease.

The Lease area consists of two Parcels, designated as Parcel A and Parcel B. The conduit within Parcel A extends approximately 3.7 miles from an upland electrical substation, owned and operated by Southern California Edison near Summerland, across the Santa Barbara Channel to Platform A, an offshore drilling and production platform in federal waters of the Pacific Ocean. The conduit provides necessary power for drilling and production operations on the platform. Parcel B is a 500- by 600-foot-area along Parcel A used to store the 250-foot loop of slack in the conduit that enables the conduit to be raised out of the water when necessary for repairs.

In order to conduct repairs a Remote Operated Vehicle (ROV) would be used to locate the first cut location on the power cable. A diver would then be used to cut the cable. After the cable is cut, the end of the cable that goes to Platform A would be lifted onto a Deep Submergence Vehicle (DSV) and brought to the surface. Once the damaged portion of the cable has been removed and the remaining sections have been tested and approved a replacement cable section would be spliced onto the ends of the undamaged cable via a splice box. The splice box and 20 feet of cable on either side would then be buried to ensure low stress on the splice box/cable interface. Repair activities would be concluded within 5 days.

The submerged portion of the existing conduit lying on the bed the Santa Barbara Channel does not impede the Public Trust uses of commerce, navigation, fishing, or recreational boating. The near shore portion of the conduit is buried, and likewise does not interfere with Public Trust uses, needs, and values at this location, at this time, and for the foreseeable term of the proposed lease.

The facilities do not significantly alter the land, and the lease does not alienate the State's sovereign interest, or permanently impact public rights. The lease is limited to a 10-year term and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease the lessee may be required to remove any improvements and restore the

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lease premises to their original condition. Additionally, the proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

Climate Change Analysis:

Climate change impacts, including sea-level rise, more frequent and intense storm events, and increased flooding and erosion, affect open coastal areas in California. By 2030, the region could see up to 1 foot of sea-level rise (from year 2000 levels), 2 feet by 2050, and possibly over 5 feet by 2100 (National Research Council 2012). Rising sea levels can lead to increased flooding and larger tidal events, and can affect erosion and sedimentation rates.

According to the 2006 External Subsea Power Cable Survey data provided by DCOR, LLC, the majority of the 3.25-inch-diameter electrical power conduit is buried (the cable runs from an electrical substation located on an upland bluff adjacent to U.S. Highway 101 through the beach and state waters to the Dos Cuadras Platform A in federal waters) with some exposed offshore areas. The conduit is armored and designed to reside on the sea floor, and therefore should not be adversely affected by the effects of sea-level rise if properly inspected and maintained. Conformance with lease provisions for periodic bathymetric depth burial surveys conducted by Commission-permitted operators, and maintenance of the conduit should avoid the effects of sea-level rise.

Conclusion:

For all the reasons above, staff believes the issuance of this lease is consistent with the common law Public Trust Doctrine and will not substantially interfere with Public Trust needs and values, at this location, at this time, for the foreseeable term of the proposed lease, and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission's jurisdiction.
2. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA)

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as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300.

3. This activity involves lands identified as possessing significant environmental value pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon staff's consultation with the persons nominating such lands and through the CEQA review process, it is staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities, California Code of Regulations, title 14, section 15301.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease will not substantially impair the public rights to navigation and fishing or substantially interfere with Public Trust needs and values at this location at this time and for the foreseeable term of the lease, is consistent with the common law Public Trust Doctrine, and is in the best interests of the State.

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 section 6370 et seq.

AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to DCOR, LLC beginning July 17, 2017, for a term of 10 years, for an existing 3.25-inch-diameter armored power conduit as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference

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made a part hereof; rent in the amount of \$15,929 per year; with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$2,000,000 per occurrence; and a performance bond in the amount of \$3,000,000.

EXHIBIT A

PRC 3997.1

LAND DESCRIPTION

PARCEL 1

A strip of tide and submerged land 15.240 meters (50 feet) wide lying in the bed of the Santa Barbara Channel near Summerland, Santa Barbara County, California, lying 7.620 meters (25 feet) on each side of following describing centerline:

BEGINNING at a point along the shoreline of the Santa Barbara Channel having coordinates of $N(y)=311792.387$ meters, $E(x)=260847.803$ meters from which an NGS monument "HPGN CA 05 01" (PID:EW9544) having an epoch date of 2010.00 bears North $79^{\circ}26'42''$ West 356.121 meters; thence South $10^{\circ}13'18''$ West 12.239 meters; thence South $24^{\circ}06'03''$ West 1241.489 meters; thence South $01^{\circ}28'12''$ West 4614.885 meters to the California Offshore Boundary as defined per the Supreme Court of the United States decree dated December 15, 2014.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of said Santa Barbara Channel.

The sidelines of said strip to be lengthened or shortened so as to terminate at said Ordinary High Water Mark and said California Offshore Boundary.

PARCEL 2

A parcel of submerged land lying in the bed of the Santa Barbara Channel near Summerland, Santa Barbara County, California, being described as follows:

BEGINNING at a point having coordinates of $N(y)=3809988.848$ meters, $E(x)=260265.425$ meters thence in a clockwise direction through the following three (3) points:

- 1) $N(y)=3809984.016$ meters, $E(x)=260448.036$ meters;
 - 2) $N(y)=3809831.590$ meters, $E(x)=260444.114$ meters;
 - 3) $N(y)=3809836.421$ meters, $E(x)=260261.503$ meters;
- thence to the POINT OF BEGINNING.

This description is based on UTM NAD 83, Zone 11, meters. All distances are grid distances, to convert to ground multiply by 1.000308501.

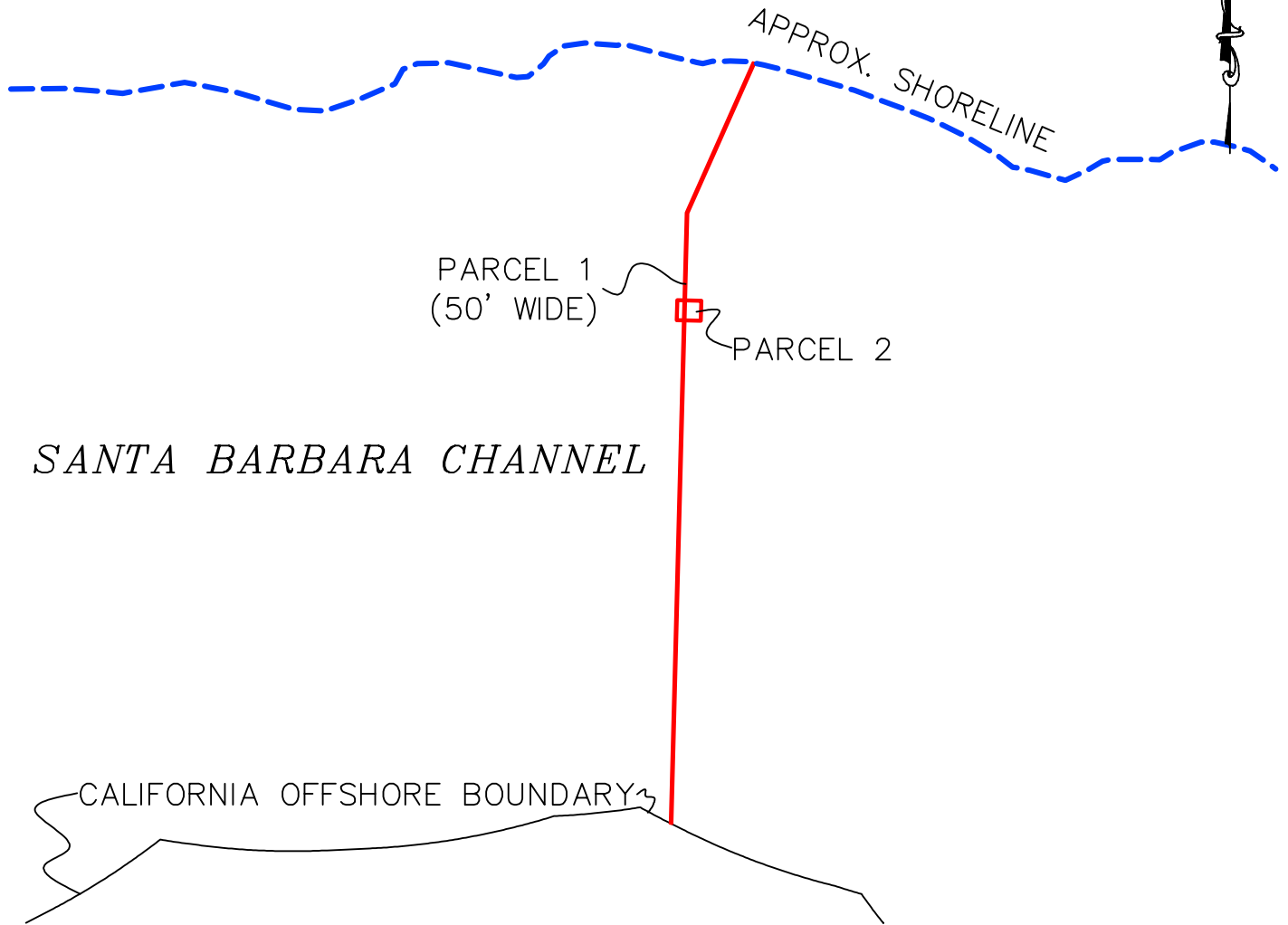
END OF DESCRIPTION

Prepared 7/12/2017 by the California State Lands Commission Boundary Unit



NO SCALE

SITE

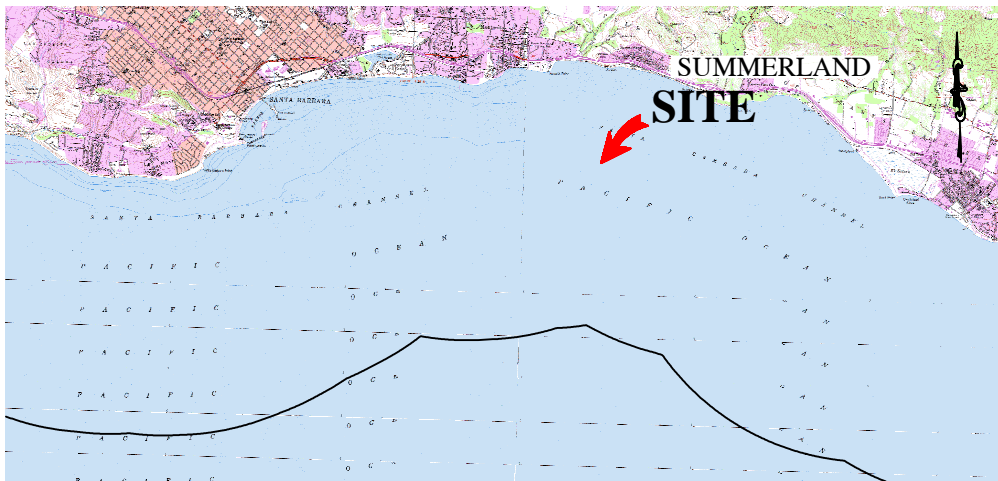


SANTA BARBARA CHANNEL

3.25" DIA. SUBMERGED CONDUIT, NEAR SUMMERLAND

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

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.

Exhibit B

PRC 3997.1
DCOR, LLC
GENERAL LEASE -
RIGHT-OF-WAY USE
SANTA BARBARA COUNTY



MFJ 7/12/17