

9/23/65

14. APPLICATION FOR EXTENSION OF AND AMENDMENT TO LEASE P.R.C. 2785.1, COVERING 81.454 ACRES OF TIDE AND SUBMERGED LANDS IN SANTA MONICA BAY, LOS ANGELES COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 4481.

After consideration of Calendar Item 1 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE TO STANDARD OIL COMPANY OF CALIFORNIA A 15-YEAR EXTENSION OF LEASE P.R.C. 2785.1, COVERING TIDE AND SUBMERGED LANDS IN SANTA MONICA BAY, LOS ANGELES COUNTY, SUBJECT TO THE FOLLOWING CONDITIONS AND AMENDMENT:

1. THE LESSEE SHALL HAVE THE RIGHT TO RENEW THIS LEASE FOR 3 ADDITIONAL PERIODS OF 10 YEARS EACH, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE STATE MAY IMPOSE AT THE TIME OF EACH RENEWAL;
2. THE ANNUAL RENTAL SHALL CONTINUE AT THE UNADJUSTED RATE OF \$8,680.29 UNTIL A FIRM RENTAL IS ESTABLISHED BY MUTUAL AGREEMENT;
3. WHEN A FIRM RENTAL IS ESTABLISHED, THERE SHALL BE A RETROACTIVE ADJUSTMENT TO THE END THAT THE TOTAL OF ALL RENTALS THEREFORE ACCRUED UNDER LEASE P.R.C. 2785.1 AS EXTENDED SHALL EQUAL THE AMOUNT THAT WOULD HAVE ACCRUED HAD THE FIRM RENTAL BEEN IN EFFECT SINCE SEPTEMBER 14, 1961;
4. IN THE EVENT LESSEE REFUSES TO ACCEPT WITHIN SIXTY DAYS A FINAL OFFER BY THE STATE WHICH WOULD ESTABLISH A FIRM RENTAL, THE LEASE AS EXTENDED SHALL TERMINATE AND THE LESSEE SHALL PAY THE STATE THE FAIR RENTAL VALUE AS ESTABLISHED BY A COURT OF COMPETENT JURISDICTION TO THE DATE OF TERMINATION.
5. THE DESCRIPTION AND AREA OF TIDE AND SUBMERGED LANDS AS RECITED IN THE BASIC LEASE IS AMENDED TO READ AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1, TRACT NO. 1314, PER MAP BOOK 20, PAGE 161, RECORDS OF LOS ANGELES COUNTY; THENCE SOUTH 22° 40' EAST 54.20 FEET TO A POINT IN THE WESTERLY LINE OF SAID LOT 1 AND THE RECORDED HIGH TIDE LINE AS SHOWN ON MAP OF SAID TRACT 1314 AND THE TRUE POINT OF BEGINNING, THENCE A 60-FOOT-WIDE STRIP OF LAND, 30 FEET ON EACH SIDE OF THE FOLLOWING-DESCRIBED CENTERLINE AND TERMINATING IN A CIRCLE; FROM THE TRUE POINT OF BEGINNING NORTH 89° 58' 0" WEST 5300 FEET; THENCE SOUTH 52° 36' 25" WEST 2,475.59 FEET TO A POINT WHICH IS THE CENTER OF SAID CIRCLE, RADIUS 1000 FEET, AND EXCEPTING THAT PORTION OF THE 60-FOOT-WIDE STRIP WHICH IS INCLUDED IN THE AREA OF SAID CIRCLE.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 1 (2 pages)

1.

APPLICATION FOR EXTENSION OF AND AMENDMENT TO LEASE P.R.C. 2785.1, COVERING 81.454 ACRES OF TIDE AND SUBMERGED LANDS IN SANTA MONICA BAY, LOS ANGELES COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 4481.

On September 14, 1961, the Commission authorized issuance of Lease P.R.C. 2785.1 to Standard Oil Company of California for one year and covering 81.16 (corrected to 81.454) acres of tide and submerged land in Santa Monica Bay. The area is used for submerged pipelines and for a tanker anchorage area at the seaward terminus of the pipelines (as shown on Exhibit "A"). The improvements are owned by Standard Oil Company of California, who were also the tenant under a previous lease.

An extension of the lease has not been possible because of complexities involved in valuation of the State's property rights in this type of land usage and because of nonacceptance by the tenant of the land value determined by staff appraisers. As a result, occupancy of the land by the original lessee has continued in sufferance since September 14, 1962. Negotiations in the area of valuation are continuing. An independent appraiser has been retained by Western Oil and Gas Association for the purpose of making a complete economic study of land utilization involved in this type of lease. Staff personnel are cooperating.

In the meantime, Standard Oil Company of California has applied for an extension of the expired lease for a period of 15 years from September 14, 1961, with an option to renew the lease for 3 additional periods of 10 years each, subject to the following modifications, special terms, and conditions.

1. The annual rental is to continue at the unadjusted rate of \$8,680.29 until a firm rental figure is established. The sum of \$26,040.27 has been received in payment of unadjusted rent to September 14, 1965.
2. When a firm rental rate is established, there shall be a retroactive adjustment to provide for payment of such firm rate from September 14, 1961.
3. The legal description of the land area is to be changed as shown below to provide for drift in the pipeline as laid, which description differs from that in the original lease.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO STANDARD OIL COMPANY OF CALIFORNIA A 15-YEAR EXTENSION OF LEASE P.R.C. 2785.1, COVERING TIDE AND SUBMERGED LANDS IN SANTA MONICA BAY, LOS ANGELES COUNTY, SUBJECT TO THE FOLLOWING CONDITIONS AND AMENDMENT:

1. THE LESSEE SHALL HAVE THE RIGHT TO RENEW THIS LEASE FOR 3 ADDITIONAL PERIODS OF 10 YEARS EACH, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE STATE MAY IMPOSE AT THE TIME OF EACH RENEWAL;
2. THE ANNUAL RENTAL SHALL CONTINUE AT THE UNADJUSTED RATE OF \$8,680.29 UNTIL A FIRM RENTAL IS ESTABLISHED BY MUTUAL AGREEMENT;

CALENDAR ITEM 1. (CONTD.)

3. WHEN A FIRM RENTAL IS ESTABLISHED, THERE SHALL BE A RETROACTIVE ADJUSTMENT TO THE END THAT THE TOTAL OF ALL RENTALS THERETOFORE ACCRUED UNDER LEASE P.R.C. 2785.1 AS EXTENDED SHALL EQUAL THE AMOUNT THAT WOULD HAVE ACCRUED HAD THE FIRM RENTAL BEEN IN EFFECT SINCE SEPTEMBER 14, 1961;
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