

MINUTE ITEM

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26. CONSENT TO GRANT OF SECURITY INTEREST IN INDUSTRIAL LEASE
PRC 331.1, 2757.1, 3453.1, 3454.1; TOSCO CORPORATION/LION OIL
COMPANY (GRANTOR); TITLE INSURANCE AND TRUST COMPANY (GRANTEE);
WP 331; WP 2757; WP 3453; WP 3454.

During consideration of Calendar Item 26 attached, the Commission
adopted the resolution as presented by a vote of 3-0 with the
caveat that if after reviewing the documents the Office of the
Attorney General is not satisfied, the matter will be brought
back to the Commission.

Attachment: Calendar Item 26 (3 pages)

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WP 331	331
WP 2757	2757
WP 3453	3453
WP 3454	3454
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CONSENT TO GRANT OF SECURITY INTEREST IN
INDUSTRIAL LEASE PRC 331.1, 2757.1, 3453.1, 3454.1

GRANTOR: Tosco Corporation/Lion Oil Company
10100 Santa Monica Boulevard
Los Angeles, California 90067

GRANTEE: Title Insurance and Trust Company, as trustee
for the benefit of:

The Bank of New York, as trustee for the
benefit of:

The First National Bank of Boston, Massa-
chusetts

The First National Bank of Saint Paul,
Minnesota

Wells Fargo Bank, N.A.

Seattle-First National Bank

The Prudential Insurance Company of America

The Equitable Life Assurance Society of
the United States

The Mutual Life Insurance Company of New
York

The Penn Mutual Life Insurance Company
North American Life and Casualty Company

<u>Lease No.</u>	<u>Location</u>	<u>Use</u>
PRC 331.1	Contra Costa County	Pipelines Crossing Pacheco Creek
PRC 2757.1	Contra Costa County	Marine Terminal at Pittsburg
PRC 3453.1	Contra Costa County	Amorco Marine Terminal at Martinez
PRC 3454.1	Contra Costa County	Wharf at Avon Refinery

PERTINENT INFORMATION:

In compliance with a decree of divestiture
in an action filed in the United States
District Court, for the Central District
of California, Civil No. 66-1154-WJF, Phillips
Petroleum Company, with the prior consent
of the Commission, assigned certain of

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its leases and interests to The Oil Shale Corporation, hereinafter referred to as "TOSCO". Leases previously issued by the State Lands Commission were affected by the Court's Order. The State leases so affected include those identified above.

As a part of Tosco's purchase of certain of Phillips Petroleum Company's leases and other assets, Phillips and Tosco entered into an agreement under which Phillips agreed to finance portions of such purchase by Tosco, and Tosco agreed to grant Phillips a security interest in the listed leases, among other assets. The Commission gave its prior written consent to the granting of a security interest in the subject State leases by Tosco to Phillips.

Applicant, Tosco, is in the process of refinancing its purchase of the Phillips' assets, through the listed banks and insurance companies; such refinancing will include a discharge of the prior financing relationship between Tosco and Phillips. Applicant, Tosco, has requested the Commission's consent to the granting of a security interest in the listed leases, similar to the security interest previously granted to Phillips, to a trustee who will hold the same for the benefit of such banks and insurance companies.

Nine lenders, as identified herein, are involved in the subject refinancing. The Bank of New York is not a lender in this transaction, but will act in the capacity of correspondent and escrow agent for the organizations from whom loans will be taken.

The staff has reviewed the applicant's request and recommends that the Commission consent to the granting of the security interests. This transaction is not a project within the meaning as defined in Section 15037, of Title 14, of the California Administrative Code, and Section 21065, of the Public Resources Code. Accordingly, an environmental assessment for this transaction is not required.

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IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR NEED NOT BE PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS PRC 21065, 14 CAL. ADM. CODE 15037.
2. CONSENT TO THE GRANT OF SECURITY INTERESTS BY TOSCO CORPORATION TO THE TITLE INSURANCE AND TRUST COMPANY, AS TRUSTEE FOR THE BENEFIT OF ITS FINANCING LENDERS,

THE BANK OF NEW YORK, AS TRUSTEE, FOR THE BENEFIT OF:

THE FIRST NATIONAL BANK OF BOSTON, MASSACHUSETTS
THE FIRST NATIONAL BANK OF SAINT PAUL, MINNESOTA
WELLS FARGO BANK, N.A.
SEATTLE-FIRST NATIONAL BANK
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES
THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK
THE PENN MUTUAL LIFE INSURANCE COMPANY
NORTH AMERICAN LIFE AND CASUALTY COMPANY

OF THE LEASES AND INTERESTS IDENTIFIED AS PRC 331.1, PRC 2757.1, PRC 3453.1 AND PRC 3454.1, SUBJECT TO THE FOLLOWING CONDITIONS:

- a. SUCH CONSENT SHALL CONTAIN THE RESERVATION THAT "THIS CONSENT IS MADE UPON THE EXPRESS CONDITION THAT SUCH DOES NOT AND SHALL NOT RELEASE OR RELIEVE THE LESSEE FROM ANY OBLIGATION TO THE STATE UNDER THE TERMS OF SAID LEASES, AND THAT THE STATE MAY HOLD THE LESSEE LIABLE FOR THE FAITHFUL PERFORMANCE OF ANY AND ALL OBLIGATIONS OF THE LESSEE UNDER SAID LEASES."
 - b. TOSCO SHALL NOTIFY THE COMMISSION OF THE EFFECTIVE DATE OF THE GRANTING OF ANY SUCH SECURITY INTEREST.
3. AUTHORIZE THE EXECUTION OF APPROPRIATE DOCUMENTS TO EFFECTUATE SAID CONSENT.