

MINUTE ITEM

This Calendar Item No. 25  
was approved as Minute Item  
No. 25 by the State Lands  
Commission by a vote of 3  
to 0 at its 11/27/78  
meeting.

MINUTE ITEM

11/78  
Horn

25. TERMINATION OF INDUSTRIAL LEASES PRC 4707.1, 4497.1,  
AND 2785.1 AND ISSUANCE OF NEW GENERAL LEASE - INDUSTRIAL  
USE - WP 4707

Upon motion duly made and carried, the Commission approved the  
resolution as presented in Calendar Item 25 by a vote of 3-0.

After consideration of this item, the Commission presented  
Mr. Ed Taaffe, counsel for Chevron, U.S.A., Inc. with a  
resolution acknowledging his retirement at the end of the month.

Attachment: Calendar Item 25 (8 pages)

A 51

S 27

CALENDAR ITEM

25.

11/78  
WP 4707  
Horn  
PRC 5574

TERMINATION OF INDUSTRIAL LEASES PRC 4707.1, 4497.1  
AND 2785.1 AND ISSUANCE OF NEW GENERAL  
LEASE - INDUSTRIAL USE

APPLICANT: Chevron USA, Inc.  
P. O. Box 7643  
San Francisco, California 94102  
  
Attn: Mr. S. E. Jeppesen,  
Manager, Property MGT Division

AREA, TYPE LAND AND LOCATION:  
Four terminal sites (7-buoy and 5-buoy  
mooring facilities) offshore from El Segundo,  
Los Angeles County.

LAND USE: Marine petroleum terminal sites for the  
import and export of crude oil, products  
and derivatives.

TERMS OF ORIGINAL LEASE:

a. Lease PRC 4707.1: Terminal #4:

Initial period: 10 years from November 1,  
1972.

Renewal options: 2 additional periods  
of 10 years each.

Consideration: \$29,069.72 per annum  
with 5-year rent review.

b. Lease PRC 4497.1: Terminals #1 and #2:

Initial period: 15 years from August 27,  
1970.

Renewal options: None.

Consideration: \$27,026.48 per annum  
with 5-year rent review.

c. Lease PRC 2785.1: Terminal #3:

A 51

S 27

CALENDAR ITEM NO. 25. (CONTD)

Initial period: 15 years from September 14, 1962.

Renewal options: 3 additional periods of 10 years each.

Consideration: \$18,238.10 per annum.

TERMS OF PROPOSED LEASE:

Initial period: 15 years from October 1, 1977.

Renewal options: 3 successive periods of 10 years each.

Surety bond: \$500,000.

Public liability insurance: Combined single limit coverage of \$10,000,000.

Special: Rental Impound: Provides that rentals in excess of the minimum annual rental shall be paid into a special deposit account in the State Treasury pending the outcome of pending litigation challenging the Commission's volumetric rental regulations. Should the regulations be declared invalid, the impounded rentals shall be refunded and a new reasonable rental will be determined by the Commission.

CONSIDERATION: Commencing October 1, 1977, volumetric rental accrues according to the following schedule:

- a. \$0.01 (one cent) per barrel of commodities until the minimum annual rental below (d) is equaled.
- b. \$0.001 (one mil) per barrel for the next 75,000,000 barrels; and thereafter

CALENDAR ITEM NO. 25. (CONTD)

- c. \$0.003 (three mils) per barrel for each additional barrel passing over the State's land in that same lease year.
- d. The minimum annual rental is \$175,000; the State reserves the right to fix a different rental on each fifth anniversary of the lease.

BASIS FOR CONSIDERATION:

Volumetric rental pursuant to 2 Cal. Adm. Code 2005.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 & 2.
- B. Cal. Adm. Code: Title 2, Div. 3.

OTHER PERTINENT INFORMATION:

1. Chevron currently has 3 State Lands Commission leases for 4 terminal sites offshore from the El Segundo Refinery at Los Angeles. The leases have 5-year rent review clauses (1 lease expired in September 1977 with option to renew) that were to be exercised in late summer and fall of 1977. Rental negotiations were delayed in order to finalize renewal and amendment of Chevron's Richmond Long Wharf. Inasmuch as the 3 leases are servicing the same refinery and are located in close proximity to one another staff is recommending that the 3 individual leases be terminated and a new lease issued that covers the 4 terminal sites. The new lease will provide greater ease in administration for both Chevron and the State.
2. This activity is exempt from CEQA because it is not a project as defined in CEQA, the State EIR Guidelines and the Commission's environmental regulations.
3. This activity is situated on State land identified as possessing significant environmental values pursuant to P.R.C.

6370.1, and is classified in a use category, Class "C", which authorizes Multiple Use.

Staff review indicates that there will be no significant effect upon the identified environmental values. This is an existing facility for which no adverse comments have been received.

4. The activity recommended herein is exempt from the requirements of the Commission's Coastal Regulations because it is not a development within the meaning of said regulations.

EXHIBITS:           A. Land Description.    B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF P.R.C. 21065, 14 CAL. ADM. CODE 15037 AND 2 CAL. ADM. CODE 2903(d).
2. DETERMINE THAT THIS PROJECT IS EXEMPT FROM THE REQUIREMENTS OF ARTICLE 6.5 OF TITLE 2, OF THE CAL. ADM. CODE BECAUSE THIS PROJECT IS NOT A DEVELOPMENT WITHIN THE MEANING OF SECTION 2503, OF TITLE 2, OF THE CAL. ADM. CODE AND SECTION 30105 OF THE P.R.C.
3. FIND THAT GRANTING OF THE LEASE WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1, OF THE P.R.C.
4. AUTHORIZE ISSUANCE TO CHEVRON USA, INC. OF A 15-YEAR GENERAL LEASE - INDUSTRIAL USE FROM OCTOBER 1, 1977, WITH LESSEE'S OPTION TO RENEW FOR 3 SUCCESSIVE PERIODS OF 10 YEARS EACH; IN CONSIDERATION OF ANNUAL RENTAL TO BE PAID AS FOLLOWS:
  1. UNTIL THE MINIMUM ANNUAL RENTAL PROVIDED FOR IN SUBPARAGRAPH (3) HEREOF IS EQUALED IN EACH LEASE YEAR, THE ANNUAL RENTAL SHALL BE COMPUTED BY MULTIPLYING THE NUMBER OF BARRELS OF CRUDE OIL AND PRODUCTS AND DERIVATIVES THEREOF PASSING OVER THE STATE'S LAND BY \$0.01.
  2. FOR THE NEXT 75,000,000 BARRELS BEYOND THE NUMBER OF BARRELS NECESSARY TO SATISFY THE MINIMUM RENTAL

CALENDAR ITEM NO. 25. (CONTD)

UNDER SUBPARAGRAPH (1) ABOVE, THE RENTAL SHALL BE \$0.001 (1 MIL) PER BARREL; AND THEREAFTER \$0.003 (3 MILS) PER BARREL FOR EACH ADDITIONAL BARREL OF SUCH COMMODITIES PASSING OVER THE STATE'S LAND IN THAT SAME LEASE YEAR.

3. THE MINIMUM ANNUAL RENTAL SHALL BE \$175,000; WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF A \$500,000 SURETY BOND; PROVISION OF PUBLIC LIABILITY INSURANCE IN AMOUNTS OF COMBINED SINGLE LIMIT COVERAGE OF \$10,000,000; FOR THE MAINTENANCE OF 4 OFFSHORE MARINE PETROLEUM TERMINAL SITES TOGETHER WITH NECESSARY APPURTENANCES ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.
5. PROVIDE IN THE LEASE FOR PAYMENT OF RENTALS IN EXCESS OF THE MINIMUM ANNUAL RENTAL INTO A SPECIAL DEPOSIT ACCOUNT IN THE STATE TREASURY, PENDING FINAL DISPOSITION OF CURRENT LITIGATION CONCERNING THE VALIDITY OF THE COMMISSION'S RENTAL REGULATIONS; SAID IMPOUNDED RENTALS TO BE REFUNDED AND A NEW REASONABLE RENTAL DETERMINED BY THE COMMISSION SHOULD THE COMMISSION'S VOLUMETRIC RENTAL REGULATIONS BE INVALIDATED.
6. AUTHORIZE THE STAFF AND/OR THE ATTORNEY GENERAL TO TAKE WHATEVER STEPS MAY BE NECESSARY TO EFFECTUATE THIS AGREEMENT.

EXHIBIT "A"

LAND DESCRIPTION

WP 4707

Five parcels of tide and submerged land in Santa Monica Bay within the city of El Segundo, County of Los Angeles, State of California, described as follows:

PARCEL 1

A strip of tide and submerged land fifty feet wide, the center line of which is described as follows:

BEGINNING at a point hereinafter known as Point "A" on the ordinary high water mark 1935 as shown on map recorded as Miscellaneous Map No. 3319, August 19, 1964, in the office of the County Recorder, County of Los Angeles, that bears N 23° 45' 14" W 123.11 feet from Station 5 of said high water mark and which Station has the coordinates N 4,080,123.54; E 4,158,824.08; thence from said POINT OF BEGINNING S 66° 43' 54" W 293.66 feet; thence along a tangent curve to the left, with a radius of 6168.30 feet, through a central angle of 8° 00' 00" a distance of 861.26 feet; thence along a tangent curve to the right, with a radius of 11,765.00 feet through a central angle of 20° 57' 43.5" a distance of 4,304.31 feet; thence S 79° 41' 37.5" W 2,721.96 feet to a point hereafter known as Point "B".

PARCEL 2

A strip of tide and submerged land fifty feet wide, the center line of which is described as follows:

BEGINNING at a point on the ordinary high water mark 1935 which bears S 23° 45' 14" E 5.50 feet from Point "A" described in Parcel 1; thence S 66° 44' 00" W 74.52 feet; thence along a tangent curve to the left, with a radius of 7,496.52 feet, through a central angle of 5° 49' 00" a distance of 761.05 feet; thence S 60° 55' 00" W 2220.00 feet; thence along a tangent curve to the right, with a radius of 7560.75 feet, through a central angle of 22° 34' 20" a distance of 2978.63 feet; thence S 83° 29' 20" W 556.46 feet; thence S 6° 30' 40" E 84.00 feet; thence S 83° 29' 20" W 100.00 feet; thence N 6° 30' 40" W 84.00 feet; thence S 83° 29' 20" W 378.96 feet; thence S 87° 33' 30" W 1150.04 feet to a point hereafter known as Point "C", said point bearing S 75° 57' 50" E 20.62 feet from Point "B" as described in Parcel 1, said Point "C" also being distant 8 feet, more or less, at right angles from center line of Parcel 1.

EXCEPTING THEREFROM that portion of the above described strip hereinbefore described within Parcel 1.

PARCEL 3

A circular parcel of submerged land, having a radius of 1210.00 feet; the center of said circular parcel being the aforementioned Point "B" of Parcel 1.

EXCEPTING THEREFROM that portion of the above-described circle lying southerly of the northerly boundary line of the City of Manhattan Beach, Los Angeles County, State of California. Also EXCEPTING THEREFROM that portion of the above-described circle hereinbefore described within Parcels 1 and 2.

PARCEL 4 (Formerly WP 4497)

A circular parcel of submerged land, having a radius of 1,050.00 feet; the center of said circular parcel being described as follows:

BEGINNING at a point on the ordinary high water mark of 1935 as shown on map recorded as Miscellaneous Map No. 3319, August 19, 1964, in the office of the County Recorder, County of Los Angeles, that bears S 22° 40' E 924.23 feet, and S 66° 43' W 50.00 feet, more or less, from the northwest corner of Lot 1, Tract 1314, as recorded in Book 20, page 161 of Maps, in the office of said County Recorder; thence from said point of beginning S 66° 43' W 616.00 feet, more or less, to a point on said bearing 666.00 feet from the west line of said Lot 1; thence along a tangent curve with radius of 7300.00 feet, a distance of 4724.41 feet through a central angle of 37° 04' 42", said 7300.00 foot radius curve being concave to the north, to said center of said circular parcel.

PARCEL 5 (Formerly WP 2785)

A strip of tide and submerged land 60 feet wide being 30 feet on each side of the following described centerline:

COMMENCING at the northwest corner of Lot 1, Tract No. 1314, as shown on the map entitled TRACT No. 1314, filed in Map Book 20, page 161, Records of Los Angeles County; thence S 22° 40' E 86.70 feet to a point in the westerly line of said Lot 1 and the TRUE POINT OF BEGINNING: thence from said point of beginning West 3385.14 feet; thence along a tangent curve to the left, with a radius of 6000 feet, through a central angle of 39° 55' 07", a distance of 4180.27 feet to a point hereafter known as Point "D".

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of Santa Monica Bay.



PARCEL 6 (Formerly WP 2785)

A circular parcel of submerged land, having a radius of 1000 feet; the center of said circular parcel being the aforementioned Point "D" of Parcel 5.

EXCEPTING THEREFROM that portion of the above-described circle described in Parcel 5.

END OF DESCRIPTION

Prepared M J Shap Checked \_\_\_\_\_

Reviewed [Signature] Date November 16, 1978



