

# MINUTE ITEM

This Calendar Item No. 29  
was approved as Minute Item  
No. 29 by the State Lands  
Commission by a vote of 3  
to 0 at its 3/27/82  
meeting.

## CALENDAR ITEM

29

4/22/82  
PRC 4977  
West  
Horn

### CONSENT TO ENCUMBER LEASE PRC 4977.1

#### BACKGROUND

On December 19, 1974, the Commission approved Industrial Lease PRC 4977.1 to Exxon Pipeline Company of California (now known as Pacific Offshore Pipeline Company or "POPCO") and to Exxon Corporation for a term of 15 years with two successive periods of ten years each. The lease authorized construction and maintenance of pipelines and other facilities to service Exxon's platform HONDO.

Litigation (Exxon Corporation v. State Lands Commission, Sacramento Superior Court No. 252-295; Third Appellate District, Sacramento, 3 Civil 16036) arose over this lease regarding the termination of the lease for failure to begin construction within a 90-day time period. The trial court held and the appellate court affirmed that the lease was valid; that Exxon had a right to "...commence construction at any time after January 1, 1975 and prior to December 31, 1982, so long as completed by December 31, 1982. The Court declares that, so long as Exxon commences and completes construction of said improvements during said period, the lease is not subject to termination ..."

The staff has been informed by POPCO that the gas pipeline construction will be completed in November, 1982. However, the completion of the marine terminal will probably occur past the December 31, 1982 deadline.

POPCO has requested that the Commission enter into a Consent and Agreement, for the creation of a lien and security interest to be held by Citibank N.A., a national banking association, as trustee. Said lien

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and security interest is for the purpose of financing the acquisition, construction, and putting into use of the pipelines and other facilities on the leasehold premises.

The staff believes that it is in the best interests of the State to consent to the encumbrance as the agreement would require Pacific Lighting Corporation, now the parent corporation of POPCO and Citibank to cure any default within 60 days from their receipt of such notice. If either PLC or Citibank failed to cure such default, the State has an absolute right to terminate the lease under terms of the encumbrance agreement.

AB 884: N/A.

EXHIBIT: A. Land Descriptions.  
B. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL DOCUMENT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF P.R.C. SECTIONS 21065, AND 14 CAL. ADM. CODE SECTIONS 15037 AND 15060.
2. GRANT THE REQUEST FOR CONSENT AND AGREEMENT TO ENCUMBER LEASE PRC 4977.1 TO CITIBANK N.A., BECAUSE IT IS IN THE BEST INTERESTS OF THE STATE TO INSURE CONTINUED REVENUE FROM THE LEASEHOLD.

EXHIBIT "A"

PRC 4977.1

Those parcels of land lying in the bed of the Santa Barbara Channel, in the vicinity of Capitan, County of Santa Barbara, State of California, being more particularly described as follows:

PARCEL 1:

A parcel of tide and submerged land 200 feet wide the centerline being described as follows:

COMMENCING at State Highway Monument No. 41-36A, as shown on State Highway Right-of-Way Map V-SB-2-F, SB-101-PM, 34.13 to 44.56 (California Coordinate System Zone 5 Coordinates: X = 1,383,984 and Y = 356,965); thence S 27° 44' 38" E, 434 feet to the TRUE POINT OF BEGINNING (California Coordinate System Zone 5 Coordinates: X = 1,384,185 and Y = 356,581); thence S 07° 09' 38" E, 2600 feet to a point herein referred to as Point A (California Coordinate System Zone 5 Coordinates: X = 1,384,509 and Y = 354,001), and the end of the herein-described centerline.

EXCEPTING THEREFROM that portion lying landward of the ordinary high water mark.

PARCEL 2:

A parcel of submerged land 200 feet wide the centerline being more particularly described as follows:

BEGINNING at Point A as described in Parcel 1 (California Coordinate System Zone 5 Coordinates: X = 1,384,509 and Y = 354,001); thence S 45° 57' 13" W, 23,142 feet, more or less, to the boundary of the State of California, as described in the U. S. Supreme Court Case 382 U. S. 448, No. 5 original, dated 1966, being the end of the herein described centerline.

EXCEPTING THEREFROM any portion lying within Parcel 1.

PARCEL 3:

A parcel of submerged land 200 feet wide the centerline being more particularly described as follows:

BEGINNING at Point A as described in Parcel 1 (California Coordinate System Zone 5 Coordinates: X = 1,384,509 and Y = 354,001); thence S 38° 00' 00" E, 1200 feet to a point being herein referred to as Point B (California Coordinate System Zone 5 Coordinates: X = 1,385,247 and Y = 353,055), being the end of the herein described centerline.

EXCEPTING THEREFROM any portion lying within Parcels 1 and 2

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PARCEL 4:

A circular parcel of submerged land having a radius of 800.00 feet, the center of which being Point B, as described in Parcel 3 (California Coordinate System Zone 5 Coordinates: X = 1,385,247 and Y = 353,055); EXCEPTING THEREFROM any portion lying within Parcel 3.

END OF DESCRIPTION



EXHIBIT B (cont'd)  
SCHEMATIC DRAWING OF PIPELINE  
ROUTE LOCATION 12" GAS PIPELINE

