

MINUTE ITEM

26

12/28/86
PRC 5582
Lippardt

AMENDMENT TO GENERAL LEASE - INDUSTRIAL USE

Calendar item 26, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item 26.

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CALENDAR ITEM

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Lipson

AMENDMENT TO GENERAL LEASE - INDUSTRIAL USE

APPLICANT: Western LNG Terminal Associates
Attn: Dennis Gartner
700 South Flower Street, Suite 3300
Los Angeles, California 90017

AREA, TYPE LAND AND LOCATION: An approximate 260-acre parcel of coastal tide and submerged land, located east of Point Conception, Santa Barbara County.

LAND USE: Marine terminal for the import of liquefied natural gas (LNG).

TERMS OF ORIGINAL LEASE: Initial period: 30 years beginning January 1, 1979.

Renewal options: Two successive periods of ten years and nine years, respectively.

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

Consideration: Volumetric rental according to the following schedule:

(a) \$0.015 per barrel until the minimum rental is equalled.

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(b) \$0.001 (1 mil) per barrel for the next 25,000,000 barrels; and thereafter.

(c) \$0.003 (3 mils) per barrel for the next 25,000,000 barrels; and thereafter.

(d) \$0.005 (5 mils) per barrel for each additional barrel passing over the State's land in that same lease year, until the total number of equivalent barrels on which rental has been paid for that lease year reaches 95 million barrels; and thereafter.

(e) \$0.002 (2 mils) per barrel for any additional volume passing over the State's land in that same lease year.

(f) Minimum annual rental at present is \$10,000.

The State reserves the right to fix a different rental on each fifth anniversary of the lease.

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

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invalid, the impounded rentals shall be refunded and a new reasonable rental will be determined by the Commission.

TERMS OF PROPOSED LEASE:

This amendment changes the annual rent to \$20,000.

BASIS FOR CONSIDERATION:

Pursuant to 2 Cal. Adm. Code 2003.

APPLICANT STATUS:

Applicant is owner of upland.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.

B. Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. On November 27, 1978, the State Lands Commission approved a 30-year lease to Western LNG Terminal Associates (WLNG), for construction and operation of a marine terminal for importing LNG. The lease reflected Lessee's anticipated three-four year construction schedule and included a provision for five-year rent reviews. Due to a change in economic and industry demand, WLNG felt the need to change its timing for the project's development and filed a Notice of Election with the Public Utilities Commission to abey its permit processing. The PUC has since issued a decision giving WLNG a choice between abandoning the LNG project or taking up to three years to re-evaluate the project for eventual development. WLNG has opted to re-evaluate the project and wishes to maintain its SLC lease.

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2. Due to a United States Supreme Court decision concerning volumetric rent, all State Lands Commission volumetric rental leases subject to that decision are to be amended. Lessee has agreed to amend the lease to:
 1. Delete the volumetric provisions of the lease;
 2. Acknowledge the potential of future State oil and gas development on adjacent State lands, and agrees to uses that are not inconsistent with that development.
 3. Set the annual rent at \$20,000, subject to the modification provisions of the lease.
3. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 5370, et seq. but will not affect those significant lands.
4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBITS:

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

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2. FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO P.R.C. 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECT ON SUCH LANDS.
3. AUTHORIZE ISSUANCE TO WESTERN LNG TERMINAL ASSOCIATES OF AN AMENDMENT TO GENERAL LEASE - INDUSTRIAL USE, PRC 5582, SUBSTANTIALLY IN THE FORM ON FILE IN THE PRINCIPAL OFFICE OF THE STATE LANDS COMMISSION WHICH CHANGES THE ANNUAL RENT TO \$20,000 ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF. THE EFFECTIVE DATE OF THIS AMENDMENT IS JANUARY 1, 1985. ALL REMAINING TERMS AND CONDITIONS OF LEASE PRC 5582 REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

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EXHIBIT "A"

LAND DESCRIPTION

PBC 5582

A parcel of tide and submerged land in the Pacific Ocean, lying southerly of the Rancho Nuestra Señora del Refugio and approximately 2 miles east of Point Conception, in Santa Barbara County, State of California, more particularly described as follows:

COMMENCING at Station 456 of the mean high tide line as said line is delineated on the State of California, State Lands Commission Map, "Survey of the Mean High Tide Line, December 1957", filed in Book 41, Miscellaneous Maps, at page 43, in the Office of the County Recorder, Santa Barbara County; said station having California Coordinate System, Zone 5 coordinates of X = 1,273,645 and Y = 355,978; thence along said mean high tide line N 79° 55' 03" E 63.05 feet to the POINT OF BEGINNING; thence from said point of beginning and leaving the mean high tide line the following nine courses:

1. N 12° 00' 00" E 50.00 feet;
2. N 79° 00' 00" E 1,001.03 feet;
3. South 1,729.48 feet;
4. East 1,500.11 feet;
5. South 2,500.18 feet;
6. West 1,500.11 feet;
7. South 1,100.08 feet;
8. West 2,074.85 feet;
9. N 12° 00' 00" E 5,203.52 feet to the point of beginning.

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

The basis of bearings for this description is the California Coordinate System, Zone 5.

All distances described herein are ground distances; corresponding grid distances may be obtained by multiplying the ground distances by the factor 0.9999355.

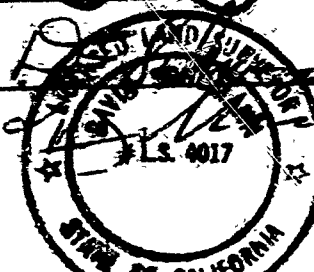
END OF DESCRIPTION

Prepared

Checked

Reviewed

Date



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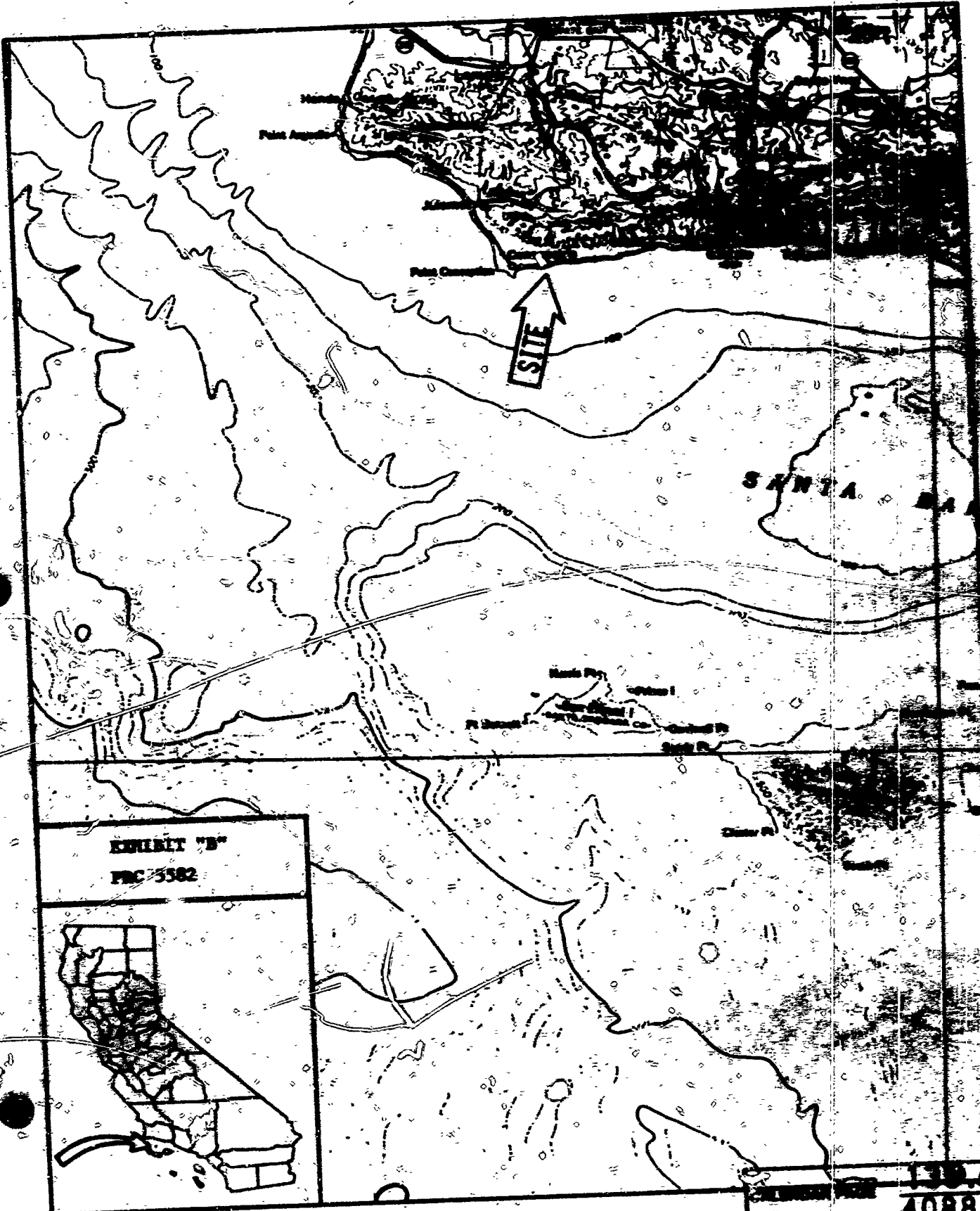


EXHIBIT "B"
FIG 5582



(ADDED 12/22/86)

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