

MINUTE ITEM

This Calendar Item No. 13
was approved as Minute Item
No. 13 by the State Lands
Commission by a vote of 3
to 0 at its 08/30/89
meeting.

CALENDAR ITEM

A 35

13

08/30/89

WP 4977

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Small

AMENDMENT OF EXISTING LEASE PRC 4977.1

APPLICANT: Pacific Offshore Pipeline Company
c/o Leonard A. Foster, Senior Vice President
P.O. Box 30900
Los Angeles, California 90030-0900

AREA, TYPE LAND AND LOCATION:
6.509 acres of tide and submerged land in the
Pacific Ocean from Platform Hondo to shore near
El Capitan State Beach, Santa Barbara County.

LAND USE: Continued maintenance of an existing 12-inch
diameter gas line.

TERMS OF ORIGINAL LEASE:

Initial period: 15 years beginning January 1,
1975.

Renewal options: Two successive periods of ten
years each.

Surety bond: \$50,000.

Public liability insurance: \$1,000,000 per
occurrence for bodily injury
and \$5,000,000 for property
damage.

Consideration: \$75,000 per annum; five-year
rent review.

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TERMS OF PROPOSED LEASE:

Initial period: 33 years beginning January 1, 1989.

Surety bond: \$1,000,000.

Public liability insurance: Combined single limit coverage of \$5,000,000.

Lessee may provide proof of self-insurance acceptable to the State, or may open an escrow account or provide a Letter of Credit and maintain an amount no less than the required policy limit.

CONSIDERATION: \$51,000 per annum; with the State reserving the right to fix a different rental on each fifth anniversary of the lease, and that such modification shall not be less than an amount determined by the Gross National Product Implicit Price Deflator.

BASIS FOR CONSIDERATION:

Pursuant to 2 Cal. Code Regs. 2003.

APPLICANT STATUS:

Applicant is permittee of upland.

STATUTORY AND OTHER REFERENCES:

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

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

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Lease PRC 4977 began January 1, 1975 and was for an initial period of 15 years. The lease contained two ten-year renewal options, which, if exercised, would terminate the lease December 31, 2009. The Co-lessees under PRC 4977 were Exxon Corporation and Pacific Offshore

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Pipeline Company (POPCO). The lease covered the existing 12-inch gas pipeline operated by POPCO, and a proposed marine terminal and oil pipeline, with appurtenant water line and power cables, which were never constructed. The authorized construction period expired December 31, 1982.

Upon obtaining a State Lands Commission lease for a new marine terminal at Las Flores and an oil pipeline from Platform Hondo (PRC 7162 and PRC 7163), Exxon quitclaimed its interest in PRC 4977. POPCO's only use is for the existing 12-inch diameter sour gas pipeline to transport gas from Exxon's platform Hondo to POPCO's gas treatment facility in Las Flores Canyon. Therefore PRC 4977 is being amended to eliminate the marine terminal and oil pipeline use.

The amendment reduces the lease area to cover the existing gas pipeline and revises the rent consistent with the new reduced area. The Lessee has requested an extension of the lease term to December 31, 2021, so that termination of the POPCO lease occurs at a time similar to termination of Exxon's leases at Las Flores. Therefore, the lease is being amended to a period of 33 years beginning January 1, 1989, the effective date of the amendment.

The amendment incorporates renegotiated terms and conditions to reflect the Commission's current leasing policy, including access to the gas pipeline and treatment facility for other users. No other change in use is being authorized.

- 2(a). As to the lease amendment, pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the

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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. Code Regs. 15378.

- 2(b). As to the lease renewal/extension, pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities, 2 Cal. Code Regs 2905(a)(2).

Authority: P.R.C. 21084, 14 Cal. Code Regs. 15300, and 2 Cal. Code Regs. 2905.

3. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. AS TO THE LEASE AMENDMENT, FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. AS TO THE LEASE RENEWAL/EXTENSION, FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES, 2 CAL. CODE REGS. 2905(a)(2).

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3. AUTHORIZE ISSUANCE TO PACIFIC OFFSHORE PIPELINE COMPANY OF AN AMENDMENT OF LEASE PRC 4977.1 FOR A 33-YEAR GENERAL LEASE - INDUSTRIAL USE, BEGINNING JANUARY 1, 1989; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$51,000, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE AND THAT SUCH RENT MODIFICATION SHALL NOT BE LESS THAN AN AMOUNT DETERMINED BY THE GROSS NATIONAL PRODUCT IMPLICIT PRICE DEFLATOR; PROVISION OF A \$1,000,000 SURETY BOND; PROVISION OF PUBLIC LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$5,000,000; LESSEE MAY PROVIDE PROOF OF SELF-INSURANCE ACCEPTABLE TO THE STATE, OR MAY OPEN AN ESCROW ACCOUNT OR PROVIDE A LETTER OF CREDIT AND MAINTAIN AN AMOUNT NO LESS THAN THE REQUIRED POLICY LIMIT; FOR MAINTENANCE OF AN EXISTING 12-INCH GAS PIPELINE ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

EXHIBIT "A"

LAND DESCRIPTION

PRC 4977.1

A strip of tide and submerged land 11 feet wide in the bed of the Santa Barbara Channel, in the vicinity of Capitan, Santa Barbara County, California; the centerline of said strip being more particularly described as follows:

COMMENCING at Station 81 as shown on the map entitled "Survey of the Mean High Tide Line" filed for record in Book 41, Pages 12 thru 50, Miscellaneous Maps, Santa Barbara County Records; thence S 67°38'17" W, 85.02 feet to the TRUE POINT OF BEGINNING, said point having California Coordinate System of 1927, Zone 5 coordinates of N=356,667.65 and E=1,384,173.37; thence into the Santa Barbara Channel the following 12 courses:

1. S 70°47'29" E, 2,051.59 feet;
2. S 40°22'30" E, 530.85 feet;
3. S 50°05'41" E, 137.34 feet;
4. S 27°55'24" W, 78.76 feet;
5. S 45°33'03" W, 3,305.42 feet;
6. S 46°07'21" W, 3,035.50 feet;
7. S 47°03'19" W, 2,915.20 feet;
8. S 45°35'08" W, 2,934.21 feet;
9. S 45°56'19" W, 3,074.80 feet;
10. S 45°24'43" W, 2,982.80 feet;
11. S 45°50'55" W, 2,933.91 feet;
12. S 44°42'06" W, 1,795.87 feet to a point on the offshore boundary of the State of California as determined according to the decree entered by the United States Supreme Court in United States v. California, Original No. 5, on January 31, 1966, 382 US 448.

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

This description is based on the California Coordinate System of 1927, Zone 5.

END OF DESCRIPTION

REVISED JANUARY 15, 1967 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

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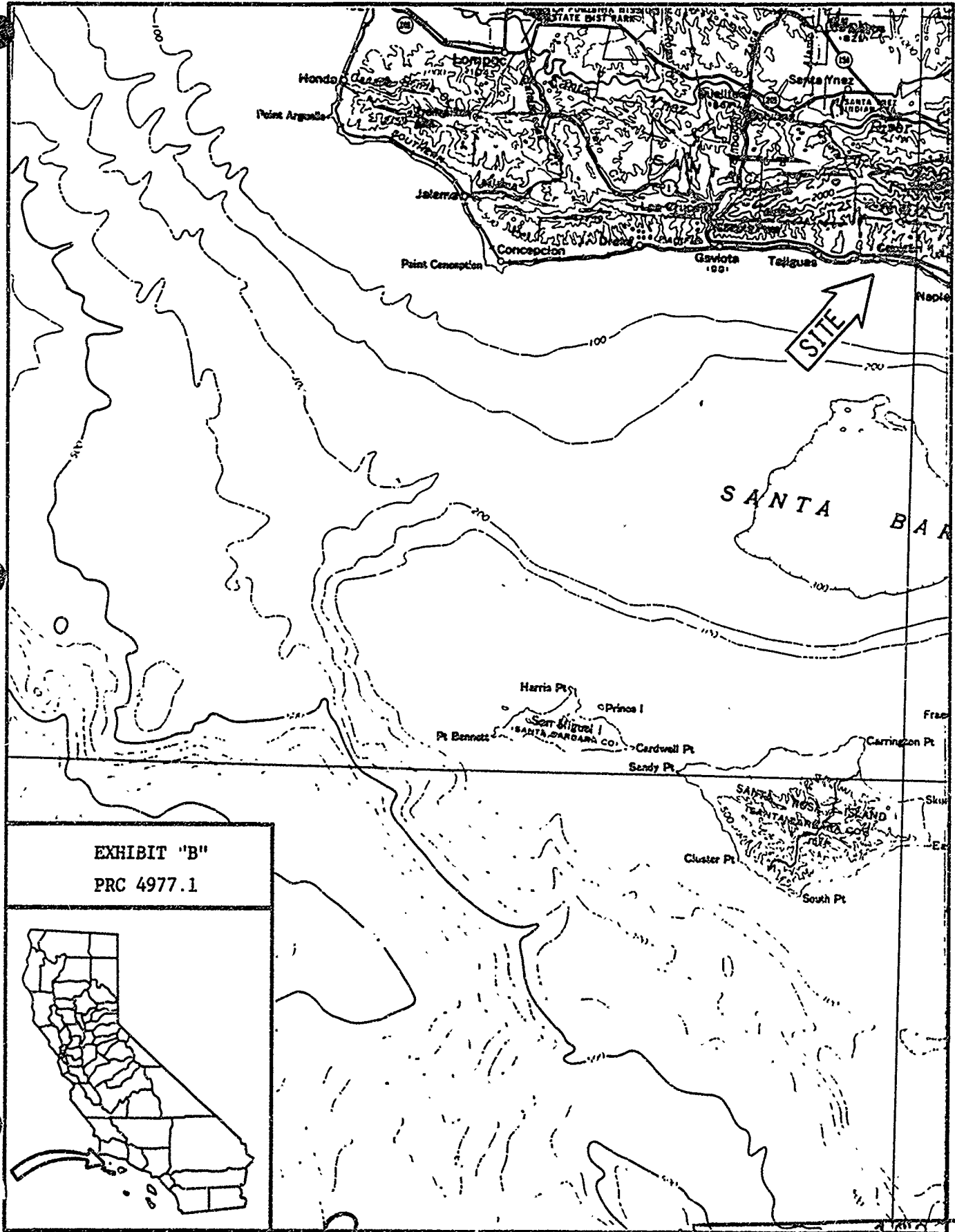


EXHIBIT "B"
 PRC 4977.1

