

**CALENDAR ITEM  
C73**

A 35  
S 17

06/29/15  
PRC 8100.1  
A. Scott

**GENERAL LEASE – INDUSTRIAL USE**

**APPLICANT:**

Chevron Environmental Management Company  
4000 Highway One  
Morro Bay, CA 93442

**AREA, LAND TYPE, AND LOCATION:**

2.48 acres, more or less, of sovereign land in the Pacific Ocean at Estero Bay, near the city of Morro Bay, San Luis Obispo County.

**AUTHORIZED USE:**

Continued use and maintenance of three existing pipelines, including one 20-inch diameter and one 18-inch diameter non-operational petroleum transfer pipeline, and one active 16-inch diameter wastewater outfall pipeline.

**LEASE TERM:**

5 years, beginning June 1, 2015.

**CONSIDERATION:**

\$31,680 per year, with an annual Consumer Price Index adjustment.

**SPECIFIC LEASE PROVISIONS:**

**Insurance:** Liability insurance in an amount no less than \$1,000,000 per occurrence; Lessee may satisfy all or any part of the insurance requirement through the maintenance of a staff-approved self-insurance program.

**Bond:** \$50,000.

**Other:** On or before June 1, 2018, Lessee shall submit a plan for Commission review and approval for the removal or other disposition of all existing offshore site improvements associated with the former upland petroleum facility, except that the improvements previously abandoned in place pursuant to Lease Termination Agreement PRC 2478.1, approved by the Commission on June 14, 1999, need not be addressed in the plan.

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Lessee shall provide all funds necessary to pay for any and all reasonable costs and expenditures paid or incurred by the Commission, its staff or both for review and approval of any plan or related materials required under the lease, including but not limited to any review or preparation of reports, documents or other actions as required pursuant to the California Environmental Quality Act (CEQA), plan reviews, and/or amendments.

Lessee's use of the 16-inch diameter pipeline as a wastewater outfall shall adhere to the terms and condition of Lessee's National Pollution Discharge Elimination System (NPDES) permit, as such permit may be amended, extended, or revised by the California Regional Water Quality Control Board (CRWQCB).

**OTHER PERTINENT INFORMATION:**

1. Applicant owns the upland adjoining the lease premises.
2. On June 14, 1999, the Commission authorized the issuance of Lease No. PRC 8100.1, a General Lease – Industrial Use to Chevron Pipeline Company (Chevron) for a 5-year term, ending May 31, 2004, for the retention and continued maintenance of three non-operational submerged pipelines that were being evaluated for possible future use after closure of the associated upland petroleum storage and transfer facility.
3. The three retained pipelines include an approximately 2,800-foot long, 16-inch diameter pipeline currently used as a wastewater outfall, that is subject to an NPDES permit issued by the CRWQCB; one approximately 3,200-foot long, 18-inch diameter pipeline and one approximately 3,400-foot long, 20-inch diameter pipeline that were used to transfer petroleum products between vessels and the upland facility but are now non-operational.
4. On June 14, 1999, the Commission also authorized the issuance of Lease Termination Agreement PRC 2478.1 to Chevron to allow it to abandon in place other improvements associated with the upland facility, including old pipelines, telephone cables, and three anchors.
5. Since the prior lease authorization, the Applicant has determined that it has no further use for the retained pipelines and is applying to the Commission for a new lease.
6. Staff recommends authorization of a 5-year lease to allow the Applicant sufficient time to develop a plan, including environmental review and permitting, for the removal or other disposition of the retained pipelines and any improvements associated with the decommissioned upland

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facility that are not currently subject to Lease Termination Agreement No. PRC 2478.1.

7. The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

8. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. 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. Site And Location Map

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

**SIGNIFICANT LANDS INVENTORY FINDING:**

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

**AUTHORIZATION:**

Authorize issuance of a General Lease - Industrial Use to Chevron Environmental Management Company beginning June 1, 2015, for a term of 5 years, for the continued use and maintenance of three existing pipelines, including two non-operational petroleum transfer pipelines, and

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one active wastewater outfall pipeline on the lands described in Exhibit A and as shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$31,680, with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$1,000,000 per occurrence; Lessee may satisfy all or any part of the insurance requirement through the maintenance of a staff-approved self-insurance program; and surety bond or other security in an amount of \$50,000.

**EXHIBIT A**

**PRC 8100.1**

**LAND DESCRIPTION**

Those parcels of tide and submerged land lying in the bed of the Pacific Ocean, Estero Bay, approximately 4 miles northerly of Morro Bay, San Luis Obispo County, California, and lying immediately adjacent to and west of Lot 31 of the Rancho Morro Y Cayucos as shown on that certain map entitled "Map of the Subdivision of the Rancho Morro Y Cayucos" and filed in the Office of the County Recorder of said county, in Map Book "A" at page 160, and more particularly described as follows:

**PARCEL 1**

A strip of tide and submerged land 20 feet wide, lying 10 feet on each side of the following described centerline:

COMMENCING at the corner common to Lots 30, 31 and 32 of said Rancho Morro Y Cayucos; thence S 45°14'30" W along the southeasterly boundary of Lot 31 2438.73 feet to an iron pipe; thence N 08°05' W 592.55 feet to an iron pipe, said iron pipe being on the base line control system for Standard Oil Company of California's Estero Marine Terminal; thence along said base line N 24°34' W 1330.00 feet to a point hereinafter referred to as Point "A"; thence N 24°34' W 274.40' feet to an existing 18" diameter pipeline also being the POINT OF BEGINNING; thence along the centerline of said pipeline S 48°15' W 3200.00 feet to the end of the herein described centerline.

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

**PARCEL 2**

A strip of tide and submerged land 20 foot wide, lying 10 feet on each side of the following described centerline:

COMMENCING at the aforementioned Point "A"; thence N 24°34' W 482.74 feet to the an existing 20" diameter pipeline also being the POINT OF BEGINNING; thence along the centerline of said pipeline N 89°43'30" W 1832.10 feet to an angle point in said pipeline; thence continuing along said pipeline S 88°45' 32" W 1649.19 feet to the end of herein described centerline.

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

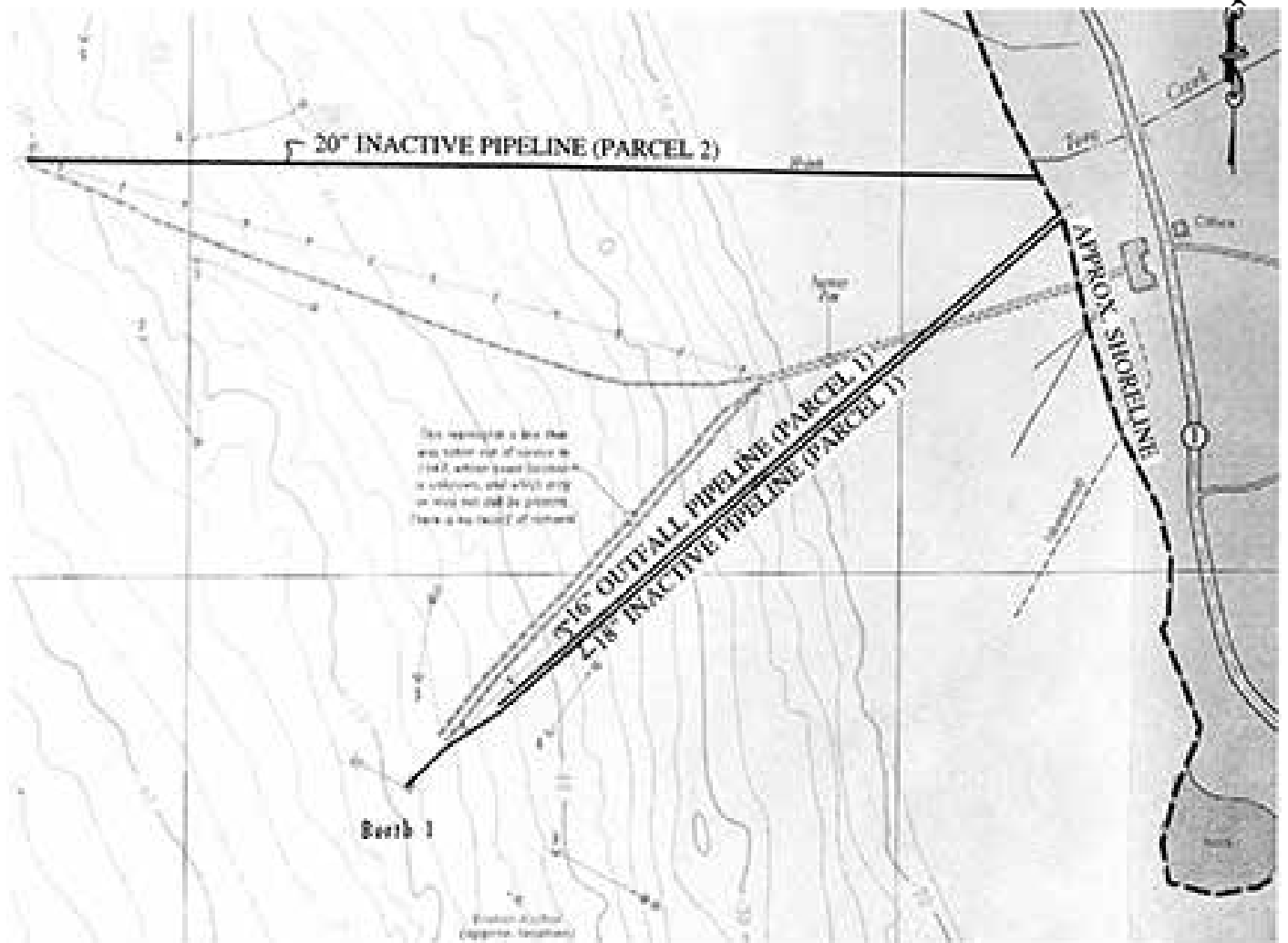
**END OF DESCRIPTION**

REVISED 10/31/14 BY THE  
CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT.  
ORIGINAL DESCRIPTION FOUND IN SECTION 3  
OF LEASE FILE PRC 8100 AUTHORIZED 6/14/1999.



NO SCALE

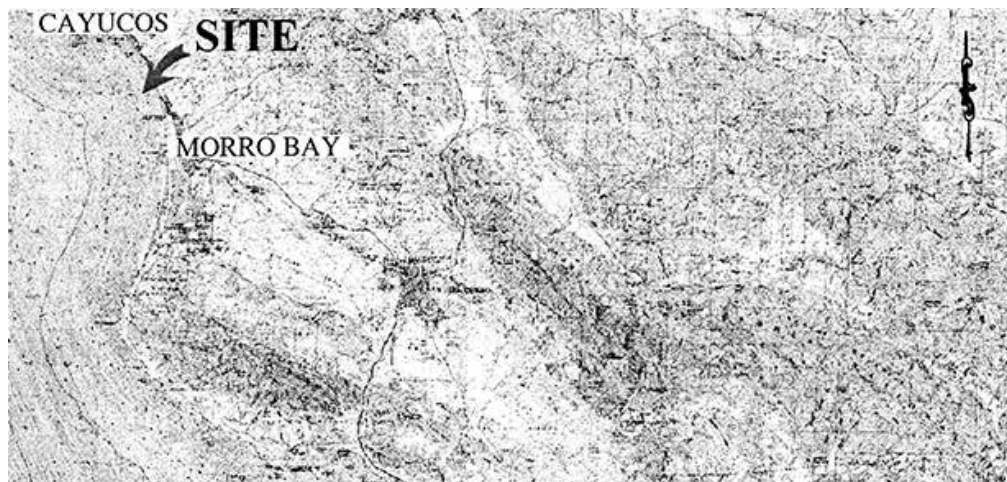
# SITE



Pacific Ocean near Morro Bay

NO SCALE

# LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

# Exhibit B

PRC 8100.1  
 CHEVRON  
 ENVIRONMENTAL  
 MANAGEMENT COMPANY  
 GENERAL LEASE -  
 INDUSTRIAL USE  
 SAN LUIS OBISPO COUNTY



MJP 6/12/15