

MINUTE ITEM

This Calendar Item No. 17.
was approved as Minute Item
No. 17 by the State Lands
Commission by a vote of 3
to 0 at its 10-29-79
meeting.

CALENDAR ITEM

17.

10/79
WP 2478
Horn

PRC 2478

AMENDMENT OF INDUSTRIAL
LEASE PRC 2478.1

APPLICANT:

Chevron USA, Inc. and
Standard Pipe Line Company
P. O. Box 7643
San Francisco, California 94120

AREA, TYPE LAND AND LOCATION:

Approximately 80 acres (2 terminals) of
coastal tide and submerged lands in Estero
Bay, San Luis Obispo County.

LAND USE:

Offshore marine petroleum loading terminals
together with necessary appurtenances.

TERMS OF EXISTING LEASE:

Initial period: 15 years from August 14,
1959.

Renewal options: 2 successive periods
of 10 years each.

Surety bond: \$50,000.

Public liability insurance: \$500,000/1,000,000
per occurrence for bodily
injury and \$5,000,000
for property damage.

Consideration: \$29,108 per annum with
5-year rent review.

This amendment changes the rent as occasioned by a fifth
anniversary of the lease. A special provision is being
added which details the impounding of volumetric rentals
in excess of the minimum annual rental.

The new annual rental is computed as follows:

\$0.01 per barrel until the minimum annual rental is
equaled; thereafter.

\$0.001 per barrel for the next 12,000,000 barrels,
and thereafter

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\$0.003 per barrel for each additional barrel in that same lease year.

The new minimum annual rental is \$87,000. The State reserves the right to fix a different rental on each fifth anniversary of this lease.

BASIS FOR CONSIDERATION:

Volumetric rental pursuant to 2 Cal. Adm. Code 2005 and 2006.

PREREQUISITE TERMS, FEES AND EXPENSES:

Applicant is owner of upland.

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. This project is exempt from CEQA because it is not a project within the meaning of CEQA and the State EIR Guidelines.

Authority: P.R.C. 21065, 14 Cal. Adm. Code 15037 and 2 Cal. Adm. Code 2903(d).

2. This project 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 B, which authorizes Limited 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.

3. This transaction is not a project within the meaning of the Commission's Coastal regulations.

APPROVALS OBTAINED:

No other authorizations required.

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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. FIND THAT THE LEASE AMENDMENT WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1, OF THE P.R.C.
3. 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.
4. AUTHORIZE AMENDMENT OF LEASE PRC 2278.1 TO CHEVRON USA INC. AND STANDARD PIPE LINE COMPANY CHANGE THE ANNUAL RENTAL TO THE VOLUMETRIC RENTAL ALTERNATIVE AS FOLLOWS:
 - (a) UNTIL THE MINIMUM ANNUAL RENTAL PROVIDED FOR IN SUBPARAGRAPH (c) HEREOF IS EQUALED IN EACH LEASE YEAR, THE ANNUAL RENTAL SHALL BE COMPUTED BY MULTIPLYING THE NUMBER OF BARRELS OF PETROLEUM PRODUCTS PASSING OVER THE STATE'S LAND BY \$0.01.
 - (b) FOR THE NEXT 12,000,000 BARRELS BEYOND THE NUMBER OF BARRELS NECESSARY TO SATISFY THE MINIMUM RENTAL UNDER SUBPARAGRAPH (a) ABOVE, THE RENTAL SHALL BE \$0.001 PER BARREL; AND THEREAFTER \$0.003 PER BARREL FOR EACH ADDITIONAL BARREL OF SUCH COMMODITIES PASSING OVER THE STATE'S LAND IN THAT SAME LEASE YEAR.
 - (c) THE MINIMUM ANNUAL RENTAL SHALL BE \$87,000.
 - (d) THE STATE RESERVES THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE;
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 A FINAL DISPOSITION OF CURRENT LITIGATION CONCERNING

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SAID IMPOUNDED RENTALS TO BE REFUNDED AND A NEW
REASONABLE RENTAL DETERMINED BY THE COMMISSION
SHOULD THE COMMISSION'S VOLUMETRIC RENTAL REGULATIONS
BE INVALIDATED.

FOR THE CONTINUED OPERATION OF 2 OFFSHORE MOORING
TERMINALS TOGETHER WITH NECESSARY APPURTENANCES
ON THE LAND DESCRIBED ON EXHIBIT "A" OF AMENDED
LEASE PRC 2478.1 ON FILE IN THE PRINCIPAL OFFICE
OF THE COMMISSION AND BY REFERENCE MADE A PART
HEREOF.

ALL OTHER TERMS AND CONDITIONS OF LEASE PRC 2478.1
SHALL REMAIN IN FULL FORCE AND EFFECT. THE EFFECTIVE
DATE OF THIS AMENDMENT IN AUGUST 14, 1979.