

MINUTE ITEM

This Calendar Item No. C12
was approved as Minute Item
No. 12 by the State Lands
Commission by a vote of 3
to 0 at its 12/17/81
meeting.

CALENDAR ITEM

C 1 2

12/17/81
PRC 5468
Lowland

TERMINATION OF GENERAL LEASE - INDUSTRIAL USE
AND ACCEPTANCE OF LEASE QUITCLAIM DEED

LESSEE: Pacific Gas and Electric Company
77 Beale Street, Land Department
San Francisco, California 94106

AREA, TYPE LAND AND LOCATION:
Approximately 75 acres of coastal submerged
lands in Monterey Bay, offshore of Moss
Landing, Monterey County.

LAND USE: Marine Petroleum Terminal and Appurtenances.

LEASE TERMS: Term: 20 years effective January 1,
1978.

Renewal option: Two successive periods
of ten years each.

CONSIDERATION: Consideration for the lease was based on
volumetric rental, pursuant to 2 Cal. Adm.
Code 2006. In addition, there would be
a minimum annual rental of \$70,000, except
that the minimum annual rental for the
first lease year would be \$10,000. The
Commission reserved the right to fix a
different rental on each fifth anniversary
of the lease.

BACKGROUND: Early in 1974, the Commission received
an application from Pacific Gas and Electric
Company (PG&E), to construct a new marine
terminal facility at their Moss Landing
Electric Generating Station. The new facility
was to enable PG&E to provide fuel oil
(or low sulfur crude oil) to its power
plant more economically than with its existing
terminal. The lease was approved by the
Commission, as Lead Agency for the project,
at its regular monthly meeting on April 27,
1978; Minute Item 11.

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Subsequent approvals for construction of the terminal were required from the United States Coast Guard, United States Army Corps of Engineers, Regional Air Resources Board, Regional Coastal Commission, State Department of Parks and Recreation, and State Water Resources Control Board.

As a result of delays in the complex permit process, and pursuant to PG&E's request, the Commission approved an Amendment to the lease relative to construction dates and authorized staff to send PG&E a letter detailing the impounding of certain volumetric rentals (July 19, 1978 Commission Meeting; Minute Item 10).

In late 1979, the Commission again approved an extension requiring PG&E to commence construction within 180 days of the issuance of all final, nonappealable authorizations for the terminal expansion project, and to conclude construction within two years of such commencement date (October 29, 1979 Commission Meeting; Minute Item 13).

By letter to the Commission, dated February 6, 1981, PG&E requested that the terminal lease be terminated. PG&E advised that their permit, issued by the California Coastal Commission on June 19, 1979, was subsequently conditioned on the Regional Coastal Commission's approval of construction and mitigation plans, and additional geological investigation prior to commencement of construction. The Regional Commission bid not, at anytime prior to PG&E's request to the State Lands Commission for termination of the lease, approved any of PG&E's submittals in response to the "conditions" of the permit which would have allowed construction to begin on June 11, 1980. On June 11, 1980, the United States Army Corps of Engineers denied PG&E's request for a permit for the terminal. PG&E made a subsequent administrative appeal of the decision which was also rejected.

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Pursuant to the lease file, PRC 5468, there is no indication that any equipment, supplies or structures were ever placed on or near the lease area and that the land has remained clear.

AB 884: N/A.

EXHIBITS: A. Site Plat.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL DOCUMENT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH DOCUMENT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21065, 14 CAL. ADM. CODE 15037 AND 15060 AND 2 CAL. ADM. CODE 2093(d).
2. AUTHORIZE TERMINATION OF GENERAL LEASE - INDUSTRIAL USE TO PACIFIC GAS AND ELECTRIC COMPANY, PRC 5468.1, EFFECTIVE DECEMBER 31, 1980; AND AUTHORIZE ACCEPTANCE OF A LEASE QUITCLAIM DEED REMISING ANY INTEREST PACIFIC GAS AND ELECTRIC COMPANY, AS FORMER LESSEE, HAS IN THE STATE'S PARCEL.

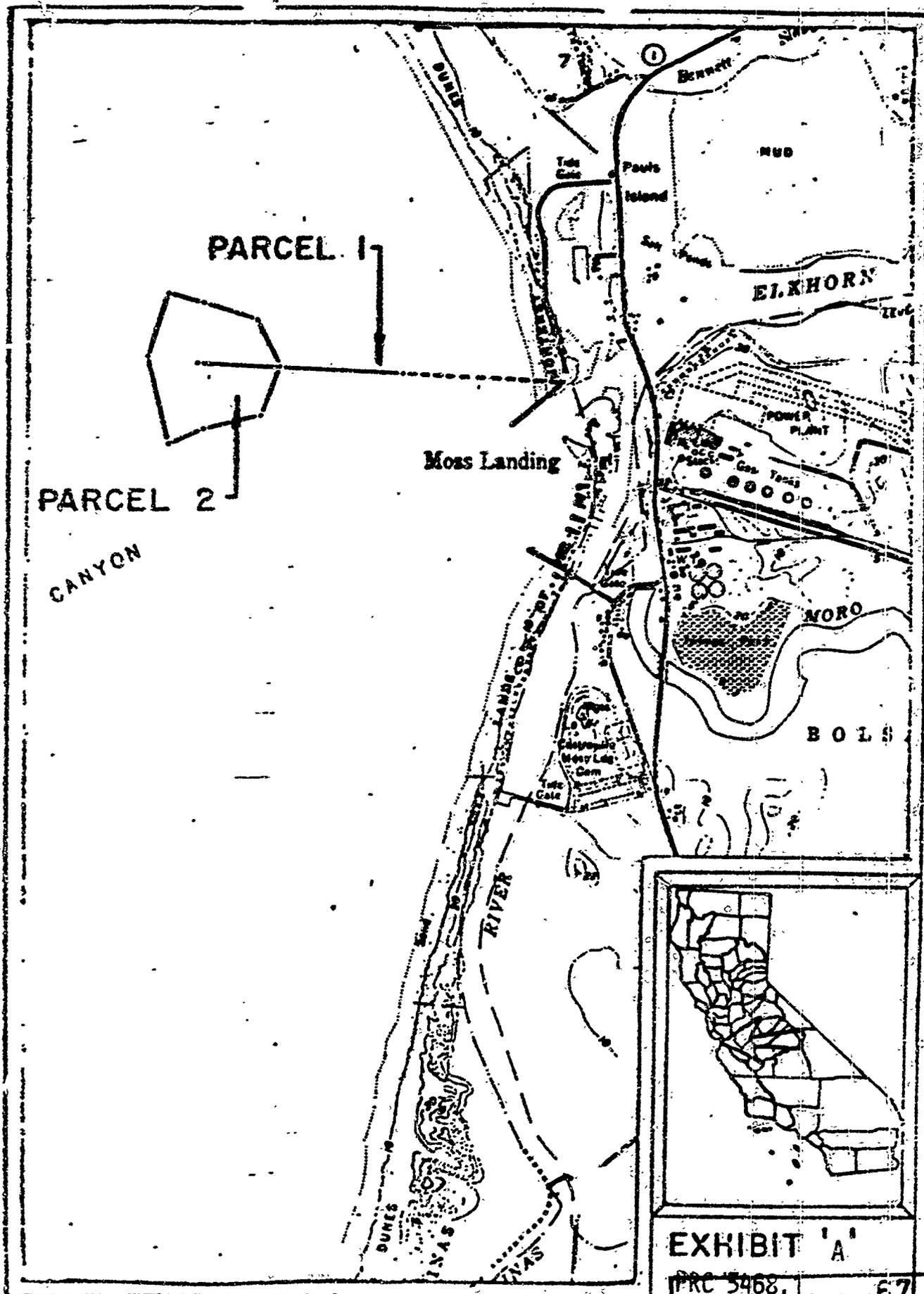


EXHIBIT 'A'

PRC 5468.1 E7
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