MINUTE ITEM

This Calendar Item No. 28 was approved as Minute Item No. 28 by the State Lands Commission by a vote of 3 to 0 at its 4/25/85 meeting.

CALENDAR ITEM

A 35

S 18

28

04/25/85
PRC 3014
PRC 3015
PRC 3016
PRC 3017
Lipphardt

APPROVAL OF AMENDMENTS TO
GENERAL LEASES - RIGHTS-OF-WAY USE

APPLICANT: Shell California Production, Inc.
Attn: William Harper
P. O. Box 11164
Bakersfield, California 93389

AREA, TYPE LAND AND LOCATION:
Five parcels of tide and submerged lands totalling approximately 33.674 acres in the Pacific Ocean near the mouth of the Arroyo Hondo Creek, Santa Barbara County.

LAND USE: Operation and maintenance of 23 submarine flowlines and two submarine outfall lines.

BACKGROUND:

On May 23, 1963, the State Lands Commission approved four Right-of-Way Easements, PRC 3014, PRC 3015, PRC 3016, and PRC 3017, to Shell Oil Company, who assigned its interests in the leases to Shell California Production, Inc. on June 1, 1982. The right-of-way easements, totalling approximately 33.674 acres, provide for operation and maintenance of submarine flowlines which service four natural gas wells. The wells are authorized under Oil and Gas Lease PRC 2920; which is located offshore Molino in Santa Barbara County. The pipeline routes leave the lease area of Oil and Gas Lease PRC 2920.1 and the resulting right-of-way easements service Lessee's respective wells as follows:

Well No. 1 PRC 3014

Well No. 2	PRC 3015
Well No. 3	PRC 3016
Well No. 4	PRC 3017, Parcel 2

PRC 3017, Parcel 1, is a 911± long, 100-foot wide, right-of-way into which all five pipeline bundles merge and continue on to shore to the Molino Gas Processing Plant.

Resumption of drilling operations on Lease PRC 2920.1 was approved by the State Lands Commission in 1980 and, in March 1984, State Lands Commission approved the drilling of two additional exploratory wells. These approvals were preceeded by an EIR, SCH 79101011, and a Supplemental EIR, SCH 83110901. On January 31, 1985, Calendar Item 35, the State Lands Commission approved Shell's proposal to produce and process gas from the wells, and authorized Lessee to install two flowline bundles. This authorization was granted with the understanding that Lessee would subsequently amend their leases or otherwise provide for the additional flowlines bundles. Mitigation measures identified in the earlier review processes were incorporated into the project and a Negative Declaration, EIR ND 376, SCH 84101008 was certified by the Commission on January 31, 1985.

CURRENT SITUATION:

Shell, on January 31, 1985, received Commission approval to install one of the flowline bundles from Well No. 8 within the existing right-of-way easement from Well No. 1 (PRC 3014), and one of the flowline bundles from Well No. 9 within the existing right-of-way easement from Well No. 2 (PRC 3015).

In an unrelated activity involving the right-of-way easements from Well NO. 3 (PRC 3016) and Well No. 4 (PRC 3017, Parcel 2), Lessee proposes to change the permitted use. Lessee has requested approval to convert two existing, in place, flowlines (one 4-inch line from each of the plugged and abandoned gas Wells No. 3 and 4) to effluent discharge service lines for the Molino Gas Plant. Lessee has obtained a permit, No. CA 0000558, Order No. 83-63, from the California Regional Water Quality Control Board (WQCB) under the National Pollutant Discharge Elimination System (NPDES) for their discharge. The project will relocate the point of effluent discharge from an intermittently flowing stream in Canada de la Huerta to a point approximately 2.6 miles offshore.

Lessee is now amending Leases PRC 3014 and 3015, and 3017, Parcel 1, to reflect the installation of the two new flowline bundles and Leases PRC 3016 and 3017 to reflect the change in use.

TERMS OF ORIGINAL PERMITS:

PRC 3014:	Initial period:	49 years beginning May 23, 1963.
	Consideration:	$289.78 per annum.
PRC 3015:	Initial period:	49 years beginning May 23, 1963.
	Consideration:	$236.82 per annum.
PRC 3016:	Initial period:	49 years beginning May 23, 1963.
	Consideration:	$196.78 per annum.
PRC 3017:	Initial period:	49 years beginning May 23, 1963.
	Consideration:	$233.16 per annum.

TERMS OF PROPOSED AMENDMENTS:

Amendments to Leases PRC 3014, 3015, and 3017, Parcel 1, reflect the installation of two additional flowline bundles within existing rights-of-way. Amendments to Leases PRC 3016 and 3017, provide for a change in the permitted use on existing pipelines from production flowlines to discharge lines.

PRC 3014:	Consideration:	Annual rental is $0.0076 per thousand cubic feet of gas with a minimum annual rent of $3,555, with the State reserving the right to fix a different rental on each fifth anniversary of the permit.
	Public liability insurance:	Combined single limit coverage of $1,000,000.
PRC 3015	Consideration:	Annual rental is $0.0076 per thousand cubic feet of gas, with a minimum annual rent of

		$2,905; with the State reserving the right to fix a different rental on each fifth anniversary of the permit.
	Public liability insurance:	Combined single limit coverage of $1,000,000.
PRC 3016	Consideration:	Annual rental is $966; with the State reserving the right to fix a different rental on each fifth anniversary of the permit.
	Public liability insurance:	Combined single limit coverage of $1,000,000.
PRC 3017	Consideration:	Annual rental for Parcel 1 is $1,166 and for Parcel 2 is $853 for a combined annual rent of $2,019; with the State reserving the right to fix a different rental on each fifth anniversary of the permit.
	Public liability insurance:	Combined single limit coverage of $1,000,00.

In addition to changing the rental amount, a special provision is being added with respect to PRC 3014 and PRC 3015 which details the impounding of volumetric rentals in excess of the minimum annual rentals.

BASIS FOR CONSIDERATION:

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

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that approving the amendments for the inclusion within existing rights-of-way, of the new pipelines approved by the Commission on January 31, 1985 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.

2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that the activity of change in use of the two flowlines to outfall lines, is exempt from the requirements of the CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes there is no possibility that this project may have a significant effect on the environment.

   Authority: 14 Cal. Adm. Code 15061(b)(3).

3. This activity involves lands identified as possessing significant environmental values pursuant to PRC 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.

APPROVALS OBTAINED:

California Regional Water Quality Control Board.

FURTHER APPROVALS REQUIRED:
County of Santa Barbara, California Department of Transportation, California Department of Fish and Game, California Coastal Commission, United States Army Corps of Engineers.

EXHIBITS: A-D Land Descriptions.
E Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT, AS TO THE AMENDMENTS FOR THE INCLUSION, WITHIN EXISTING RIGHTS-OF-WAY, OF THE TWO ADDITIONAL PIPELINE BUNDLES APPROVED BY THE COMMISSION ON JANUARY 31, 1985, 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.

2. FIND THAT, AS TO THE CHANGE IN USE OF FACILITIES, THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT. (14 CAL. ADM. CODE 15061(b)(3))

3. FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO PRC 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECT ON SUCH LANDS.

4. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO PRC 6370, ET SEQ.

5. AUTHORIZE ISSUANCE TO SHELL CALIFORNIA PRODUCTION, INC., OF AMENDMENTS TO LEASES PRC 3014, 3015, 3016, AND 3017 SUBSTANTIALLY IN THE FORM ON FILE IN THE PRINCIPAL OFFICE OF THE STATE LANDS COMMISSION, WHICH PROVIDE FOR:

   (a) CONSIDERATION OF:
      1. ANNUAL RENTAL FOR PRC 3014 OF $0.0076 PER THOUSAND CUBIC FEET OF GAS; WITH A MINIMUM ANNUAL RENT OF $3,555;
      2. ANNUAL RENTAL FOR PRC 3015 OF $0.0076 PER THOUSAND CUBIC FEET OF GAS; WITH A MINIMUM ANNUAL RENT OF $2,905;

3. ANNUAL RENTAL FOR PRC 3016 OF $966;
4. ANNUAL RENTAL FOR PRC 3017, PARCEL 1 of $853;
5. ANNUAL RENTAL FOR PRC 3017, PARCEL 2 of $1,166;

(b) PAYMENTS OF RENTALS IN EXCESS OF THE MINIMUM ANNUAL RENTAL FOR PRC 3014 OF $3,555 AND FOR PRC 3015 OF $2,905, INTO A SPECIAL DEPOSIT ACCOUNT IN THE STATE TREASURY PENDING A FINAL DISPOSITION OF CURRENT LITIGATION CONCERNING THE VALIDITY OF THE COMMISSION'S RENTAL REGULATIONS; SAID IMPOUNDED RENTALS TO BE REFUNDED AND A NEW REASONABLE RENTAL DETERMINED BY THE COMMISSION SHOULD THE COMMISSION'S VOLUMETRIC RENTAL REGULATIONS BE INVALIDATED;

(c) THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF EACH PERMIT

(d) PROVISION OF PUBLIC LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF $1,000,000; FOR MAINTENANCE AND OPERATION OF 23 SUBMARINE FLOWLINES AND TWO SUBMARINE OUTFALL LINES ON THE LAND DESCRIBED ON EXHIBITS "A", "B", "C", AND "D", ATTACHED AND BY REFERENCE MADE A PART HEREOF.

EXHIBIT "A"

LAND DESCRIPTION PRC 3014

A strip of submerged land 50 feet in width in the Santa Barbara Channel, Santa Barbara County, California, with the centerline described as follows:

COMMENCING at a point on the mean high tide line on the shore of the Santa Barbara Channel at Station No. 199 as shown upon the State of California Map entitled "Survey of the Mean High Tide Line along the Shore of the Pacific Ocean, Vicinity of Arroyo Honda", dated February, 1957, Sheet 14 of 39, and filed for record in Book 41 of Miscellaneous Maps, Page 25, Santa Barbara County Records; thence S 5° 33' 20" W, 910.35 feet; thence S 80° 32' 16" W, 12.50 feet to the TRUE POINT OF BEGINNING; thence S 11° 32' 06" W, 869.90 feet; thence S 21° 01' 19" W, 1047.32 feet; thence S 26° 43' 31" W, 3662.57 feet; thence S 24° 01' 34" W, 3307.82 feet to the easterly line of State Lease PRC 2920.1 and the end of the herein described line.

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

END OF DESCRIPTION

REVIEWED MARCH 29, 1985 BY BOUNDARY SERVICES UNIT, M.L. SHAFER, SUPERVISOR.

EXHIBIT "3"

LAND DESCRIPTION PRC 3015

A strip of submerged land 50 feet in width in the Santa Barbara Channel, Santa Barbara County, California, with the centerline described as follows:

COMMENCING at a point on the mean high tide line on the shore of the Santa Barbara Channel at Station No. 199 as shown upon the State of California Map entitled "Survey of the Mean High Tide Line along the Shore of the Pacific Ocean, Vicinity of Arroyo Honda", dated February, 1957, Sheet 14 of 39, and filed for record in Book 41 of Miscellaneous Maps, Page 25, Santa Barbara County Records; thence S 5° 33' 20" W, 910.35 feet; thence S 80° 32' 16" W, 37.50 feet to the TRUE POINT OF BEGINNING: thence S 22° 22' 55" W, 917.33 feet; thence S 32° 39' 00" W, 989.46 feet; thence S 31° 50' 34" W, 1372.37 feet; thence S 28° 40' 40" W, 3983.72 feet to the easterly line of State Lease PRC 2920.1 and the end of the herein described line.

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

END OF DESCRIPTION

REVIEWED MARCH 29, 1985 BY BOUNDARY SERVICES UNIT, M.L. SHAFER, SUPERVISOR

EXHIBIT "C"

LAND DESCRIPTION PRC 3016

A strip of submerged land 50 feet in width in the Santa Barbara Channel, Santa Barbara County, California, with the centerline described as follows:

COMMENCING at a point on the mean high tide line on the shore of the Santa Barbara Channel at Station No. 199 as shown upon the State of California Map entitled "Survey of the Mean High Tide Line along the Shore of the Pacific Ocean, Vicinity of Arroyo Honda", dated February, 1957, Sheet 14 of 39, and filed for record in Book 41 of Miscellaneous Maps, Page 25, Santa Barbara County Records; thence S 5° 33' 20" W, 910.35 feet; thence S 80° 32' 16" W, 62.50 feet to the TRUE POINT OF BEGINNING: thence S 26° 42' 21" W, 944.91 feet; thence S 35° 10' 29" W, 1,284.56 feet; thence S 38° 59' 27" W, 2,328.58 feet; thence S 35° 49' 01" W, 1,477.22 feet to the easterly line of State Lease PRC 2920.1 and the end of the herein described lined.

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

END OF DESCRIPTION

REVIEWED MARCH 29, 1985 BY BOUNDARY SERVICES UNIT, M.L. SHAFER, SUPERVISOR.

EXHIBIT "D"

LAND DESCRIPTION PRC 3017

Two parcels of tide and submerged land in the Santa Barbara Channel, Santa Barbara County, California, described as follows:

PARCEL 1

BEGINNING at a point on the mean high tide line on the shore of the Santa Barbara Channel at Station No. 199 as shown upon the State of California Map entitled "Survey of the Mean High Tide Line along the Shore of the Pacific Ocean, Vicinity of Arroyo Honda", dated February, 1957, Sheet 14 of 39, and filed for record in Book 41 of Miscellaneous Maps, Page 25, Santa Barbara County Records; thence S 5° 33' 20" W, 910.35 feet; thence S 80° 32' 16" W, 103.54 feet; thence N 5° 33' 20" E, 918.10 feet; thence S 74° 53' 04" E, 18.00 feet to Station No. 200 on said mean high tide line; thence N 80° 32' 16" E, 85.16 feet to the point of beginning.

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

PARCEL 2 (Line No. 4)

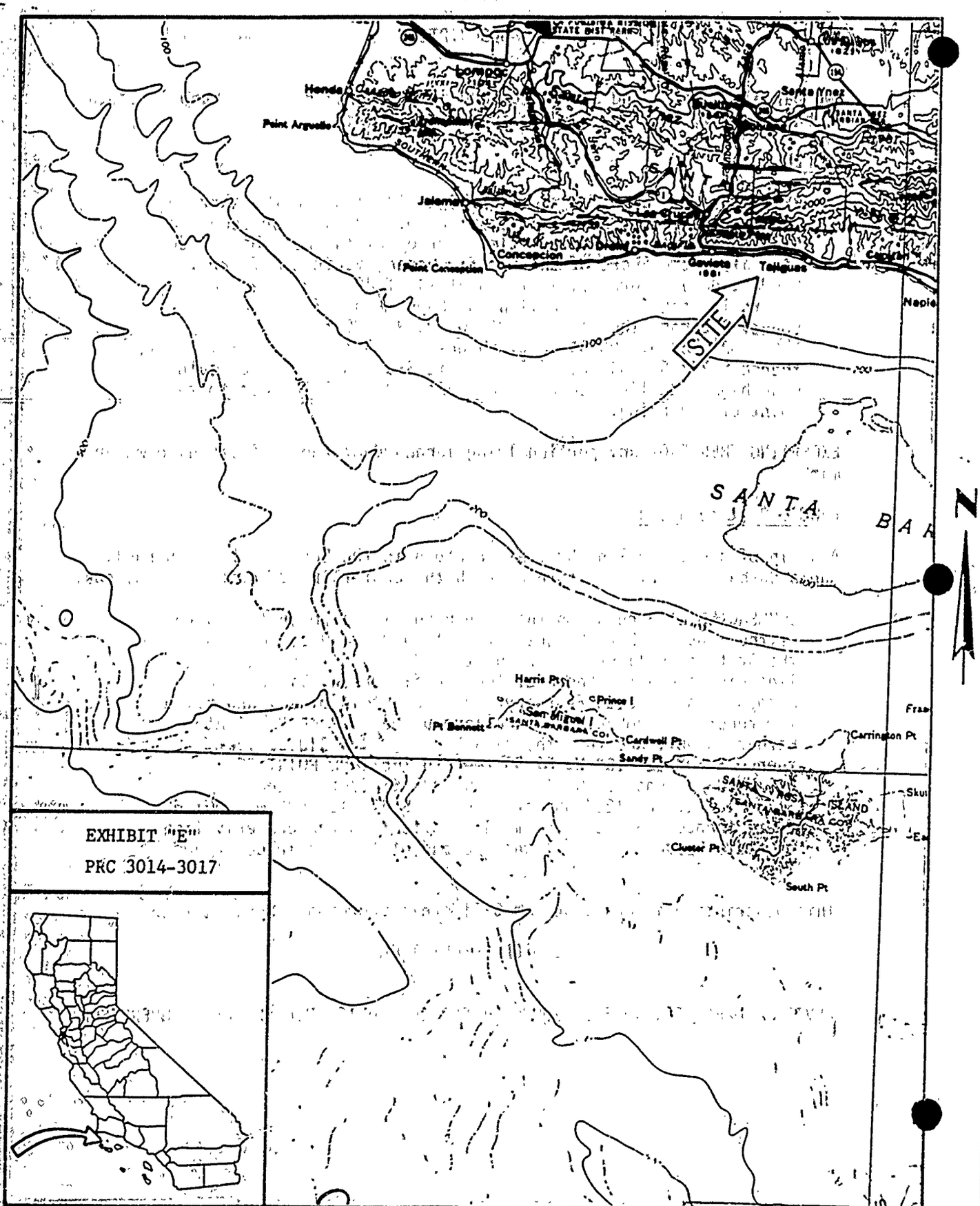
A strip of submerged land 50 feet in width in the Santa Barbara Channel, Santa Barbara County, California, with the centerline described as follows:

COMMENCING at a point on the mean high tide line on the shore of the Santa Barbara Channel at Station No. 199 as shown upon the State of California Map entitled "Survey of the Mean High Tide Line along the Shore of the Pacific Ocean, Vicinity of Arroyo Honda", dated February, 1957, Sheet 14 of 39, and filed for record in Book 41 of Miscellaneous Maps, Page 25, Santa Barbara County Records; thence S 5° 33' 20" W 910.35 feet; thence S 80° 32' 16" W, 87.50 feet to the TRUE POINT OF BEGINNING: thence S 30° 45' 46" W, 977.55 feet; thence S 35° 10' 29" W, 1284.56 feet; thence S 47° 12' 53" W, 2601.62 feet; thence S 43° 26' 15" W, 465.78 feet to the easterly line of State Lease PRC 2920.1 and the end of the herein described line.

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

END OF DESCRIPTION

REVIEWED MARCH 29, 1985 BY BOUNDARY SERVICES UNIT, M.L. SHAFER, SUPERVISOR.



CALENDAR PAGE 109
MINUTE PAGE 1393