

MINUTE ITEM

This Calendar Item No. 19
was approved as Minute Item
No. 19 by the State Lands
Commission by a vote of 3
to 0 at its 2/6/91
meeting.

CALENDAR ITEM

A 36

19

S 18

02/06/91
PRC 3125
PRC 427
Fong

**SECOND AMENDMENT AND RENEWAL OF
GENERAL LEASE - INDUSTRIAL USE**

LESSEE:

Mobil Oil Corporation
P. O. Box 9989
Bakersfield, California 93389-9989

AREA, TYPE LAND AND LOCATION:

A 4.673-acre parcel of tide and submerged land in the Rincon
Field in Santa Barbara Channel, Ventura County.

LAND USE:

Maintenance and use of an existing pier for oil operations
and to allow subsurface drill-through rights to accommodate
existing wells directionally drilled into State oil and gas
lease PRC 427.

TERMS OF ORIGINAL LEASE:

Initial period:

Fifteen (15) years beginning May 15, 1964.

Renewal options:

Three successive periods of ten years each.

Surety bond:

\$50,000.

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Public liability insurance:
Combined single limit coverage of \$500,000.

Consideration:
\$1,680 per annum; five-year rent review.

Special:
Lessee exercised first renewal option of ten years,
which expired May 14, 1989.

TERMS OF PROPOSED AMENDED LEASE DURING SECOND RENEWAL PERIOD:

Initial period:
Ten (10) years beginning May 15, 1989.

Renewal options:
One (1) successive period of ten years.

Surety bond:
\$500,000.

Public liability insurance:
Combined single limit coverage of \$2,000,000.

CONSIDERATION:
\$1,680 per annum; with the State reserving the right to fix
a different rental on each fifth anniversary of the lease.

BASIS FOR CONSIDERATION:
Pursuant to 2 Cal. Code Regs. 2003.

APPLICANT STATUS:
Applicant is owner of upland.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:
Filing fee has been received.

STATUTORY AND OTHER REFERENCES:
A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

1. In accordance with the terms and conditions of the existing lease PRC 3125, Mobil has provided notice to staff of its desire to exercise the second renewal option of ten (10) years, beginning May 15, 1989, for the continued use and maintenance of an existing pier located on tide and submerged land in the Rincon Field in the Santa Barbara Channel, Ventura County. There are six oil and gas wells located on the pier in the subject lease area, as well as other pipelines. The wells are slant-drilled to adjacent State oil and gas lease PRC 427.

In addition to incorporating present-day leasing requirements, the proposed lease agreement (on file in the offices of the State Lands Commission) amends the lease to provide for the following:

- (a) Comprehensive public liability insurance covering the Lease Premises shall be amended to provide for limits of not less than \$2,000,000 combined single limit coverage.
- (b) The amount of the surety bond shall be amended to \$500,000.
- (c) Within 180 days of the Commission's action on this item, Mobil shall undertake a systems safety review and analysis of the operations on lease PRC 3125 to determine risks to the public which might result from an accident on this lease. The analysis shall consider fire, explosion, the release of toxic substances and other accidents which might occur as a result of Mobil's operations on this lease. The analysis shall define a hazard footprint for the facility, the probabilities of risk to the general public, the consequences associated with such accidents, the measures which can eliminate or reduce the risks and/or consequences. The study plan for this

analysis shall be submitted to the staff of the Commission for its review and approval. The results of the study shall also be reviewed and approved by the staff of the Commission.

(d) Upon approval of the systems safety review and analysis, Mobil shall prepare, within 180 days of said approval, an emergency response plan for their operations on lease PRC 3125. This emergency response plan shall integrate to the maximum extent possible the requirements and response actions detailed in the critical operations and curtailment plan and the oil spill response plan for State oil and gas lease PRC 427. The emergency response plan shall be subject to the review and approval of the Commission.

2. 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.
3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that his 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.

EXHIBITS:

- A. Land Description
- B. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. 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).
2. AUTHORIZE ISSUANCE TO MOBIL OIL CORPORATION OF A TEN-YEAR GENERAL LEASE - INDUSTRIAL USE BEGINNING MAY 15, 1989, AS ON FILE IN THE OFFICES OF THE STATE LANDS COMMISSION, WITH LESSEE'S OPTION TO RENEW FOR ONE (1) SUCCESSIVE PERIOD OF TEN YEARS; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$1,680, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF A \$500,000 SURETY BOND; PROVISION OF PUBLIC LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$2,000,000; FOR USE AND MAINTENANCE OF AN EXISTING PIER FOR OIL OPERATIONS AND TO ALLOW SUBSURFACE DRILL-THROUGH RIGHTS TO ACCOMMODATE EXISTING WELLS DIRECTIONALLY DRILLED INTO STATE OIL AND GAS LEASE PRC 427 ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

EXHIBIT "A"

PRC 3125

LAND DESCRIPTION

A parcel of tide and submerged land in the Pacific Ocean, one mile southerly of the town of Punta, County of Ventura, State of California, described as follows:

BEGINNING at a point with California State Coordinates (CCS 27) of
Y = 312,460.38 and X = 1,568,297.76; thence N 89° 31' 45" W 690.67
feet; thence S 8° 58' 37" E 597.55 feet; thence N 45° 37' 23" E 835.82
feet to the point of beginning.

All bearings, distances, and coordinates are based on the California Coordinate System of 1927, Zone 5.

END OF DESCRIPTION

REVIEWED DECEMBER 1, 1989 BY BIU 1.

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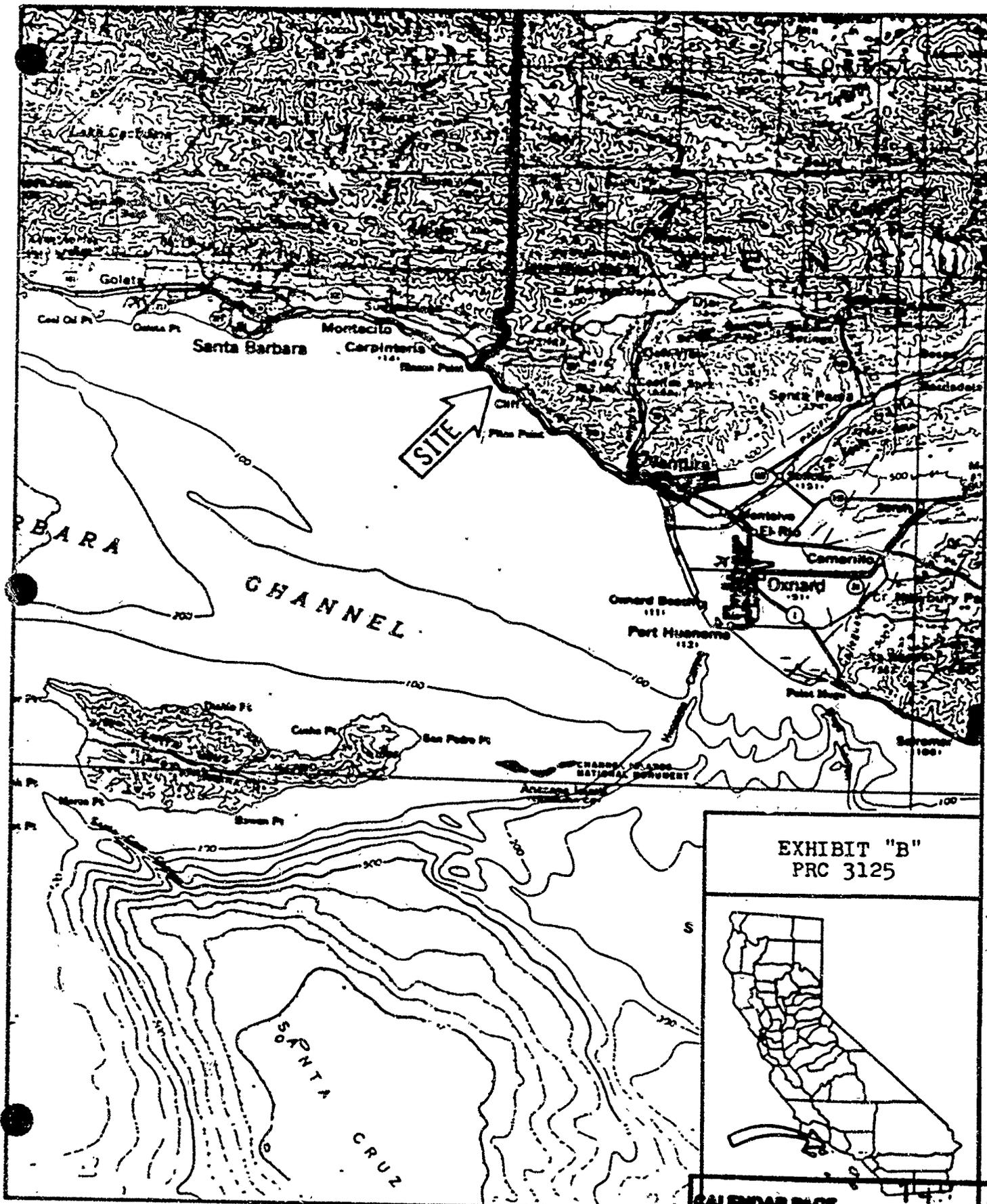


EXHIBIT "B"
 PRC 3125

