

MINUTE ITEM.

This Calendar Item No. C18  
was approved as Minute Item  
No. 18 by the State Lands  
Commission by a vote of 2  
0 at its 3/2/92  
meeting.

CALENDAR ITEM

A 11  
S 7

C 1 8

03/02/92  
PRC 600  
J. Sekelsky  
Hight

APPROVE AN INTERIM LEASE TO UNOCAL  
FOR CONTINUED OPERATION OF ITS MARINE TERMINAL  
AT OLEUM, CONTRA COSTA COUNTY

APPLICANT:

Unocal Corporation  
P. O. Box 7600  
Los Angeles, California 90051  
Contact: Mr. A. L. Felderman

AREA, TYPE LAND AND LOCATION:

Tide and submerged land in San Francisco Bay, Contra Costa  
County.

LAND USE:

Continued operation and maintenance of an existing marine  
terminal in conjunction with Unocal's refinery on uplands at  
Oleum.

TERMS OF ORIGINAL PERMIT:

Initial period:  
Fifteen (15) years beginning April 6, 1951.

Renewal periods:  
Two (2) successive periods of ten (10) years each.

APPLICANT STATUS:

Applicant is littoral owner of the upland.

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 384:  
N/A

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**OTHER PERTINENT INFORMATION:**

1. Commission lease PRC 600, which permitted Unocal's use of State-owned sovereign lands in Contra Costa County for a marine terminal facility in conjunction with its refinery at Oleum, expired in 1986. Unocal wishes to continue its use of the marine terminal located on these lands. An Environmental Impact Report (EIR) must be completed before the Commission may approve a new long-term lease for the marine terminal. Unocal has agreed to pay the costs of the EIR, and a consultant is currently preparing the document.

To provide for the continued operation of the Oleum marine terminal while the EIR is being prepared, Unocal and Commission staff have negotiated an agreement which, if approved by the Commission, would provide as follows:

- (1) In settlement of a dispute as to the amount of back rent owed for the period April 2, 1986 to September 1, 1991, Unocal has agreed to pay \$200,000 per year as follows: \$100,000 in annual rent to be offset by any amounts already paid by Unocal as rent during this period; and \$100,000 per year to be placed in a special trust account which is to be used for the promotion and enhancement of public trust purposes and resources in the local shoreline area. Use of these funds would be subject to an agreement between Unocal and the Commission.
- (2) If approved by the Commission, an interim lease, effective September 1, 1991, will be issued under which Unocal may continue to operate its existing marine terminal until the above-referenced EIR is certified. Rent under the interim lease would be \$200,000 per year.
- (3) If the Commission agrees to issue a long-term lease after certification of the EIR, the terms of that lease, including, but not limited to, annual rental will be negotiated. In the event all terms and conditions of any long-term lease, except the rental terms, are agreed upon, the Commission and Unocal would execute the long-term lease with rental to be paid at

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an annual rate of \$200,000 until the rental terms are agreed upon. In such case, the rental terms will take effect upon agreement of the parties, or 180 days following certification of the EIR, whichever is earlier.

(4) In the court's interpretation of the California Environmental Quality Act (CEQA), the issuance of an interim lease during preparation of an EIR is not prohibited, at least where an ongoing business would otherwise be interrupted, where a good faith effort is made to complete the EIR, and where the lessee complies with all reasonable terms and restrictions as required by the Commission to ensure the public's health, welfare, and safety. See Meridian Ocean Systems, Inc. v. State Lands Commission (1990) 222 Cal.App.3d 153 at 171-173; 271 Cal.Rptr. 445, generally, and footnote 10 on page 173, specifically.

In this case, because Unocal's earlier lease has expired, Unocal could not continue operation of the terminal without an interim lease. Cessation of the marine terminal activity may also cause interruptions or restrictions on the operation of its associated refinery. The interim lease would also be conditioned upon continued reimbursement of the Commission for all costs incurred in preparing the EIR and upon compliance with all regulations and conditions regarding protection of public health and welfare and of the environment.

Finally, issuance of the interim lease would, under no circumstance, obligate the Commission to certify the EIR when completed or to issue a new lease following a certification of any EIR, nor would it limit the Commission in imposing whatever conditions it deems appropriate if a new long-term lease is issued.

**EXHIBITS:**

- A. Land Description
- B. Location Map

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IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT, UNDER MERIDIAN OCEAN SYSTEMS, INC. v. STATE LANDS COMMISSION (1990), CEQA DOES NOT PROHIBIT THE ISSUANCE OF AN INTERIM LEASE DURING PREPARATION OF AN EIR WHERE AN ONGOING BUSINESS WOULD OTHERWISE BE INTERRUPTED, WHERE A GOOD FAITH EFFORT IS MADE TO COMPLETE THE EIR, AND WHERE THE LESSEE COMPLIES WITH ALL REASONABLE TERMS AND RESTRICTIONS AS REQUIRED BY THE COMMISSION TO ENSURE PROTECTION OF PUBLIC HEALTH AND SAFETY AND OF THE ENVIRONMENT;
2. CONDITION ISSUANCE OF THE INTERIM LEASE TO UNOCAL UPON THE FOLLOWING:
  - (A) THAT UNOCAL CONTINUES REIMBURSEMENT OF THE COMMISSION FOR ALL COSTS AND EXPENSES INCURRED IN THE PREPARATION OF AN EIR FOR A LONG-TERM LEASE;
  - (B) THAT UNOCAL COMPLIES WITH ALL REGULATIONS AND REASONABLE TERMS AND RESTRICTIONS AS REQUIRED BY THE COMMISSION TO ENSURE PROTECTION OF PUBLIC HEALTH AND SAFETY AND OF THE ENVIRONMENT DURING THE TERM OF THE INTERIM LEASE; AND
  - (C) THAT UNOCAL ACKNOWLEDGE THAT ISSUANCE OF THE INTERIM LEASE IN NO WAY OBLIGATES THE COMMISSION TO CERTIFY ANY EIR OR TO ISSUE A LONG-TERM LEASE FOLLOWING CERTIFICATION OF ANY EIR, NOR DOES IT LIMIT THE COMMISSION IN IMPOSING WHATEVER CONDITIONS IT DEEMS APPROPRIATE IF A LONG-TERM LEASE IS ISSUED.
3. ACCEPT IN SETTLEMENT OF ALL AMOUNTS OWED BY UNOCAL TO THE COMMISSION FOR UNOCAL'S OCCUPATION OF STATE-OWNED LANDS FOR MARINE TERMINAL PURPOSES IN CONJUNCTION WITH ITS OLEUM REFINERY, FOR THE PERIOD APRIL 2, 1986 TO SEPTEMBER 1, 1991, \$200,000 PER YEAR AS FOLLOWS:
  - (A) \$100,000 PER YEAR IN RENT, TO BE OFFSET BY ANY AMOUNT PREVIOUSLY PAID AS RENT BY UNOCAL APPLICABLE TO THAT PERIOD; AND
  - (B) \$100,000 PER YEAR TO BE DEPOSITED IN A SPECIAL TRUST ACCOUNT TO BE USED FOR THE PROMOTION AND ENHANCEMENT OF PUBLIC TRUST PURPOSES AND RESOURCES IN THE LOCAL SHORELINE AREA.

CALENDAR ITEM NO. C 1 3 (CONT'D)

4. APPROVE AN INTERIM LEASE, EFFECTIVE SEPTEMBER 1, 1991 AND CONTINUING UNTIL AN EIR AS TO THE CONTINUED LONG-TERM OPERATION OF THE OLEUM MARINE TERMINAL IS CERTIFIED, WITH CONSIDERATION OF \$200,000 PER YEAR.

EXHIBIT "A"

WP 600

Six parcels of land in the State owned bed of San Pablo Bay and Carquinez Strait, Contra Costa County, California, described as follows:

PARCEL 1

COMMENCING at United States Harbor line Station "U" the California Zone 3 co-ordinates of which are Y=569,518.32 and X=1,493,752.14 as shown on map of Harbor Lines for Carquinez Strait established by the Secretary of War and filed in the United States Engineer Office, San Francisco, from which United States Harbor Line Station "U" the California Zone 3 co-ordinates of which are Y=569,549.09 and X=1,493,822.28, bears N 66° 18' 48" E a distance of 76.59 feet, said bearing and distance being calculated from said California co-ordinates of said stations; thence N 79° 04' 41" W 850.54 feet to a point in the northerly line of Tide Lands Survey No. 58, Location 176, said last mentioned point being the southerly terminus of that certain course described in the deed from Patrick Tormey and Mary Tormey, his wife, to Union Oil Company of California, dated November 1, 1901, and recorded in Volume 90 of Deeds, at page 552, Records of Contra Costa County, as S 35° W 1.10 chains; said point being also the TRUE POINT OF BEGINNING of Parcel 1; thence S 09° 55' 20" W 1254.10 feet to a point from which said Station "U" bears N 44° 22' 52" E a distance of 1502.98 feet, and being also a point in the northerly line of Tide Land Survey No. 58, and the southwesterly terminus of that certain course, described in the deed from Patrick Tormey and Mary Tormey, his wife, to Union Oil Company of California, dated April 17, 1905, and recorded in

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PARCEL 1 (Cont.)

Volume 110 of Deeds, at page 468, Records of Contra Costa County, as N 45° 37' E 321.00 feet; thence along said northerly line of Tide Land Survey No. 58, N 46° 44' 10" E 321.00 feet; thence N 08° 17' 10" E 484.69 feet, said last mentioned course being the same course described in said deed dated April 17, 1905, as N 6-3/4° E 482.00 feet; thence along said northerly line of Tide Land Survey No. 58, N 09° 16' 41" W 542.81 feet, more or less, to the true point of beginning, containing 3.68 acres, more or less.

PARCEL 2 - Wharf and Pier

COMMENCING at United States Harbor Line Station "U" described in Parcel 1 above; thence N 26° 53' 40" W 344.30 feet; thence S 71° 05' 10" W 117.42 feet to a point on the northerly line of the land described in the Deed to Union Oil Company of California recorded in Book 90, Page 552 of Deeds, Contra Costa County Records, said point being also N 71° 05' 10" E along said northerly line 254.30 feet from the westerly terminus of that certain course described in said Deed as S 69° 45' W 5.68 chains, and being also the TRUE POINT OF BEGINNING of Parcel 2; thence along the following courses and distances:

S 71° 05' 10" W 102.48 feet and N 11° 10' 15" W 112.27 feet to the beginning of a tangent curve concave westerly having a radius of 650.27 feet; thence northerly along said curve through a central angle of 8° 19' 15" an arc distance of 94.44 feet; thence tangent to said curve N 9° 29' 30" W 1293.58 feet; thence along the following courses and distances:

S 80° 30' 30" W 30.00 feet; thence N 9° 29' 30" W 208.00 feet; S 77° 00' 30" W 622.01 feet; N 12° 59' 30" W 51.75 feet; N 67° 59' 30" W 90.95 feet; S 12° 59' 30" E 6.83 feet; S 77° 00' 30" W 5.50 feet; N 12° 59' 30" W 6.25 feet; S 77° 00' 30" W 6.50 feet; N 12° 59' 30" W 0.58 feet; S 77° 00' 30" W 33.50 feet; S 12° 59' 30" E 6.25 feet; S 77° 00' 30" W 5.50 feet; N 12° 59' 30" W 38.33 feet; N 77° 00' 30" E 1375.84 feet; S 12° 59' 30" E 136.00 feet; S 77° 00' 30" W 520.13 feet; S 9° 29' 30" E 726.19 feet; N 80° 30' 30" E 42.00 feet; S 9° 29' 30" E 134.00 feet; S 80° 30' 30" W 42.00 feet and S 9° 29' 30" E 836.40 feet to the true point of beginning, containing 7.403 acres, more or less.

PARCEL 3.- Ship Mooring Area

BEGINNING at the westerly terminus of that certain course described in Parcel 2 above as bearing N 77° 00' 30" E and having a length of 1375.84 feet; thence along the westerly prolongation of said course S 77° 00' 30" W 177.50 feet; thence along the following courses and distances:

N 12° 59' 30" W 115.00 feet; N 77° 00' 30" E 886.00 feet; S 12° 59' 30" E 13.00 feet; N 77° 00' 30" E 747.00 feet and S 12° 59' 30" E 102.00 feet to the easterly prolongation of that certain course above mentioned as bearing N 77° 00' 30" E and having a length of 1375.84 feet; thence along said prolonged course, and said course S 77° 00' 30" W 1455.50 feet to the point of beginning, containing 4.088 acres, more or less.

PARCEL 4 - Barge Mooring Area

BEGINNING at the northerly terminus of that certain course described in Parcel 2 above as bearing N 9° 29' 30" W and having a length of 208.00 feet; thence along the following courses and distances:

S 77° 00' 30" W 622.01 feet; S 12° 59' 30" E 50.00 feet; thence N 77° 00' 30" E 618.95 feet to said first above mentioned course; thence along said course N 9° 29' 30" W 50.09 feet to the point of beginning, containing 0.712 acres, more or less.

PARCEL 5 - Barge Mooring Area

BEGINNING at the northerly terminus of that certain course described in Parcel 2 above as bearing S 9° 29' 30" E and having a length of 726.19 feet; thence along the following courses and distances:

N 77° 00' 30" E, 600.00 feet; S 12° 59' 30" E, 50.00 feet; S 77° 00' 30" W 603.06 feet to said first above mentioned course; thence along said course N 9° 29' 30" W 50.09 feet to the point of beginning, containing 0.691 acres, more or less.

PARCEL 6 - Salt Water Intake Platform

COMMENCING at United States Harbor Line Station "U" described in Parcel 1 above; thence N 26° 53' 40" W 344.30 feet; thence

PARCEL 6 (Cont.)

S 71° 05' 10" W, 55.63 feet to a point on the northerly line of the land described in the Deed to Union Oil Company of California recorded in Book 90, page 552 of Deeds, Contra Costa County Records, said point being also N 71° 05' 10" E, along said northerly line 316.09 feet from the westerly terminus of that certain course described in said Deed as S 69° 45' W, 5.68 chains, and being also the TRUE POINT OF BEGINNING of Parcel 6; thence leaving said northerly line along the following courses and distances:

N 8° 52' 50" W, 30.59 feet; S 89° 07' 10" W, 6.00 feet;  
N 8° 52' 50" W, 55.00 feet; N 81° 07' 10" E, 17.00 feet;  
S 30° 52' 50" E, 3.00 feet; N 81° 07' 10" E, 14.00 feet;  
S 8° 52' 50" E, 26.00 feet; S 81° 07' 10" W, 19.00 feet and  
S 8° 52' 50" E, 56.38 feet to said northerly line; thence  
S 71° 05' 10" W, along said northerly line 7.29 feet to the true point of beginning, containing 0.033 acres, more or less.

TOGETHER WITH any interests of the State of California in those lands lying between the northwesterly line of the Pinole Rancho and the waterward boundary of Tideland Location No. 176 located within the property described in the Deed to Union Oil Company of California recorded in Book 90, page 522 of Deeds, Contra Costa Records.

END OF DESCRIPTION

Prepared R. L. Blake Checked John K. Hering

Reviewed W. W. Kunnecke Date 2/5/76

Revised 3/31/78

REVIEWED AUGUST 6, 1987 BY BIU 1

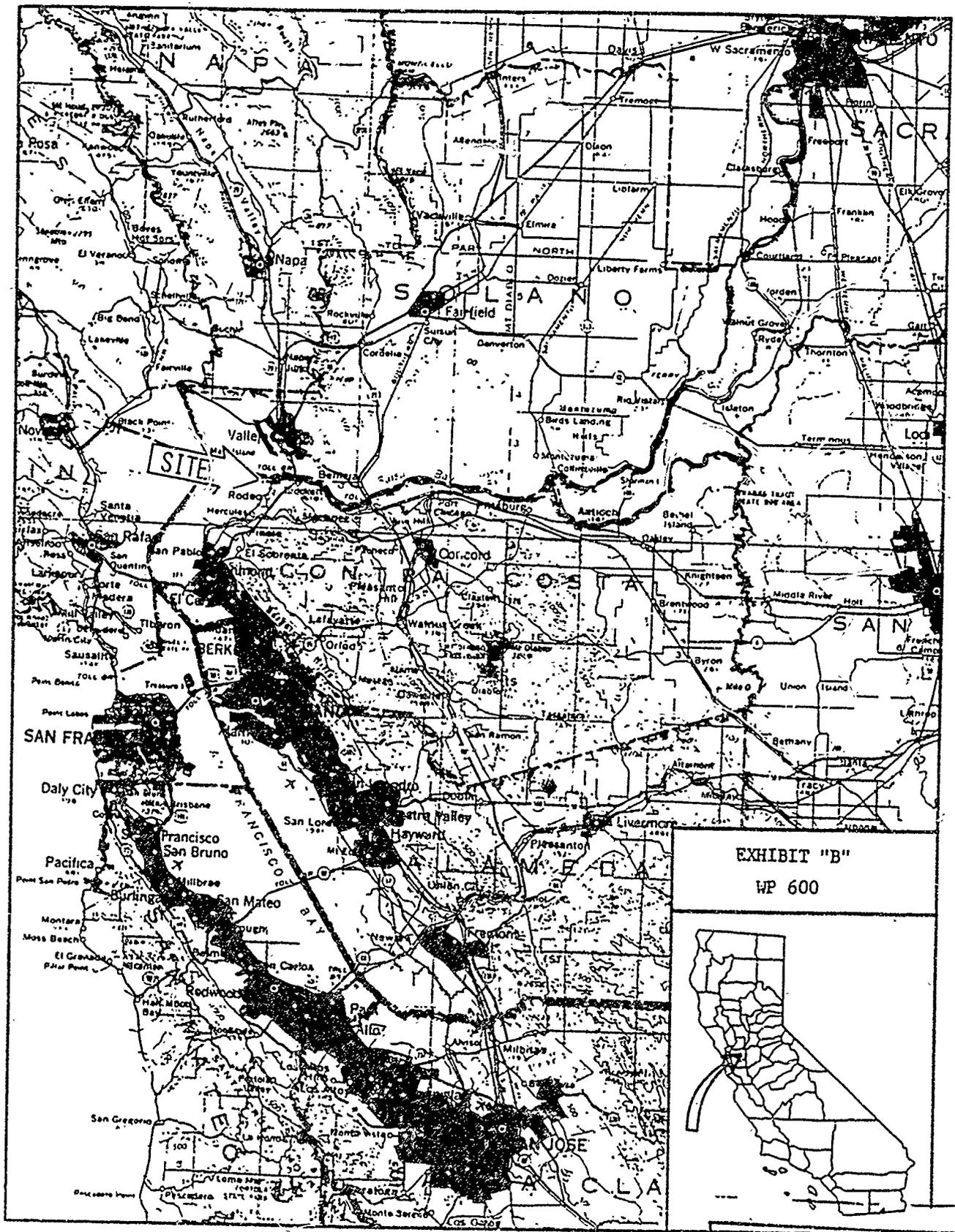


EXHIBIT "B"  
WP 600



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