

CALENDAR ITEM

79

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MINUTE ITEM  
This Calendar Item No. 79  
was approved as Minute Item  
No. 79 by the State Lands  
Commission by a vote of 3  
to 0 at its 9/23/92  
meeting.

09/23/92  
PRC 5574  
A. Scott  
Gorfain  
Meier

AMENDMENT OF INDUSTRIAL LEASE

**LESSEE:**

Chevron U.S.A. Products Company  
P. O. Box 97  
El Segundo, California 90245

**AREA, TYPE LAND AND LOCATION:**

211.98 acres of tide and submerged lands comprised of two circular parcels and five strip parcels all located in Santa Monica Bay in the City of El Segundo, Los Angeles County.

**LAND USE:**

Continued operation and maintenance of an existing offshore marine terminal for the loading and off loading of crude oil and petroleum products.

**CURRENT LEASE TERMS:**

Lease period:

Fifteen (15) years beginning October 1, 1977.

Renewal options:

Three (3) successive periods of ten (10) years each.

Surety bond:

\$500,000.

Public liability insurance:

Self Administered Claims Program.

**CONSIDERATION:**

\$270,504 per annum (this amount in dispute);

**TERMS OF PROPOSED AMENDMENT:**

**Lease period:**

Fifteen (15) years beginning October 1, 1977.

**Special:**

This amendment will reduce the area of the lease from 305± acres to 212± acres. The terminal is being modified to remove the existing Berth No. 2 and extend its pipelines to Berth No. 3.

No offshore transport of the pipeline from the assembly site in Long Beach to the terminal will be allowed during the grey whale migratory season between December 1 and June 1.

The amendment includes the implementation of new operational safeguards which will improve the safety of existing operations and reduce the risk of oil spills. This amendment will also allow Chevron to retain, in place, a concrete dome containing a portion of a damaged pipeline snagged by the OMI Dynachem oil tanker in March, 1991. All other terms and conditions of the current lease are to remain unchanged and in full force and effect.

**BASIS FOR CONSIDERATION:**

Pursuant to 2 Cal. Code Regs. 2003.

**APPLICANT STATUS:**

Applicant is owner of upland.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

Filing fee, processing costs, and environmental review costs have 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:**

11/06/92

**OTHER PERTINENT INFORMATION:**

1. The original Terminal lease area included the location of the four multiple point mooring berths and associated pipelines used for the transfer of crude oil and petroleum products to and from Chevron's El Segundo refinery. Three of the berths are currently operational. Berth No. 1, that closest to shore, was removed in 1985. The pipelines from shore which served Berth No.1, remain in place (see Exhibit "D").
2. The Lessee now proposes to: 1) remove Berth No. 2 and extend the pipelines serving it to Berth No. 3 further offshore; 2) add safeguards that will enhance real-time information during mooring operations and provide for early detection of hydrocarbon leaks or spills at all times to minimize their release into the environment (Exhibit "E"); and 3) retain, in place, a four-foot high hydrocarbon recovery dome, now cement-filled, housing a segment of the 26" oil pipeline, serving Berth No. 3, that was snagged and ruptured by the OMI Dynachem anchor in March 1991. These features are shown on the Berth Location Map attached as Exhibit "D". The purpose of the proposed terminal reconfiguration and added safeguards is to correct existing conditions that contributed to the OMI Dynachem accident at Berth No. 2, improve the safety of current operations and reduce the risk of oil spills at the terminal.
3. 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.
4. Based on the comments received in response to public review of the documentation prepared for the project, specific revisions were incorporated into it and accepted by the applicant, including a Monitoring Plan to ensure that the project will not result in a significant effect on the environment (Exhibit "F"). (P.R.C. 21081.6)

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15025), staff has prepared a "Proposed Negative Declaration for the Chevron El Segundo Marine Terminal Modification," as modified, State Clearinghouse No. 92061040. Such Proposed Negative Declaration was prepared and circulated for public review pursuant to CEQA.

As revised, and based on comments received during the public comment period, there is no substantial evidence that the project will have a significant effect on the environment [14 Cal. Code Regs. 15074(b)]

5. The current fifteen-year term of Chevron's lease ends on September 30, 1992. Paragraph 32 of the lease provides that Chevron, or its successors, have a right to renew the lease for three additional periods of ten years each upon such reasonable terms and conditions as the Commission might impose. It is Chevron's position that the renewal provision is definite and legally enforceable and that the State has no discretion to deny the renewal. Chevron has submitted a notice of exercise of the option and contends that, as of October 1, 1992, Chevron is operating under the first ten-year renewal period of the Lease. Commission Staff contends that the Commission has complete discretion over renewal of the lease and that, if Chevron continues in possession of the leased lands after September 30, 1992, without express Commission approval, it will be doing so under Paragraph 29 of the Lease, regarding hold-over.

The proposed amendment is consistent with the positions of both Commission Staff and Chevron. If the amendment is approved prior to September 30, 1992, it will become effective prior to the end of the current lease term and will continue in effect, whether Chevron retains possession under Paragraph 29 of the lease, regarding hold-over, or under Paragraph 32, regarding renewal.

Should the Commission approve this amendment, the action would in no way affect any discretion, right, or obligation of either the Commission or Chevron with

respect to renewal of the Lease. The action would in no way obligate the Commission either to concede that Chevron's position is correct or commit the Commission to any particular course of action in connection with any consideration of Lease renewal. In order to ensure that there is no misunderstanding with regard to this matter, Staff is recommending that the Commission expressly find this to be the case.

**EXHIBITS:**

- A. Land Description
- B. Site Map
- C. Parcel Map
- D. Berth Location Map
- E. System Safeguards
- F. Project Revisions and Mitigation Monitoring

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. CERTIFY THAT A NEGATIVE DECLARATION, STATE CLEARINGHOUSE NO. 92061040, WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE PROPOSED NEGATIVE DECLARATION AND MITIGATION MONITORING PLAN AND DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. 6370, ET SEQ.
4. FIND THAT APPROVAL OF THE AMENDMENT IN NO WAY AFFECTS ANY DISCRETION, RIGHTS OR OBLIGATIONS OF EITHER THE COMMISSION OR CHEVRON WITH RESPECT TO THE RENEWAL OF LEASE PRC 5574; IN NO WAY CONSTITUTES AN ADMISSION THAT THE LEASE IS RENEWED AS OF OCTOBER 1, 1992; AND IN NO WAY BINDS, OBLIGATES, OR COMMITS THE COMMISSION IN ANY RESPECT WITH REGARD TO RENEWAL OF THE LEASE.
5. AUTHORIZE ISSUANCE TO CHEVRON U.S.A. PRODUCTS COMPANY OF AN AMENDMENT TO LEASE PRC 5574 TO: A) REVISE THE LEGAL DESCRIPTION OF THE LEASED AREA TO REFLECT THE REMOVAL OF TWO OFFSHORE MARINE TERMINAL BERTHS AND THE EXTENSION OF EXISTING PIPELINES FROM ONE REMOVED BERTH TO A REMAINING BERTH (EXHIBIT "A"); B) REQUIRE THE IMPLEMENTATION OF ADDITIONAL SAFEGUARDS (EXHIBIT "E"); C) REQUIRE THE

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IMPLEMENTATION OF REVISIONS AND THE ADOPTION OF A MONITORING PLAN (EXHIBIT "F"); D) ALLOW THE RETENTION, IN PLACE, OF A CEMENT-FILLED DOME CONTAINING THE SNAGGED SEGMENT OF A 26" OIL PIPELINE PREVIOUSLY SERVING BERTH NO. 3. ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

EXHIBIT "A"

LAND DESCRIPTION

WP 5574

Seven parcels of tide and submerged land in Santa Monica Bay within the City of El Segundo, County of Los Angeles, State of California, more particularly described as follows:

PARCEL 1

A strip of tide and submerged land 50 feet wide, being 25 feet on each side of the following described centerline:

BEGINNING at a point hereinafter known as Point "A" on the ordinary high water mark of 1935 as shown on that map recorded as Miscellaneous Map No. 3319, August 19, 1964, in the Office of the County Recorder, County of Los Angeles, that bears N 23° 45' 14" W, 123.11 feet from Station 5 of said ordinary high water mark and which Station has the coordinates of N 4,080,123.54; E 4,158,824.08; thence from said POINT OF BEGINNING S 66° 43' 54" W, 293.66 feet; thence along a tangent curve to the left, with a radius of 6168.30 feet, through a central angle of 8° 00' 00" a distance of 861.26 feet; thence along a tangent curve to the right, with a radius of 11,765.00 feet through a central angle of 20° 57' 43.5" a distance of 4,304.31 feet; thence S 79° 41' 37.5" W, 2,721.96 feet to a point hereafter known as Point "B".

PARCEL 2

A strip of tide and submerged land 50 feet wide, being 25 feet on each side of the following described centerline:

BEGINNING at a point on the ordinary high water mark of 1935 as shown on that map recorded as Miscellaneous Map No. 3319, August 19, 1964, in the Office of the County Recorder, County of Los Angeles, which bears S 23° 45' 14" E, 5.50 feet from Point "A" on said ordinary high water mark of 1935 as described in Parcel 1; thence S 66° 44' 00" W, 74.52 feet; thence along a tangent curve to the left, with a radius of 7,496.52 feet, through a central angle of 5° 49' 00" a distance of 761.05 feet; thence S 60° 55' 00" W, 2220.00 feet; thence along a tangent curve to the right, with a radius of 7560.75 feet, through a central angle of 22° 34' 20" a distance of 2978.63 feet; thence S 83° 29' 20" W, 556.46 feet; thence S 6° 30' 40" E 84.00 feet; thence S 83° 29' 20" W, 100.00 feet; thence N 6° 30' 40" W, 84.00 feet; thence S 83° 29' 20" W, 378.96 feet; thence S 87° 33' 30" W, 1150.04 feet to a point hereafter known as Point "C", said point bearing S 75° 57' 50" E, 20.62 feet from Point "B" as described in Parcel 1, said Point "C" also being distant 8 feet, more or less, at right angles from the centerline of Parcel 1.

EXCEPTING THEREFROM that portion of the above-described strip hereinbefore described within Parcel 1.

PARCEL 3

A circular parcel of submerged land, having a radius of 1210.00 feet; the center of said circular parcel being the aforementioned Point "B" of Parcel 1.

EXCEPTING THEREFROM that portion of the above-described circle lying southerly of the northerly boundary line of the the City of Manhattan Beach, Los Angeles County, State of California.

ALSO EXCEPTING THEREFROM that portion of the above-described circle hereinbefore described within Parcels 1 and 2.

PARCEL 4 (Formerly PRC 4497)

A strip of tide and submerged land 60 feet wide, being 30 feet on each side of the following described centerline:

BEGINNING at a point on the ordinary high water mark of 1935 as shown on that map recorded as Miscellaneous Map No. 3319, August 19, 1964, in the Office of the County Recorder, County of Los Angeles, that bears S 22° 40' E, 924.23 feet, and S 66° 43' W, 50 feet , more or less, from the northwest corner of Lot 1, Tract 1314, as recorded in Book 20, page 161 of Maps, in the Office of said County Recorder; thence from said POINT OF BEGINNING S 66° 43' W, 616 feet, more or less, to a point on said bearing 666.00 feet from the west line of said Lot 1, hereinafter known as Point "A"; thence along a tangent curve to the left, with a radius of 8130.00 feet, through a central angle of 21° 11', a distance of 3005.81 feet; thence N 58° 03' 55" W, 172.00 feet to a point hereinafter referred to as Point "D".

PARCEL 5

A strip of tide and submerged land 50 feet wide, being 25 feet on each side of the following described centerline:

BEGINNING at a point on the ordinary high water mark of 1935 as shown on that map recorded as Miscellaneous Map No. 3319, August 19, 1964, in the Office of the County Recorder, County of Los Angeles, that bears S 22° 40' E 924.23 feet, and S 66° 43' W 50.00 feet , more or less, from the northwest corner of Lot 1, Tract 1314, as recorded in Book 20, Page 161 of Maps, in the Office of said County Recorder; thence from said POINT OF BEGINNING S 66° 43' W, 616 feet, more or less, to a point on said bearing 666.00 feet from the west line of said Lot 1, hereinafter known as Point "A"; thence along a tangent curve to the right, with a radius of 7300.00 feet, through a central angle of 37° 04' 42", a distance of 4724.11 feet; thence N 89° 27' 45" W, 2320.22 feet to a point hereinafter referred to as Point "E".

EXCEPTING THEREFROM that portion of the above-described strip hereinbefore described within Parcel 4.

PARCEL 6 (Formerly WP 2785)

A strip of tide and submerged land 60 feet wide being 30 feet on each side of the following described centerline:

COMMENCING at the northwest corner of Lot 1, Tract No. 1314, as shown on that map entitle TRACT No. 1314, filed in Map Book 20, Page 161, Records of Los Angeles County; thence S 22° 40' E 86.70 feet to a point in the westerly line of said Lot 1 and the POINT OF BEGINNING; thence from said POINT OF BEGINNING, West, 3385.14 feet; thence along a tangent curve to the left, with a radius of 6000 feet, through a central angle of 39° 55' 07", a distance of 4180.27 feet to the aforementioned Point "E" of Parcel 5.

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

ALSO EXCEPTING THEREFROM that portion of the above-described strip hereinbefore described within parcel 5.

PARCEL 7 (Formerly WP 2785)

A circular parcel of submerged land, having a radius of 1000 feet; the center of said circular parcel being the aforementioned Point "E" of Parcel 5.

EXCEPTING THEREFROM that portion of the above-described circle hereinbefore described in Parcels 5 and 6.

END OF DESCRIPTION

Prepared by: Jane E. WEGGE

Date: 9/4/92



Checked by: Cris N. Perry

Date: 9/4/92

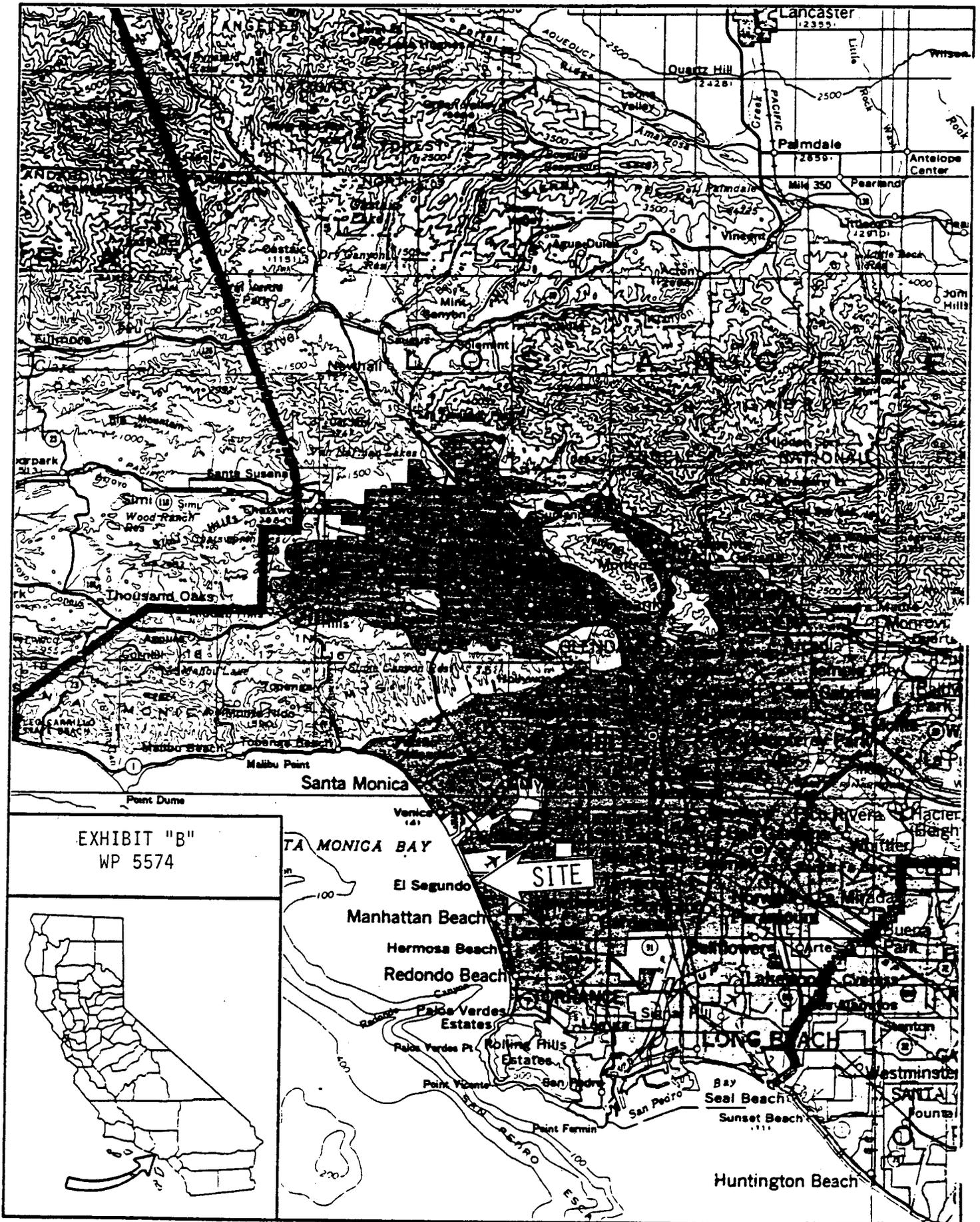


EXHIBIT "B"  
WP 5574



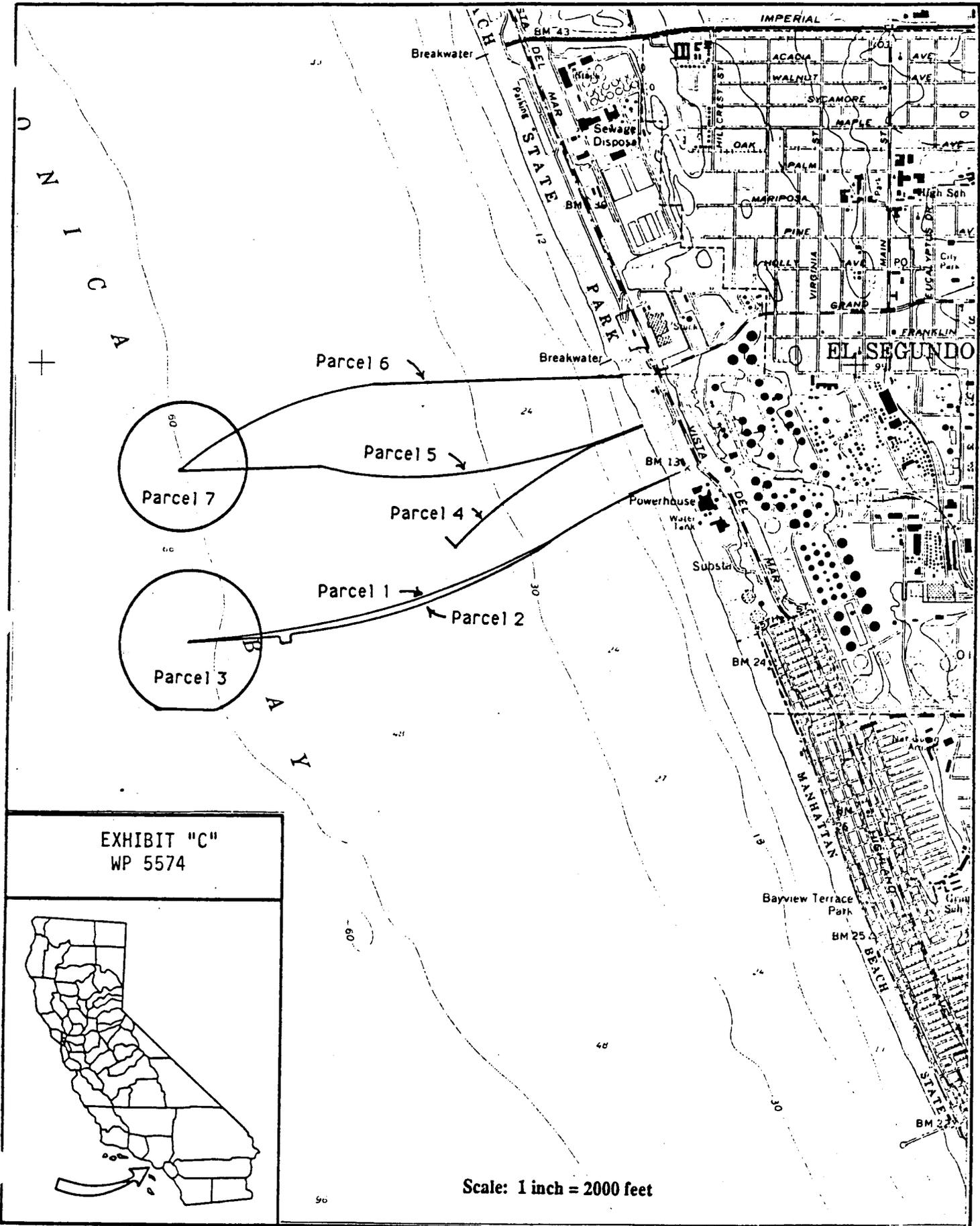


EXHIBIT "C"  
WP 5574



Scale: 1 inch = 2000 feet

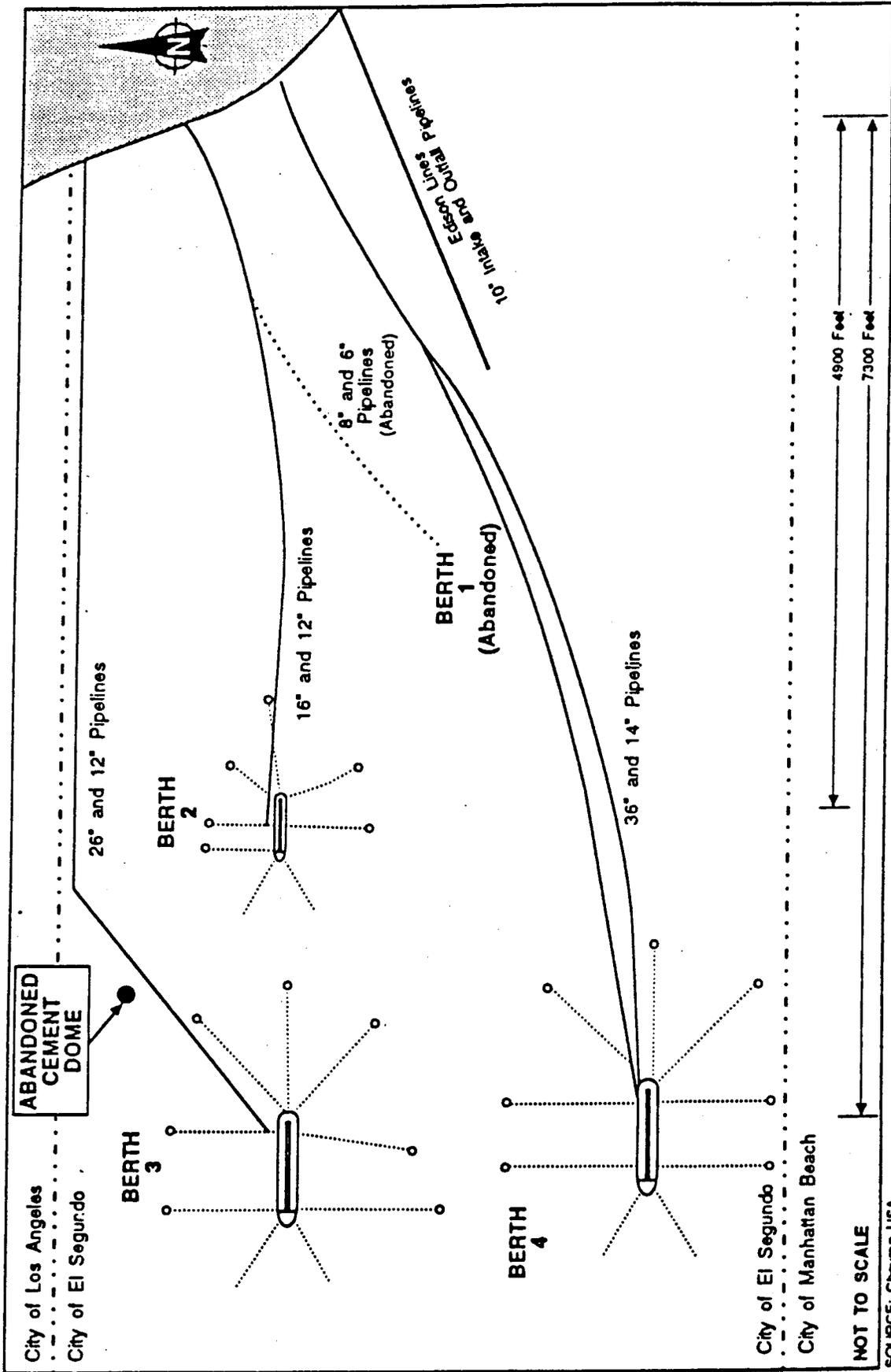


EXHIBIT "D"  
BERTH LOCATIONS

## SYSTEM SAFEGUARDS

1. **Environmental Cargo Officer.** In addition to the Mooring Master, Chevron has added a second person to assist in mooring vessels not operated by Chevron. The person will increase the amount of Chevron supervision during mooring, unloading, and loading operations, improving safety. The title of the additional Chevron employee will be Environmental Cargo Officer (ECO). The responsibility of the ECO is to assist the Mooring Master in coordinating mooring operations on the deck of the tanker.
2. **Pipeline Marker Buoys.** Install pipeline marker buoys along the 26-inch pipeline to provide the Mooring Master with a visual identification of the pipelines' position during approach into Berth 2. Pipeline marker buoys will be removed after Berth 2 is closed.
3. **Current Meter and Radar Beacon.** Install an ocean current meter and radar beacon at the marine terminal. The ocean current meter will provide the Mooring Master with the magnitude and direction of the surface current during mooring operations. This information will be most valuable in determining the sequence of attaching the ships' lines to the mooring buoys. A radar beacon will provide the Mooring Master with relative distances between the known radar beacon location and the tanker.
4. **Continuous Vacuum System.** Install a continuous vacuum system to maintain a negative pressure on all the marine terminal pipelines. The system is comprised of a gear pump, pressure sensors, pressure switches, alarm system, and control panel. The system maintains a preset amount of vacuum on the line while the system is closed. If pressure sensors detect a loss of vacuum in the line a low rate pump is automatically engaged. If the low rate pump continuously operates for more than 10 minutes, an alarm will alert the operator that a leak in the line may have occurred. The operator then will evaluate the situation and may engage the high rate pumps (Doyle 1992c).
5. **Global Positioning System.** A portable Global Positioning System (GPS) unit will provide the Mooring Master with his position accurate to within 5 meters. The positioning information will be valuable during all phases of the mooring operation.
6. **Ocean Bottom Surveys.** Bathymetric and side scan sonar surveys will be conducted on an annual basis and after major storm events.

EXHIBIT E

## 7.0 PROJECT REVISIONS AND MITIGATION MONITORING

## 7.1 OVERVIEW

The project modifications and mitigation monitoring program is designed to ensure that the project will be constructed in accordance with SLC requirements and that the mitigation measures accepted by the applicant are implemented as part of the project. The project will be monitored during each of the phases of construction and operation to ensure that safety and environmental protection are implemented as described in the proposed project. This section discusses elements of the project and the additional mitigation measures that will be monitored for each phase. Monitoring will be conducted by directly observing operations, reviewing Chevron's detailed design plans and inspection reports, and inspecting completed project elements.

SLC expects to have at least one engineer on site during all phases of construction activity. Chevron shall provide, as appropriate, access to facilities such as telephones and office space, transportation to offshore areas, and berth provisions to enable SLC to conduct adequate monitoring of the project.

## 7.2 ONSHORE CONSTRUCTION

The following information will be required in order to monitor onshore construction activities.

- o Three weeks prior to beginning construction, Chevron shall submit to SLC for review and approval final design and contractor's execution plans. The construction Spill Contingency Plan, Critical Operations and Curtailment Plan, and Quality Assurance/Quality Control Plan shall be submitted with the final design.
- o Chevron shall submit to SLC with the final design a list of all hazardous materials that will be used during construction activities.
- o Three weeks prior to the beginning of construction, Chevron shall submit a copy of the contractor's execution plans - including information regarding the cathodic protection system and leak detection system - to the California State Fire Marshal (CSFM), and

will notify the CSFM of the construction schedule. The information will give the CSFM the opportunity to review the construction plans and to inspect the cathodic protection system during onshore construction.

- o Within 60 days after completion of the project, Chevron shall submit to SLC weld reader sheets and results of weld mechanical tests. In addition, Chevron shall provide the SLC with access to weld x-ray films. Copies of these films, however, need not be submitted to SLC.
- o Within 60 days after completion of the project, Chevron shall submit to SLC results of all pipeline coating inspections performed at the mill and in the field.
- o If, at any time, bones or historical artifacts are discovered, Chevron shall halt work and notify SLC and other appropriate agencies including the County Coroner's Office or the State Historical Preservation Office.
- o Upon completion of cleanup at the construction site, Chevron shall notify SLC so that a final determination can be made that the construction site has been returned to its original condition.

### 7.3 PIPELINE TRANSPORT

The following information will be required in order to monitor pipeline transport operations.

- o Prior to launch and tow of the pipe strings, Chevron shall submit the final bathymetric survey of the pipeline launch area to SLC.
  - o Chevron shall submit to SLC a copy of the U.S. Coast Guard Notice to Mariners issued for the launch and tow of the pipeline. (Please see ( continuation on next page)
- ### 7.4 OFFSHORE INSTALLATION

The following information will be required in order to monitor offshore installation activities.

- o At least three weeks prior to offshore installation activities, Chevron shall submit to the SLC for review and approval final anchor plans for offshore construction and inspection activities.
- o After completion of the offshore construction and prior to beginning operations at Berth 3, Chevron shall notify the California State Fire Marshal, which will inspect the leak detection system during the initial period of operations.

7.3 PIPELINE TRANSPORT (Continued)

- Chevron shall submit to the SLC a detailed schedule for the transport of the pipeline to the terminal site. To avoid the California Grey Whale migration season, pipeline transport shall not occur between between December 1 and June 1.

- o Within 60 days of completion of the project, Chevron shall submit a status report on the installation of the pipeline to SLC. The status report shall include hydrotest results, dates of completion, and tests and descriptions of any complications encountered. This status report shall include videotapes or other media depicting the installed configuration and condition of the modified facility. The purpose of the report will be to provide SLC with pertinent data and milestones that chronicle the installation. The report will serve as a record of activity at the terminal.
- o Within 60 days after completion of construction, Chevron shall submit to SLC final drawings depicting the as-built configuration.

#### 7.5 OPERATION OF MODIFIED TERMINAL CONFIGURATION

The following information will be required in order to monitor the operation of the modified terminal configuration.

- o Within six months after permit approval and no later than September of every year following, Chevron shall submit to SLC results of the abandoned dome surveys. The survey shall measure the distance between the dome and Berth 3's pipeline system, and the distance between the top of the dome and the seafloor.
- o With the initial and annual dome survey results, Chevron shall submit to SLC results of the pipeline condition survey conducted during the abandoned concrete dome survey.
- o SLC will observe transfer operations at Berth 3 after installation is complete to confirm the use and availability of the ECO, GPS, radar beacon and in situ current meter and to verify that the new configuration has reduced the risk of accidents during mooring.
- o After one year of operation under the new configuration, Chevron shall submit to SLC statistics on vessel traffic and berth occupancy.
- o Chevron shall submit to SLC a copy of the revised terminal operations manual once it is approved by the U.S. Coast Guard, and any revisions made to the oil spill contingency plan as a result of this project.