

MINUTE ITEM

47

04/28/93

PRC 7075

A. Scott

Gorfain

Meier

AUTHORIZATION TO ISSUE INDUSTRIAL LEASE FOR
OFFSHORE MARINE TERMINAL

During consideration of Calendar Item 47, attached, extensive testimony was heard.

Commission-Alternate Burton moved for approval of the second of three alternative sets of conditional recommendations made by staff. The motion called for issuance of a standard lease to the applicant with certain specified provisions. The motion was carried upon a vote of 2-1.

(All correspondence received regarding this item is filed in the Work Order file.)

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04/28/93
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AUTHORIZATION TO ISSUE INDUSTRIAL LEASE FOR
OFFSHORE MARINE TERMINAL

APPLICANT:

Gaviota Terminal Company (GTC)
c/o Texaco Trading and Transportation, Inc.
101 East Victoria Street
Santa Barbara, California 93101

AREA, TYPE LAND AND LOCATION:

A 74.309-acre parcel of tide and submerged land located in
the Santa Barbara Channel at Gaviota, Santa Barbara County.

LAND USE:

Operation and maintenance of a marine terminal comprised of
a six-point spread mooring system and underwater pipelines
for the transfer and loading of crude oil from Santa Barbara
County to Los Angeles.

PROPOSED LEASE TERMS:

Lease period:

A maximum of 2 years and 8 months beginning May 1,
1993, and ending no later than January 1, 1996, unless
terminated earlier in accordance with other provisions
of this lease.

Surety bond:

\$ 1,000,000

Public liability insurance:

Lessee is self insured in accordance with the program
on file in the Sacramento offices of the Commission.

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Special Terms:

- a. Petroleum may be tankered from this terminal only to the following destinations: 1) Port of Los Angeles, 2) Port of Long Beach or 3) Chevron El Segundo Marine Terminal for refining in the Los Angeles area.
- b. Use of the terminal is limited to double hulled vessels known as "Chevron Oregon Class" tankers.
- c. All costs incurred by the Lessor in the monitoring, enforcement and administration of this lease shall be borne by the Lessee.

Other terms may be added, depending upon the decision of the Commission.

CONSIDERATION:

\$230,000 per annum

BASIS FOR CONSIDERATION:

Pursuant to 2 Cal. Code Regs. 2003.

APPLICANT STATUS:

Applicant owns adjacent upland parcels.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing and Processing costs have been received.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13; and Div. 20
- B. Gov. C. §§65950 et seq.
- C. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.
- D. Santa Barbara County Coastal Zoning Ordinance §35-154.5(i)

AB 884:

07/14/93

BACKGROUND:

GTC's application is for a lease to accommodate transport of oil by specified marine tankers through the use of an

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existing marine terminal located offshore Gaviota in Santa Barbara County. The terminal itself is called the Gaviota Interim Marine Terminal (GIMT).

To facilitate understanding of this matter, a short summary is provided first, followed by a more detailed discussion.

SUMMARY

GTC's terminal is intended to provide a means of tankering oil produced from the Point Arguello field in the Santa Barbara Channel to Los Angeles. The facility would be used until completion of new pipeline capacity to Los Angeles, expected by January 1, 1996. While the current terminal was built in 1988 under a Commission lease issued in 1987, it has never been used. The holdover period under the present lease expires on April 30, 1993.

All other required permits have been issued for the project. The Commission will be acting as a Responsible Agency under CEQA, using a County-certified supplemental environmental impact report. In August, 1992, the County issued a Shipper's Permit authorizing the Point Arguello Producers to tanker oil out of the terminal, but they conditioned it upon prior commitment by the producers to a new pipeline. Claiming the County exceeded its authority, the producers appealed to the Coastal Commission.

On January 13, 1993, the Coastal Commission set aside the County's action and authorized a new Shipper's Permit to the Point Arguello Producers requiring that, for tankering to continue after February 1, 1994, a commitment must first have been made to a particular pipeline project. Also required was that at least 40 thousand barrels per day (MBD) of Point Arguello production be shipped by pipeline, of which at least 25 MBD must be shipped on Line 63, the only available common carrier pipeline to Los Angeles. The permit terminates on January 1, 1996. The Point Arguello producers have indicated interest in this permit, but have not yet accepted it. They also filed a lawsuit challenging the Coastal Commission's action purportedly to preserve their legal position pending issuance of a lease by the State Lands Commission.

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On May 11, 1993, the Coastal Commission will decide whether to revoke its permit, based upon allegations that the producers provided false information about the available capacity of Line 63. If the permit is revoked, the Coastal Commission may issue a new permit with different conditions.

On February 17, 1993, the Coastal Commission issued a separate permit to GTC authorizing operation of the terminal for those complying with the Shipper's Permit requirements. This permit also limited use of the terminal to three tankers owned by Chevron, one of the Point Arguello producers. Deliveries through the facility also may not exceed 50 MBD on a quarterly average.

This Commission now has a number of options: (1) It may delay action on this application until after the Coastal Commission considers revocation of the Shipper's Permit, but no later than July 14, 1993. (2) It may deny the application altogether. (3) It may approve a standard lease which limits use of the terminal to those who comply with the terms of the County's and the Coastal Commission's permits. (4) Finally, the Commission may impose additional conditions on the shippers using the terminal with the intent of minimizing tankering and encouraging the fullest use of the existing pipeline network.

DISCUSSION

A. INTERESTED PARTIES

Besides the applicant, there are a large number of interested parties in this proceeding. The following provides a brief description of those parties and their interests in the project:

GTC: The partnership which would hold the new lease for operation of the terminal. The managing partner is Texaco Trading and Transportation Inc. (Texaco). The other partners are Chevron U.S.A. (Chevron); The Largo Company (Largo), a wholly owned subsidiary of Phillips Petroleum Company; Exxon Company, U.S.A. (Exxon); and ORYX Energy Company (ORYX), formerly Sun Crude Trading and Transportation, Inc. The ownership interest of each partner in the terminal is set forth in the last columns of Exhibit C.

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The Point Arguello Producers (PAP): A group of ten oil companies producing from the Point Arguello Field in federal waters offshore western Santa Barbara County. PAP is the only entity currently with a permit to use the terminal and would be the primary customer. For purposes of obtaining various permits relating to the project, PAP is acting as a single entity, with Chevron as its representative.

PAP membership includes Chevron; Texaco; Phillips Petroleum Company (Phillips); Union Pacific Resources Company (Union Pacific); Pennzoil Exploration and Production (Pennzoil); Sun Operating Limited Partners (Sun); Koch Industries, Inc. (Koch); Oxbow Energy, Inc. (Oxbow); Harvest Corporation, Inc. (Harvest); and Simmons Santa Barbara, Ltd. (Simmons). The Point Arguello Field is operated under four separate federal leases, each of which is owned by a different group of PAP members. Exhibit D sets forth the percentage each company owned of the total field production during the month of September, 1992. The relative ownership shares will change somewhat over time because of fluctuation in production rates from lease to lease.

The County of Santa Barbara (County): The Lead Agency for the project under the California Environmental Quality Act (CEQA; §§21000 et seq. of the Public Resources Code [P.R.C.]). As the agency with general jurisdiction, it has issued permits under its Local Coastal Plan (LCP) both for the onshore portions of the Point Arguello project and the terminal.

The California Coastal Commission: The state agency with original jurisdiction under the California Coastal Act (P.R.C. §§30000 et seq.) for permitting the offshore portion of the marine terminal. It also has appellate jurisdiction over County actions taken pursuant to the Local Coastal Plan. It became the lead permitting agency for the project under the Permit Streamlining Act when the County's action was nullified upon appeal.

Exxon Company, U.S.A. (Exxon): The company producing oil from the Santa Ynez Field, located in the federal waters offshore southern Santa Barbara County. It has also applied to the County for a permit to ship oil through the GIMT on an interim basis.

The Environmental Coalition: A group of local environmental organizations consisting of the Environmental Defense Center, which acts as the spokesperson; the Sierra Club; Get Oil Out (GOO); League of Women Voters of Santa Barbara; Citizens Planning Association; Surfrider Foundation; Hollister Ranch Owners' Association; and several local commercial fishing representatives.

All American Pipeline Company (AAPL): A subsidiary of Goodyear Tire and Rubber Company which operates a pipeline running from Exxon's processing facility at Las Flores Canyon in Santa Barbara County to McCamey, Texas. This pipeline is shown on Exhibit E, a simplified diagram of the existing regional pipeline network.

The AAPL system is the only existing means of shipping Exxon's and PAP's oil out of the county by pipeline. Unless or until there are new pipelines, then, any Point Arguello or Santa Ynez production that is not shipped through the AAPL system would have to be transported by tanker through the GIMT. The AAPL would also be a necessary segment for two of the three proposed new pipeline systems into the Los Angeles Basin. See Exhibit E.

Four Corners Pipe Line Company (FCPL): A subsidiary of Atlantic Richfield Co. (ARCO) which operates the only two existing common carrier pipelines transporting oil into Los Angeles, Lines 1 and 63. Since Line 1 cannot be used to ship the kind of heavy crude produced from the Point Arguello and Santa Ynez fields, Line 63 would be the only pipeline available for the Los Angeles market. See Exhibit E.

FCPL is also the proponent of a separate project, one of three proposed for adding new pipeline capacity into Los Angeles. The pipeline, Line 90, currently carries oil eastward out of Los Angeles. At this time, it carries approximately 70 thousand barrels a day (MBD) to Texas tankered to Los Angeles from Alaska. The proposal is to reverse the direction of the flow and make improvements to the facility. Santa Barbara production would then be carried eastward on the AAPL system almost to Needles in San Bernardino County, where it would be transferred to the reversed Line 90 for shipment back west into Los Angeles. See Exhibit E. Its proposed capacity would be between 70 and 100 MBD, depending upon the improvements made. As the

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smallest of the three proposals for new regional pipelines, it would provide somewhat less flexibility for the regional oil transportation system. However, since it would also be the least expensive of the three projects and since the region's refinery market may not be able to make use of more than 100 MBD of additional heavy crude, it may be considered the most likely to succeed. Exxon is providing financial support for the project's planning and permitting phases.

The Cajon Pipeline Company (Cajon): Another proponent of a new pipeline system, this one called the Cajon Pipeline. Under this project, a new pipeline would be built into Los Angeles from a connection with the AAPL system at 12 Gauge Lake in San Bernardino County. See Exhibit E. As the largest of the three proposed projects, it would have a capacity of 150 MBD and would serve not only the Santa Barbara County producers, but also those in the San Joaquin Valley. The proponent contends that all necessary permits and rights-of-way for the project should be acquired by June, 1993. Neither Exxon nor PAP are providing any financial support for the project, but Exxon has expressed an interest in it.

The Pacific Pipeline Company: The third proponent of a new pipeline system, this one called the Pacific Pipeline System (PPS). The company is a subsidiary of Southern Pacific Transportation Company. This project would entail construction of a new pipeline from Gaviota to the Port of Los Angeles, following for the most part Southern Pacific's railroad right-of-way. See Exhibit E. This is the only project which, if built as planned, would not make use of the AAPL system. Its proposed capacity would be 130 MBD. Questions about its viability have been raised because of the potential for spills into adjacent marine waters and added construction costs for toxic site clean-up along the right-of-way. Both Exxon and PAP are providing financial support for the project's planning and permitting phases.

Unocal: A major purchaser of Point Arguello Production. Unocal purchases approximately 20 MBD, which is sent to its refinery in Santa Maria. Shipments are made through the AAPL system to Sisquoc in northern Santa Barbara County, where they are transferred to the Sisquoc Pipeline, a common carrier line owned by Unocal, for transport to the refinery. See Exhibit E.

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B. THE PROJECT

The GIMT is a six-point spread-buoy offshore terminal located about 3500 feet from shore. The current facility was built in 1988 under a 1987 Commission lease. Prior to reconstruction, another, much smaller terminal operated at the same location for decades.

Pursuant to Santa Barbara County's LCP, the new facility, when built, was intended to serve all oil producers operating in the western part of the County's South Coast area and was expected to be in regular use only on an interim basis until completion of new pipeline capacity to Los Angeles. However, because of the lack of permits by the shippers and the terminal's operator, the new facility has never been used.

The original Commission lease expired on April 30, 1991, and the lease is now in holdover status. The holdover term will expire on April 30, 1993.

The application currently before the Commission calls for an interim lease of less than three years. If approved, the terminal would be in regular operation only until new pipeline capacity is available or until January 1, 1996, whichever comes first. If the terminal later remains in place for emergency purposes, as has been contemplated, it would have to do so under a new, separate lease issued by the Commission.

C. APPLICABLE CALIFORNIA COASTAL ACT POLICIES

The applicable policy under the California Coastal Act governing oil transportation generally is found in P.R.C. §§30260 et seq. P.R.C. §§30260 and 30261, when read together, in effect require that a new or expanded marine terminal be approved if there are no feasible or less environmentally damaging alternative locations, if disapproval would adversely affect the public welfare, if adverse environmental effects are mitigated to the maximum extent feasible, and if the risk of oil spills and collisions are minimized.

Under these policies, the County adopted, and the CCC approved, an LCP which expressly prefers pipelines over tankers for transportation of oil. Specifically, LCP Policy

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6-8 provides that any coastal dependent oil and gas processing facilities are to be conditioned upon a requirement that all oil be transported by pipeline to the operator's refining center of choice if and when technically and economically feasible. Subsection (e) of the policy also provides as follows:

For refining centers served by pipeline, other modes of transportation up to the limits of permitted capacity for those modes, and with the assurance that the shipper or the transportation facility operator can and will mitigate the environmental impacts caused by the alternate transportation mode, are allowed only under the following circumstances:

- 1) Pipeline unavailability or inadequate capacity; or
- 2) A refinery upset lasting no longer than two (2) months and only where the alternate refining center is not served by pipeline; or
- 3) An emergency which may include a national state of emergency.

In recognition of these policies, members of PAP and other federal offshore producers, since 1983, have expressly indicated their intention to transport their oil by pipeline, but, for various reasons, have avoided providing the financial assurances necessary for actual construction of any of the pipeline projects subsequently proposed.

D. PERMIT HISTORY

The Commission is acting as a Responsible Agency in this case, using a supplemental environmental impact report (SEIR) certified by the County as Lead Agency under CEQA. The overall project addressed in that document is the transportation of Point Arguello Field production by tanker through use of the GIMT.

This single project has involved two separate applicants seeking two different kinds of permits: (1) A Shipper's Permit to allow PAP to tanker its oil; and (2) separate authorizations required for GTC to operate the terminal.

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(1) The Shipper's Permit

The Shipper's Permit was a function of the County's 1985 permit for the Point Arguello project. That authorization specified that the project's oil must be transported by pipeline unless certain criteria are met, one of which, Condition Q-6, is that anyone tankering project oil must first obtain a Shipper's Permit.

On August 19, 1992, the County issued a three-year Shipper's Permit to Chevron, on behalf of PAP, allowing tankering of Point Arguello production through the terminal. However, because it required PAP to commit to one of the three proposed pipeline projects previously described prior to tankering, Chevron appealed to the Coastal Commission, claiming that the condition went beyond the Local Coastal Plan and the County's authority.

When the Coastal Commission accepted this appeal, it nullified the County's permit, so that the state agency, in effect, stepped into the position as Lead Agency under the Permit Streamlining Act. However, the certification of the SEIR remained unaffected.

On January 13, 1992, the Coastal Commission heard Chevron's appeal at a *de novo* hearing and authorized a permit, subject to a number of conditions intended to encourage the use of the existing pipeline network and the construction of new pipeline capacity. The most significant conditions are as follows:

- Tankered volumes are limited to a maximum 50 MBD on a quarterly average.
- A minimum of 40 MBD must be shipped to refineries by pipeline, of which at least 25 MBD must be shipped to Los Angeles on Line 63. While the full 40 MBD could be shipped to Los Angeles, deliveries of 15 to 20 MBD now going to Unocal's Santa Maria refinery apparently would continue. The requirement is therefore not likely to result in more than 25 MBD in the FCPL line.
- Ongoing progress toward the development of new pipeline capacity to Los Angeles must be made in accordance with a specified schedule. If, by February 1, 1994, PAP has not signed a "throughput and deficiency agreement" for

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guaranteed usage of one of the three proposed pipelines, then all tankering must be suspended until one is executed.¹

- All tankering of Point Arguello production from Martinez to Los Angeles is to cease.
- All tankering from Gaviota is to terminate by January 1, 1996, whether or not a new pipeline is in place.
- All members of PAP are required to accept the permit, so that none will be in a position to avoid any of these requirements.

As the company taking the lead in negotiations with the Coastal Commission, Chevron has stated its willingness to accept the requirements. However, the permit has not yet been accepted, and some minority members of PAP have not yet indicated their consent.

Chevron has also filed a lawsuit on behalf of PAP challenging the Coastal Commission's authority to impose the specified conditions, but Texaco personnel have told the Commission's staff that the litigation was filed solely to preserve the producers' position until after all governmental considerations of the project are completed. After all remaining government actions, including the Commission's decision on the lease, the PAP members will decide whether to accept the permits and drop the lawsuit. If they do not all find the permits and lease acceptable, the litigation will likely be pursued.

The Coastal Commission has now been asked to revoke the Shipper's Permit, based upon allegations that the applicant submitted false information regarding available pipeline capacity. The agency's staff considers the request of

1. A throughput and deficiency agreement is a commitment by a party to ship certain volumes on a pipeline at a specified tariff. The agreement may be used by the proponent of a proposed pipeline to obtain financing for the project. Such an agreement, then, would provide substantial support for a pipeline. However, it is not a guarantee that the project will be completed, since political pressures, market changes, unexpected costs or other such factors may later arise.

sufficient merit to justify consideration, and the matter is scheduled for the Coastal Commission's May 11, 1993, meeting.

(2) Terminal Permits

For operation of the terminal, GTC did not require new County action. The 1987 County permit, in effect, authorizes continued operation of the facility until adequate pipeline capacity was in place to Los Angeles.

GTC, however, was required to obtain a new, separate permit for operation of the terminal from the Coastal Commission, which authorized its issuance on February 17, 1993. The most significant restriction is that the terminal may be used only to load oil onto Oregon Class tankers for shipment to Los Angeles. This limitation is in conformity with the project application and the County's environmental review. At this time, Chevron owns the only three tankers in existence in this class. The other major restrictions are that is that the terminal may be used only for vessels taking oil to Los Angeles and that the amount shipped may not exceed 50 thousand barrels per day (50 MBD), on a quarterly average. All those using the terminal must also comply with the Shipper's Permit conditions. This terminal permit also expires on January 1, 1996.

The only governmental authorization still clearly needed for GTC to begin operations is the State Lands Commission lease. However, if the Coastal Commission revokes the Shipper's Permit, it, too, will have to take further action if the terminal is to have any customers.

E. PRODUCTION, MARKETING AND TRANSPORTATION ISSUES

The extent to which the terminal and pipelines can physically be used would depend upon the volumes of oil produced by PAP and Exxon and the manner in which that oil is marketed.

Point Arguello Field production is expected to reach a peak of approximately 85 or 90 MBD. Approximately 65 MBD were produced in January, all of which was transported by pipeline. Chevron and GTC claim that production is constrained because tanker transportation is unavailable. Once the terminal becomes operational, PAP is expected to reach full production quickly.

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To date, PAP has been delivering the majority of its crude to Los Angeles. Generally, about 25 to 35 MBD have been shipped through Line 63, although deliveries on the system have exceeded 50 MBD in March of 1993. About 20 MBD have been delivered to Unocal's Santa Maria refinery, but those deliveries were interrupted during the last several months. At various times, another 5 MBD has also been sent to Texas. Finally, for a period of seven months in 1992, about 15 to 25 MBD were being shipped north by pipeline to Martinez and then tankered down to Los Angeles, although that tankering has since been suspended. Chevron contends, however, that it will be resumed if the Shipper's Permit and the Commission's lease are not accepted by PAP and GTC.

If and when the terminal is operational, PAP has stated that it intends to market most of its oil to Los Angeles. If the conditions in the Coastal Commission's Shipper's Permit ultimately control, PAP would send up to 50 MBD to Los Angeles by tanker and at least 25 MBD by Line 63. The deliveries to Unocal may also continue.

Exxon's new Santa Ynez project is not expected to begin operation until late in 1993. Peak production of approximately 90 MBD is expected to be reached within six to twelve months thereafter. Exxon has also stated its intent to market the majority of this oil in Los Angeles, although some of it is likely to be sent to Texas or other markets.

One limiting factor on the amount of oil which can be marketed in Los Angeles is the usefulness of FCPL's Line 63. First, because it is not heated, it can be used only to ship blended oil, which Chevron and Texaco claim is more expensive to refine and therefore more difficult to market. However, staff's information is that this problem has been substantially exaggerated. More significant is the fact that the pipeline's capacity is limited, although it appears to be greater than previously thought. The two issues are discussed in Exhibit F.

Another factor limiting the amount of Point Arguello and Santa Ynez production delivered to Los Angeles is the size of the market. It currently appears that area refineries cannot use more than about 100 MBD of new heavy production from Santa Barbara, far less than the 180 MBD which PAP and Exxon could be producing if both were at peak production at the same time. However, it is difficult to establish

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clearly what the market will be at any given time in the future. After taking into account price considerations and the availability of equipment for refining different kinds of crude, this new Santa Barbara County production might cause some crude from Alaska, Venezuela and elsewhere to be diverted from Los Angeles.

F. THE COMMISSION'S OPTIONS

The Commission has several options. These include delaying action, denial of the application, approval of a lease prohibiting use of the terminal for shippers not in compliance with Coastal Commission permits, and approval with special conditions intended to encourage use of existing pipelines before tankering.

(1) Delayed Action

The Commission could delay action until after the Coastal Commission has addressed revocation of the Shipper's Permit. The Permit Streamlining Act deadline for the State Lands Commission's action is July 14, 1993. To preserve GTC's standing before the Coastal Commission, the holdover period under GTC's current lease would need to be extended. The Commission previously extended the holdover period for the same reason on September 23, 1992. If the period is extended, all other provisions of the existing lease would remain in effect. For example, GTC would be prohibited from using the facility during the extension period, as provided under the current holdover extension. GTC personnel, though, have indicated the company may reject a lease if it is so late as to delay operations beyond June 1, 1993.

(2) Denial of the Application

The Commission always has the option of denying the application. The action may be without prejudice, allowing GTC to reapply. Authorization could be given for the existing facility to remain in place if a new application is submitted.

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(3) Approval of a Lease requiring Shipper Compliance with the Coastal Commission's Permit

Another option is a more traditional lease with a fixed rent, a termination date of January 1, 1996, and relatively standard conditions. A provision may be added prohibiting use of the terminal for any shipper who has not complied with all the terms and conditions of any relevant permit issued by the County or the Coastal Commission. This would allow enforcement of those conditions through the lease without imposing any new and potentially unacceptable requirements. It would also recognize that the Coastal Commission may change its permit conditions after its hearing on May 12, 1993. GTC has reserved the right to object to the proposed rent of \$230,000 per year, but does not appear to have any substantial problem with the amount.

GTC's application requests that the lease allow a throughput of up to 100 MBD on a quarterly average, so such a limit may be appropriate. The SEIR analyzed the effects of average throughputs of up to 125 MBD.

If this option is adopted, the Commission may consider expressly including one particular condition adopted by the Coastal Commission; that is, that the terminal may not be used after February 1, 1994, for any shipper who, by that date, has not signed a financial commitment for use of one of the three proposed pipeline systems to Los Angeles. Such a commitment can then be used by the pipeline proponent to obtain necessary construction financing. If a pipeline commitment is then signed after that date, tankering may be resumed. The purpose of the provision is to ensure that progress is made toward timely completion of a new system. Its inclusion in the lease would ensure that the date will not be postponed unless the State Lands Commission determines the reasons for doing so are well founded.

(4) The Full Pipeline Option

Another approach would be to add new conditions specifically for the purpose of encouraging maximum use of the existing pipeline network and thereby keeping tankering to a minimum. The lease could contain a provision allowing the use of the terminal to tanker oil for those shippers who have executed an agreement with this Commission whereby the shipper

commits to transport a certain amount of oil using Line 63.² The minimum pipeline requirement would be adjusted for each quarter in accordance with information as to how the pipeline was actually being used. On the fifth of the month before the beginning of each quarter, the Commission staff would look at how much capacity was available for the shipper's oil during the preceding three months. This would be determined by taking the total capacity of the pipeline and subtracting the amount of light oil from the San Joaquin Valley sent through the system. After adjustment in accordance with a specified margin for error, the resulting amount would in most cases be the volume that the shipper would have to deliver through Line 63 during the ensuing quarter. Provisions would be made for increased usage of the pipeline by others and for other factors outside the shipper's control.

Using information provided by the pipeline's operators, had this requirement been in effect, the minimum Line 63 requirement would have been approximately 37 MBD for the last quarter of 1992, 42.5 MBD for the first quarter of 1993, and 45 MBD for the second quarter of 1993. The reason for the rising amount is that shipments of San Joaquin Valley light crude to Los Angeles have been declining. These figures reflect the fact that heavy crude, such as that produced from the Point Arguello Field, must be diluted with about 10% lighter oil for shipment on Line 63.

Some amount of uncertainty and disruption in regional oil transportation and marketing may result from this option, particularly for other users of Line 63. The pipeline has always been used for large volumes of oil from the San Joaquin Valley. Under common carrier rules, by the end of each month, those who want to use the pipeline are each required to nominate the volume of oil to be transported during the following month. Under this option, the GIMT shippers would also have to nominate the minimum amount required for transport on Line 63. Since this would fill the system, the San Joaquin Valley producers would have a difficult time increasing shipments to Los Angeles..

2. In this context, the term, "shipper," means a person or entity possessing valid legal authority under a permit issued by the County or the Coastal Commission to transport petroleum through use of the terminal.

Ordinarily, common carrier rules governing the pipeline would require that, if producers nominate more oil than a system can handle, the amount each producer is permitted to transport will be reduced on a pro rata basis. Knowing that Line 63 will be full and that shipments will be restricted, then, San Joaquin producers may nominate greater volumes for the system than they intend to ship, just to ensure that the volumes they want to send to Los Angeles are in fact delivered. These attendant uncertainties and manipulations could result, at times, in significant disruptions in the market.

Because of the San Joaquin Valley producers need for the pipeline, an appropriate element of this option may be a provision allowing the GIMT shippers to reduce the amounts transported on Line 63 in order to provide sufficient capacity on the pipeline for those other producers; that is, to avoid pro rationing of San Joaquin Valley oil. However, after June of 1994, Exxon is also expected to be transporting large volumes of Santa Ynez production on the pipeline, whether or not the company is also permitted to tanker oil through the terminal. If, at that time, Exxon and the San Joaquin Valley producers are together filling Line 63, and if the Commission allows GIMT shippers to reduce their use of Line 63 to avoid constraining San Joaquin Valley producers, then, under this option, it is possible all of the Point Arguello oil, up to the permitted amounts, will be shipped to Los Angeles by tanker.

Finally, GTC has clearly indicated that it would not accept a lease containing the Full Pipeline option. On April 15, 1993, in response to an earlier proposal which would have required GIMT shippers to use Line 63 to the maximum extent feasible, J.E. Shamas, President of Texaco, wrote, "The partnership's position continues to be that GTC would be unable to accept a lease containing any such pipeline capacity certification procedures." The reasons given generally were as follows:

- Any such provision would change the standards governing pipeline usage established under the County's coastal zoning ordinance.
- The Coastal Commission has already determined the appropriate mix of tanker and pipeline usage required under the coastal zoning ordinance.

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- Prior approvals in 1987 by the County and the Coastal and State Lands Commissions were part of a common plan by the state and local agencies to accommodate, in a consolidated fashion, the processing and transportation of oil from federal leases in the area.
- GTC has spent about \$60 million in the acquisition, construction and maintenance of the new terminal in reliance upon the belief that, after the old lease expired, a new one would be issued.

Mr. Shamas also indicated that, if the lease were not accepted, PAP would do the following:

- Reject the Coastal Commission permit;
- Resume tankering of Point Arguello oil from Martinez to Los Angeles;
- Terminate financial support for any proposed pipeline; and
- Pursue litigation against the county and the state which, if successful, could result in unlimited tankering from Gaviota.

GTC, therefore, takes the position that it would be inappropriate for the Commission to impose restrictions in a marine terminal lease which require the facility's customers to use alternative means of transportation first. While these may be reasons for GTC's refusal to accept such a lease, the Commission staff strongly disagrees with any suggestion that the Commission does not have the authority to impose such conditions.

In a separate letter of April 19, 1993, in direct response to the Full Pipeline option, Mr. Shamas reiterated GTC's earlier position, that any such provision would be rejected.

The Commission staff also explored other options intended to promote maximum usage of existing pipelines or construction of new pipeline capacity. Among these alternatives were provisions requiring that GIMT shippers file a monthly certification that all available pipeline capacity was used or that, prior to any tankering, the GIMT shippers enter into conditional throughput and deficiency agreements with

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proposed pipeline operators. Staff determined, however, that implementation of these alternatives was infeasible. Furthermore, GTC informed staff that these alternatives would also be unacceptable.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that, if the Commission only extends the holdover provision of the existing lease, that action would be exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities, 14 Cal. Code Regs. 15301.
2. The County of Santa Barbara has prepared and adopted an EIR for the proposed project. The State Lands Commission's staff has reviewed and considered the information contained therein.
3. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. §§6370 et seq. Based on the staff's consultation with the persons nominating such lands and through the CEQA process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

Santa Barbara County, California Coastal Commission.

APPROVALS REQUIRED:

State Lands Commission

EXHIBITS:

- A. Land Description
- B. Location Map
- C. Ownership Shares of Facilities Related to the Point Arguello Project
- D. Percentage Ownership of Point Arguello Field Production in September, 1992
- E. Existing and Proposed Pipeline Network
- F. Limitations on Use of Four Corners Pipe Line Company's Line 63
- G. California Environmental Quality Act Findings
- H. Mitigation Monitoring Plan

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IF THE COMMISSION DECIDES TO DELAY TAKING FINAL ACTION UPON THE APPLICATION, 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 FACILITY, 14 CAL. CODE REGS. 15301, 2 CAL. CODE REGS. 2905 (a) (1).
2. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. §§6370 *ET SEQ.*
3. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF AN AMENDMENT TO LEASE PRC 7075.1 THAT WILL: (A) EXTEND ITS HOLDOVER PROVISION (PARAGRAPH 9 OF SECTION 2) IN THE LEASE UNTIL THE COMPANY HAS OBTAINED A NEW INTERIM LEASE FROM THE COMMISSION TO OPERATE THE GAVIOTA MARINE TERMINAL OR UNTIL JULY 15, 1993, WHICHEVER OCCURS FIRST; AND (B) PROVIDE THAT NO OIL SHALL BE TRANSPORTED THROUGH THE TERMINAL BY TANKER WHILE THIS EXTENDED HOLDOVER PERIOD REMAINS IN EFFECT. ALL OTHER PROVISIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

IF THE COMMISSION DECIDES TO APPROVE A STANDARD LEASE, IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT AN EIR WAS PREPARED AND ADOPTED FOR THIS PROJECT BY SANTA BARBARA COUNTY AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH SECTION 15096(h) OF THE STATE CEQA GUIDELINES, AS CONTAINED IN EXHIBIT G, ATTACHED HERETO.
3. ADOPT THE MITIGATION MONITORING PLAN, AS CONTAINED IN EXHIBIT H, ATTACHED HERETO.
4. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. §6370 *ET SEQ.*
5. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF AN INDUSTRIAL LEASE FOR A MAXIMUM TERM OF 2-YEARS AND 8-MONTHS BEGINNING MAY 1, 1993; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$230,000, PROVISION OF A \$1,000,000 SURETY BOND; PROVISION OF EVIDENCE OF SELF INSURANCE FOR PUBLIC

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LIABILITY AND PROPERTY DAMAGE; FOR THE OPERATION AND MAINTENANCE OF AN OFFSHORE MARINE TERMINAL FOR THE TRANSFER OF PETROLEUM OR PETROLEUM PRODUCTS TO TANKER SHIPS ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

6. REQUIRE THAT THE LEASE ALSO CONTAIN SUBSTANTIALLY THE FOLLOWING PROVISIONS:

- A. THE TERMINAL MAY BE USED ONLY TO TRANSFER PETROLEUM TO A TANK VESSEL OR TANK VESSELS FOR SHIPMENT TO THE PORTS OF LOS ANGELES OR LONG BEACH OR THE CHEVRON EL SEGUNDO MARINE TERMINAL FOR REFINING IN LOS ANGELES AREA REFINERIES.
- B. THE TERMINAL MAY NOT BE USED TO TRANSFER PETROLEUM TO ANY TANK VESSEL OTHER THAN DOUBLE-HULLED VESSELS KNOWN AS "CHEVRON OREGON CLASS" TANKERS.
- C. IF ANY OTHER PARTY FILES AN APPLICATION WITH THE COUNTY OR THE COASTAL COMMISSION FOR A PERMIT TO USE THE TERMINAL, AND IF THE LEASE IS NOT CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION, THEN, WITHIN 60 DAYS AFTER ISSUANCE OF THE LEASE OR AFTER THE APPLICATION IS FILED WITH THE COUNTY OR COMMISSION, WHICHEVER IS LATER, THE LESSEE SHALL HAVE A COMPLETE APPLICATION SUBMITTED FOR AN AMENDMENT TO THE LEASE TO BE CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION.
- D. THE LESSEE SHALL CONDUCT AN ANNUAL BATHYMETRIC SURVEY OF THE AREA SURROUNDING THE SIX-POINT MOORING LOCATION AT THE GAVIOTA INTERIM MARINE TERMINAL AS DIRECTED BY THE COMMISSION STAFF.
- E. THE LESSEE SHALL FUND ALL COSTS AND EXPENDITURES INCURRED BY THE COMMISSION IN ADMINISTERING THE LEASE AND IN MONITORING COMPLIANCE WITH MITIGATION REQUIREMENTS.
- F. THE VOLUME OF PETROLEUM THAT IS SHIPPED VIA MARINE TANKER FROM THE TERMINAL SHALL NOT EXCEED ONE HUNDRED THOUSAND (100,000) BARRELS PER DAY ON A QUARTERLY AVERAGE.

CALENDAR ITEM NO. 47 (CONT'D)

- G. THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANYONE WHO IS NOT A SHIPPER; THAT IS, A PERSON OR ENTITY HAVING VALID LEGAL AUTHORITY UNDER A PERMIT ISSUED BY THE COUNTY OR THE COASTAL COMMISSION, EITHER PRIOR TO OR AFTER ISSUANCE OF THE LEASE, TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL
- H. (1) WITH RESPECT TO ANY SHIPPER WHO, PRIOR TO FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER AFTER THAT DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF. IF AFTER FEBRUARY 1, 1994, THAT SHIPPER EXECUTES SUCH AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT, THE TERMINAL MAY THEREAFTER BE USED TO LOAD PETROLEUM ONTO A TANK VESSELS OR TANK VESSELS FOR THAT SHIPPER.
- (2) WITH RESPECT TO ANY SHIPPER WHO, AFTER FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF.
- (3) FOR PURPOSES OF THIS ACTION, AN ADEQUATE UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT IS ONE WHICH INCLUDES OIL THROUGHPUT VOLUMES SUFFICIENT TO CAUSE THE CONSTRUCTION OR COMPLETION OF THE PIPELINE SYSTEM AND IS ACCOMPANIED BY EVIDENCE THAT ALL DISCRETIONARY PERMITS FOR THE PIPELINE HAVE BEEN OBTAINED. THE BURDEN OF PROOF SHALL BE ON THE SHIPPER TO DEMONSTRATE THAT ALL TERMS OF THE THROUGHPUT AND DEFICIENCY AGREEMENT, INCLUDING THE PIPELINE'S TARIFF RATE AND THE TOTAL VOLUME OF OIL COMMITTED FOR SHIPMENT IN THE PIPELINE, ARE SUFFICIENT TO CAUSE THE CONSTRUCTION OF THE PIPELINE.

CALENDAR ITEM NO. 47 (CONT'D)

- I. THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANY SHIPPER IF THE STAFF OF EITHER THE COASTAL COMMISSION OR THE STATE LANDS COMMISSION HAS NOTIFIED THE LESSEE THAT THAT SHIPPER HAS NOT COMPLIED WITH OR IS NOT IN COMPLIANCE WITH ALL PROVISIONS OF THAT PERMIT.

IF THE COMMISSION DECIDES TO APPROVE A LEASE PROMOTING FULL USAGE OF EXISTING PIPELINE TRANSPORTATION, IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT AN EIR WAS PREPARED AND ADOPTED FOR THIS PROJECT BY SANTA BARBARA COUNTY AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH SECTION 15096(h) OF THE STATE CEQA GUIDELINES, AS CONTAINED IN EXHIBIT G, ATTACHED HERETO.
3. ADOPT THE MITIGATION MONITORING PLAN, AS CONTAINED IN EXHIBIT H, ATTACHED HERETO.
4. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. §6370 ET SEQ.
5. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF AN INDUSTRIAL LEASE FOR A MAXIMUM TERM OF 2-YEARS AND 8-MONTHS BEGINNING MAY 1, 1993; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$230,000, PROVISION OF A \$1,000,000 SURETY BOND; PROVISION OF EVIDENCE OF SELF INSURANCE FOR PUBLIC LIABILITY AND PROPERTY DAMAGE; FOR THE OPERATION AND MAINTENANCE OF AN OFFSHORE MARINE TERMINAL FOR THE TRANSFER OF PETROLEUM OR PETROLEUM PRODUCTS TO TANKER SHIPS ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.
6. REQUIRE THAT THE LEASE ALSO CONTAIN SUBSTANTIALLY THE FOLLOWING PROVISIONS:
 - A. THE TERMINAL MAY BE USED ONLY TO TRANSFER PETROLEUM TO A TANK VESSEL OR TANK VESSELS FOR SHIPMENT TO THE PORTS OF LOS ANGELES OR LONG BEACH OR THE CHEVRON EL SEGUNDO MARINE TERMINAL FOR REFINING IN LOS ANGELES AREA REFINERIES.

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- B. THE TERMINAL MAY NOT BE USED TO TRANSFER PETROLEUM TO ANY TANK VESSEL OTHER THAN DOUBLE-HULLED VESSELS KNOWN AS "CHEVRON OREGON CLASS" TANKERS.
- C. IF ANY OTHER PARTY FILES AN APPLICATION WITH THE COUNTY OR THE COASTAL COMMISSION FOR A PERMIT TO USE THE TERMINAL, AND IF THE LEASE IS NOT CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION, THEN, WITHIN 60 DAYS AFTER ISSUANCE OF THE LEASE OR AFTER THE APPLICATION IS FILED WITH THE COUNTY OR COASTAL COMMISSION, WHICHEVER IS LATER, THE LESSEE SHALL HAVE A COMPLETE APPLICATION SUBMITTED FOR AN AMENDMENT TO THE LEASE TO BE CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION.
- D. THE LESSEE SHALL CONDUCT AN ANNUAL BATHYMETRIC SURVEY OF THE AREA SURROUNDING THE SIX-POINT MOORING LOCATION AT THE GAVIOTA INTERIM MARINE TERMINAL AS DIRECTED BY THE COMMISSION STAFF.
- E. THE LESSEE SHALL FUND ALL COSTS AND EXPENDITURES INCURRED BY THE COMMISSION IN ADMINISTERING THE LEASE AND IN MONITORING COMPLIANCE WITH MITIGATION REQUIREMENTS.
- F. THE VOLUME OF PETROLEUM THAT IS SHIPPED VIA MARINE TANKER FROM THE TERMINAL SHALL NOT EXCEED ONE HUNDRED THOUSAND (100,000) BARRELS PER DAY ON A QUARTERLY AVERAGE.
- G. THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANYONE WHO IS NOT A SHIPPER; THAT IS, A PERSON OR ENTITY HAVING VALID LEGAL AUTHORITY UNDER A PERMIT ISSUED BY THE COUNTY OR THE COASTAL COMMISSION, EITHER PRIOR TO OR AFTER ISSUANCE OF THE LEASE, TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL
- H. (1) WITH RESPECT TO ANY SHIPPER WHO, PRIOR TO FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER AFTER THAT DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A

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PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF. IF AFTER FEBRUARY 1, 1994, THAT SHIPPER EXECUTES SUCH AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT, THE TERMINAL MAY THEREAFTER BE USED TO LOAD PETROLEUM ONTO A TANK VESSELS OR TANK VESSELS FOR THAT SHIPPER.

(2) WITH RESPECT TO ANY SHIPPER WHO, AFTER FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF.

(3) FOR PURPOSES OF THIS ACTION, AN ADEQUATE UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT IS ONE WHICH INCLUDES OIL THROUGHPUT VOLUMES SUFFICIENT TO CAUSE THE CONSTRUCTION OR COMPLETION OF THE PIPELINE SYSTEM AND IS ACCOMPANIED BY EVIDENCE THAT ALL DISCRETIONARY PERMITS FOR THE PIPELINE HAVE BEEN OBTAINED. THE BURDEN OF PROOF SHALL BE ON THE SHIPPER TO DEMONSTRATE THAT ALL TERMS OF THE THROUGHPUT AND DEFICIENCY AGREEMENT, INCLUDING THE PIPELINE'S TARIFF RATE AND THE TOTAL VOLUME OF OIL COMMITTED FOR SHIPMENT IN THE PIPELINE, ARE SUFFICIENT TO CAUSE THE CONSTRUCTION OF THE PIPELINE.

7. REQUIRE THAT THE LEASE ALSO CONTAIN A PROVISION WHICH PROHIBITS USE OF THE TERMINAL TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANY SHIPPER WHO HAS NOT ENTERED INTO A SEPARATE AGREEMENT WITH THE COMMISSION, THE PROVISION OF WHICH SHALL SUBSTANTIALLY INCLUDE THE FOLLOWING:

A. THE SHIPPER SHALL TRANSPORT THROUGH EXISTING PIPELINES TO THE LOS ANGELES AREA PETROLEUM WHICH WOULD OTHERWISE BE TRANSPORTED THROUGH THE TERMINAL, THE AMOUNT OF WHICH SHALL EXCEED A MINIMUM ESTABLISHED FOR EACH QUARTER OF EACH YEAR OF THE LEASE.

B. THE MINIMUM VOLUME TO BE TRANSPORTED THROUGH EXISTING PIPELINES EACH QUARTER SHALL BE ESTABLISHED AT LEAST TWENTY-FIVE DAYS IN ADVANCE OF THE BEGINNING OF EACH

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QUARTER IN ACCORDANCE WITH A FORMULA ESTABLISHED BY THE STAFF REFERENCING CAPACITY AVAILABLE ON THOSE PIPELINES DURING RECENT PREVIOUS MONTHS.

- C. PROVISION SHALL BE MADE TO REDUCE THOSE MINIMUM REQUIREMENTS FOR EMERGENCIES AND WHERE NECESSARY SO THAT USE OF THE EXISTING PIPELINES BY THE SHIPPER DOES NOT PREVENT USE OF THOSE SAME PIPELINES BY THOSE TRANSPORTING PETROLEUM FROM THE SAN JOAQUIN VALLEY TO THE LOS ANGELES AREA.

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EXHIBIT "A"

LAND DESCRIPTION

PRC 7075

Four parcels of tide and submerged land in the Pacific Ocean approximately one half mile east of Gaviota, Santa Barbara County, California, said parcels being described as follows:

PARCEL 1 - PIPELINES

A strip of tide and submerged land 35 feet wide, the centerline of which is described as follows:

BEGINNING at a point which bears N89°07'35"E, 3906.03 feet from United States Coast and Geodetic Survey Monument "TANK, 1933", as shown upon Sheet 19 of 39, of certain maps prepared by the State Lands Commission entitled "Survey of the Mean High Tide Line Along the Shore of the Pacific Ocean", said maps being filed for record in Book 41 of Miscellaneous Maps, pages 12-50, inclusive, on April 20, 1959, in the Office of the County Recorder of Santa Barbara County; thence into the Pacific Ocean S3041'36"W 1009.10 feet; thence S3040'00"W 1422.91 feet; thence S0000'00"W 1570.00 feet to a point designated "A" and the end of the herein described centerline.

PARCEL 2 - BUOYS

A circular parcel of submerged land 2000 feet in diameter, the center point of which is located as follows:

BEGINNING at the point designated "A" in Parcel 1 above; thence S48°34'35"E, 226.72 feet to said center point.

PARCEL 3 - BUOY

A circular parcel of submerged land 20 feet in diameter, the center point of which is located as follows:

BEGINNING at the point designated "A" in Parcel 1 above; thence N20°15'12"W 816.88 feet to said center point.

PARCEL 4 - BUOY

A circular parcel of submerged land 20 feet in diameter, the center point of which is located as follows:

BEGINNING at the point designated "A" in Parcel 1 above; thence N74°04'56"W 1987.20 feet to said center point.

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Exhibit "A" (cont.)

PRC 7075

EXCEPTING FROM above described Parcel 2 any portion thereof lying within above described Parcel 1 and ALSO EXCEPTING any portion of Parcel 1 lying landward of the ordinary high water mark.

This description is based on the California Coordinate System of 1927, Zone 6.

END OF DESCRIPTION

REVISED OCTOBER 24, 1986 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

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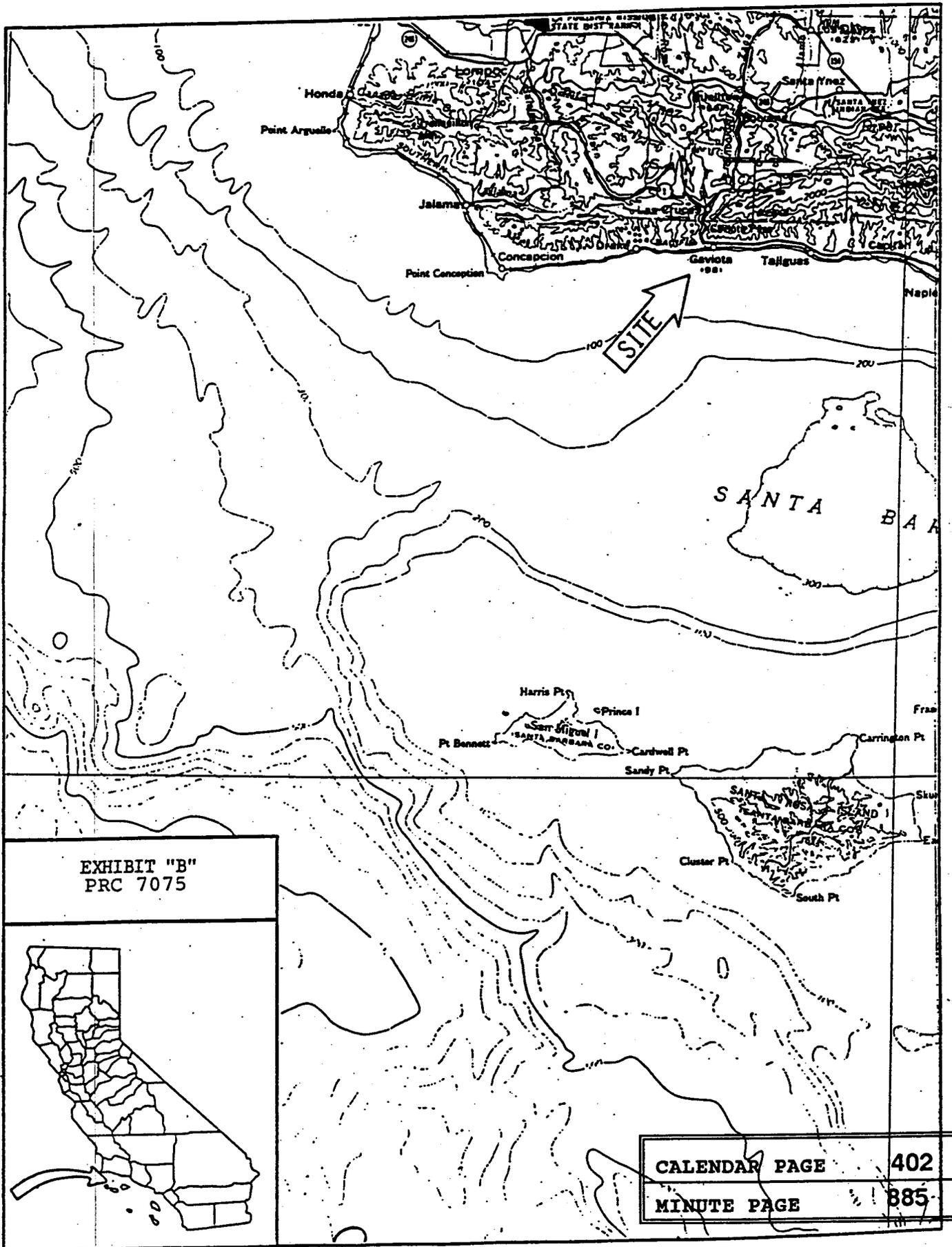


EXHIBIT "B"
PRC 7075



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OWNERSHIP SHARES OF FACILITIES
RELATED TO
THE POINT ARGUELLO PROJECT

There are twelve separate and independent corporations represented in the Point Arguello project. They all have ownership in the Chevron Oil and Gas Plant. Ten have interests in the offshore platforms. Four of the ten have interests in the Gaviota Interim Marine Terminal with Exxon also having an interest. The other six have formed the Mariposa Pipeline Company, which would allow them to bypass the GIMT when delivering oil to the All American Pipeline.

Percentage Ownership in Point Arguello Partnerships

<u>Company</u>	<u>Mariposa Pipeline</u>	<u>Gas Plant</u>	<u>Oil Plant</u>	<u>Marine Terminal</u>
*Union Pacific	23.62	5.70	5.80	
*Pennzoil	42.44	9.36	8.18	
*Koch	17.69	4.09	3.57	
*Oxbow	7.00	1.74	1.52	
*Harvest	4.83	1.23	1.07	
*Simmons	4.42	1.12	0.98	
*Chevron		24.74	22.32	25.00
*Texaco		13.28	11.61	20.00
*Phillips		24.74	20.09	25.00
*Oryx		8.01	7.00	10.00
Four Corners		6.00	13.39	
Unocal			4.46	
Exxon				20.00
Total interests of:				
Mariposa Owners	100.00%	23.24%	21.12%	0.00%
GIMT Owners	0.00%	70.76%	61.03%	100.00%

* Has interest in Point Arguello offshore platforms.

Exhibit C

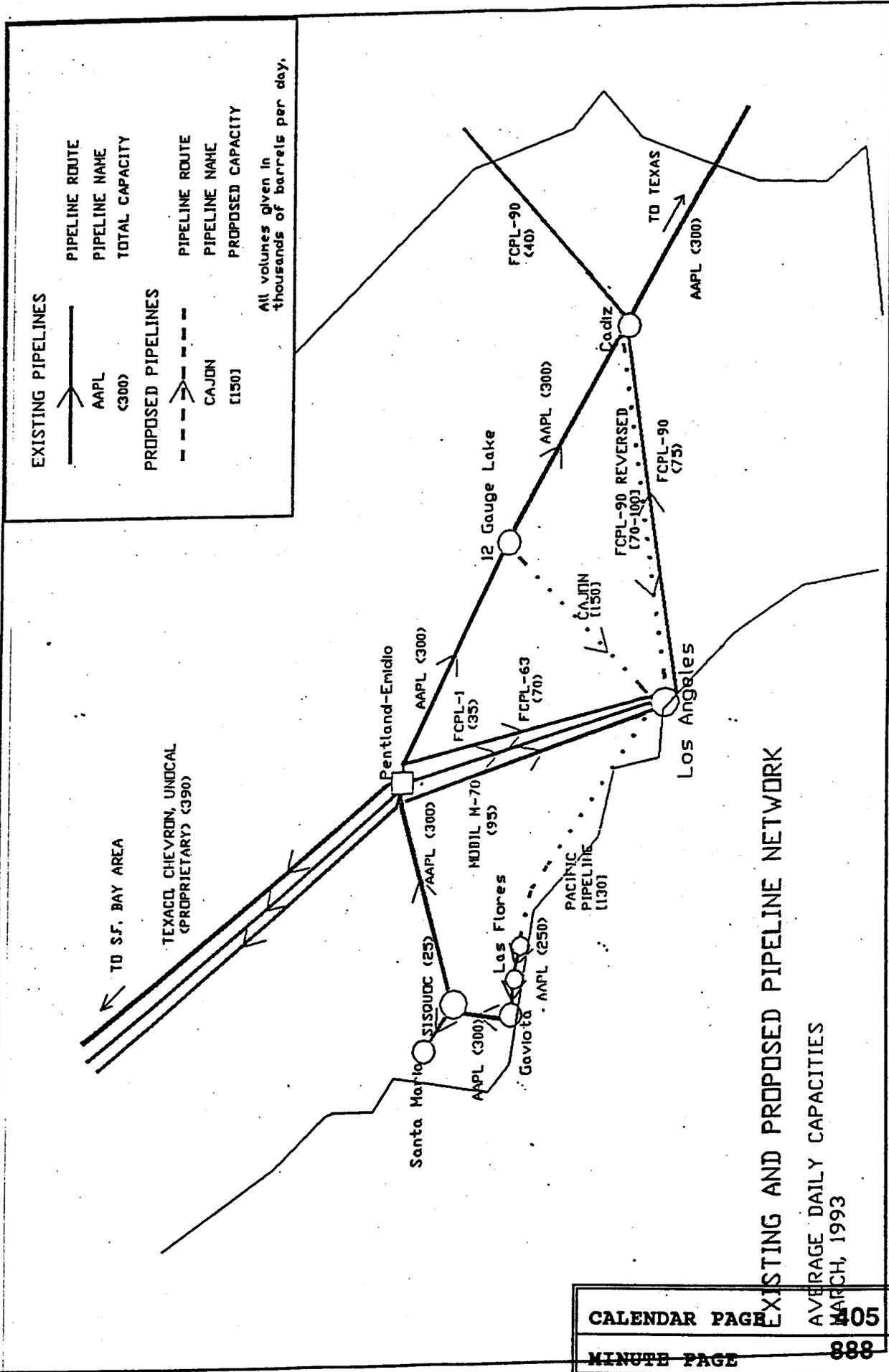
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PERCENTAGE OWNERSHIP OF POINT ARGUELLO FIELD PRODUCTION IN SEPTEMBER, 1992

The percentage of total field production assigned to each lease is based upon the 50,000 barrels per day production in September of 1992. Each figure in each Column A represents the percentage ownership of the company in the particular lease. Each figure in each Column B represents the percentage ownership of the total production from the Point Arguello Field coming from the specified company's share in the particular lease; i.e., percentage of field production coming from the lease multiplied by the percentage ownership of the lease. Adding all of the figures from the "B" Columns gives you the percentage ownership of the total field production for September of 1992.

LEASE	315		316		450		451		Percentage Ownership of P.A. Field Production
	A	B	A	B	A	B	A	B	
Percentage of Total Field Production from Lease	42.4%		39.3%		14.2%		4.1%		
COMPANY									
CHEVRON	0.0%	0.0%	40.0%	15.7%	50.0%	7.1%	44.5%	1.8%	24.6%
PHILLIPS	0.0%	0.0%	40.0%	15.7%	50.0%	7.1%	44.5%	1.8%	24.6%
UNION PAC.	0.0%	0.0%	20.0%	7.8%	0.0%	0.0%	11.1%	0.5%	8.3%
TEXACO	35.0%	14.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.9%
PENZOIL	25.0%	10.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.6%
SUN	20.0%	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%
KOCH	10.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%
OXBOW	4.1%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%
HARVEST	2.8%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
SIMMONS	2.6%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%

Exhibit D



EXISTING AND PROPOSED PIPELINE NETWORK

AVERAGE DAILY CAPACITIES
MARCH, 1993

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EXHIBIT F
LIMITATIONS ON USE OF
FOUR CORNERS PIPE LINE COMPANY'S LINE 63

The fundamental limiting factor on use of existing pipelines for delivery of Point Arguello production to the nearest major refinery market, Los Angeles, is that the only available pipeline is Line 63, belonging to Four Corners Pipeline Company (FCPL). FCPL's other line in the area, Line 1, cannot take the kind of heavy oil produced from the Point Arguello Field, and the only other pipeline into Los Angeles, Mobil's M-70, is a proprietary line with no available capacity.

Line 63, though, has two potential problems: it can be used only to deliver blended oil, and its available capacity is insufficient to deliver all of the Point Arguello production to the Los Angeles market.

1. The "Blend" Issues

The concern about blended oil arises because Point Arguello Field production has a very high viscosity. While tankered oil can be delivered unblended, called "neat," Line 63, being unheated, cannot be used to ship heavy crude unless it is first blended with at least a small percentage of lighter crude. The Point Arguello Producers claim this gives rise to two problems: a higher refining cost and the potential for shortages of light crude used for blending.

Blended oil costs more to refine than unblended heavy or light crude because it must be sent through a preliminary process to separate the various grades of crude before refining. Texaco and Chevron contend that this preliminary step adds costs of between \$0.50 and \$1.50 per barrel and reduces the marketability of the oil.¹ However, two independent studies dispute this, finding that the added expenses are in fact negligible.² Furthermore, in recent months, the Point Arguello Producers have not apparently had any problem with marketing their oil blended. Approximately 44 and 58 thousand barrels per day (MBD) of the blend were shipped to Los Angeles in February and March, 1993, respectively. According to nominations made on Line 63, April of 1993 will see 57 MBD similarly sold.

1. In a report commissioned by the PA Producers, "Point Arguello Crude Oil Marketing," dated July 6, 1992, Pervin & Gertz, Inc. claimed that, because of these added costs, the market in L.A. for this blended crude was only about 15 to 20 MBD.

2. See "Market for Blended Point Arguello Crude in Los Angeles Refineries," by the Pace Consultants, Inc., July 17, 1992, commissioned by All American Pipeline Company; and "Analysis of Refining/Transportation Issues Associated with Chevron's O-6-4 Application," by A.D. Little, August 3, 1992, commissioned by the County of Santa Barbara.

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The other "blend" issue concerns the availability of blend stock. For shipment on Line 63, pure Point Arguello production, called "OCS Heavy," is blended with another blend of heavy and light crudes from the San Joaquin Valley, called "SJV Blend" or "Line 63 Light." The overall result is called "OCS Blend" or "HVHS." SJV Blend must be comprised of about 40% or more light crudes, called "diluent." Most California production is heavy, and the light crude, being easier to refine, commands a higher price. Various producers claim that requiring increased shipments on Line 63 will cause artificial shortages of the San Joaquin Valley light crudes needed for blending.

In fact, no shortage appears likely. Where Texaco and GTC have claimed that OCS Blend must be 10% to 12% light diluent for shipment on Line 63 (i.e., 25% to 28% SJV Light), the pipeline's operator, FCPL, insists that the line can easily take OCS blend with only about 6% diluent (i.e., about 10% to 12% SJV Light).³ In 40 MBD of OCS Blend, then, less than 3 MBD would be the higher priced light crude. Currently, 56 MBD of this light crude are produced from Elk Hills, 20 MBD of which is being sent to the Strategic Petroleum Reserve in Louisiana because of its low price. Other sources also exist. While prices may rise somewhat, ample supplies therefore appear available to meet any demand which may arise from increased use of Line 63. No changes in this situation are reasonably foreseeable at this time for the three-year life of the lease in question.

Any problem which might exist with respect to blended oil would be resolved by construction of a new pipeline to Los Angeles. All three of the projects currently being reviewed could be used to deliver neat production.

2. The Capacity Issue

It is generally undisputed that Line 63 is not large enough to deliver all of the Point Arguello Producer's oil if deliveries of San Joaquin Valley production continue. They want to market about 70 MBD in Los Angeles, but estimates as to the available capacity on the pipeline range from 10 to 60 MBD. The lack of this existing capacity is the primary reason why the Point Arguello Producers claim to need tankering.

The difficulty is determining how much capacity is in fact available. Figures vary because of the amount of San Joaquin Valley production shipped to Los Angeles. While competition from Point Arguello production may keep competing oil out of the Los Angeles market, some Central Valley producers may nevertheless increase their

3. In a report for the County, entitled "Analysis of Refining/Transportation Issues Associated with Chevron's Q-6-4h Application" and dated August 3, 1992, Arthur D. Little, Inc. states that OCS Blend on average is comprised of about 15% SJV Blend. However, more recent shipments on Line 63 have contained a smaller percentage light crudes, so OCS Blend with 10% SJV Blend has been shown to be feasible.

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shipments on Line 63 at some time in the future. As a common carrier, the facility must accommodate that crude. The viscosity of the oil actually shipped also affects capacity at any given time, since high viscosity crude moves more slowly than lighter oil.

From information supplied to the Commission by the operators of the pipeline, however, it would appear that 30 to 60 MBD of OCS Blend could have been shipped through Line 63 throughout 1992. It may be reasonably foreseeable to expect the same amount of available capacity over the next three years.

This issue would also be resolved with the installation of new pipeline capacity. The capacity of the three proposed projects range from 70 to 150 MBD, all large enough to meet the Los Angeles market demands for new heavy production from the Santa Barbara Channel.

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EXHIBIT G

GAVIOTA INTERIM MARINE TERMINAL PROJECT

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS

INTRODUCTION:

The State Lands Commission (SLC) is a Responsible Agency within the meaning of Section 21069 of the California Environmental Quality Act (CEQA) and Section 15381 of the State CEQA Guidelines (14 Cal. Code Regs. 15000 et seq.) for the consideration of a lease application before the Commission by the Gaviota Terminal Company (GTC) to operate the Gaviota Interim Marine Terminal (GIMT).

As a Responsible Agency, under 14 Cal. Code Regs. Section 15096(h), the SLC must make the Findings required by Section 15091 of the California Code Regulations for each significant impact¹ of the project, with specific emphasis on those impacts over which it has jurisdiction, and adopt a Statement of Overriding Considerations for the project as required by Section 15093, if necessary. It may also require changes in the project to lessen or avoid only the effects, direct or indirect, of that part of the project which it will carry out or approve (14 Cal. Code Regs. 15041 (b)).

Pursuant to 14 Cal. Code Regs. Section 15091(a), the SLC must adopt one or more of the following findings for each significant impact:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.
- (2) Such changes or alterations are within the responsibility and jurisdiction of another public agency. Such changes have been adopted, or can and should be adopted, by such other agency.
- (3) Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the final SEIR.

¹ Significant impacts include those which cannot be mitigated to a level of insignificance (Class I) and those which can be mitigated to a level of insignificance (Class II).

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FINDINGS OF THE CEQA LEAD AGENCY:

On August 19, 1992, the County of Santa Barbara (County), acting as the CEQA Lead Agency, certified that the Supplemental Environmental Impact Report/Statement (SEIR/S) #92-EIR-04 (SCH#91051037), entitled "GTC Gaviota Marine Terminal Project", had been completed in compliance with the California Environmental Quality Act (CEQA).²

The County adopted Findings, including a Statement of Overriding Considerations, pursuant to 14 Cal. Code Regs. Sections 15091 and 15093, respectively (Attachment 1), for its shipper's permit (Q-6) to the Point Arguello Producers (PAP) for the use of the GIMT. This action incorporated mitigation measures to which GTC has committed, pursuant to Conditions A-28 and A-30 of the GIMT Final Development Plan (FDP), to modify, in reliance on and as a consequence of the SEIR/S, GTC's existing County permit for the GIMT (86-DP-90cz)³.

These mitigations are to be in place prior to the start of tankering from the terminal to ensure maximum feasible mitigation as recommended in the SEIR/S. A copy of the mitigation packages incorporated by the County in GTC's amended FDP are included as Attachment 2. The Findings made by the County as the CEQA Lead Agency for each of these discretionary actions are incorporated into this Exhibit and made a part hereof by this reference.

FINDINGS OF THE STATE LANDS COMMISSION AS A RESPONSIBLE AGENCY UNDER CEQA:

The SLC has considered the impacts and mitigations which were identified in the SEIR/S as being within the Commission's jurisdiction as a CEQA Responsible Agency and pursuant to 14 Cal. Code Regs., Sections 15041(b) and 15096(h), makes the following specific Findings based on the SEIR/S and the substantial evidence in the record.

² The SEIR/S was prepared by a Joint Review Panel consisting of the County, SLC, and the U.S. Army Corps of Engineers as the federal Lead Agency under the National Environmental Policy Act (NEPA)

³ The GIMT, under the provisions of the County's FDP, has a permitted throughput of 100,000 barrels per day.

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PROJECT-RELATED IMPACTS

SYSTEM SAFETY

Impact:

An oil spill at the GIMT, the El Segundo Marine Terminal, other terminals in the Port of Los Angeles, and along the route of tankers using the GIMT, including fire and explosion due to equipment failure or human error, and consequent clean-up operations, could result in significant impacts to air quality, land resources, public recreation, marine water quality, marine biological resources, visual resources, and socioeconomic values.⁴

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.**

Facts Supporting the Finding:

The SEIR/S analyzed the potential impact of several sizes and locations of potential oil spills that might result from the operation of the GIMT and related destination facilities. The SEIR/S concluded that even relatively small spills, such as 1,000 barrels at the terminal, larger spills of 10,000 barrels (American Trader size) or a catastrophic spill of 100,000 barrels or more further offshore and along the route to the Los Angeles area refineries, will result in significant impacts on the coastal environment which could not be mitigated to a level of insignificance.

The County of Santa Barbara, acting as the CEQA Lead Agency, and the California Coastal Commission (CCC) as a Responsible Agency, have required extensive conditions and mitigations for this project. The SLC has reviewed and considered this information and the other substantial evidence in the record regarding this impact.

The SLC is adopting all mitigations contained in the SEIR/S which were identified to be within its direct authority. Such mitigation will provide added safeguards to both prevent and further reduce the potential impacts from interim terminal operations. The preventative mitigations proposed for terminal operations and the tankers' navigational

⁴ The Significant impacts identified in the SEIR/S, which the Commission has authority to mitigate, include those to marine water quality, marine biological resources, marine resources harvesting/fisheries, and recreation.

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route from Santa Barbara, will reduce the risk of an oil spill and the damage which could occur in the event of a spill, but will not reduce the potential impacts to a level of insignificance. Many of these mitigation measures apply specifically to the detailed operations of the spread mooring and are intended to reduce the potential for an operational spill. Some of the recommended mitigations are already required by the Commission's Marine Terminal Regulations which were developed and adopted pursuant to the provisions of SB 2040, the State's Oil Spill Prevention and Response Act, which went into effect subsequent to the County's certification of the SEIR/S. Such instances are noted as appropriate below.

Mitigation #1: Limit Terminal Use to Chevron Oregon Class Tankers

Only the double-hulled Chevron Oregon, Chevron Washington, and Chevron Louisiana of the Chevron Oregon class tankers shall be allowed to enter and load crude oil at the GIMT. They must arrive at the terminal with all cargo tanks empty. No other double-hulled tankers shall ship oil under this lease unless the Executive Officer, in consultation with the Executive Director of the California Coastal Commission (CCC) and the Director of the Resource Management Department (RMD), County of Santa Barbara has determined that such tanker adequately meets the Project Description of the SEIR/S (92-EIR-04).

The limitation that only the three designated Chevron Oregon class tankers use the terminal will help assure that only the safest type vessels, and those least susceptible to spills in the event of collision or grounding, would use the terminal. This would minimize the risk of a spill as a result of these occurrences. Furthermore, the requirement that the tankers arrive at the terminal empty eliminates the potential for a major spill over one transit of each vessel along the coast and also reduces the duration of residence and activity of a loaded tanker in the near coast area, thus further reducing the chance of a spill.

As discussed in the SEIR/S, several studies have examined the risks of oil spills of different types of vessels and found that double-hull vessels, those with double sides and double bottoms, constitute the safest type of design. A conservative conclusion based on a review of the literature arrived at by Sandwell, Inc. in preparing the SEIR/S is that 27% less oil is likely to be spilled by double-hull tankers as compared to single-hull vessels. A 1990 study by Det Norske Veritas, entitled: "Comparative Study of Potential Oil Spill in Collision and/or Grounding- Different Tanker Designs" concluded that in addition to a lower risk of a spill occurring due to their double shell, a 40,000 deadweight tons (DWT) tanker will spill 37% less of its load than a tanker of conventional design. Similarly significant reductions were estimated in a 1991 study entitled: "Tanker Spills: Prevention by Design" prepared for the National Research Council/Committee on Tank Vessel Design. These studies were prepared pursuant to the mandate of the Oil Pollution Act of 1990.

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In further support of the conclusions of the SEIR/S, a 1993 report by the U.S. Department of Transportation to Congress, prepared by the National Academy of Sciences for the U.S. Coast Guard, concluded: "No other designs are presently available that would provide equal or greater protection to the environment than that provided by double hull tankers."

Mitigation #2: Require Crew Size of 21

Require crew size of 21 on the Oregon Class tankers arriving to load at the GIMT. This requirement shall include an additional Third Mate, who may act as the Assistant Mooring Master.

The requirement of additional crew members (increased from 16 to 21) is designed to specifically provide for a Third Mate, a crew member who would not have been on watch, would be properly rested and could serve as the Assistant Mooring Master, or the required "third pair of eyes," during mooring and departure operations. This enhancement in the overall safety during mooring operations has been voluntarily implemented by Chevron. However, including it as a required mitigation further ensures that it will be sustained for the term of the lease.

Mitigation #3: Transport of Mooring Master from Ellwood Pier

Require the Mooring Master and Assistant Mooring Master to depart for boarding arriving vessels from the Gaviota or Ellwood Pier, if allowed by the County of Santa Barbara.

As contemplated in the operation of the GIMT, the Mooring Master and Assistant Mooring Master would board the launch "Becky" in Santa Barbara Harbor and sail from there to board the tanker about two miles off the mooring at Gaviota. This exposes the Mooring Master to a three-to-four-hour passage from Santa Barbara before boarding the tanker. Under relatively adverse weather conditions, such as three- to four-foot waves, personnel may arrive at the mooring site tired and uncomfortable. There is also the possibility that they may have to wait for the inbound vessel to arrive at the boarding point for as long as one hour. The Mooring and Assistant Mooring Master would then be faced with a critical mooring operation of one-to-two-hours followed by a ten-hour loading operation and a one-to-two-hour departure operation.

In order to reduce any possible impact of fatigue on the performance of the Mooring Master, the SEIR/S recommended that GTC obtain permission to use the nearest possible facility for delivering the Mooring and Assistant Mooring Master on board the "Becky", such as using a new general purpose jetty built at Gaviota, the existing pier at Gaviota State Beach west of the terminal, or another existing pier such as the Ellwood

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pier. Adding an Assistant Mooring Master, who must also come from shore, would not eliminate the fatigue factor, if the two men were to board the "Becky" together in Santa Barbara Harbor.

Because of a prohibition by the County of Santa Barbara against the use of recreational facilities for industrial purposes, the closest feasible pier GTC may use is the Ellwood Pier. Therefore, GTC is required, prior to start of tankering, to obtain permission from Mobil to use the Ellwood Pier.

Mitigation #4: Master's Safety Declaration

The Ship's Master shall present to the Mooring Master, upon boarding the vessel, a signed declaration of the status of all necessary and essential navigational equipment.

After boarding the tanker, the first task of the Mooring Master, prior to arrival at the terminal, is to confirm that all maneuvering, propulsion, and navigation systems are functioning. Any potential problems with these systems would affect the decision to berth the vessel. It is standard practice for one of the ship's officers to check that all essential navigation equipment has been tested prior to arrival and departure. Accordingly, the ship's Master presents the Mooring Master, upon boarding, a signed declaration, in the form of a predesigned checklist, indicating the status of all necessary and essential navigational equipment. Presentation of a satisfactory declaration will be recorded in the vessel's log and movement book.

To maximize safety and further reduce the risk of fire or explosion, the following additions or modifications in the GIMT Operations Manual will be made to the existing Mooring Master's Declaration of Inspection (numerals refer to numbering system adopted in the declaration of inspection):

- 3. Mooring lines in good condition.
- 56. All tools used on deck to be of approved spark proof type.
- 58. Inert Gas System (IGS) deck water seal inspected and shown to be in sound operational condition.

Verification that the mooring lines are in good condition will help ensure that the tanker will stay in place in the berth and not drift to any extent which will could cause the hose/manifold seal or the flexible hose to leak or break, causing a leak.

A tanker explosion is most likely to occur during cargo transfer operations. The requirements for the use of only spark proof tools on deck will prevent ignition, caused

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by static electricity during the hookup and disconnecting of hoses, of an oil spill on deck.

Vapors in the flammable range typically exist when the cargo space is empty or near empty and when, at the same time, the inert gas system is malfunctioning. Inspecting the IGS water deck seal prior to each start of cargo transfer to ensure it is not leaking, will prevent these flammable vapors from reaching the deck and eliminate the possibility of ignition.

Mitigation #5: Bridge Simulation Training

Mooring Masters serving the GIMT shall be required to undertake full bridge simulator training in response to emergency conditions including, but not limited to, anchors failing to drop on approach; steering gear or main propulsion failing on approach; departure in weather conditions too severe for line boat assistance; and night berthing.

Mooring Masters and Ship's Masters are licensed and must meet specific qualifications and training and experience requirements. They are trained to handle vessels in extreme weather conditions, but additional training has been recommended in anticipation of conditions expected to be encountered at the GIMT.

To maximize safety of terminal operations, the Mooring and Assistant Mooring Masters at Gaviota will undertake full bridge simulator training with specific emphases on responding to emergency conditions at the GIMT, including, but not limited to:

- o Anchors failing to drop on approach
- o Steering gear or main propulsion failing on approach
- o Departure in weather too severe for line boat assistance.

These specific simulation training requirements were based on the location and site-specific parameters of the GIMT, such as the terminal's proximity to shore and local currents, as discussed in the SEIR/S. The additional training was considered to be particularly important because the above situations may occur only once or twice in a Mooring Master's professional life, and because such training would better prepare the Mooring Master to respond with the correct sequence of actions needed under these and other varying and adverse conditions at the terminal.

An anchor failing to drop on approach will most likely result from a lapse in communication or a human error while the tanker is headed toward shore. The Mooring Master should be prepared to advise the Vessel Master of swift and appropriate action, including employment of the vessel propulsion and steering systems and obtaining quick tug assistance to prevent tanker grounding.

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Failure of the steering gear and/or main propulsion on approach, a mechanical failure, would prevent the tanker from maneuvering and may also lead to grounding. Providing the Mooring Master with simulated training on such maneuvers as quickly dropping the anchors if the engine fails while avoiding snagging the terminal's pipelines, practicing the use of tug assist under adverse wind and wave conditions, including tying the tug up to the vessel quickly would prepare him/her to better advise the Vessel Master about swift and correct response to such occurrences.

Under normal operating procedure, the line boats go to each mooring buoy and release the line which is then pulled onto the deck by the tanker. If weather conditions change quickly and do not allow for normal line boat operations, the Mooring Master should be practiced and prepared to advise the Vessel Master on action to take to release the lines from the vessel for quick departure. This requires actual reeling of the line from the winches on the vessel. Factors to be considered by the Mooring Master include the order of releasing the lines and, more importantly, maneuvering out of the area with six loose lines in the water which may damage the vessel on its quick exit.

Mitigation #6: Inspection and Maintenance.

Conservative intervals for the inspection of the mooring system shall be established.

The mooring system in the coastal environment is exposed to considerable wave action and abrasion of the chain on the seabed. An August 1991 inspection of the mooring system at Gaviota indicated substantial wear of the ground and dip sections of the chain.

Because the existing mooring system has never been used for loading operations, the SEIR/S deemed it necessary to test the mooring system design and wear under real operating conditions in the Gaviota environment. Visual inspection of the dip section and ground tackle within the first year of operation and pulling at least three of the anchors and inspecting the chain and "D" shackles for wear, will determine the frequency of subsequent inspections.

The SLC will also conduct its triennial system safety and structural engineering inspection as required by its Marine Terminal Operations Regulations. The inspections required by these Regulations may be more frequent than the initial annual inspections may indicate to be advisable within the considerations of the SEIR/S.

Mitigation #7: Navigation Aids

Install a frequency agile RACON navigation system to mark the marine tanker approach line and bearing information at GIMT in limited visibility conditions.

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Additional range markers, with adequately sized dayboards, lights and radar reflectors, shall also be provided on shore in order to reduce the risk of dropping an anchor in the vicinity of the PLEM.

The present range markers provide a clear approach to the terminal mooring site. However, this range could be improved for operations in limited visibility by introducing a frequency agile RACON to provide the established approach bearing. RACON marker systems assist tankers position themselves by each marker recognizing a signal sent to it and returning a distinct signal back to the sender. Numerous systems are commercially available. The addition of range markers on shore, with adequately sized dayboards, lights, and radar reflectors, would reduce the real risk of dropping an anchor in the vicinity of the Pipeline End Manifold (PLEM). With careful siting, the installation could facilitate both port and starboard anchor drop positions.

Mitigation #8: Night Berthing

Allow night berthing only when the following conditions at the GIMT are met: (i) A frequency agile RACON navigation system to mark the marine tanker approach line has been installed; (ii) Range lights or an equivalent system approved by the Executive Officer to mark the anchor drop locations have been installed; (iii) Lights on the mooring buoys have been installed and lit for such operations; (iv) The tanker coming in for night berthing at the GIMT has previously moored at the Terminal at least 25 times and the Mooring Master in attendance has conducted at least 10 daylight berthings of the Chevron Oregon class tankers at the GIMT.

The SEIR/S recommended that night berthing should not be permitted at the GIMT because of limited visibility. However, upon further consideration of this prohibition with the system safety consultants who prepared the SEIR/S, Santa Barbara County developed additional mitigation measures to improve the safety of night berthing. These set forth RACON marks, special lighting and stringent minimum berthing experience requirements.

The Commission's own marine experts in the Marine Facilities Inspection and Management Division concur that compliance with the safety precautions contained in the proposed mitigation should render night berthing at the GIMT an acceptable critical operation.

Mitigation #9: Conditions for Aborting Loading and Departure.

Establish "cease operation" requirements for aborting loading and departure based on an analysis of meteorological/wave relationships pertinent to Gaviota. The

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limits for ceasing operations, which is a six foot wave, shall be restated to require consideration of existing or predicted wave conditions two hours later when the vessel would be completing departure as follows:

GTC has proposed that the terminal operating limits be established by the operating capability of the tanker. The Oregon class vessels equipment may allow them to operate under slightly more severe weather conditions without bow thrusters. However, to maximize safety and mitigate potential impacts to the maximum extent feasible, the conservative operational limits are established, dependent on the capabilities of the MV Becky should the tanker's bow thrusters fail.

The result is that a tanker at the GIMT must stop loading when six-foot waves arise. This is the wave height limit for the safe operation of the Becky.

The SEIR/S recommended that limits for ceasing operations in relationship to wind and wave conditions should be restated. Existing or predicted wind conditions should be set out with existing wave heights to predict wave heights two hours later, when the vessel would be completing its departure. For instance, a 28-knot wind blowing for two hours creates a four-foot wave. The tanker should commence departure operations under these conditions. After another two hours, the 28-knot wind will increase the waves to a height of six feet, which is the operating limit of the Becky.

The "cease operation" limits as described in the SEIR/S must be included in GIMT's Marine Terminal Operations Manual. Their inclusion will ensure that loading does not continue under conditions which would be too adverse for the safe deployment of boom and effective recovery of oil, if a spill were to occur. The revised Manual will be reviewed and approved by the Executive Officer prior to the commencement of tankering from the terminal..

Mitigation #10: Tsunami Warning in Mooring Manual

GTC shall prohibit tankers from approaching the mooring when visibility drops below one nautical mile or when a Tsunami warning which could affect the Gaviota area has been issued by the National Weather Service.

Even with the additional navigational aids, it appears prudent to avoid unnecessary risks of accidents associated with conducting mooring operations under conditions of very low visibility, or when a Tsunami warning has been issued for the Gaviota area by the National Weather Service. These provisions will be required within the terminal Operations Manual.

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Mitigation #11: Real Time Wind, Wave and Current Instrumentation

Prior to the commencement of tankering, GTC shall provide to the Executive Officer a description of all monitoring equipment that relays information about wind, wave and current conditions, employed at the GIMT and on all tankers calling at the terminal. At a minimum, GTC shall have installed a current meter capable of providing data obtainable from shore and/or the bridge of the tanker prior to the commencement of tankering.

In order to maximize the safety of terminal operations and minimize the risk of a potential oil spill at the GIMT, it is important that vessel mooring limitations for persistent conditions associated with major weather and wave systems are based on the most accurate wind, current, wave and that weather information be available to the Mooring Master and the Vessel Master so that critical operations decisions at the terminal, including carrying out those required in Mitigation #9, are well founded.

Real time measurement of winds, waves, and currents close to the mooring site will provide such necessary information. Staff has confirmed that wind speed monitoring is already being carried out at the GTC Operations and Control Center (OCC) and that the current meter has been installed and is operating. Other than buoy measurements of wave height elsewhere in the channel, wave height at the terminal during loading operations must be determined and agreed upon by the Mooring and Vessel Masters. The measured data will be made available to the Mooring Master by radio or telephone to aid in decisions on approach course and safety of the vessel in the mooring. These data should be recorded for later review in statistical format.

Mitigation #12: Monitoring, Recording and Reporting

The Mooring Master or Assistant Mooring Master and the Vessel Master shall monitor, agree on, and log, the wind speed and wave height at the mooring at four hour intervals beginning with the arrival of the tanker at the berth, and report the data to the Terminal Person-in-Charge for appropriate entry into the Terminal's operations log. Any significant weather changes shall be reported to the Terminal Person-in-Charge when they occur.

See Facts Supporting Finding for #11 above.

Mitigation #13: Emergency Hose Operations

To reduce hose disconnect time in case of emergencies and reduce the risk of accidental spills, hose equipment operations shall be modified to: replace synthetic rope hose strops with chain and a hose cradle with designed lifting and maneuvering

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points attached to the hose itself; install quick release manifold coupling such as "camlock" or equivalent hydraulic manifold clamps; and replace butterfly valves on the cargo hoses with keyed valve shafts.

In the case of an emergency, it is imperative that operations involving the oil transfer hose be conducted expeditiously and safely to prevent a spill. The SEIR/S identified systems which are inherently safer than others and which should replace those currently in use. There are three principal areas where such changes could substantially improve the safety and time required for disconnect and departure operations:

- o Elimination of Synthetic Rope Hose Strops. The present hose connect/disconnect operation uses two synthetic rope strops to lift, maneuver, and support the hose throughout its length. These strops are spliced and are repeatedly hit, using a wrench, or similar club, to tighten up the bight. This causes damage to the fibers which are also exposed to weathering and impregnation with oil which increases their chance of failure.

These hose strops will be eliminated and replaced with a system consisting of a hose cradle with designed lifting and maneuvering points attached to the hose itself. Chain, instead of synthetic rope, will be attached to the cradle with safety type clips. The cradle will support the cargo hose where it is bent over the ship's side. This will help eliminate the risk of an accident caused by strop failure.

The proper design and placement of the cradle and attachment points will help expedite the hose connection operation.

- o Quick Release Manifold Coupling. The operation of current terminal systems for disconnecting the hoses from the ship's manifold and blanking, pressurizing, and lowering to the hose onto the seabed, require approximately one and a half hours. Shortening this time period for emergency situations such as rapidly deteriorating weather conditions may prove to be critical.

"Camlock" or equivalent hydraulic manifold clamps which will substantially reduce the emergency disconnect and departure time are to be installed by GTC prior to the start of tankering.

- o Check Valves on Hose End. The currently used butterfly valve on the cargo hose manifold end has an attached open/close lever rather than a keyed valve shaft. In the present configuration, this valve may be accidentally opened while on the sea bed or if it catches on the ship's structure during disconnect operations. The existing valve must be replaced with a keyed valve shaft on the butterfly valve at the end of the flexible prior to the start of tankering.

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Mitigation #14: Monitoring and Control of Vessel Traffic

Establish a vessel movement tracking and monitoring system for vessel approach to the GIMT and for assisting in safe mooring and departure operations. This system shall include a VTSS traffic control system on Platform Gail or Platform Grace at the southeast end of the channel.

The SEIR/S describes the western end of the Santa Barbara Channel, offshore of Point Conception, as a point of convergence for inbound deepsea vessels transiting the Pacific Ocean and for outbound deepsea vessels on their initial leg of a Great Circle Route across the Pacific. An extension of the Santa Barbara Channel Vessel Traffic Separation Scheme (VTSS) to the west and establishment of a Precautionary Zone has been proposed by the U.S. Coast Guard (USCG) and approved by the International Maritime Organization (IMO). The USCG has installed a beacon and a RACON on Platform Harvest.

The SEIR/S states: "This convergence zone has the highest risk for a marine casualty involving GMT tankers in the Santa Barbara Channel area. Thus, it is important for the state and local agencies to request expeditious installation of navigational aids on Platform Harvest to allow implementation of the extended VTSS and the Precautionary Zone."

In its action on GTC's permit application, the CCC described several safety-related programs which are in place to improve vessel safety along the route Chevron vessels will follow between GIMT and their Los Angeles area refinery destinations. First are the voluntary north and southbound traffic "lanes" known as the Traffic Separation Scheme (TSS). Second is the Ship Traffic Warning System (STWS) at Platform Harvest, whose purpose is to monitor vessels' positions with respect to the three point Arguello Field platforms and warn any vessel which might be on a collision course with any of the platforms.

At the Los Angeles end of the tanker route, there is the voluntary Vessel Traffic Information Service (VTIS) operated by the Marine Exchange. The Los Angeles/Long Beach Harbor Safety Committee has recommended the formation of a federal or private mandatory Vessel Traffic System for this area.

In its modification of the FDP, the County of Santa Barbara established a Vessel Traffic Radar System (VTRS) at the terminal to be linked with the STWS at Harvest. The VTRS will complement the vessel's watch officer's monitoring of radar on the vessel by providing an additional margin of safety for avoiding potential collisions. An extension of the VTRS into the eastern end of the Santa Barbara Channel, consistent with the mitigation recommended in the SEIR/S, was also required by the CCC's Permit A-4-STB-92-16 to the Point Arguello Producers.

In the examination of the SEIR/S requirement that the vessel movement tracking and monitoring system include a VTSS traffic control system on Platform Gail or Platform Grace, it was discovered that neither platform was high enough to provide overlapping coverage

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with the surrounding systems. Therefore, GTC installed a radar system high up on shore in the Rincon area to provide the needed coverage.

Together, STWS and the extended VTRS, including the Rincon installation, will provide coverage from North of Point Conception to Point Dume in Los Angeles County. The CCC's GIMT condition MM-2 is intended to overlap coverage of the "northern" coverage with that of the Marine Exchange.

The CCC in its consideration of the project was concerned that the proposed VTSS would function as a "dedicated" system to the GIMT/Chevron tanker operation in a somewhat separate and "isolated" manner from neighboring systems. However, according to GTC's Draft Vessel Traffic Safety System Plan (VTSSP) (December 1992), the radar system will be capable of providing detailed and complete tracking of 100 vessels within a 24 nautical mile radius to substantially reduce the risk of Chevron tanker collisions.

After extensive analysis, the CCC Findings state: "In light of the temporary nature (3-year maximum) of the project, the Commission concludes that Condition MM-2 provides the maximum feasible mitigation for purposes of Coastal Act Section 30260(3).

One of the more important values of GTC's proposed VTRS is that it will be of greatest assistance in terminal approach and mooring and departure operations which are of particular concern to the SLC in granting this lease.

Successful conformance with this condition is required by the proposed lease to GTC.

MARINE WATER QUALITY

Impact:

A large oil spill would have acute and catastrophic environmental effects (Class I) with regional consequences to water Quality. Impacts would occur in the water column, on benthic and intertidal substrates, and on sediments. These include, increased pH, turbidity, biological oxygen demand (BOD), and chemical oxygen demand (COD), as well as increased concentrations of trace metals and petroleum hydrocarbons.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

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Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

MARINE BIOLOGY

Impact:

Operation of the GIMT will increase the potential for tanker collisions with marine mammals. The collision of tankers with sensitive and threatened cetaceans, although of low probability of occurrence, would result in severe consequences (Class I) to these species.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

A large or catastrophic oil spill would significantly impact all regional and local threatened and endangered species, nearshore fish and invertebrates, non-endangered marine birds and pinnipeds, cetaceans, intertidal and wetland species, areas of special biological interest, and national marine sanctuaries such as the Channel Islands Marine Sanctuary.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

MARINE RESOURCES HARVESTING/FISHERIES

Impact:

Tanker Mooring, associated vessel activity, and use of the vessel traffic corridor, would preclude commercial fishing in affected areas during all seasons.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

Oil spills would impact the commercial and recreational fishing industry. Impacts include financial loss to commercial fishing, mariculture and recreational fishing industry, loss of a food source to consumers, and resource contamination. The significance and severity of impacts will depend on the spill volume, location, duration and time of year.

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Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

RECREATION

Impact:

A oil spill reaching the nearshore area and shoreline and oil spill cleanup activities would significantly degrade the value of coastal recreation along the Gaviota coast and Santa Barbara Channel Islands.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

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CUMULATIVE IMPACTS**SYSTEM SAFETY****Impact:**

Operation of the GIMT in combination with oil development and transportation projects in the Santa Barbara Channel and along the Southern California coast to the ports of L.A./L.B., pose a risk significant environmental impacts as a result of oil spills, fire, or explosion. Such impacts include those that could result from clean-up operations.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

MARINE WATER QUALITY**Impact:**

Chronic operational spills from cumulative oil and gas development in the Santa Barbara Channel would have a significant (Class I) impact on marine water quality in the Santa Barbara Channel area with regional consequences to water Quality. Impacts would occur in the water column, on benthic and intertidal substrates, and on sediments. These include, increased pH, turbidity, biological oxygen demand (BOD), and chemical oxygen demand (COD), as well as increased concentrations of trace metals and petroleum hydrocarbons.

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Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

A large oil spill would have acute and catastrophic environmental effects (Class I) with regional consequences to water Quality. Impacts would occur in the water column, on benthic and intertidal substrates, and on sediments. These include, increased pH, turbidity, biological oxygen demand (BOD), and chemical oxygen demand (COD), as well as increased concentrations of trace metals and petroleum hydrocarbons.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

MARINE BIOLOGY

Impact:

The cumulative risk of accidental oil spills as a result of oil and gas development and transportation in the Santa Barbara Channel to the Los Angeles area could result in oil spills which would have a significant effect on all regional and local threatened and endangered species, nearshore fish and invertebrates, non-endangered marine birds and pinnipeds, cetaceans, intertidal and wetland species, areas of special biological interest, and national marine sanctuaries such as the Channel Islands Marine Sanctuary.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

Chronic operational spills from cumulative oil and gas development in the Santa Barbara Channel would have a significant (Class I) impact on intertidal organisms residing in the splash zone, including marine birds.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the

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jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

MARINE RESOURCE HARVESTING/FISHERIES

Impact:

Accidental and chronic oil spills would impact the commercial and recreational fishing industry. Impacts include financial loss to commercial fishing, mariculture and recreational fishing industry, loss of a food source to consumers, and resource contamination. The significance and severity of impacts will depend on the spill volume, location, duration and time of year.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

Large accidental oil spills would impact kelp harvesting activities. The significance and severity of impacts will depend on the spill volume, location, duration.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

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Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

RECREATION

Impact:

A oil spill reaching the nearshore area and shoreline, and oil spill cleanup activities would significantly degrade the value of coastal recreation along the Gaviota coast and Santa Barbara Channel Islands.

Finding:

- (1). Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

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STATEMENT OF OVERRIDING CONSIDERATIONS

The SEIR/S analyzes the operations of the proposed GIMT and identifies the potential for and resultant potential significant effects of an oil spill on the environment. The SEIR/S concludes that such potential for a spill is a Class I impact, specifically, significant impact which cannot be mitigated to a level of insignificance by the application and adoption of all feasible mitigation. On this basis, the County of Santa Barbara, on August 19, 1992, acting as the CEQA Lead Agency, adopted a Statement of Overriding Considerations for the project pursuant to 14 Cal. Code Regs. Section 15093.

The SLC has further considered the benefits and the nature and extent of the potential impacts of the proposed project as described in the SEIR/S. From this review, the Commission finds that, in balancing the project's benefits against its unavoidable environmental risks, its benefits outweigh the level of the environmental risk which would remain after the application of all feasible mitigation measures discussed in the SEIR/S.

Therefore, pursuant to Cal. Code Regs. Section 15096(h), the Commission, hereby incorporates by this reference, the Statement of Overriding Considerations adopted by the County for this project and further finds as follows:

Approval of this lease for the Gaviota Interim Marine Terminal will provide additional State revenues, \$613,333 over the term of the proposed lease, at a time of projected losses of revenue from other sources with known substantial adverse effects on State funded social, educational and environmental programs.

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Having considered the evidence, oral and documentary, including applicant's submissions, staff reports, files and exhibits of the Resource Management Department, the environmental documents and public testimony, the Board finds as follows:

1. INTRODUCTION

1.1 The Point Arguello Project consists of the following key components:

- Two Chevron oil and gas drilling and production platforms. Hermosa and Hidalgo, located on OCS parcels P-0316 and P-0450 west of Point Conception.
- One Texaco platform, Harvest, on OCS parcel P-0315.
- An approximately 60 acre oil and gas processing facility on the north side of U.S. Highway 101 at Gaviota, 28 miles west of Santa Barbara.
- An oil pipeline and a gas pipeline to carry the oil and gas production from the OCS Platforms to the processing facility. Platform Hermosa will gather production from the other two platforms. The pipeline landfall is 1.5 miles north of Point Conception from which the two pipelines traverse over land approximately 15 miles along the coastal terrace to the Gaviota processing facility.
- A short pipeline segment linking the Gaviota Processing Plant with oil storage tanks south of U.S. Hwy 101 at the Gaviota Interim Marine Terminal. From these tanks oil can be transported from the South Coast through the All American Pipeline and/or marine tankers.
- Ocean outfall for discharge of produced water and wastewater, and ocean intake for a desalination plant.

1.2 The Final Development Plan ("FDP")(85-DP-32cz) for the Point Arguello Project does not include a transportation component. The FEIR/S for the Point Arguello Project (EIR # 84-EIR-16) expressly states:

A major component of each (Chevron and Texaco) project not evaluated in the EIR/EIS is transportation of each operator's processed oil from the processing facility

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to refineries in or out of California. These issues are being addressed first through Santa Barbara County's comprehensive Oil Transportation Plan and EIR.. and secondly through the County's current consideration of specific transportation facility applications. (p. R-E-4)

1.3 Condition Q-6 of the Point Arguello Project FDP (85-DP-32 cz) requires that all oil processed by Chevron's oil treatment facility shall be transported from the facility and the County by pipeline in a manner consistent with LCP Policy 6-8. Transportation by a mode other than pipeline may be permitted only in accordance with Coastal Zoning Ordinance § 35-154.5.i. Chevron's current application is for a Coastal Development Permit pursuant to CZO § 35-154.5.i, entitling Point Arguello Producers (Chevron U.S.A. Inc., Phillips Petroleum Company, Texaco Exploration and Production Company, Pennzoil Exploration and Production Inc., Sun Operating Limited Partnership, Union Pacific Resources Company, Koch Exploration Company, Simmons Santa Barbara Ltd., Harvest Corporation and Oxbow Energy Inc.) to use marine tankers to transport crude oil produced from the Point Arguello field and processed at Chevron's Gaviota processing facility to Los Angeles area refineries from the Gaviota Interim Marine Terminal (GIMT) on terms identified in Finding 6.0 below.

2. TRANSPORTATION CONDITION ON CHEVRON'S FDP

2.1 Point Arguello project FDP Condition Q-6 permits transportation by pipeline; no additional County permit is required to transport crude oil by pipeline from the Gaviota facility to refineries.

2.2 Condition Q-6 on Chevron's FDP provides:

All oil processed by Chevron's oil treatment facilities shall be transported from the facility and the County by pipeline in a manner consistent with LCP Policy 6-8. Transportation by a mode other than pipeline may be permitted only in accordance with Coastal Zoning Ordinance § 35-154.5(i), applicable Local Coastal Plan policies, Control Measure R-12 of the Air Quality Attainment Plan, to the extent it is applicable, and the agreement entitled "contract for implementation of Conditions E-4, E-7, and E-9 of the Chevron Point Arguello Project preliminary Development Plan No. 83-DP-32cz...

2.3 Transportation by a mode other than pipeline may occur only after issuance of a separate discretionary permit in accordance with CZO § 35-154.5.i. Under the CZO,

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Chevron has the burden of proof as to pipeline unavailability or inadequate capacity, unreasonable tariffs, and the need for and use of other transportation systems. The County's decision on such permits is expressly made appealable to the Coastal Commission (CZO § 35-454.5.i.)

2.4 Chevron's completion of construction of the Point Arguello Project does not give Chevron a vested right to commence marine tankering. Chevron could not have constructed the Point Arguello Project with the expectation of transporting crude oil by tanker in good faith reliance on the 1985 FDP since FDP Condition Q-6 allows transportation by pipeline only. The CZO requires a separate discretionary permit be issued to transport oil by a mode other than pipeline.

3. RELATED OIL TRANSPORTATION PROJECTS

3.1 The County has approved the following projects to accommodate crude oil transportation:

3.1.1 The Gaviota Interim Marine Terminal (GIMT), consists of a six point mooring; a vapor recovery system; subsea pipelines for crude oil loading and vapor recovery; and crude oil storage tanks linked to the Chevron processing facility across Hwy. 101 and the All American Pipeline described below. (86-DP-90cz; May 27, 1987.) GIMT Final Development Plan Condition Q-5 requires the terminal to be used only as specified in the County's LCP policy 6-8 and 6-11 and mandates that marine tankering from the GIMT may be used only by those shippers holding valid County Permits pursuant to CZO § 35-154.5(i).

3.1.2 The Exxon Las Flores Canyon Consolidated Marine Terminal was approved as part of Exxon's Santa Ynez Unit Final Development Plan. The project included a 140,000 BPD SALM 14,000 feet offshore Las Flores Canyon. Exxon has obtained County approval of a deferral of the construction of the LFC Marine Terminal until September 20, 1994, at which time any right to construct the marine terminal will expire. Exxon's Santa Ynez Unit Final Development Plan requires Exxon to demonstrate, prior to approval of the construction plans for the Las Flores Canyon Consolidated Marine Terminal, that the impacts associated with its marine terminal would be environmentally preferable to those associated with the continued use of the GIMT.

3.1.3 The All American Pipeline (AAPL), with links from Exxon's processing facility in Las Flores Canyon, Chevron's processing facility at Gaviota, and the Gaviota Interim Marine Terminal, is an operational pipeline project capable of transporting Point Arguello crude

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oil to Gulf Coast, Mid-West and Kern County refineries, to Los Angeles area refineries through a connection with Four Corners Pipeline Company Line 63, and to San Francisco area refineries through a connection with the Texaco heated line.

3.1.4 The Unocal Sisquoc Pipeline is a 10.5 mile 12-inch pipeline that will connect the AAPL Sisquoc Pump Station to existing Unocal pipelines leading to Unocal's Santa Maria refinery. The pipeline is scheduled for operation on September 30, 1992. It will enable Unocal to transport up to 40 MBD of Point Arguello crude to its Santa Maria refinery.

3.2 The County has pending before it the following oil transportation projects:

3.2.1 The Mariposa Pipeline Company has submitted an application for a Final Development Plan for the Mariposa Pipeline Project (91-FDP-011cz) to transport Point Arguello Crude Oil by pipeline from the Chevron processing facility to the All American Pipeline Gaviota Pump Station. The partners in the Mariposa Pipeline Company consist of the minor Point Arguello Producers (Union Pacific Resources Company, Pennzoil Exploration and Production Company, Koch Exploration Company, Oxbow Energy, Inc., Harvest Corporation, Simmons Santa Barbara, Ltd.) who, at projected peak production of the Point Arguello field, should control approximately 25 MBD. The proposed project and related facility would bypass the GIMT and allow for the direct transport of 100 MBD of Point Arguello crude by pipeline.

3.2.2 The Pacific Pipeline System ("PPS") has submitted an application to the County of Santa Barbara for a Final Development Plan for the PPS project, which entails construction of a new 170-mile pipeline from Santa Barbara to Los Angeles, the majority of which will traverse the existing railroad right-of-way of the Southern Pacific Transportation Company. As proposed, the PPS would have a total capacity of 130 MBD and could transport Pt. Arguello, Exxon SYU, ARCO Ellwood and local production from Ventura. Presently, the Public Utilities Commission is acting as lead agency for the preparation of an environmental impact report for the project. The PPS application to the County for a Final Development Plan was found incomplete on April 6, 1992, and no resubmittal has been made to date.

4. PROJECT HISTORY

4.1 In 1981, Chevron disclosed its discovery of oil in the Point Arguello field off Santa Barbara County. An application for the Point Arguello Project was submitted to the Minerals Management Service in 1982.

4.2 In July 1983, Chevron submitted an application to the County to develop onshore

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facilities for the offshore Point Arguello field. (A final EIR/EIS for the Point Arguello Project was released in October 1984.)

4.3 In November 1983, the Coastal Commission concurred with Chevron's consistency certification under the Coastal Zone Management Act, based on Chevron's written commitment to transport its oil produced from the Point Arguello field by a common carrier pipeline from Gaviota to El Segundo, if one was available, and to assume the lead role in arranging for the design, permit, organization and capitalization of an industry sponsored pipeline to Los Angeles if such a pipeline was not under construction by January 1, 1986.

4.4 On June 18, 1984, by Resolution 84-284, the Board of Supervisors adopted Coastal Zoning Ordinance (CZO) Sec. 35-154.5(j). Said section was conditionally certified by the Coastal Commission on August 8 and September 12, 1984, and became part of the County's Local Coastal Plan on November 26, 1984 upon approval by the County of the Commission's recommended modifications.

4.5 In December 1984, the County Board of Supervisors approved a preliminary development plan (83-DP-32) for Chevron's proposed Gaviota processing facility. The permit contained 165 conditions to mitigate environmental impacts associated with the project. Condition Q-6 permitted transportation of oil processed at the facility by pipeline.

4.6 On August 16, 1985 the Board approved Chevron's Final Development Plan (85-DP-32cz). The Board's decision was affirmed on October 24, 1985, upon the appeal of the Sierra Club, Hollister Owner's Association, Richard LaRue and Bixby Ranch Company to the Coastal Commission. The Commission found that the appeal raised no substantial issue.

4.7 In November 1985 Chevron was issued a grading permit for its onshore Gaviota processing facility. Prior to construction, Hollister Ranch Landowners and the Sierra Club sued Chevron and the County over the routing of the onshore pipelines from the offshore platforms to the processing facility.

4.8 Chevron's initial project description information provided to the County regarding the concentration of toxic gas in its pipelines was inaccurate. Chevron, however, did not inform the County of revised estimates once it became aware of them. Instead, in December 1987, the Hollister Ranch Owners Association disclosed substantial increases in the toxic gas (H₂S) levels expected in the gas pipeline as a result of proprietary information obtained from Chevron through the Association's pipeline easement lawsuit. After Hollister Ranch's disclosure of the higher concentrations of H₂S in the gas pipeline, Chevron applied to the County for a