

MINUTE ITEM

This Calendar Item No. C24 was approved as Minute Item No. 24 by the California State Lands Commission by a vote of 2 to 0 at its 5/9/96 meeting.

CALENDAR ITEM

C24

A 10, 26, 30, 36, 36, 37

05/09/96

PRC 3997.1

PRC 4017.1

PRC 4324.1

PRC 5967.1

PRC 6417.1

PRC 7493.1

PRC 7681.1

S 5, 7, 16, 18, 33

B. Dugal

CONSIDER APPROVAL OF THE ASSIGNMENT AND AMENDMENT OF SIX RIGHT-OF-WAY LEASES AND ONE INDUSTRIAL LEASE IN ORANGE, VENTURA, SANTA BARBARA, CONTRA COSTA, SAN JOAQUIN, FRESNO AND MADERA COUNTIES

ASSIGNOR:

Union Oil Company of California
Attention: Mr. Jeffery S. Attebery
P. O. Box 6176
Ventura, California 93006

ASSIGNEE:

Torch Operating Company
Attention: Ms. Sue Ann Craddock
2323 Knoll Drive
Ventura, California 93006

AREA, TYPE LAND AND LOCATION:

Lease Nos. PRC 3997.1, PRC 4017.1, PRC 4324.1 and PRC 6417.1 are Right-of-Way leases consisting of a total of approximately 162 acres of tide and submerged lands in Santa Barbara, Orange and Ventura Counties. Lease No. PRC 5967.1 is an Industrial Lease consisting of 24 acres of tide and submerged lands located in Ventura County. Lease No. PRC 7493.1 and Lease No. PRC 7681.1 are Right-of-Way pipeline leases consisting of approximately one acre under State waterways in Contra Costa, San Joaquin, Fresno and Madera Counties.

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LAND USE:

Lease Nos. PRC 3997.1, PRC 4017.1, PRC 4324.1, PRC 5967.1 and PRC 6417.1 are for the continued use and maintenance of existing submarine pipelines, water lines and electric lines which serve various OCS oil and gas leases in the Pacific Ocean. Lease Nos. PRC 7439.1 and PRC 7681.1 are for the continued use and maintenance of existing natural gas pipelines.

BACKGROUND:

Union Oil Company of California (Union) is the current lessee of the Right-of-Way and Industrial Leases. Union proposes to assign all of its interest in these leases to Torch Operating Company (Torch). The assignments are conditional and will require Union to remain liable for obligations under the leases, including abandonment of all facilities authorized under the leases.

An amendment of the leases has been proposed to provide for certain modifications to the security requirements for faithful performance by Torch of the terms and conditions of the leases. A blanket bond in the amount of \$350,000 to guarantee performance by Torch of all the terms and conditions of the leases and the rules and regulations of the Commission, including the maintenance of all pipelines and the removal thereof at the request of the State upon expiration or termination of these leases, will be provided by the effective date of the assignments. The proposed bond amount is based on staff's estimate to guarantee performance by Torch of necessary abandonment activities upon lease termination. The amount of the bond will be subject to review and modification every three years based on the change of Bureau of Labor Statistics Index Code No. 0561 Crude Petroleum (Domestic Production). Additionally, Torch and the State may annually review the security requirements of the leases and, if appropriate, agree on modification and amendment of the security requirements of the leases.

Additionally, an amendment of the leases is proposed which provides that the operation and inspection of the pipelines will be conducted pursuant to the provisions of California Code of Regulations, Title 2, Division 3, Article 3.3, Section 2132(h). On April 1, 1996, Torch requested approval of the assignment of these leases from Union to Torch. Torch has submitted corporate and financial data which has been reviewed by Commission staff. Based on the results of the review, Commission staff has determined that Torch possesses the financial resources to meet the requirements and obligations required under the Right-of-Way and Industrial leases. Therefore,

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Commission staff recommends approval of assignment of Union's interests in these leases to Torch.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fees and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Division 6, Parts 1 and 2; Division 13.
- B. Cal. Code of Regulations: Title 2, Division 3; Title 14, Division 6.

AB 884:

N/A

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 this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

2. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code Sections 6370, et seq., but will not affect those significant lands.

EXHIBIT:

- A. Location Maps

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 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.

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2. FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT PUBLIC RESOURCES CODE 6370 ET SEQ., BUT THAT SUCH ACTIVITY WILL NOT AFFECT THOSE SIGNIFICANT LANDS.
3. APPROVE THE ASSIGNMENT FROM UNION OIL COMPANY OF CALIFORNIA (ASSIGNOR) TO TORCH OPERATING COMPANY (ASSIGNEE) OF ALL OF UNION'S INTEREST IN STATE RIGHT-OF-WAY LEASES NOS. PRC 3997.1, PRC 4017.1, PRC 4324.1, PRC 6417.1, PRC 7493.1 AND PRC 7681.1, AND INDUSTRIAL LEASE NO. PRC 5967.1, PROVIDED HOWEVER THAT UNION SHALL REMAIN LIABLE FOR ALL OF ITS OBLIGATIONS UNDER THE LEASES.
4. APPROVE AMENDMENT OF THE ABOVE LEASES REGARDING THE SECURITY REQUIREMENTS FOR FAITHFUL PERFORMANCE OF THE TERMS AND CONDITIONS OF THE LEASES AND FOR PIPELINE INSPECTION AND MAINTENANCE, ALL OTHER TERMS AND CONDITIONS OF THESE LEASES REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.
5. AUTHORIZE THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO EXECUTE SUCH DOCUMENTS AS NECESSARY TO EFFECT THESE ASSIGNMENTS AND AMENDMENTS.
4. THE ASSIGNMENTS SHALL TAKE EFFECT ON THE FIRST DAY OF THE MONTH FOLLOWING APPROVAL BY THE COMMISSION AND THE RECEIPT OF THE REQUIRED SECURITY, EXECUTED ASSIGNMENT DOCUMENTS AND AMENDMENTS TO THE LEASES. IF THESE DOCUMENTS ARE NOT RECEIVED PRIOR TO SEPTEMBER 1, 1996, THEN THIS APPROVAL IS NULL AND VOID.

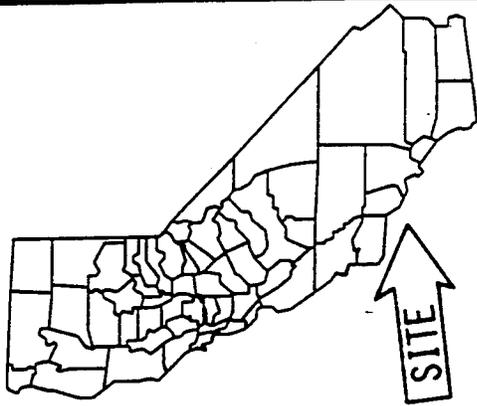
EXHIBIT "A"

SITE MAP

PRC 3997 - PRC 4017

PRC 4324

SANTA BARBARA
VENTURA
COUNTIES

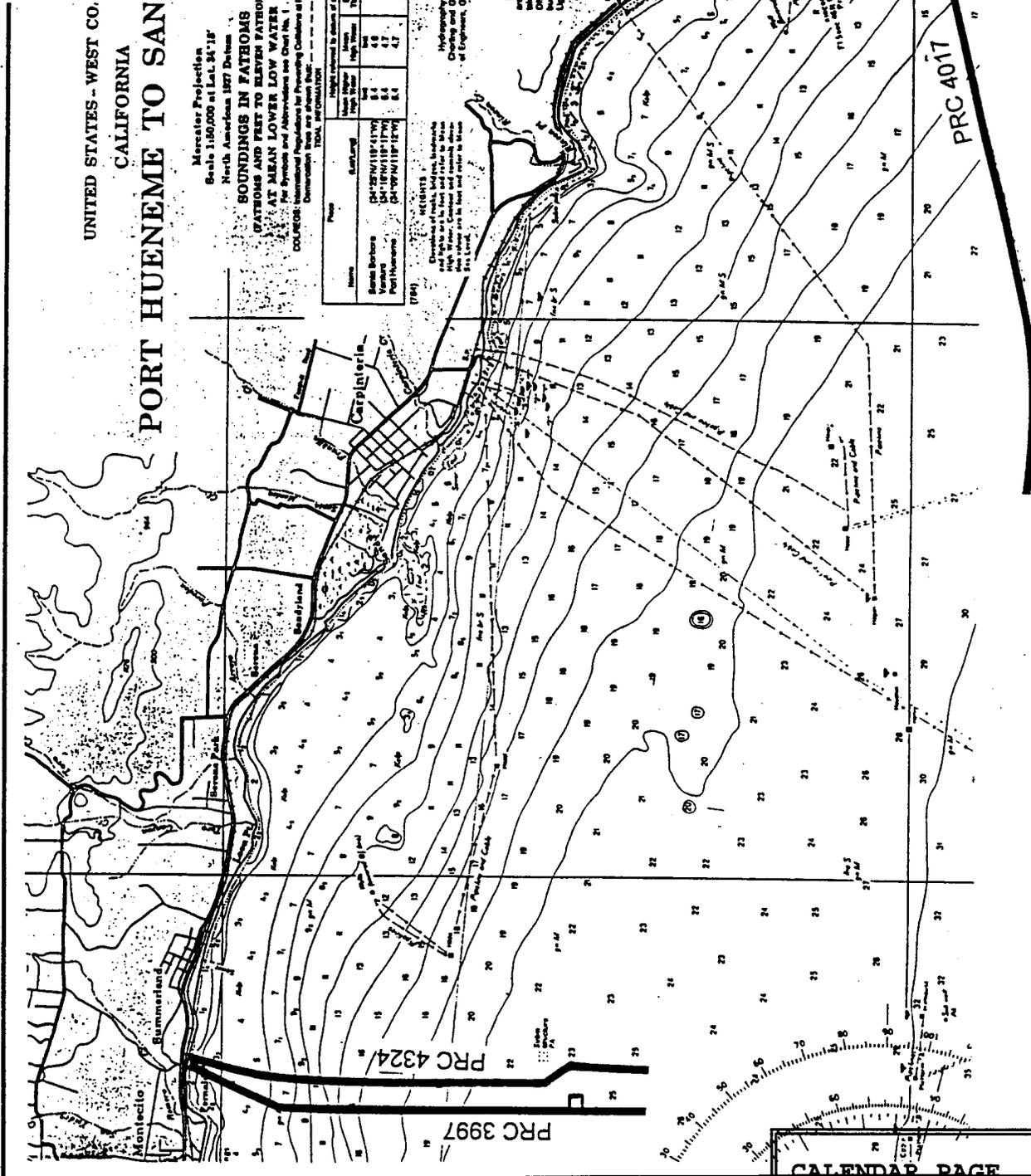


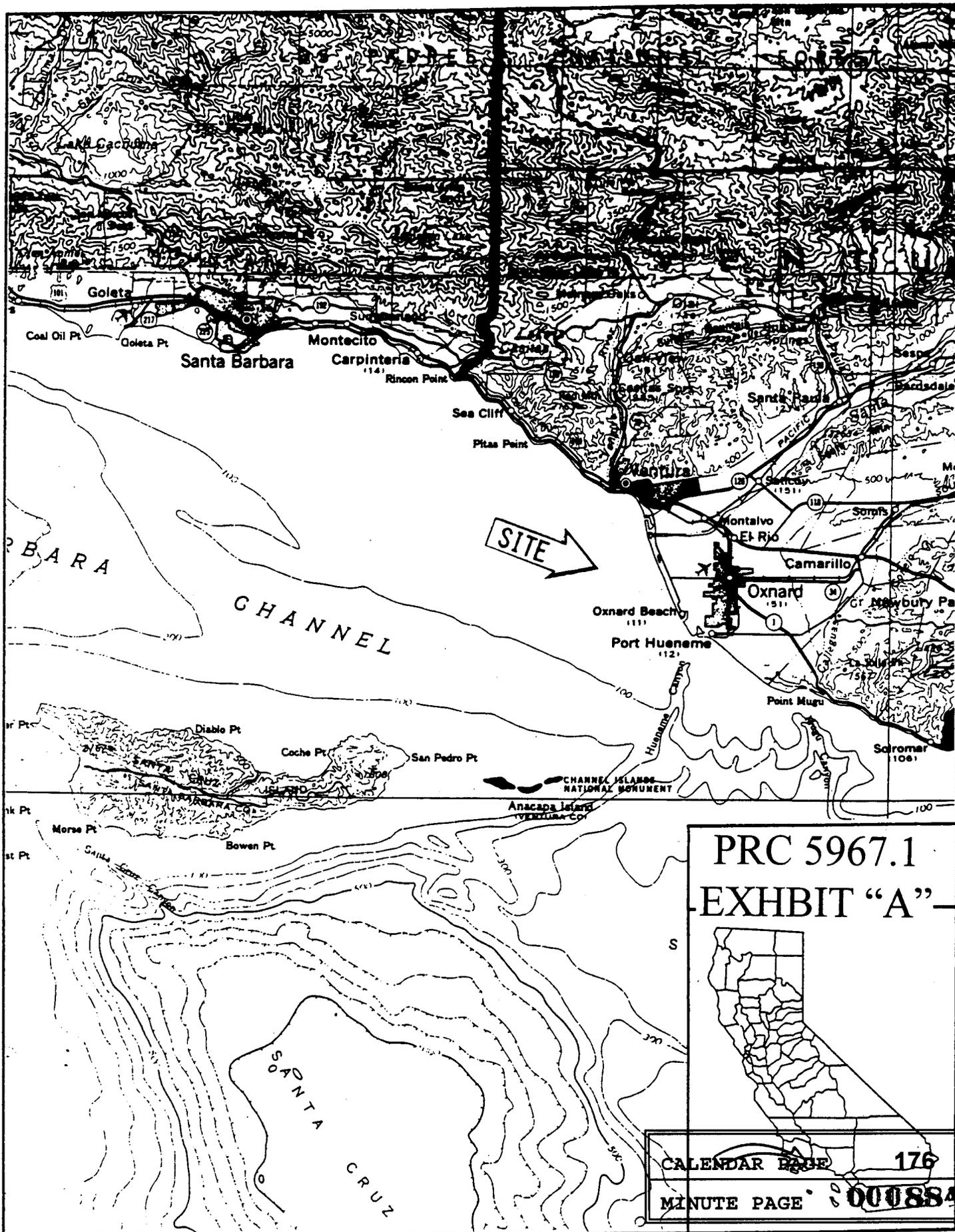
UNITED STATES - WEST CO.
CALIFORNIA
PORT HUENEME TO SAN

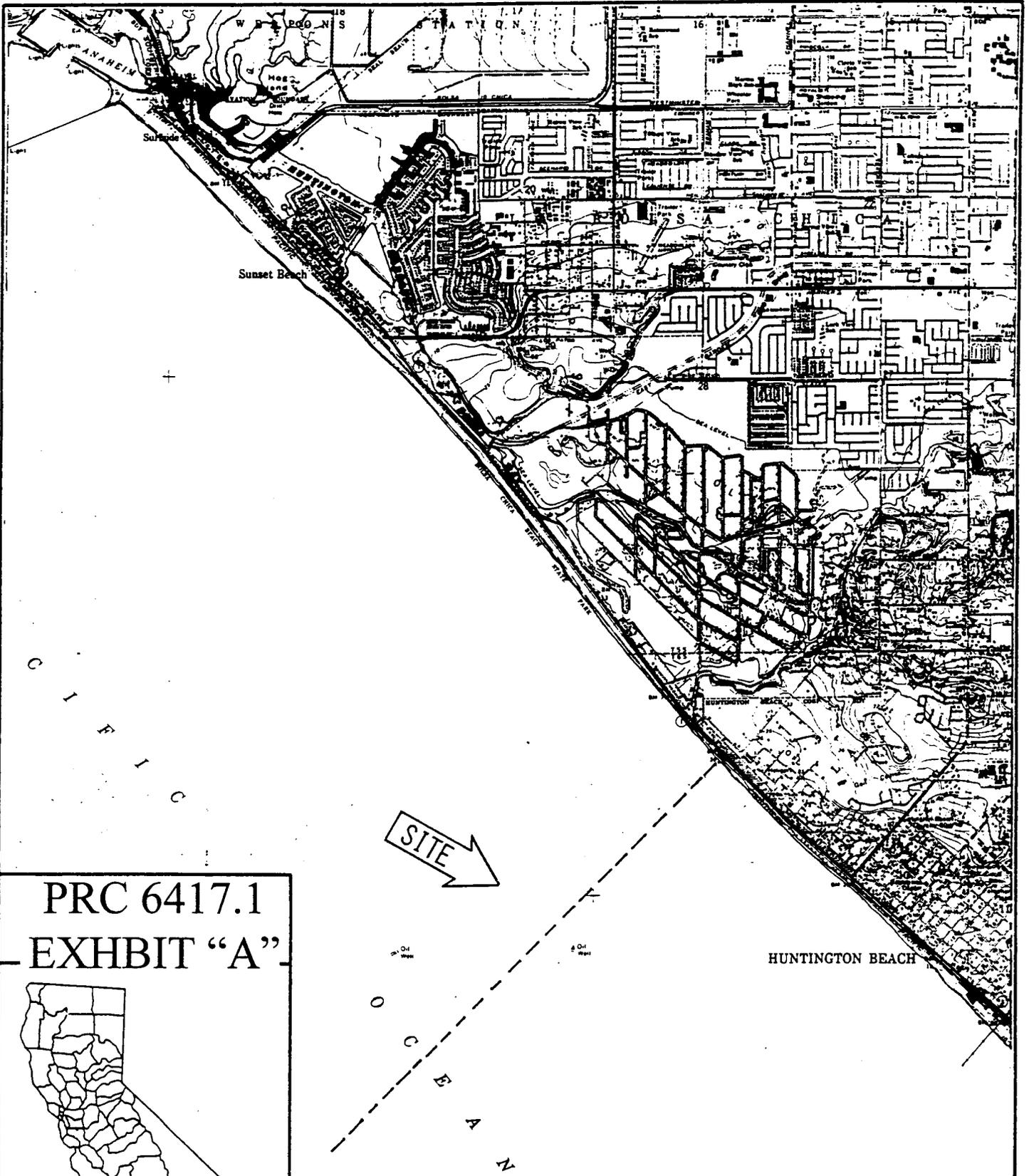
Mercator Projection
Scale 1:50,000 at Lat. 34°15'
North American 1957 Datum
**SOUNDINGS IN FATHOMS
AND FEET TO ELEVEN FATHOMS
AT MEAN LOWER LOW WATER**
For Symbols and Abbreviations see Chart No. 1
COLLECTOR: International Regulations for Preventing Collisions at Sea
Edition: 1973
TOTAL INFORMATION

Name	Soundings	Depth	Mean	High	Low
San Barbara	04-127M/110-117M	12	11	10	9
Ventura	04-127M/110-117M	12	11	10	9
Port Huemene	04-127M/110-117M	12	11	10	9

NOTES
Directions of tides, heights, low-water currents and remarks shall be as shown on the chart and refer to time of day.
High Water Current and remarks shall be as shown on the chart and refer to time of day.
Low Water Current and remarks shall be as shown on the chart and refer to time of day.





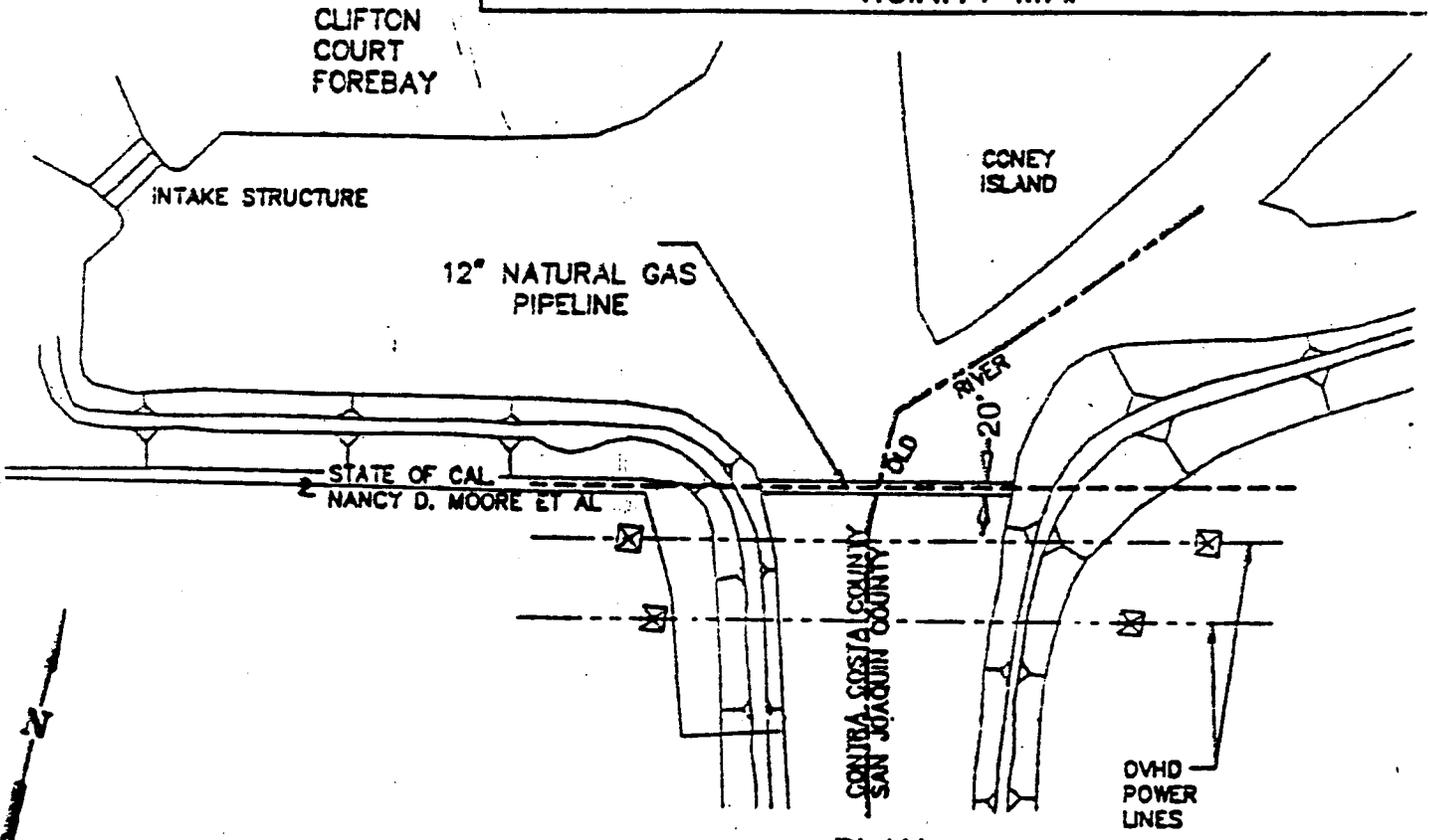
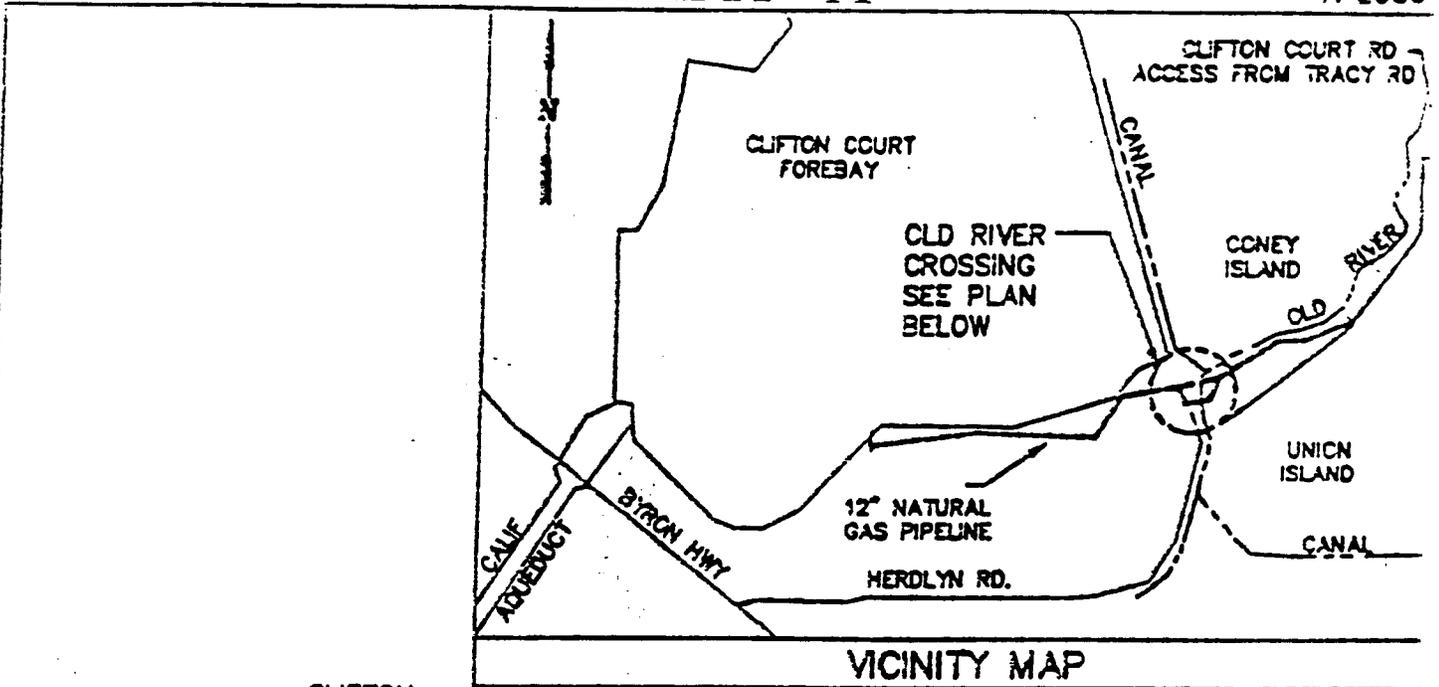


PRC 6417.1
EXHBIT "A"



PRC 7493.1 EXHIBIT "A"

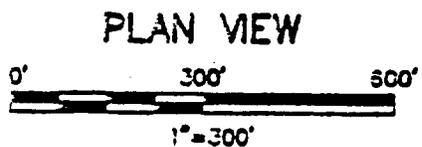
W 2086



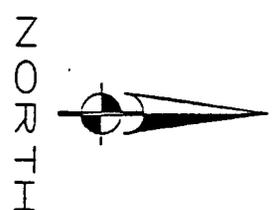
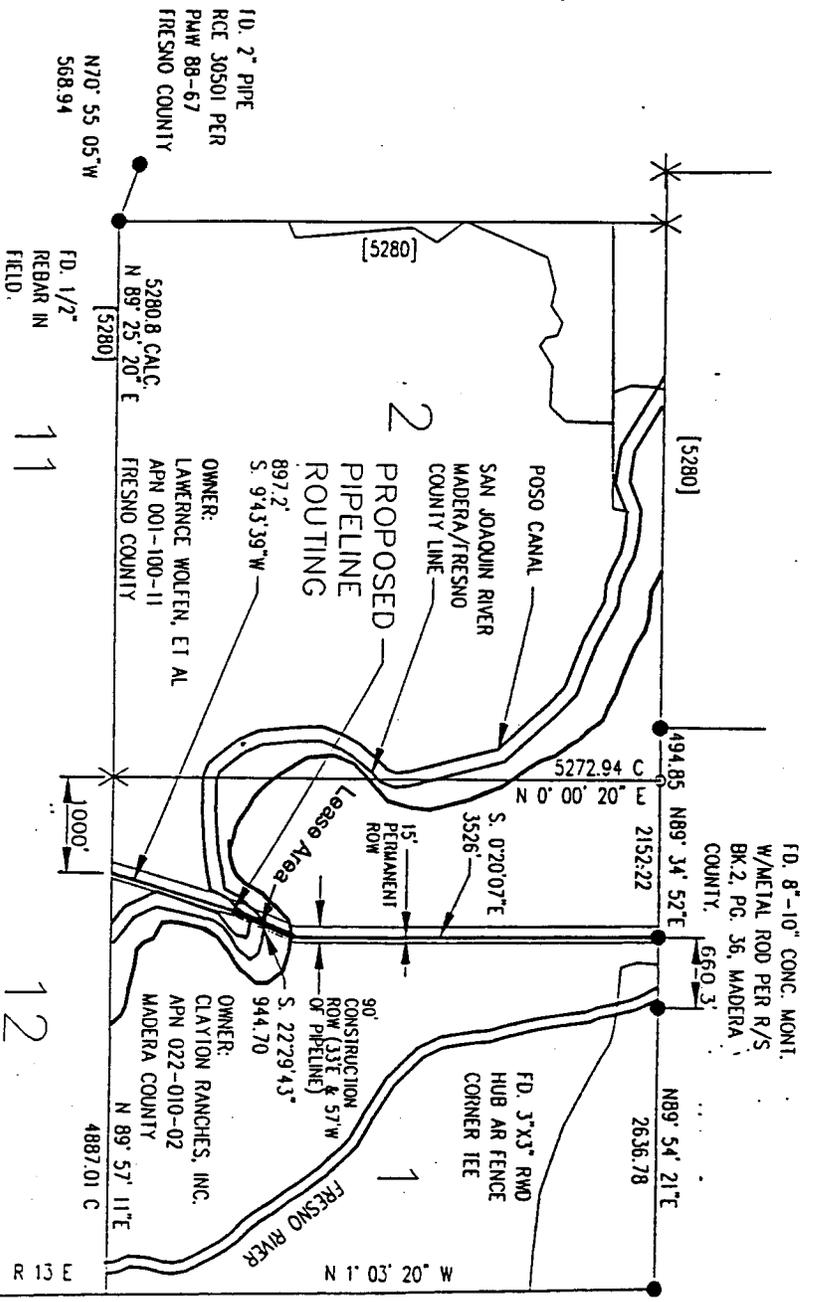
REVIEWED MAY 31, 1990 BY LLB.

PLAN
1"=300'

PURPOSE: PIPELINE RIVER CROSSING
DATUM: MLW
PROPERTY OWNERS:
WEST SIDE - STATE OF CALIFORNIA
DEPT. OF WATER RESOURCES
EAST SIDE - J.A.L. FARMS



OF: OLD RIVER CALIFORNIA OF CLIFTON COURT FOREBAY INTAKE STRUCTURE COUNTY OF PAGE EAST SIDE - SAN JOAQUIN COUNTY WEST SIDE - CONTRA COSTA COUNTY STATE OF: CALIFORNIA	178 000886
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PRC 7681.1
EXHIBIT "A"
 San Joaquin River
 FRESNO & MADERA COUNTIES
 Sheet 1 of 2 Sheets



This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

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