

MINUTE ITEM
This Calendar item No. 561
was approved as Minute Item
No. 61 by the State Lands
Commission by a vote of 3
to 0 at its 10/28/96
meeting.

CALENDAR ITEM
C61

A 57, 58

10/28/96

S 29

W 11047

D. Yuen

**APPROVE LEASE AGREEMENT BETWEEN THE
PORT OF LONG BEACH AND THE LONG BEACH UNIT THAT
CONSOLIDATES AND EXTENDS ALL PREVIOUS LEASE AGREEMENTS
COVERING PARCELS OF LAND NEEDED FOR UNIT OPERATIONS,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

APPLICANT:

Mr. Xenophon C. Colazas, Director
Department of Oil Properties
City of Long Beach
211 E. Ocean Blvd, Suite 500
Long Beach, California 90802

BACKGROUND:

The Long Beach Unit currently has six separate leases with the Port of Long Beach (Port) for parcels of land that are needed for Unit operations. These leases are scheduled to terminate on April 1, 2000. The new lease agreement consolidates these six separate lease agreements into one, and extends the lease life to March 31, 2025. Approval of this lease will help prevent premature curtailment of the oil and gas production by adding 25 years to the lease. The lease also sets the conditions and cost-sharing terms under which Unit operations can be relocated, if desired by the Port of Long Beach.

Shipping activity has been growing in the Port and is expected to continue to grow. Consequently, the Port has been looking for parcels of land that can be used to support this growth. Possible candidates include the six parcels that are currently leased to the Long Beach Unit for oil and gas operations.

If the Port desires to use some or all of these parcels, the new lease designates how the Unit operations can be relocated. Under the lease, each parcel is designated as either a "production area" or "ancillary/service area". Production areas can only be relocated with the written consent of the Long Beach Unit and at the sole cost of the Port. Any ancillary/service area will be vacated by the Unit if requested by the Port, but

CALENDAR ITEM NO. C61 (CONT'D)

the Port must provide the Unit a new parcel of land of equivalent utility and pay for half of the relocation costs. If the cumulative cost of relocating ancillary/service areas exceeds \$2,000,000, the Port will pay for all costs over \$2,000,000 in addition to one-half of the costs under \$2,000,000. If the Port requests an additional relocation of an ancillary/service area that had previously been relocated, the Port will pay the full cost of the move.

Other terms are similar to current language. The monthly lease cost is equal to the current lease cost per square foot rate and is subject to annual adjustment. The lease is to be executed between THUMS Long Beach Company, on behalf of the Long Beach Unit, and the City of Long Beach, acting through its Board of Harbor Commissioners.

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.

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.
2. CONSENT TO THE LEASE BETWEEN THE PORT OF LONG BEACH AND LONG BEACH UNIT THAT CONSOLIDATES AND EXTENDS ALL PREVIOUS LEASE AGREEMENTS COVERING PARCELS OF LAND NEEDED FOR UNIT OPERATIONS, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.