

CALENDAR ITEM
C53

MINUTE ITEM
This Calendar Item No. C53
was approved as Minute Item
No. 53 by the State Lands
Commission by a vote of 3
to 0 at its 02/12/97
meeting.

A 35
S 18

02/12/97
PRC 3914 WP 3914.1
J. Smith

**ASSIGNMENT, AMENDMENT AND RENEWAL
OF GENERAL LEASE - INDUSTRIAL USE NO. PRC 3914.1**

LESSEE/ASSIGNOR:

Phillips Petroleum Company
P.O. Box 358
Borger, Texas 79008-0358

LESSEE/ASSIGNEE:

Signal Hill Service, Inc.
a California Corporation
205 E. Carrillo Street, Suite 200
Santa Barbara, California 93101

AREA, LAND TYPE, AND LOCATION:

13.1 acres, more or less, of tide and submerged lands in the Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties.

AUTHORIZED USE:

Continued use and maintenance of four submarine pipelines from Platform Hogan to an onshore point and one outfall line from shore.

PREVIOUS LEASE TERM(S):

Ten years, beginning March 1, 1983.

PROPOSED LEASE TERM:

Twenty years, beginning March 1, 1993.

CONSIDERATION:

\$37,231.40 plus interest for the lease years 1992-1996; \$10,300 per annum, effective March 1, 1997; with the rent to be adjusted by the Gross Domestic Product Implicit Price Deflator Index, not to exceed a maximum increase of three percent annually; rent adjustments to be made March 1, 2003 and March 1, 2008.

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SPECIFIC LEASE PROVISIONS:

Insurance:

Combined single limit coverage of \$5,000,000.

Bond:

\$50,000.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.

2. **ASSIGNMENT:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.
Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

3. **AMENDMENT AND RENEWAL:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities. Title 2, California Code of Regulations section 2905(a)(2).
Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

4. By its action on February 29, 1968, as Minute Item 23, the Commission authorized the issuance of a 15-year Industrial Lease, with three ten-year renewal options, to the current Lessee/Assignor, Phillips Petroleum Company. By its action on January 27, 1983, as Minute Item 4, the Commission authorized the renewal and amendment of that lease for the first of three ten-year renewal options.

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Commission staff were advised that the Lessee/Assignor had assigned all its right, title and interest in Lease No. PRC 3914.1 to Signal Hill Service, Inc., a California Corporation (Lessee/Assignee), pursuant to two assignment documents dated February 13, 1991. The Commission never consented to or authorized the assignment. Further, based on Commission's staff review of the legal descriptions attached to the assignment documents, neither document describes the lease area encompassed by Lease No. PRC 3914.1. Both parties are now requesting that the Commission consent to and authorize the assignment of Lease No. PRC 3914.1. In addition, the Lessee/Assignee is exercising the second and third renewal options and is requesting that Lease No. PRC 3914.1 be renewed for another twenty years. Staff is recommending that the Commission authorize the amendment and renewal of Lease No. PRC 3914.1. The renewal lease incorporates the current standard lease terms and conditions, as well as special conditions concerning pipeline operation and maintenance. Staff is also recommending that the Commission waive all penalties and accept the payment of \$37,231.40 plus interest, calculated at a fixed pooled money investment rate of 6%, and paid over a 12-month period, as full and final settlement of all back rent owed.

EXHIBITS:

- A. Land Description.
- B. Location Map.

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

ASSIGNMENT: FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AMENDMENT AND RENEWAL: FIND THAT THE ACTIVITY IS EXEMPT

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FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES, TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905(a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

AMENDMENT AND RENEWAL: FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE THE ASSIGNMENT OF GENERAL LEASE - INDUSTRIAL USE LEASE NO. PRC 3914.1, FROM PHILLIPS PETROLEUM COMPANY TO SIGNAL HILL SERVICE, INC., A CALIFORNIA CORPORATION, EFFECTIVE FEBRUARY 13, 1991.

AUTHORIZE AMENDMENT AND RENEWAL OF GENERAL LEASE - INDUSTRIAL USE LEASE NO. PRC 3914.1, TO SIGNAL HILL SERVICE, INC., A CALIFORNIA CORPORATION, FOR A TWENTY-YEAR TERM EFFECTIVE MARCH 1, 1993; WAIVE ALL PENALTIES AND ACCEPT AS FULL SETTLEMENT OF ALL BACK RENT OWED FOR THE PERIOD MARCH 1, 1992 THROUGH FEBRUARY 28, 1997, THE AMOUNT OF \$37,231.40, PLUS INTEREST; ADJUST THE ANNUAL RENT TO \$10,300 BEGINNING MARCH 1, 1997, WITH RENT ADJUSTMENTS TO BE MADE EFFECTIVE MARCH 1, 2003 AND MARCH 1, 2008 USING THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR NOT TO EXCEED A MAXIMUM OF THREE PERCENT ANNUALLY. PROVISION OF A \$50,000 SURETY BOND; PROVISION OF LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$5,000,000; FOR THE CONTINUED USE AND MAINTENANCE OF FOUR SUBMARINE PIPELINES FROM PLATFORM HOGAN TO SHORE AND ONE OUTFALL LINE FROM SHORE, IN THE SANTA BARBARA CHANNEL, NEAR RINCON POINT, SANTA BARBARA AND VENTURA COUNTIES; ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

EXHIBIT "A"

LAND DESCRIPTION

PRC 3914.1

A strip of tide and submerged land fifty (50) foot wide in the Pacific Ocean, situate partly in Ventura County and partly in Santa Barbara County, the center line of which is described on the California Coordinate System, Zone 5, as follows:

"Beginning at Ordinary High Water Mark Station 24 as shown upon the State Lands Commission survey of the Ordinary High Water Mark, Vicinity of La Conchita, dated August, 1950, and recorded in Book 14 page 97, Record of Surveys, Ventura County records, said station having California Coordinates of North 319,322 feet, East 1,561,458 feet; thence South 62° 38.9' West approximately 11,380 feet to a point on the easterly boundary of the lands granted in trust to the County of Santa Barbara pursuant to Chapter 846, California Statutes of 1931."

Containing 13.1 acres more or less.

END OF DESCRIPTION

REVISED JANUARY 7, 1983, BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.

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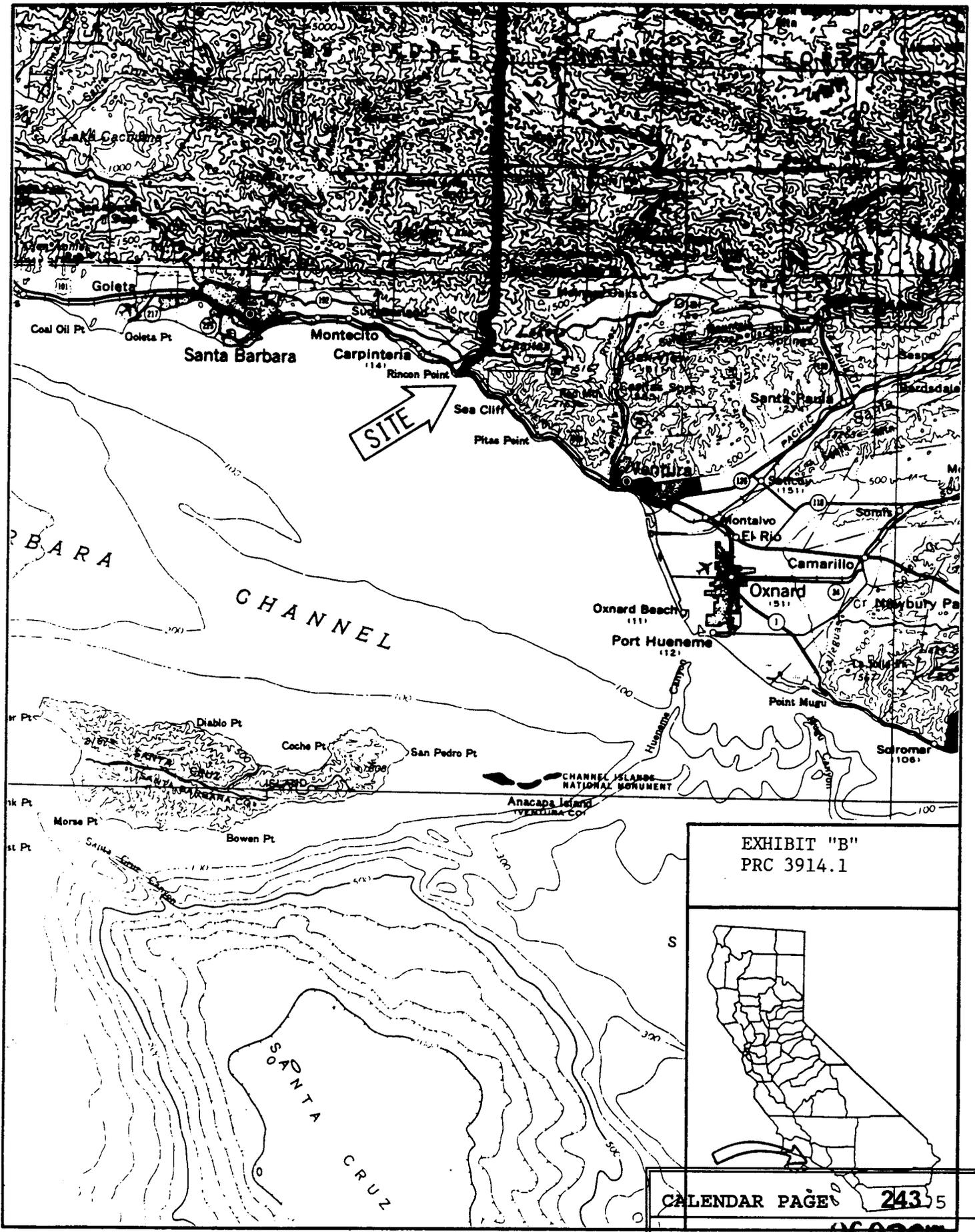


EXHIBIT "B"
 PRC 3914.1



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