MINUTE ITEM
This Calendar Item No. C14 was approved as Minute Item No. 14 by the California State Lands Commission by a vote of 3 to Ø at its 1-30-02 meeting.

CALENDAR ITEM
C14

A 35

S 18

01/30/01
G15-02
J. Lucchesi
R. Ludlow
J. Rusconi

CONSIDERATION OF A REQUEST TO ASSIGN A PIER LEASE AND AN OIL AND GAS PIPELINE LEASE AND TO AMEND CERTAIN TERMS OF THESE LEASES LOCATED ON LANDS GRANTED IN TRUST TO THE CITY OF CARPINTERIA

TRUSTEE:

City of Carpinteria
Attn: Sarah J. Knecht
21 East Carrillo Street
Post Office Drawer 720
Santa Barbara, CA 93102

AREA, LAND TYPE, AND LOCATION:

Legislatively granted sovereign lands, with minerals reserved to the State, located within the boundaries of the city of Carpinteria, Santa Barbara County.

BACKGROUND:

Chevron USA, Inc., has sought the City of Carpinteria's consent to assign the Casitas Pier Lease and the Oil and Gas Pipeline Lease to Venoco, Inc., and Ellwood Pipeline, Inc., respectively, as well as to amend certain terms of both leases.

The subject leases were originally located on lands granted to the County of Santa Barbara, pursuant to Chapter 846, Statutes of 1931, and subsequently transferred to the city of Carpinteria, pursuant to Chapter 1044, Statutes of 1968, as amended by Chapter 697, Statutes of 1978.

Casitas Pier Lease

The present Pier Lease Agreement was first executed on November 1, 1965, between Standard Oil Company of California and the County of Santa Barbara. This lease was then amended by Amendment to Lease, dated December 6, 1965. Chevron USA, Inc., and the city of Carpinteria, which are successors in interest to the original parties, negotiated a Second Amendment to Lease, dated

October 28, 1980. Use of the pier and related facilities has been and will continue to be for the service and supply of offshore oil, gas, and hydrocarbon leases.

Pipeline Lease
The city of Carpinteria and Chevron USA, Inc., are the successors in interest to the County of Santa Barbara and Standard Oil Company of California, respectively, in a certain Oil and Gas Pipeline Lease Agreement dated September 27, 1965. The oil and gas pipelines serve federal oil and gas leases and cross the grant to the County of Santa Barbara and the grant to the city of Carpinteria before reaching land fall at Venoco's Carpinteria processing plant.

LEGAL REQUIREMENTS:

Section 6.5 of Chapter 1044, Statutes of 1968, as amended by Chapter 697, Statutes of 1978, requires the City to obtain written approval from the State Lands Commission before authorizing a capital outlay project, lease or agreement for port facilities, except for piers of which a substantial portion is devoted to recreational and fishing uses. Additionally, prior to approving any project, lease, or agreement subject to Section 6.5, the State Lands Commission must consult with other governmental agencies to determine whether such project, lease or agreement is in the best interest of the State.

PROPOSED AMENDMENTS:

Casitas Pier Lease
In addition to the assignment of the lease from Chevron USA, Inc., to Venoco, the third amendment provides for: an increase in the annual rental to $150,000; a provision for Consumer Price Index (CPI) rental adjustments every two years; an increase in the amount of insurance to be maintained by Veneco to at least $10,000,000; and requires a marine sensitivity training program to assist in the protection of a seal rockery.

All other terms and conditions of the lease shall remain in effect without amendment.

Oil and Gas Pipeline Lease
In addition to the assignment of the lease from Chevron USA, Inc., to Ellwood Pipeline, Inc., the amendment provides for: an increase in the annual rental to $25,000; a provision for CPI rental adjustments every two years; an increase in the amount of insurance to be maintained by Ellwood to at least $10,000,000;

and requires a marine sensitivity training program to assist in the protection of a seal rockery.

All other terms and conditions of the lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. In accordance with Section 6.5, as stated above, staff of the State Lands Commission consulted with other governmental agencies, including National Marine Fisheries Service, U.S. Fish and Wildlife Service, California Coastal Commission, California Department of Fish and Game, California Regional Water Quality Control Board, and the Planning and Development Department of the County of Santa Barbara, regarding the proposed amendments by memo dated November 29, 2001. Staff has not received any comments or objections by the various governmental agencies.

2. The city of Carpinteria, at its November 13, 2001, City Council meeting, approved the two lease amendments, providing consent for the assignments and the amendment of certain terms, subject to the approval of the State Lands Commission.

3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

EXHIBITS:

A. Site and Location Map.

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF

REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

2. FIND THAT THE ASSIGNMENT OF THE TWO LEASES FOR AN EXISTING PIER AND OIL AND GAS PIPELINE FROM CHEVRON USA, INC., TO VENOCO, INC., AND ELLWOOD PIPELINE, INC., RESPECTIVELY, AND THE AMENDMENT OF CERTAIN TERMS OF THOSE LEASES, IS IN THE BEST INTEREST OF THE STATE.

3. FIND THAT THE LEASE ASSIGNMENTS AND AMENDMENT OF CERTAIN TERMS OF THOSE LEASES, AS REFERENCED ABOVE, CONFORM WITH THE PROVISIONS OF SECTION 6.5 OF CHAPTER 1044, STATUTES OF 1968, AS AMENDED BY CHAPTER 697, STATUTES OF 1978.

4. FIND THAT ANY REVENUES GENERATED AS A RESULT WILL BE ALLOCATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 10 OF CHAPTER 1044, STATUTES OF 1968, AS AMENDED BY CHAPTER 697, STATUTES OF 1978.

NO SCALE

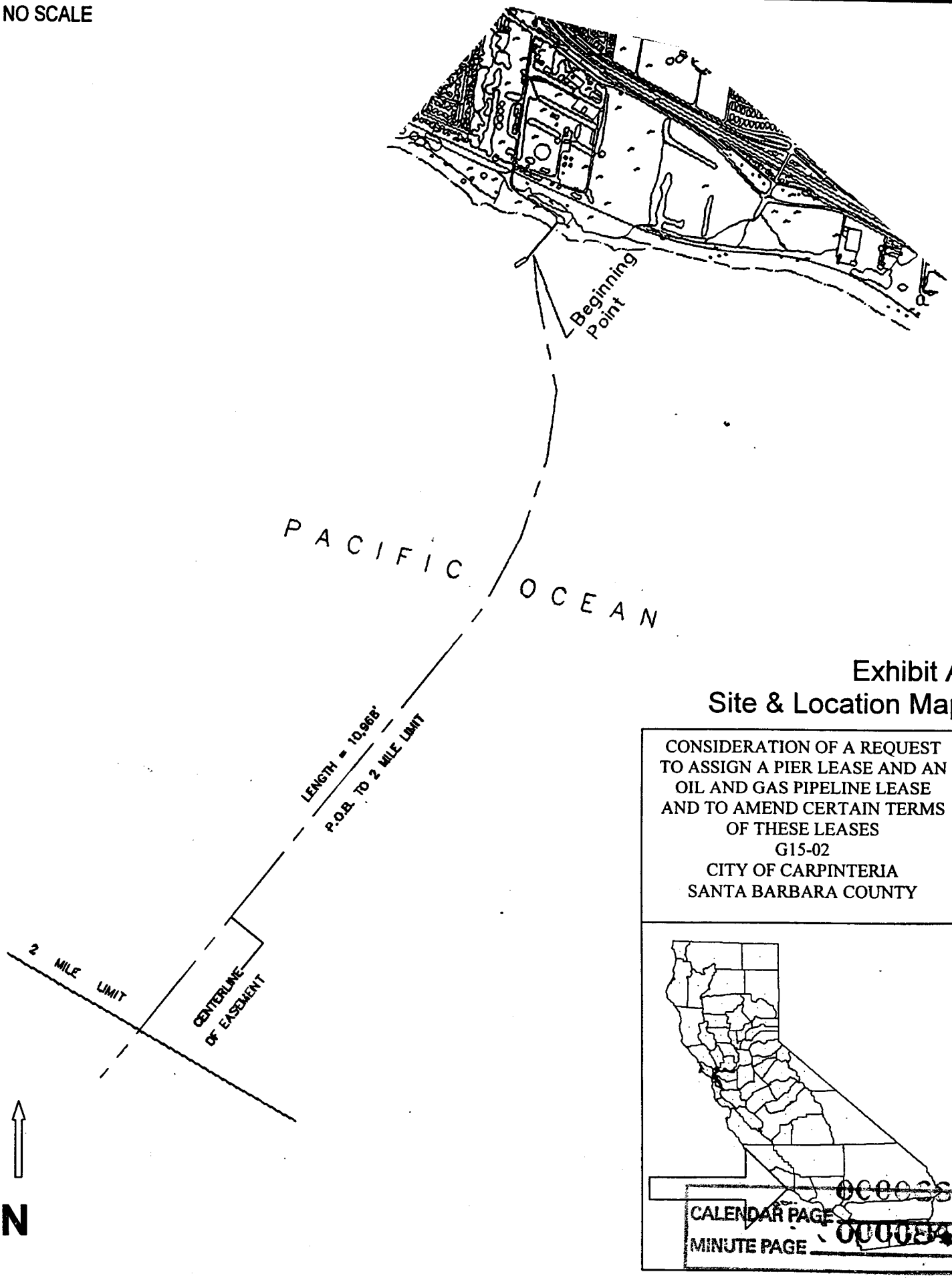

Exhibit A
Site & Location Map

CONSIDERATION OF A REQUEST TO ASSIGN A PIER LEASE AND AN OIL AND GAS PIPELINE LEASE AND TO AMEND CERTAIN TERMS OF THESE LEASES
G15-02
CITY OF CARPINTERIA
SANTA BARBARA COUNTY

CALENDAR PAGE 000055
MINUTE PAGE 000054

This Exhibit is solely for purpose of generally defining the lease premise, 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.