

MINUTE ITEM
This Calendar Item No. C85 was approved as
Minute Item No. 85 by the California State Lands
Commission by a vote of 3 to 0 at its
8-19-03 meeting.

CALENDAR ITEM
C85

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08/19/03

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WP3904; W30068.5; R13402

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D. Brown, A. Cueva, C. Oggins

**REQUEST AUTHORITY FOR EXECUTIVE OFFICER
TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD
AND EXECUTE AGREEMENTS FOR PREPARATION OF ENVIRONMENTAL
DOCUMENTATION FOR THE CONTINUED USE AND MAINTENANCE OF THE
OFFSHORE PORTION OF THE VENOCO ELLWOOD MARINE TERMINAL, SANTA
BARBARA COUNTY**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

Venoco, Inc. (Venoco) is a privately held, independent oil and gas company based in Carpinteria, California. Venoco operates the Ellwood Marine Terminal (EMT), which is located a short distance west of Coal Oil Point in Goleta, Santa Barbara County. The upland facilities are on land leased from the University of California, while the marine terminal is on public land leased from the California State Lands Commission (CSLC).

The EMT handles all of the oil production from the South Ellwood field. Oil is transported from Platform Holly through a subsea pipeline to the Ellwood Onshore Facility (EOF) for processing. Once processed, Venoco sends the oil to the EMT through the common carrier ExxonMobil Pacific Onshore Transfer Pipeline (Line #96). At the EMT, the oil is first stored in two onshore tanks, and is pumped into a pipeline for loading into dedicated barges. The terminal has an average barge loading rate of 4,200 barrels (bbls) per hour and a maximum barge loading capacity of 56,000 bbls. Venoco typically loads a dedicated barge two to three times per month with 55,000 bbls of crude per load.

The offshore facilities consist of: an irregular six-point mooring system located in approximately 60-foot water depth, 2,600 feet from shore; two buoys (one 30-inch diameter sphere buoy and one hose marker buoy); and a 10 inch diameter marine loading pipeline that runs from the beach to the mooring area. The offshore end of this line connects to an 8 inch diameter rubber hose, which is

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approximately 240 feet long; the onshore end connects to a 12 inch diameter line that runs from the tanks to the beach. The upland portion of the marine terminal includes the onshore oil loading line, two 65,000 bbl (nominal capacity) crude oil storage tanks, a pump house, a 10,000 bbl firewater tank, and a 2.375-inch diameter water supply pipeline.

The Commission first issued a lease (PRC 3904.1) for the existing marine terminal and pipeline to Signal Oil and Gas Company beginning February 28, 1968 for a period of 15 years, with the right to renew the lease for three additional periods of ten years each. That lease was subsequently terminated, and a new lease was issued to Aminoil, Inc., for a ten-year period beginning March 1, 1983, with two renewal options of ten years each. The lease was assigned to various entities and on July 11, 1997, the Commission approved the assignment of the lease to Venoco.

PROPOSED ACTIVITY:

Venoco has notified the CSLC that it wishes to exercise its option to renew its lease for an additional 10-year period (until February 28, 2013), as outlined in the lease. Consideration of such an action will require environmental documentation, including monitoring, in accordance with the California Environmental Quality Act (CEQA). The Executive Officer requests delegation of authority to engage a consultant for this purpose.

Consultant selection shall be conducted consistent with procedures as specified in CSLC Regulations and in the State Contracting Manual on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price. All costs shall be recovered from project applicant.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. State Contracts Manual Section 11.00 (A & E method)
- C. Public Contract Code Section 6106
- D. Government Code Section 4526
- E. California Administrative Code Title 2 Article 13 Section 2980.0 - 2990.0

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. 15060(c)(3) BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.

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2. FIND THAT THE SELECTION OF CONSULTANT UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342, SUB. (H), BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO AN AGREEMENT WITH PROJECT APPLICANT TO RECOVER COSTS INCURRED IN THE CONSIDERATION OF THIS PROJECT.