

MINUTE ITEM

5/27/76
DES

33. LEASE OF STATE LAND FOR A LIQUEFIED NATURAL GAS TERMINAL -
W 20782.

Calendar Item 33 attached was pulled at the Commission meeting.

Attachment:
Calendar Item 33 (2 pages)

CALENDAR ITEM

33.

5/76
W 20782
DES

LEASE OF STATE LAND FOR A
LIQUEFIED NATURAL GAS TERMINAL

The Federal Power Commission (FPC) has before it three major proposals to import liquefied natural gas (LNG) from Alaska and Indonesia to California sites. The companies involved, their source of gas, and California terminal location are:

<u>COMPANY</u>	<u>SOURCE</u>	<u>TERMINAL</u> (Contractor)
El Paso Alaska Company	Prudhoe Bay, AK	Pt. Conception (Western LGN Term. Co.)
Pacific Alaska LNG Co.	Cook Inlet, AK	Los Angeles (Western LNG Term. Co.)
Pacific Indonesia LNG Co.	Indonesia	Oxnard (Western LNG Term. Co.)

The El Paso Alaska Company's proposal is in competition with another proposal to bring Prudhoe Bay gas via pipeline to the "lower 48", specifically the Midwest--the Arctic Gas System. Although the FPC has yet to make its final decision, staff concludes, in the April, 1976 Final Environmental Impact Statement on Alaska Natural Gas Transmission Systems, that the Arctic Gas System is superior environmentally and economically to the El Paso Alaska proposal.

An additional recommendation contained in the EIS is of direct interest to the State Lands Commission. Based on a number of factors--supply, health and safety, etc.,--the FPC staff recommends that all LNG destined for California at this time should be processed at one Western LNG Company facility--Oxnard. While the upland area for the Oxnard terminal is to be provided by the City of Oxnard, the seaward portion of the facility (trestle and attendant pipelines) would be located on State tide and submerged lands.

The staff of the Division of State Lands have never been approached by the Western LNG Company for the lease of such lands. The Oxnard Harbor District has on numerous occasions, however, explored the possibility of leasing State land which, in turn, would be leased to the Western LNG Company by the District. Although the District has not yet formally made application to the Division for a lease, the City of Oxnard commissioned and has received an EIR on the project.

The installation and operation of an LNG facility has major environmental and health and safety ramifications which should be addressed, mitigated, and regulated at the State level.

CALENDAR ITEM NO. 53. (CONTD)

IT IS RECOMMENDED THE COMMISSION FIND THAT IT IS IN THE BEST INTERESTS OF THE PEOPLE OF THE STATE THAT ANY LEASE OF STATE TIDE AND SUBMERGED LANDS FOR A LIQUEFIED NATURAL GAS FACILITY AT OXNARD OR OTHER PROPOSED SITE BE NEGOTIATED AND CONSUMMATED DIRECTLY BETWEEN THE COMMISSION AND THE OWNER AND/OR OPERATOR OF SUCH FACILITY AND THAT THE COMMISSION DIRECT STAFF TO INFORM THE PRINCIPALS OF THEIR DECISION IN THIS MATTER.