

MINUTE ITEM

5/27/76
RGN

34. APPROVAL OF A MARICULTURE RESEARCH AGREEMENT; PLATFORM HOLLY SANTA BARBARA COUNTY; CALIFORNIA MARINE ASSOCIATES AND ATLANTIC RICHFIELD CORPORATION - W 9954, PRC 5133.

During consideration of Calendar Item 34 attached, Mr. William F. Northrop, read into the record a memorandum from Mr. E. C. Fullerton, Director of the State Department of Fish and Game, to Mr. William F. Northrop, Executive Officer, State Lands Commission, dated May 14, 1976, on file in the office of the State Lands Commission and by reference made a part hereof. Mr. Fullerton requested the Commission to approve the agreement due to the possible beneficial effects which may be derived.

Mr. Hugh Statton, representing the California Marine Associates, (CALMA) appeared. Mr. Statton requested the following items be clarified:

- 1) The provision in the lease which states that if Phase II is successful, the parties may jointly undertake a commercial venture for abalone mariculture at Holly, under the terms and conditions determined "at that time"; and
- 2) When speaking of "Holly", does it mean at Platform Holly itself or on the whole lease.

With regard to No. 1, Mr. Statton stated it was his understanding the terms and conditions have already been determined and are set forth in the Agreement with ARCO.

Mr. D. J. Everitts, Manager, Energy and Mineral Resources Development, stated that if Platform Holly were used for a commercial-type venture, the Commission would have to again review and act on it in terms of the contract. He explained that the term "Holly" means the general area on Holly.

Mr. N. Gregory Taylor, Assistant Attorney General, indicated that he had not legally reviewed the subject agreement. However, he stated the main concern of the Commission is that no commercial operations are commenced without the Commission's prior approval due to the potential effect on Holly. The staff therefore wants to review the project again before the applicant continues on to the commercial phase. He explained that the Commission's jurisdiction is limited to the effect it will have on the platform or any facility or upon our operations with regard to oil and gas. Mr. Statton assured the Commission that neither Phase I nor Phase II would have

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an adverse effect on Holly. He stated they did not plan on using Holly for a commercial venture, but only for a study to accumulate information concerning the possibilities for a commercial venture near Holly.

Due to the hardship which would be imposed on CALMA if the Item were deferred one month, Chairman Cory questioned whether language could be amended into the Agreement whereby the Commission could tentatively approve the item subject to final negotiations between the staff and CALMA.

Mr. Paul Sucato representing ARCO, appeared. Mr. Sucato stated that he is not in position to say whether or not ARCO would approve the project as a result of this meeting. However, he requested that the staff review their proposal in time for the matter to appear on the June calendar. This would expedite consideration by ARCO concerning the continuation of the project.

After discussing the matter at length, the following amended language was suggested by Mr. Taylor and approved by the Commission by a vote of 3-0:

At the end of Recommendation #3:

". . . and provided that the work done pursuant to said agreement shall not interfere with the oil and gas operations conducted on State Oil and Gas Leases 3242.1 and PRC 3120.1."

THE COMMISSION:

1. DETERMINES THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21080(B) AND 14 CAL. ADM. CODE 15078
2. FINDS THAT APPROVAL OF THE AGREEMENT WILL HAVE NO SIGNIFICANT EFFECT UPON THE ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 60501 ET SEQ. OF THE PUBLIC RESOURCES CODE.
3. AUTHORIZES THE APPROVAL OF THE AGREEMENT BETWEEN ATLANTIC RICHFIELD CORPORATION AND CALIFORNIA MARINE ASSOCIATION, ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF, TO CONDUCT MARICULTURE OF MARINE SHELLFISH (AS ALONE) ON AND ABOUT PLATFORM "HOLLY" ON STATE OIL AND GAS LEASE PRC 3242.1, SUCH APPROVAL TO BE SUBJECT TO THE ISSUANCE OF A MARICULTURE LEASE BY THE FISH AND GAME COMMISSION AND APPROVAL BY THE SOUTH CENTRAL COASTAL REGIONAL COMMISSION AND PROVIDED THAT THE WORK DONE PURSUANT TO SAID AGREEMENT SHALL NOT INTERFERE WITH THE OIL AND GAS OPERATIONS CONDUCTED ON STATE OIL AND GAS LEASES 3242.1 AND PRC 3120.1.

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APPROVAL OF A MARICULTURE RESEARCH AGREEMENT

APPLICANT: California Marine Associates (CALMA)
P. O. Box 136
Cayucos, California 93430

LESSEE: Atlantic Richfield Corporation
P. O. Box 147
Bakersfield, California 93302

AGREEMENT: Use by CALMA of Atlantic Richfield (ARCO)
Platform Holly on State Oil and Gas Lease
PRC 8842 at Santa Barbara for research on
mariculture of marine shellfish (abalone).

OTHER PERTINENT DATA:

1. The object of the research program is to evaluate abalone culture techniques with the prospect of developing a commercial operation at Platform Holly. The proposed agreement provides for a phased research project. Phase I will evaluate the use of containment devices and the growth characteristics of abalone under controlled conditions.

The proposed operations will include the placement of 9 devices containing 3,000 juvenile (2 to 3-inch) abalone at depths of 29 feet to 162 feet. (Water depth at Holly is approximately 208 feet.) Feeding of the abalone, with chopped kelp, would be done through feeder lines from the deck of the platform. This phase of the project will last approximately one year and will be financed by a grant of \$180,000 from ARCO to CALMA. If the results of Phase I are encouraging, the project will be extended for an additional year and ARCO will provide \$235,000 for Phase II. During this phase the project will be expanded to approximately 30,000 abalone. If Phase II is successful, the parties may jointly undertake a commercial venture for abalone mariculture at Holly, or elsewhere, under terms and conditions to be determined at that time. Any agreement for commercial production involving the use of Holly will require further Commission approval.

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2. At full operation it is expected that approximately 1,000,000 abalone could be under mariculture, yielding a harvest of 250,000, 5 1/2 to 6 inches per abalone per year. It is estimated that the marketable size will be reached in 4 years.
3. Pursuant to Section 6491 of the Fish and Game Code, an offer for Mariculture Lease was prepared by the Department of Fish and Game and bids were received subsequent to February 20, 1976. The high bid of \$12.50 per acre per year was submitted by CALMA and the award will be made by the Fish and Game Commission on May 28, 1976. The lease covering 4 acres surrounding Platform Holly will be issued for an initial term of 5 years with an option to renew the lease for 2 additional 5-year periods. If the project proves successful, the royalty consideration will be subject to negotiation at the time of renewal.
4. The approval of the research agreement between ARCO and CALMA by the State Lands Commission is required under the terms of State Oil and Gas lease PRC 3842. A permit to conduct such operation is also pending before the South Central Coastal Regional Commission.

ENVIRONMENTAL IMPACT CONSIDERATION:

1. This transaction is for the collection of biological information to assess the feasibility of such operations on Platform Holly. Therefore, it is categorically exempt from the provisions of CEQA.
2. This project is situated on State land identified as possessing significant environmental values, pursuant to Public Resources Code 6370.1, and is classified in a significant use category, Class B: Limited Use. Staff review indicates that there will be no significant effect upon the identified environmental values.

EXHIBIT: A. Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21080(B) AND 14 CAL. ADM. CODE 15073.

(Rev, 5/27/76)

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2. FIND THAT APPROVAL OF THE AGREEMENT WILL HAVE NO SIGNIFICANT EFFECT UPON THE ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1 ET SEQ. OF THE PUBLIC RESOURCES CODE.
3. AUTHORIZE THE APPROVAL OF THE AGREEMENT BETWEEN ATLANTIC RICHFIELD CORPORATION AND CALIFORNIA MARINE ASSOCIATES ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF, TO CONDUCT MARICULTURE OF MARINE SHELLFISH (ABALONE) ON AND ABOUT PLATFORM "HOLLY" ON STATE OIL AND GAS LEASE PRC 3242.1, SUCH APPROVAL TO BE SUBJECT TO THE ISSUANCE OF A MARICULTURE LEASE BY THE FISH AND GAME COMMISSION AND APPROVAL BY THE SOUTH CENTRAL COASTAL REGIONAL COMMISSION.