

EXHIBIT E

CHEVRON LONG WHARF MARINE OIL TERMINAL STATEMENT OF OVERRIDING CONSIDERATIONS

The California Environmental Quality Act (CEQA) requires a lead agency to balance the benefits of a project against the unavoidable environmental effects of such project in determining whether to approve the project. The Final Environmental Impact Report (EIR) identifies significant impacts of the Chevron Long Wharf Marine Oil Terminal Project (Project or proposed Project) that cannot feasibly be mitigated to below a level of significance (Class I impacts). Therefore, the California State Lands Commission (CSLC), as the lead agency, must state in writing its specific reasons for approving the Project in a Statement of Overriding Considerations pursuant to sections 15043 and 15093 of the State CEQA Guidelines.

Based on the Final EIR, and other information provided by Chevron U.S.A. (Applicant) and gained through the public involvement process that is documented in the administrative record, this Statement of Overriding Considerations provides the specific reasons supporting the approval of this Project by the CSLC. State CEQA Guidelines section 15093(a) notes that, "If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered 'acceptable'."

The California State Lands Commission (CSLC) adopts this Statement of Overriding Considerations, with respect to the impacts identified in the Final Environmental Impact Report (EIR) that cannot be reduced, with mitigation stipulated in the EIR, to a less than significant level. This includes the following impacts:

- OS-3: Chevron's response capability for containment of spills during transfer operations at the terminal would result in adverse and significant impacts for spills greater than 50 bbls.
- OS-4: Group V oils have a specific gravity greater than 1 and do not float on the water; instead, they will sink below the surface into the water column or possibly to the bottom. Chevron states in their Spill Preparedness and Emergency Response Plan that no reasonable technology currently exists for a Group V response in the San Francisco Bay.
- OS-5: Spills from the terminal during non-transfer periods would be associated with the pipelines and are considered a significant impact for spills greater than 50 bbls.
- OS-7: Spills from accidents in the Bay could result in significant adverse impacts to water quality or biological resources that would have residual impacts. While Chevron does not have legal responsibility for tankers it does not own, it does have a responsibility to participate in improving general response capabilities.

- WQ-2: Discharge of segregated ballast water that contains harmful microorganisms could impair several of the project area's beneficial uses, including commercial and sport fishing, estuarine habitat, fish migration, preservation of rare and endangered species, water contact recreation, non-contact water recreation, fish spawning, and wildlife habitat.
- WQ-7: Marine anti-fouling paints are highly toxic containing copper, sodium, zinc, and tributyltin (TBT) and their use on vessels associated with the Long Wharf is considered to be a significant adverse impact to water quality that cannot be mitigated to less than significant.
- WQ-8: Routine vessel maintenance would have the potential to degrade water quality due to chronic spills during transfers of lubricating oils, resulting in significant adverse impacts.
- WQ-11: Potential impacts on water quality can result from leaks or spills. Large spills (greater than 50 bbl) could result in significant adverse impacts.
- WQ-12: A significant impact to water quality could result from leaks or an accidental spill of crude oil or oil product from a vessel spill along tanker routes either in San Francisco Bay or outer coast waters.
- BIO-4: Invasive organisms/introduction of non-indigenous species in ballast water released in the Bay could result in significant impacts to plankton, benthos, fishes, and birds.
- BIO-6: The impacts of a spill on the biota at or near the Long Wharf have the potential to spread throughout much of San Francisco Bay. Vulnerable biota include plankton, benthos, eelgrass, fishes, marshes, birds, and mammals. Per Section 4.1, Operational Safety/Risk of Accidents, spills larger than 50 bbls may not be able to be contained and the Long Wharf may not have adequate boom to protect all the sensitive areas at the most risk that could be oiled within three hours of a spill from the Long Wharf. A significant impact to biological resources could result from spills of crude oil or product from a vessel in transit along tanker routes either in San Francisco Bay or outer coast waters.
- FSH-6: Fisheries depend on a healthy environment to survive and flourish. Invasive species discharged from ballast water could impair water quality (Impacts WQ-2 and WQ-5) and biological resources (Impact BIO-4). These impacts to fisheries resources would impair commercial and sport fishing in the Bay and along the outer coast.
- FSH-9: Shrimp, herring and sport fisheries in central and north San Francisco Bay, San Pablo Bay, Carquinez Strait and elsewhere in the estuary are at highest risk of spill contamination. Depending on spill location, size and water and weather conditions, areas upstream of the confluence of the Sacramento and San Joaquin rivers may also suffer harm. In addition, marinas launch ramps and fishing access

points in the Bays may be threatened, contaminated or closed. Significant adverse impacts to Bay commercial and sport fisheries would result from oil spill accidents originating at the Long Wharf or from tankers transiting the coast that service the wharf.

- FSH-10: Significant adverse impacts to outer coast commercial and sport fisheries could result from oil spill accidents from the expected 900 transiting tankers calling at the Long Wharf. The level of impact would depend on the size of the spill, location, and fisheries occurring in the area of the spill.
- LU-3: A number recreational facilities (designated parks, wildlife preserves, open space, etc.) and recreational uses (nature viewing, boating, fishing, surfing, etc.) are within the potential area that could be impacted by the spread of oil. Shoreline and water-related uses would be disrupted by oil on the shoreline and in the water and could result in significant adverse impacts.
- LU-4: Spills that beach along sensitive land use areas or heavily used areas including recreational areas would limit or preclude such uses and result in significant adverse impacts depending on the various characteristics of a spill and its residual effects.
- N-1: Since the Long Wharf already exists, it is considered part of the ambient noise environment. It is located in an industrial area; however, sensitive receptors are located along the Point Richmond shoreline approximately one mile away. Over the lease period, no sensitive receptors are to be constructed proximate to the terminal. Occasional noise complaints from residential receptors are considered significant adverse impacts.
- VR-2: The visual impacts of a spill could last for a long period of time, depending on the level of physical impact and cleanup ability, and are considered to be adverse and significant.
- VR-3: Spills would change the color and texture of water and shoreline conditions. The level of public sensitivity and expectations of viewers would result in a negative impression of the viewshed and result in significant adverse impacts, depending on the various characteristics of a spill and its residual effects.

Specifically, the EIR found that routine operations and accidental spills at the Long Wharf marine terminal, from vessels in transit near the terminal or in the vessel transit lanes, could result in a release of oil or product in quantities greater than 50 bbls, resulting in significant adverse environmental impacts, and/or residual impacts to operational safety, water quality, biological resources, commercial and sport fisheries, land uses, noise, and visual resources.

The EIR presents a comprehensive set of mitigation measures for adoption by the CSLC. Many of the proposed mitigation measures would reduce the probability, severity, or frequency of a spill or accident at the Long Wharf or near a vessel in transit.

Measures specific to the safety of the Long Wharf include the installation of tension-monitoring devices, installation of an alarm system that communicates directly to the control-building operator, and installation of an Allision Avoidance System (AAS).

Several mitigation measures to be incorporated into routine operations at the Long Wharf would reduce potential impacts to water and biological resources. These include: participation by Chevron in any studies conducted by local, state, or federal agencies to analyze VTS adequacy in the Bay Area; response by Chevron to any vessel needing assistance; the development of spill response plans for vessels traveling to and from or moored at the Long Wharf; a provision that Chevron would ensure that any vessel using the Long Wharf would comply with the California Marine Invasive Species Act (Public Resources Code Sections 71200 through 71271); a provision that Chevron would advise agents and representatives of shipping companies having control over vessels that have informed Chevron of plans to call at the Long Wharf about the requirements of the 2008 IMO prohibition of tributyltin (TBT) applications to vessel hulls; refining spill response and notification procedures for the protection of sensitive biological resources; waterways protection; and keeping up-to-date with the recommendations made at the annual herring fisheries protection meetings.

The CSLC finds that all mitigation measures identified in the final EIR have been imposed to avoid or lessen impacts to the maximum extent feasible and, furthermore, finds that the No Project Alternative and the other alternatives: Increased Use of Existing Pipelines for Continued Operation of Upland Facility Alternative, and Modification to Existing Pipelines for Continued Operation of Upland Facility Alternative, are infeasible because they: 1) only partially offset significant impacts; 2) potentially transfer environmental impacts to other marine terminal locations in the region; 3) do not provide beneficial impacts; 4) do not meet the objectives of the Project; or 5) have adverse, potentially significant social and economic consequences locally and regionally.

The CSLC hereby finds that the provision of a lease of the Long Wharf to Chevron U.S.A. to continue its marine terminal operations will have numerous benefits to the State of California (State) and the region served by the Long Wharf.

California is a major refining center for West Coast petroleum markets with combined crude oil distillation capacity totaling more than 1.9 million barrels per day, ranking the state third highest in the nation. In 2005, the total receipts to refineries of roughly 674 million barrels came from in-state oil production (39.4%), combined with oil from Alaska (20.1%), and foreign sources (40.4%).

As described in the 2005 Integrated Energy Policy Report prepared by the CEC, within the last 10 years consumer demand outpaced California petroleum refining capacity, which grew by an average of 1.5 percent per year. The CEC 2007 Integrated Energy Policy Report, adopted December 5, 2007, projects California vehicle miles travelled over the next 20 years will grow by an average of two and a half percent per year. In order to meet this increasing demand, California refiners will rely on more imported

petroleum products. These imports will enter through ocean port facilities that currently operate between 85 percent and 100 percent of capacity. Even with the advent of new projects, the state's petroleum product infrastructure may be inadequate. Future projects to construct additional storage and handling capacity require extensive environmental assessment which may delay the construction of new infrastructure needed to support the growing demand.

The following passage excerpted from "Integrated Energy Policy Report" (Publication # 100-2005-007-ES, pages 16-18) was adopted by the California Energy Commission in November 2005:

"California urgently needs to expand its petroleum infrastructure. Despite recent and planned improvements, California still needs to expand its marine terminal capacity, marine storage, and the pipelines that connect marine facilities and refineries with main product pipelines. Most of the required expansion is needed in the Los Angeles Basin, which faces a number of barriers including scarcity of land, pressure to remove a portion of existing facilities in favor of container cargo facilities, and new standards for marine terminals. In Northern California, timely dredging of the Suisun Bay Channel, the Pinole Shoals, and other areas near refineries is critical to the efficient operation of petroleum infrastructure."

Pipelines do not link California's two primary refining centers in Northern and Southern California. Coast barges supply the bulk of petroleum product transport between these production centers, and they require reliable nearby marine infrastructure. In the San Francisco Bay Area, the existing marine petroleum infrastructure handles nearly 40 percent of the state's total refinery production - in the order of two million barrels per day - and is concentrated in northeastern San Francisco Bay, near Richmond, San Pablo Bay and the Carquinez Strait. In 2003, Chevron Richmond's crude oil handle amounted to 11% of the state volume, and 28% of the Northern California region's volume.

Maintaining existing refineries and terminals that currently meet environmental requirements is crucial, and Chevron's link in the logistical chain of refineries and transport fuel supply should be preserved.

If the lease for the Long Wharf were not granted, continued oil production to meet northern California demand would require the other marine terminals in the area to provide access to tankers that would otherwise use the Long Wharf, and pipe petroleum back to the Chevron Richmond refinery. The rerouting activities would tax the other terminals already operating near maximum capacity, alter vessel traffic patterns within San Francisco Bay, potentially increase congestion in San Francisco Bay waters, and raise pumping rates/turnover at these terminals. This would, in turn, potentially increase fuel expenditure for fuel production and elevate the risk of significant leaks and spills to the Bay environment. Without a terminal through which to transfer petroleum, the Chevron Richmond refinery could attempt to operate solely on pipeline deliveries. As a consequence, Chevron's refinery production would be reduced, petroleum production in

the region would decline significantly contrary to the needs recognized by the CEC, and regional transportation fuel shortages and even higher gasoline prices would occur.

If, due to the loss of the Long Wharf, it became uneconomical to operate the Richmond refinery, and no other operator assumed any of the functions of the Long Wharf, direct and indirect, local and regional consequences could result. Ultimately the reduction in infrastructure and capacity would weaken the economics, health and security of the region.

The CSLC further finds that all mitigation measures identified in the final EIR have been imposed to avoid or lessen impacts to the maximum extent feasible and, furthermore, finds that the No Project Alternative and the other alternatives: Increased Use of Existing Pipelines for Continued Operation of Upland Facility Alternative, and Modification to Existing Pipelines for Continued Operation of Upland Facility Alternative, are infeasible because they: 1) offset significant impacts only partially; 2) potentially transfer environmental impacts to other marine terminal locations in the region; 3) do not provide beneficial impacts; 4) do not meet the objectives of the Project; or 5) have adverse, potentially significant social and economic consequences locally and regionally.

Based on the above discussion, the CSLC finds that the benefits of the Proposed Project outweigh the unavoidable adverse environmental effects, and considers such effects acceptable.