

**STATE OF MAINE
DEPARTMENT OF MARINE RESOURCES**

Lease: CAS CHEB2

Ocean Approved, Inc.,
Transferor

Wild Ocean Aquaculture, LLC,
Transferee

Date: February 5, 2019

**TRANSFER OF AQUACULTURE LEASE CAS CHEB2
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION**

1. THE PROCEEDINGS

Ocean Approved, Inc. applied to the Department of Marine Resources (“DMR”) to transfer to Wild Ocean Aquaculture, LLC, its 3.03-acre aquaculture lease CAS-CHEB2, located in the coastal waters of the State of Maine, west/southwest of Great Chebeague Island, Casco Bay, Chebeague Island, Cumberland County. The lease was originally granted on October 21, 2016 for a period of ten (10) years for the purpose of cultivating sugar kelp (*Saccharina latissimi*), fingered/horsetail kelp (*Laminaria digitate*), and winged/edible kelp (*Alaria esculenta*) using suspended culture techniques. The current lease expires on October 20, 2026.

The transfer application was accepted as complete on September 19, 2018. The Department provided a notice of the application and of the 14-day comment period to all riparian owners, the Town of Chebeague Island, the general mailing list of interested persons, and the following reviewing agencies: U.S. Army Corps of Engineers, U.S. Coast Guard, National Marine Fisheries Service, Maine Department of Inland Fisheries & Wildlife, Maine Department of Conservation, and the Department of Marine Resources Marine Patrol. A notice of the application and comment period was published in the *Forecaster (Portland edition)* on October 31, 2018. No comments were received.

2. STATUTORY CRITERIA & FINDINGS OF FACT

Lease transfer requests are governed by 12 M.R.S §6072 (12-A) and DMR Rule 2.60. They provide that the Commissioner of DMR may grant a transfer upon determining that:

- a. the change in the lessee’s identity does not cause any of the original criteria for issuing a lease to be violated;

- b. the transfer is not intended to circumvent the preference guidelines for treatment of competing applications;
- c. the transfer is not for speculative purposes; and
- d. the transfer will not cause the transferee to be a tenant in more than 1,000 acres of aquaculture leases in Maine.

A. Effect of Lessee Change on Lease Criteria

The transferee has met the same requirements for providing information about financial and technical capacity as is required for an applicant for a standard lease. The transferee has extensive experience in shellfish aquaculture and is acquainted with Maine's aquaculture laws and rules. According to the transfer application, the transferee plans no changes in the aquaculture activities taking place on the lease site.

No comments on this transfer application were received by the Department. There is no evidence that the change in the identity of the lessee will affect any of the statutory criteria for issuing an aquaculture lease.

THEREFORE, I FIND that the change in the identity of the lessee does not violate any of the lease issuance criteria set forth in 12 M.R.S. §6072 (7-A).

B. Effect on Preference Guidelines

There are no competing applications for this lease site, so the preference guidelines are not relevant to this application.

THEREFORE, I FIND that the lease transfer is not intended to circumvent the preference guidelines for treatment of competing applications as set forth in 12 M.R.S. §6072 (8).

C. Speculative Purposes

Rule 2.60 provides that in considering whether a transfer is being conducted for speculative purposes, the Department must consider "whether the current lessee has conducted substantially no research or aquaculture in the lease areas during the previous lease term." It is clear from annual reports filed with DMR by the Transferor that aquaculture has been conducted on this lease site.

THEREFORE, I FIND that the lease transfer is not for speculative purposes.

D. Acres Leased by Transferee

The statute and rule require that in order to grant the lease transfer, the Commissioner must find that “the transfer will not cause the transferee to be a tenant of any kind in leases covering an aggregate of more than 1,000 acres.” According to DMR records, the transferee holds the following leases: CAS-CF2 (1.60 acres) and CAS-BA2 (2.00 acres), making the total acreage held by the transferee 3.60 acres. However, the Transferor and the Transferee are in the process of having the Transferor’s lease CAS-LCI12 (0.86 acres) transferred to the Transferee which if granted would make the total acreage held by Transferee 4.46 acres if the transfer is granted. If this transferred is granted, the total acreage held by the Transferee would be 7.49 acres.

THEREFORE, I FIND that the lease transfer will not cause the transferee to be a tenant of any kind in leases covering an aggregate of more than 1,000 acres.

3. CONCLUSIONS OF LAW

Based on the above findings, I conclude that:

- a. The change in the identity of the lessee does not violate any of the lease issuance criteria set forth in 12 M.R.S. §6072 (7-A);
- b. The lease transfer is not intended to circumvent the preference guidelines for treatment of competing applications as set forth in 12 M.R.S. §6072 (8);
- c. The lease transfer is not for speculative purposes; and
- d. The lease transfer will not cause the transferee to be a tenant of any kind in leases covering an aggregate of more than 1,000 acres.

These findings of fact and conclusions of law having been made as required by 12 M.R.S. §6072 (12-A) and by DMR rule 2.60, this lease transfer may be granted.

4. DECISION

Based on the foregoing, I grant the requested transfer of the aquaculture lease CAS-CHEB2 from Ocean Approved, LLC to Wild Ocean Aquaculture, Inc. The term of the lease is not affected by the transfer, so the new lease will expire on the same date as the current lease October 20, 2026.

All provisions of the existing lease shall continue in full force and effect, including all conditions on the lease, as noted below. The lessee shall pay the State of Maine rent in the amount of \$100.00 per acre per year. The lessee shall post a bond or establish an escrow

account pursuant to DMR Rule 2.40 (2) (A), conditioned upon its performance of the obligations contained in the aquaculture lease documents and all applicable statutes and regulations.

5. CONDITIONS

Pursuant to 12 M.R.S. §6072 (7-B), the Commissioner may establish conditions that govern the use of the lease area and impose limitations on aquaculture activities. Conditions are designed to encourage the greatest multiple compatible uses of the lease area, while preserving the exclusive rights of the lessee to the extent necessary to carry out the purposes of the lease.

The existing conditions on this lease, which continue in effect after the transfer, are:

- A. The lease shall be marked in accordance with the requirements of the U. S. Coast Guard and the Department of Marine Resources;
- B. Dragging and lobster fishing, except by the leaseholder or its authorized agents, are prohibited on the lease site; and
- C. Other public uses that are not inconsistent with the purposes of the lease are permitted within the lease boundaries.

6. REVOCAION OF LEASE

The Commissioner may commence revocation procedures if it is determined that substantial aquaculture has not been conducted within the preceding year or that the lease activities are substantially injurious to marine organisms. If any of the conditions or requirements imposed in this decision, in the lease, or in the law is not being observed, the Commissioner may revoke the aquaculture lease.

Dated: 2-5-19



Patrick C. Keliher, Commissioner
Department of Marine Resources