

MINUTE ITEM

This Calendar Item No. C30 was approved as Minute Item No. 30 by the California State Lands Commission by a vote of 3 to 0 at its 6-14-99 meeting.

**CALENDAR ITEM
C30**

A 8, 9, 11

06/14/99

S 4, 6, 7

PRC 3277.1

WP 3277.1

D. Jones

AMENDMENT OF LEASE

LESSEE:

Chevron USA, Inc.
P.O. Box 1392
Bakersfield, California 93302

AREA, LAND TYPE, AND LOCATION:

7.7 acres, more or less, of sovereign lands in Honker Bay, Solano and Contra counties; Roaring River, Montezuma Slough and Grizzly Slough, Solano county; and the Sacramento River, Yolo and Sacramento counties.

AUTHORIZED USE:

Continued use and maintenance of an existing eight-inch refined products pipeline (gasoline, diesel, and jet fuel), within a 25-foot right of way.

LEASE TERM:

25 years beginning May 1, 1997.

CONSIDERATION:

\$3,285 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PROPOSED AMENDMENT:

Within the Honker Bay segment of this lease, the proposed amendment will authorize the decommissioning of a portion of the existing pipeline and the installation of a new pipeline through directional boring within the existing lease right-of-way. The decommissioned portion of the pipeline will remain under lease, with Chevron maintaining responsibility. All other terms and conditions of the lease shall remain in effect without amendment.

The proposed action will also authorize a pipeline abandonment agreement between Chevron and the Commission.

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OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. On July 10, 1997, on the south side of the Honker Bay crossing, a ship lost power and dropped its anchor in the "No Anchor Zone" to avoid running aground. As a result of this accident, a portion of Chevron's Bay Area Products Pipeline (BAPL), which was authorized under Lease No. 3277.1, was lifted from its trench by the ship's anchor. Although the anchor caught and displaced the pipeline, no leaks resulted from this incident.

In October 1997 Chevron implemented an emergency short-term solution to provide mechanical protection and stability to the pipeline. This included the placement of a 12-inch gravel blanket over and around the pipeline. Rock riprap was then placed over the gravel at a minimum depth of 2-1/2 feet to provide the pipeline with mechanical protection and stability.

To provide a permanent repair solution to that portion of the pipeline which is located within the Commission's leasing jurisdiction in Honker Bay, Chevron is proposing to decommission in place a portion of the damaged pipeline and replace that portion with a new pipeline to be directionally bored 40 feet or greater below the lowest point of the bottom of the bay within the existing lease right of way. The new pipeline will have the same diameter, grade and capacity as the existing pipeline. The decommissioned pipeline will be purged of all combustible, and/or hazardous materials, and will be abandoned in place by filling with non-corrosive, environmentally safe material with the ends capped and sealed.

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3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a statutorily exempt project. The project is exempt because it involves the conduct of authorized activities on qualifying existing pipelines.

Authority: Public Resources Code section 21080.23 and Title 14, California Code of Regulations, section 15284.

4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

California Department of Fish and Game.

FURTHER APPROVALS REQUIRED:

U.S. Army Corps of Engineers, California Regional Water Quality Control Board, San Francisco Bay Conservation and Development Commission.

EXHIBITS:

- A. Site/Location Map

PERMIT STREAMLINING ACT DEADLINE:

September 6, 1999

CALENDAR ITEM NO. C30 (CONT'D)

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO PUBLIC RESOURCES CODE SECTION 21080.23 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15284, WORK ON EXISTING PIPELINES.

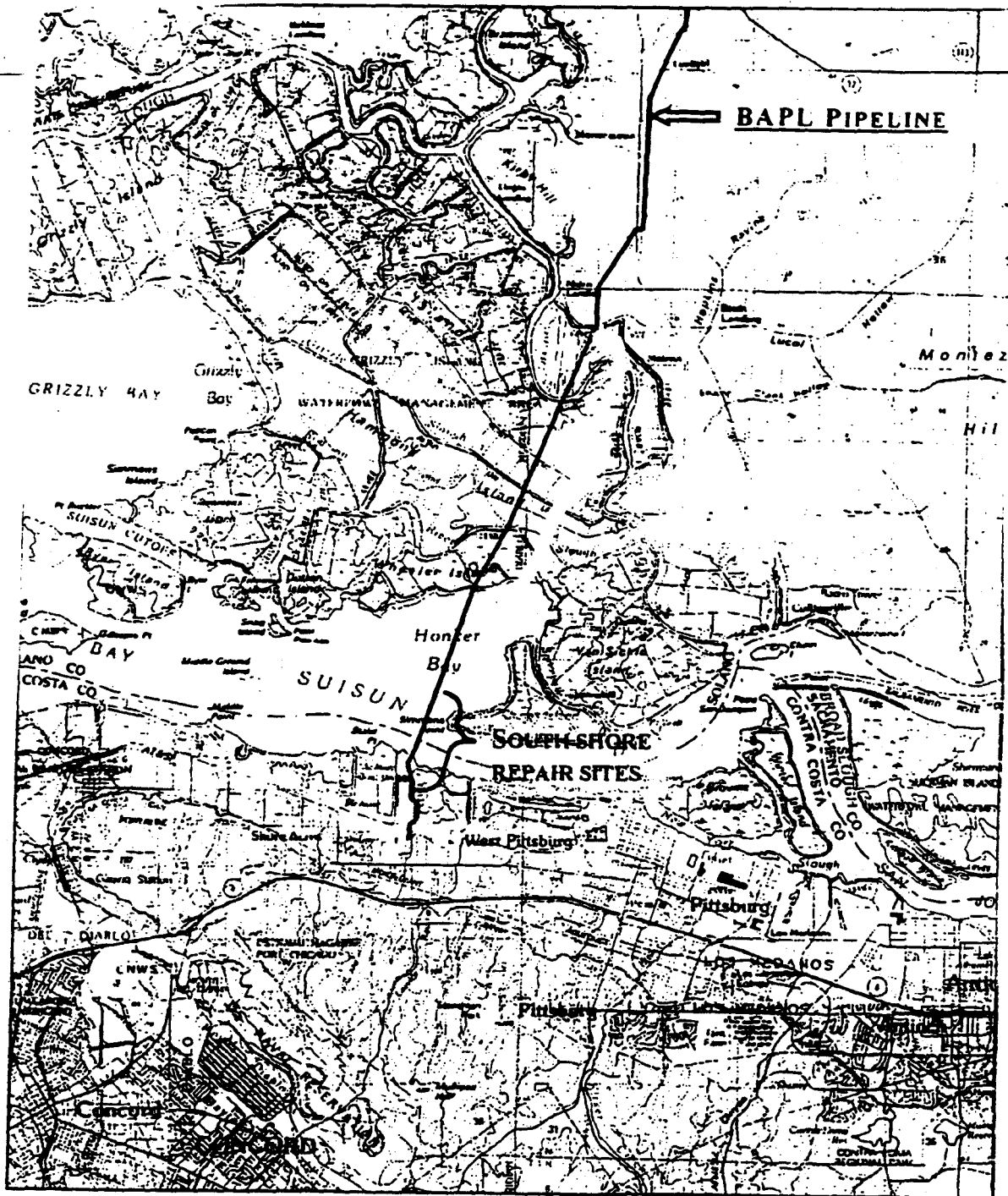
SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

1. AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 3277.1, A GENERAL LEASE - RIGHT OF WAY USE, OF LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE JUNE 14, 1999, TO 1) AUTHORIZE THE ABANDONMENT OF A PORTION OF THE EXISTING PIPELINE WITHIN HONKER BAY; AND 2) WITHIN THE EXISTING LEASE RIGHT-OF-WAY, AUTHORIZE THE INSTALLATION OF A NEW PIPELINE TO BE DIRECTIONALLY BORED; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

2. AUTHORIZE A PIPELINE ABANDONMENT AGREEMENT FOR LEASE NO. 3277.1 BETWEEN CHEVRON USA INC. AND THE CALIFORNIA STATE LANDS COMMISSION, EFFECTIVE JUNE 14, 1999.



Vicinity map for the proposed Chevron Pipe Line repair project at Honker Bay, Contra Costa and Solano Counties, CA. Approximate map scale 1:150,000.

This exhibit is solely for purposes of generally defining the area to be leased, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or other property.

EXHIBIT A

PRC 3277 000115

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