

MINUTE ITEM
This Calendar Item No. C42 was approved as
Minute Item No. 42 by the California State Lands
Commission by a vote of 3 to 2 at its
10-06-04 meeting.

**CALENDAR ITEM
C42**

A 2
S 4

10/06/04
PRC 8569 W 25971
B. Young

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Aspen Exploration Corporation
P.O. Box 22530
Bakersfield, CA 93390

AREA, LAND TYPE, AND LOCATION:

0.28 acres, more or less, of sovereign lands in the Feather River near Verona,
Sutter County.

AUTHORIZED USE:

Construction, use and maintenance of a horizontal directionally drilled, 4½ -inch
diameter steel, natural gas gathering pipeline.

LEASE TERM:

20 years, beginning October 1, 2004.

CONSIDERATION:

\$100 per annum; with the State reserving the right to fix a different rent
periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Liability Insurance:

Coverage of \$6,000,000 per each occurrence for bodily injury and
property damage.

Bond:

\$50,000.00

OTHER PERTINENT INFORMATION:

1 Applicant has a right to use the uplands adjoining the lease premises.

CALENDAR ITEM NO. C42 (CONT'D)

2. Aspen Exploration Corporation (Aspen) proposes to install a 4½ - inch diameter steel, natural gas gathering pipeline under the Feather River near Verona, Sutter County. The proposed pipeline gathering system begins in the vicinity of an existing natural gas well located approximately 1,300 feet from the east bank of the Feather River on fallow agricultural land. The total pipeline length is approximately two miles where it will connect to an existing Calpine metering station in section 14, T11N, R3E, MDM. This pipeline connection point is on the Calpine pipeline gathering system that is capable of serving several of Calpine's power generation facilities in Northern California, including power plants in Yuba City, Pittsburg, and Antioch. The pipeline across the Feather River will be installed by the horizontal directional drilling method (HDD) with an approximate length of 1,235 feet and a minimum depth of 30 feet below the river bottom. This pipeline will be designed, constructed and tested to provide a maximum allowable operating pressure of 1,360 psi.
3. CSLC staff prepared a preliminary Initial Study to determine if there were any potential areas of environmental concern associated with the project. The Applicant has incorporated, based on such Initial Study and to the satisfaction of the CSLC staff, all necessary preventive and response plans to conduct a successful horizontal directional drill under the waterway (drilling safety, spill release prevention, detection and cleanup and a crossing abandonment contingency and emergency spill response plan) into the proposed project. These changes to the conduct of the project in conjunction with staff's monitoring of the HDD activity will ensure that the project occurs without significant impacts to the environment.

Authority: Title 14, California Code of Regulations, section 15061(b)(3).
4. The issuance of the proposed Lease is also subject to the Commission staff's review and approval of the final engineering designs and construction plans.

CALENDAR ITEM NO. C42 (CONT'D)

5. 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 under the general rule that the CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes, based on the information available to it, that there is no possibility that this project may have a significant effect on the environment.
6. 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:

U.S. Army Corps of Engineers, California Department of Fish and Game, California Water Quality Control Board, Central Coast Region, The Reclamation Board, and the County of Sutter.

EXHIBIT:

- A. Location and Site Map

PERMIT STREAMLINING ACT DEADLINE:

November 8, 2004

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 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061(b)(3).

CALENDAR ITEM NO. C42 (CONT'D)

SIGNIFICANT LANDS INVENTORY FINDING:

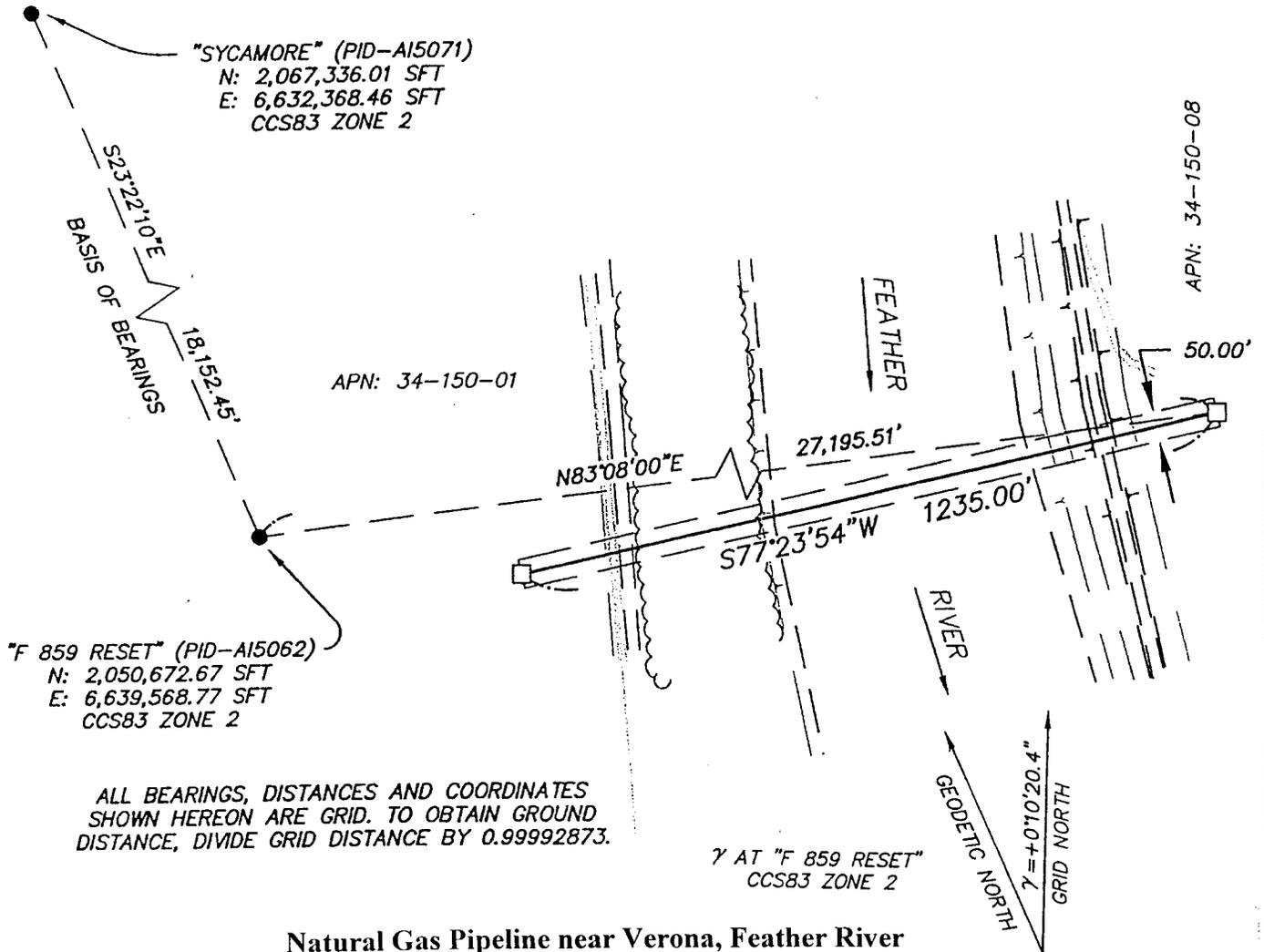
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO ASPEN EXPLORATION CORPORATION, OF A GENERAL LEASE – RIGHT OF WAY USE, BEGINNING OCTOBER 1, 2004, FOR A TERM OF 20 YEARS FOR THE CONSTRUCTION, USE, AND MAINTENANCE OF A HORIZONTAL DIRECTIONALLY DRILLED, 4½ -INCH DIAMETER STEEL NATURAL GAS GATHERING PIPELINE AS REPRESENTED ON THE LAND SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; CONSIDERATION BEING \$100 PER ANNUM; WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; LIABILITY INSURANCE COVERAGE OF \$6,000,000 PER EACH OCCURRENCE FOR BODILY INJURY AND PROPERTY DAMAGE; SURETY BOND IN THE AMOUNT OF \$50,000.

SITE MAP

NO SCALE



Natural Gas Pipeline near Verona, Feather River

LOCATION MAP

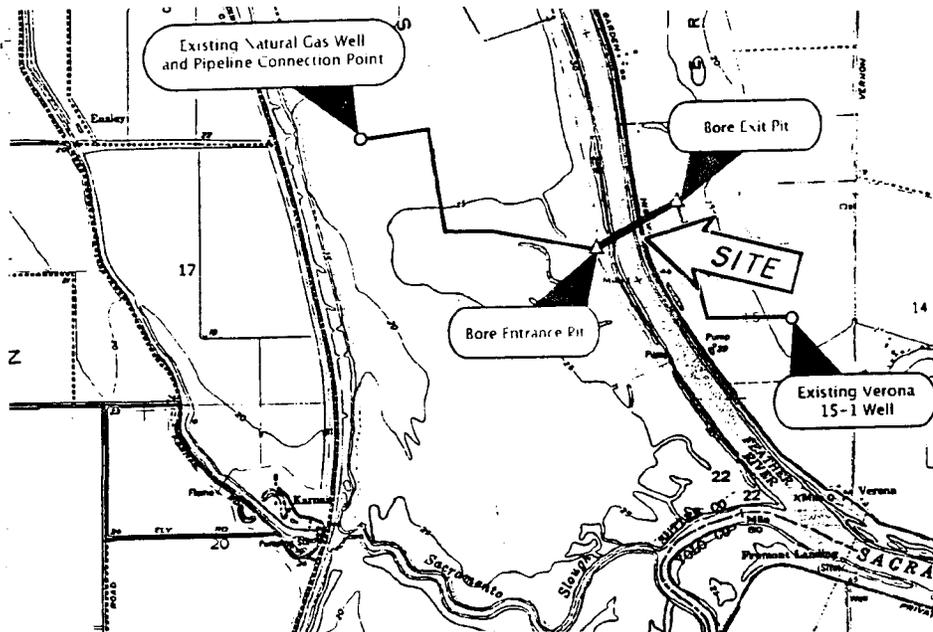


EXHIBIT A
 W 25971
 APN 34-150-001 & 008
 Feather River
 SUTTER COUNTY



This exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by lessee or other parties, and is not intended to be, nor shall it be construed to as a waiver or limitation of any state interest in the subject or any other property.

MINUTE PAGE

BY 9/04