

**CALENDAR ITEM
C27**

A 27, 28, 33

02/08/10

WP 5538

S 15

D. Simpkin

GENERAL LEASE – RIGHT OF WAY USE

APPLICANT:

ExxonMobil Oil Corporation
12851 East 166th Street
Cerritos, CA 90703

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Salinas River, five miles northwest of the town of Bradley, Monterey County.

AUTHORIZED USE:

The continued maintenance of an existing non-operational 6-inch diameter steel natural gas pipeline as shown on attached Exhibit A.

LEASE TERM:

Five years, beginning September 28, 2008.

CONSIDERATION:

Annual rent in the amount of \$100, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability insurance in the amount of no less than \$1,000,000.

Bond:

Surety bond in the amount of \$20,000.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. On July 19, 1993, the Commission authorized the issuance of a General Lease – Right of Way Use, PRC 5538.1, to Mobil Oil Corporation, now known as ExxonMobil Oil Corporation (Mobil) for a 15-year term, effective

CALENDAR ITEM NO. **C27** (CONT'D)

September 28, 1993. The lease expired September 27, 2008. Mobil is now applying for a new General Lease – Right of Way Use for the existing non-operational 6-inch diameter steel natural gas pipeline.

3. The pipeline was formerly used to transport natural gas purchased from Southern California Gas Company at its plant in San Luis Obispo County to Mobil's San Ardo and San Antonio pump station and production facilities. In 1998, the use of the pipeline was discontinued. The pipeline was subsequently taken out of service and is currently non-operational.
4. The new lease will allow Mobil's continued maintenance of the facilities until it is determined if and when the facilities may be returned to service. The lease will require Mobil to submit to the Commission, no later than two years prior to the expiration of the lease, either: (a) an application for a new lease for the continued use of the Lease Premises, or (b) a plan for restoration of the Lease Premises to be completed prior to the expiration of the lease term. In the event the pipeline is abandoned in place, Mobil will provide a detailed abandonment plan and procedures for the existing pipeline, including a long-term monitoring plan.
5. Prior to being taken out of service, this pipeline was cleaned of all hazardous liquids. A poly pig pushed by nitrogen was utilized to achieve displacement of all liquid to ensure the pipeline was taken out of service pursuant to State and/or federal requirements. A block valve was placed at the end of the pipeline system. The pipeline is buried five feet below the mean river bottom.
6. The lease has been in hold over status since September 27, 2008, pursuant to Section 4 Paragraph 14 of the lease. Mobil has continued to pay annual rent pursuant to the terms of the previous lease.
7. Pursuant to the Commission's delegation of authority and State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

CALENDAR ITEM NO. **C27** (CONT'D)

8. 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 staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Location and Site Map
- B. Land Description

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

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 of a five-year General Lease – Right of Way Use to ExxonMobil Oil Corporation beginning September 28, 2008, for the continued maintenance of an existing non-operational 6-inch diameter steel natural gas pipeline as shown on Exhibit A (for reference purposes only) and as described on Exhibit B attached and by this reference made a part hereof; annual rent in the amount of \$100, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance in the amount of no less than \$1,000,000; and surety bond in the amount of \$20,000.