

**CALENDAR ITEM
C41**

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S 4, 5

03/29/12
WP 7602.1
N. Lavoie

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

CPN Pipeline Company

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Sacramento River, near Knights Landing, adjacent to Yolo County Assessor's Parcel Number (APN) 056-230-007, and Sutter County APN 34-220-028.

AUTHORIZED USE:

Continued use and maintenance of an existing eight-inch diameter natural gas pipeline.

LEASE TERM:

20 years, beginning January 1, 2012.

CONSIDERATION:

\$250 per year, 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 \$5,000,000.

Surety:

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

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the upland adjoining the lease premises.
2. On January 8, 1992, the Commission authorized a 20-year General Lease – Right-of-Way Use to Chevron, U.S.A., Inc. On October 17, 1995, the Commission authorized an assignment of the lease from Chevron, U.S.A., Inc. to Montis Niger, Inc. On June 19, 1998, the Commission authorized

CALENDAR ITEM NO. **C41** (CONT'D)

an assignment of the lease from Montis Niger, Inc. to Calpine Gas Company. On June 27, 2000, the Commission authorized an assignment of the lease from Calpine Gas Company to CPN Pipeline Company. That lease expired on December 31, 2011. The Applicant is now applying for a new General Lease – Right-of-Way Use.

3. Construction of the existing eight-inch diameter steel pipeline was completed on May 12, 1992. The pipeline was horizontal directionally drilled at about 25 feet below the river bottom. Staff reviewed the last five years of cathodic protection surveys and the records indicate that the pipeline has been adequately maintained.
4. The pipeline, known as The Knights Landing Eastside, is a rural gathering line transporting natural gas from four gas wells into the Knights Landing natural gas pipeline. Two gas wells are connected to the system near the Sacramento River at Irish Bend and the other two are near Mary's Lake, an isolated oxbow lake.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15061), the staff has determined that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

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

6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. 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.

EXHIBITS:

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

CALENDAR ITEM NO. **C41** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (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 section 6370 et seq.

AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to CPN Pipeline Company beginning January 1, 2012, for a term of 20 years, for the continued use and maintenance of an existing eight-inch diameter natural gas pipeline as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$250, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance for a combined single-limit coverage of \$5,000,000; and surety in the amount of \$20,000.

EXHIBIT "A"

LAND DESCRIPTION

PRC 7602.1

A strip of land 12 feet in width crossing a portion of the Sacramento River within Sec. 30, T 11 N, R 3 E, MDM, located in Sutter and Yolo Counties, California. The centerline of said strip is more directly described as follows:

COMMENCING at a point that bears S 80° 47' 34" E 864.72 feet from the southwest corner of Section 30; thence N 43° 42' 41" E 82.51 feet; thence N 17° 02' 27" E 288.44 feet to a point located at the southerly toe of the Sacramento River access levee and the TRUE POINT OF BEGINNING; thence continuing N 17° 02' 27" E 599.59 feet crossing the Sacramento River to a point at the northerly toe of the Sacramento River access levee and the end of the herein described strip of land. Said point of ending is S 39° 36' 14" W 2523.41 feet from the center of said Section 30.

EXCEPTING THEREFROM any portion lying landward of the ordinary low water mark of the Sacramento River.

END OF DESCRIPTION

PREPARED AUGUST, 1991 BY LLB

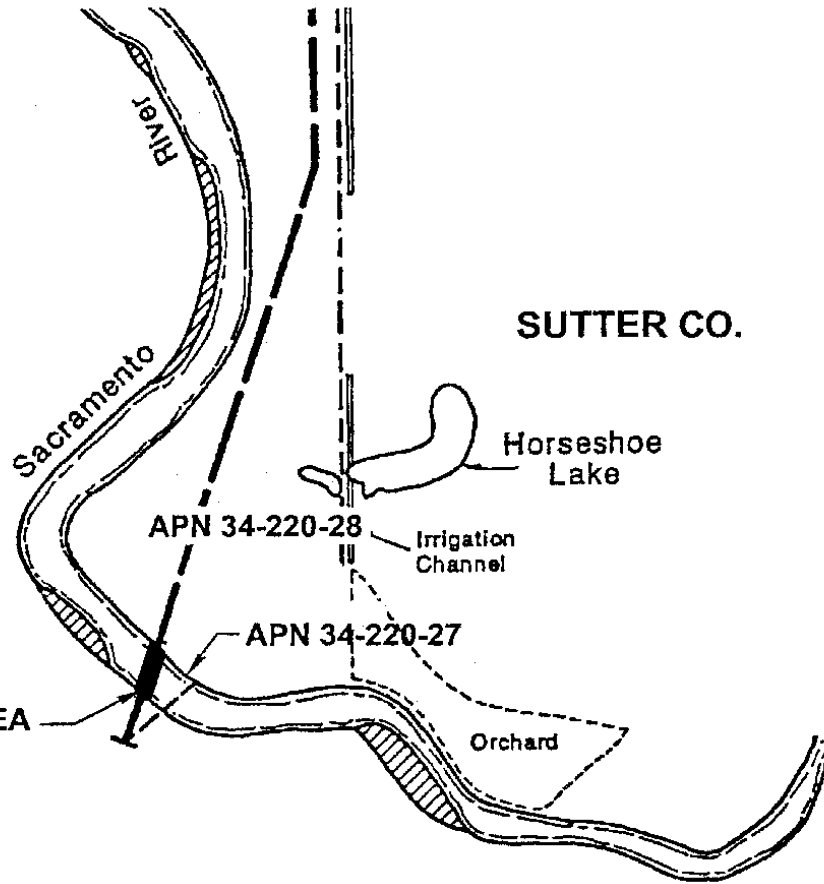
NO SCALE

SITE

YOLO CO.

SUTTER CO.

APN 56-230-07



SACRAMENTO RIVER, NEAR KNIGHT'S LANDING

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 7602.1
 CPN PIPELINE COMPANY
 APN 34-220-028 & 056-230-007
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 YOLO & SUTTER COUNTY



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

DJF 11/22/11