

This Calendar Item No. C03 was approved as Minute Item No. 03 by the California State Lands Commission by a vote of 3 to 0 at its 10-20-03 meeting.

CALENDAR ITEM
C03

A	15		10/20/03
S	5	prc 8485.1	W 25879 L. Burks

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Calpine Natural Gas Company, a Delaware
Limited Partnership
104 Woodmere Road
Folsom, California 95630

AREA, LAND TYPE, AND LOCATION:

0.06 acres, more or less, of tide and submerged lands in Tomato Slough, at Brannan Island, near the city of Rio Vista, Sacramento County.

AUTHORIZED USE:

Construction and maintenance of an 8-inch diameter high-pressure natural gas pipeline and continued use and maintenance of an existing access road.

LEASE TERM:

20 years, beginning October 20, 2003.

CONSIDERATION:

\$100 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:

Liability insurance with coverage of no less than \$50 million per occurrence for bodily injury or property damage.

Bond: \$10,000

OTHER PERTINENT INFORMATION:

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

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2. Calpine Natural Gas Company, L.P. (CNGC) installed an 8-inch diameter high pressure (1400 psi) natural gas pipeline across Tomato Slough, connecting the Twitchell/Brannan (TB) master meter located just south of State Highway 12 in the Rio Vista Gas Fields on Brannan Island, to the Rio Vista Gas Unit (RVGU) 162 meter located 2.29 miles south of the origin, also within the Rio Vista Gas Fields. Because Brannan Island Reclamation District was replacing a culvert at an existing access road across Tomato Slough, CNGC ran their pipe down the center of the access road, via conventional open cut trenching utilizing a small backhoe, after the culvert installation was completed by the Reclamation District. There is a 36-inch diameter culvert underneath the access road buried 5 feet below the road. The pipeline was laid along the access road with a minimum 3-foot depth of cover and a 2-foot clearance between the top of the culvert and the bottom of the gas pipeline. Historically, the access road has served as farm, agricultural and gas well lease and gas pipeline easement access with the Rio Vista Gas Field Operator (currently Calpine) being primarily responsible for maintenance. Therefore, the existing access road over Tomato Slough will also be leased to CNGC.
3. As production has increased from CNGC's successful drilling program, problems have developed within PG&E's Line 800 gathering system resulting in curtailment of production and increased processing costs for CNGC to meet stringent BTU requirements at the higher volumes. To alleviate these problems, PG&E offered to give CNGC an additional connection into their Line 450 gathering system near CNGC's existing RVGU 162 master meter just west of Tomato Slough. However, since the bulk of CNGC's east side (of the Sacramento River) production is processed at the TB master meter approximately 2 miles east of Tomato Slough, just south of Highway 12, it was necessary to lay a line from the TB location to RVGU 162 prompting the crossing at Tomato Slough. The total length of the pipeline was approximately 12,118 feet, of which only 50 feet cross Tomato Slough. CNGC indicates that they thought the California State Lands Commission did not have an interest in Tomato Slough at this crossing site and hence did not apply for the lease before the construction of the pipeline.
4. The proposed pipeline was designed and constructed in accordance with all national and state safety codes, including 49 CFR Part 192-United States Department of Transportation (DOT) Minimum Safety Standards for Natural Gas Pipelines. Applicant has also developed an Operations and

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Maintenance (O&M) Procedures Manual which was fully implemented during the operational phase of the project and reduced the potential for hazards and risk of upset. The Commission's Long Beach engineering staff has reviewed the pipeline specifications and indicates that the design was conceived with good engineering practice considering all applicable codes and standards.

5. A Section 401 Water Quality Certification by the Regional Water Quality Control Board was not needed for this project. Water quality was not compromised because the pipeline route went through an existing access road.
6. 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.

Authority: Title 14, California Code of Regulations, section 15061(b)(3).

7. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission has declared that all tide and submerged lands are "significant" by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code sections 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

APPROVALS OBTAINED:

California Department of Fish and Game and Reclamation District 2067.

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EXHIBIT:

A. Site Plan and Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

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).

SIGNIFICANT LANDS INVENTORY:

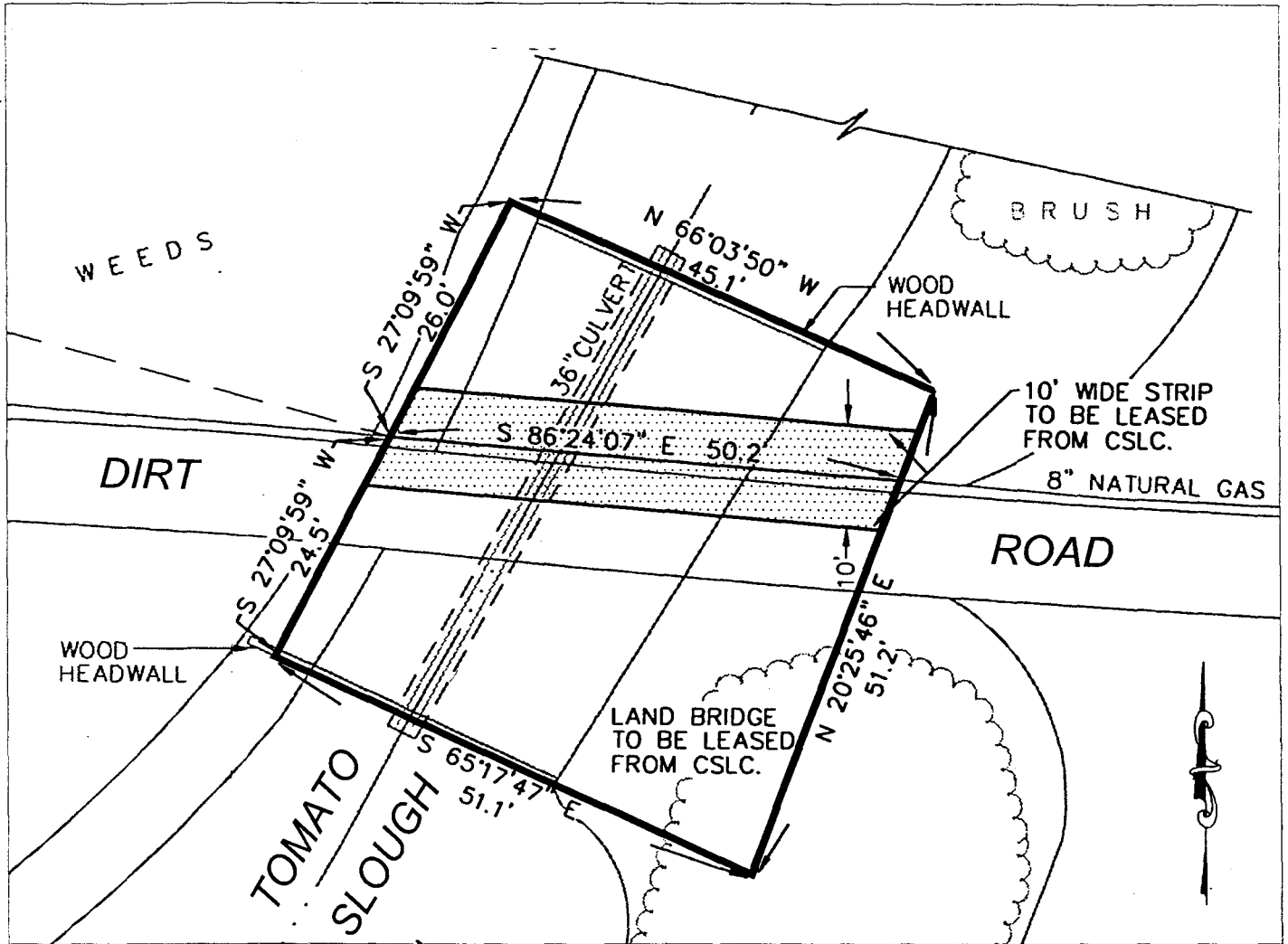
THIS ACTIVITY INVOLVES LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO CALPINE NATURAL GAS COMPANY, L.P., OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING OCTOBER 20, 2003, FOR A TERM OF 20 YEARS, FOR CONSTRUCTION AND MAINTENANCE OF A NATURAL GAS PIPELINE AND CONTINUED USE AND MAINTENANCE OF AN EXISTING ACCESS ROAD ON THE LAND SHOWN ON EXHIBIT A 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 WITH COVERAGE OF NO LESS THAN \$50 MILLION PER EACH OCCURRENCE FOR BODILY INJURY AND PROPERTY DAMAGE; SURETY IN THE AMOUNT OF \$10,000.

NO SCALE

SITE MAP



NO SCALE

LOCATION MAP

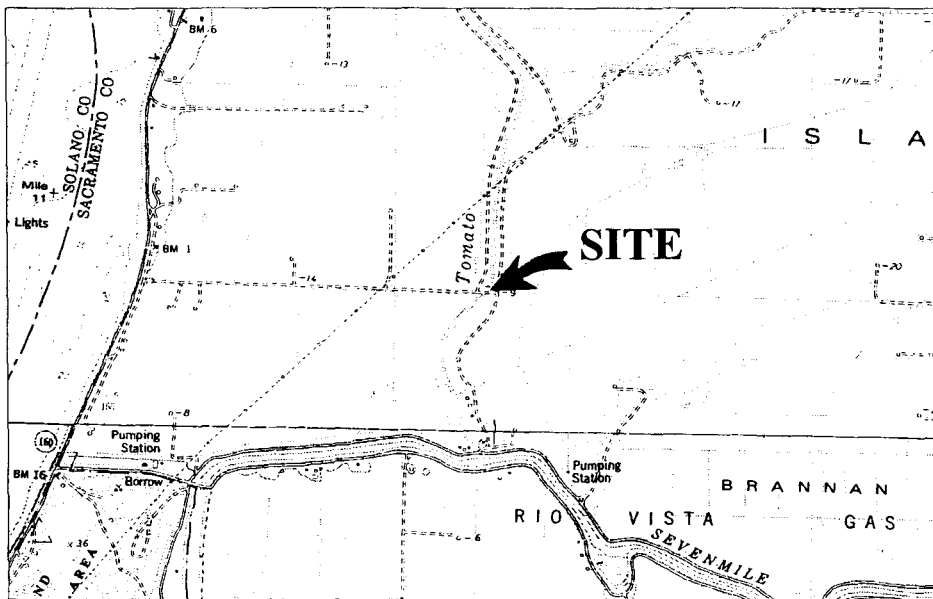


EXHIBIT A W25879

APN 157-0120-007 & 032
 Calpine Nat. Gas Co., L.P.
 General Lease
 Sacramento 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 as a waiver or limitation of any state interest in the subject or any other property.