

MINUTE ITEM

This Calendar Item No. C21 was approved as Minute Item No. 21 by the California State Lands Commission by a vote of 2 to 0 at its 06/07/04 meeting.

**CALENDAR ITEM
C21**

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S 7

06/07/04
PRC 4699.1
T. Lipscomb

REVISION OF RENT

LESSEE:

Calpine Pittsburg, Inc.
50 West San Fernando Street, 5th Floor
San Jose, CA 95113

AREA, LAND TYPE, AND LOCATION:

1.65 acres, more or less, of tide and submerged lands in New York Slough, the Sacramento River, and San Joaquin River; Solano, Sacramento, and Contra Costa Counties.

AUTHORIZED USE:

The continued operation and maintenance of an eight-inch steel natural gas pipeline.

LEASE TERM:

25 years, beginning September 1, 1992.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease, and recommends that the rent be revised from \$3,895 per year to \$8,065 per year, effective September 1, 2004.

SPECIFIC LEASE PROVISIONS:

Insurance:
\$2,000,000 Combined Single Limit.
Bond:
\$25,000

OTHER PERTINENT INFORMATION:

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

CALENDAR ITEM NO. C21 (CONT'D)

2. On August 31, 1972, the Commission originally approved a 20-year General Lease – Right of Way Use with Dow Chemical Corporation, beginning September 1, 1972 and expiring August 31, 1992. On February 27, 1996, the Commission approved a new lease with Great Western Pipeline Company, Inc. for a 25-year term beginning September 1, 1992. The pipeline subsequently transferred ownership to Calpine Pittsburg, Inc., with assignment approval by the Commission on December 16, 1998. This lease expires August 31, 2017.
3. The Department of Transportation (DOT), Office of Pipeline Safety performed the latest inspection of the Calpine pipeline between July 14 and August 11, 2003. DOT reported no violations. The Regional Water Quality Control Board and the Air Resources Board indicated no violations or citations have been issued in the past five years.

EXHIBIT:

- A. Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 4699.1 FROM \$3,895 PER YEAR TO \$8,065 PER YEAR, EFFECTIVE SEPTEMBER 1, 2004.

Location Map

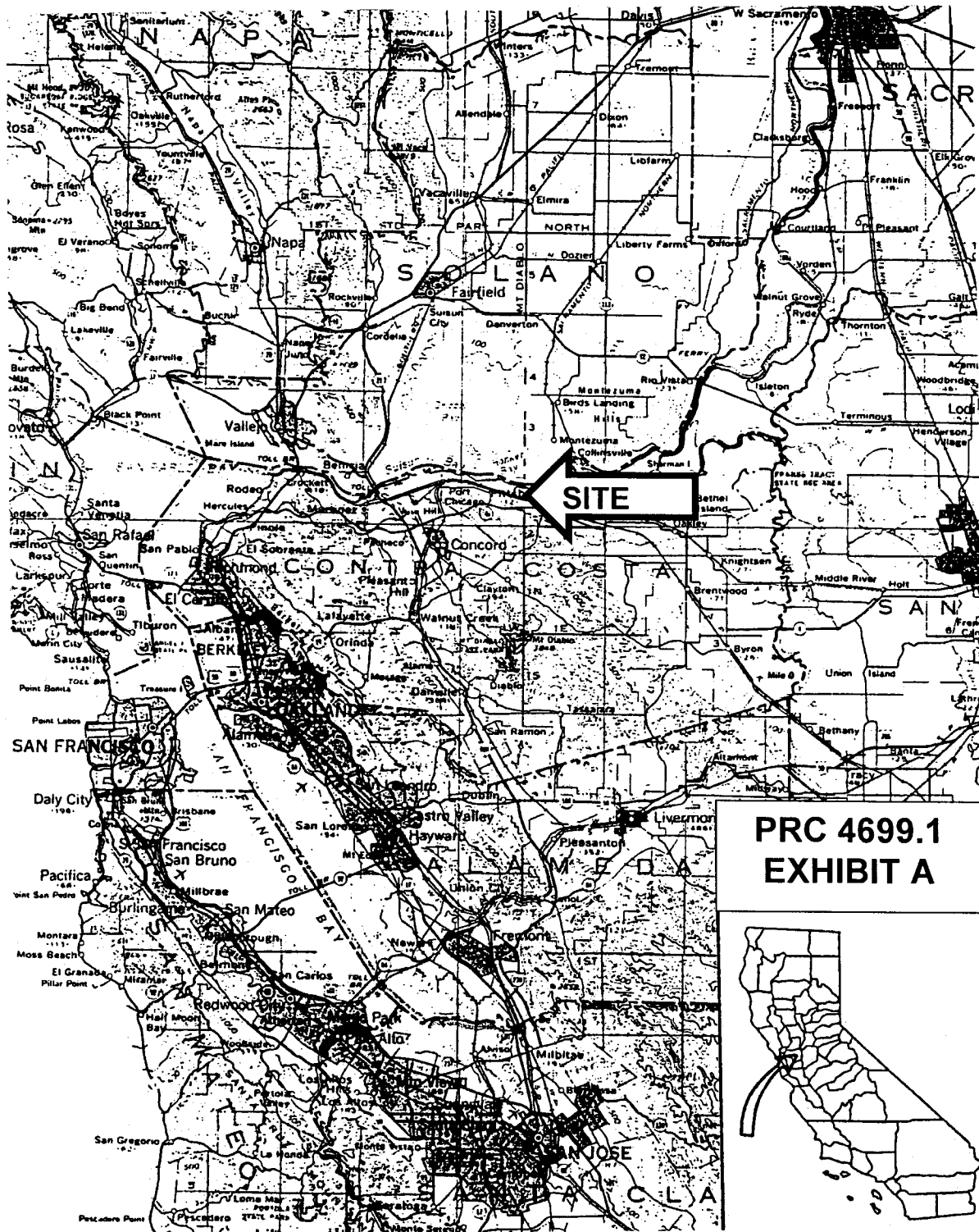


EXHIBIT CONSTRUCTED FROM USGS QUAD

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 other property.

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TKL 5/6/2004