

MINUTE ITEM

This Calendar Item No. C37 was approved as Minute Item No. 37 by the California State Lands Commission by a vote of 3 to 0 at its 02-09-06 meeting.

**CALENDAR ITEM
C37**

A 5, 8, 9
S 5, 6

02/09/06
PRC 8664 W 26108
T. Lipscomb

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Pacific Gas and Electric Company
2730 Gateway Oaks Drive
Sacramento, California 95833

AREA, LAND TYPE, AND LOCATION:

0.54 acres, more or less, of sovereign lands in the Sacramento River, in the cities of Sacramento and West Sacramento, Sacramento and Yolo counties.

AUTHORIZED USE:

Construction, use, and maintenance of a horizontal directionally drilled (HDD) 20-inch diameter welded steel natural gas pipeline.

LEASE TERM:

20 years, beginning February 9, 2006.

CONSIDERATION:

\$2,812 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 with coverage of no less than \$10,000,000.

Bond:

Surety in the amount of \$50,000.

Other:

Applicant is required to submit, for Commission staff's review and approval, the final engineering design, construction plans, Frac-out Prevention Plan, and HDD Fluid Release Contingency Plan at least 30 days prior to construction.

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OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. Pacific Gas and Electric Company has worked over the past 10 years to increase the capacity of pipeline 119A to keep up with the demand for natural gas in the Sacramento area. Line 119A is an existing 16.5 mile pipeline between Davis and North Sacramento which serves approximately 200,000 residential customers and two co-generation plants in Northern Sacramento County and El Dorado Hills. It will be used to transport gas to the city of Roseville's 160MW power plant beginning in 2006.
3. To date, all of the 12-inch diameter sections of Line 119A, except for that segment crossing the Sacramento River and 1,800 feet of 12-inch pipe north of the River crossing, have been replaced or reinforced with 20-inch diameter pipe and/or requalifying the pipeline to operate at an increased pressure of 720 psig from 500 psig. The replacement of the 20-inch segment across the Sacramento River will complete the process and the whole pipeline will then be replaced with a 20-inch diameter pipe.
4. The new pipeline crossing will be installed by the HDD method. The drill entry point is approximately 750 feet north of the River levee. The bore will pass at least 60 feet below the River channel, and exit approximately 600 feet from the south River levee. Once the pipeline is installed, the only permanent surface facilities will be the valves at the points where the proposed pipeline ties in with the existing Line 119A. The existing two parallel 12.75-inch diameter steel pipelines at the Line 119A crossing will continue to operate at the same time as the new HDD'd 20-inch diameter pipeline. The existing two 12.75-diameter pipelines will continue to be covered under the PG & E Master Lease PRC 5438.1.
5. The CSLC has been the lead agency under the provisions of the CEQA for numerous pipeline projects that have used HDD to bore under major waterways. A specific operations plan is required for the conduct of such activities and such plans have been evaluated for their effectiveness in avoiding or reducing the level of potential impacts to the environment in the documentation prepared for each project. Documentation has concluded that potential environmental impacts would be avoided or reduced below the level of significance with the implementation of such plans. Subsequent monitoring of HDD activities by CSLC staff has

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contributed to the modification and improvement of subsequent plans and procedures based on actual field experience.

In Brief, the potential for impacts would arise if a "frac-out" occurred, i.e., drilling muds, used to lubricate the bore (among other uses), were to migrate through the sub-surface and the bed of the river into the water.

An Operations Plan, based on the proposed activity in consideration of the area's site specific conditions, e.g., geology, was prepared and submitted to CSLC staff. The Applicant's plan incorporates a series of component plans to govern HDD operations, anticipate potential contingencies, and stipulate specific responses to protect the environment. Such plans include:

- HDD Abandonment Contingency Plan
- Contingency Plan for Drilling Fluid Release During HDD
- Hazardous Material Contingency Plan

The plans address drilling safety, prevention of potential spill releases of drilling fluids, spill detection and clean up, a contingency for crossing abandonment, and emergency spill response. CSLC staff will also monitor the proposed HDD operation to ensure that the plan, as approved, will be executed properly and that the operation is completed without incident.

The Applicant must also comply with CSLC's special pipeline requirements prior to the start of construction. CSLC staff's review may include, but not be limited to, geophysical investigation, engineering design, structure details of the pipeline and cathodic protection, details of safety controls and appurtenances, details of directional boring programs, equipment, construction contract specifications, contractor's work execution plan, qualified welding procedure specifications, project quality assurance and control, hydrotest information, post construction operation and maintenance program, as-builts, post construction pipeline integrity test results, and a post construction report.

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

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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 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:

National Oceanic and Atmospheric Administration, California Department of Fish and Game, Reclamation District 537 and Reclamation District 1000

FURTHER APPROVALS REQUIRED:

U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, California Regional Water Quality Control Board, and the State Reclamation Board

EXHIBITS:

- A. Site Plan
- B. Location Map

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 FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE

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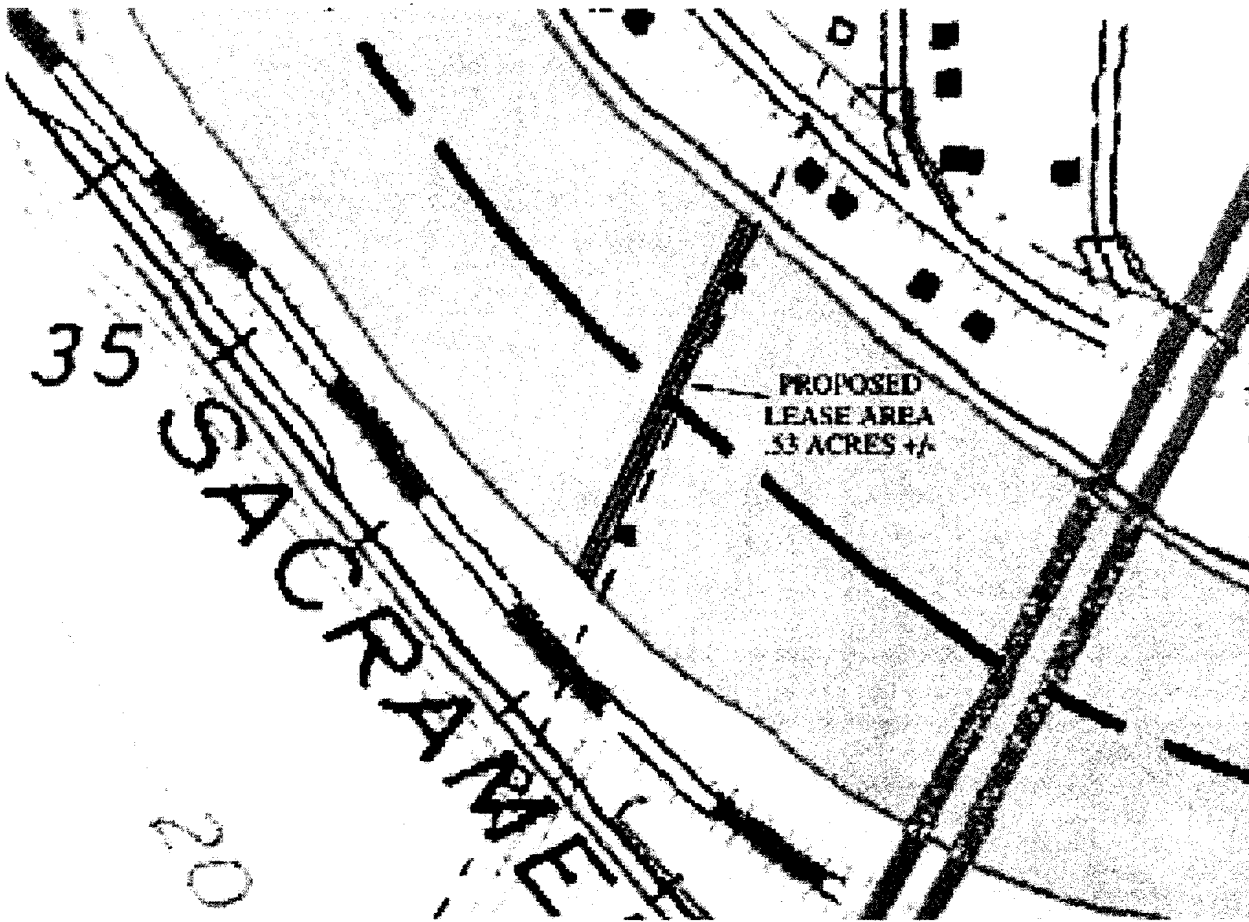
LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370,
ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO PACIFIC GAS AND ELECTRIC COMPANY OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING FEBRUARY 9, 2006, FOR A TERM OF 20 YEARS, FOR THE CONSTRUCTION, USE, AND MAINTENANCE OF A HORIZONTAL DIRECTIONALLY DRILLED 20-INCH DIAMETER WELDED STEEL NATURAL GAS PIPELINE AS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; CONSIDERATION BEING \$2,812 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 WITH COVERAGE OF NO LESS THAN \$10,000,000; SURETY IN THE AMOUNT OF \$50,000.

NO SCALE

SITE



NATURAL GAS PIPELINE, SACRAMENTO RIVER,
NEAR RIVER MILE 62.7

NO SCALE

LOCATION



Exhibit A
 W 26108
 PACIFIC GAS & ELECTRIC
 GENERAL LEASE
 RIGHT OF WAY USE
 SACRAMENTO AND
 YOLO 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.

MAP SOURCE: USGS QUAD

RAH 01/06

EXHIBIT "B"
LAND DESCRIPTION

W26108

A 35.00 feet wide strip of submerged land situate in the Counties of Yolo and Sacramento, State of California, traversing under the Sacramento River, a navigable waterway, the sides of said strip being equidistant (17.5 feet) from the herein described centerline.

The centerline of said strip being more particularly described as follows:

Commencing at a 1-1/4" iron pipe monument stamped "RCE 26449" marking an angle point on the Northwesterly line of "Parcel A" of that particular Parcel Map filed in Book 70 of Parcel Maps, at Page 6, Sacramento County Records, said Northwesterly line being coincident with the "Relinquishment of Abutter's Rights to State of California per Bk. 670123 O.R. Pg. 120" as shown on said map, from which two similar monuments shown on said map, bear therefrom the following:

1. South 27°37'20" West (cite record "South 27°51'15" West) 273.41 feet
2. North 85°37'02" East (cite record "North 85°50'57" East) 94.34 feet;

Thence, from said point of commencement, leaving said Northwesterly line, South 48°59'33" West 2246.79 feet to the centerline of said strip and the **TRUE POINT OF BEGINNING** of the herein described centerline. Said **Point of Beginning** being situate on the Easterly edge of Yolo County Levee Road, No. 22.

Thence, from said **Point of Beginning**, along said centerline North 25°10'41" East 970.80 feet to the beginning of a 2000.00 feet radius, tangent, curve to the right and the terminus of the herein described centerline. Said terminus being distant Southwesterly 35 feet, more or less, from the Westerly edge of the travel way of "Garden Highway" levee road, Sacramento County and from which terminus said point of commencement bears North 65°05'10" East 1414.06 feet.

EXCEPTING THEREFROM any portion lying landward of the Ordinary High Water Mark of the Sacramento River.

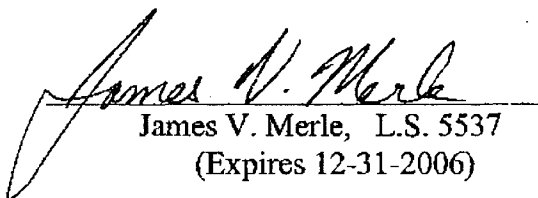
BASIS OF BEARINGS: The basis of bearings for this legal description is the North American Datum, 1983 California State Plane Coordinate System, Lambert Zone II and was determined from GPS observations on points established by that particular GPS Static Survey as shown on that Record of Survey filed in Book 13 of Maps and Surveys at Pages 61 through 69, Yolo County Records. Station "C.O.W.S. F11-T2" was held as the base station for this survey. All distances cited herein are ground distances.

EXHIBIT "B"
(Continuation)

SURVEYOR'S STATEMENT

I hereby state that I am a Licensed Land Surveyor of the State of California; that this Plat (and/or) description (were/was) prepared under my supervision.

Dated: 1-19-06


James V. Merle, L.S. 5537
(Expires 12-31-2006)



END OF DESCRIPTION