

MINUTE ITEM
This Calendar Item No. C51 was approved as
Minute Item No. 51 by the California State Lands
Commission by a vote of 3 to 0 at its
06/28/07 meeting.

CALENDAR ITEM

C51

A 34

06/28/07

PRC 8737

WP 8737.1

S 18

S. Young

AMENDMENT OF LEASE

LESSEE:

Pacific Gas & Electric Company
245 Market Street
San Francisco, CA 94105

AREA, LAND TYPE, AND LOCATION:

Sovereign lands in the bed of the Colorado River, southeast of the city of
Needles, San Bernardino County.

AUTHORIZED USE:

Installation, use and maintenance of Mitigation Monitoring groundwater wells
extending from the adjacent uplands of the Havasu National Wildlife Refuge and
into the bed of the Colorado River.

LEASE TERM:

20 years, beginning December 14, 2006.

CONSIDERATION:

\$100 per annum, with the State reserving the right to fix a different rent
periodically during the lease terms, as provided in the lease.

PROPOSED AMENDMENT:

- 1) Amend the authorized use and improvements to include the installation of
up to three additional groundwater monitoring wells extending from the
adjacent Arizona uplands, near the town of Topock, Mohave County, and
into the bed of the Colorado River in California.
- 2) Amend and revise the description of the Lease Premises to include the
proposed additional monitoring well locations in sovereign lands in the bed
of the Colorado River and originating from the Arizona upland parcel
identified as Mohave County Assessor's Parcel No. 210-48-001.

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OTHER PERTINENT INFORMATION:

1. Lessee has a right to use the uplands adjoining the lease premises.
2. In 2005, the California Department of Toxic Substances (DTSC) ordered the Pacific Gas and Electric Company (PG&E) to perform a water sampling and sediment sampling study in order to address hexavalent chromium found in groundwater at PG&E's Topock Compressor Station (Station). On September 29, 2006, the DTSC issued a letter requiring that PG&E prepare a work plan for a slant drilling groundwater investigation to assess chromium concentrations in the fluvial sediments beneath the Colorado River
3. On December 14, 2006, the Commission approved the issuance of a 20-year General Lease – Right of Way Use to PG&E for the installation of two Mitigation Monitoring groundwater wells extending from the adjacent Havasu National Wildlife Refuge and into the bed of the Colorado River. The purpose of the slant drilling is to evaluate the extent of hexavalent chromium in groundwater within the fluvial sediments beneath the Colorado River south of the Interstate 40 Bridge, and to investigate the thickness of the reductive zone immediately beneath the Colorado River at multiple sites. Subsequently, on February 5, 2007, the Commission approved an amendment to the Lease that provided for installation of additional wells on the Lease Premises, as a contingency measure required by DTSC. PG&E is now applying for an amendment of the Lease to provide for up to three additional well sites, to be drilled from the Arizona side of the Colorado River. PG&E is conducting the groundwater monitoring at the proposed sites in coordination with the Arizona Department of Environmental Quality. The proposed work includes control measures required by the U.S. Fish and Wildlife Service and the U.S. Bureau of Land Management to ensure that disturbances to environmental resources are avoided.
4. The existing lease requires that PG&E provide a set of "as-built" construction plans showing all field changes or other modifications to the plans as originally approved for installation and construction of the monitoring wells.
5. The Arizona upland drill sites are privately held by El Paso Natural Gas Company (El Paso). The parcel is located beneath the I-3 gas pipeline bridge on the Colorado River floodplain in Topock, Arizona. In May of

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2007, PG&E entered into a ten-year "Limited Access Agreement" with El Paso that provides to PG&E the right to enter El Paso's parcel for the limited purpose of conducting the groundwater study.

6. Pursuant to the Commission's delegation of authority and the State CEQA Guideline (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 6, Information Collection: Title 2, California Code of Regulations, section 2905 (e)(1).

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

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:

Arizona Department of Environmental Quality
California Department of Fish and Game
Havasu National Wildlife Refuge
U.S. Fish and Wildlife Service

FURTHER APPROVALS REQUIRED:

Arizona State Land Department
Arizona Department of Water Resources
State Historic Preservation Office

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

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CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (e)(1).

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:

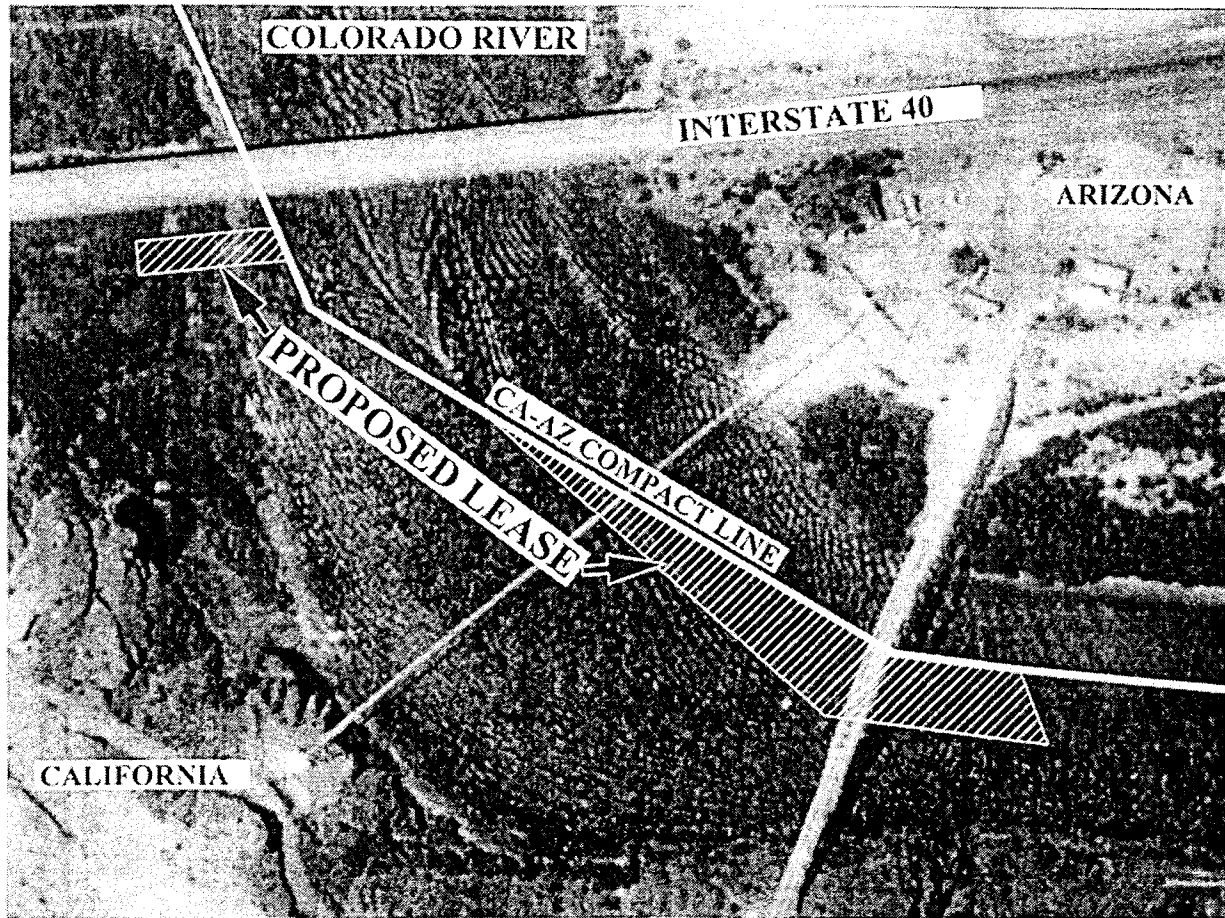
AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 8737.1, A GENERAL LEASE - RIGHT OF WAY USE, ISSUED TO PACIFIC GAS AND ELECTRIC COMPANY, TO:

- 1) AMEND THE AUTHORIZED USE AND IMPROVEMENTS TO INCLUDE THE INSTALLATION OF UP TO THREE ADDITIONAL GROUNDWATER MONITORING WELLS EXTENDING INTO THE BED OF THE COLORADO RIVER FROM THE ARIZONA UPLAND PARCEL IDENTIFIED AS MOHAVE COUNTY ASSESSOR'S PARCEL NO. 210-48-001;
- 2) REVISE THE LEASE DESCRIPTION TO INCLUDE THE ADDITION OF UP TO THREE MONITORING WELLS EXTENDING FROM ARIZONA PARCEL IDENTIFIED AS MOHAVE COUNTY ASSESSOR'S PARCEL NO. 210-48-001 AND ENTERING INTO SOVEREIGN LANDS IN THE BED OF THE COLORADO RIVER.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE SHALL REMAIN IN EFFECT WITHOUT AMENDMENT.

NO SCALE

SITE

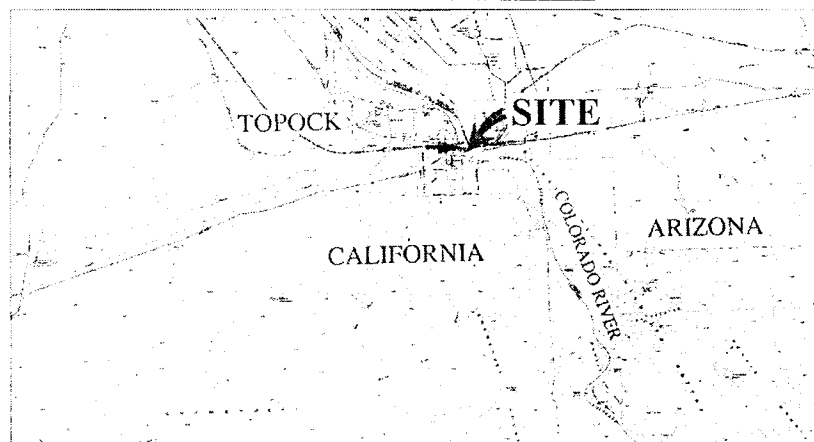


PG&E TOPOCK COMPRESSOR STATION
 PROPOSED SLANT BORINGS TOPOCK, AZ

MAP SOURCE: DOQ

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

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.

Exhibit A

PRC8737.1

PG&E

GENERAL LEASE

RIGHT OF WAY USE

NEAR NEEDLES, CA

SAN BERNARDINO COUNTY



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