

**MINUTE ITEM**

This Calendar Item No. C59 was approved as Minute Item No. 59 by the California State Lands Commission by a vote of 3 to 0 at its 09-13-07 meeting.

**CALENDAR ITEM**

**C59**

A 80

09/13/07

S 40

PRC 7005.1

S. Young

**CONSIDER ACCEPTANCE OF A QUITCLAIM DEED AND TERMINATION OF A GENERAL LEASE - RIGHT OF WAY USE**

**LESSEE:**

Pacific Texas Pipeline and Transportation Company  
1501 W. Fountainhead Parkway, Suite 350  
Tempe, AZ 85282

**AREA, LAND TYPE, AND LOCATION:**

0.344 acres, more or less, of sovereign lands in the historic bed of the Colorado River, near the city of Blythe, Riverside County.

**AUTHORIZED USE:**

Construction use and maintenance of a 42-inch diameter crude oil pipeline extending across the historic bed of the Colorado River.

**LEASE TERM:**

25 years, beginning August 1, 1986.

**CONSIDERATION:**

\$252 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 \$2,000,000.

Bond:

\$5,000.

**OTHER PERTINENT INFORMATION:**

1. On September 25, 1986, the Commission authorized the issuance of a General Lease – Right of Way Use, Lease No. PRC 7005.1, to Pacific Texas Pipeline and Transportation Company (Pacific Texas), for a 25-year term beginning on August 1, 1986. The authorized improvements under

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the lease provided for the construction, use and maintenance of a crude oil pipeline crossing a small parcel of State-owned land within the historic bed of the Colorado River near the city of Blythe. The proposed pipeline was part of a larger project consisting of a 1,030-mile long buried crude oil pipeline extending from an upland storage terminal at Carson, California to Midland, Texas. The purpose of the pipeline was to transport crude oil from the storage facility at Carson to Midland and existing networks that serve refineries in the U.S. gulf coast and the Midwest.

2. Pursuant to the terms of the lease, the pipeline construction was to be completed by December 14, 1987. Due to delays in the project, on March 26, 1987, the Commission approved an extension of the project's construction completion to December 14, 1988. Subsequently, on March 3, 1990, the Commission approved a second request for extension of the construction completion-limiting dates to August 1, 1991.
3. Staff has been advised by Pacific Texas that the facilities were never constructed. Pacific Texas has made periodic rent payments, however, liability insurance coverage was not provided and the required surety bond was rescinded. As the facilities were never constructed and the State has not been harmed or sustained any lost opportunity to utilize the lease premises, staff recommends that the Commission terminate the Lease and authorize the waiver of any remaining unpaid annual rental, interest and penalty due. Pursuant to the lease terms, Pacific Texas has been advised of staff's recommendations and consents to the termination that it must release all rights under the lease and will be providing a lease quitclaim deed.
5. 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 because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

**EXHIBIT:**

- A. Site and Location Map

CALENDAR ITEM NO. **C59** (CONT'D)

**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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

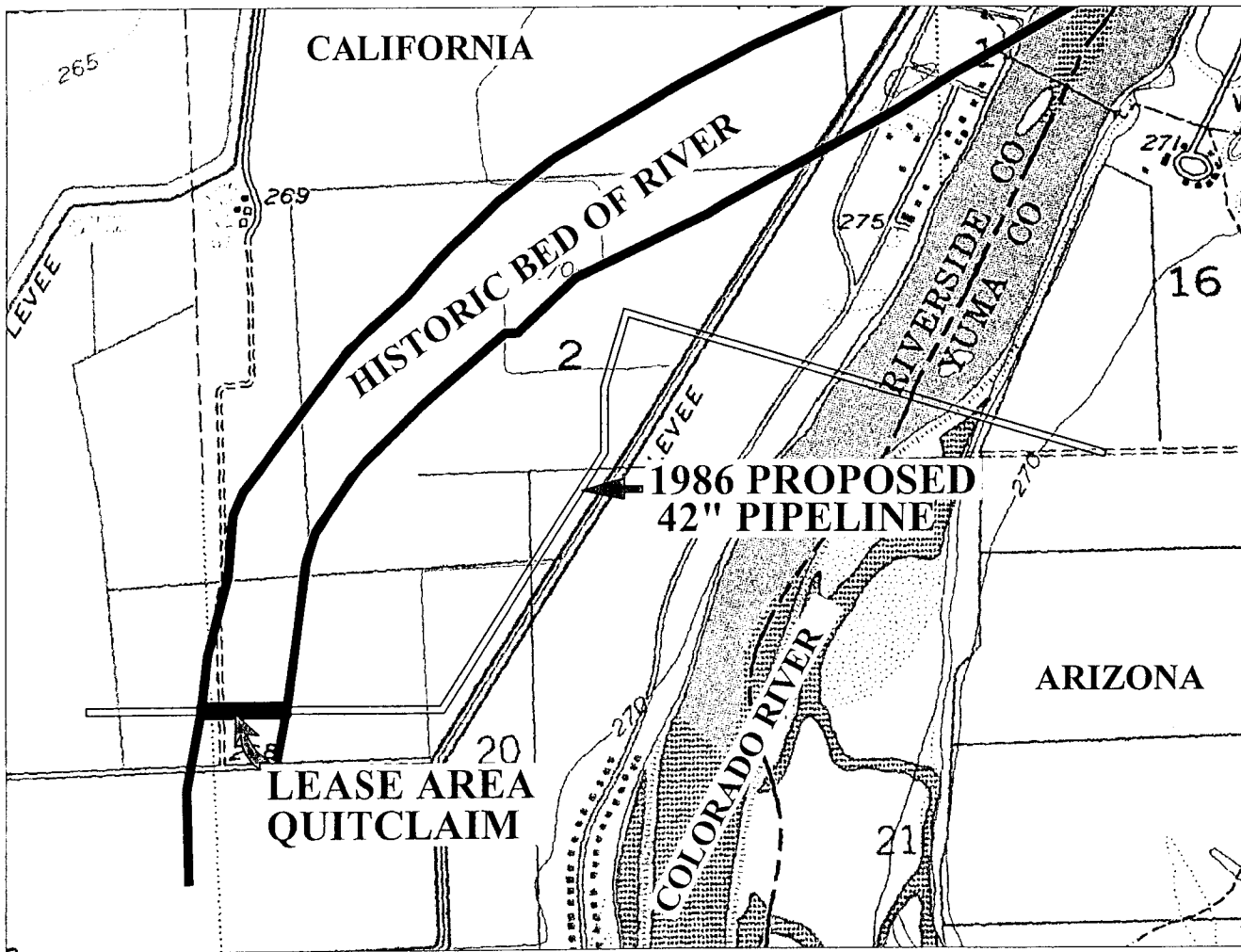
**AUTHORIZATION:**

AUTHORIZE THE ACCEPTANCE OF A QUITCLAIM DEED TRANSFERRING ALL RIGHTS, TITLE AND INTEREST IN THE LEASEHOLD FROM PACIFIC TEXAS PIPELINE AND TRANSPORTATION COMPANY BACK TO THE STATE OF CALIFORNIA, AND AUTHORIZE THE TERMINATION OF GENERAL LEASE – RIGHT OF WAY USE, LEASE NO. PRC 7005.1, FOR THE LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

AUTHORIZE THE WAIVER OF ANY UNPAID ANNUAL RENTAL PAYMENTS, INTEREST AND PENALTIES DUE THE COMMISSION FROM PACIFIC TEXAS PIPELINE AND TRANSPORTATION COMPANY UNDER THE PROVISIONS OF GENERAL LEASE – RIGHT OF WAY USE, LEASE NO. PRC 7005.1, AS THE FACILITIES WERE NOT CONSTRUCTED AND THE STATE HAS SUSTAINED NO LOSS OF OPPORTUNITY OR BEEN DEPRIVED OF USE OF THE PROPERTY.

NO SCALE

# SITE

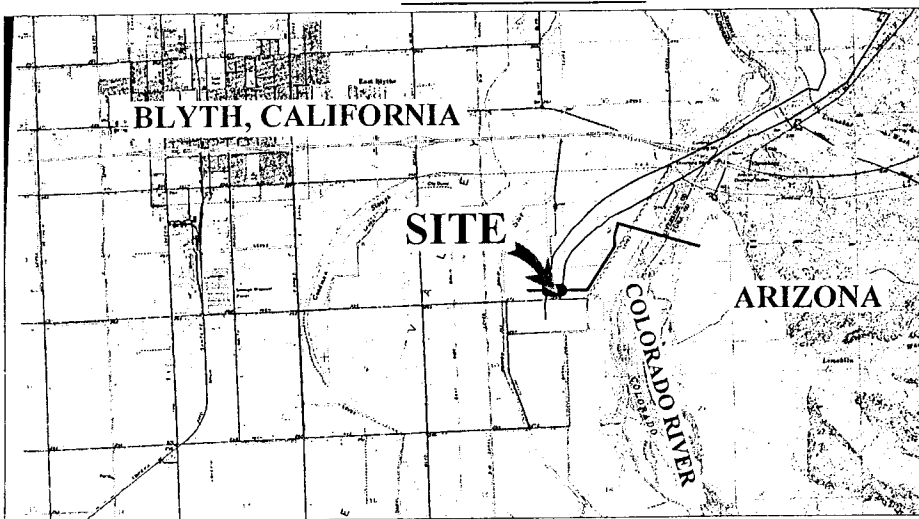


HISTORIC BED OF THE COLORADO RIVER  
EAST OF BLYTH, RIVERSIDE COUNTY

MAP SOURCE: USGS QUAD

NO SCALE

# LOCATION



MAP SOURCE: USGS QUAD

## Exhibit A

PACIFIC TEXAS PIPELINE  
 PRC 7005.1  
 QUITCLAIM OF  
 GENERAL LEASE  
 RIGHT OF WAY USE  
 RIVERSIDE 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.