

MINUTE ITEM

This Calendar Item No. C29 was approved as
Minute Item No. 29 by the California State Lands
Commission by a vote of 2 to 0 at its
10/30/07 meeting.

CALENDAR ITEM

C29

A 8,9,11

10/30/07

S 4,6,7

PRC 3277.1

J. McComas

REVISION OF RENT

LESSEE:

Chevron U.S.A., Inc.
P. O. Box 1392
Bakersfield, California 93302

AREA, LAND TYPE, AND LOCATION:

7.88 acres, more or less, of sovereign lands in Honker Bay, Solano and Contra Costa counties, Roaring River, Montezuma Slough and Grizzly Slough, Solano County and the Sacramento River, Yolo and Sacramento counties.

AUTHORIZED USE:

Continued use and maintenance of an existing eight-inch refined products pipeline used to transport gasoline, diesel, and jet fuel.

LEASE TERM:

25 years, beginning May 1, 1997.

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 \$3,285 per year to \$4,440 per year, effective May 1, 2008.

The recommended rent is based on adjustment of the prior rent by application of the Consumer Price Index (CPI). The adjustment does not obligate the Commission to use the CPI to adjust future rents.

OTHER PERTINENT INFORMATION:

1. On June 19, 1998, the Commission authorized a General Lease - Right of Way Use to Chevron U.S.A. Inc. for an eight-inch refined products pipeline used to transport gasoline, diesel and jet fuel, within a 25 foot right of way. An amendment to the lease to authorize the decommissioning of a portion

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of the existing pipeline and the installation of a new pipeline within the existing lease right of way located within Honker Bay was approved on June 14, 1999. The decommissioned portion of the pipeline remains under lease, with Chevron maintaining responsibility. A pipeline abandonment agreement was authorized between Chevron and the Commission.

2. An internal inspection in July 1995 revealed that the pipeline segment acrossing Montezuma Slough needed to be replaced. On September 3, 1999, the Commission approved an amendment to the lease to decommission a portion of the existing pipeline and the installation of a new pipeline crossing Montezuma Slough. This decommissioned portion of the pipeline also remains under lease, with Chevron maintaining responsibility.
3. On July 10, 1997 a ship lost power and to avoid running aground dropped its anchor in the "No Anchor Zone" in Honker Bay. As a result, a portion of the pipeline was damaged. The Commission authorized the decommissioning of the damaged portion of the pipeline and the installation of a new pipeline on Spetember 3, 1999.
4. Pursuant to an Operating Agreement between Chevron Products, a Division of Chevron U.S.A., Inc. and Chevron Pipe Line Company, dated January 1, 2002, Chevron Pipe Line Company has been designated the operator of the pipeline. Since the 1997 incident, the pipeline has been maintainted and operated without incident.

EXHIBIT:

- A. Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

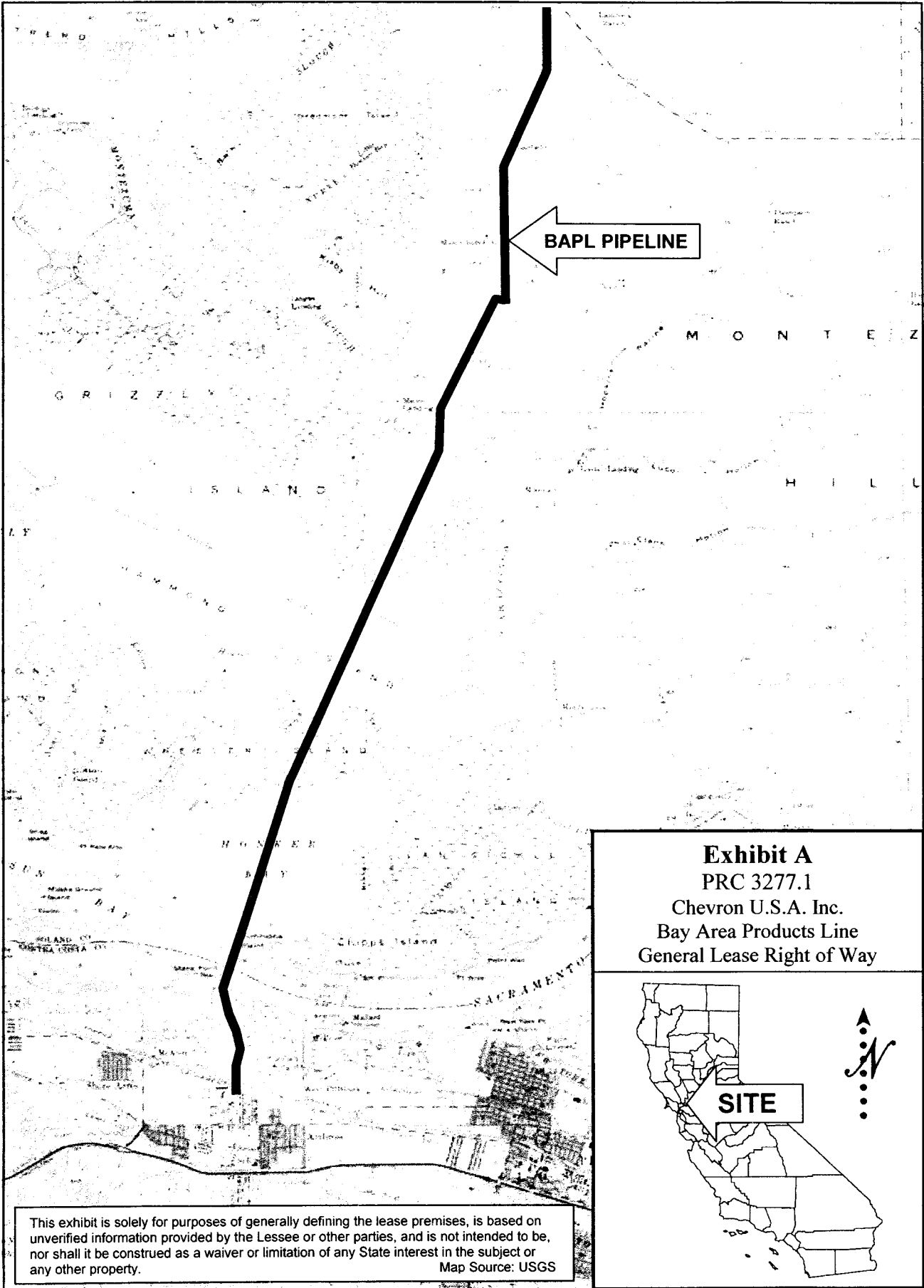
CEQA FINDING:

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.

CALENDAR ITEM NO. C29 (CONT'D)

AUTHORIZATION:

APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 3277.1
FROM \$3,285 PER YEAR TO \$4,440 PER YEAR, EFFECTIVE MAY 1,
2008.



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JM 10/2007