

**MINUTE ITEM**

This Calendar Item No. C31 was approved as  
Minute Item No. 31 by the California State Lands  
Commission by a vote of 2 to 0 at its  
10/30/07 meeting.

**CALENDAR ITEM**

**C31**

A 8

10/30/07

PRC 8354.1

S 4

PRC 8485.1

J. McComas

**ASSIGNMENT OF LEASE**

**LESSEE/ASSIGNOR:**

Calpine Corporation  
104 Woodmere Road  
Folsom, California 95630

**ASSIGNEE:**

Rosetta Resources Operating LP  
Attn: R. G. Davis, Land Manager  
1200 17th Street, Suite 770  
Denver, CO 80202

**PRC 8354.1:**

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

0.0419 acres, more or less, of sovereign lands in Sevenmile Slough, between  
Twitchell Island and Brannan Island, near the city of Rio Vista, Sacramento  
County.

**AUTHORIZED USE:**

Use and maintenance of an eight-inch diameter natural gas pipeline.

**LEASE TERM:**

20 years, beginning November 1, 2001.

**CONSIDERATION:**

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

**PRC 8485.1:**

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

0.06 acres, more or less, of sovereign lands in Tomato Slough, at Brannan  
Island, near the city of Rio Vista, Sacramento County.

CALENDAR ITEM NO. C31 (CONT'D)

**AUTHORIZED USE:**

Use and maintenance of an eight-inch diameter natural gas pipeline and an access road.

**LEASE TERM:**

20 years, beginning October 20, 2003.

**CONSIDERATION:**

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

**OTHER PERTINENT INFORMATION:**

1. Assignee has the right to use the uplands adjoining the lease premises.
2. On November 26, 2001, the Commission authorized a 20-year General Lease - Right of Way Use Lease No. PRC 8354.1 to Calpine Natural Gas Company for the construction of an eight-inch diameter natural gas pipeline. That lease will expire on October 31, 2021. On October 20, 2003, the Commission authorized a 20-year General Lease - Right of Way Use Lease No. PRC 8485.1 to Calpine Natural Gas Company, LP.
3. Calpine Corporation (Calpine), through a series of name changes, reorganizations and mergers, became the Lessee under said leases.
4. In July of 2005, Calpine and its subsidiaries, as sellers, entered into a Purchase and Sale Agreement (PSA) with Rosetta Resources Inc. (Rosetta), as buyer, under the terms of which Calpine sold all of its oil and gas leases in California, together with certain supporting rights and agreements, including PRC No. 8354.1 and PRC No. 8485.1. On December 20, 2005, before the State's consent could be secured, Calpine and certain of its subsidiaries filed a case for reorganization under Chapter 11 of the Bankruptcy Code. The case was filed in the Bankruptcy Court for the Southern District of New York. In September of 2007, Calpine secured an order from the Bankruptcy Court authorizing the transfer of the leases to Rosetta, effective May 1, 2005. Rosetta has requested Commission approval for the assignment of the above referenced leases, as well as an oil and gas lease PRC 415.1, as contemplated in the PSA. The assignment of PRC 415.1 is addressed in a separate calendar item on the Commission's Agenda. Processing of Rosetta's request for

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CALENDAR ITEM NO. C31 (CONT'D)

assignment was delayed due to the Calpine bankruptcy. Rosetta has been operating the Rio Vista Gas Field and associated pipeline rights-of-way since July of 2005. All rental payments due under the leases have been made.

5. The pipelines were constructed in accordance with all national and state safety codes, including 49 CFR Part 192 - United States Department of Transportation Minimum Safety Standards for Natural Gas Pipelines, and have been operated without an incident.
6. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it 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, sections 15060 (c)(3) and 15378.

**EXHIBITS:**

- A. Site and Location Map – PRC 8354.1
- B. Site and Location Map – PRC 8485.1

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**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:**

AUTHORIZE THE ASSIGNMENT OF LEASE NO. PRC 8354.1, A GENERAL LEASE - RIGHT OF WAY USE, OF SOVEREIGN LANDS AS

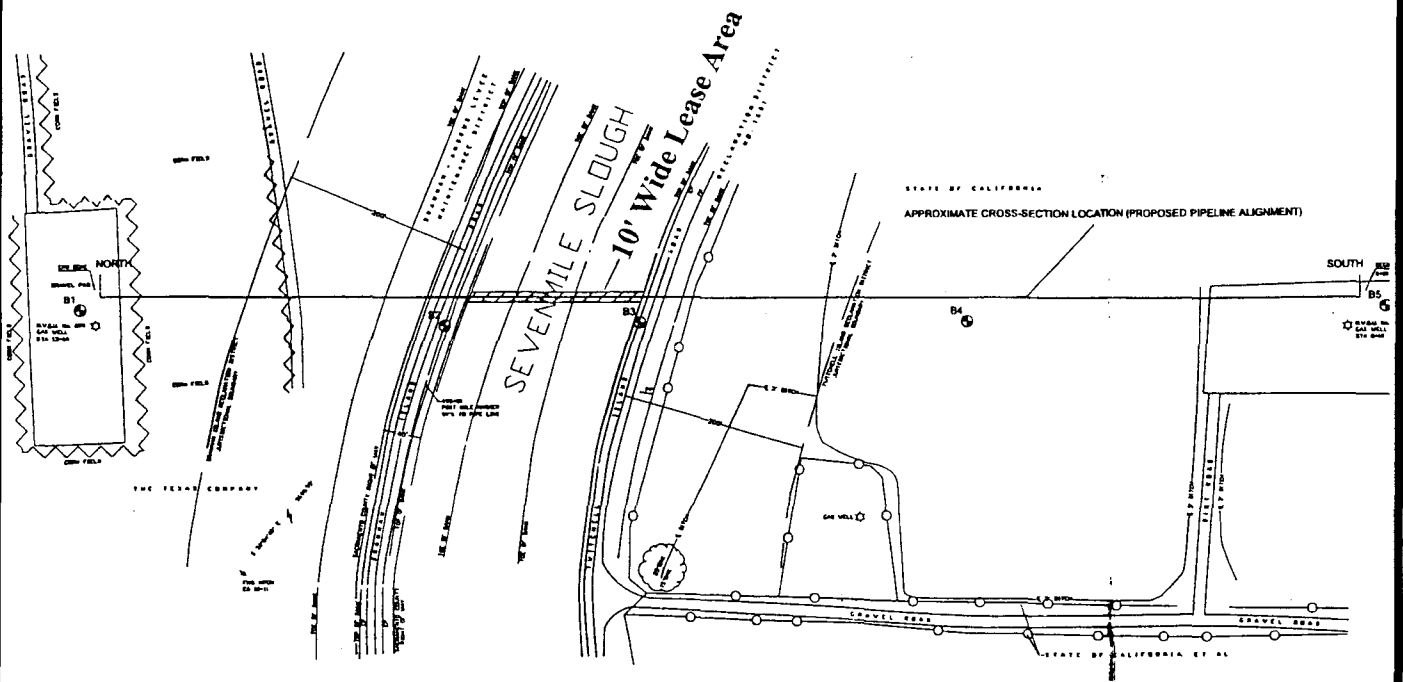
CALENDAR ITEM NO. C31 (CONT'D)

SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, FROM CALPINE CORPORATION TO ROSETTA RESOURCES OPERATING LP.

AUTHORIZE THE ASSIGNMENT OF LEASE NO. PRC 8485.1, A GENERAL LEASE – RIGHT OF WAY USE, OF SOVEREIGN LANDS AS SHOWN ON EXHIBIT B ATTACHED AND BY REFERENCE MADE A PART HEREOF, FROM CALPINE CORPORATION TO ROSETTA RESOURCES OPERATING LP.

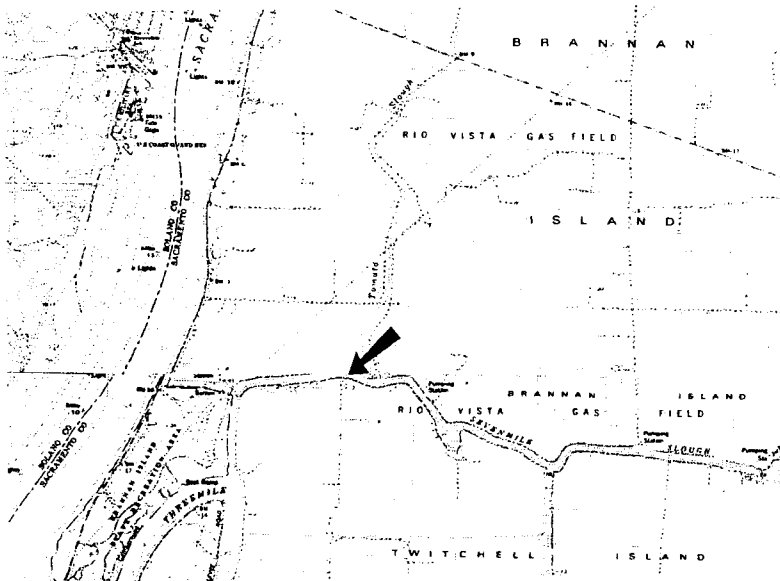
NO SCALE

# SITE MAP



NO SCALE

# LOCATION MAP



**EXHIBIT A**  
**PRC 8354.1**  
 Sevenmile Slough  
 Rosetta Resources, Inc.  
 General Lease  
 Right-of-Way  
 Sacramento County



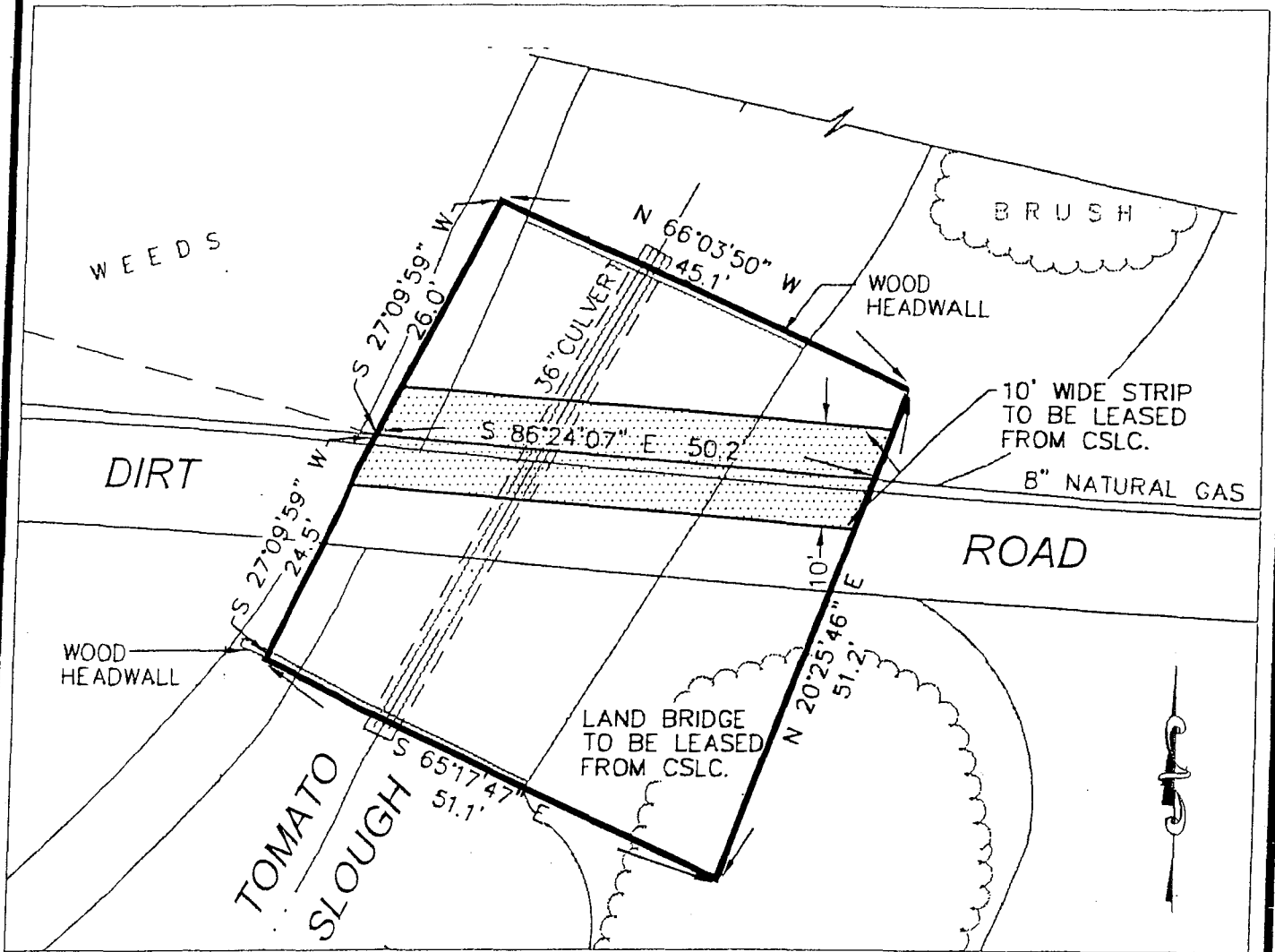
This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver of limitation of any state interest in the subject or any other property.

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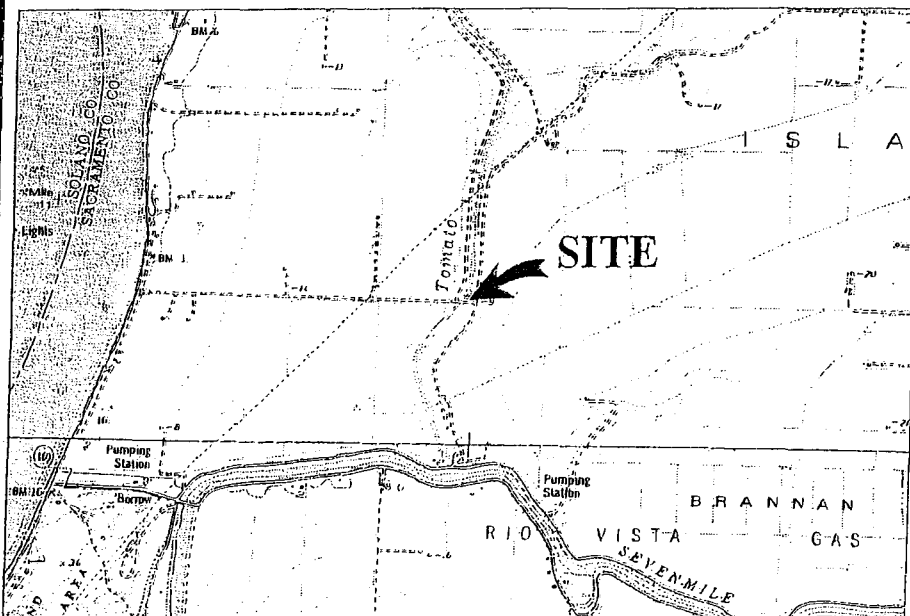
NO SCALE

# SITE MAP



NO SCALE

# LOCATION MAP



**EXHIBIT B**  
**PRC 8485.1**  
 Tomato Slough  
 Rosetta Resources  
 Operating, LP  
 General Lease  
 Right-of-Way Use  
 Sacramento County



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 any other real property.

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