

**CALENDAR ITEM
C08**

A 32, 34

S 18

08/22/08
WP 7132.2
M. Clark

GENERAL LEASE – INDUSTRIAL USE

APPLICANT:

SWEPI LP
200 North Dairy Ashford
Houston, Texas 77079

AREA, LAND TYPE, AND LOCATION:

25.60 acres, more or less, of State lieu lands adjacent to 585 West Beach Street, near the town of Mojave, Kern County.

AUTHORIZED USE:

Continued use and maintenance of an existing ground water monitoring well and a portion of a reclaimed processing pond as shown on Exhibit A.

LEASE TERM:

Five years, beginning August 1, 2007.

CONSIDERATION:

\$5,760 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:

Liability insurance in the amount of no less than \$2,000,000.

OTHER PERTINENT INFORMATION:

1. Applicant owns and has the permission to use the property adjoining the lease premises.
2. On December 16, 1998, the Commission authorized a ten-year General Lease – Industrial Use, to Shell Oil Company for the continued use and maintenance of an existing buried water pipeline, ground water monitoring well, and a portion of a processing pond. The authorized improvements were used in conjunction with Shell's gold ore mining operations at the

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Standard Hill Mine. All of the mining activities occurred on the adjoining property and not on the lease premises.

3. Subsequently, on September 3, 1999, the Commission authorized an amendment of the lease, to delete the water pipeline as an authorized land use. At that same meeting, the Commission authorized a ten-year lease (PRC 8108.2) to Granite Construction Company for the use and maintenance of the existing water pipeline which is used as part of Granite's operation to crush reclaimed rock to make aggregate.
4. The lease to Shell expired July 31, 2007. SWEPI LP, the entity that now holds all working assets for Shell in the United States, is applying for a new General Lease – Industrial Use. No mining activity has taken place since the 1990's and SWEPI has requested a five-year lease term in order to complete the final stages of the clean up and closure of the mine. According to SWEPI, reclamation of the processing pond is complete. The ground water monitoring well will be removed or abandoned pursuant to the anticipated future rescission of the Waste Discharge Requirements (WDR) from the Lahontan Regional Water Quality Control Board (LRWQCB). The well is sampled by LRWQCB semi-annually and will continue to be sampled until the WDR is rescinded.
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 as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

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

6. 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.

EXHIBITS:

- A. Location and Site Map
- B. Land Description

CALENDAR ITEM NO. **C08** (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 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

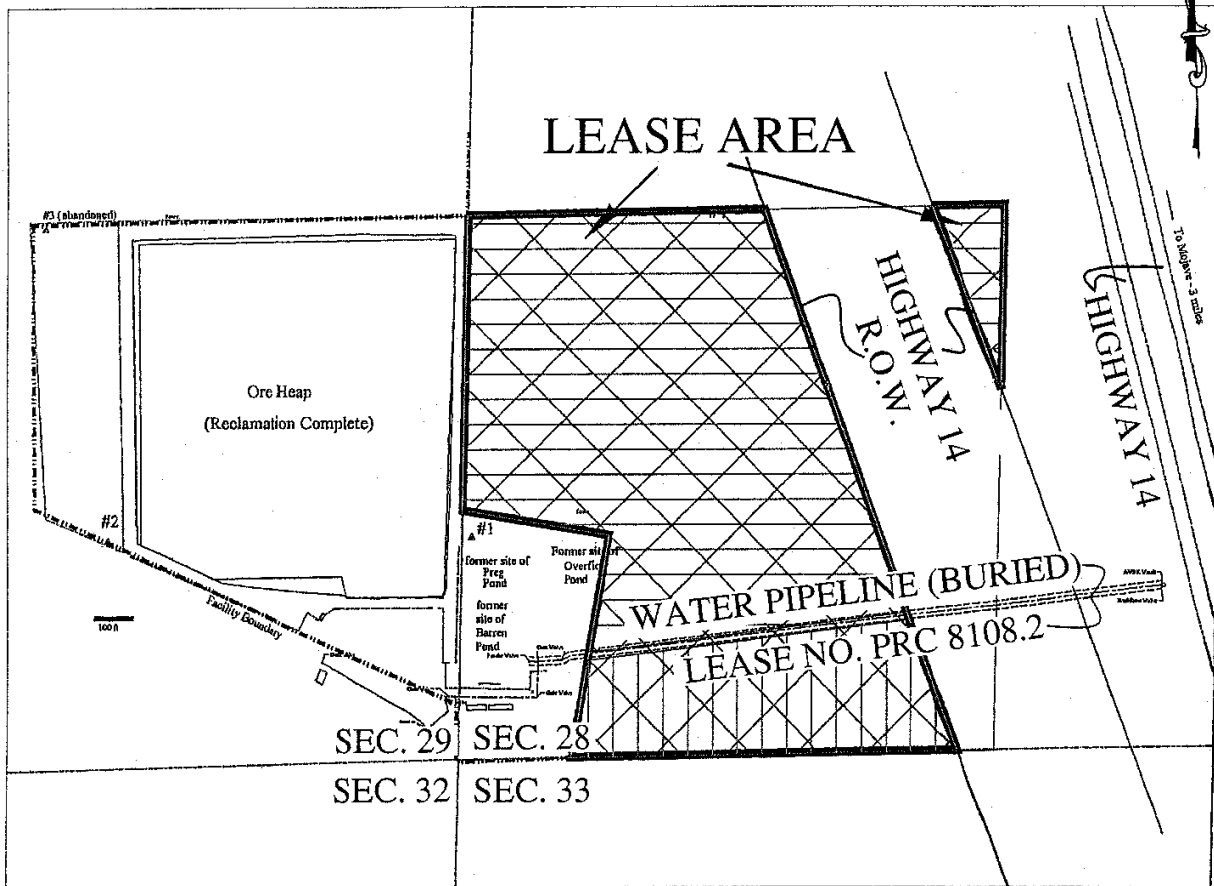
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE ISSUANCE OF A GENERAL LEASE – INDUSTRIAL USE TO SWEPI LP, BEGINNING AUGUST 1, 2007, FOR A TERM OF FIVE YEARS, FOR THE CONTINUED USE AND MAINTENANCE OF AN EXISTING GROUND WATER MONITORING WELL AND A PORTION OF A RECLAIMED PROCESSING POND AS SHOWN ON EXHIBIT A AND AS DESCRIBED ON EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$5,760 WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM AS PROVIDED IN THE LEASE; AND LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF NO LESS THAN \$2,000,000.

NO SCALE

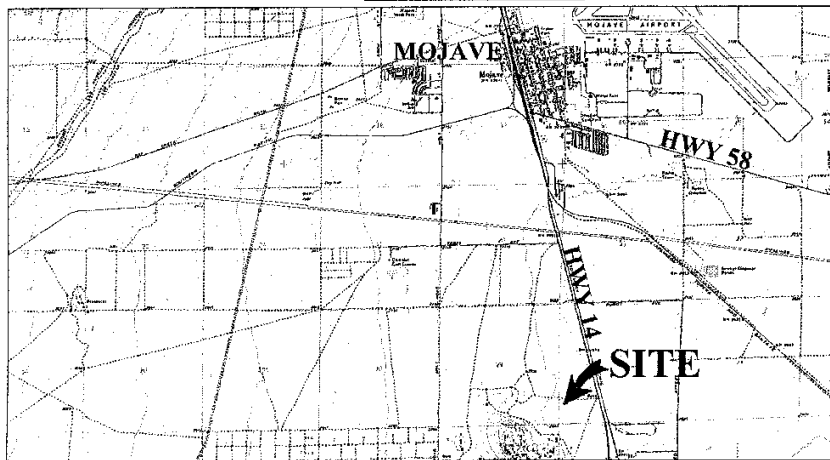
SITE



Portions of Lot 1, Section 28, T11N, R12W S.B.M.
SCHOOL LANDS

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

WP 7132.2
SHELL EXPLORATION &
PRODUCTION CO.
GENERAL LEASE
INDUSTRIAL USE
KERN COUNTY



MJE 3/11/08

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.