

**CALENDAR ITEM
C29**

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S 18

08/11/09
PRC 8255.2, W 26325
J. Porter, J. Frey

**ACCEPTANCE OF A PARTIAL QUITCLAIM DEED AND
AMENDMENT OF LEASE NO. PRC 8255.2 AND ISSUANCE
OF A NEW GENERAL LEASE - RIGHT OF WAY USE**

LESSEE:

Questar Southern Trails Pipeline
P.O. Box 45360
Salt Lake City, UT 84145-0433

APPLICANT:

Southern California Gas Company
A California Corporation
555 W. 5th Street
Los Angeles, CA 90013

AREA, LAND TYPE, AND LOCATION:

Six parcels of School Lands containing a total of 40 acres, more or less, in Section 16, Township 5 North, Range 15 East, Section 36, Township 3 North, Range 12 East, Section 16, Township 9 North, Range 21 East, Section 36, Township 9 North, Range 20 East, Section 16, Township 8 North, Range 20 East, and Section 16, Township 7 North, Range 18 East, SBM, east of Twentynine Palms Marine Corps Air Ground Combat Center, San Bernardino County.

AUTHORIZED USE:

Use and maintenance of an existing 16-inch underground pipeline for transmission of natural gas, and two cathodic protection units.

LEASE TERM:

20 years, beginning December 1, 2000.

CONSIDERATION:

\$9,272 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

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PROPOSED AMENDMENT:

Delete two of the six parcels comprising the lease premises located in Section 16, Township 5 North, Range 15 East and Section 36, Township 3 North, Range 12 East, revise the authorized improvements to delete one cathodic protection unit, and revise the annual rent to \$5,195, effective August 11, 2009. All other terms and conditions of the lease shall remain in effect without amendment.

PROPOSED NEW LEASE - AREA, LAND TYPE, AND LOCATION:

17.88 acres, more or less, of school lands in Section 16, Township 5 North, Range 15 East and Section 36, Township 3 North, Range 12 East, SBM, east of Twentynine Palms Marine Corps Air Ground Combat Center, San Bernardino County.

PROPOSED NEW LEASE - AUTHORIZED USE:

Use and maintenance of an existing underground 16-inch pipeline for the transmission of natural gas; removal of one existing block valve, replacement of one existing block valve, and upgrading of one existing cathodic protection rectifier.

PROPOSED NEW LEASE - TERM:

20 years, beginning August 11, 2009.

PROPOSED NEW LEASE - CONSIDERATION:

\$4,076 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PROPOSED NEW LEASE - SPECIFIC LEASE PROVISIONS:

Insurance:

Liability insurance of no less than \$5,000,000

Bond:

\$10,000

Other:

1. Applicant to perform all activities related to the Mitigation Monitoring Program for the for the North-South Interconnect Project, as prepared for and approved by the County of San Bernardino as an Addendum to the Questar Southern Trails Pipeline EIR/EIS (SCH# 99041103).

OTHER PERTINENT INFORMATION:

1. The Commission authorized the construction of a 16-inch underground petroleum pipeline in 1957. Seven leases were issued to Four Corners Pipeline Company for a period of 49 years each. On January 1, 1995, Four Corners Pipeline Company changed its name to ARCO Pipeline

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Company (ARCO). The pipeline was used to transport crude oil until 1998.

2. On April 13, 1999, the Commission approved the assignment of the seven leases from ARCO to Questar Southern Trails Pipeline (Questar).
3. At its meeting of November 27, 2000, the Commission accepted lease quitclaim deeds to the seven leases, terminated the seven leases, authorized the issuance of Lease No. PRC 8255.2, a General Lease - Right of Way Use (Lease), to Questar, and authorized the conversion of the pipeline from petroleum to natural gas.
4. The lease premises consist of six parcels of school lands containing a total of approximately 40 acres.
5. Questar entered into a sales agreement with Southern California Gas Company (Applicant), whereby Questar would sell a portion of the pipeline to the Applicant. The portion of the pipeline to be sold consists of approximately 76 linear miles and includes two of the six parcels of school lands included within the lease premises for the Lease.
6. Questar has executed a Lease Quitclaim Deed to relinquish its leasehold rights in the two parcels that are proposed for sale to the Applicant.
7. Applicant applied for a new General Lease - Right of Way Use for the two parcels of school lands that are included in the proposed pipeline sale.
8. The current annual rent for Lease No. PRC 8255.2 is \$9,272 per year. Deletion of two of the six parcels from the lease premises will result in a new lease area of 22.12 acres, and therefore in a new annual rent of \$5,195.
9. For the two parcels of school lands containing that portion of the pipeline to be acquired by the Applicant, staff performed an appraisal for the purpose of establishing the rent for the new General Lease - Right of Way Use and recommends the rent be set at \$4,076 per year.
10. An Addendum was prepared by San Bernardino County for an EIR SCH #99041103 that was previously certified by the California State Lands Commission on November 27, 2000. The Addendum was approved by San Bernardino County on June 3, 2009. CSLC staff reviewed such document and Mitigation Monitoring Program prepared in

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conformance with the provisions of the CEQA (Public Resources Code Section 21081.6) and adopted by the lead agency.

11. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission declared that all lands are “significant” by nature of their public ownership (as opposed to “environmentally significant”). Since such declaration of significance is not based upon the requirements and criteria of Public Resources code Sections 6370, et. seq., use classifications for such lands have not been designated. Therefore, the findings of the project’s consistency with the use classification as required by Title 2, California Code of Regulations, Section 2954 is not applicable.

APPROVALS OBTAINED:

San Bernardino County

FURTHER APPROVALS REQUIRED:

Bureau of Land Management
U.S. Fish and Wildlife Service
U.S. Army Corps of Engineers
California Department of Fish and Game
Colorado River Basin Regional Water Quality Control Board
California State Water Resources Control Board
Riverside County
City of Twentynine Palms
South Coast Air Quality Management District
Mojave Desert Air Quality Management District

EXHIBITS:

- A. Site and Location Map, PRC 8255.2 Lease Quitclaim Deed
- B. Land Description, PRC 8255.2 Lease Quitclaim Deed
- C. Site and Location Map, PRC 8255.2 Lease Amendment
- D. Land Description, PRC 8255.2 Lease Amendment
- E. Site and Location Map, W 26325
- F. Land Description, W 26325

PERMIT STREAMLINING ACT DEADLINE:

November 30, 2009

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RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ADDENDUM TO EIR SCH# 99041103 (PREVIOUSLY CERTIFIED BY THE COMMISSION ON NOVEMBER 27, 2000) WAS PREPARED FOR THIS PROJECT BY SAN BERNARDINO COUNTY AND APPROVED ON JUNE 3, 2009, AND THAT THE COMMISSION REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE MITIGATION MONITORING PROGRAM AS CONTAINED ON FILE IN THE SACRAMENTO OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.

AUTHORIZATION:

AUTHORIZE THE ACCEPTANCE OF A LEASE QUITCLAIM DEED FROM QUESTAR SOUTHERN TRAILS PIPELINE OF SCHOOL LANDS SHOWN ON EXHIBIT A (FOR REFERENCE PURPOSES ONLY) AND DESCRIBED ON EXHIBIT B, BOTH ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; AUTHORIZE AMENDMENT OF LEASE NO. PRC 8255.2, A GENERAL LEASE - RIGHT OF WAY USE, TO REVISE THE LEASE PREMISES TO THOSE SCHOOL LANDS SHOWN ON EXHIBIT C (FOR REFERENCE PURPOSES ONLY) AND DESCRIBED ON EXHIBIT D, BOTH ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; REVISE THE AUTHORIZED IMPROVEMENTS TO INCLUDE THE EXISTING 16-INCH UNDERGROUND PIPELINE AND ONE CATHODIC PROTECTION UNIT, AND REVISE THE ANNUAL RENT TO \$5,195, EFFECTIVE AUGUST 11, 2009; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

AUTHORIZE THE ISSUANCE OF A NEW GENERAL LEASE - RIGHT OF WAY USE TO SOUTHERN CALIFORNIA GAS COMPANY, BEGINNING AUGUST 11, 2009, FOR A TERM OF 20 YEARS, FOR USE AND MAINTENANCE OF AN EXISTING UNDERGROUND 16-INCH PIPELINE FOR THE TRANSMISSION OF NATURAL GAS, REMOVAL AND REPLACEMENT OF ONE EXISTING BLOCK VALVE, AND UPGRADING OF ONE EXISTING CATHODIC PROTECTION RECTIFIER, FOR SCHOOL LANDS SHOWN ON EXHIBIT E (FOR REFERENCE PURPOSES ONLY) AND DESCRIBED ON EXHIBIT F, BOTH ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, CONSIDERATION IN THE AMOUNT OF \$4,076 PER YEAR, WITH THE

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STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE.