

**CALENDAR ITEM
C44**

A 31
S 16

01/26/12
WP 8214.1
J. Smith

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

SFPP, L.P., a Delaware limited partnership
1100 Town and Country Road
Orange, California 92868

AREA, LAND TYPE, AND LOCATION:

0.63 acre, more or less, of sovereign land in the Kings River, Tulare County.

AUTHORIZED USE:

Continued maintenance in place of an abandoned eight-inch diameter petroleum pipeline attached to the Union Pacific Railroad Bridge; and the continued maintenance of an out-of-service eight-inch diameter petroleum pipeline under the Kings River.

LEASE TERM:

10 years, beginning September 1, 2010.

CONSIDERATION:

\$136 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: \$5,000,000.

Bond: \$50,000.

Other: Lease authorizes Applicant to maintain the pipelines in their present status. Any plan to reactivate the out-of-service pipeline must be approved by the State Fire Marshal, and will require formal approval by the Commission.

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OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the upland adjoining the lease premises.
2. On September 19, 2000, pursuant to Minute Item 49, the Commission authorized the issuance of a 10-year General Lease – Right of Way Use to SFPP, L.P., a Delaware limited partnership and subsidiary of Kinder Morgan Energy Partners, L.P., to abandon in place an existing eight-inch diameter petroleum pipeline attached to the Union Pacific Railroad Bridge that crosses the Kings River, and to authorize the installation of a new eight-inch diameter petroleum pipeline (LS 15) under the Kings River. That lease expired August 31, 2010. The Applicant is now applying for a new General Lease – Right of Way Use to maintain the pipeline facilities.
3. In August 2010, pipeline LS 15 was taken out of service, purged of all product, filled with nitrogen, and capped at both ends. The pipeline is cathodically protected and inspected at 3-5 year intervals. According to the Office of the State Fire Marshal, it is being maintained in accordance with federal and state pipeline regulations.
4. According to the Applicant, the continued operation of LS 15 does not meet the business needs of the company at this time. The pipeline may be reactivated at some time in the future but will remain idle until that time. The Applicant is required to submit a written plan to the State Fire Marshal and seek formal approval by the Commission if the Applicant decides to reactivate the pipeline.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15061), the staff has determined that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

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

6. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq.; however, the Commission has 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

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section 6370 et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by California Code of Regulations, Title 2, section 2954 is not applicable.

EXHIBITS:

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

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

AUTHORIZATION:

Authorize issuance of a General Lease – Right of Way Use to SFPP, L.P., a Delaware limited partnership, beginning September 1, 2010, for a term of 10 years, for continued maintenance in place of an abandoned eight-inch diameter petroleum pipeline attached to the Union Pacific Railroad Bridge; and the continued maintenance of an out-of-service eight-inch diameter petroleum pipeline under the Kings River as described in Exhibit A and as shown in Exhibit B (for reference purposes only) attached and by this reference made a part hereof, annual rent in the amount of \$136, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance for a combined single-limit coverage of \$5,000,000; and surety in the amount of \$50,000.

EXHIBIT A

PRC 8214.1

LAND DESCRIPTION

A parcel of State owned sovereign submerged land in the bed of the Kings River lying within the exterior boundaries of Section 36, Township 16 South, Range 22 East, Mount Diablo Meridian, County of Tulare, State of California described as follows:

COMMENCING at an angle point on the southwesterly right of way line of State Highway 99 at Station 567+90± as shown on that certain map filed on January 2, 1986, as Instrument Number 152 in State Highway Map Book 5 at Page 75, Tulare County Records; thence leaving said southwesterly right of way line of State Highway 99, North 15° 03' 45" East, 185.88 feet to the **True Point of Beginning**; said point being on the northeasterly right of way line of State Highway 99 as shown on said map; thence leaving said northeasterly right of way line North 28° 42' 25" East, 50.00 feet; thence North 61° 17' 35" West, 550.04 feet; thence South 28° 42' 25" West, 50.00 feet to said northeasterly line of State Highway 99; thence along said northeasterly line, South 61° 17' 35" East, 550.04 feet to the **True Point of Beginning**.

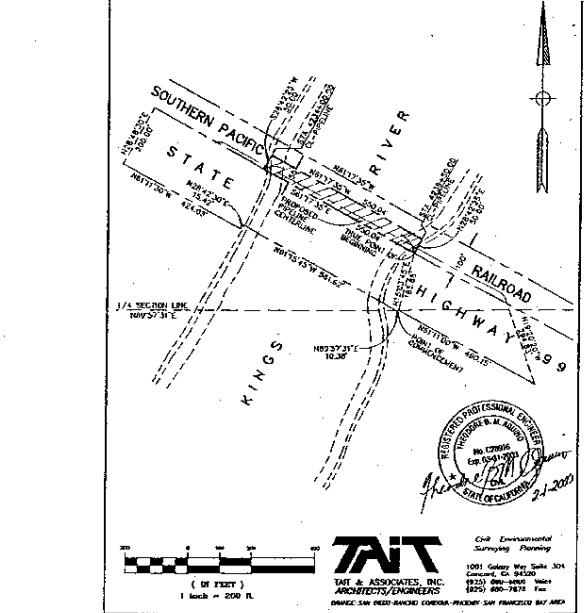
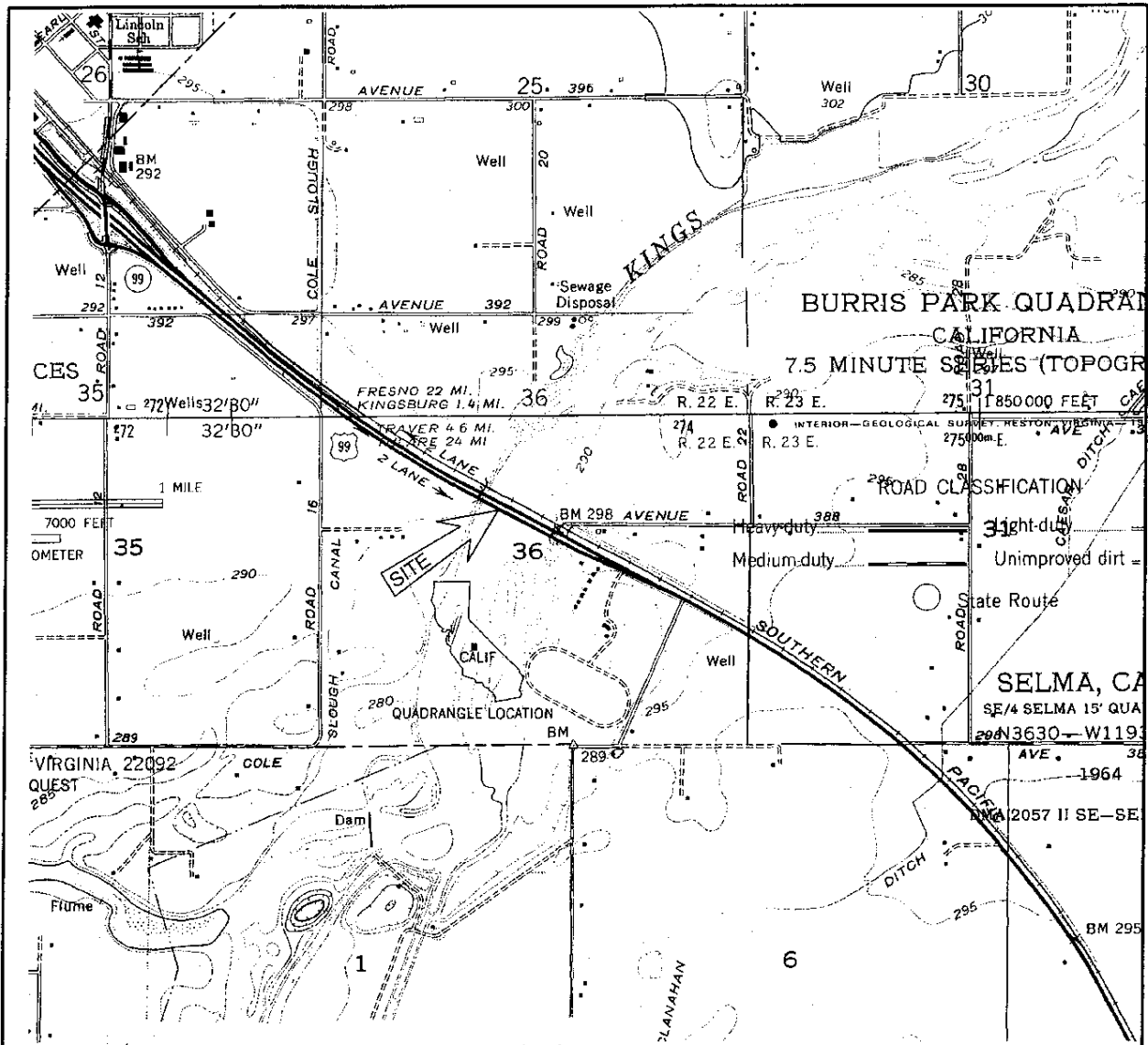
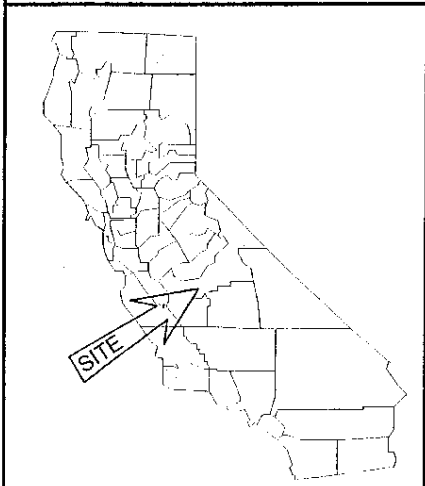


EXHIBIT B
 PRC 8214.1



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 DATE OF CONSTRUCTION 2-2009