

**CALENDAR ITEM  
C69**

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S 7

04/26/13  
PRC 3811.1  
V. Caldwell

**GENERAL LEASE – RIGHT-OF-WAY USE**

**APPLICANT:**

Valero Refining Company of California  
One Valero Way  
San Antonio, Texas 78249

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

2.64 acres, more or less, of sovereign land located in the Carquinez Strait in Suisun Bay, at the Benicia Refinery, Solano and Contra Costa Counties.

**AUTHORIZED USE:**

Continued operation, use, and maintenance of three existing submarine pipelines consisting of one 12-inch diameter effluent discharge pipeline adjacent to the Valero Benicia Refinery; and two existing petroleum pipelines measuring 6.625 inches and 20-inches in diameter, respectively, for the transportation of petroleum products from Martinez across the Carquinez Strait to the Valero Benicia Refinery.

**LEASE TERM:**

20 years, beginning August 21, 2012.

**CONSIDERATION:**

\$29,940 per year, with the rent adjusted annually using the Consumer Price Index (CPI) established by the California Department of Industrial Relations' "California Consumer Price Index (1955-2011) All Items 1982-1984 = 100"; and the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

**SPECIFIC LEASE PROVISIONS:**

Insurance:

Liability insurance in an amount no less than \$5,000,000 per occurrence and pollution liability insurance in an amount no less than \$10,000,000 per occurrence.

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Surety:

Surety bond or other security in the amount of \$150,000.

Other:

The lease contains provisions requiring submittal of a plan to maintain a minimum required pipeline burial depth for the petroleum pipelines; monitoring and maintenance plan; structural integrity inspection and assessment of the effluent discharge pipeline; and other provisions related to engineering review and monitoring.

**OTHER PERTINENT INFORMATION:**

1. Applicant owns the upland adjoining the lease premises.
2. On September 23, 1982, the Commission approved a General Lease – Right-of-Way Use to Exxon Corporation, and the upland property was subsequently transferred to Valero Refining Company of California (Valero). On September 19, 2000, the Commission approved an assignment of the lease to Valero. The lease expired on August 20, 2012. The Applicant is now applying for a new General Lease – Right-of-Way Use for the effluent discharge pipeline and two petroleum pipelines.
3. The California State Fire Marshal (CSFM) regulates petroleum pipelines and conducted a comprehensive review of the tests and inspections on the two existing petroleum pipelines. The 20-inch pipeline transfers crude oil, while the 6,625-inch pipeline delivers gasoline, and diesel. The latest inspection, dated April 3, 2012, indicated that the two petroleum pipelines have been adequately maintained.
4. Valero's facility wastewater is treated on the uplands in several aeration basins and ponds to remove oils and solids. The treated wastewater is pumped from the final pond through a submerged diffuser and effluent pipeline to Suisun Bay. Valero maintains a National Pollutant Discharge Elimination System (NPDES) permit from the California Regional Water Quality Control Board for the discharge activities associated with the effluent discharge pipeline. No internal or external inspections of the 12-inch discharge pipeline have been conducted. Valero has agreed to inspect the discharge pipeline and the lease includes provisions for submitting inspection and integrity testing reports to Commission staff.
5. The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (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).

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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 identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. 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. Land Description
- B. Site and Location 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).

**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 section 6370 et seq.

**AUTHORIZATION:**

Authorize Issuance of a General Lease – Right-of-Way Use to Valero Refining Company of California beginning August 21, 2012, for a term of 20 years, for the continued operation, use, and maintenance of three existing submarine pipelines consisting of one 12-inch-diameter effluent discharge pipeline and two petroleum pipelines measuring 6.625-inches and 20-inches in diameter, respectively, as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$29,940, adjusted annually using the Consumer Price Index, as provided in the lease; liability insurance in an amount no less than \$5,000,000 per occurrence; pollution liability insurance in an amount no less than \$10,000,000 per occurrence; and a surety bond in the amount of \$150,000.

**EXHIBIT A**

**PRC 3811.1**

**LAND DESCRIPTION**

Two parcels of tide and submerged land in the beds of the Carquinez Strait and Suisun Bay, near Benicia and Martinez, Solano County and Contra Costa County, State of California, and being more particularly described as follows:

**PARCEL 1**

**BEGINNING** at a point in Suisun Bay on the southeasterly line of that certain Legislative Grant to the city of Benicia, Solano County, as described in Chapter 329 of Statutes of 1967, and as shown on Book 12 of Surveys at Page 18, Solano County Records, from which the southeast corner of Humble Parcel No. 3, as shown on Book 10 of Surveys at Page 27, Solano County Records, bears North 35°17'49" West 3163.74 feet; thence along said line, South 31°43'46" West 15.00 feet; thence leaving said line the following three (3) courses:

- 1) South 50°38'18" East 160.00 feet,
- 2) North 39°21'42" East 30.00 feet,
- 3) North 50°38'18" West 164.02 feet to a point on said Legislative Grant Line;

thence along said line, South 31°43'46" West 15.27 feet to the point of beginning.

**PARCEL 2**

A 20 feet wide strip of land situate in the bed of the Carquinez Strait, approximately 250 easterly of the Southern Pacific Railroad Bridge between the city of Martinez, Contra Costa County, and the city of Benicia, Solano County, said strip lying 10 feet on each side of the following described centerline:

**BEGINNING** at a point having CCS27 Zone 2 coordinates of Northing (y) = 134,084.18 feet and Easting (x) = 1,966,575.23 feet, from which NGS PID JT0142, having CCS27 Zone 2 coordinates Northing (y) = 139,841.50 feet and Easting (x) = 1,962,798.62 feet, bears North 33°15'49" West 6885.45 feet; thence from said point of beginning, North 29°05'28" West 5378.32 feet to the intersection of said centerline with the southeasterly line of that certain Legislative Grant to the city of Benicia, Solano County, as described in Chapter 329 of Statutes of 1967, and as shown on Book 12 of Surveys at Page 18, Solano County Records, said intersection having CCS27 Zone 2 coordinates of Northing (y) = 138,784.01 feet and Easting (x) = 1,963,960.29 feet, and from which said NGS PID JT0142 bears North 47°41'16" West 1570.91 feet, said intersection being the terminus of said centerline.

which said NGS PID JT0142 bears North 47°41'16" West 1570.91 feet, said intersection being the terminus of said centerline.

The sidelines of said strip shall be prolonged or shortened so as to terminate on the north at the southeasterly line of said Legislative Grant, and on the south at the Ordinary High Water Mark of the southerly bank of the Carquinez Strait.

EXCEPTING THEREFROM any portions lying landward of the Ordinary High Water Mark of the southerly bank of the Carquinez Strait.

The BASIS OF BEARINGS of Parcel 2 of this description is the CCS 1927 Zone 2. All distances are grid distances.

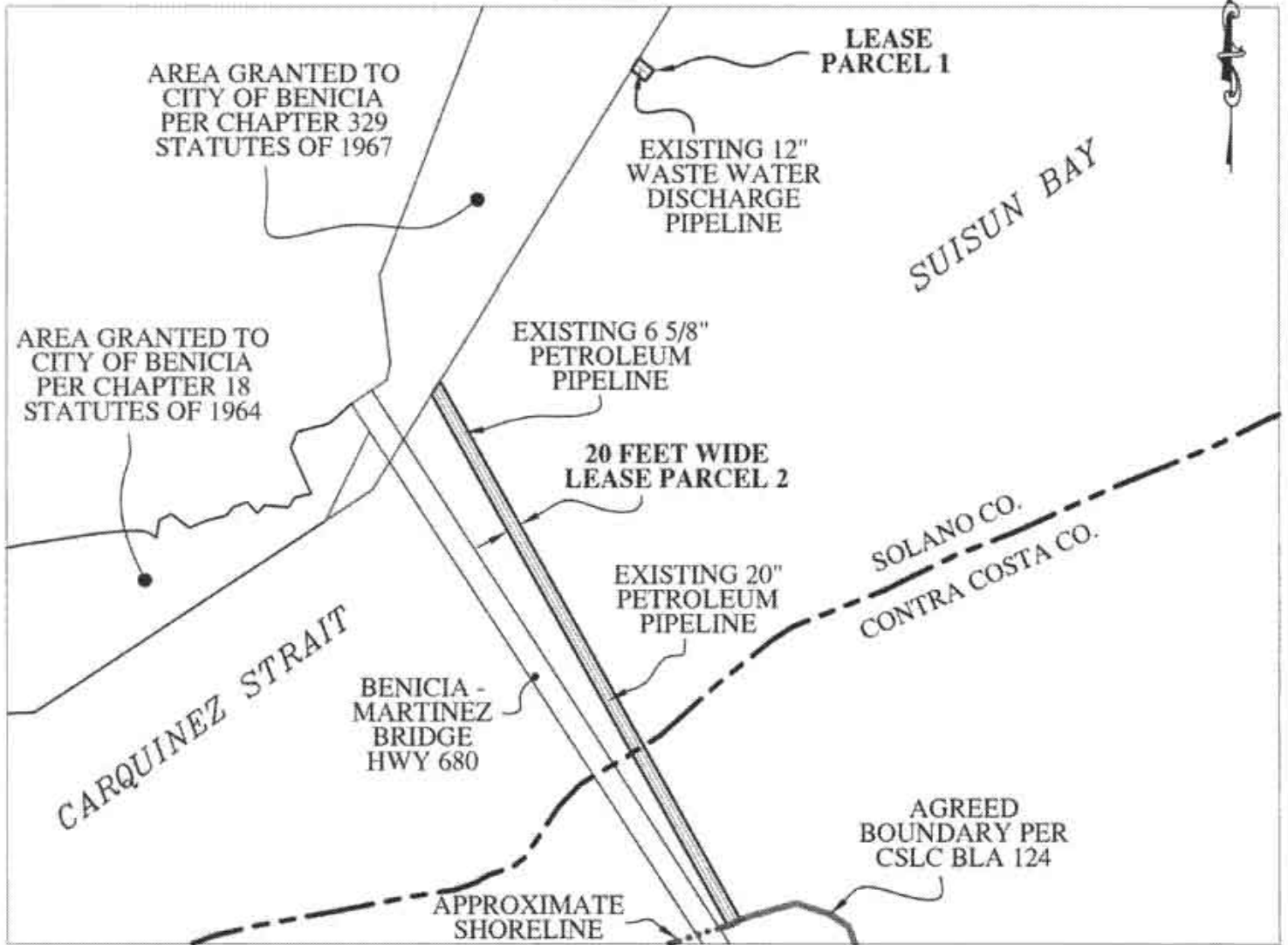
### END OF DESCRIPTION

Revised by the California State Lands Commission Boundary Unit 03/18/2013. Original descriptions prepared by Roy Minnick on April 20, 1982 as found in PRC 3811.1file.



NO SCALE

# SITE



CARQUINEZ STRAIT & SUISUN BAY, BENICIA REFINERY VICINITY

NO SCALE

# LOCATION



MAP SOURCE: USGS QUAD

# Exhibit B

PRC 3811.1  
 VALERO REFINING  
 COMPANY OF CALIFORNIA  
 GENERAL LEASE -  
 RIGHT-OF-WAY USE  
 SOLANO & CONTRA  
 COSTA COUNTIES



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.