

**CALENDAR ITEM
C05**

A 8
S 15

12/02/13
PRC 3768.1
R. Boggiano

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

CPN Pipeline Company

AREA, LAND TYPE, AND LOCATION:

Sovereign land located in the San Joaquin River between Jersey Island and Welga Island, adjacent to Assessor's Parcel Numbers 158-0030-008 and 027-010-005, near the city of Antioch, Sacramento and Contra Costa Counties.

AUTHORIZED USE:

Continued operation, use, and maintenance of an existing 8-inch diameter natural gas pipeline.

LEASE TERM:

20 years, beginning May 25, 2012.

CONSIDERATION:

\$590 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:

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

Surety:

Surety bond or other security in the amount of \$20,000.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. One June 29, 1982, the Commission authorized a 30-year General Lease – Right-of-Way Use to Dow Chemical Company. On December 16, 1998, the lease was assigned to Calpine Pittsburg, Inc. (Calpine). Calpine subsequently changed its name to CPN Pipeline Company (CPN). The

CALENDAR ITEM NO. **C05** (CONT'D)

lease expired on May 24, 2012. The Applicant is now applying for a new General Lease – Right-of-Way Use.

3. The pipeline is part of CPN's San Joaquin River Gathering System Pipeline (SRGS Pipeline) providing natural gas to power electrical generating facilities located in Contra Costa County. The pipeline crosses the river between Sherman Island and Jersey Island and passes through Welga Island located off Sherman Island on the south side of Gallagher Slough. Welga Island and Gallagher Slough were acquired and patented by the State as Swamp and Overflow Land.
4. During a submarine survey conducted by CPN in September and October 2010, the SRGS Pipeline river crossing was found to be exposed across the segment of the pipeline between Welga Island and Jersey Island. The Applicant is proposing to repair the exposed conditions by burying the pipeline a minimum of five feet below the riverbed. The repair work will involve excavating and exposing the buried portions of the pipeline crossing from the Jersey Island Levee Road, down the levee embankment and across the submerged riverbed. Riprap will be removed from an area approximately 30 feet in width from the levee roadway down to its termination point under the shoreline. Rock excavation will be accomplished using a truck crane with clam bucket or rock tongs, or a long-reach excavator with rock tongs. The pipeline will then be temporarily cut at the top of the Jersey Island Levee Road and allowed to slide longitudinally as marine crews work from a light derrick barge to excavate from underneath the existing pipeline to allow it to sag into the trench as the trench is cut underneath the pipeline. Once the pipeline has been lowered, the underwater trench will be backfilled with small rock. Onshore, a pipe section will be inserted and welded into the gap in the pipeline where it was cut in the Jersey Island Levee Road. The armor rock on the Jersey Island Levee slope will be replaced and the slope restored to its pre-existing conditions.
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).

CALENDAR ITEM NO. **C05** (CONT'D)

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.

APPROVALS OBTAINED:

U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, National Marine Fisheries Service, Central Valley Regional Water Quality Control Board, California Department of Fish and Wildlife, and Reclamation District 830

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 CPN Pipeline Company, beginning May 25, 2012, for a term of 20 years, for the continued operation, use, and maintenance of an existing 8-inch diameter natural gas pipeline in the bed of the San Joaquin River 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

CALENDAR ITEM NO. **C05** (CONT'D)

\$590, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; surety bond or other security in the amount of \$20,000; and liability insurance in an amount no less than \$5,000,000 per occurrence.

EXHIBIT A

PRC 3768.1

LAND DESCRIPTION

A strip of tide and submerged land 20 feet wide across the San Joaquin River, Sacramento and Contra Costa Counties, California, approximately 4 miles northeasterly of the Antioch Bridge, lying 10 feet each side of the following described centerline:

BEGINNING at a point of the left bank of the San Joaquin River which bears South $51^{\circ} 24' 37.5''$ West 1433.28 feet from USC&GS Triangulation Station "False 1931" having California Coordinate System Zone 3 coordinates of $x = 1,658,969.65$ and $y = 567,982.82$; thence North $42^{\circ} 22' 00''$ West 2000.00 feet to the end of said centerline.

EXCEPTING THEREFROM any portion lying landward of the Ordinary High Water Mark of the San Joaquin River.

END OF DESCRIPTION

Prepared July 2, 2012 by the California State Lands Commission Boundary Unit.



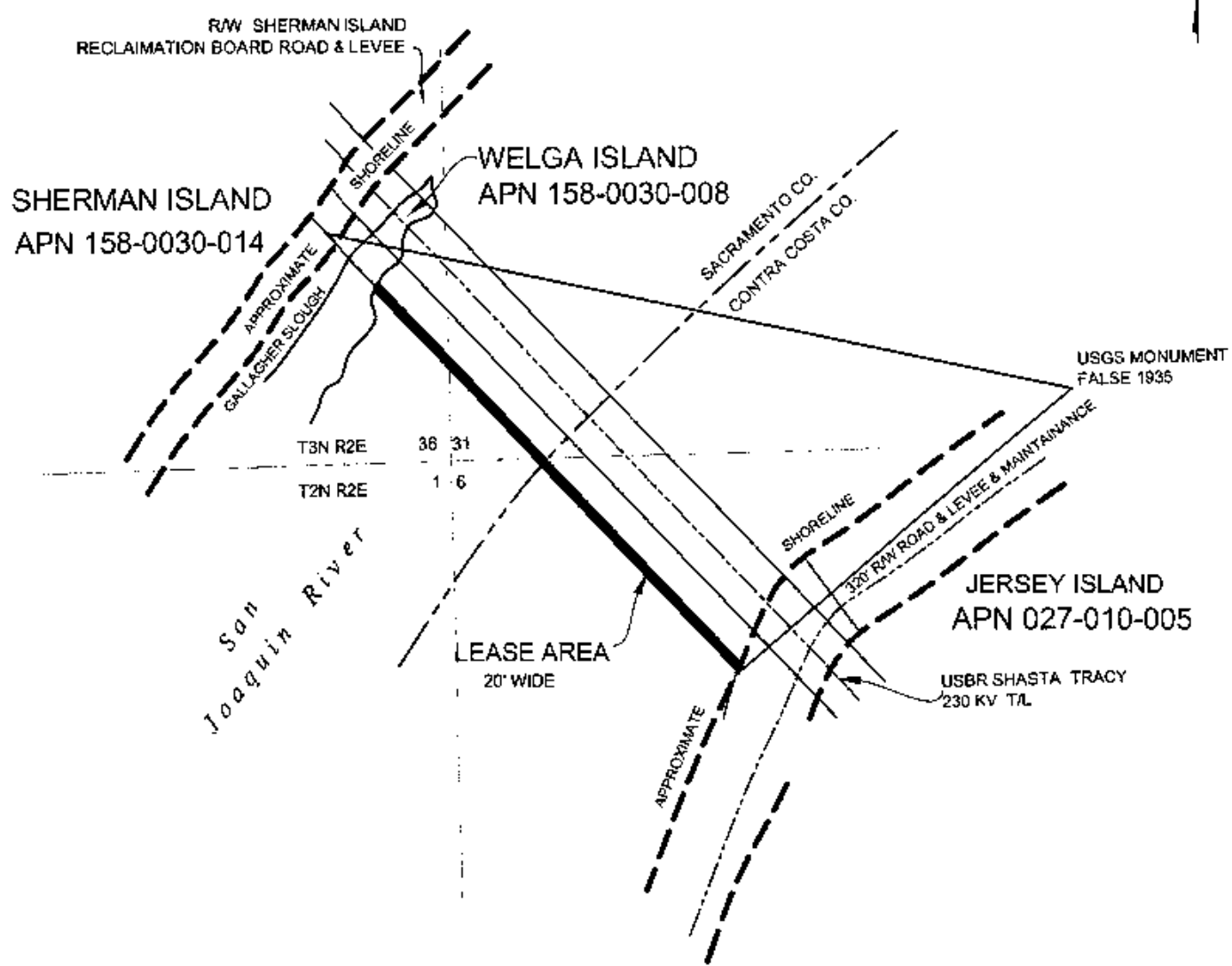


EXHIBIT A

Page 2 of 2

MJJ 02/17/12

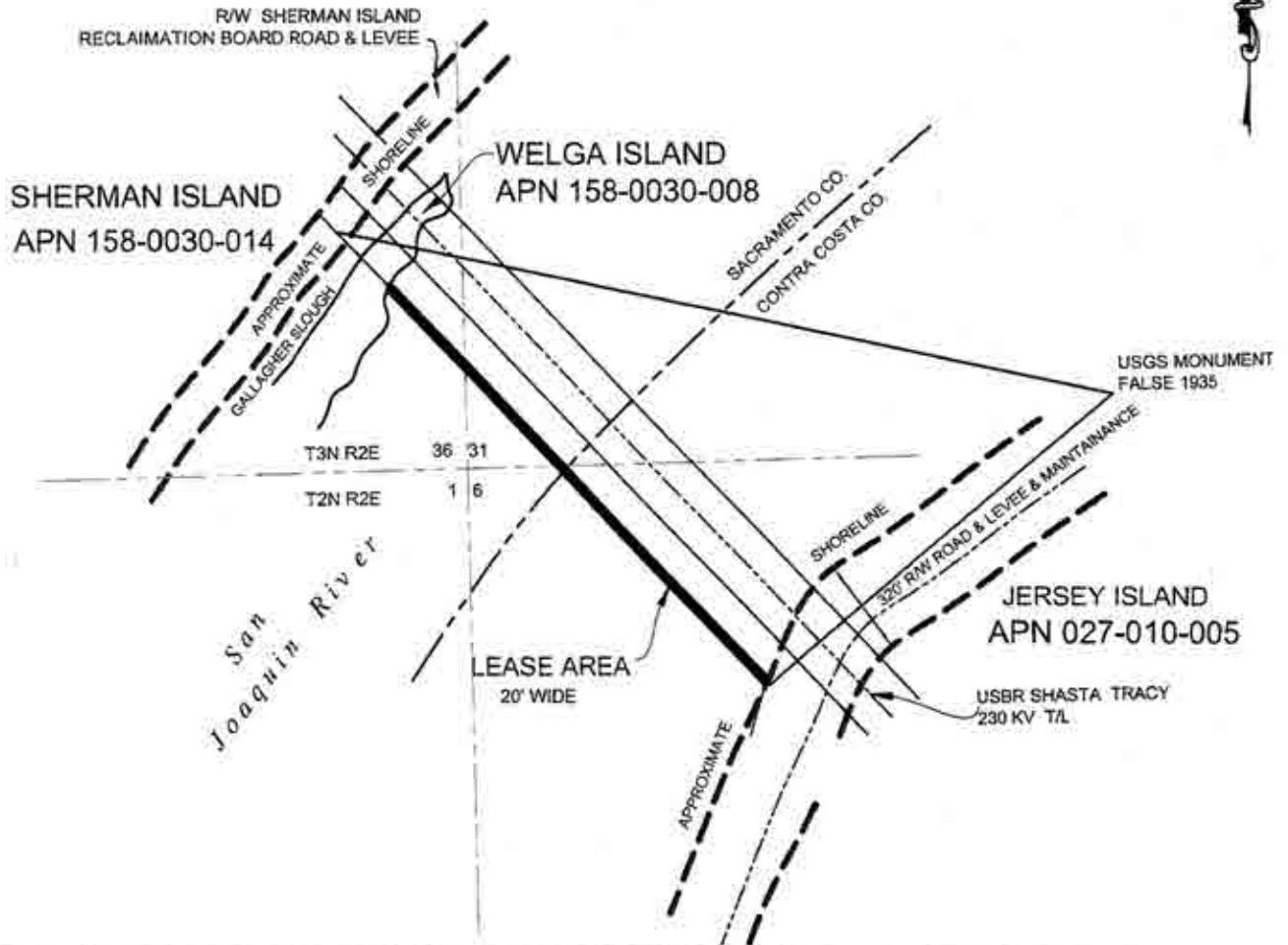
LAND DESCRIPTION PLAT
 PRC 3768.1 , CPN PIPELINE CO.
 SACRAMENTO & CONTRA COSTA COUNTY

CALIFORNIA STATE
 LANDS COMMISSION



SITE

NO SCALE



NATURAL GAS PIPELINE FROM JERSEY ISLAND TO SHERMAN ISLAND CROSSING THE SAN JOAQUIN RIVER

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 3768.1
CPN PIPELINE
GENERAL LEASE -
RIGHT-OF-WAY USE
CONTRA COSTA COUNTY
SACRAMENTO COUNTY



MJJ 02/17/12

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.