# CALENDAR ITEM

- A 20, 24, 25
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06/19/14 PRC 8596.1 K. Foster

## AMENDMENT OF LEASE, ACCEPTANCE OF BACK RENT, EXECUTION OF AN ABANDONMENT AGREEMENT, AND ACCEPTANCE OF A QUITCLAIM DEED

#### LESSEE:

Cargill, Incorporated 7220 Central Avenue Newark, CA 94560

#### LAND TYPE AND LOCATION:

Sovereign land in Patterson Creek, San Francisco Bay, Alviso Slough, Coyote Creek, Mud Slough, Alameda Creek, Mallard Slough, Ravenswood Slough, Mowry Slough, Newark Slough, and Plummer Creek, near the cities of Union City, Milpitas, and East Palo Alto, in Alameda, Santa Clara, and San Mateo Counties.

#### AUTHORIZED USE:

The continued use and maintenance of an existing overhead electric transmission line, 12 existing steel, rubber, and plastic (PVC) pipelines, siphons, water intakes, and three dredge locks; four new horizontally-drilled brine and water pipelines.

#### LEASE TERM:

25 years, beginning December 1, 2004.

#### **CONSIDERATION:**

\$4,950 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

#### **PROPOSED AMENDMENT:**

- 1. Amend Section 1 of the lease to: Increase liability insurance to an amount no less than \$2,000,000 per occurrence.
- Amend Section 2 and Section 3 to add three new Lease Parcels identified as parcels N, O, and P to the lease, with authorized improvements as follows:

- Parcel N: an existing 16-inch diameter x 128-foot long water pipeline crossing Ravenswood Slough;
- Parcel O: an existing 36-inch diameter x 75-foot long water pipeline crossing Plummer Creek; and
- Parcel P: an existing water intake, inspection bridge, and 16-inch diameter and 36-inch diameter x 80-foot long water pipelines crossing Plummer Creek.
- 3. Amend Section 2 and Section 3 to abandon in place, subject to the terms and conditions of an Abandonment Agreement, existing improvements within Lease Parcels D, E, G, H, L2, and L3 as follows:
  - Parcel D, a 12-inch diameter x 1,858-foot long water pipeline crossing Coyote Creek;
  - Parcel E, a 12-inch diameter x 440-foot long water pipeline crossing Mud Slough;
  - Parcel G, a 36-inch diameter x 600-foot long water pipeline crossing Coyote Creek;
  - Parcel H, a 42-inch diameter x 260-foot long siphon crossing Mallard Slough;
  - Parcel L2, one dredge lock located on Mud Slough; and
  - Parcel L3, one dredge lock located on Coyote Creek.

Said Lease Parcels will be removed from the lease effective upon the execution of said Abandonment Agreement. No adjustment or proration of rent shall be made for rent already paid through November 30, 2014. The Abandonment Agreement allows for the Lessee to self-insure.

- 4. Amend Section 2 to add a provision that the Lessor may require an increase in the amount of either the insurance coverage or bond during the lease term to reflect economic inflation or to cover any additionally authorized improvements, alterations, or purposes, or any modification of rent.
- 5. Amend Section 2 to add a provision that the lessee agrees to submit no later than two years prior to the expiration of the lease either: a) an application and minimum expense deposit for a new lease; or b) a plan for the restoration of the Lease Premises to be completed prior to the expiration of the lease term.

6. Amend Section 2 to add a provision that the lessee shall pay additional rent for the period from December 1, 2013 to November 30, 2014 for Lease Parcels N, O, and P in the amount of \$371, and agrees to pay back rent for the use of said Lease Parcels for the period from December 1, 2009 to November 30, 2013 in the amount of \$1,401.

#### **OTHER PERTINENT INFORMATION:**

- 1. Lessee owns and has the right to use the upland adjoining the lease premises.
- 2. On April 26, 2005, the Commission authorized the issuance of Lease No. PRC 8956.1, a Master Lease – Right-of-Way Use to Cargill, Incorporated for the consolidation into a single lease of numerous leased parcels and associated improvements under separate leases, and for the addition of two new parcels and various associated improvements not previously under lease.
- 3. The Lessee sold and transferred title to various upland salt ponds used in its salt production operations to the California Department of Fish and Wildlife, the United States Fish and Wildlife Service, and the City of San Jose for wetlands restoration purposes, and abandoned certain authorized lease improvements in place at the request of the upland property owners, as a less environmentally damaging option to removal. Lessee is now applying to the Commission to amend the Lease to allow for the removal of six lease parcels (Lease Parcels) from the Lease, identified in the Lease as Parcels D, E, G, H, L2, and L3, and occupied by various pipelines (D, E, G, and H), and earthen dredge locks (L2 and L3).
- 4. The Lease Parcels will be removed from the Lease upon execution of an Abandonment Agreement stipulating the Lessee's ongoing responsibility for the abandoned improvements.
- 5. The Lessee will also execute a lease quitclaim deed to release any and all right, claim, title, or interest arising from its occupation and use of the abandoned Lease Parcels.
- 6. The Lessee is also applying to the Commission to add three new lease parcels, designated as parcels N, O, and P, to the Lease. The Lessee has been using these three Lease Parcels for many years without Commission authorization. Staff recommends these parcels be added to

the lease. The Lessee has agreed to pay retroactive rent for the use of these parcels in the amount of \$1,401 for the period from December 1, 2009, to November 30, 2013.

- 7. After removal of the six parcels from the lease and the addition of the three new parcels, the revised annual rent is \$5,062.
- 8. Lease Amendment to Remove Six Parcels from the Lease; Abandonment Agreement; Quitclaim Deed: The staff recommends that the Commission find that the subject lease amendment, Abandonment Agreement, and quitclaim deed do not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and are, therefore, not projects in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

9. Lease Amendment to Add Three Parcels and Associated Structures to the Lease: The staff recommends that the Commission find 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; 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.

10. 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 Descriptions Lease Parcels D, E, G, H, L2, L3, N, O, and P
- B. Site And Location Map

#### **RECOMMENDED ACTION:**

It is recommended that the Commission:

#### **CEQA FINDING:**

Lease Amendment to Remove Six Parcels from the Lease; Abandonment Agreement; Quitclaim Deed: Find that the subject lease amendment, Abandonment Agreement, and quitclaim deed are not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activities are not projects as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

Lease Amendment to Add Three Parcels and Associated Structures to the Lease: 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 the amendment of Lease No. PRC 8596.1, a Master Lease -Right-of-Way Use to Cargill, Incorporated, for: 1) the addition of three parcels, designated as N, O, and P, to the Lease and the authorized use and maintenance of associated improvements effective on June 19, 2014, and 2) the removal of six parcels, designated as D, E, G, H, L2, and L3, and associated improvements from the Lease effective upon execution of an Abandonment Agreement, for sovereign land in the south San Francisco Bay area as described in Exhibit A attached and by this reference made a part hereof, and as shown on Exhibit B attached (for reference purposes only); consideration of \$5,062 per year beginning December 1, 2013; insurance coverage in an amount no less than \$2,000,000 per occurrence; all other terms and conditions of the lease will remain in effect without amendment.
- 2. Authorize acceptance of back rent in an amount of \$1,401 for the period from December 1, 2009 to November 30, 2013.

- 3. Authorize an Abandonment Agreement for abandoned improvements occupying six parcels to be removed from Lease No. PRC 8596.1; Insurance in an amount no less than \$2,000,000 per occurrence or a Commission staff-approved self-insurance program in an amount no less than \$2,000,000 per occurrence; Bond in the amount of \$5,000,000.
- 4. Authorize staff acceptance of a lease quitclaim deed for Lease Parcels D, E, G, H, L2, and L3 to be removed from Lease No. PRC 8596.1.

PRC 8596.1

#### LAND DESCRIPTION

#### PARCEL D

A strip of real property 100 feet in width crossing Coyote Creek, situate partly in the County of Alameda and partly in the County of Santa Clara, California, described as follows:

BEGINNING at an angle point in the north line of Parcel "O" in the deed from Leslie Salt Co. to the State of California, recorded on Reel 2119, Image 305, series BA 11640 Official Records in the Office of the County Recorder, Alameda County, said angle point being the westerly terminus of that certain course having a bearing and distance of S 78° 16' 30" E, 162.4 feet; thence from said point S 0° 40' 34" W, 1876.08 feet, more or less, to the north line of the lands of Leslie Salt Co.; thence along said north line N 81° 49' 00" E, 101.21 feet; thence N 0° 40' 34" E, 1840.96 feet, more or less, to the north line of said Parcel "O"; thence along said north line N 78° 16' 30" W 101.89 feet to the point of beginning.

The California Coordinate System, Zone III, has been used as the basis of bearings. All bearings given are grid bearings. All distances given are grid distances. To convert to ground distances multiply grid distance by scale factor 1,0000600.

END OF DESCRIPTION Checked Reviewed Date

#### LAND DESCRIPTION

#### PARCEL E

For such consideration and specific purposes as are hereinafter set forth, and subject to such terms, conditions, reservations, restrictions and time limitations as are hereinafter set forth:

THE STATE OF CALIFORNIA, Party of the first part, hereinafter called the State, acting through the State Lands Commission and pursuant to the authority contained in Division 6 of the Public Resources Code and the rules and regulations adopted thereunder, does hereby demise and lease for a term of <u>forty-nine (lu9)</u> years, beginning <u>September 30, 1952</u> to <u>Lealie Salt Co.</u> of the County of <u>San Francisco</u>, State of California, and hereinafter called the Lessee, a <u>richt-of-say essentet</u> of, in, and upon those certain <u>tide and submerged lands</u> situate in the County of <u>Alameds</u>, State of California and more

particularly described as follows, to wit:

A strip of land of the uniform width of 100 fest extending entirely across Had Slough, a distance of bio fest between the lines of ordinary high water, and lying equally on each side of that certain line which extends South 13" 30g' West from a point on the ordinary-high-water mark on the North bank of Mad Slough, which point bears North 32" 47-1/3" West 3032.96 from the common corner of Sections 27, 28, 33 and 34, 7. 5 S., R. 1 W., M.D.H.

#### LAND DESCRIPTION

#### PARCEL G

Two parcels of tide and submerged land in the bed of Coyote Creek, Santa Clara County, California, said parcels being a portion of "Parcels A and M" of the lands described in the deed from the Leslie Salt Co. to the State of California recorded February 1, 1968, in Book 8013, page 378, Official Records of Santa Clara County, more particularly described as follows:

PARCEL 1

COMMENCING at a concrete monument (Leslie Salt Monument 91), which bears N 89° 32' 54" W 6873.74 feet from the concrete monument common to Sections 26, 27, 34 and 35, T5S, RIW, MDM (Leslie Salt Monument 122); thence S 32° 33' 26" E 208.1 feet; thence along the northerly line of said Parcel "M", N 840 31' 21" E 146.7 feet, N 76° 09' 51" E 485.1 feet, N 73° 15' 58" E 1107.9 feet,N 59° 42' 30" E 117.0 feet, N 74° 48' 17" E 167.9 feet, S 67° 06' 34" E 48.9 feet, S 86° 53' 06" E 294.4 feet, N 82º 06' 57" E 1630.1 feet, S 87º 40' 14" E 295.2 feet, and S 77° 05' 27" E 179.02 feet to the POINT OF BEGINNING of the parcel herein described; thence continuing along said northerly line, S 77° 05' 27" E 100.00 feet; thence S 12° 30' 37" W 123.63 feet to the southerly line of aforementioned Parcel "M"; thence along said southerly line, N 81° 00' 27" W 100.19 feet; thence N 12° 30' 37" E 130.47 feet to the point of beginning.

#### PARCEL 2

COMMENCING at a concrete monument (Leslie Salt Monument 91), which bears N  $89^{\circ}$  32' 54" W 6873.74 feet from the concrete monument common to Sections 26, 27, 34 and 35, T5S, RIW, MDM; thence N  $88^{\circ}$  23' 48" E 3488.8 feet, and N  $59^{\circ}$  03' 52" E 456.0 feet to a point on the northerly line of aforementioned Parcel "A"; thence along said northerly line S  $77^{\circ}$  32' 34" E, 451.5 feet and S  $79^{\circ}$  38' 27" E, 92.80 feet to the POINT OF BEGINNING of the parcel herein described; thence continuing along said northerly line S  $79^{\circ}$  38' 27" E, 1.70 feet and S  $61^{\circ}$  40' 10". E, 102.17 feet; thence crossing Coyote Slough, S  $12^{\circ}$  30' 37" W, 203.59 feet to the southerly line of the abovementioned Parcel "A"; thence along said southerly line N 59° 34' 50" W, 4.32 feet; S 83° 17' 25" W, 85.60 feet, and N 80° 01' 20" W, 15.07 feet; thence crossing Coyote Slough, N 12° 30' 37" E, 258.89 feet to the point of beginning.

All bearings and distances based on the California Zone 3 Coordinate System.

END OF DESCRIPTION

Prepared	M. L.	Shafer	Checke	i l	F.	Τ.	Carey
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revised: 02/22/78 11/08/04

#### LAND DESCRIPTION

#### PARCEL H

A parcel of land in the bed of Mallard Slough, Santa Clara County, California, said parcel being a portion of "Parcel B" of the lands described in the deed from Leslie Salt Co. to the State of California recorded February 1, 1968, in Book 8013, page 378, Official Records of Santa Clara County, more particularly described as follows:

COMMENCING at a concrete monument (Leslie Salt Monument 91) which bears N 89° 32' 54" W, 6873.76 feet from the concrete monument at the section corner common to Sections 26, 27, 34 and 35, T5S, R1W, MDM (Leslie Salt Monument 122); thence from said point of commencement S 86° 29' 08" E; 2344.6 feet; thence S 80° 29' 34" E, 316.8 feet to the true point of the beginning of the abovementioned Parcel "B"; thence following the easterly line of said parcel "B" the following courses:

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S 87<sup>°</sup> 19' 48" E, 193.2 feet;
S 77<sup>°</sup> 31' 03" E, 134.2 feet;
S 68<sup>°</sup> 08' 09" E, 169.2 feet;
S 35<sup>°</sup> 21' 27" E, 295.5 feet;
S 2<sup>°</sup> 34' 45" E, 222.2 feet;
S 44<sup>°</sup> 05' 27" W, 44.6 feet;
S 24<sup>°</sup> 57' 46" W, 191.9 feet;
S 43<sup>°</sup> 14' 35" W, 115.3 feet;
S 62<sup>°</sup> 29' 45" W, 136.4 feet;
N 89<sup>°</sup> 20' 57" W, 88.0 feet;
S 48<sup>°</sup> 10' 47" W, 204.0 feet;
S 61<sup>°</sup> 59' 05" W, 530.1 feet;
S 61<sup>°</sup> 59' 05" W, 99.7 feet;
S 12<sup>°</sup> 17' 18" W, 206.7 feet;
S 06<sup>°</sup> 31' 40" E, 202.3 feet;
S 01<sup>°</sup> 00' 40" E, 319.73 feet to the POINT OF
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BEGINNING of the parcel herein described; thence continuing along the easterly line of Parcel "B", S 01° 00' 40" E, 20.37 feet and S 02° 22' 40" W, 80.22 feet; thence crossing Mallard Slough N 82° 15' 19" W, 220.21 feet to the westerly line of said Parcel "B"; thence along the westerly line of Parcel "B", N 03° 24' 25" E, 100.28 feet; thence again crossing Mallard Slough S 82° 15' 19" E, 217.19 feet to the point of beginning. All bearings and distances are based on California Zone 3 Coordinate System.

END OF DESCRIPTION Prepared Checked unnecke Reviewed Date \_/0/ Ū

PRC 8596.1

#### LAND DESCRIPTION

#### PARCEL L2

All that portion of Parcels N and S as described in the deed from LESLIE SALT CO. to the STATE OF CALIFORNIA, recorded February 1, 1968 on Reel 2119, Image 305, Alameda County Records described as follows:

Commencing at a concrete monument known as Leslie Salt Monument No. 91 from which United States Coast & Geodetic Monument "MALLARD" bears North 03°14'55" East 6271.5 feet; thence North 51°42'50" East 2914.8 feet to the Point of Beginning; thence along the following courses:

North 35°32'16" West 51.61 feet, North 25°56'32" West 41.14 feet, North 11°35'32" West 39.81 feet, North 22°31'14" West 44.38 feet, North 08°07'48" East 35.36 feet North 67°27'25" East 57.38 feet, and South 89°05'09" East 31.64 feet to the northeast corner of the aforementioned Parcel S conveyed by LESLIE SALT CO. to the STATE OF CALIFORNIA; thence along the easterly line of said Parcel S, South 29°32'20" West 34.50 feet, South 14°12'57" East 154.70 feet and South 0°21'21" East 42.0 feet; thence North 80°17'19 West 38.43 feet to the point of beginning.

Containing 0.366 acres, more or less.

The California Coordinate System Zone 3 was utilized as the basis of bearings for this description. All distances are grid distances. To obtain ground distances, multiply the grid distance by 1.0000586.

dated Jan. 22, 1995

by: Lammals RAMMOND B. THINGGAARN, PLS 3820

expires 6-30-1996

PRC 8596.1

#### LAND DESCRIPTION

#### PARCEL L3

All that portion of Parcel M as described in the deed from LESLIE SALT CO. to the STATE OF CALIFORNIA, recorded February 1, 1968 on Reel 2119, Image 305, Alameda County Records described as follows:

Commencing at a concrete monument known as Leslie Salt Monument No. 91 from which United States Coast & Geodetic Monument "MALLARD" bears North 03°14'55" East 6271.5 feet; thence South 32°33'26" East 208.1 feet to the northerly line of said Parcel M; thence along said northerly line, North 84°31'21" East 146.7 feet and North 76°09'51" East 166.52 feet to the Point of Beginning; thence continuing along said northerly line, North 76°09'51" East 243.25 feet; thence South 25°49'18" East 20.69 feet, South 61°26'37" West 104.71 feet, WEST 143.00 feet and North 44°18'33" West 14.61 feet to the point of beginning.

Containing 0.173 acres, more or less.

The California Coordinate System Zone 3 was utilized as the basis of bearings for this description. All distances are grid distances. To obtain ground distances, multiply the grid distance by 1.0000586.

dated Jan. 22, 1995

by://

RAYMOND B. THINGGAARD, PES 3820 expires 6-30-1996

#### LAND DESCRIPTION

#### PARCEL N

A twelve feet wide strip of land situate in San Mateo County, State of California, and being a portion of Parcel G as described in the Corporation Grant Deed to the State of California recorded on February 1, 1968 in Volume 5426, Page 109 Official Records of said County; and said twelve feet wide strip is to be centered over the existing brine pipe as being more particularly described as follows:

**COMMENCING** at the corner in the east line of said Parcel G, being the northerly terminus of the course labeled "South 02° 07' 16" West 81.10 feet", from which point the United States Coast and Geodetic Survey Station "MARSH" (HT2315) bears North 42° 49' 06" West 22811.03 feet; thence along said east line of Parcel G, South 02° 07' 16" West 32.74 feet to the **POINT OF BEGINNING** of the herein described parcel; thence continuing along said line, South 02° 07' 16" West, passing at 0.82 feet the northwest corner of the a 10 feet wide strip of land described in a Grant Deed (Reserved Rights) as "Excluding from Tract 114" recorded on March 6, 2003 as Document No. 2003-129335, Official Records of said County, a total distance of 12.14 feet; thence leaving said line, across Parcel G, South 83° 16' 51" West 128.40 feet more or less to a point in the west line of Parcel G; thence along said west line, North 06° 30' 36" West 12.00 feet; thence leaving said line, across Parcel G North 83° 16' 51" East 130.22 feet to the **POINT OF BEGINNING**. The **BASIS OF BEARINGS** for this description is the California Coordinate System of 1983, Zone III (Epoch 2007.00) using the Horizontal Time Dependency Program to project from the current published control datasheets.

#### END OF DESCRIPTION

Prepared by: 5-2 No. 6441 Scott Shortlidge Date Professional Land Surveyor California No. 6441

#### LAND DESCRIPTION

#### PARCEL O

A parcel of tide and submerged land situated in the City of Fremont, County of Alameda, State of California, being a portion of "Parcel One of Parcel Q" as said Parcel is described in the deed to the State of California, recorded February 1, 1968, in Reel 2119, at Image 305, Series No. BA 11640, Alameda County Records, as said Parcel is depicted on Sheet 22 of 57 of Record of Survey No. 551, filed August 23, 1976, in Book 10 of Records of Surveys, at Pages 29 through 85, Series No. 76-140752, Alameda County Records, and more particularly described as follows:

**COMMENCING** at a point on the northern line of said "Parcel One of Parcel Q" at the dimensional point number "1850" which is shown on Record of Survey 551; thence along said northern line North 69° 14' 37" East 10.97 feet to the **TRUE POINT OF BEGINNING**; thence continuing along said northern line North 69° 14' 37" East 25.00 feet; thence leaving said line and running South 20° 02' 43" East 75.22 feet to the southern line of said "Parcel One of Parcel Q"; thence along said southern line South 68° 29' 09" West 25.01 feet; thence leaving said line and running North 20° 02' 43" West 75.56 feet to the **TRUE POINT OF BEGINNING**.

The **BASIS OF BEARINGS** for this description is the California Coordinate System of 1983, Zone III (Epoch 2002.75) using the Horizontal Time Dependency Program to project from the current published control datasheets.

END OF DESCRIPTION Prepared 5-27-6 Scotf Shortlidge Date No. 6441 Professional Land Surveyd California No. 6441

#### LAND DESCRIPTION

#### PARCEL P

A parcel of land situate in Alameda County, State of California, and being a portion of Parcel One of Parcel Q as described in the Corporation Grant Deed to the State of California recorded on February 1, 1968 in Reel 2119, Image 305 Official Records of said County; and being more particularly described as follows:

**COMMENCING** at the northerly terminus of the course labeled "North 04° 09' 35" West 110.3 feet" as described in said Parcel One, (from which point the Leslie Salt Company's Monument No. 96 bears, South 17° 32' 36" West 3676.47 feet and from Monument No. 96 the United States Coast and Geodetic Survey Station "VERAS" (HT3225) bears South 20° 44' 33" East 4339.4 feet;) thence along the north line of said Parcel One, North 71° 56' 22" East 16.94 feet for the **POINT OF BEGINNING** of the herein described parcel; thence continuing along said north line, North 71° 56' 22" East 79.86 feet to an easterly corner of said Parcel One; thence along the east line of Parcel One, South 06° 02' 58" West 67.45 feet; thence across Parcel One, North 58° 25' 02" West 80.79 feet to the **POINT OF BEGINNING**.

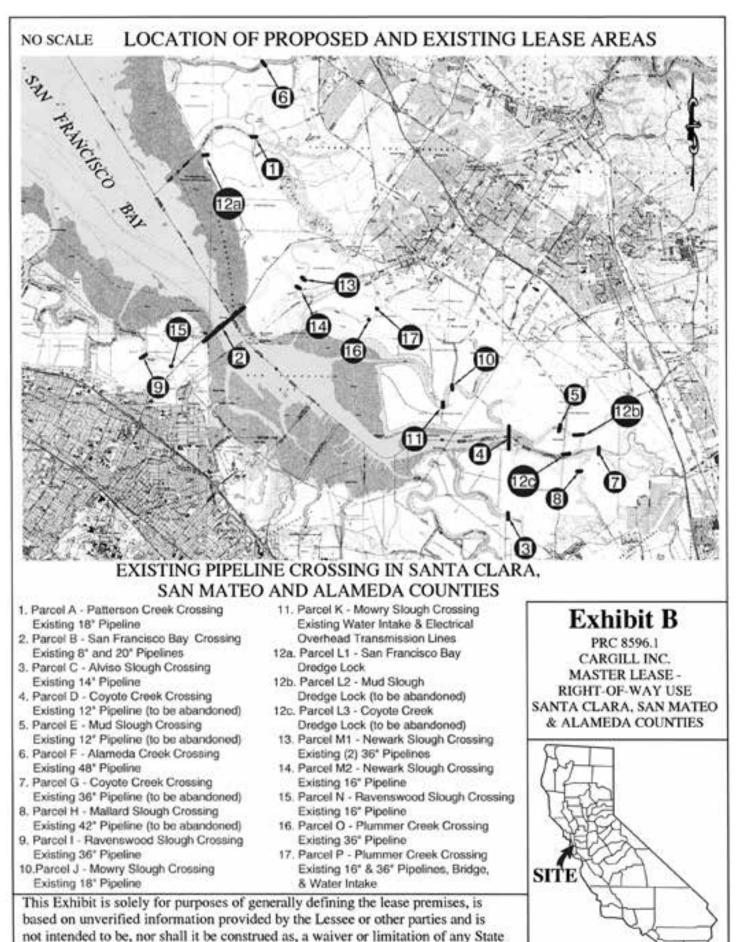
The **BASIS OF BEARINGS & CORDINATES** for this description and plat is the California Coordinate System of 1983, Zone III (Epoch 2002.75) using the Horizontal Time Dependency Program to project from the current published control datasheets.

repared NO RECT Scott Shortlidge Professional Land Surveyor

California No. 6441

#### END OF DESCRIPTION

Date



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interest in the subject or any other property.

MAP SOURCE: USGS QUAD TS 05/29/14