

**CALENDAR ITEM
C45**

A 2
S 2

08/09/16
W 26987
J. Porter

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

Green Diamond Resource Company
P.O. Box 68
Korbel, CA 95550

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

0.34-acre parcel, more or less, of State-owned lieu land within the northeast quarter of the northwest quarter of Section 28, Township 9 North, Range 3 East, HBM, northwest of Hoopa, Humboldt County.

AUTHORIZED USE:

Use and maintenance of an existing unimproved logging road.

LEASE TERM:

25 years beginning August 9, 2016.

CONSIDERATION:

\$450 per year, with an annual Consumer Price Index adjustment, and the State reserving the right to adjust the rent at each 10-year anniversary, as provided in the Lease.

SPECIFIC LEASE PROVISIONS:

Liability insurance in an amount no less than \$1,000,000 per occurrence.

STATE'S BEST INTERESTS ANALYSIS:

School lands were granted to the State of California by the federal government under the Act of March 3, 1853 (Ch. 145, 10 Stat. 244), and consisted of sections 16 and 36 in each township (with the exceptions of lands reserved for public use, lands taken by private land claims, and lands known to be mineral in character). In cases of preemption due to the exceptions described above, the State was given the opportunity to select replacement lands from the United States in lieu of

CALENDAR ITEM NO. **C45** (CONT'D)

a Section 16 or a Section 36. These replacement lands are now known as State indemnity school lands or lieu lands.

The unimproved logging road that is the subject of this application crosses State lieu lands that were acquired by the State via Clear List No. 267 on June 6, 1957. It is unclear from available records when the road was actually constructed. The Applicant has stated that the road has existed subject to occasional and intermittent logging use by various users for more than 50 years. The majority of the road crosses privately-owned adjacent lands, but a recent survey of the area revealed that a short segment of the road crosses these State lieu lands. The Applicant is a timber harvesting company that desires to use the road to transport logs harvested on nearby lands. The Applicant is now applying for a General Lease – Right-of-Way Use for this segment of the road.

The road does not significantly alter the land, the proposed lease does not alienate the State's fee simple interest, and neither permanently impairs public rights. The lease is limited to a 25-year term and does not grant the lessee exclusive rights to the lease premises. The lease requires the lessee to insure and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease requires the lessee to maintain the road at no expense to the State. The lease also requires the payment of annual rent to compensate the people of the State for the use of public land. For the reasons stated above, Commission staff believes the issuance of this lease is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. This proposed action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction..
2. 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).

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

CALENDAR ITEM NO. C45 (CONT'D)

3. 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 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. 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).

AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to Green Diamond Resource Company beginning August 9, 2016, for a term of 25 years for the use and maintenance of an existing unimproved logging road 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 \$450, with an annual Consumer Price Index adjustment and the State reserving the right to adjust the rent at each 10-year anniversary, as provided in the lease; and liability insurance in an amount no less than \$1,000,000 per occurrence.

EXHIBIT A

W26987

LAND DESCRIPTION

A fifteen (15) foot wide strip of State School Land situate in the NE ¼ of the NW ¼ of Section 28, Township 9 North, Range 3 East, HBM., as shown on Official Government Township Plat approved January 15, 1876, County of Humboldt, State of California, and more particularly described as follow:

COMMENCING at the north quarter corner of said Section 28, thence westerly along the north line of said Section 1091 feet to the centerline of an existing road and the POINT OF BEGINNING of the herein described strip; thence southwestery and southerly along the centerline of said existing road to its intersection with the west line of said NE ¼ of the NW ¼ and the TERMINOUS of said strip.

The sidelines of said strip are to be prolonged or shortened so as to begin on the north line of said section and terminate on the west line of said NE ¼ of the NW ¼.

END OF DESCRIPTION

Prepared July 12, 2016 by the California State Lands Commission Boundary Unit.



NO SCALE

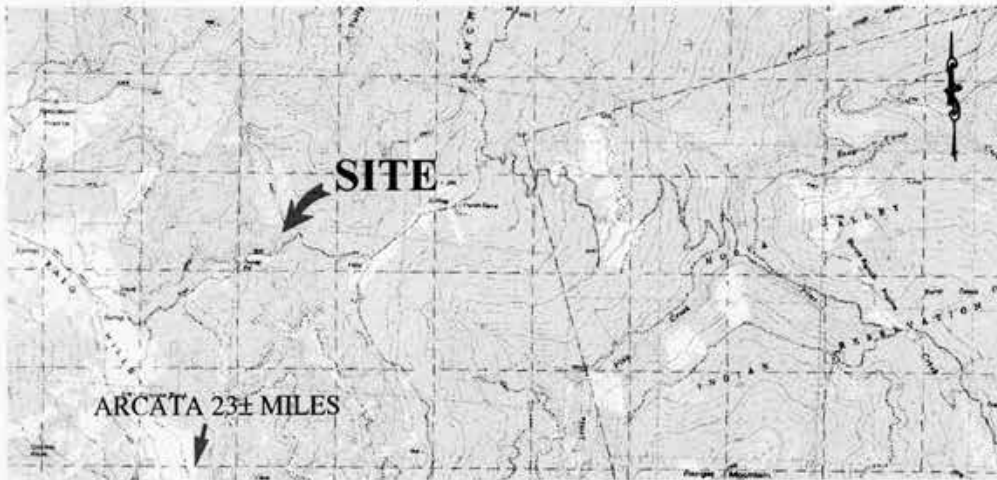
SITE



NE 1/4, NW 1/4, SECTION 28, TOWNSHIP 9 NORTH, RANGE 3 EAST, HBM.

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

W26987
 GREEN DIAMOND
 RESOURCE COMPANY
 APN 531-023-008
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 HUMBOLDT COUNTY



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.

JAK 7/12/16