

**CALENDAR ITEM
C33**

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10/13/16
PRC 7906.1
D. Tutov

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

Delta Gas Gathering, Inc.

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

0.62 acre, more or less, of sovereign land in the Sacramento River between Merritt Island in Yolo County and Randall Island in Sacramento County.

AUTHORIZED USE:

Continued use and maintenance of a six-inch-diameter steel welded natural gas pipeline.

LEASE TERM:

20 years, beginning August 15, 2016.

CONSIDERATION:

\$450 per year, with an annual Consumer Price Index adjustment, and 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 \$10,000,000 per occurrence.

Surety:

\$10,000

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, and 6301; California Code of Regulations, title 2, section 2000, subdivision (b).

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Public Trust and State's Best Interests Analysis:

As general background, the State of California acquired sovereign ownership of all tidelands and submerged lands and beds of navigable lakes and waterways upon its admission to the United States in 1850. The State holds these lands for the benefit of all people of the State for statewide Public Trust purposes that include, but are not limited to, waterborne commerce, navigation, fisheries, water-related recreation, visitor-serving amenities, habitat preservation, and open space. The Commission is the trustee of the State's sovereign land in the Sacramento River.

On August 15, 1996, the Commission authorized a General Lease - Right-of-Way Use to Delta Gas Gathering, Inc., for the installation of a six-inch diameter welded steel pipeline to extend the company's existing gas gathering system in Yolo County across the Sacramento River to Sacramento County, to offer access for new potential gas gathering and encourage further gas exploration. The lease expired August 14, 2016. The Applicant is now applying for a new lease. The Applicant has an easement for the upland adjoining the lease premises.

The pipeline is subject to periodic cathodic protection surveys. The latest survey conducted on September 29, 2015, provided readings that meet the criteria of the National Association of Corrosion Engineers International Standard Practice SP0169-2013.

The pipeline is buried at a depth estimated to be approximately 70 feet under the bed of the Sacramento River, and therefore does not interfere with navigation or other Public Trust needs and values. The facilities do not significantly alter the land, the lease does not alienate the State's sovereign interest, and neither permanently impairs public rights. Upon termination of the lease, the Lessee may be required to remove any improvements and restore the lease premises to their original condition should the pipeline be materially adverse to public health and safety, the Public Trust, and/or the environment, at the Commission's discretion. Based on the foregoing, Commission staff believes that the existing natural gas pipeline facilities will not substantially interfere with Public Trust needs, at this location, for the foreseeable term of the proposed lease.

The proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's

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activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved. For all the reasons above, Commission staff believes the issuance of this lease is consistent with the common law Public Trust Doctrine and in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. This 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.

3. 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 staff's consultation with the persons nominating such lands and through the CEQA review process, it is 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).

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PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease will not substantially interfere with the Public Trust needs and values at this location at this time, or for the foreseeable term of the lease, is consistent with the common law Public Trust Doctrine, and is in the best interests of the State.

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 Delta Gas Gathering, Inc. beginning August 15, 2016, for a term of 20 years, for the continued use and maintenance of a six-inch-diameter natural gas pipeline as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual consideration of \$450 per year, with an annual Consumer Price Index adjustment and with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance in an amount no less than \$10,000,000 per occurrence; and surety in an amount no less than \$10,000.

EXHIBIT A

PRC 7906.1

LAND DESCRIPTION

A parcel of State owned tide and submerged situate in the bed of the Sacramento River, lying adjacent to, on the right bank, Swamp and Overflowed Lands Location 2151, patented January 24, 1888, County of Yolo and lying adjacent to, on the left bank, Swamp and Overflowed Lands Survey 218, patented April 29, 1874, County of Sacramento, State of California and more particularly described as follows:

A fifty (50.00) foot wide strip lying twenty-five (25.00) feet on each side of the following described centerline:

BEGINNING at a point on the left bank of the Sacramento River and the intersection of a located 6" gas line with the Northerly line of that parcel of land described in Book 681219 of Sacramento County Official Records, at Page 624, as shown on that certain Record of Survey filed in the Office of County Recorder of Sacramento County on December 20, 1977 in Book 33 of Surveys, at Page 28, said point being distant from National Geodetic Survey Designation "Lambert" (PID-JS4275) the following two (2) courses and distances: (1) North 74°48'20" West 26,824.13 feet to National Geodetic Survey Designation "Courtland" (PID-JS4311); and (2) North 68°23'28" East 5,562.24 feet; thence, from said POINT OF BEGINNING, and along the located alignment of said 6" gas line, the following nineteen (19) courses and distances:

- (1) North 15°06'01" West 16.76 feet;
- (2) North 14°35'45" West 32.16 feet;
- (3) North 14°16'16" West 31.89 feet;
- (4) North 14°29'55" West 32.05 feet;
- (5) North 14°26'07" West 31.46 feet;
- (6) North 14°34'20" West 31.10 feet;
- (7) North 14°56'58" West 32.40 feet;
- (8) North 14°58'23" West 32.20 feet;
- (9) North 14°33'37" West 32.16 feet;
- (10) North 14°04'32" West 32.12 feet;
- (11) North 13°58'45" West 32.04 feet;
- (12) North 14°29'17" West 31.20 feet;
- (13) North 14°28'33" West 31.75 feet;
- (14) North 14°32'45" West 31.48 feet;
- (15) North 14°46'22" West 31.33 feet;
- (16) North 14°36'09" West 31.26 feet;

(17) North 14°46'30" West 31.36 feet;
(18) North 14°35'03" West 31.37 feet;

and (19) North 18°32'16" West 7.02 feet to a point on the right bank of the Sacramento River, said point also being on the Southerly line of that parcel of land described in Document No. 2001-0030629-00, Yolo County Records.

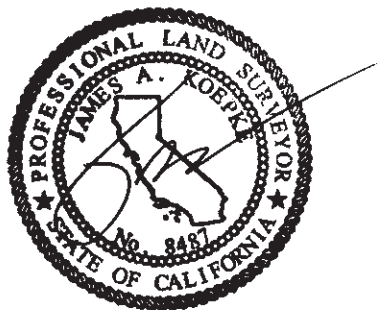
The Sidelines of said strip of land shall commence and terminate on the ordinary high water marks of the left and right banks of the Sacramento River.

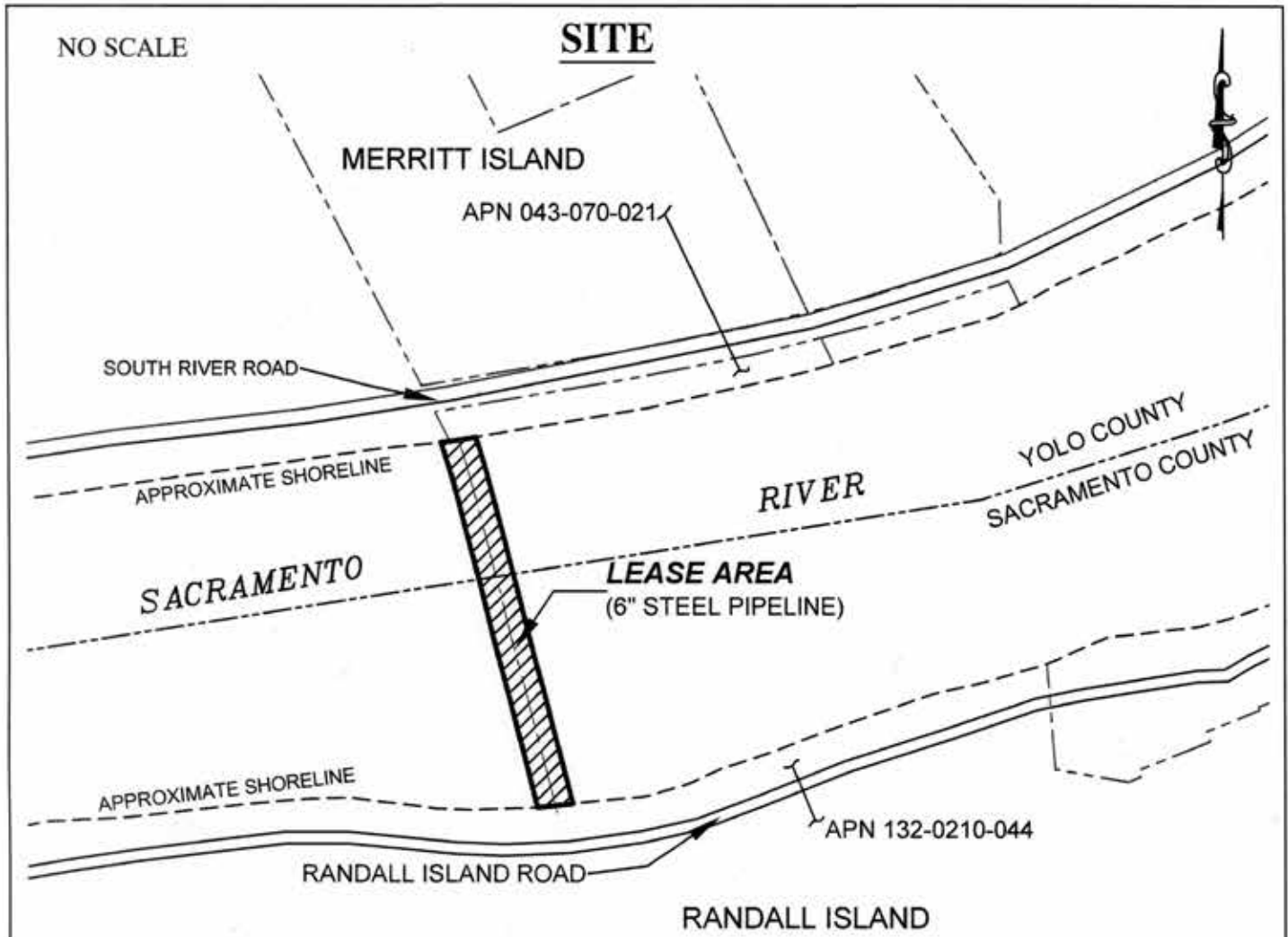
The basis of bearings for this description is the bearing between said Designations "Lambert" and "Courtland". Said Designation "Lambert" having coordinates of North (Y) 1,878,992.52 feet and East (X) 6,713,433.71 feet. Said Designation "Courtland" having coordinates of North (Y) 1,886,023.01 feet and East (X) 6,687,547.30 feet. Said bearing between Designations being North 74°48'20" West as determined from National Geodetic Survey Data Sheets.

ALL bearings, distances and coordinates described herein are grid, based upon the California Coordinate system of 1983 (CCS83), Zone 2. To be obtain ground distances, divide distances herein described by the combined factor of 1.00000069.

END OF DESCRIPTION

Prepared 8/24/2016 by the California State Lands Commission Boundary Unit.





SACRAMENTO RIVER BETWEEN MERRITT ISLAND AND RANDALL ISLAND, NEAR COURTLAND

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 7906.1
DELTA GAS GATHERING INC.
GENERAL LEASE -
RIGHT-OF-WAY USE
SACRAMENTO AND
YOLO 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.