

**CALENDAR ITEM
C32**

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06/22/17
PRC 9068.1
A. Franzoia

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CONSIDER ACCEPTANCE OF A LEASE QUITCLAIM DEED

LESSEE:

Three Rivers Acquisition Co., LLC

EXISTING LEASE:

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Mokelumne River, adjacent to Assessor's Parcel Numbers (APN) 069-030-35 and 156-0070-007, near Isleton, San Joaquin and Sacramento counties.

AUTHORIZED USE:

Installation, use, maintenance, and operation of a 4.5-inch-diameter steel natural gas pipeline installed using horizontal directional drilling (HDD) beneath the bed of the Mokelumne River.

LEASE TERM:

20 years, beginning June 21, 2013.

CONSIDERATION:

\$221 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 \$3,000,000 per occurrence.

Surety or Other Security:

1. Surety or other security in the amount of \$25,000.
2. Construction Performance Bond or other security in the amount of \$250,000.
3. Guaranty by Summit Energy LLC for all the Applicant's obligations under the Lease.

Other: The lease contains special provisions related to pre-construction and post-construction project engineering review and verification;

CALENDAR ITEM NO. **C32** (CONT'D)

and provisions related to emergency response and frac-out contingency plans.

BACKGROUND:

On June 21, 2013, the Commission authorized a General Lease – Right-of-Way Use to Three Rivers Acquisition Co., LLC ([Calendar Item C09, June 21, 2013](#)). The lessee proposed constructing a 4.5-inch-diameter welded steel pipeline to transport natural gas from an existing gas well site located on the south side of State Highway 12 on Bouldin Island, San Joaquin County, to an existing gas gathering facility located north of the river on Tyler Island, Sacramento County.

The upland private property owners originally signed right-of-entry authorizations and agreed to an easement and right-of-way agreement prior to the start of construction; however, the lessee has been unable to obtain an easement from one of the adjacent private property owners.

The well located on Bouldin Island (not under the Commission’s jurisdiction) was drilled in 2007 and remained idle since its construction. Because of the lessee’s inability to obtain the needed right-of-ways, the time it takes to get through permitting and construction, and current natural gas market conditions, the lessee no longer plans to construct the previously proposed pipeline. The lessee is now applying for the Commission’s acceptance of a lease quitclaim deed.

No construction has occurred on the leased lands to install the previously approved pipeline. There are no improvements to remove or abandon and thus, no further obligations on the lessee once the quitclaim is accepted as recommended by staff in this proposed authorization. For the reasons stated above, staff recommends the acceptance of the lease quitclaim deed.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6220, and 6301; California Code of Regulations, Title 2, section 2000, subdivision (b).

Public Trust and State’s Best Interests Analysis:

The recommended acceptance of a lease quitclaim deed will not substantially interfere with Public Trust needs at this time and at this location. There are no improvements to remove or abandon and the lease premises have not been disturbed. Acceptance of the lease quitclaim deed is in the State’s best interests because it will make the area available for other Public Trust uses.

CALENDAR ITEM NO. **C32** (CONT'D)

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. Acceptance of a lease quitclaim deed is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBITS:

- A. Land Description
- B. Site and Location Map
- C. Lease Quitclaim Deed

RECOMMENDED ACTION:

It is recommended that the Commission:

PUBLIC TRUST AND STATE'S BEST INTERESTS: Find that the acceptance of a lease quitclaim deed will not substantially interfere with Public Trust needs at this time and at this location.

AUTHORIZATION: Authorize acceptance of a lease quitclaim deed for Lease No. PRC 9068.1, a General Lease – Right-of-Way Use, issued to Three Rivers Acquisition Co., LLC, effective June 20, 2017.

EXHIBIT A

PRC 9068.1

LAND DESCRIPTION

A 20 foot wide strip of tide and submerged land lying in the bed of the Mokelumne River and Georgiana Slough, adjacent to Sacramento County Swamp and Overflowed survey 956, approved 11/27/1868 and San Joaquin County Swamp and Overflowed survey 668, approved 7/5/1861, Counties of Sacramento and San Joaquin, State of California, the centerline of which is described as follows:

BEGINNING at a point lying distant S 68°46'34" E 734.98 feet from a 5/8" rebar having CCS83, Zone 2 (2007.00) coordinates of North (Y) = 1,808,652.57 feet and East (X) = 6,683,462.57 feet; thence N 37°42'58" W 2000.00 feet to the terminus of said strip.

EXCEPTING THEREFROM any portion lying landward of the Ordinary High Water Mark of the left bank of the Mokelumne River and the left bank of Georgiana Slough.

The BASIS OF BEARINGS for this description is the CCS83, Zone 2 (2007.00). All distances are grid distances.

END OF DESCRIPTION

Prepared 6/13/2013 by the California State Lands Commission Boundary Unit.



NO SCALE

SITE

SACRAMENTO COUNTY

APN 156-0070-007

APPROXIMATE SHORELINE

MOKELUMNE RIVER

GEORGIANA SLOUGH

LEASE AREA
PROPOSED 4.5"
NATURAL GAS PIPELINE

APPROXIMATE SHORELINE

SAN JOAQUIN COUNTY

APN 069-030-35

MOKELUMNE RIVER, NEAR BOULDIN - TYLER ISLANDS

NO SCALE

LOCATION

TYLER ISLAND

SITE

BOULDIN ISLAND

MOKELUMNE RIVER

MAP SOURCE: USGS QUAD

Exhibit B

PRC 9068.1

THREE RIVERS ACQUISITION

APN 069-030-035, 156-0070-007

GENERAL LEASE -

RIGHT - OF - WAY USE

SACRAMENTO &

SAN JOAQUIN COUNTIES



SITE

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.

DJF 04/28/17

EXHIBIT C

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
California State Lands Commission
Attn: Title Unit
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
pursuant to Government Code Section 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

A.P.N. 069-030-35 and 156-0070-007
County: San Joaquin and Sacramento

LEASE QUITCLAIM DEED

WHEREAS, pursuant to lease designated Lease PRC 9068.1, executed by the State Lands Commission on April 15, 2014, by and between the **State of California**, acting by and through the **State Lands Commission**, as Lessor, Three Rivers Acquisition Co., LLC as Lessee, said Lessee was granted for a term of 20 years commencing June 21, 2013, the right to use the property herein described, for certain purposes specified in said lease; and

WHEREAS, pursuant to said lease, Lessee agreed to execute and deliver to State a good and sufficient quitclaim deed on the last day of said term or sooner termination of said lease.

NOW THEREFORE, Three Rivers Acquisition Co., LLC, does hereby remise, release, and forever quitclaim unto the State of California any and all right, claim, title, or interest arising by virtue of or pursuant to that certain lease designated Lease PRC 9068.1, and approved by the State Lands Commission on April 15, 2014, respecting lands located in San Joaquin and Sacramento Counties, State of California, and described on Exhibit A, attached.

LESSEE: Three Rivers Acquisition Co., LLC

By: 

Title: Manager

In witness whereof, this Quitclaim Deed is executed this 24th day of February, 2017.

ACKNOWLEDGMENT

STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me on February 24th, 2017 by Terry L. Shyer, Manager of Three Rivers Acquisition Co., LLC, on behalf of said company.



Pamela J. Lopez

Notary Public in and for the State of Oklahoma

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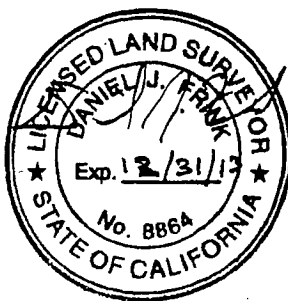
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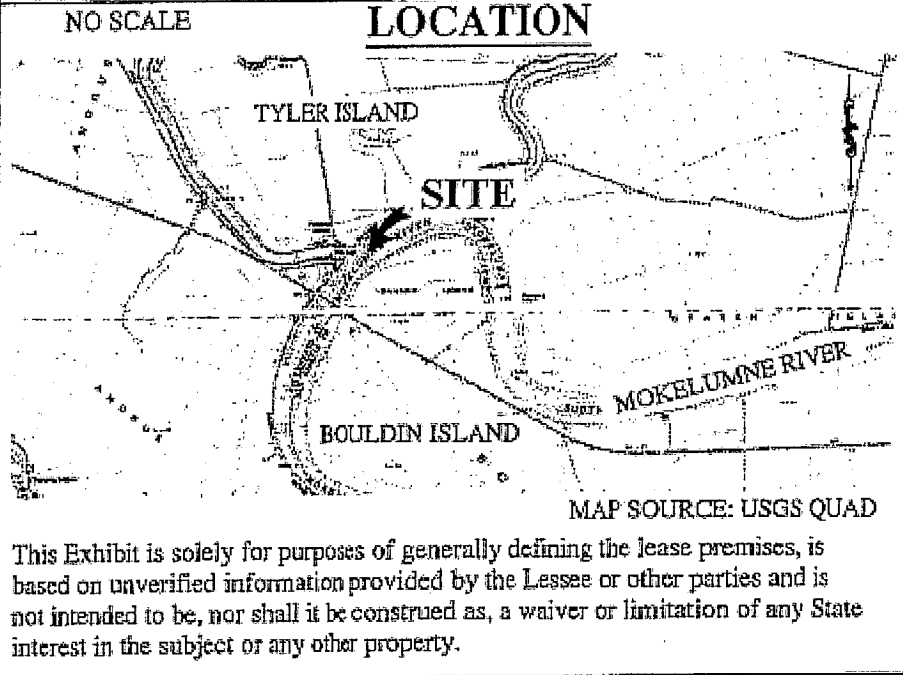
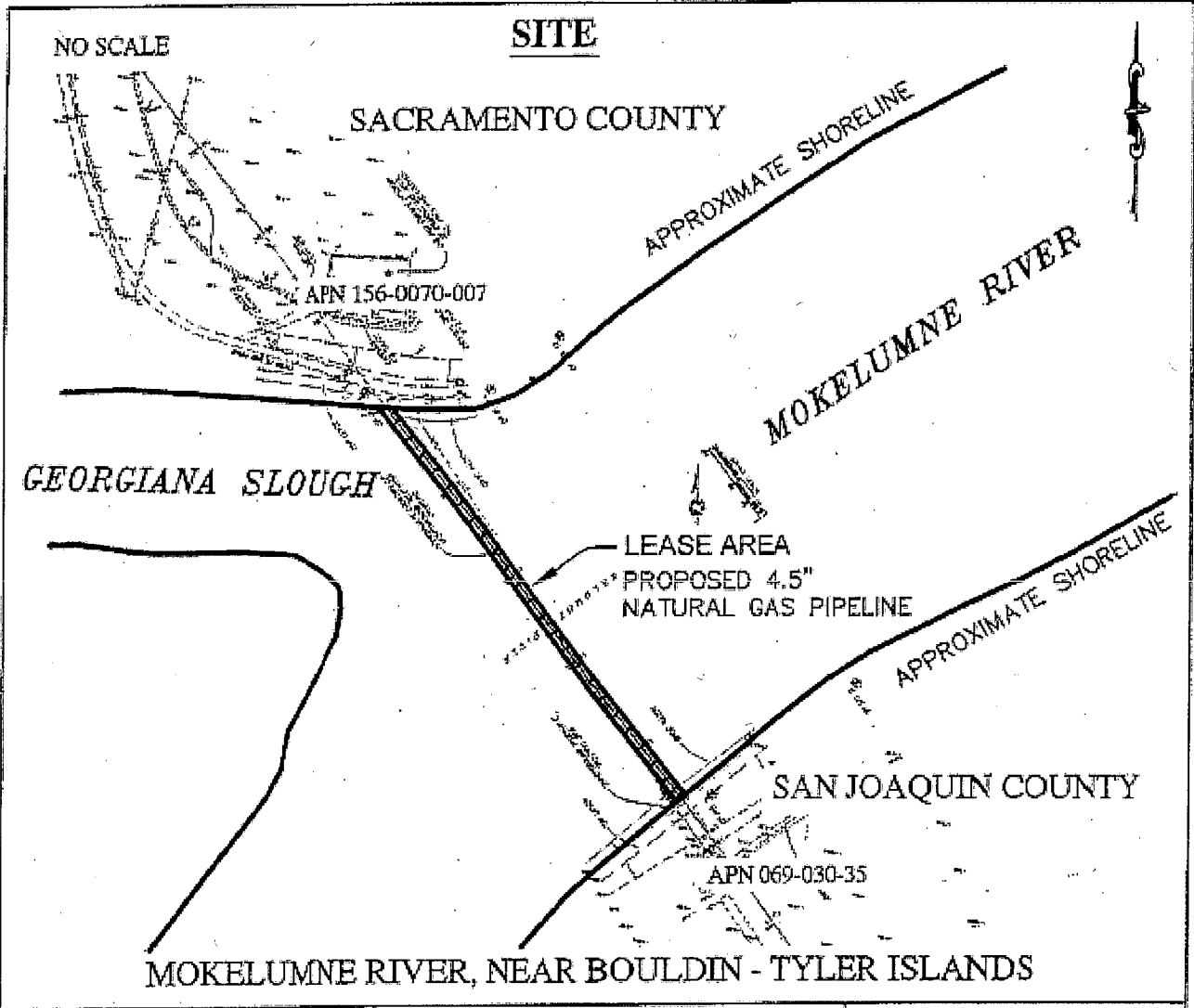
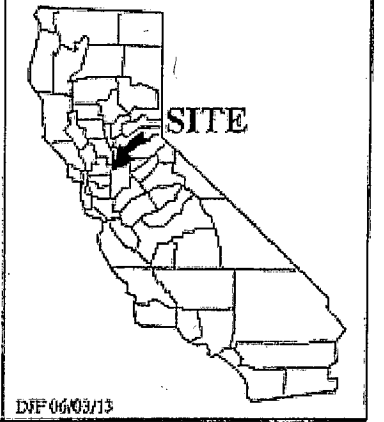


Exhibit B
W 26623
THREE RIVERS ACQUISITION
APN 069-030-035, 156-0070-007
GENERAL LEASE -
RIGHT - OF - WAY USE
SACRAMENTO &
SAN JOAQUIN COUNTIES



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