

**STAFF REPORT
C37**

A 7
S 6

08/17/17
PRC 5438.1-A
A. Franzoia

**CONSENT TO ABANDONMENT-IN-PLACE OF DECOMMISSIONED
NATURAL GAS PIPELINE**

LESSEE:

Pacific Gas and Electric Company (PG&E)

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Whiskey Slough, near Stockton, San Joaquin County.

AUTHORIZED USE:

Continued use and maintenance of existing transportation, distribution, and gathering pipelines to transport natural gas across 22 river and slough crossings.

LEASE TERM:

20 years, beginning January 1, 2012.

CONSIDERATION:

\$44,948 per year, with an annual California Consumer Price Index adjustment as provided for in the lease.

PROPOSED CONSENT:

The Lessee has applied for approval to slurry fill and abandon-in-place a steel 10-inch-diameter natural gas transmission pipeline, number L-57A, pursuant to Paragraph 12 of their existing lease. The lease requires the Commission's approval prior to the Lessee abandoning any pipeline crossing and is subject to the following conditions:

1. At least two weeks prior to start of project, Lessee shall provide a project specific spill contingency plan for Lessor's review and approval. The plan shall identify all possible spills in the Lease Premises including but not limited to any spills during pipeline flushing, during slurry injection into the pipeline, etc. The plan shall also include procedures to be implemented; specific designation of the on-site personnel; adequate and readily available on-site spill response and clean-up materials; spill notification protocol and procedures; and a complete list of the agencies to be notified in case of a spill.

STAFF REPORT NO. **C37** (CONT'D)

2. The pipeline portion to be abandoned-in-place shall be pigged and flushed until the residual hydrocarbon levels are 15 parts per million (ppm) or less with confirmation of laboratory test results. The test results shall be submitted as part of the post project submittals.
3. Within sixty (60) days of the project completion, Lessee shall provide post project verification including:
 - a. Updated “as built” plans, certified (stamped, signed, and dated) by a California registered Civil/Structural Engineer, showing the pipeline portion filled with slurry and their final end points.
 - b. A post construction written narrative report confirming completion of the project with discussion of any significant field changes or other modifications to the original design or execution plan. It shall also include the laboratory test results of the residual hydrocarbon and site photographs of abandonment activities.
4. Lessee shall conduct subsequent pipeline bathymetric and burial surveys of the abandoned pipeline per Lease No. PRC 5438.1.
5. Upon the completion of the abandonment, the Lessee shall be relieved of its obligation under the lease to pay \$450 in annual rent for that pipeline, beginning on the first anniversary of the lease following verification by staff of the abandonment.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503;
California Code of Regulations, title 2, sections 2000 and 2003.

Public Trust and State’s Best Interests Analysis:

PG&E seeks approval to abandon an existing 10-inch-diameter natural gas pipeline as authorized by the Commission pursuant to Paragraph 12 of the lease.

On October 27, 1960, the Commission authorized Lease No. PRC 2663.1 for the installation, use and maintenance of a natural gas pipeline that was mechanically installed in a trench below the bed of Whiskey Slough ([Item 06, October 27, 1960](#)).

STAFF REPORT NO. **C37** (CONT'D)

On February 27, 1962, the Commission authorized Lease No. PRC 2839.1, for the use of sands underlying McDonald Island for gas storage ([Item 22, February 27, 1962](#)).

On January 28, 1978, for convenience, the Commission consolidated various pipeline leases including Lease No. PRC 2663.1 under master Lease No. PRC 5438.1 ([Item 24, January 28, 1978](#)).

On January 26, 2012, the Commission terminated holdover tenancy of Lease No. PRC 5438.1 and authorized issuance of six General Leases – Right-of Way-Use, Nos. PRC 5438.1-A, PRC 5438.1-B, PRC 5438.1-C, PRC 5438.1-D, PRC 5438.1-E, and PRC 5438.1-F in its place ([Item C33, January 26, 2012](#)). The Whiskey Slough pipeline was included in PRC 5438.1-A.

A bathymetric, geodetic, and depth of pipe survey was conducted by Lessee in February 2013. The depth of cover of the Whiskey Slough pipeline was approximately one to two feet near the shorelines and four feet across the slough and does not currently impair the navigability or recreational uses of the slough.

The subject pipeline transported natural gas between injection wells in the McDonald Island gas storage sands. The 10-inch-diameter natural gas pipeline to be abandoned-in-place was originally installed in 1960 to serve gas wells Tilden 1, Roberts 1 and Roberts 2. These wells do not have a significant impact on withdrawal/injection capacity according to gas planning and capacity planning. If future storage capacity is required, drilling a new well from Turner Cut Station will be considered by PG&E.

Lessee informed staff that the costs of continuing all planned work on this pipeline are not justified by the amount of withdrawal and injection capacity revenue provided by the three gas wells. The decision to retire this pipeline was made by a team of PG&E staff including but not limited to: Reservoir Engineering, Storage Operations, Station Services, Gas Planning, Capacity Planning, Pipeline Services and In-Line Inspection Engineering.

Abandonment-in-place is preferable to full removal in this case because a portion of the pipeline underlies a protective levee and is at least 10 feet below the bottom of the slough. Removal could impact the integrity of the levee at this location. In addition, removing the entire 10-inch-diameter gas pipeline from below the slough would require significant disturbance to the slough bottom habitat. Abandonment-in-place requires no work in the

STAFF REPORT NO. **C37** (CONT'D)

slough, thus removing any potential harm from removal operations to water quality or slough bottom habitat.

Prior to slurry injection bell holes will be excavated on both sides of the slough. The pipeline will be cut, scrape sampled by Lessee's on-site Environmental Field Specialist, and PG&E's Senior Environmental Scientist will determine if cleaning will be required. This determination may require some chemical cleaning where Lessee will push foam pigs through the 10-inch-diameter pipeline multiple times and collect any discharge in tanks. The discharge e waste will be hauled off by the Lessee's environmental contractor to an approved disposal site. Pigs will be run until the residual hydrocarbons are 15 ppm or less prior to slurry fill. Lessee will inject the slurry fill and the pipe ends will be enclosed by welded steel caps.

The bell holes will measure 8 feet by 12 feet and in the unlikely event that the cement slurry does spill, such an event would be confined to the bell holes upland from the slough. No work relating to the abandonment would occur in the slough.

The lease includes provisions requiring the Lessee to inspect, repair, insure, and indemnify the State for those facilities abandoned-in-place. In addition, Commission staff believes that the use does not substantially interfere with the Public Trust needs and values at this location because the existing pipeline is buried and will have a negligible, if any, impact on recreational use in Whiskey Slough.

Climate Change Analysis:

The lease area consists of a portion of Whiskey Slough, adjacent to levees and farmlands, and is a tidally influenced site vulnerable to flooding at current sea levels. Climate change impacts, including sea-level rise, more frequent and intense storm events, and increased flooding and erosion, affect both open coastal areas and inland waterways in California. This area will also be at higher risk of flood exposure given projected scenarios of sea-level rise: the region could see up to 1 foot of sea-level rise (from year 2000 levels) by 2030, 2 feet by 2050, and possibly more than 5 feet by 2100 (National Research Council 2012). Rising sea levels can lead to more frequent flood inundation in low lying areas and larger tidal events. In addition, as stated in *Safeguarding California* (California Natural Resources Agency 2014), climate change is projected to increase the frequency and severity of natural disasters related to flooding and storms (especially when coupled with sea-level rise). In tidally influenced

STAFF REPORT NO. **C37** (CONT'D)

water bodies, more frequent and powerful storms can result in increased flooding conditions and damage from storm created debris.

The combination of these projected conditions could have the potential for more frequent and stronger storm events that may expose the lease area to higher flood risks and cause structures to be damaged or dislodged, presenting hazards to public safety, as well as dangers for navigation within the slough. Conversely, prolonged drought conditions could lower water levels exposing previously submerged structures to the elements.

According to the Lessee, the existing pipelines are buried in excess of 5 feet below the bed of Whiskey Slough at variable levels. The pipelines will be abandoned-in-place and filled with concrete; therefore, they are unlikely to be affected by flooding or drought conditions that may occur within the lease area given future projected scenarios of sea-level rise.

Conclusion:

For all the reasons above, Commission staff believes the issuance of this consent is consistent with the common law Public Trust Doctrine and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. The Lessee has an easement for the uplands adjoining the lease premises.
2. 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.
3. 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).

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

4. 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 REPORT NO. **C37** (CONT'D)

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).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed consent to decommissioning and abandonment-in-place of a natural gas pipeline will not substantially interfere with the public's right to navigation and fishing or with the Public Trust needs and values at this location, 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:

1. Consent to the decommissioning and abandonment-in-place of a cement slurry-filled steel 10-inch-diameter natural gas gathering pipeline (L-57A) beneath Whiskey Slough, near Stockton, San Joaquin County as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof, effective August 17, 2017.
2. Upon completion of the abandonment, relieve the Lessee of its obligation to pay \$450 in annual rent for the pipeline beginning with the next lease anniversary pursuant to Section 2, Paragraph 12, subparagraph (g) of the lease.

EXHIBIT A

PRC 5438.1-A

LAND DESCRIPTION

(PREVIOUSLY EXHIBIT "A-19)

W 21563
(PRC 2663.1)

A strip of tide and submerged land 10 feet wide across Whiskey Slough, San Joaquin County, California, lying 5 feet on each side of the following described centerline:

BEGINNING at a point on McDonald Tract which bears S 22° 05' 30" W, 9,965.75 feet from triangulation station "Turner", said station having California Coordinate System Zone III coordinates of X = 1,722,974.85 and Y = 549,819.82; thence from said point of beginning S 63° 24' 30" E, 487 feet to Roberts Island and the end of the herein described centerline.

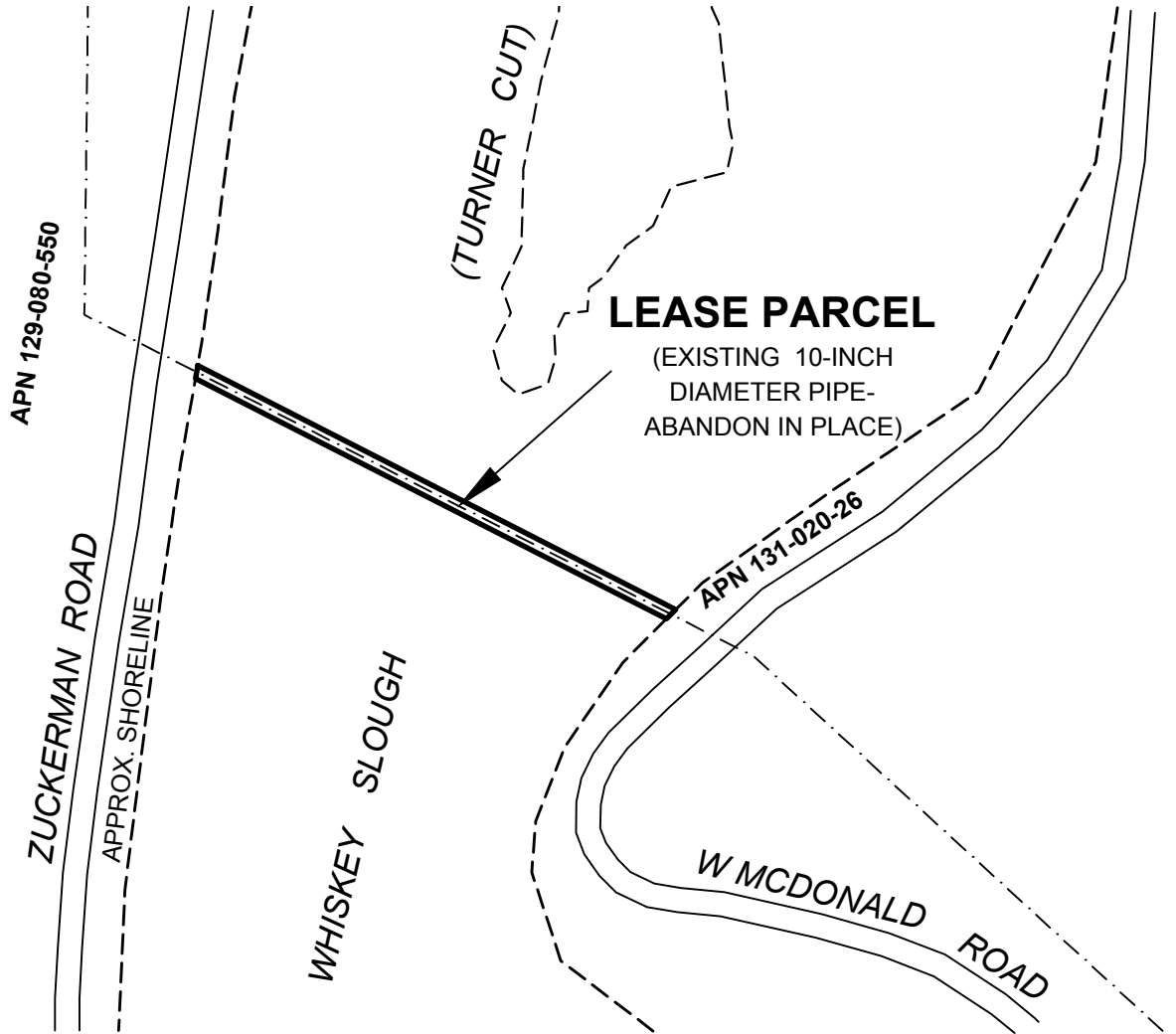
EXCEPTING THEREFROM any portion lying landward of the ordinary high water marks of Whiskey Slough.

END OF DESCRIPTION

Prepared Frank T. Carey Checked [Signature]
Reviewed John Gunnecke Date 2/27/78

NO SCALE

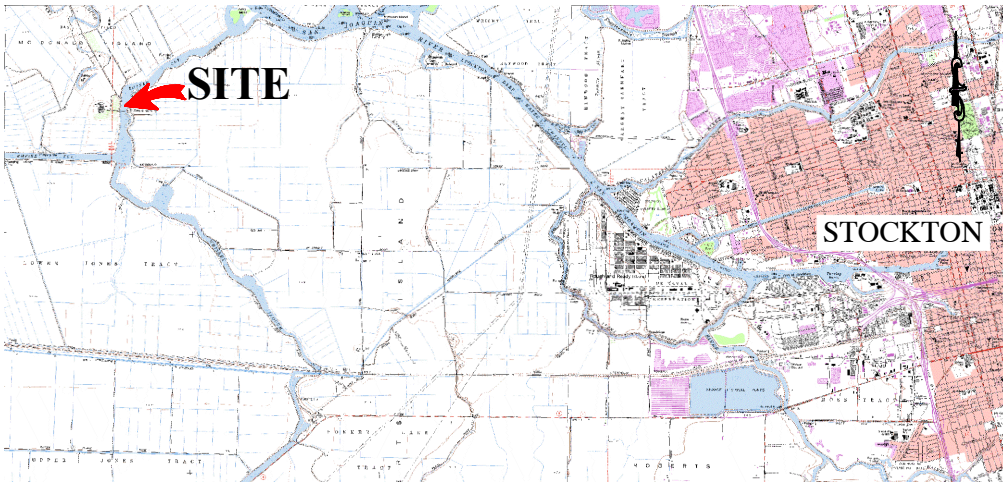
SITE



12988 W MCDONALD ROAD AT THE TURNER CUT, NEAR STOCKTON

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 5438.1-A
 PACIFIC GAS & ELECTRIC
 COMPANY
 APNs 129-080-55 & 131-020-26
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SAN JOAQUIN 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.

TS 07/12/17