

**STAFF REPORT
C38**

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08/17/17
PRC 8207.1
A. Franzoia

REVISION OF RENT

LESSEE:

Lodi Gas Storage, LLC

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Mokelumne River, North and South Mokelumne Rivers, and Broad, Georgiana, Three Mile, Jackson, and Tomato Sloughs, located approximately 5.4 miles northeast of Lodi in the Lodi Gas Field, Sacramento and San Joaquin Counties.

AUTHORIZED USE:

Continued use and maintenance of a horizontal directionally drilled 24-inch-diameter natural gas pipeline.

LEASE TERM:

20 years, beginning September 19, 2000.

CONSIDERATION:

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that rent be revised from \$1,070 per year to \$3,540 per year, effective September 18, 2017.

OTHER PERTINENT INFORMATION:

1. The Lessee has the right to use the land adjoining the lease premises.
2. On September 19, 2000, the Commission authorized a General Lease – Right-of-Way Use to Lodi Gas Storage, LLC, for a term of 20 years beginning September 19, 2000 ([Item C06, September 19, 2000](#)). The lease will expire on September 18, 2020.
3. The Lessee conducts inline inspections of the 24” pipeline every 5 years and Gas Leak Surveys quarterly. The last inline inspection, conducted in 2012, prepared by Enduro Pipeline Services, Inc. The inspection found no immediate repairs, no burst pressure issues, and no deformations with metal loss. There were 11 metal loss indication clusters with the deepest

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cluster (S210/L412) reported at 25% and located at Enduro Station 774+57.73 and one deformation (S153/A127) at a reported depth of 0.50% located at Station 472+03.93. The next inspection is scheduled for later this year. Staff also reviewed the most recent Gas Leak Survey prepared by Menesco Corporation, dated June 15, 2017, reporting that no gas leaks were found.

4. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
5. Approving the revision of rent 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. Legal Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8207.1 from \$1,070 per year to \$3,540 per year, effective September 18, 2017.

EXHIBIT A- 1 (Three Mile Slough)

PRC 8207.1

LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of Three Mile Slough lying adjacent to, on the left bank, Swamp and Overflowed Lands Survey 386, patented October 16, 1873, County of Sacramento, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the left bank of Three Mile Slough which bears South 53°23'54" East 32,610 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline South 4°44'04" East 700.00 feet to a point on the right bank of Three Mile Slough and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said slough.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



EXHIBIT A- 2 (Tomato Slough)

PRC 8207.1

LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of Three Mile Slough lying adjacent to, on the left bank, Swamp and Overflowed Lands Survey 701 patented April 14, 1873, County of Sacramento, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the left bank of Three Mile Slough which bears South 59°10'02" West 24,284 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline North 89°57'33" West 55.00 feet to a point on the right bank of Tomato Slough and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said slough.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



EXHIBIT A- 3 (Jackson Slough)

PRC 8207.1

LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land, whether filled or unfilled, situate in the bed of Jackson Slough lying adjacent to, on the right bank, Swamp and Overflowed Lands Survey 653 patented June 17, 1873, County of Sacramento, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the historic right bank of Three Mile Slough which bears South 50°51'05" West 8,055 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline North 58°28'41" East 80.00 feet to a point on the historic left bank of Jackson Slough and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said slough.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



EXHIBIT A- 4 (Georgiana Slough)

PRC 8207.1

LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of Georgiana Slough lying adjacent to, on the right bank, Swamp and Overflowed Lands Survey 849 patented April 2, 1873, County of Sacramento, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the right bank of Georgiana Slough which bears South 36°39'06" East 4,219 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline South 82°14'43" East 220.00 feet to a point on the left bank of Georgiana Slough and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said slough.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



LAND DESCRIPTION

A 30 foot wide strip of submerged land, whether filled or unfilled, situate in the bed of Broad Slough lying adjacent to Swamp and Overflowed Lands Survey 684, patented August 24, 1894, County of Sacramento, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the historic right bank of Broad Slough which bears South $76^{\circ}58'43''$ East 10802 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline North $64^{\circ}14'48''$ East 95.74 feet; thence North $85^{\circ}12'29''$ East 23.27 feet; thence North $88^{\circ}35'16''$ East 26.48 feet; thence South $88^{\circ}38'00''$ East 87.64 feet to a point on the historic left bank of Broad Slough and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the low water mark of the right and left banks of said slough.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



EXHIBIT A- 6 (North Fork Mokelumne River)

PRC 8207.1

LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of the North Fork of the Mokelumne River lying adjacent to, on the right bank, Swamp and Overflowed Lands Survey 849 patented August 24, 1894, County of Sacramento, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the right bank of the North Fork of the Mokelumne River which bears South 79°50'09" East 17,600 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline South 77°32'32" East 340.00 feet to a point on the left bank of said river and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said river.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



EXHIBIT A- 7 (South Fork Mokelumne River)

PRC 8207.1

LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of the South Fork of the Mokelumne River lying adjacent to, on the left bank, Swamp and Overflowed Lands Survey 1283 patented June 29, 1869, County of San Joaquin, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the left bank of the South Fork of the Mokelumne River which bears South $78^{\circ}23'12''$ East 27,103 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline North $87^{\circ}55'47''$ West 390.00 feet to a point on the right bank of said river and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said river.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of the Mokelumne River lying adjacent to, on the right bank, Swamp and Overflowed Lands Survey 816 patented May 5, 1870, County of San Joaquin, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the right bank of the South Fork of the Mokelumne River which bears North 88°08'25" East 78,818 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline North 89°27'10" West 180.00 feet to a point on the left bank of said river and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right and left banks of said river.

The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



LAND DESCRIPTION

A 30 foot wide strip of tide and submerged land situate in the bed of the Mokelumne River lying adjacent to, on the right bank, Swamp and Overflowed Lands Survey 816 patented May 5, 1870, County of San Joaquin, State of California, and lying 15 foot on each side of the following described centerline:

BEGINNING at a point at the intersection of an existing 24 inch natural gas pipeline with the right bank of the South Fork of the Mokelumne River which bears North $88^{\circ}08'57''$ East 79,326 feet more or less from NGS Monument "GRAN" (PID JS4770); thence continuing along said pipeline North $89^{\circ}33'35''$ East 350.00 feet to a point on the right bank of said river and the end of the herein described centerline.

Sidelines of said strip to be lengthened or shortened so as to begin and terminate on the ordinary high water mark of the right bank of said river.

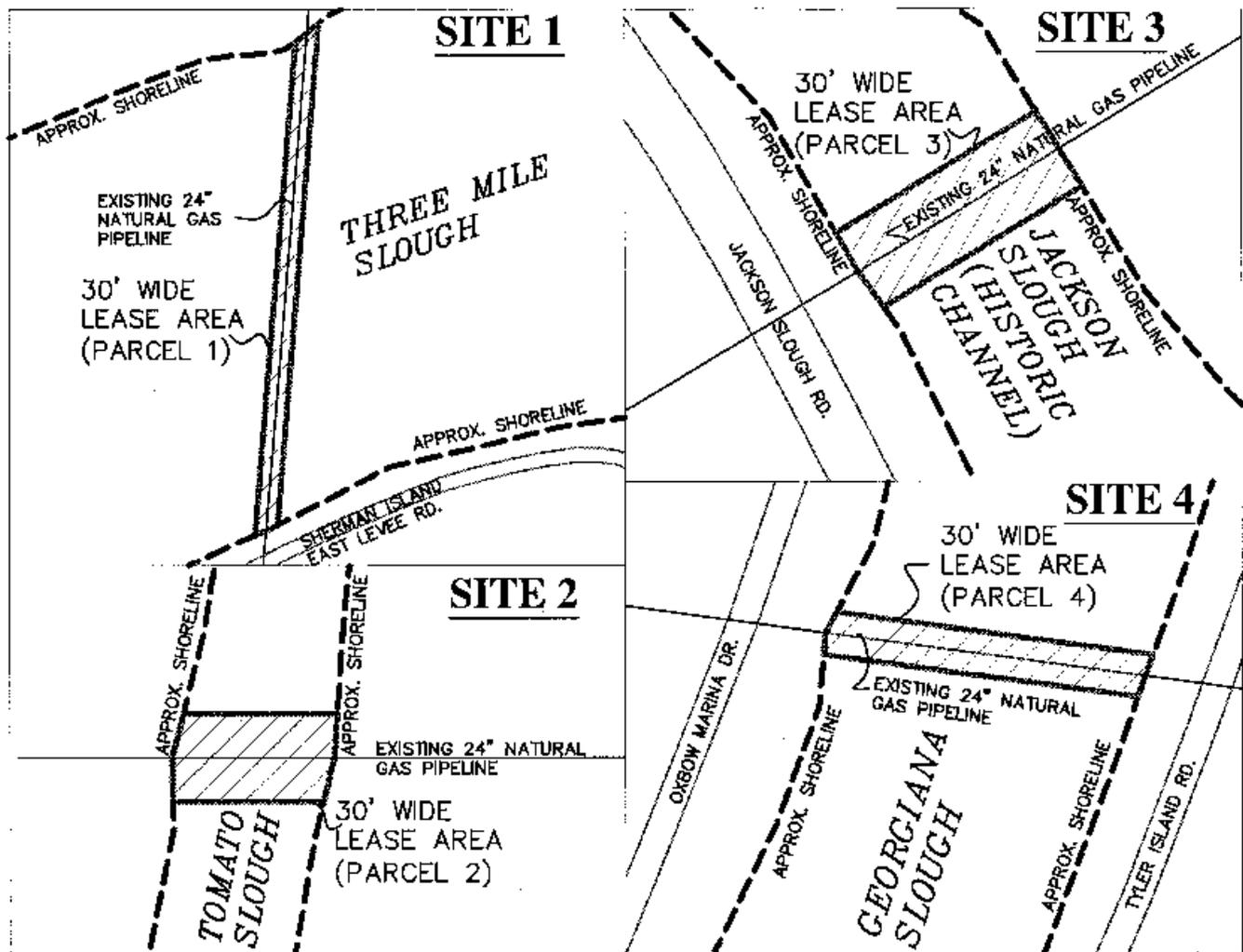
The Basis of Bearings is CCS83, Zone 2. All distances are grid and in U.S. survey feet.

END OF DESCRIPTION

PREPARED 11/21/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



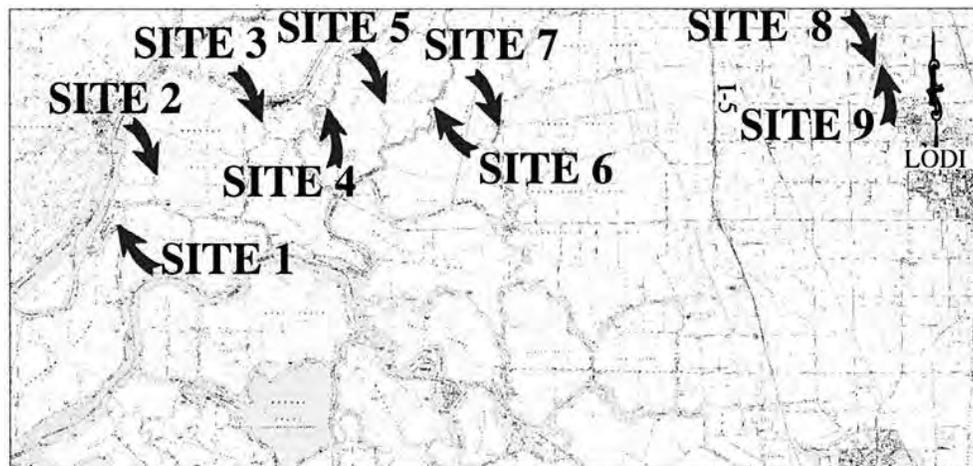
NO SCALE



EXISTING 24" NATURAL GAS PIPELINE - SEE ABOVE LOCATIONS

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B-1

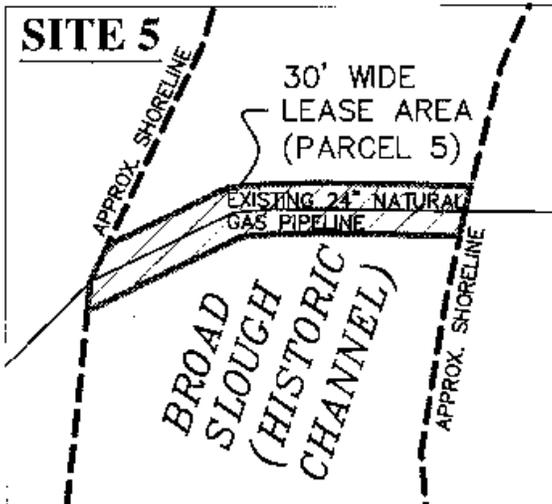
PRC 8207.1
 LODI GAS STORAGE LLC
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SACRAMENTO &
 SAN JOAQUIN COUNTY



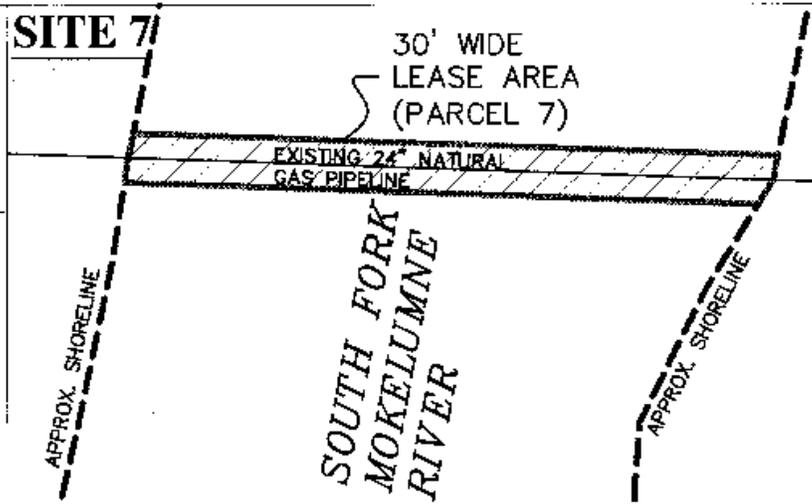
This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

NO SCALE

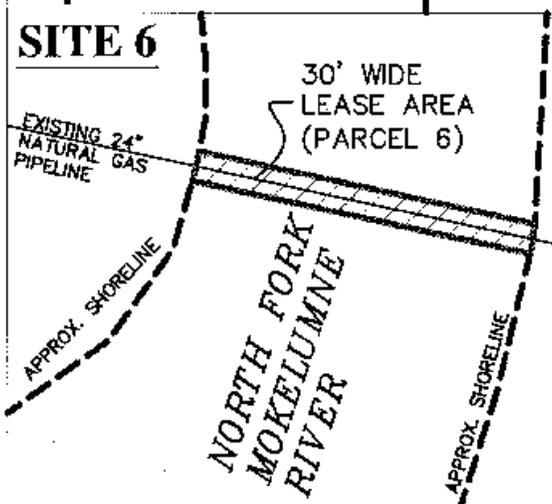
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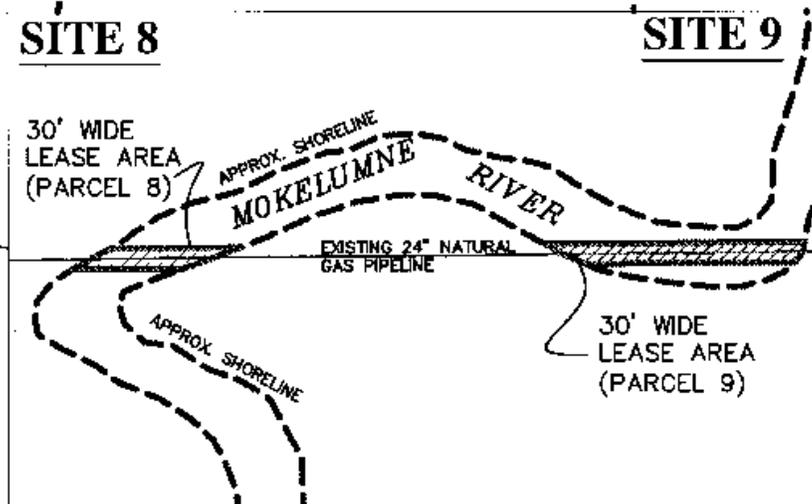
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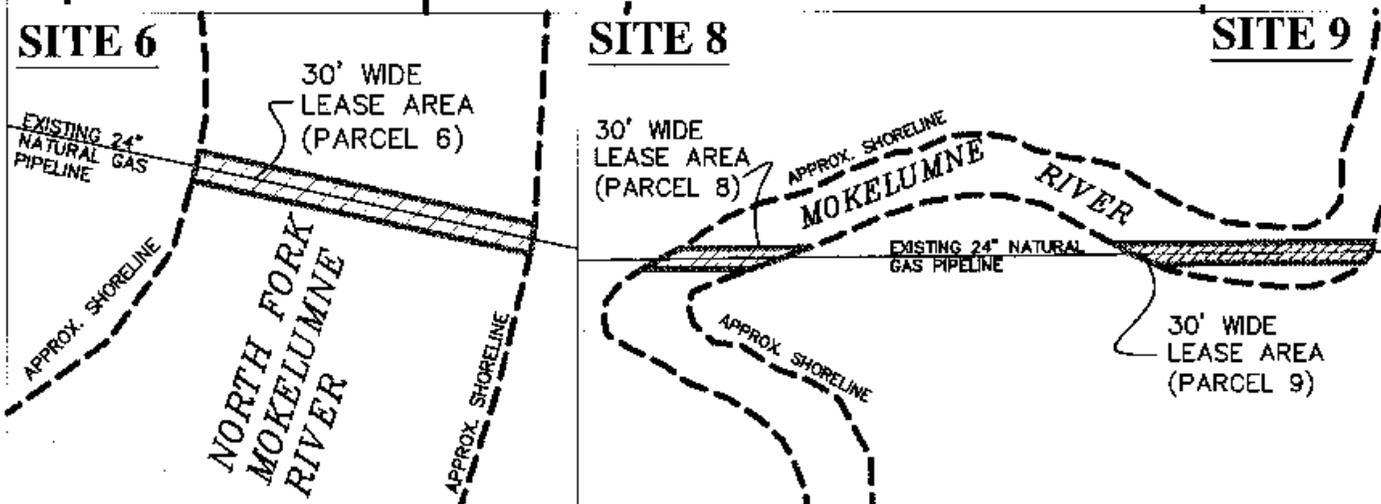
SITE 6



SITE 8



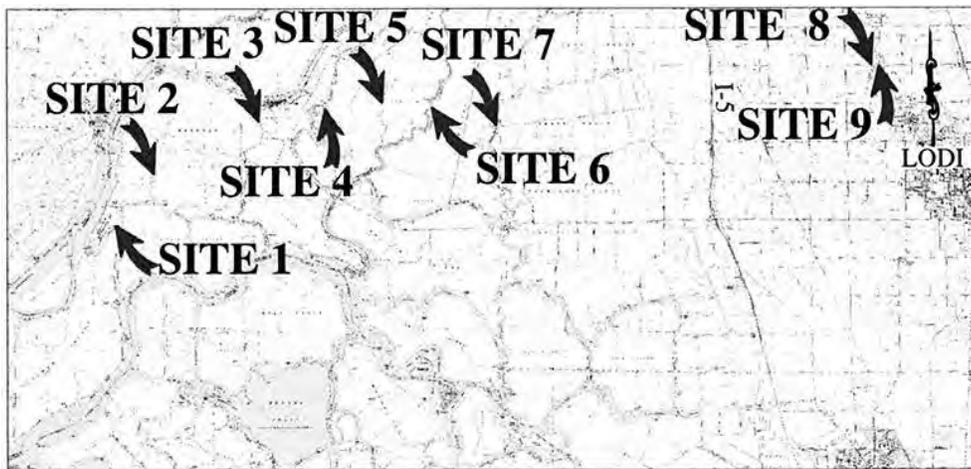
SITE 9



EXISTING 24" NATURAL GAS PIPELINE - SEE ABOVE LOCATIONS

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B-2

PRC 8207.1
 LODI GAS STORAGE LLC
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SACRAMENTO &
 SAN JOAQUIN COUNTY



MJF 11/12/14

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