

MINUTE ITEM
This Calendar Item No. C49
was approved as Minute Item
No. 49 by the State Lands
Commission by a vote of 3
to 0 at its 9-19-00
meeting.

CALENDAR ITEM
C49

A 31
S 16

09/19/00
W 25667
J. Smith

GENERAL LEASE - RIGHT OF WAY USE

LESSEE:

Kinder Morgan Energy Partners, L.P., on behalf of
SFPP, L.P.
1100 Town and Country Road
Orange, California 92868

AREA, LAND TYPE, AND LOCATION:

0.63 acres, more or less, of sovereign lands in the Kings River, near Kingsburg,
Tulare County.

AUTHORIZED USE:

Abandonment in place of an existing unauthorized eight-inch petroleum pipeline
attached to the Union Pacific Railroad Bridge; and the directionally bored
installation and maintenance of a new eight-inch petroleum pipeline under the
Kings River.

LEASE TERM:

Ten years, beginning September 1, 2000.

CONSIDERATION:

None, pending incorporation of this lease in Master Lease No. PRC 5439.1. No
change at this time in the annual rent for Master Lease No. PRC 5439.1. The
present annual rent for the Master Lease is \$63,180. A new annual rent will be
established in conjunction with the issuance of a new Master Lease, presently in
negotiations.

SPECIFIC LEASE PROVISIONS:

Insurance:

\$1,000,000 per occurrence for bodily injury and \$2,000,000 for property
damage.

REVISED 09/14/00

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Other:

At such time as a new Master Lease for Lease No. PRC 5439.1 is issued, the pipeline crossing authorized by this lease will be included in that Master Lease and this lease shall automatically terminate.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. Kinder Morgan Energy Partners, L.P., on behalf of SFPP, L.P., a Delaware limited partnership, has submitted an application requesting approval to abandon in place an existing refined petroleum products pipeline attached to a Union Pacific Railroad bridge that crosses the Kings River. Commission staff has reviewed and concurs with the Applicant's plans for the abandonment of the existing pipeline in place. The Applicant will be responsible for monitoring and maintaining the abandoned pipeline. SFPP, L.P. is the Operating Partnership. Kinder Morgan Operating L.P. "D", a Delaware limited partnership, is its general Partner.

Applicant is also seeking authorization for the installation of an eight-inch diameter directionally bored welded steel pipeline under the Kings River. The pipeline is used to transport refined petroleum products and is a segment of the Applicant's Pacific Operations pipeline system, which extends throughout various portions of California and the western United States. Commission staff has reviewed the proposed pipeline project and will monitor its assembly and installation.

3. Applicant and Commission staff are in the process of negotiating a new Master Lease (Lease No. PRC 5439.1) for the various petroleum pipeline crossings on sovereign lands throughout California. In order to facilitate construction of the pipeline at the Kings River location, staff is recommending that a separate lease be issued for this specific crossing. At such time as the new Master Lease is issued, this pipeline crossing right of way, including all authorized facilities, will be included in the new Master Lease, and this lease shall automatically terminate.

The area of sovereign lands to be leased for this specific crossing would result in a minimum annual rent. As this crossing will be included as part of establishing a new annual rent for the multiple pipeline crossings to be covered in the Master Lease, staff is recommending that the present

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annual rent for Lease No. PRC 5439.1, the Master Lease currently in holdover, remain unchanged.

4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA under the general rule that the CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes, based on the information available to it, that there is no possibility that this project may have a significant effect on the environment.

Authority: Title 14, California Code of Regulations, section 15061 (b) (3).

5. This activity involves lands that have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission has declared that all tide and sovereign 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 sections 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 Title 2, California Code of Regulations, section 2954 is not applicable.

FURTHER APPROVALS REQUIRED:

California Department of Fish and Game; California State Lands Commission.

EXHIBITS:

- A. Land Description
- B. Location Map

PERMIT STREAMLINING ACT DEADLINE:

November 14, 2000

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RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 (b) (3).

AUTHORIZATION:

AUTHORIZE ISSUANCE TO SFPP, L.P. OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING SEPTEMBER 1, 2000, FOR A TERM OF TEN YEARS, FOR ABANDONMENT IN PLACE OF AN EXISTING UNAUTHORIZED EIGHT-INCH DIAMETER PETROLEUM PIPELINE AND THE DIRECTIONALLY BORED INSTALLATION OF A NEW EIGHT-INCH DIAMETER PETROLEUM PIPELINE ON THE LAND DESCRIBED ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF. THIS LEASE SHALL AUTOMATICALLY TERMINATE AND THE LEASE AREA AND AUTHORIZED FACILITIES WILL BE INCLUDED IN THE NEW MASTER LEASE FOR LEASE NO. PRC 5439.1, AT SUCH TIME AS IT IS ISSUED. NO CHANGE AT THIS TIME IN THE ANNUAL RENT OF \$63,180 FOR MASTER LEASE PRC 5439.1; LIABILITY INSURANCE COVERAGE OF \$1,000,000 PER OCCURRENCE FOR BODILY INJURY AND \$2,000,000 FOR PROPERTY DAMAGE.

EXHIBIT A

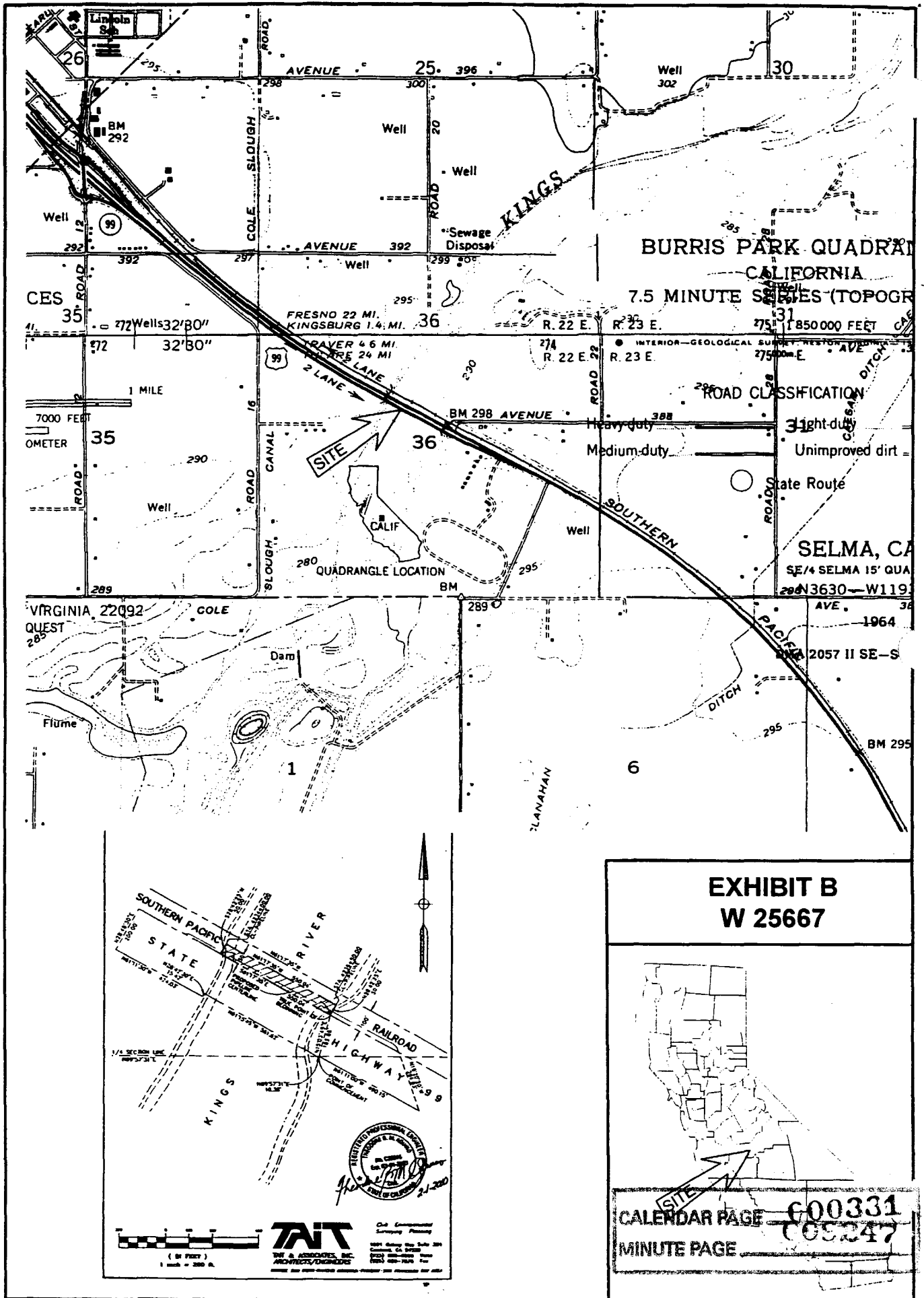
W 25667

LAND DESCRIPTION
EXISTING AND PROPOSED PIPELINES

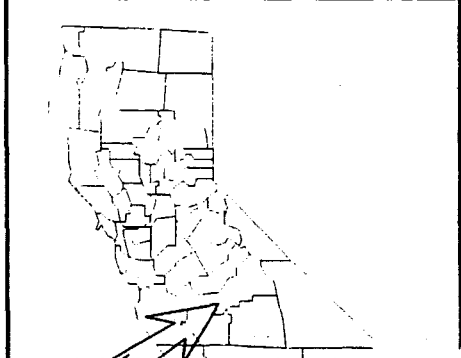
A parcel of State owned sovereign submerged land in the bed of the Kings River lying within the exterior boundaries of Section 36, Township 16 South, Range 22 East, Mount Diablo Meridian, County of Tulare, State of California described as follows:

COMMENCING at an angle point on the southwesterly right of way line of State Highway 99 at Station 567+90± as shown on that certain map filed on January 2, 1986, as Instrument Number 152 in State Highway Map Book 5 at Page 75, Tulare County Records; thence leaving said southwesterly right of way line of State Highway 99, North 15° 03' 45" East, 185.88 feet to the **True Point of Beginning**; said point being on the northeasterly right of way line of State Highway 99 as shown on said map; thence leaving said northeasterly right of way line North 28° 42' 25" East, 50.00 feet; thence North 61° 17' 35" West, 550.04 feet; thence South 28° 42' 25" West, 50.00 feet to said northeasterly line of State Highway 99; thence along said northeasterly line, South 61° 17' 35" East, 550.04 feet to the **True Point of Beginning**.

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**EXHIBIT B
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