

MINUTE ITEM
This Calendar Item No. C11 was approved as
Minute Item No. 11 by the California State Lands
Commission by a vote of 3 to 2 at its
8-19-03 meeting.

CALENDAR ITEM
C11

A) 11

08/19/03

S) 2

PRC 5438

WP 5438.1

L. Burks

AMENDMENT OF MASTER LEASE NO. PRC 5438.1
(ADDENDUM NO. 14)

APPLICANT:

Pacific Gas and Electric Company

AREA, LAND TYPE, AND LOCATION:

Master Lease:

Over 100 waterway crossings throughout the State.

Amendment:

Delete from the Lease 6.07 acres, more or less, of tide and submerged lands in Honker and Suisun Bays, near Bay Point, Contra Costa and Solano counties.

AUTHORIZED USE:

Master Lease:

Continued use and maintenance of distribution pipelines to transport natural and synthetic gas.

Amendment:

Removal of an existing 10-inch and 12-inch diameter pipeline known as PG&E Line 182.

LEASE TERM:

Existing Master Lease:

20 years, beginning January 1, 1978. A new lease is currently being negotiated. The existing lease is in holdover.

CONSIDERATION:

Existing Master Lease:

\$30,400 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:

Liability insurance: \$10,000,000 per occurrence for bodily injury and \$10,000,000 for property damage.

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PROPOSED AMENDMENT:

The Master Lease provides that the lease may periodically be amended by a series of addenda for the purpose of adding to and deleting from the lease the parcels of land necessary for the distribution of natural gas pipelines. Pacific Gas and Electric Company (PG&E) is requesting that the Master Lease be amended to delete from the Lease a parcel of sovereign land improved with a 10-inch and 12-inch diameter pipeline as shown on the attached Exhibit A. The 10-inch and 12-inch diameter pipeline will be decommissioned and removed from the leased premises. All other terms and conditions of the Master Lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. Line 182 pipeline is owned by PG&E. The pipeline was originally constructed sometime prior to 1946 and was part of a gathering system that served to channel natural gas collected from gas wells located on Wheeler Island to the south shore. There was no drying machinery installed in the gathering system at that time so all typical well fluids and natural gas pumped out of these wells were sent through Line 182. Later, PG&E installed a dehydration station on the north shore (Van Sickle Station). However, residual well fluids remained in the pipeline and these were mixed with the flush water when the pipeline was flushed and idled. No evidence of crude oil was observed in the pipeline during the water sampling activities completed in January 2002.

The majority of the Line 182 segments have been decommissioned by PG&E over the past several years except one major 18,000 foot segment, consisting of the Bay, Channel and Marshland Segments, that extends from the south shore of Wheeler Island, Solano County through Honker and Suisun Bays to the marshland shore of Bay Point in Contra Costa County. PG&E is proposing to decommission and remove those portions of the Bay and Channel Segments that are within the State's Lease area. The remaining Marshland Segment, which is not within the State's Lease area, will be abandoned in place. The Bay Segment (from Wheeler Island south across Honker Bay to Simmons Island) is partially buried and partially exposed and the burial depth varies from surface to 10 feet. This segment of the pipeline will be totally removed using light barge, support vessels, divers, and underwater excavation techniques.

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The Channel Segment (from Simmons Point south to Stake Point in West Pittsburg) is buried up to 6 feet below the channel bottom and is exposed at 3 locations. The Channel segment will be totally removed in planned sections that will enable the marine work to be spread out to avoid interference with commercial vessel traffic through the Channel.

3. Under United States Bankruptcy Court Case No. 01-30923 DM filed July 29, 2001, the Court approved the Notice of Entry of Order Regarding Motion for Authorization to Settle Post Petition Third Party Claims in the Ordinary Course of Business which authorizes Pacific Gas and Electric Company to continue its operations.
4. A Section 401 Water Quality Certification will be issued by the California Regional Water Quality Control Board (RWQCB) for this project. The RWQCB has indicated that the applicant's proposed project complies with the applicable provisions of Section 301 (Effluent Limitations), 302 (Water Quality Related Effluent Limitations), 303 (Water Quality Standards and Implementation Plans), 306 (National Standards of Performance) and 307 (Toxic and Pretreatment Effluent Standards) of the Clean Water Act. Any potential discharge resulting from the project activities is required to comply with the discharge limitations stated in the Regional Board's Order No. 01-100, *General Waste Discharge Requirements for Discharge or Reuse of Extracted and Treated Groundwater Resulting from the Cleanup of Groundwater Polluted by Fuel Leaks and Other Related Wastes at Service Stations and Similar Sites*.
5. Pacific Gas and Electric (PG&E) has developed a decommissioning *Project Execution Plan* which will be fully implemented during the site restoration. Long Beach engineering staff has reviewed the decommissioning plan and indicates that it meets standard engineering practice. Long Beach engineering staff will be on site to monitor removal of the pipeline within the Lease area.
6. 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 as a statutorily exempt project. The project is exempt because it involves the removal of existing oil, gas, and petroleum pipeline that is less than eight miles in length.

Title 14, California Code of Regulations, section 15284.

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Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300.

7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

United States Army Corps of Engineers; United States Fish and Wildlife Service; National Marine Fisheries Service; San Francisco Bay Conservation and Development Commission; California Department of Fish and Game; San Francisco Bay Regional Water Quality Control Board; CalOSHA; Contra Costa and Solano counties; Contra Costa and Solano Air Pollution Control Districts; United States Coast Guard; State Historical Preservation Officer.

EXHIBIT:

- A. Site Plan and Location Map

PERMIT STREAMLINING ACT DEADLINE:

January 4, 2004

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 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO SECTION 15284 OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT CONCERNING THE REMOVAL OF AN EXISTING OIL, GAS, AND PETROLEUM PIPELINE THAT IS LESS THAN EIGHT MILES IN LENGTH.

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 SECTIONS 6370, ET SEQ.

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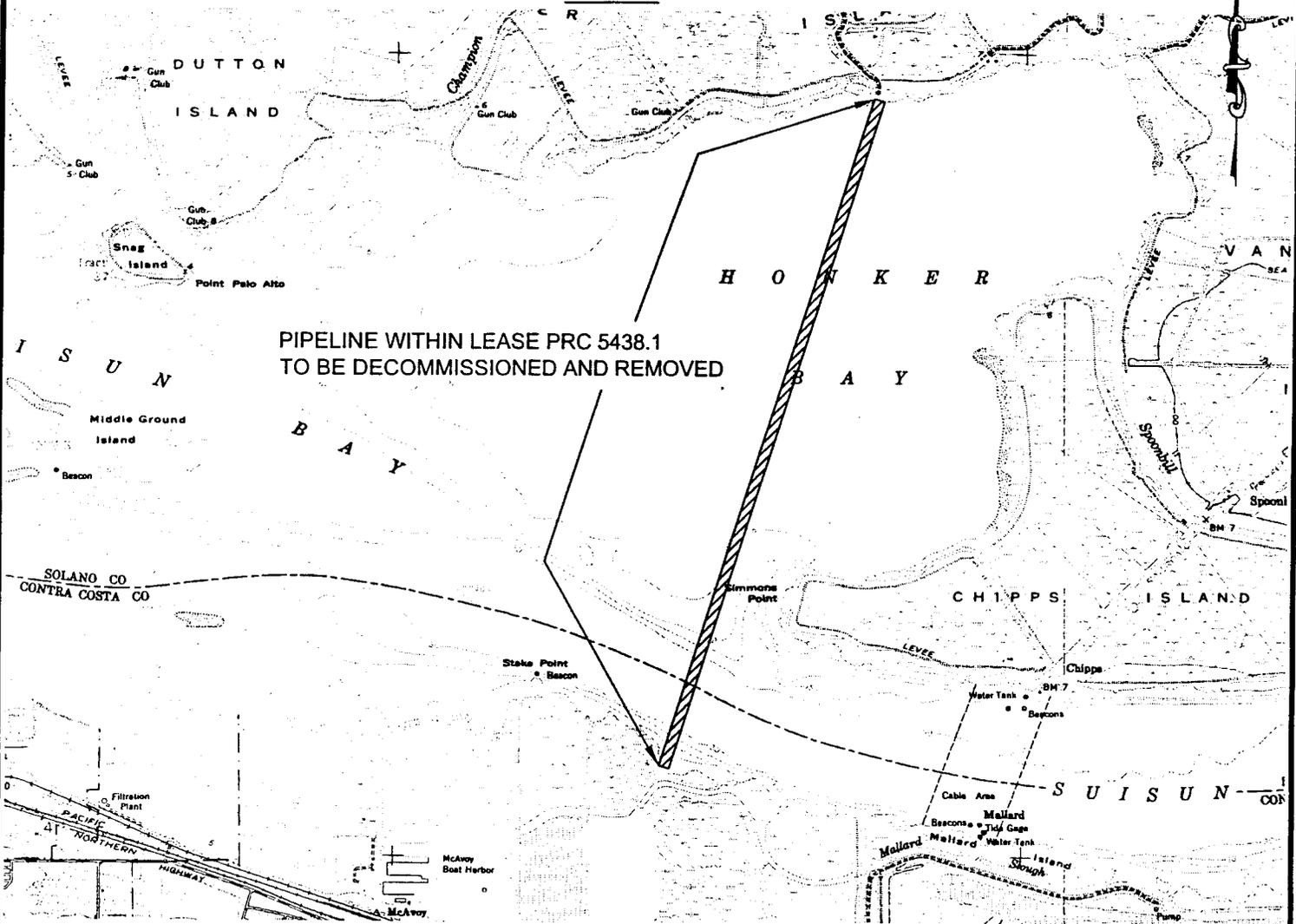
AUTHORIZATION:

AUTHORIZE THE AMENDMENT OF MASTER LEASE NO. PRC 5438.1, A GENERAL LEASE - RIGHT OF WAY USE, OF LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE AUGUST 19, 2003, TO DELETE A PARCEL OF SOVEREIGN LAND FROM THE LEASE AND DECOMMISSION AND REMOVE A 10-INCH AND 12-INCH DIAMETER PIPELINE FROM THE LEASED PREMISES AS SHOWN ON THE ATTACHED EXHIBIT A; ALL OTHER TERMS AND CONDITIONS OF THE MASTER LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

DIRECT STAFF TO WRITE A LETTER TO THE DEPARTMENT OF FISH AND GAME, OFFICE OF SPILL PREVENTION AND RESPONSE (OSPR), REQUESTING THAT OSPR SEEK THE MAXIMUM FINES AND PENALTIES FOR THE VIOLATION OF FISH AND GAME CODE 5650 AS A RESULT OF THE OIL SPILL THAT OCCURRED WHILE DECOMMISSIONING THE PIPELINE.

NO SCALE

SITE



PIPELINE WITHIN LEASE PRC 5438.1 TO BE DECOMMISSIONED AND REMOVED

PROPOSED DECOMMISSIONING OF A PORTION OF GAS PIPELINE NO. 182

NO SCALE

LOCATION

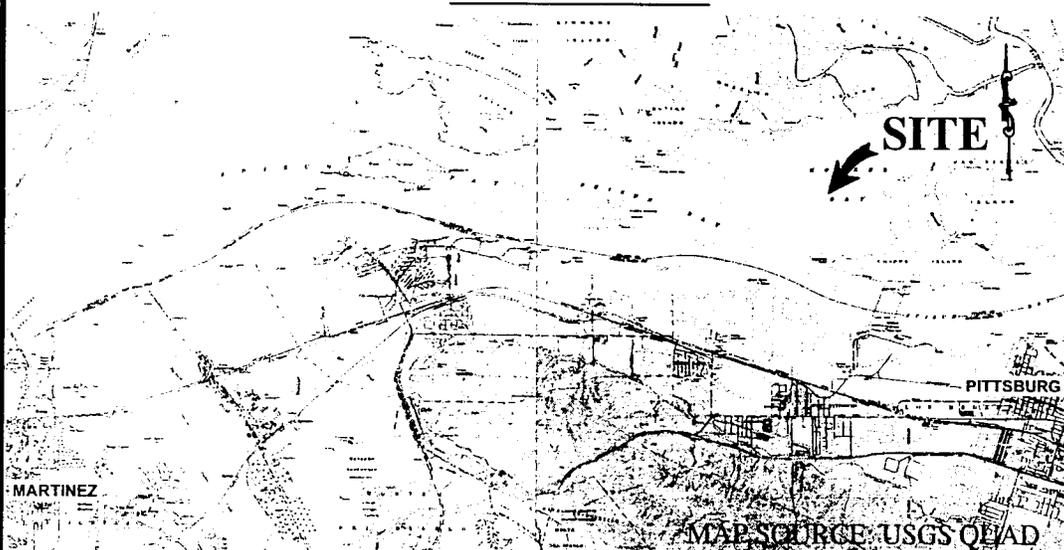


Exhibit A

WP 5438.1

PG&E

AMENDMENT TO MASTER LEASE
CONTRA COSTA & SOLANO 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.

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