

**MINUTE ITEM**  
This Calendar Item No. C17 was approved as  
Minute Item No. 17 by the California State Lands  
Commission by a vote of 3 to 0 at its  
8-19-03 meeting.

**CALENDAR ITEM  
C17**

A) 1  
S) 2

PRC 8472

08/19/03  
W 25907  
M. Hays

**GENERAL LEASE-RIGHT OF WAY USE**

**APPLICANT:**

FOREXCO, Inc.  
2212 Enterprise Road  
Greensboro, NC 27408

**AREA, LAND TYPE, AND LOCATION:**

0.42 acres, more or less, of sovereign lands in the Eel River, near Alton,  
Humboldt County.

**AUTHORIZED USE:**

Construction, operation and maintenance of a 6.625-inch diameter, horizontal  
directionally drilled (HDD), high pressure natural gas steel pipeline, with the  
approximate length of 1,750 feet, at a minimum depth of 80 feet below the  
bottom of the Eel River.

**LEASE TERM:**

20 years, beginning August 19, 2003.

**CONSIDERATION:**

\$232 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 coverage of no less than \$3,000,000.

Bond:

\$10,000.

**OTHER PERTINENT INFORMATION:**

1. Applicant has the right to use the uplands adjoining the lease premises.

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2. Applicant is engaged in the exploration of natural gas in Humboldt County on the east and west side of the Eel River near Alton to determine potential natural gas reserves. Applicant has the rights to the exploration and operation of up to five previously developed well sites that have the potential for up to five wells per site. Applicant proposes to construct a natural gas collection and transportation system that would cross the Eel River and interconnect with the existing gas sales delivery point at the Pacific Gas and Electric Company's (PG&E) natural gas meter station in Alton. The pipeline will be designed to operate at a maximum allowable operation pressure of 1,360 pounds per square inch (psi). The design of the project allows for greater capacity for possible future development of natural gas reserves west of the Eel River.
3. The Applicant proposes to construct a 6.625-inch diameter natural gas pipeline under the Eel River that would link the four well sites on the west side of the river to the fifth well site on the east side of the river and continue on to the main line at the PG&E station. The river-crossing portion of the project would be constructed using the horizontal directionally drilled (HDD) method at a depth of 80 feet below the riverbed. The total length of the HDD is approximately 3,103 feet, of which, approximately 1,750 feet would cross lands under the jurisdiction of the Commission.
4. The proposed pipeline would be constructed, operated and maintained in accordance with all applicable Federal and State regulations. Staff has reviewed the pipeline design and specifications in order to determine that the pipeline would be constructed using good engineering practices, provide adequate safety and protection for the portion of the pipeline that crosses the Eel River and to ensure all applicable codes and standards have been followed. Staff has reviewed the contractor's operation and maintenance procedure program that would be implemented during the construction phase of the project, which will reduce potential risks during construction.
5. A Mitigated Negative Declaration, identified as State Clearing House No. 2003022015, was prepared and adopted for this project by Humboldt County Planning Department. The California State Lands Commission's staff has reviewed such document. A Mitigation Monitoring Program was adopted by the Humboldt County Planning Department.

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6. 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:**

Humboldt County Planning Commission  
California Department of Fish and Game  
California Division of Oil, Gas and Geothermal Resources

**FURTHER APPROVALS REQUIRED:**

California Coastal Commission  
State Water Resources Control Board

**EXHIBIT:**

- A. Site and Location Map

**PERMIT STREAMLINING ACT DEADLINE:**

December 5, 2003

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

FIND THAT A MITIGATED NEGATIVE DECLARATION AND A MITIGATION MONITORING PROGRAM WERE PREPARED AND ADOPTED FOR THIS PROJECT BY HUMBOLDT COUNTY PLANNING DEPARTMENT AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE MITIGATION MONITORING PROGRAM ON FILE IN THE SACRAMENTO OFFICE OF THE COMMISSION.

**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.

CALENDAR ITEM NO. C17 (CONT'D)

**AUTHORIZATION:**

AUTHORIZE ISSUANCE TO FOREXCO, INC. OF A GENERAL LEASE-RIGHT OF WAY USE, BEGINNING AUGUST 19, 2003, FOR A TERM OF 20 YEARS, FOR THE CONSTRUCTION, USE AND MAINTENANCE OF A 6.625-INCH DIAMETER, HORIZONTAL DIRECTIONALLY DRILLED, HIGH PRESSURE NATURAL GAS PIPELINE ON THE LAND AS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$232, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; LIABILITY INSURANCE OF NO LESS THAN \$3,000,000; AND SURETY IN THE AMOUNT OF \$10,000.

