

MINUTE ITEM

This Calendar Item No. C09 was approved as
Minute Item No. 09 by the California State Lands
Commission by a vote of 2 to 2 at its
06/07/04 meeting.

**CALENDAR ITEM
C09**

A 11
S 7

06/07/04
PRC 3811.1
R. Barham

REVISION OF RENT

LESSEE:

Valero Refining Company of California
One Valero Place
San Antonio, TX 78212-3186

AREA, LAND TYPE, AND LOCATION:

2.68 acres, more or less, of tide and submerged lands in the bed of Carquinez Strait, near the city of Benicia, Solano and Contra Costa Counties.

AUTHORIZED USE:

The continued operation and maintenance of one 16-inch diameter submarine discharge pipeline and two submarine petroleum pipelines measuring six and five-eighths inches (6-5/8"); and twenty inches (20") inches in diameter, respectively, for the transportation of petroleum products to the Valero Benicia Refinery.

LEASE TERM:

30 years, beginning August 21, 1982.

CONSIDERATION:

This lease provides that the Lessor 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 the rent be revised from \$5,989 per year to \$14,400 per year, effective August 21, 2004.

SPECIFIC LEASE PROVISIONS:

Insurance:
\$300,000 Combined Single Limit.
Bond:
\$25,000

CALENDAR ITEM NO. C09 (CONT'D)

OTHER PERTINENT INFORMATION:

1. Applicant owns the uplands adjoining the lease premises.
2. The Commission originally approved this lease with Exxon Corporation on September 23, 1982, which subsequently transferred ownership to Valero Refining Company of California, with assignment approval by the Commission on September 19, 2000.
3. In 1998, Exxon was conducting a routine (smart pig) inspection on the petroleum pipelines and found some anomalies on the 20-inch pipeline near the shore at Bullshead Point, directly adjacent to Carquinez Strait. Upon further inspection they found some external pitting caused by lack of protective pipe covering. Repairs were made to the pipeline and the corrosion protection was replaced.
4. The California State Fire Marshall (CSFM) regulates refined product pipelines and has conducted comprehensive tests and inspections on this pipeline with no additional reported incidents or concerns. The latest inspection, a hydro-test, was completed on October 29, 2003. The CSFM indicated no violations, although this pipeline will be monitored closely for the next few years with the next test results due by October 29, 2005.
5. The San Francisco Bay Regional Water Quality Control Board requires a permit for the 16-inch submarine treated wastewater effluent discharge pipeline with no citations or fines levied during the past five years.

EXHIBIT:

- A. Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

CALENDAR ITEM NO. C09 (CONT'D)

AUTHORIZATION:

APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 3811.1
FROM \$5,989 PER YEAR TO \$14,400 PER YEAR, EFFECTIVE
AUGUST 21, 2004.

Location Map

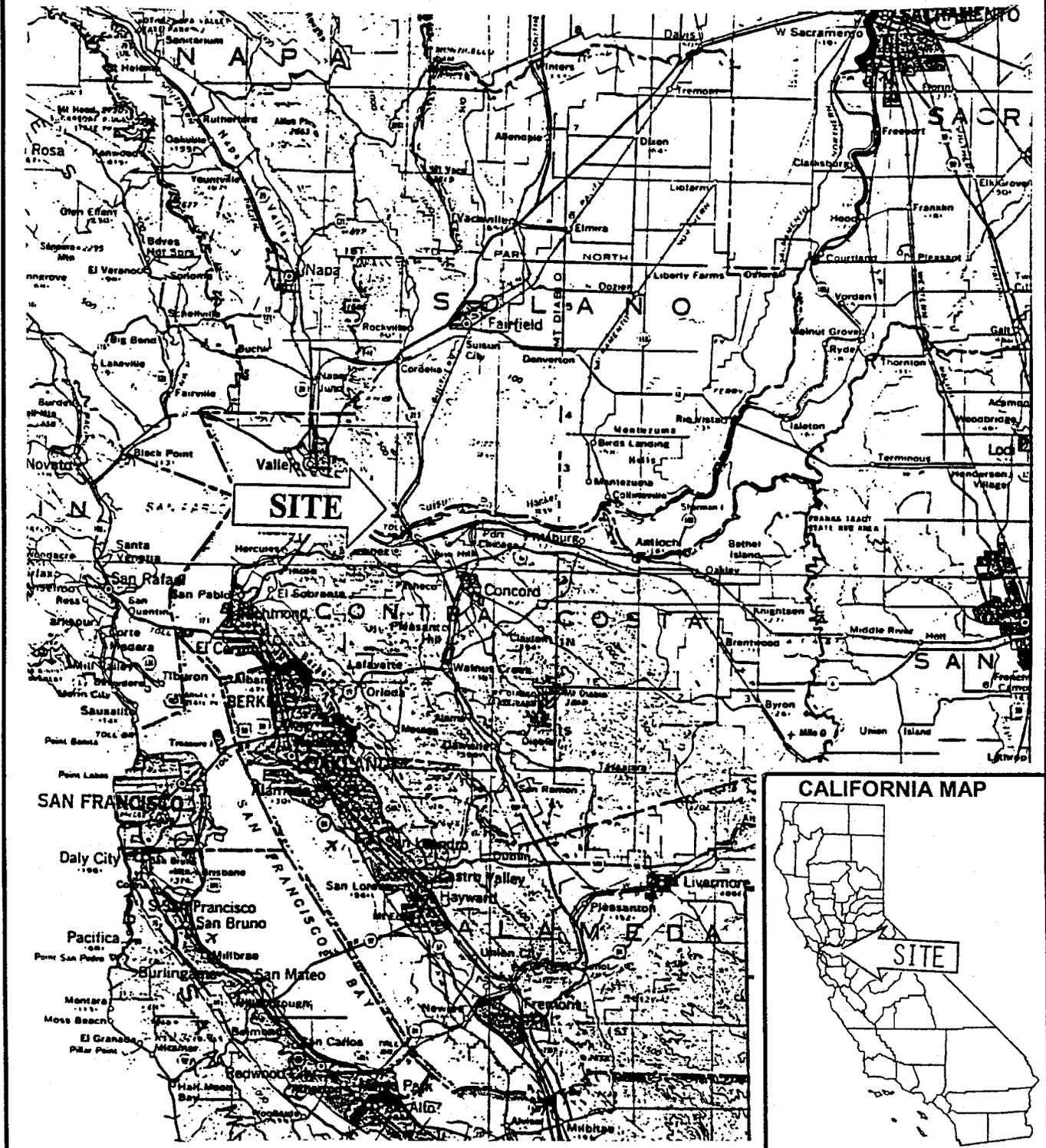


Exhibit A WP 3811.1

Valero Refining Company of California, Solano
and Contra Costa Counties

This exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by 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

RWB 3/22/2004

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