

MINUTE ITEM

This Calendar Item No. C20 was approved as Minute Item No. 20 by the California State Lands Commission by a vote of 3 to 0 at its 2-17-05 meeting.

**CALENDAR ITEM
C20**

A 10, 15

02/17/05

S 5, 14

PRC 8207.1

T. Lipscomb

CONTINUATION OF RENT

LESSEE:

Lodi Gas Storage, a Limited Liability Company
1822 W. Kettleman Lane, Suite 3
Lodi, California 95242

AREA, LAND TYPE, AND LOCATION:

1.34 acres, more or less, of tide and submerged lands in the Mokelumne River, North and South Mokelumne rivers, Georgiana, Three Mile, Jackson, and Tomato sloughs, near the city of Lodi, Sacramento and San Joaquin counties.

AUTHORIZED USE:

Continued use and maintenance of a 24-inch high-pressure natural gas pipeline connecting the existing Pacific Gas and Electric Line 401 at Sherman Island to the Lodi Gas Field located approximately 5.4 miles northeast of the city of Lodi to provide natural gas storage and hub services to natural gas consumers, utilities and marketing companies.

LEASE TERM:

20 years, beginning September 19, 2000.

CONSIDERATION:

This lease provides that 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 continued at \$1,070 per year, effective September 19, 2005.

OTHER PERTINENT INFORMATION:

1. On September 19, 2000, the Commission approved a 20-year General Lease - Right of Way Use, to Lodi Gas Storage, LLC for the installation of a single 24-inch high-pressure gas pipeline under various waterways. On September 17, 2001, the Commission approved an

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amendment to the lease, which approved an alternate crossing under the South Mokelumne River due to soil stability concerns.

2. The California Public Utilities Commission (CPUC) performed an inspection of the Lodi Gas Storage facilities in April 2003. CPUC reported no current compliance issues identified with the Lodi Gas Storage system.

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.

AUTHORIZATION:

APPROVE THE CONTINUATION OF RENT FOR LEASE NO. PRC 8207.1 AT \$1,070 PER YEAR, EFFECTIVE SEPTEMBER 19, 2005.

Location Map

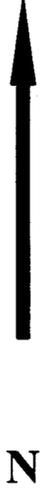
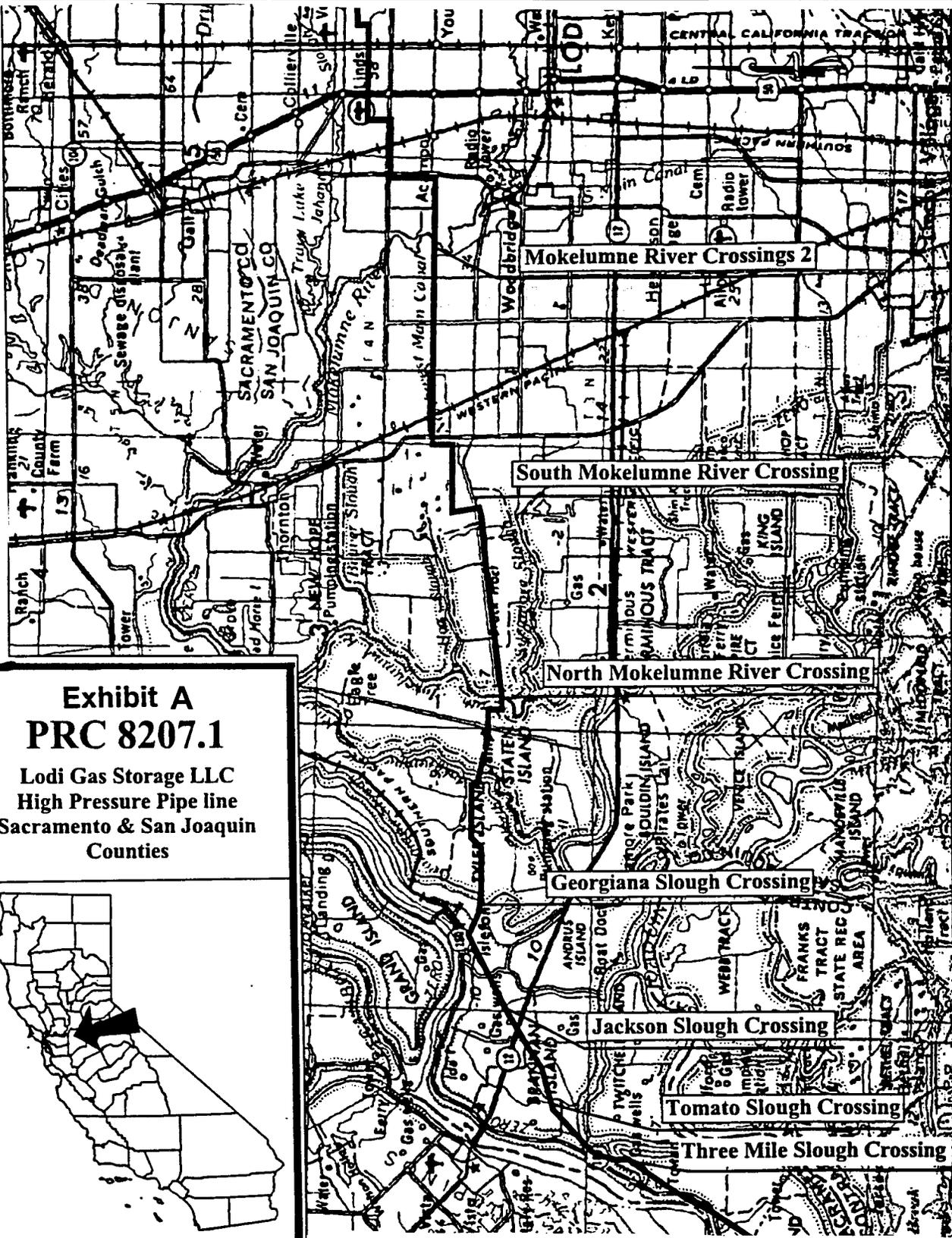


Exhibit A
PRC 8207.1
 Lodi Gas Storage LLC
 High Pressure Pipe line
 Sacramento & San Joaquin
 Counties



EXHIBIT CONSTRUCTED FROM USGS QUAD

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 to as a waiver or limitation of any state interest in the subject or any other property

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TKL 1/6/2005