

MINUTE ITEM

This Calendar Item No. C59 was approved as Minute Item No. 57 by the California State Lands Commission by a vote of 3 to 4 at its 06/26/06 meeting.

CALENDAR ITEM
C59

A 8
S 2

06/26/06
WP 4270.1
J. McComas

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Venoco, Inc.

AREA, LAND TYPE, AND LOCATION:

0.09 acres, more or less, of sovereign lands in Roaring River Slough and Grizzly Slough, at Van Sickle Island, Solano County.

AUTHORIZED USE:

Continued use and maintenance of one existing two-inch diameter steel water/condensate pipeline and one existing six-inch diameter steel natural gas pipeline.

LEASE TERM:

20 years, beginning August 1, 2004.

CONSIDERATION:

\$200 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 coverage of no less than \$5,000,000.

Bond: \$50,000.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. On May 26, 1994, the Commission authorized a General Lease - Right of Way Use, Lease No. PRC 4270.1, with Chevron U.S.A., Inc. On January 29, 1999, the Commission authorized the assignment of Lease No. PRC 4270.1 from Chevron U.S.A., Inc. to Venoco, Inc. The lease expired on July 31, 2004 and Venoco has applied for a new lease.

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3. The existing two pipelines, one six-inch natural gas line, the other a two-inch water/condensate line, are part of a gas gathering system that takes produced gas from certain gas wells on Van Sickle Island to a Pacific Gas and Electric (PG&E) sales master meter located on other upland properties. A water and condensate mixture is transported through the two-inch line to storage and shipping facilities. Both pipelines cross rural lands of Van Sickle, Hammond and Grizzly Islands and cross over the Roaring River Slough and Grizzly Slough.
4. The six-inch natural gas pipeline is a rural "gathering line" and is not regulated under the Code of Federal Regulations (49 CFR 192.1). However, the Van Sickle Gas Field is regulated by the California Department of Oil, Gas, and Geothermal Resources. The last inspection for the pipeline was conducted on February 17, 2005 by Rockford Corporation. Rockford used State Lands Commission (SLC) approved hydrostatic testing procedures. No incidents or spills have occurred since Venoco's tenure of these pipelines.
5. 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 categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.
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.

EXHIBIT:

- A. Site and Location Map

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RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

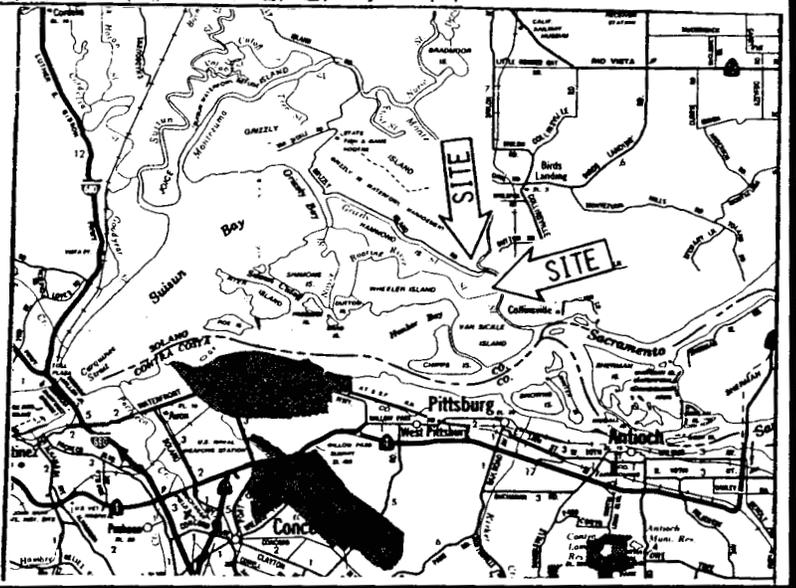
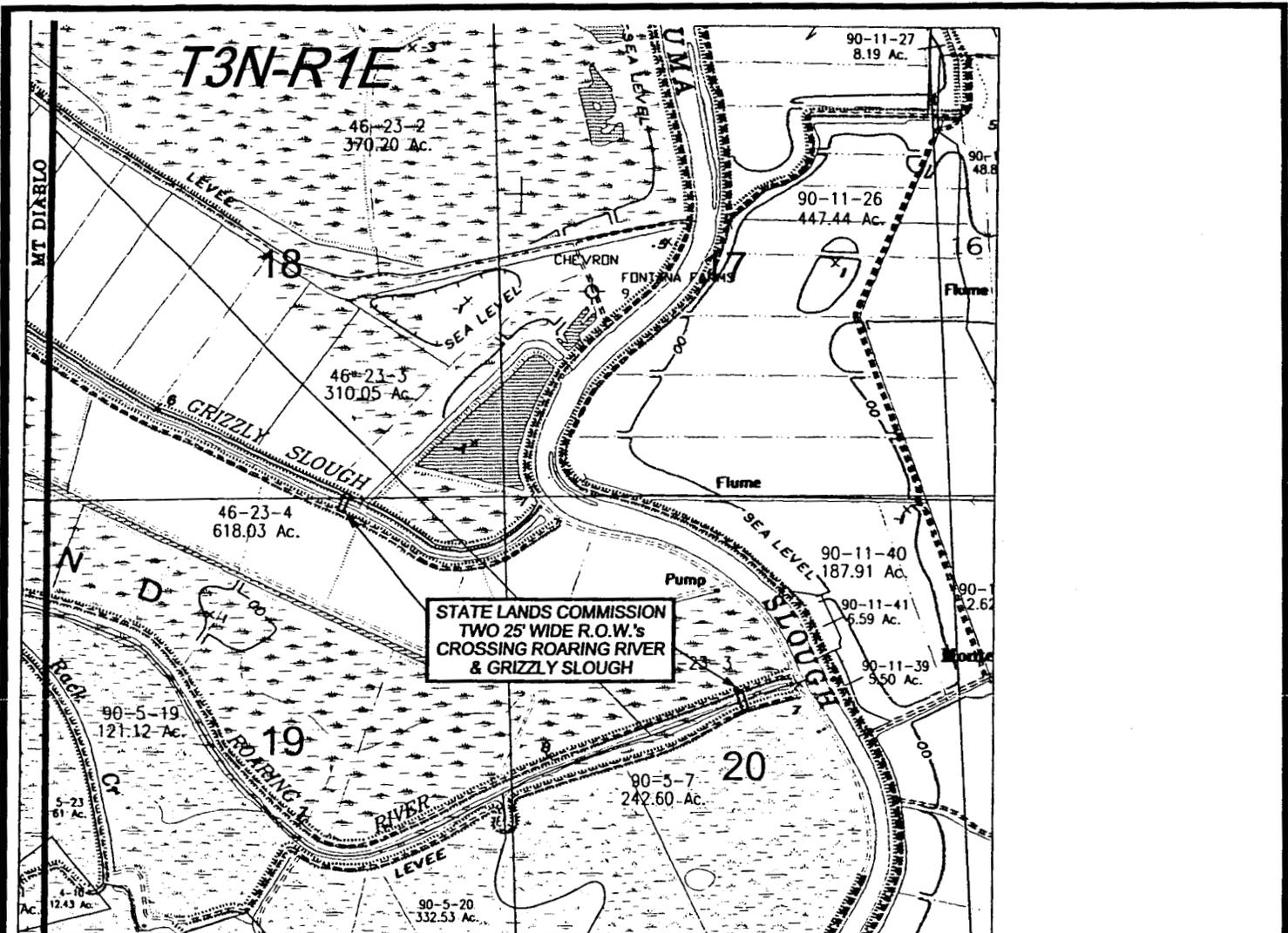
FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a)(2).

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.

AUTHORIZATION:

AUTHORIZE ISSUANCE TO VENOCO, INC., OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING AUGUST 1, 2004, FOR A TERM OF 20 YEARS, FOR CONTINUED USE AND MAINTENANCE OF ONE EXISTING WATER/CONDENSATE PIPELINE AND ONE EXISTING NATURAL GAS PIPELINE SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$200 WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; LIABILITY INSURANCE COVERAGE OF NO LESS THAN \$5,000.000; SURETY IN THE AMOUNT OF \$50,000.



Source: USGS

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 other property.

**Exhibit A
WP 4270**

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LMB 10/22/04