

**CALENDAR ITEM
C28**

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S 5

06/28/10
W 26373
M. Clark

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Rosetta Resources Operating LP
1200 17th Street, Suite 770
Denver, Colorado 80202

AREA, LAND TYPE, AND LOCATION:

0.04 acre, more or less, of sovereign land in Sevenmile Slough, adjacent to Assessor's Parcel Numbers 157-0120-027 and 157-0140-020, near the town of Isleton, Sacramento County.

AUTHORIZED USE:

Retention, use, and maintenance of two three-inch diameter natural gas gathering lines encased within two existing eight-inch diameter steel pipelines.

LEASE TERM:

15 years, beginning June 28, 2010.

CONSIDERATION:

\$100 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 insurance with combined single limit coverage of no less than \$2,000,000.

Bond:

\$20,000

OTHER PERTINENT INFORMATION:

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

CALENDAR ITEM NO. **C28** (CONT'D)

2. On October 17, 1941, the U.S. Department of War authorized a permit to the Pacific Gas and Electric Company (PG&E) for the installation of two eight-inch diameter natural gas pipelines. On August 3, 2007, PG&E sold the pipelines to Rosetta Resources Operating LP, which is now applying for a General Lease – Right of Way Use.
3. The existing natural gas pipelines (pipelines) were installed in 1942 and built running parallel to each other across Sevenmile Slough from Twitchell Island to Brannan Island. The pipelines are approximately two feet apart and were trenched to a depth of approximately five feet. The dual pipelines surface on both island levees and connect to a single line. The pipelines have been unused since 1987, but since their purchase in 2007, the Applicant has pigged the pipelines and found no obstructions prior to inserting a new three-inch diameter flexible natural gas pipeline into both existing steel pipelines. The existing eight-inch diameter pipelines now act as a steel casing for the new flexible pipe and both are cathodically protected.
4. Staff is recommending that the Commission consider accepting rent in the amount of \$290 for the period from August 3, 2007 through June 27, 2010 and waive any penalty and interest that may have accrued.
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 CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 14, California Code of Regulations, section 15301.

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

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.

EXHIBITS:

- A. Site and Location Map
- B. Legal Description

CALENDAR ITEM NO. **C28** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 1, Existing Facilities; Title 14, California Code Of Regulations, section 15301.

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:

1. Authorize the acceptance of rent in the amount of \$290 for the period of August 3, 2007 to June 27, 2010, and waive any penalty and interest that may have accrued.
2. Authorize issuance of a General Lease – Right of Way Use to Rosetta Resources Operating LP beginning June 28, 2010, for a term of 15 years, for the retention, use, and maintenance of two three-inch existing diameter natural gas gathering lines each encased in an eight-inch diameter steel pipeline as shown on Exhibit A (for reference purposes only) and as described in Exhibit B attached and by this reference made a part hereof; annual rent in the amount of \$100, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance for combined single limit coverage of no less than \$2,000,000; and surety bond in the amount of \$20,000.