

**CALENDAR ITEM
C34**

A 8
S 2

09/01/11
PRC 7914.1
N. Lavoie

REVISION OF RENT

LESSEE:

Tri-Valley Oil and Gas Co.

AREA, LAND TYPE, AND LOCATION:

Sovereign land located in Piper Slough and False River, near the town of Bethel Island, Contra Costa County.

AUTHORIZED USE:

Continued use and maintenance of an existing six-inch diameter welded steel natural gas pipeline as shown on the attached Exhibit A.

LEASE TERM:

20 years, beginning October 16, 1996.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff conducted a review of the rent under this lease, and recommends rent be revised from \$315 per year to \$551 per year, effective October 16, 2011.

OTHER PERTINENT INFORMATION:

1. On October 28, 1996, the Commission authorized a General Lease – Right-of-Way Use to the Tri-Valley Oil and Gas Co. for the construction of a six-inch diameter welded steel natural gas pipeline buried beneath the bed of Piper Slough and False River using horizontal direction drill construction. This pipeline connected Tri-Valley's existing Webb Tract #1 gas well to Tri-Valley's existing Martins-Serverin gas gathering system near Bethel Island Road.

2. The pipeline underwent a Cathodic Protection Test in March 2010 and, as a result, no repairs or modifications were made within the lease area.

CALENDAR ITEM NO. **C34** (CONT'D)

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

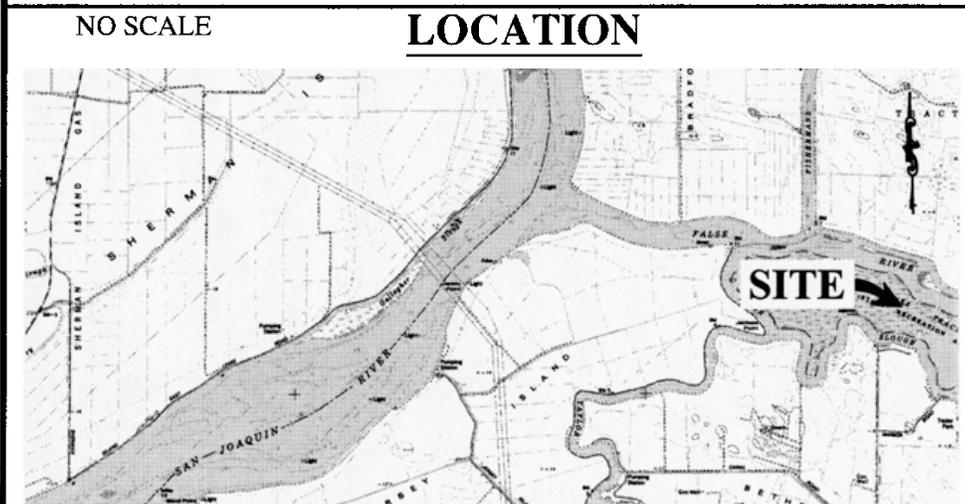
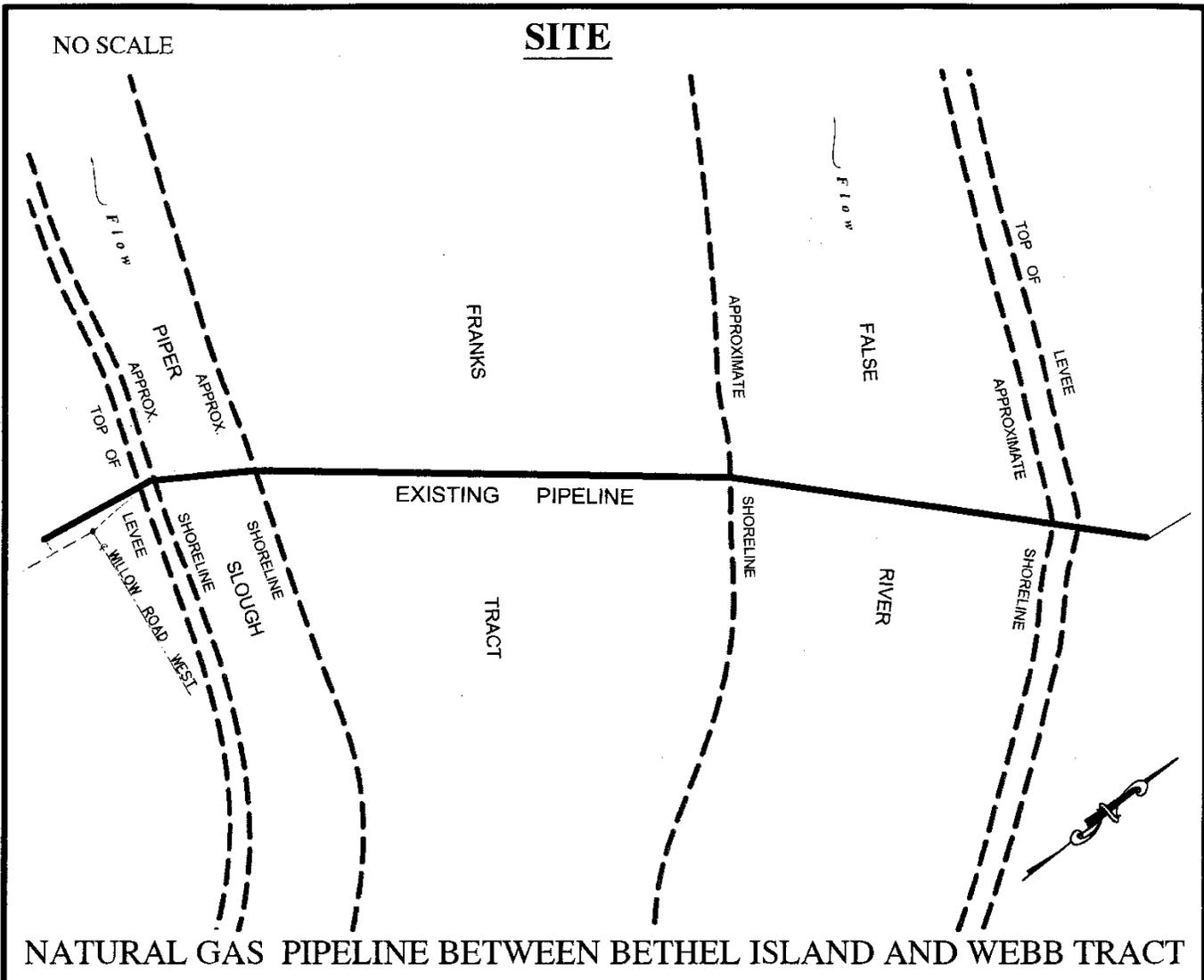
It is recommended that the Commission:

CEQA FINDING:

Find that the activity is not subject to the requirements of 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 revision of rent for Lease No. PRC 7914.1 from \$315 per year to \$551 per year, effective October 16, 2011.



MAP SOURCE: USGS QUAD

Exhibit A

PRC 7914.1
 TRI-VALLEY OIL & GAS CO.
 GENERAL LEASE
 RIGHT-OF-WAY USE
 CONTRA COSTA COUNTY



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