

**CALENDAR ITEM
C50**

A 33
S 16

04/05/16
PRC 8255.2
C. Hudson

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

Questar Southern Trails Pipeline
P.O. Box 45360
Salt Lake City, UT 84145

AREA, LAND TYPE, AND LOCATION:

22.12 acres, more or less, of State school lands within portions of Section 16, Township 9 North, Range 21 East, SBM; Section 36, Township 9 North, Range 20 East, SBM; Section 16, Township 8 North, Range 20 East; and Section 16, Township 7 North, Range 18 East, SBM, near the city of Twentynine Palms, San Bernardino County.

AUTHORIZED USE:

Use and maintenance of an existing 16-inch diameter underground natural gas transmission pipeline and one cathodic protection unit.

LEASE TERM:

25 years, beginning September 19, 2015.

CONSIDERATION:

\$12,987 per year, with an annual Consumer Price Index adjustment, and the State reserving the right to adjust the rent at the 10-year anniversary, as provided in the Lease.

SPECIFIC LEASE PROVISIONS:

Insurance: Liability insurance in an amount no less than \$5,000,000 per occurrence, or equivalent staff-approved self-insurance program.

Bond: Surety bond or other security in an amount of \$20,000.

OTHER PERTINENT INFORMATION:

1. In 1957, the California State Lands Commission (Commission) authorized the construction of a 16-inch diameter petroleum pipeline under seven

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different leases, originally issued to Four Corners Pipeline Company for a period of 49 years each. On January 1, 1995, Four Corners Pipeline Company changed its name to ARCO Pipeline Company (ARCO). The pipeline was used until 1998 to transport crude oil.

2. On April 13, 1999, the Commission approved the assignment of the seven leases from ARCO to Questar Southern Trails Pipeline (Questar) effective November 17, 1998. Questar subsequently applied to the CSLC to convert the existing crude petroleum pipeline system to a natural gas system.
3. On November 27, 2000, the Commission certified an Environmental Impact Report (EIR), identified as CSLC EIR No. 696, State Clearinghouse No. 99041103, and authorized the acceptance of quitclaim deeds to the seven leases, the termination of those seven leases, the conversion of the existing petroleum pipeline to natural gas, and issuance of a General Lease – Right-of-Way Use to Questar for the use and maintenance of a 16-inch diameter underground natural gas transmission pipeline. As stated in the Commission's record of approval (Calendar Item 59), once the pipeline was successfully converted to natural gas and hydrostatically tested, the estimated lifespan of the pipeline was an additional 50 years with proper maintenance.
4. On October 16, 2008, the Commission authorized an amendment of the lease to construct one cathodic protection deep well anode bed, which is used on steel pipelines to protect the pipeline from corrosion. At its meeting of August 11, 2009, the Commission accepted a partial quitclaim deed and authorized an amendment of the lease to delete two of the six parcels and delete one cathodic protection unit.
5. The lease expired on September 18, 2015. The Applicant is now applying for a new General Lease – Right-of-Way Use.
6. Since the pipeline was placed into operation, routine inspections and maintenance have been conducted by Questar's personnel in accordance with federal regulations, along with the pipeline patrols and cathodic protection surveys.
7. The pipeline is in-line inspected every seven years. The most recent inspection occurred on May 8, 2013, with the next inspection scheduled for May 2020. Cathodic protection surveys are performed annually, with the last inspection conducted on May 19, 2015. The U.S. Department of Transportation (USDOT) requires pipeline patrols three times per year,

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with the last patrol conducted in October 2015. There have been no reported problems with any of the inspections.

8. This proposed action is consistent with Strategy 2.1 of the Commission's Strategic Plan, to optimize return for the responsible development and use of State lands and resources, both onshore and offshore.
9. The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

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

10. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq.; however, the Commission has declared that all lands are "significant" by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code section 6370 et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by California Code of Regulations, Title 2, section 2954 is not applicable.

EXHIBITS:

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

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

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AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to Questar Southern Trails Pipeline beginning September 19, 2015, for a term of 25 years, for the use and maintenance of an existing 16-inch diameter underground natural gas transmission pipeline and one cathodic protection unit as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; \$12,987 per year, with an annual Consumer Price Index adjustment and the State reserving the right to adjust the rent at the 10-year anniversary, as provided in the Lease; liability insurance in an amount no less than \$5,000,000 per occurrence, or equivalent staff-approved self-insurance program; and surety bond or other security in an amount of \$20,000.

EXHIBIT A

PRC 8255.2

LAND DESCRIPTION

Four State owned Parcels of school land situated in San Bernardino County, California, said parcels more particularly described as follows:

PARCEL 1

A strip of land 60 feet wide, across State owned school land in the East ½ of Section 16, Township 9 North, Range 21 East, S.B.B.M., San Bernardino County, California and lying 30 feet on each side of the following described center line:

BEGINNING at a point on the east line of Section 16, distant southerly 2,323.74 feet from the northeast corner of said Section 16; thence S60°51'55"W, 102.43 feet to an angle point; thence S63°53'55"W, 2,820.28 feet, more or less, to a point on the east line of the southwest quarter of said section, distant northerly 1,880 feet, more or less, from the southerly line of said Section 16.

The sidelines of the above described right of way shall be prolonged or shortened so as to commence on the easterly line of said section and terminate on the north and south mid section line of said Section 16.

PARCEL 2

A strip of land 60 feet wide, across State owned school land in Section 36, Township 9 North, Range 20 East, S.B.B.M., San Bernardino County, California and lying 30 feet on each side of the following described center line:

BEGINNING at the northeast corner of Section 36; thence S38°17'05"W, 1,130 feet; thence S47°19'10"W, 3,236 feet; thence S41°00'15"W, 1,516 feet; thence S30°49'40"W, 1,180 feet to a point on the south line of said section, which is 575 feet easterly of the southwest corner of said Section 36.

The sidelines of the above described right of way shall be prolonged or shortened so as to terminate on the boundary lines of the said Section 36.

PARCEL 3

A strip of land 60 feet wide, across State owned school land in Section 16, Township 8 North, Range 20 East, S.B.B.M., San Bernardino County, California and lying 30 feet on each side of the following described center line:

BEGINNING at a point on the north line of Section 16, which is distant easterly 78 feet from the northwest corner of said Section 16; thence S58°27'W, 91.25 feet to a point on the west line of Section 16, which is 48.75 feet southerly of the northwest corner of said Section 16.

The sidelines of the above described right of way shall be prolonged or shortened so as to terminate on the boundary lines of the said Section 16.

PARCEL 4

A strip of land 60 feet wide, across State owned school land in Section 16, Township 7 North, Range 18 East, S.B.B.M., San Bernardino County, California and lying 30 feet on each side of the following described center line:

BEGINNING at a point on the east line of Section 16, distant southerly 1,575 feet from the northeast corner of said Section 16; thence S58°23'50"W, 6,158 feet, more or less, to a point on the west line of Section 16, which is 446 feet northerly of the southwest corner of said Section 16.

The sidelines of the above described right of way shall be prolonged or shortened so as to terminate on the boundary lines of the said Section 16.

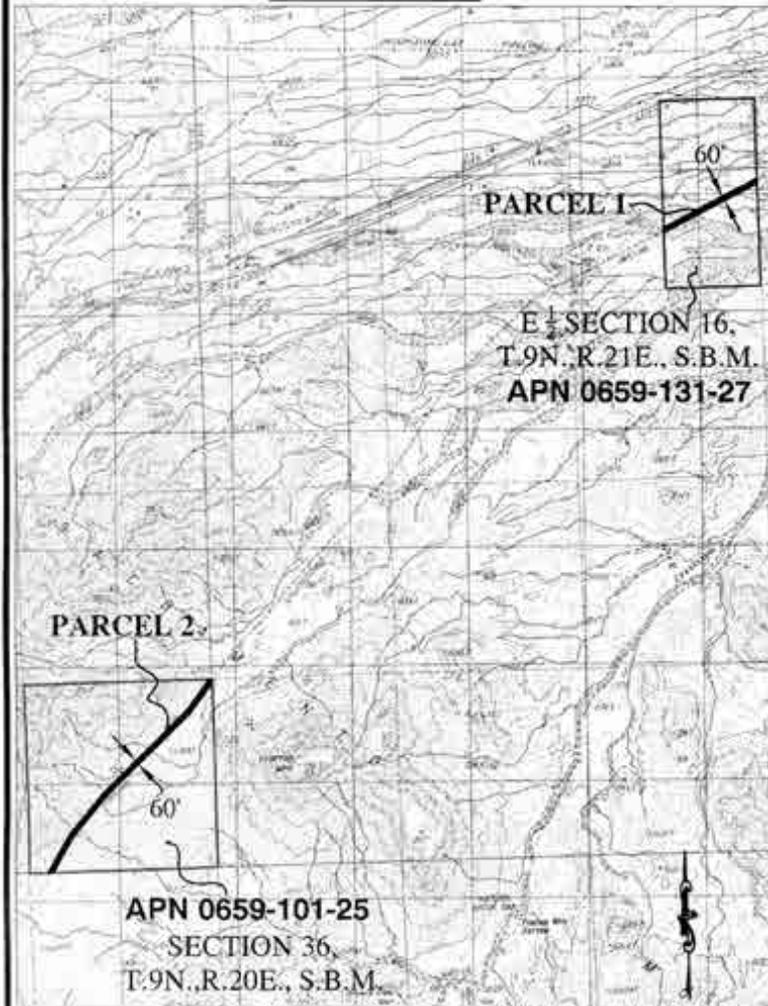
END OF DESCRIPTION

Retyped 04/13/2009 by the California State Lands Commission Boundary Unit.



NO SCALE

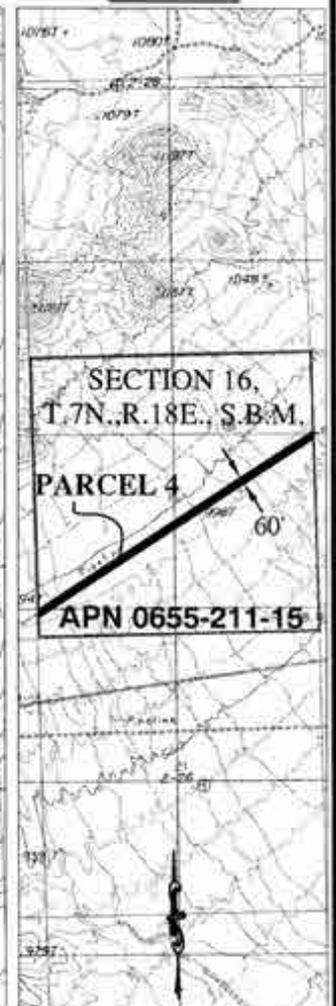
SITES 1&2



SITE 3



SITE 4

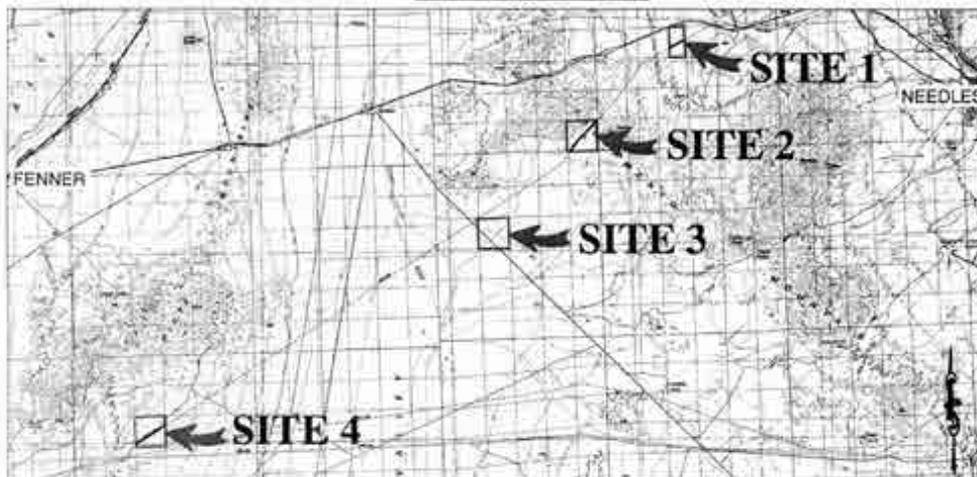


STATE SCHOOL LANDS

PORTIONS OF SECTION 16, T.9N., R.21E., SECTION 36, T.9N., R.20E., SECTION 16, T.8N., R.20E., AND SECTION 16, T.7N., R.18E., SAN BERNARDINO MERIDIAN

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 8255.2
QUESTAR SOUTHERN TRAILS
PIPELINE
APNs 0659-131-27, 0659-101-25,
0652-221-17, 0655-211-15
GENERAL LEASE-
RIGHT-OF-WAY USE
SAN BERNARDINO COUNTY



TS 11/03/15

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.