

Staff Report 48

APPLICANT:

Mojave Pipeline Company, LLC

PROPOSED ACTION:

Issuance of General Lease – Right-of-Way Use

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Colorado River, adjacent to Assessor's Parcel Number 650-161-12, near Topock, San Bernardino County.

AUTHORIZED USE:

Use and maintenance of an existing 30-inch-diameter natural gas pipeline.

TERM:

20 years, beginning March 7, 2021.

CONSIDERATION:

Rent in the amount of \$503 per year, with an annual Consumer Price Index adjustment, and the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease.

SPECIFIC LEASE PROVISIONS:

- Insurance: Liability insurance in an amount no less than \$5,000,000 per occurrence.
- Bond: Surety bond in the amount of \$100,000.
- Lessee shall perform inspections of the pipeline, pipe supports, and associated bridge structure and shall provide to Lessor results of the inspections including a report, findings, and recommended repairs as specified in the Lease.
- Lessee shall provide reports and test results, to include all findings and repair recommendations, of all future inspections or integrity monitoring tests as specified in the Lease.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

On March 6, 1991, the Commission authorized Lease No. PRC 7510.1, a General Lease – Right-of-Way Use to Mojave Pipeline Company for the installation, maintenance, and operation of a 30-inch-diameter natural gas pipeline crossing the Colorado River. The pipeline is part of an interstate natural gas pipeline system that extends from Topock, Arizona, through portions of San Bernardino County to points of termination in Kern County. The lease was issued for a term of 30 years beginning March 7, 1991 ([Item 22, March 6, 1991](#)).

On December 5, 2012, the Commission authorized a Lease amendment to revise the Land Description to exclude a portion of the originally described Lease Premises that are owned by the State of Arizona. The amendment reduced the pipeline length within the Lease Premises from 381 linear feet to 253 linear feet, effective March 7, 2013 ([Item 45, December 5, 2012](#)). The lease expired on March 6, 2021. The Mojave Pipeline Company (Applicant) is now applying for a new lease.

The improvement consists of an existing 30-inch-diameter natural gas pipeline owned and operated by the Applicant. The pipeline extends approximately 159 miles from Topock, Arizona, to an interconnection point near Daggett, California. Only a 253-foot section of the pipeline crossing over the Colorado River is subject to the proposed lease. The pipeline is part of a larger interstate natural gas transportation system that supplies natural gas to the Bakersfield area for use in oil recovery projects. Natural gas is used as boiler fuel to create steam, which is injected into the oil fields to produce crude oil not recoverable by primary methods. Because the pipeline crosses State lines, it falls under the regulatory authority of the Federal Department of Transportation.

The pipeline was constructed in 1992 and has been in operation since then. The pipeline is not buried and crosses over the Colorado River along the Old Trails Bridge. The portion of the Old Trails Bridge under Commission jurisdiction has not been authorized by the Commission. The bridge was built in 1914 as part of the historic Route 66. Upon the completion of the new Interstate 40 bridge in 1947, the Old Trails Bridge stopped being used as a highway and has been used exclusively as a utility crossing, with no public access. Staff determined that the bridge is owned and maintained by El Paso Natural Gas, and has requested that El Paso

Natural Gas submit an application to request a lease for the bridge. An action to consider authorization for the Old Trails Bridge will be presented to the Commission at a future date.

Pursuant to the terms of the existing lease, the lessee is required to regularly inspect and maintain the lease facilities. Recent surveys and inspections indicate the pipeline is operated and maintained in good condition. Cathodic protection surveys conducted in years 2017 through 2021 indicate there is sufficient protection against corrosion. The inline (internal) inspection performed in year 2017 revealed that no actionable anomalies were found for the pipeline.

Because the pipeline crosses over the bed of the Colorado River by bridge, it does not impede surface use or interfere with Public Trust needs and values at this location, at this time, nor for the foreseeable term of the proposed lease. The existing pipeline does not significantly alter the land, and the lease does not alienate the State's fee simple interest or permanently impact public rights. The lease is limited to a 20-year term and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease, the lessee may be required to remove any improvements and restore the lease premises to their original condition.

Additionally, the proposed lease requires the lessee to maintain a surety bond in the amount of \$100,000, and to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

CLIMATE CHANGE:

California is in the midst of the climate crisis, caused by cumulative greenhouse gas emissions from the production of fossil fuels and their subsequent use. According to the state's Fourth Climate Change Assessment (Governor's Office of Planning and Research 2018), climate change is making extreme conditions in California more frequent and severe. For example, an estimated 4.2 million acres of land burned in wildfires in California in 2020, more than the previous 4 years combined, and 2022 is currently the driest year on record ([CAL FIRE, in 2021 SB 100 Joint Agency Report, California Energy Commission; National Integrated Drought Information System 2022](#)). Average annual temperatures are on the rise in California, and if greenhouse gas emissions are not lowered substantially, air temperatures could increase by an average of 5.8°F by 2050 and 8.8°F by 2100 ([California Natural Resources Agency 2022](#)). These impacts endanger natural resources and public health.

The most effective way to prevent the worst impacts of the climate crisis is to reduce greenhouse gas emissions by transitioning the state's energy portfolio from fossil fuels to renewable, non-emitting sources such as solar, wind, and geothermal. The state is already on its way, securing 33 percent of its energy from renewable sources in 2020 ([2021 SB 100 Joint Agency Report, California Energy Commission](#)). Effective January 1, 2023, SB 100 (Laird) requires that at least 90 percent of California's energy come from renewable, zero-carbon sources by 2030, 95 percent by 2035, and 100 percent by 2045. The primary action to achieve these targets is to reduce and eliminate the use fossil fuels in the state, including oil and natural gas¹. The proposed lease would expire before the 100 percent renewable, zero-carbon sources requirement date of 2045.

This lease authorizes the temporary occupation of state lands for an existing pipeline that transports natural gas to a power plant for electricity generation². Methane leaks are the most common emission from the transportation of natural gas through pipelines. Methane is the primary contributor to the formation of ground-level ozone, a hazardous air pollutant and greenhouse gas. It is also a major driver of global warming – it is 80 times more potent at warming the planet than carbon dioxide.

In addition to atmospheric impacts, methane is highly flammable. Even though the lease area includes a pipeline attached to a bridge, the remainder of the pipeline passes through open lands with moderate to low vegetation fuels and disruption to the pipeline and release of methane could potentially increase the risk of wildland fires. Regular pipeline inspections, as required by state and federal law and in compliance with the terms of the lease, will reduce the potential for methane leaks and associated atmospheric impacts.

ENVIRONMENTAL JUSTICE:

Staff reviewed environmental justice data that indicated high pollution burdens to the surrounding communities. These burdens may result in health impacts such as

¹ There are many additional ongoing and planned actions that have to co-occur in order to achieve these goals and reduce harms to the people and natural resources of California. These include increasing energy efficiency, transforming the electrical grid to have more load flexibility, decarbonizing buildings, and electrifying the transportation sector. Learn more in the 2021 SB 100 Joint Agency Summary Report: <https://www.energy.ca.gov/publications/2021/2021-sb-100-joint-agency-report-achieving-100-percent-clean-electricity>.

² Natural gas is the majority source for electricity in California (43.3%), according to the U.S. Energy Information Administration (2022). Learn more here: <https://www.eia.gov/state/print.php?sid=CA>.

asthma, cardiovascular disease, and low birth weight. In addition, the same data showed high burdens related to groundwater threats, hazardous waste, cleanup sites and solid waste. In June 2022, staff sent letters to environmental justice organizations in San Bernardino County as part of an environmental justice outreach and engagement effort. The letters included a brief description of the proposed lease and a request for the perspectives of the local community. Staff followed the letters with emails and telephone calls but did not receive any comments.

CONCLUSION:

For all the reasons above, staff believes the issuance of this lease will not substantially interfere with Public Trust needs and values at this location, at this time, and for the foreseeable term of the proposed lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of a lease is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. The lessee has no right to a new lease or renewal of any previous lease.
2. This action is consistent with the "Meeting Evolving Public Trust Needs," "Leading Climate Activism," and "Prioritizing Social, Economic, and Environmental Justice" Strategic Focus Areas of the Commission's 2021-2025 Strategic Plan.
3. 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.

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).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease will not substantially impair the public rights to navigation and fishing or substantially interfere with Public Trust needs and values at this location, at this time, or for the foreseeable term of the lease; and is in the best interests of the State.

AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to the Applicant beginning March 7, 2021, for a term of 20 years, for the use and maintenance of an existing 30-inch-diameter natural gas pipeline crossing the Colorado River, as described in Exhibit A and as shown on Exhibit B (for reference purposes only), attached and by this reference made a part hereof; rent in the amount of \$503 per year, with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$5,000,000 per occurrence; and surety bond in the amount of \$100,000.

EXHIBIT A

LEASE 7510

LAND DESCRIPTION

A strip of submerged land 15 feet wide, situated in the bed of the Colorado River, adjacent to Section 9, Township 7 North, Range 24 East, S.B.M., as shown on Official Government Township plat approved December 18, 1884, County of San Bernardino, State of California, the centerline of which is more particularly described as follows:

BEGINNING at a point on the centerline of an existing 30" pipeline, said pipeline labeled as "CL proposed 30" Mojave Pipeline" as shown on as-built drawings titled Mojave Pipeline Company Proposed 30" Pipeline Crossing Colorado River, dated July 20, 1990, on file at the Sacramento Office of the California State Lands Commission; said point lying distant S 69°07'33" E 5,990.10 feet from the southeast corner of Section 6, Township 7 North, Range 24 East, S.B.M., as shown on BLM Dependent Resurvey T7N, R24E, SBM., approved on December 3, 1962; thence from said POINT OF BEGINNING, and along said centerline, N 21°42'01" E 553 feet to the terminus of said strip.

The SIDELINES of said strip shall be prolonged or shortened so as to commence at Low Water of the right bank of the Colorado River, and terminate at the Arizona-California Boundary Compact Line.

EXCEPTING THEREFROM any portion lying landward of the Low Water of the right bank of the Colorado River.

The BASIS OF BEARINGS of this description is the California Coordinate System 1983 (CCS 83), Zone 5, (Epoch 2002.0). All distances are grid.

END OF DESCRIPTION

Prepared 8/2/2021 by the California State Lands Commission Boundary Unit.



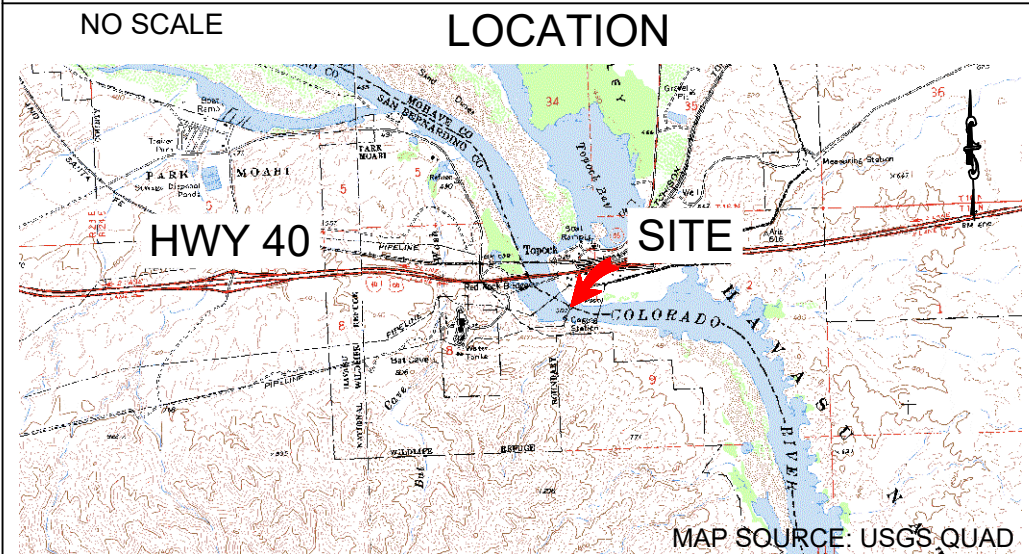
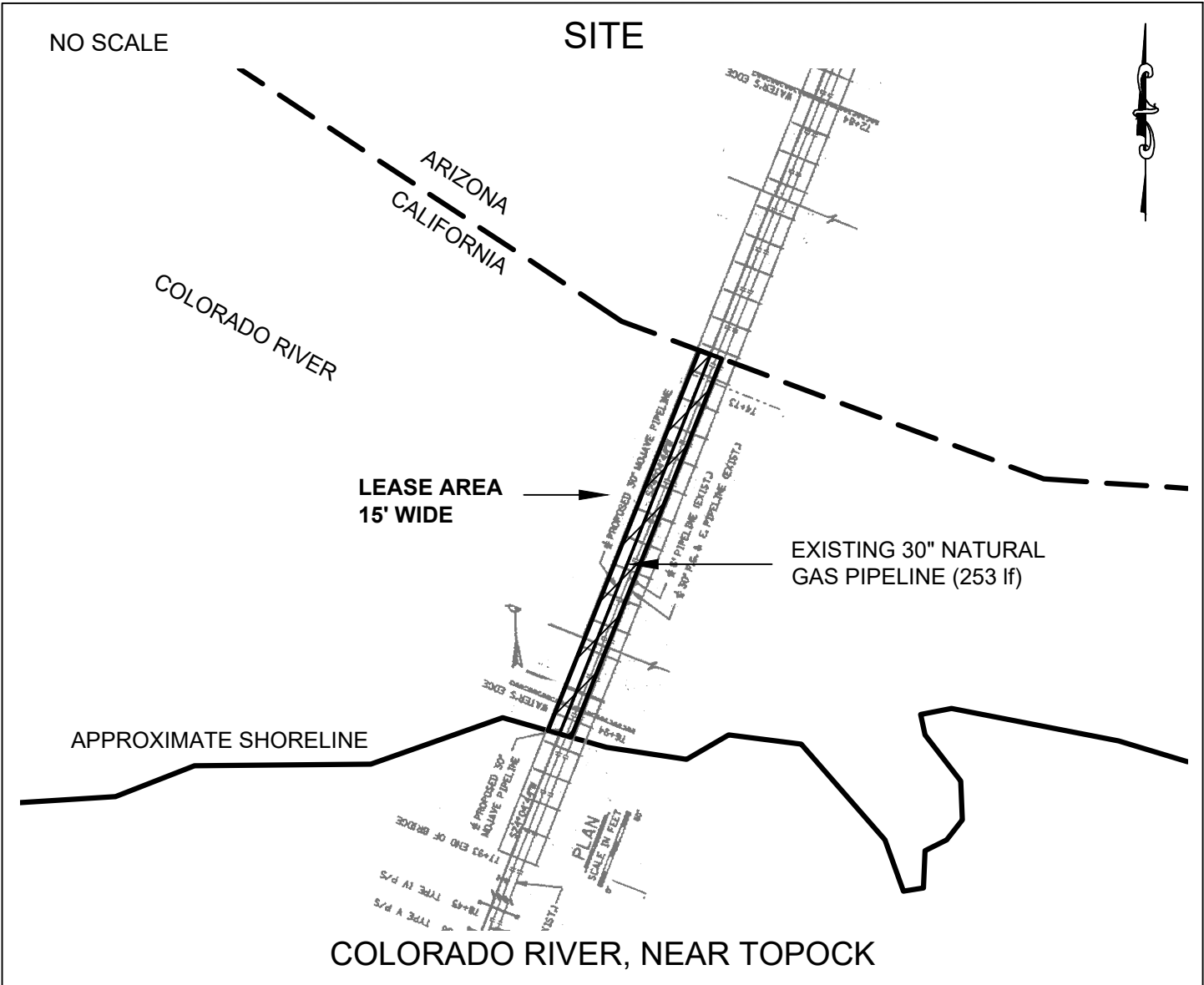


EXHIBIT B

LEASE 7510
MOJAVE PIPELINE CO.
GENERAL LEASE -
RIGHT - OF - WAY USE
SAN BERNARDINO 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.