

**CALENDAR ITEM
C60**

A 1
S 2

04/26/13
PRC 8472.1
B. Terry

ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:

FOREXCO, Inc.
2212 Enterprise Road
Greensboro, NC 27408

APPLICANT/ASSIGNEE:

Innex California, Inc., a Texas Corporation
5240 Tennyson Parkway, Suite #224
Plano, TX 75024

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Eel River, near Alton, Humboldt County.

AUTHORIZED USE:

Continued use, operation, and maintenance of a 6.625-inch-diameter, horizontal directionally drilled (HDD), high pressure natural gas steel pipeline, with an approximate length of 1,750 feet, at a minimum depth of 80 feet below the bottom of the Eel River.

LEASE TERM:

20 years, beginning August 19, 2003.

CONSIDERATION:

\$232 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. Assignee has the right to use the upland adjoining the lease premises.
2. On August 19, 2003, the Commission authorized a General Lease-Right-of-Way Use with FOREXCO, Inc., for construction and use of a 6.625-inch-diameter natural gas pipeline, horizontal directionally drilled (HDD) to a minimum depth of 80 feet below the bottom of the Eel River.

CALENDAR ITEM NO. C60 (CONT'D)

Construction was completed in 2003. The total length of pipeline installed by the HDD method at the crossing is approximately 3,103 feet, of which, approximately 1,750 feet crosses sovereign land in the Eel River. That lease will expire on August 18, 2023. On January 10, 2012, Forexco, Inc. assigned all rights, title, and interest in the pipeline to Innex California Inc., a Texas Corporation (Innex). Innex is now applying for an assignment of the lease.

4. Innex California Inc., is required to provide cathodic protection survey results within six months of Commission's approval of the assignment of lease, and annually thereafter.
3. The staff recommends that the Commission find that the subject lease assignment does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. 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 tis use classification.

EXHIBITS:

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

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the subject lease assignment is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

CALENDAR ITEM NO. **C60** (CONT'D)

AUTHORIZATION:

Authorize the assignment of Lease No. PRC 8472.1, a General Lease – Right-of-Way Use, of sovereign land in the Eel River as described in Exhibit A and shown on Exhibit B (for reference purposes only), from FOREXCO Inc. to Innex California, Inc., a Texas Corporation; effective January 10, 2012.

EXHIBIT A

PRC 8472.1

LAND DESCRIPTION

A 50 foot wide strip of State owned submerged land lying in the bed of the Eel River, adjacent to Lot 5 of fractional Section 15, and Lot 4 of fractional Section 14, Township 2 North, Range 1 West, HBM, as shown on official government township plat approved January 17, 1876, County of Humboldt, State of California, the centerline of which is described as follows:

BEGINNING at a point lying distant N 86°40'14" W 3143.69 feet from the southeast corner of said Section 14; thence N 85°38'49" W 3087.78 feet to the terminus of said strip.

EXCEPTING THEREFROM any portion lying landward of the Low Water Mark of the left and right banks of the Eel River.

The Basis of Bearings for this description is the California Coordinate System of 1983, Zone 1. All distances are grid distances.

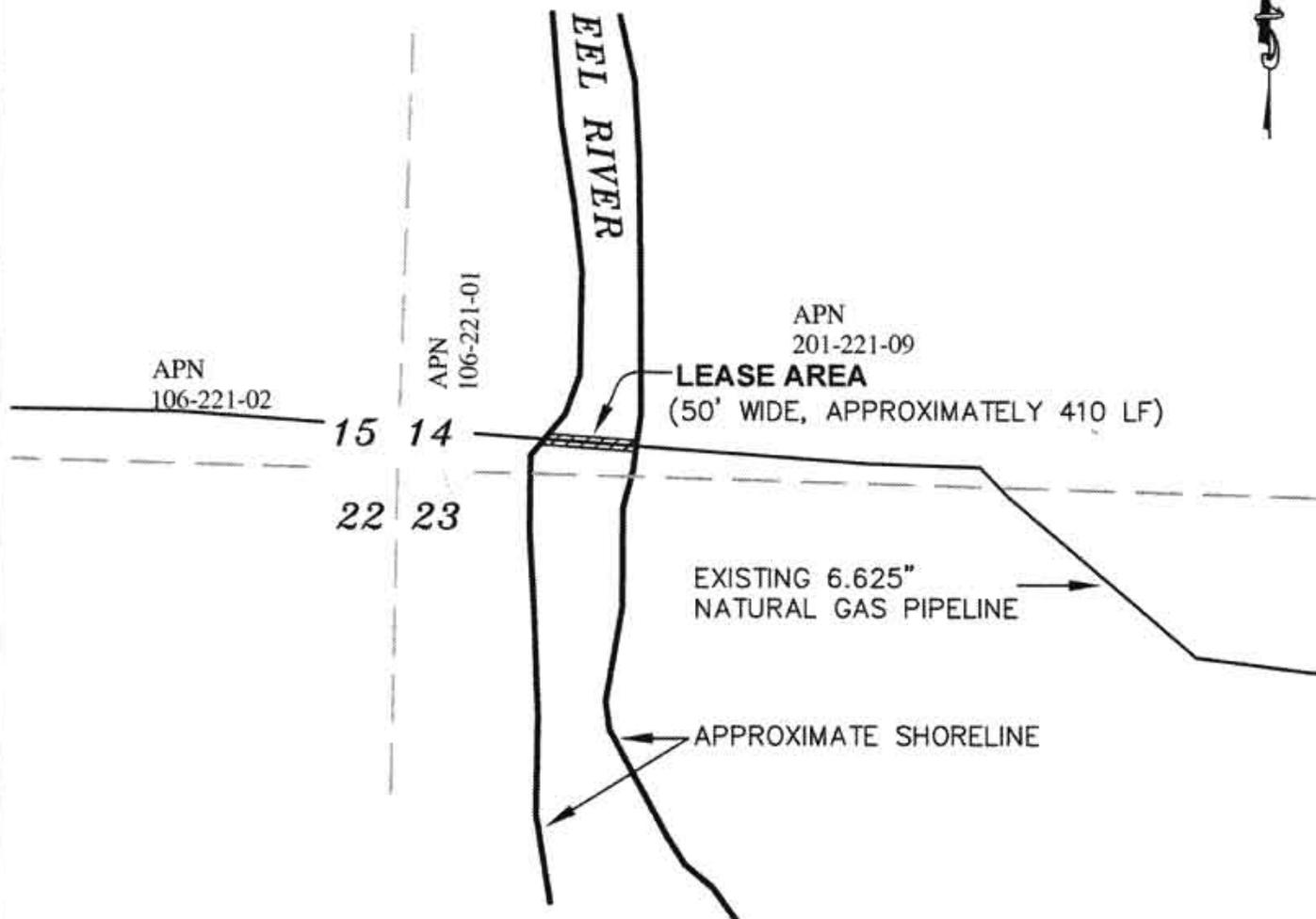
END OF DESCRIPTION

Prepared 2/13/2013 by the California State Lands Commission Boundary Unit.



NO SCALE

SITE



EEL RIVER, NEAR ALTON

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 8472.1
 INNEX CALIFORNIA INC.
 APN 201-221-09,
 106-221-01 & 02
 GENERAL LEASE -
 RIGHT - OF - WAY
 HUMBOLDT 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.