

Staff Report 47

LESSEE:

CALNEV Pipe Line, LLC

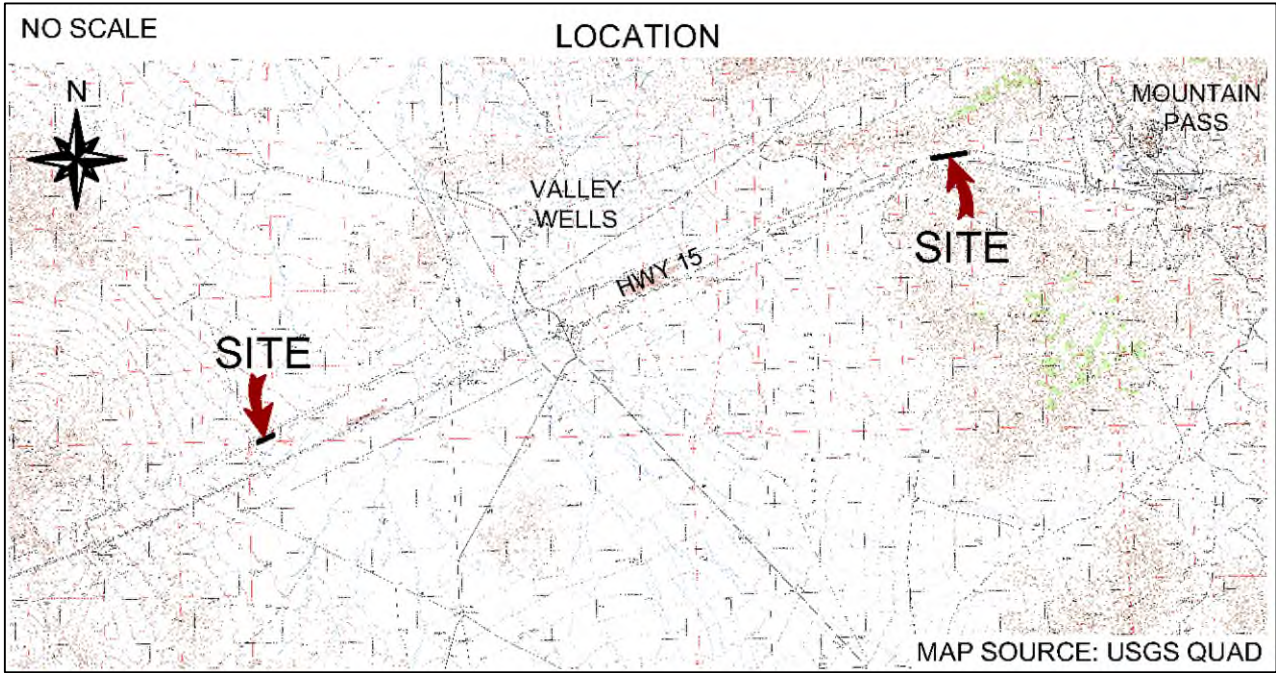
PROPOSED ACTION:

Continuation of Rent and Revision of Bond.

AREA, LAND TYPE, AND LOCATION:

4.04 acres, more or less, of school land located in Tract 37, Township 16 North, Range 11 East, and Section 16, Township 16 North, Range 13 East, SBM, near Valley Wells, San Bernardino County (as shown in Figure 1).

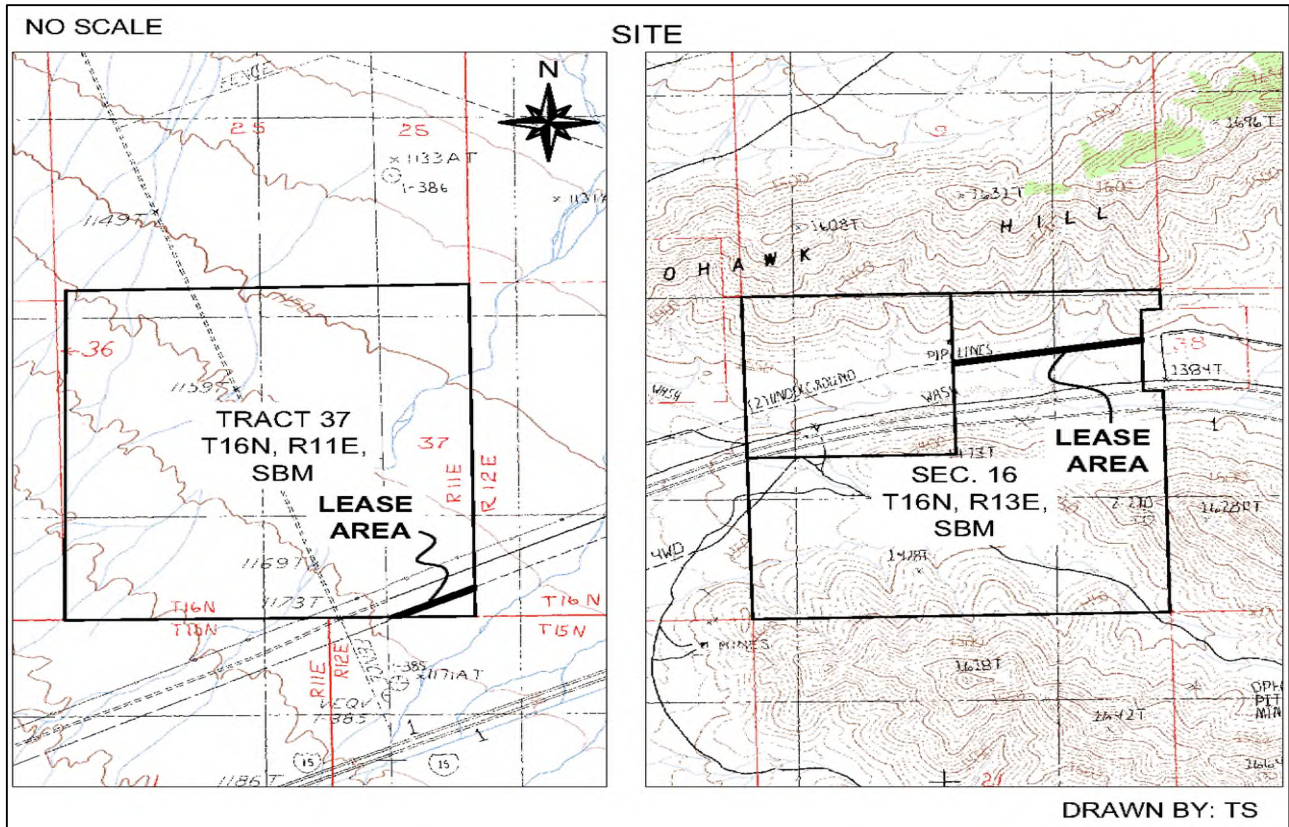
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of one existing 8-inch-diameter underground petroleum pipeline and one 14-inch-diameter underground petroleum pipeline (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

25 years, beginning March 7, 2010.

CONSIDERATION:

The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, the staff has conducted a review of the rent and bond under this lease and recommends that the rent be continued at \$3,871 per year, and an increase in the bond from \$10,000 to \$1,000,000, effective March 7, 2025.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent and bond is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent and bonds, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Lands as authorized by law. The Lessee has no right to a new lease or to renewal of any previous lease.
2. On September 1, 2011, the Commission authorized a 25-year General Lease – Right of Way Use to CALNEV Pipe Line, LLC, for 4.04 acres, more or less, of State school lands located in Tract 37, Township 16 North, Range 11 East, and Section 16, Township 16 North, Range 13 East, SBM, near Valley Wells, San Bernardino County, effective March 7, 2010 ([Item 64, September 1, 2011](#)). The lease authorized the continued use and maintenance of one existing 8-inch-diameter underground petroleum pipeline and one 14-inch-diameter underground petroleum pipeline. On October 14, 2014, the Commission authorized a revision of rent ([Item 86, October 14, 2014](#)) from \$1,548 to \$3,871 per year, effective March 7, 2015. On February 28, 2020, the Commission authorized a continuation of rent ([Executive Officer's Report, February 28, 2020](#)) at \$3,871 per year, effective March 7, 2020.
3. The lease currently requires a bond or security instrument per Section 1 in the amount of \$10,000. The bond has been reassessed during this review, and it is recommended that the bond be increased from \$10,000 to \$1,000,000 to be consistent with other recent similar leases for petroleum and natural gas pipelines.
4. This action is consistent with addressing the challenges and opportunities described in the Commission's 2021-25 Strategic Plan to "Embrace and safeguard multi-benefit School Lands and resource management stewardship that equitably balances responsible local and regional economic development, supports living wages, environmental protection, and revenue generation."
5. Approving the continuation of rent and revision of bond is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the continuation of rent for Lease PRC 2702 at \$3,871 per year, and an increase in the bond from \$10,000 to \$1,000,000, effective March 7, 2025.