

Staff Report 59

APPLICANT:

Mojave Pipeline Company, LLC

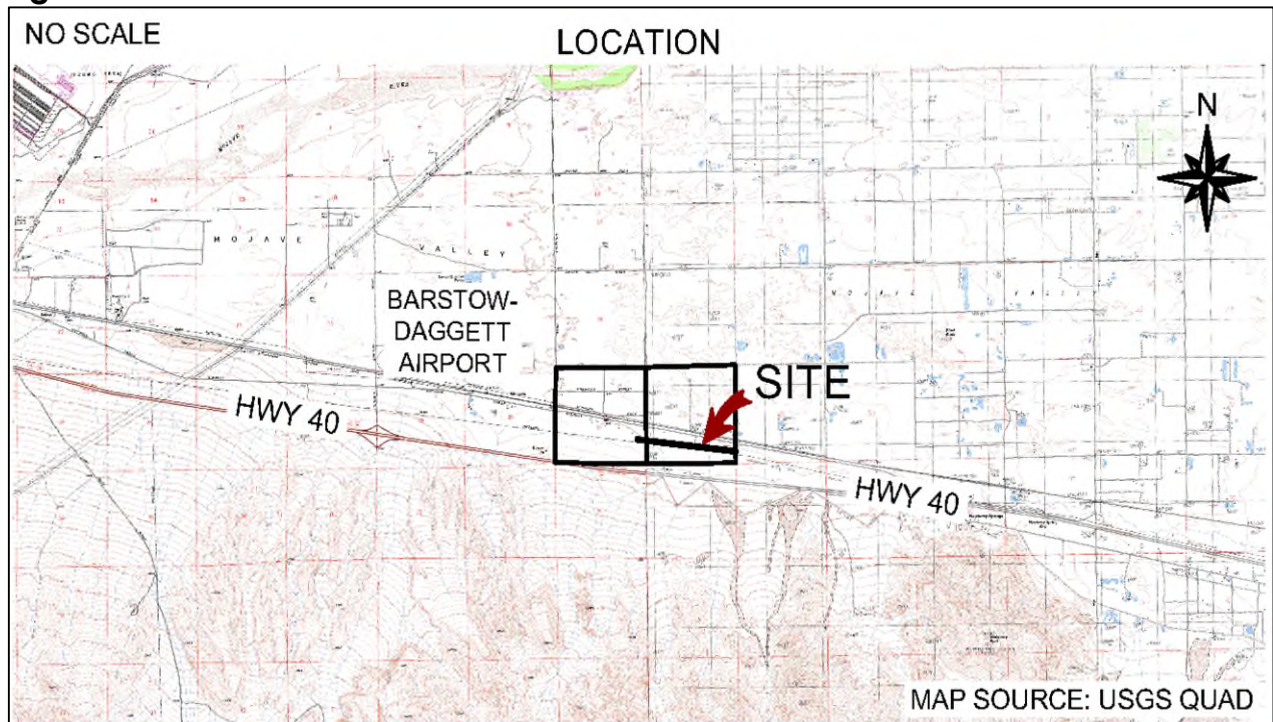
PROPOSED ACTION:

Issuance of a General Lease – Right-of-Way Use.

AREA, LAND TYPE, AND LOCATION:

State indemnity school land in Sections 26 and 27, Township 9 North, Range 2 East, SBM, southeast of Barstow, San Bernardino County (as shown in Figure 1).

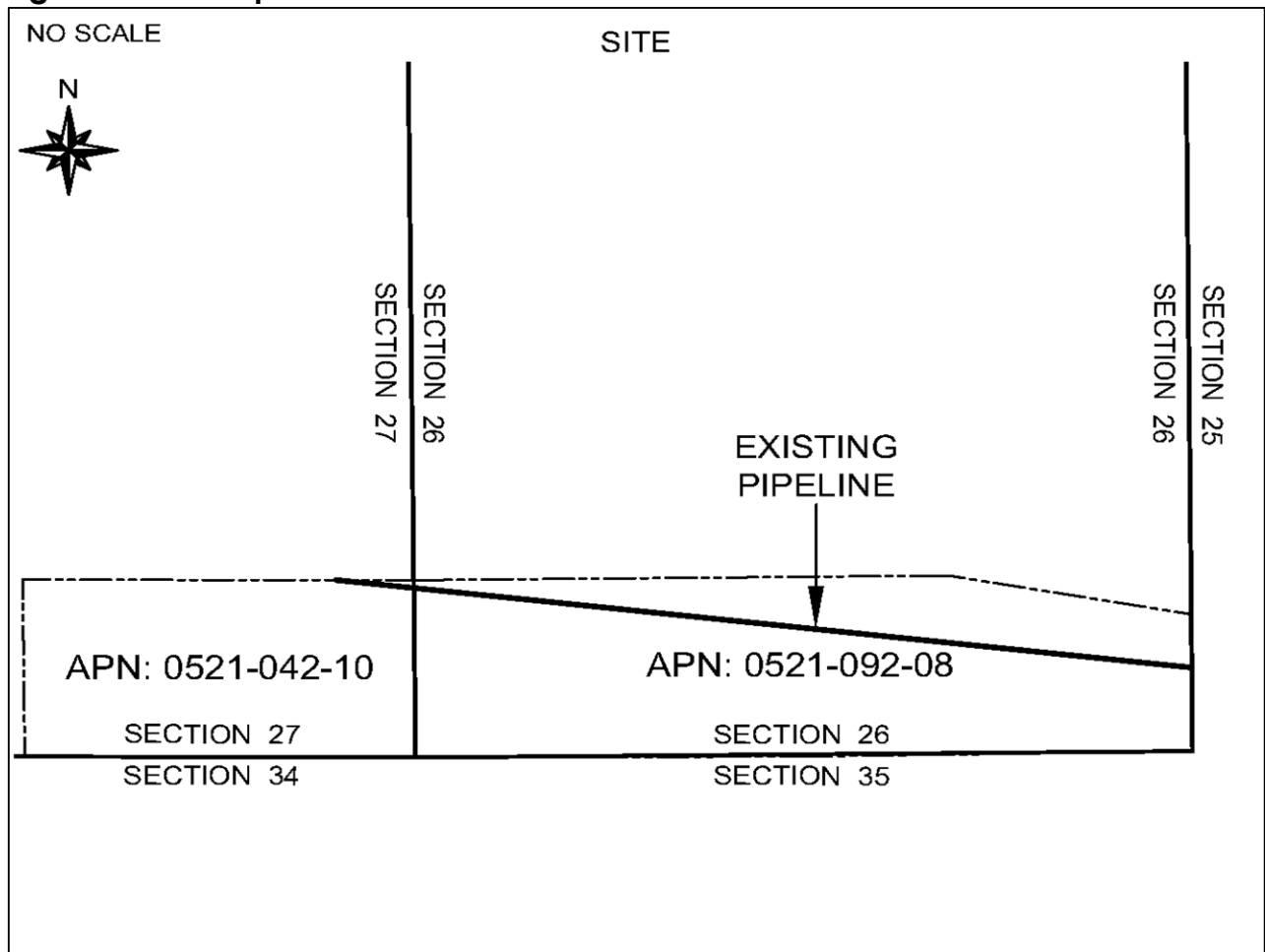
Figure 1. Location



AUTHORIZED USE:

Use of an existing 30-inch diameter natural gas 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:

20 years, beginning October 14, 2025.

CONSIDERATION:

Rent in the amount of \$8,727 per year, with an annual Consumer Price Index adjustment, and with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; and \$43,660 in compensation for the unauthorized occupation of State land prior to October 14, 2025.

SPECIFIC LEASE PROVISIONS:

- Bond: Surety bond in the amount of \$2,500,000.
- The Lessee will follow reporting requirements to allow staff to have information relating to the pipeline's condition over the lease premises during the proposed lease term.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6501.1, 8701, and 8705; California Code of Regulations, title 2, sections 2000 and 2003.

STATE'S BEST INTERESTS:

The Applicant has applied for a General Lease – Right-of-Way Use for the use and maintenance of an existing 30-inch diameter natural gas pipeline crossing State indemnity school land, southeast of Barstow in San Bernardino County.

The pipeline was constructed in the early 1990s but was not previously under lease to the Commission because the State acquired the property from the Federal Government in 1989, after other environmental review had been completed. The Commission did issue leases for other parts of the larger pipeline project, following the certification of an Environmental Impact Report on March 3, 1991 ([Item 22, March 6, 1991](#)), but the leases addressed portions of the project located on sovereign land crossing the Colorado River and a school lands parcel in San Bernardino County, 100 miles east of Barstow near the California and Arizona border. However, the portion of the pipeline crossing school lands subject to the proposed lease was inadvertently omitted and a lease was never authorized.

The Commission's engineering staff reviewed recent pipeline inspection reports and other technical data and determined that the pipeline is in good condition. The provisions of the lease require periodic submittal of inspection reports so that staff can continue to monitor the safety and condition of the pipeline throughout the term of the lease.

The proposed lease does not alienate the State's fee simple interest or permanently impair 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. The proposed lease also requires the Applicant to pay annual rent and provide adequate commercial liability insurance. Additionally, the surety bond has been set at \$2,500,000 to guarantee all lease conditions, including restoration of the lease area, are met. Staff also recommends that the Commission accept compensation from the Applicant for the unauthorized occupation of State land in the amount of \$43,660 for the period prior to October 14, 2025.

CLIMATE CHANGE:

INTRODUCTION:

California is in the midst of the climate crisis, caused primarily by greenhouse gas emissions from the production and use of fossil fuels. In particular, the production and use of oil and gas, including natural gas, diesel, and gasoline, accounted for 78 percent of California's emissions in 2021 across all sectors.¹ Each year, global atmospheric concentrations of carbon dioxide and methane continue to rise to levels higher than any point in human history ([National Oceanic and Atmospheric Administration, 2024](#)). As a result, California is already experiencing a multitude of impacts from climate change, such as more extreme and frequent heatwaves, wildfires, drought, debris flows, rising sea surface temperatures, sea level rise, ocean acidification, and more.

DATA & PROJECTIONS:

The impacts of climate change are having negative consequences on human health, biodiversity, food and water security, property loss, and critical infrastructure ([Fifth National Climate Change Assessment: Southwest Region, 2023](#)). For example, between 2015 and 2021, California endured 15 of its 20 most destructive wildfires ever recorded, resulting in 42 thousand destroyed structures and 154 lives lost ([CAL FIRE, 2024](#)). Devastating impacts such as these are projected to worsen as the climate continues to warm. If greenhouse gas emissions are not lowered substantially, air temperatures in California could increase 4.4 to 5.8 degrees

¹ Based on all emissions from California Air Resources Board's [California GHG Inventory By Scoping Plan Category 2023 Edition: 2000 to 2021](#) with 'Sector & Activity Details' that list petroleum products and activities, including but not limited to natural gas, gasoline, crude oil, diesel, jet fuel, oil and gas production and processing, and petroleum refining.

Fahrenheit by 2050 and 5.6 to 8.8 degrees Fahrenheit by 2100 ([California's Fourth Climate Change Assessment Statewide Summary Report, 2018](#)).

The most effective way to prevent the worst impacts of the climate crisis is to reduce greenhouse gas emissions by eliminating the use of fossil fuels, including natural gas, and transitioning the state's energy portfolio to renewable and zero carbon sources such as solar, wind, and geothermal. [Senate Bill 1020](#) (Laird, 2022) requires that at least 90 percent of California's retail electricity come from renewable and zero-carbon sources by 2035, 95 percent by 2040, and 100 percent by 2045. The State is already on its way, securing 43 percent of its energy from renewable sources in 2023, and 24 percent from other zero carbon sources, for a combined 67 percent of retail electricity (California Energy Commission, 2025).

ANALYSIS:

While fossil fuels are still used to produce energy, it is crucial that emissions from their production and transportation are reduced as much as possible. Methane emissions occur throughout natural gas supply chains and infrastructure, from the production at gas wells to processing facilities, compressor stations, transportation pipelines, storage tanks, and distribution pipelines to consumers. 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 since it is 83 times more potent at warming the planet than carbon dioxide over a 20-year period ([EPA, 2025](#)).

The pipeline system transmits natural gas from Topock, Arizona, to the Kern River Transmission Company in Kern County. Methane emissions from pipelines and associated equipment, such as valves and meters, commonly occur from unintended leaks at degraded components or loose connections and from the intentional venting of methane into the atmosphere for maintenance or safety purposes (e.g., blowdowns) ([EPA, 2023](#)). In 2023, the Environmental Protection Agency issued [new regulations](#) that will reduce emissions of methane and other harmful air pollution from natural gas operations, including transmission and distribution segments, by requiring routine monitoring for leaks, increasing the performance standards for equipment, and requiring new management practices to minimize or eliminate gas venting.

In addition to atmospheric impacts, methane is highly flammable. The lease premises is located in San Bernardino County in open lands with moderate to low

vegetation fuels, and may be susceptible to increased wildfire risk, extreme heat, prolonged drought, flash flooding, and more intense storms due to climate change.

RECOMMENDATIONS:

To reduce the risks of leaks and methane emissions, the pipeline should be routinely monitored, maintained, and the best practices and best available technologies for emissions mitigation should be implemented, in accordance with all regulatory requirements (e.g., U.S. Environmental Protection Agency's recommendations for [methane mitigation strategies](#)). Replacing older structural components with materials designed to better withstand heat fluctuations, extreme heat, and corrosion can reduce the likelihood of degradation and damage to the pipeline. Any future construction or activities on State land would require a separate authorization from the Commission.

Regular maintenance, as required by the lease, may reduce the risks. Pursuant to the proposed lease, the Applicant acknowledges that the lease premises are located in an area that may be subject to the effects of climate change.

CONCLUSION:

For the reasons stated above, staff believes issuance of this lease is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the application is a discretionary action by the Commission. Each time the Commission approves or rejects the use of school land, it exercises legislatively delegated authority and responsibility as trustee of the State's School lands as authorized by law.
2. 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."
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 14, section 15301.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061.

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 14, section 15301.

STATE'S BEST INTERESTS:

Find that the proposed lease is in the best interests of the State.

AUTHORIZATION:

1. Accept compensation from the Applicant in the amount of \$43,660, for the unauthorized occupation of State land for the period prior to October 14, 2025.
2. Authorize issuance of a General Lease – Right-of-Way Use to the Applicant beginning October 14, 2025, for a term of 20 years, for the use and maintenance of a 30-inch diameter natural gas pipeline; annual rent in the amount of \$8,727 with an annual Consumer Price Index adjustment; surety bond in the amount of \$2,500,000; and liability insurance in an amount no less than \$1,000,000 per occurrence.