

MINUTE ITEM

This Calendar Item No. C05 was approved as Minute Item No. 05 by the California State Lands Commission by a vote of 3 to 0 at its 11/27/00 meeting.

**CALENDAR ITEM
C05**

A 34, 80

11/27/00

S 17, 37

PRC 6783.1 and PRC 7527.2
B. Dugal

ASSIGNMENT OF LEASES

LESSEE/ASSIGNOR:

All American Pipeline, L. P.
PO Box 40160
Bakersfield, California 93384-0160

ASSIGNEE:

EPNG Pipeline Company
PO 1492
El Paso, Texas 79978-1492

AREA, LAND TYPE, AND LOCATION:

PRC 6783.1 - 0.50 acres, more or less, of sovereign lands in the historic natural bed of the Colorado River, near the City of Blythe, Riverside County.
PRC 7527.2 - Seven acres, more or less, of school land located in Section 26 and Section 27, T9N R2E, SBM, San Bernardino County.

AUTHORIZED USE:

The construction, use, and maintenance of an existing 30-inch diameter petroleum pipeline.

LEASE TERM:

PRC 6783.1 - 30 years years, beginning October 1, 1985
PRC 7527.2 - 30 years, beginning May 18, 1985.

CONSIDERATION:

PRC 6783.1 - \$275.76 per year
PRC 7527.2 - \$102.93 per year

OTHER PERTINENT INFORMATION:

- 1. Assignee has the right to use the lands that adjoin the lease premises.

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2. EPNG Pipeline Company (EPNG), a wholly owned subsidiary of El Paso Natural Gas Company (El Paso), proposes to acquire certain pipelines and appurtenant facilities from All American Pipeline, L. P. (All American). As part of the acquisition process, EPNG is requesting the assignment of All American's interest in PRC 6783.1 and PRC 7527.2.
3. The California State Lands Commission (CSLC) acquired an interest in the lands covered by lease PRC 7527.2 through an exchange with the United States of America, Bureau of Land Management, by a Patent dated September 28, 1989. The Patent was issued to the CSLC subject to a Right of Way Lease issued to All American Pipeline Company, who later changed its name to All American Pipeline, L. P. The CSLC became the landlord of this Right of Way Lease and designated it as Lease No. PRC 7527.2.
4. Lease Nos. PRC 6783.1 and PRC 7527.2 authorized All American to construct, use, and maintain a 30-inch diameter petroleum pipeline which is part of a distribution system that transports petroleum across California and into Arizona and Texas. The pipeline has been used by All American to convey crude oil since its construction.
5. In addition to the request by EPNG to assign the interest in the leases, EPNG is proposing to convert the existing petroleum pipeline system to a natural gas pipeline system. El Paso has filed an application (Docket No. CP 00-422-000) with the Federal Energy Regulatory Commission (FERC) for the proposed conversion of the pipeline to natural gas for the portion of the pipeline that crosses Arizona and New Mexico. EPNG anticipates filing an application with the FERC and the CSLC for the conversion of the pipeline within California within the next few months. EPNG will maintain the pipeline in its current status until the environmental review process is complete and the conversion project has been considered by the CSLC.
6. On June 14, 1999, the CSLC consented to the encumbrancing of both leases and on March 23, 2000, the secured party lenders signed a partial release to the deed of trust which releases All American from the liens and security interests related to the encumbrancing document.
7. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of

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the CEQA because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBITS:

- A. Site Map – PRC 6783.1
- B. Site Map - PRC 7527.2

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

AUTHORIZE THE ASSIGNMENT OF LEASE NO. PRC 6783.1, A GENERAL LEASE - RIGHT OF WAY USE, OF SOVEREIGN LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, FROM ALL AMERICAN PIPELINE, L.P. TO EPNG PIPELINE COMPANY; EFFECTIVE NOVEMBER 1, 2000 AND THE ASSIGNMENT OF LEASE NO. PRC 7527.2, A GENERAL LEASE - RIGHT OF WAY USE, OF SCHOOL LANDS SHOWN ON EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, FROM ALL AMERICAN PIPELINE, L.P. TO EPNG PIPELINE COMPANY; EFFECTIVE NOVEMBER 1, 2000.

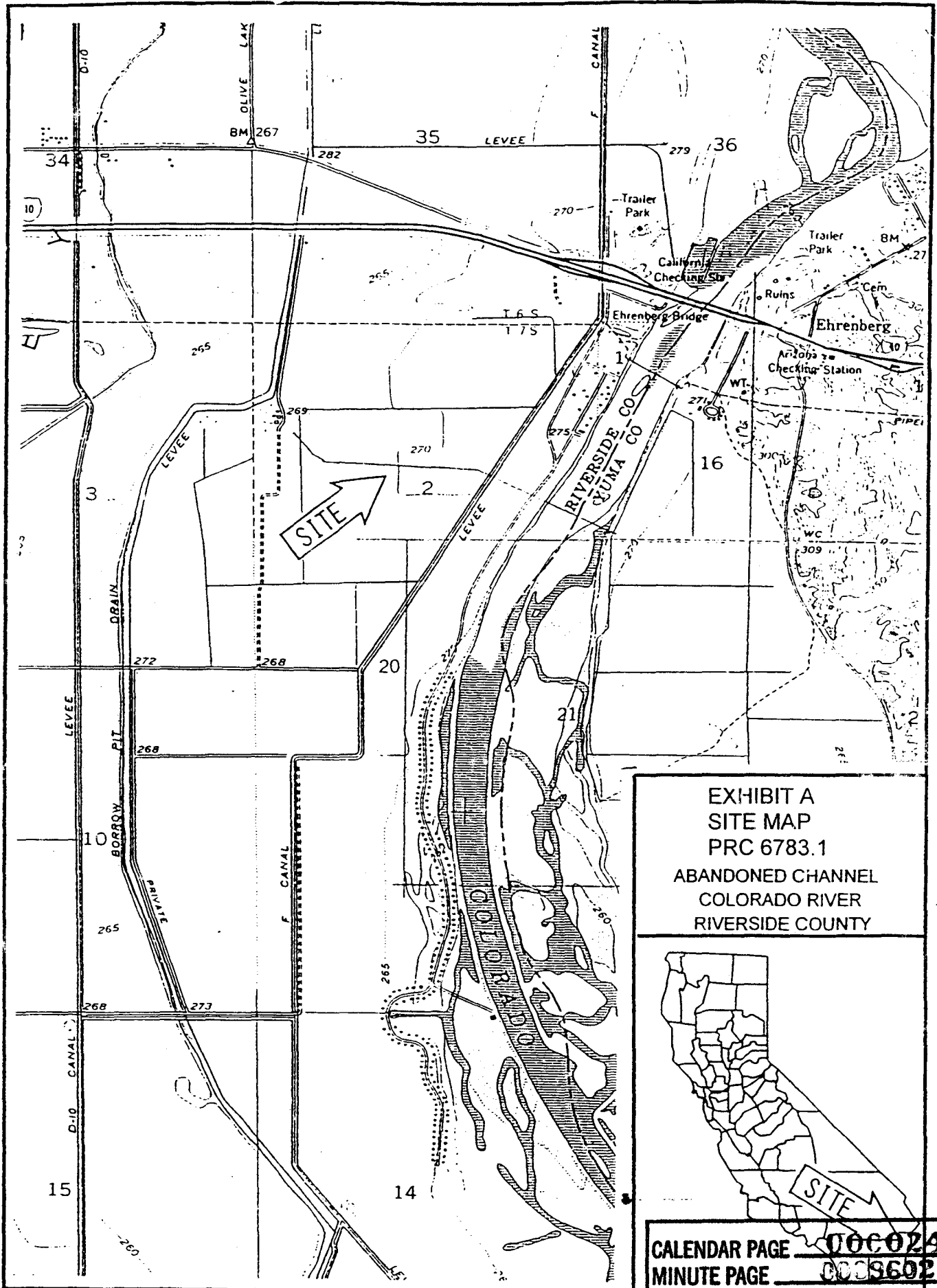
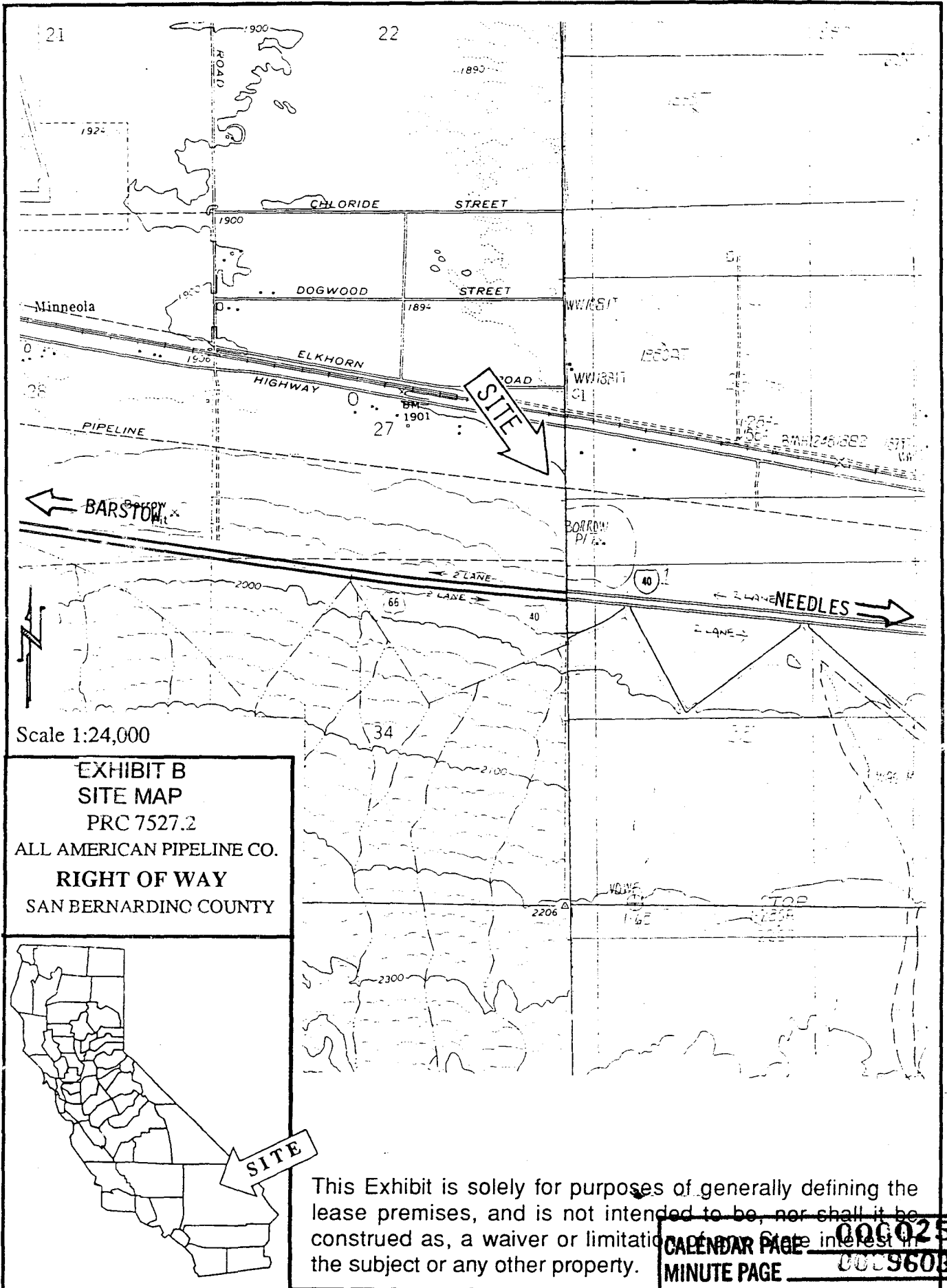


EXHIBIT A
 SITE MAP
 PRC 6783.1
 ABANDONED CHANNEL
 COLORADO RIVER
 RIVERSIDE COUNTY



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Scale 1:24,000

EXHIBIT B
SITE MAP
 PRC 7527.2
 ALL AMERICAN PIPELINE CO.
RIGHT OF WAY
 SAN BERNARDINO COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of interest in the subject or any other property.

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