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October 9, 2007

MELISSA A. FOSTER
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BY HAND DELIVERY

Hearing Officer Paul Kramer
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

DOCKET	
DATE	OCT 09 2007
RECD.	OCT 09 2007

**Re: Panoche Energy Center (06-AFC-5)
Supplemental Exhibit**

Dear Hearing Officer Kramer:

Pursuant to your request for confirmation of the Relocation Agreement ("Agreement") between Panoche Energy Center, LLC ("Panoche") and Farmers International Inc. ("Farmers"), please find enclosed a copy of the Agreement between Panoche and Farmers dated October 3, 2007. This Agreement will be Applicant's Exhibit 51.

Should you require any additional information, please do not hesitate to contact John McKinsey or me at 916.447.0700.

Very truly yours,

A handwritten signature in black ink, appearing to read "Melissa A. Foster".

Melissa A. Foster

MAF:htn
Enclosure

cc via email: Commissioner Jeffrey D. Byron, California Energy Commission
Commissioner James D. Boyd, California Energy Commission
Staff Counsel Jared Babula, California Energy Commission



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cc cont.: Dr. James W. Reede, California Energy Commission
 Gloria Smith, Esq., Adams Broadwell Joseph & Cardozo
 Mr. Gary Chandler, Panoche Energy Center, LLC
 Allan Thompson, Esq., Law Office of Allan Thompson

AGREEMENT BETWEEN PANOCHÉ ENERGY CENTER, LLC
AND FARMERS INTERNATIONAL INC.

EXHIBIT 51

PANOCHÉ ENERGY CENTER
06-AFC-5

AGREEMENT

OCTOBER 3

THIS AGREEMENT ("**Agreement**") is made and entered into as of September 3, 2007 (the "**Effective Date**") by and between Farmers International Inc., a CALIFORNIA CORP. ("**Farmers**") and Panoche Energy Center, LLC, a Delaware limited liability company ("**PEC**"), with reference to the following facts:

A. PEC intends to construct, develop and operate an electric generation facility and related improvements and ancillary transmission facilities ("**Project**") on that certain real property consisting of approximately 12.8 acres located on the southern side of West Panoche Road, as more particularly described on Exhibit A and depicted on Exhibit B (the "**PEC Project Area**").

B. Farmers owns certain real property on the north side of West Panoche Road near the PEC Project Area, as more particularly described on Exhibit C (the "**Farmers Property**").

43930 WEST PANOCHE RD, FRESNO, CA 93622

C. A certain residential building located at _____ West Panoche Road, Fresno, CA, and consisting of approximately 800 to 1000 square feet is currently occupied by the manager of the farming operation on the Farmers Property as depicted on Exhibit D (the "**Existing Residence**"). Farmers has agreed to cause the Existing Residence to be vacated prior to startup and testing of the Project, provided that PEC provides Farmers certain improvements for a new residence (the "**New Residence**") to be provided at the approximate location shown on Exhibit D, as more fully described in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **New Residence.** PEC shall give no less than ninety (90) days prior written notice to Farmers (the "**Project Commencement Notice**") of the intended date of commencement of operation and testing ("**Project Commencement Date**"). At least thirty (30) days prior to the Project Commencement Date, PEC shall deliver, provide and cause to be installed by licensed contractors, the following improvements for the New Residence (collectively, the "**Improvements**"), to be located and maintained at a distance 0.6 miles north of the Existing Residence as approximately shown on Exhibit D. PEC shall obtain and pay for all required permits and fees associated with the Improvements.

(a) An Infiniti II manufactured mobile home (933 sq.ft.) manufactured by Champion or substantially the equivalent, as mutually agreed (including tie-downs, skirting, oven, stove, refrigerator, and front door steps)

(b) Electrical connection to the mobile home;

(c) Water connection to the mobile home of similar quality to that provided to the Existing Residence;

(d) Septic system to serve the mobile home;

(e) Certain landscaping improvements around the New Residence consisting of trees, shrubs and lawn, the aggregate cost of which shall not exceed \$3,000.00; and

(f) Security fencing around the existing warehouse and storage area adjacent to West Panoche Road, as depicted on Exhibit E, not to exceed 700 linear feet and consisting of an 8 ft. tall chain link with barbed wire.

2. New Residence Exclusions. The Improvements shall only include those listed in Section 1 and specifically shall not include, and PEC shall have no obligation to provide, any of the following:

- (a) Paved roads or driveways;
- (b) Walls or fencing for the New Residence;
- (c) Ongoing maintenance, upkeep or operations of the New Residence;
- (d) Furnishings for the New Residence (except for appliances listed in Section 1(a));
- (e) Property or other insurance;
- (f) Garage or car port;
- (g) Utility or water service; or
- (h) Utility connections not provided in Section 1.

3. Vacation of Existing Residence. Upon completion of the Improvements and receipt of a certificate of occupancy for the Improvements, PEC shall deliver to Farmers a written notice to vacate the Existing Residence. Farmers shall cause the Existing Residence to be vacated within thirty (30) days of the date of such written notice.

4. Construction License. Farmers grants to PEC, its employees, agents, consultants, contractors and subcontractors a non-exclusive temporary construction license over, under and across the Farmers for the purpose of constructing and installing the Improvements and conducting other activities reasonably related thereto. This temporary construction license shall be effective commencing on delivery of the Project Commencement Notice and will expire upon the earlier of completion of construction of the Improvements or (b) termination of this Agreement.

5. Assignment of Warranties. Upon completion of construction and installation of the Improvements, PEC shall assign to Farmers any warranties and guaranties by manufacturers, contractors and suppliers relating to the Improvements. Farmers and its successors and assigns shall be solely responsible for maintenance of the Improvements and shall keep the Improvements in good repair and working order. Farmers agrees that as to PEC, the Improvements are accepted by Farmers in their "AS IS" condition and "WITH ALL FAULTS", and solely in reliance upon Farmers' own independent inspections and investigations (if any). PEC hereby disclaims any warranty (express or implied) concerning the foregoing, and Farmers shall rely solely on the assigned warranties and guaranties for any recourse in connection with any latent or patent defects in design, material and workmanship in connection with the Improvements.

6. **Easement.** At least thirty (30) days prior to the Project Commencement Date, Farmers shall execute and deliver to PEC an Easement Agreement (the "**Easement Agreement**") in the form attached as Exhibit E, providing that no residential use shall be permitted on the Farmers Property within 0.6 miles of the PEC Project Area for a period of not less than twenty-two (22) years, subject to further extension by PEC for an additional ten (10) years, as more particularly described in the Easement Agreement. The Easement Agreement shall be promptly recorded in the Official Records of Fresno County, California.

7. **Termination.** This Agreement shall terminate and shall be of no further force or effect if PEC fails to deliver the Project Commencement Notice on or before OCT 1, 2008. PEC shall notify Farmers if it decides to delay or cancel the Project before this date.

8. **Further Cooperation.** Whenever requested to do so by the other party, each party shall execute, acknowledge, and deliver any further instruments and documents as may be necessary, expedient, or proper in order to carry out the intent and purpose of this Agreement. Farmers agrees not to publicly oppose the Project.

9. **Attorneys' Fees.** PEC agrees to reimburse Farmers for reasonable attorney's fees not to exceed One Thousand dollars (\$1000) incurred in the drafting and negotiation of this Agreement. Should any dispute arise over the terms or conditions of this Agreement, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs.

10. **Entire Agreement.** This Agreement contains the entire understanding and agreement of the parties hereto relating to the rights herein granted and the obligations herein set forth. Any prior, contemporaneous, or subsequent written or oral representations and modifications concerning this Agreement shall be of no force or effect. This Agreement may be amended only by a written instrument signed by both Farmers and PEC.

11. **Notices.** All notices, demands, requests and other communications under this Agreement by either party shall be hand delivered or sent by United States Mail registered or certified, postage prepaid, or by Federal Express, addressed to the other party as follows:

If to Farmers: Farmers International Inc.
~~126~~126 Muir Avenue
Chico, CA 95973
Attn: Mohnish Seth

If to PEC: Panoche Energy Center, LLC
2542 Singletree Lane
South Jordan, Utah 84095
Attn: Gary Chandler

12. **Counterparts** This Agreement may be executed in multiple identical counterparts, each of which shall be deemed an original, and counterpart signature pages may be detached and assembled to form a single original document. This Agreement may be executed and delivered by the exchange of electronic facsimile, PDF or other image file copies or counterparts of the signature page, which shall be considered the equivalent of ink signature pages for all.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors, assigns, parents, subsidiaries, divisions and affiliates

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date.

FARMERS:

FARMERS INTERNATIONAL INC.

By: Versha SETH

Name: VERSHA SETH

Title: SECRETARY

PEC:

PANOCHÉ ENERGY CENTER, LLC

By: Gary R. Chandler

Name: Gary R. Chandler

Title: President

Exhibit A

**LEGAL DESCRIPTION
PREMISES BOUNDARY EASEMENT
"PROPOSED PANOCHÉ ENERGY CENTER"
PORTION OF
ASSESSOR'S PARCEL 027-060-78S
VICINITY OF FIREBAUGH,
FRESNO COUNTY, CALIFORNIA**

October 9, 2006

Being a portion of real property in the Southwest Quarter of Section 5 Township 15 South, Range 13 East, Mount Diablo Base and Meridian, according to the official plat thereof lying Southerly of Panoche Road, being a portion of that certain real property described in a document dated June 13, 1978 to Robert Hansen, Trustee under the Sharla M. Baker Trust as Instrument No. 89-106620 Official Records, County of Fresno, vicinity of Firebaugh, California more particularly described as follows:

COMMENCING at the Southwest Corner of said Section 5 at a found 2" iron pipe thence along the West line of said Section 5 being the Southwest Quarter thereof North 01° 34' 29" East 902.88 feet; thence leaving the West line of said Section 5 through the interior of said Southwest Quarter of Section 5 the following seven (7) courses: South 89° 10' 03" East 39.95 feet to the **POINT OF BEGINNING** of the herein described real property; North 00° 49' 57" East 522.11 feet; South 89° 10' 03" East 1001.11 feet; South 00° 49' 57" West 690.97 feet; North 89° 10' 03" West 212.94 feet; North 00° 49' 57" East 168.86 feet; North 89° 10' 03" West 788.17 feet to the **POINT OF BEGINNING**.

Containing 558,646 square feet of land (12.82 acres), more or less.

This description is based on record information. The Basis of Bearings are NAD 1983, Epoch 2004.50, California Coordinate System, Zone 4 and are based upon a GPS Survey constrained to NGS monuments: AC6117 (HPGN D CA 06 NC) survey disk in bridge abutment and GU4142 (Z 1444) stainless steel rod.

PLAT MAP

TO ACCOMPANY LEGAL DESCRIPTION

PANOCHÉ POWER PLANT

OCTOBER 4, 2008

PG&E Pole Line
2173 OR 339

PG&E
(2689 OR 410)
Per (34 ROS 99)

PANOCHÉ ROAD
R=24346.00'
L=818.23'
2+0°31'08"
545°26'16"W
65.25'

Tower Line Easement
2823 OR 359

N15°21'17"W
307.87'

Tower Line Easement
3052 OR 552

33.19'

N89°10'03"W 1001.11'

PROPOSED SITE

Area=558,646.0 sq ft
=12.82 acres

POB

S 89°10'03" E 788.17'

500°49'57"W 522.11'

N01°34'29"E

39.95'

RETENTION BASIN
168.96'
S00°49'57"W
S89°10'03"E
212.94'

690.97'
M00°49'57"E

75' Electrical Transmission Line Easement
2601 OR 248

PG&E Pole Line
2173 OR 339



J:\LDD\2006_19\dwg\Panoche plat.dwg 10/3/2006 10:51:41 AM PST

302.88'

S88°15'01"E 2635.29'

POC
Found 2" Iron Pipe
SW Corner Section 5
(NE Cor Sec 7 T15S R13E
1 1/2" IP Tagged RCE 12406)



ENGINEERS • SURVEYORS • PLANNERS • LANDSCAPE ARCHITECTS

3448 WILSON ROAD, PLEASANT HILL, CA 94523
(925) 974-1900 FAX: (925) 258-1250

Exhibit C

Page 1
Order No. 5651268

DESCRIPTION

PARCEL 1:

All that portion of the Northeast quarter of the Southeast quarter and that portion of the East half of the East half of the Northwest quarter of the Southeast quarter of Section 6, Township 15 South, Range 13 East, Mount Diablo Base and Meridian, according to the Official Plat thereof, lying Northerly of the Panoche Road, as said road existed on October 30, 1972.

EXCEPTING THEREFROM that portion thereof as granted to the County of Fresno by Deed recorded November 7, 1977, as Document No. 119031, in Book 6909, Page 244 of Official Records.

EXCEPTING unto Catherine McMillan Higgins, an undivided 44/240ths interest; unto Marguerite McMillan Clarke, an undivided 44/240ths interest; unto Anna McMillan Green, an undivided 44/240ths interest; unto Catherine McMillan Higgins and Russell J. Clark, as Trustees of the Estate of C. V. McMillan, deceased, an undivided 60/240ths interest; and unto C. H. McMillan, an undivided 24/240ths interest, in all oil, gas and other hydrocarbon substances and minerals and other mineral rights as reserved in the deed from Catherine McMillan Higgins, et al, to B. E. Montgomery, et ux, dated July 14, 1947, recorded September 3, 1947, as Document No. 45777, Official Records.

ALSO EXCEPTING THEREFROM an undivided 1% interest in and to all oil, gas and minerals, as heretofore reserved of record.

ALSO EXCEPTING THEREFROM all of grantor's interest in and to all oil, gas and minerals as reserved by Russell Giffen and Ruth P. Giffen, husband and wife, to Charlene A. Lara, recorded April 6, 1973, as Document No. 32206, Official Records.

PARCEL 2:

That portion of Section 5, Township 15 South, Range 13 East, Mount Diablo Base and Meridian, according to the Official Plat thereof, lying Northwest of the center line of Panoche Road and Southwest of a line described as beginning at that point of the North line of said Section which is due East a distance of 62 feet from the Northwest corner of said Section 5; thence South 36° 43' East to the intersection with the center line of Panoche Road.

EXCEPTING THEREFROM that portion thereof as granted to the County of Fresno by Deed recorded November 7, 1977, as Document No. 119031, in Book 6909, Page 244 of Official Records.

ALSO EXCEPTING from that portion lying within the North half of the Northwest quarter of said Section 5, an undivided 50% interest in and to all oil, gas and minerals, as heretofore reserved of record.

ALSO EXCEPTING from that portion lying within the South half of the Northwest quarter of said Section 5, an undivided 56% interest in and to all oil, gas and minerals, as heretofore reserved of record.

ALSO EXCEPTING from that portion lying within the Southwest quarter of said Section 5, an undivided 54% interest in and to all oil, gas and minerals as heretofore reserved of record.

DESCRIPTION

ALSO EXCEPTING all of grantor's interest in and to all oil, gas and minerals, as reserved by Russell Giffen and Ruth F. Giffen, husband and wife, to Charlene A. Lara, recorded April 6, 1973, as Document No. 32706, Official Records.

APN: 027-060-56S

PARCEL 3:

The Southeast quarter of Section 1, Township 15 South, Range 12 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING from the South half of said Southeast quarter, an undivided 51 $\frac{1}{2}$ interest in all oil, gas and minerals, as heretofore reserved of record.

ALSO EXCEPTING from the North half of said Southeast quarter, an undivided 54 $\frac{1}{2}$ interest in and to all oil, gas and minerals, as heretofore reserved of record.

ALSO EXCEPTING THEREFROM an undivided 1/2 of grantors interest, in and to all oil, gas and minerals, as reserved by Giffen, Inc., a corporation, in the document recorded April 6, 1973, as Document No. 32201, Official Records.

APN: 027-050-64S

PARCEL 4:

All that portion of the South half of Section 6, Township 15 South, Range 13 East, Mount Diablo Base and Meridian, according to the Official Plat thereof, lying Northerly of the Panoche Road, as said road existed on October 30, 1972.

EXCEPTING THEREFROM that portion lying within the Northeast quarter of the Northeast quarter of said Section 6.

ALSO EXCEPTING THEREFROM that portion lying within the East half of the East half of the Northwest quarter of the Southeast quarter of said Section 6.

ALSO EXCEPTING THEREFROM the Southeasterly 40 feet of the South half of said Section 6, lying Northwest of the center line of Panoche Road, as said road existed on October 30, 1972. Excepting therefrom that portion lying within the Northeast quarter of the Southeast quarter of said Section 6. Also excepting therefrom that portion lying within the East half of the East half of the Northwest quarter of the Southeast quarter of said Section 6.

ALSO EXCEPT from the West half of the Southwest quarter, the Northeast quarter of the Southwest quarter, the West half of the Southeast quarter unto Catherine McMillan Higgins, an undivided 44/240ths interest; unto Marguerite McMillan Clarke, an undivided 44/240ths interest; unto Anna McMillan Green, an undivided 44/240ths interest; unto Catharine McMillan Higgins and Russell J. Clark, as Trustees of the Estate of C. V. McMillan, deceased, an undivided 60/240ths interest; and unto C. H. McMillan, an undivided 24/240ths interest, in all oil, gas and other hydrocarbon substances and minerals and other mineral rights as reserved in the deed from Catharine McMillan Higgins, et al, to B. E. Montgomery, et ux, dated July 14, 1947, recorded September 3, 1947, as Document No. 45777, Official Records.

Page 3
Order No. 5651268

DESCRIPTION

ALSO EXCEPTING THEREFROM an undivided $\frac{1}{4}$ interest in and to all oil, gas and minerals lying in or under said land, as heretofore reserved of record.

ALSO EXCEPTING THEREFROM all of grantor's interest in and to all oil, gas and minerals, as reserved by Russell Giffen and Ruth P. Giffen, husband and wife, to Edward Lara and Charlene Lara, husband and wife, recorded April 6, 1973, as Document No. 32204, Official Records.

APN: 027-060-608