

STAFF REPORT

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12/06/19
PRC 3913.1
C. Hudson

AMENDMENT OF LEASE

LESSEE:

California Resources Petroleum Corporation

AREA, LAND TYPE, AND LOCATION:

Sovereign land located in the Pacific Ocean, near Emma Wood State Beach, Ventura County.

AUTHORIZED USE:

Maintenance of two non-operational 12-inch-diameter seawater intake pipelines and one non-operational 12-inch-diameter outfall pipeline.

LEASE TERM:

4 years, beginning January 31, 2016.

CONSIDERATION:

\$19,967 per year with an annual Consumer Price Index adjustment.

PROPOSED AMENDMENT:

Section 1, Basic Provisions is amended as follows:

- Extend the term of the lease to January 30, 2021.

All other terms and conditions of the lease shall remain in effect without amendment.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

Public Trust and State's Best Interests Analysis:

On August 9, 2016, the Commission authorized a 4-year General Lease – Right-of-Way Use to California Resources Petroleum Corporation for two non-operational 12-inch-diameter seawater intake pipelines and one non-operational 12-inch-diameter outfall pipeline. The lease will expire on January 31, 2020 ([Item C38, August 9, 2016](#)). The short term lease was intended to give the Lessee time to determine if it was going to reuse or

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decommission the pipelines. The Lessee has since applied to decommission and remove the improvements located within Lease No. PRC 3913.1. The Lessee is now requesting to amend the lease term by 1 year to January 31, 2021, to allow time to prepare an Initial Study/Mitigated Negative Declaration (IS/MND) for the proposed Decommissioning Project (Project) including full removal of the three existing pipelines and appurtenant facilities. The Project will be considered by the Commission at a later meeting once the IS/MND is completed. The amendment to extend the lease term retains the provisions requiring insurance, indemnity, as well as payment of annual rent to compensate the people of the State of public land. Additionally, the Lessee is seeking to analyze the possible removal of all improvements under the lease. Staff considers the removal of improvements from sovereign land as consistent with the Public Trust.

Climate Change:

Climate change impacts, including sea-level rise, more frequent and intense storm events, and increased flooding and erosion, affect both open coastal areas and inland waterways in California. The lease area is located in the Pacific Ocean, offshore of Emma Woods State Beach in Ventura County, which is a tidally influenced site. The California Ocean Protection Council updated the State of California Sea-Level Rise Guidance in 2018 to provide a synthesis of the best available science on sea-level rise projections and rates. Commission staff evaluated the “high emissions,” “medium-high risk aversion” scenario to apply a conservative approach based on both current emission trajectories and the lease location and structures. The Santa Barbara tide gauge was used for the projected sea-level rise scenario for the region as listed in Table 1.

Table 1. Projected Sea-Level Rise for Santa Barbara¹

Year	Projection (feet)
2030	0.7
2040	1.1
2050	1.8
2100	6.6

Source: Table 22, State of California Sea-Level Rise Guidance: 2018 Update

Note: ¹ Projections are with respect to a 1991 to 2009 baseline.

As stated in *Safeguarding California Plan: 2018 Update* (California Natural Resources Agency 2018), climate change is projected to increase the frequency and severity of natural disasters related to flooding, drought, and storms (especially when coupled with sea-level rise). The combination

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of these conditions will likely result in increased wave run-up, storm surge, and flooding in coastal and near coastal areas. In tidally influenced waterways, more frequent and powerful storms can result in increased flooding conditions and damage from storm-created debris. Climate change and sea-level rise will further influence coastal areas by changing erosion and sedimentation rates. Beaches and coastal landscapes will be exposed to increased wave force and run-up, potentially resulting in greater beach erosion than previously experienced.

Rising sea levels can lead to increased flooding through regular inundation and larger flooding events, when combined with tidal events and storm surges. These climate change and sea-level rise impacts can also affect erosion and sedimentation rates through increased wave action and scour, which in turn can lead to decreased shoreline stability and structure.

The pipelines and appurtenant facilities currently in the leased right-of-way are proposed for full removal, pursuant to the 2018 application to the Commission. As part of that process, an IS/MND is in preparation that will further evaluate climate change and sea-level rise in the leased area (and adjacent upland), as it pertains to the Project.

Conclusion:

The amendment to this lease to extend the lease term does not alienate the State's fee simple interest or permanently impair public rights. The recommended action will not substantially interfere with the Public Trust needs at this location, at this time, and for the foreseeable term of the lease. For these reasons, staff recommends finding the proposed action is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the amendment to extend the lease term is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. Upon expiration or prior termination of the lease, the lessee has no right to a new lease or to renewal of any previous lease, including but not limited to extending the lease term.
2. This proposed action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction; and Strategy 2.1 to

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optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.

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 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300 and California Code of Regulations, title 2, section 2905.

EXHIBITS:

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

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 2, section 2905, subdivision (a)(2).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease amendment to extend the lease term will not substantially interfere with the Public Trust needs and values at this location, at this time, and for the foreseeable term of the lease; and is in the best interests of the State.

AUTHORIZATION:

Authorize the amendment of Lease No. PRC 3913.1, a General Lease – Right-of-Way Use, to extend the term of the lease to January 30, 2021; all other terms and conditions of the lease will remain in effect without amendment.

EXHIBIT A

PRC 3913.1

LAND DESCRIPTION

Those portions of three strips of tidelands or submerged lands in the Santa Barbara Channel, Ventura County, each being 50 feet in width and partially overlapping, which lie seaward of the ordinary high water mark along the mainland shoreline of said channel, the centerlines of said strips being described as follows:

BEGINNING at a point on the southwesterly right-of-way of the State Highway (U. S. 101) which bears S 15° 45' 25" E, 3517.37 feet from U.S.C. & G.S. triangulation station "JACK", said triangulation station having coordinates of X = 1,586,815.40 and Y = 303,664.98; thence S 36° 08' 10" W, 43.00 feet to reference point E; thence from reference point E: the first right-of-way centerline bears S 46° 53' 42" W, 730.00 feet; the second right-of-way centerline bears S 25° 22' 38" W, 680.00 feet; and the third right-of-way centerline bears S 35° 49' 00" W, 550.00 feet.

This description is based on the California Coordinate System, Zone 5.

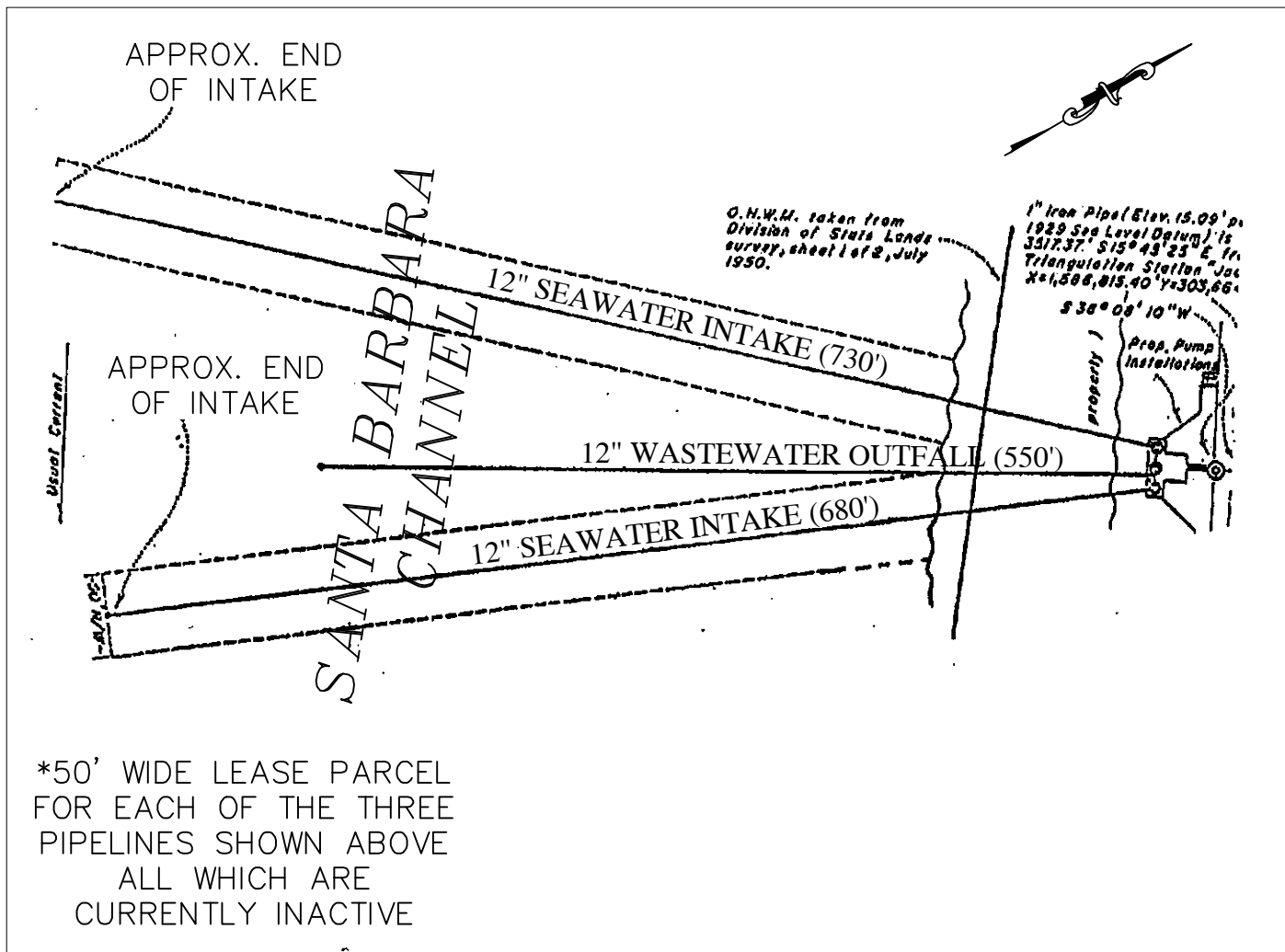
END OF DESCRIPTION

Revised March 3, 1983

June 3, 1993

NO SCALE

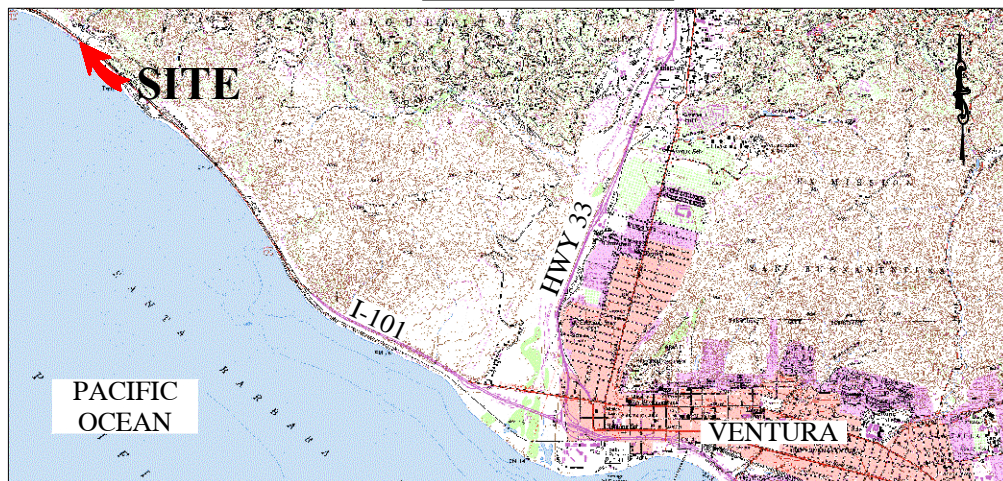
SITE



Santa Barbara Channel, near Ventura

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

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.

Exhibit B

PRC 3913.1
CALIFORNIA RESOURCES
PETROLEUM CORPORATION
GENERAL LEASE -
RIGHT-OF-WAY USE
VENTURA COUNTY



MFJ 9/24/19