

STAFF REPORT

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02/28/20
PRC 4270.1
N. Lavoie

REVISION OF RENT

LESSEE:

California Resources Production Corp.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Roaring River Slough and Grizzly Slough at Van Sickle Island, Solano County.

AUTHORIZED USE:

Continued use and maintenance of one existing 2-inch-diameter steel condensate pipeline and one 6-inch-diameter steel natural gas pipeline.

LEASE TERM:

20 years, beginning August 1, 2004.

CONSIDERATION:

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that rent be revised from \$200 per year to \$503 per year, effective August 1, 2020.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, 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.
2. On June 26, 2006, the Commission authorized a General Lease – Right-of-Way Use to Venoco, Inc., for the use and maintenance of one existing 2-inch-diameter steel water/condensate pipeline and one existing 6-inch-diameter steel natural gas pipeline ([Item C59, June 26, 2006](#)). On April 26, 2013, the Commission authorized an assignment from Venoco, Inc., to Vintage Production California, LLC, and a lease amendment to increase insurance requirements; add additional provisions for pipeline burial

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surveys and monitoring; add engineering, reporting and abandonment provisions; include an acceptance of a parent guaranty from Occidental Oil and Gas Holding Corporation for full performance of obligations under the lease; and to replace the land description and site and location map ([Item C07, April 26, 2013](#)). On June 19, 2014, the Commission authorized an amendment of the lease to modify the parent guaranty from Occidental Oil and Gas Holding Corporation to California Resource Corporation for full performance of obligations under the lease ([Item C24, June 19, 2014](#)). On December 5, 2014, the Commission was advised that Vintage Production California, LLC, had changed its name to California Resources Production Corp.

3. The lease requires the Lessee to perform subsequent bathymetric or burial surveys of the pipeline crossing on the Lease Premises every 5 years during the lease term. The Lessee provided surveys as of March 3, 2013. Staff has requested copies of the latest surveys.
4. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
5. Approving the revision of rent 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, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 4270.1 from \$200 per year to \$503 per year, effective August 1, 2020.

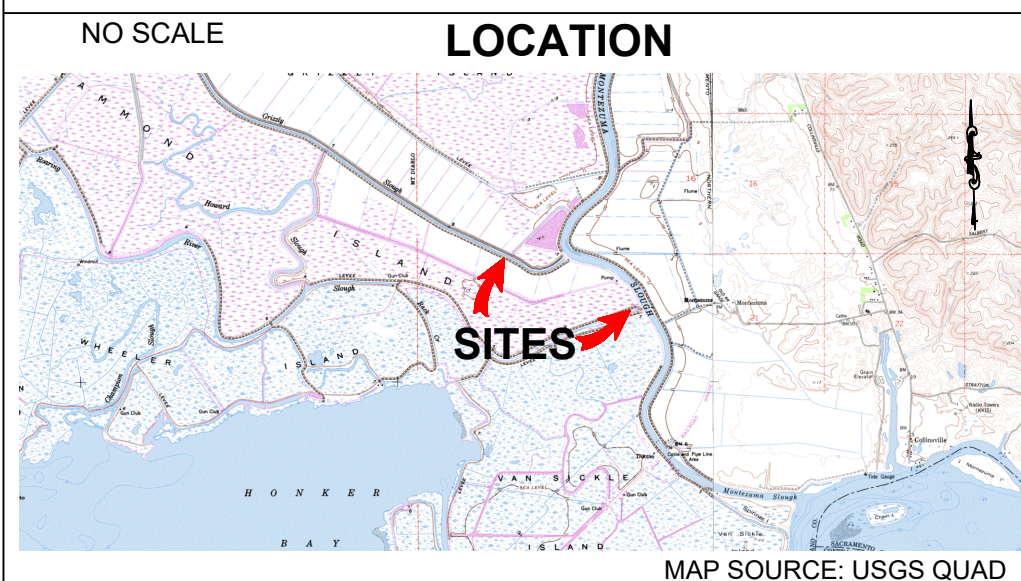
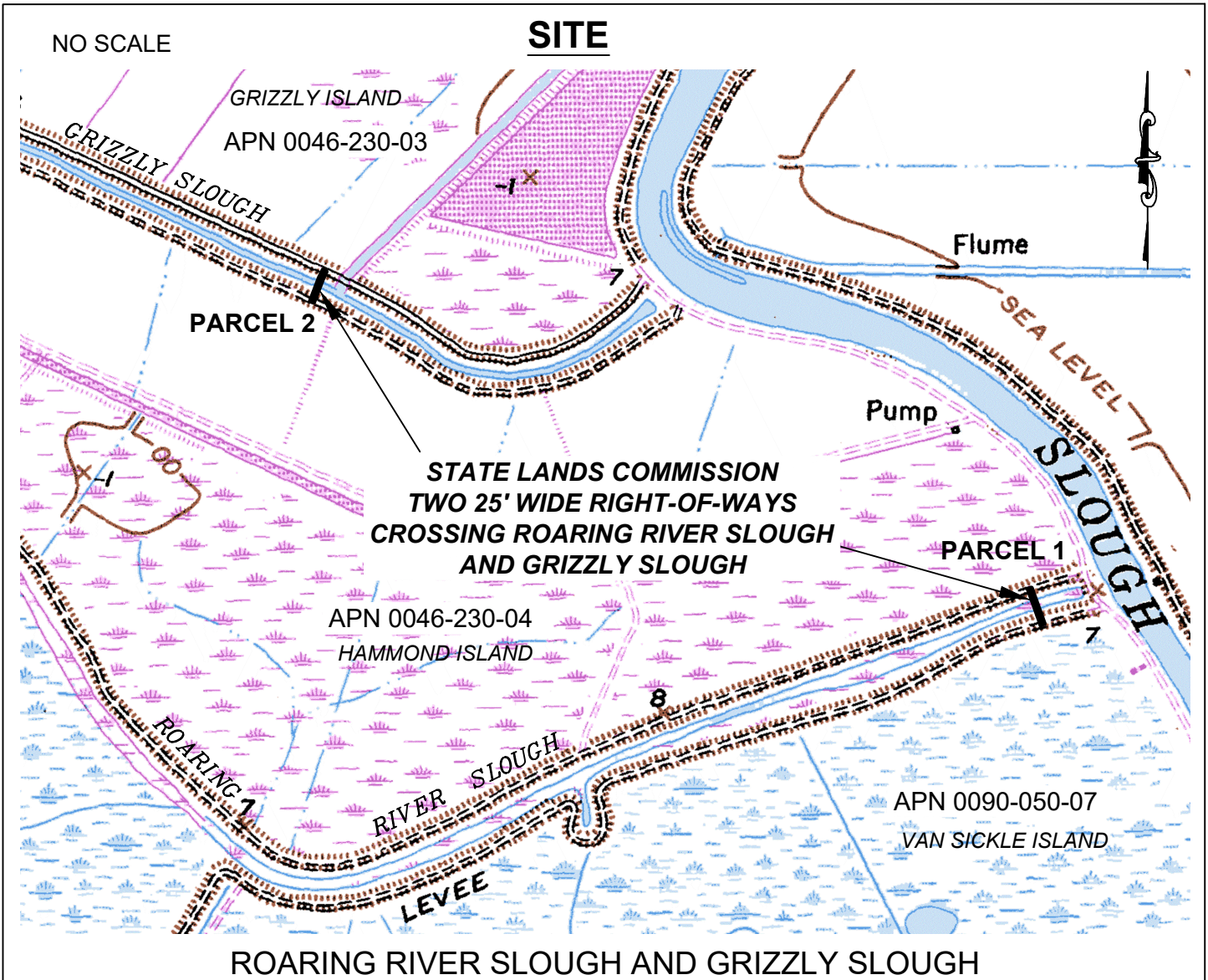


Exhibit A

PRC 4270.1
CALIFORNIA RESOURCES
PRODUCTION CORP.
APN 0046-230-03, 04 & 0090-050-07
GENERAL LEASE -
RIGHT-OF-WAY USE
SOLANO COUNTY



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.