

# Staff Report 20

## **LESSEE:**

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California Resources Petroleum Corporation

## **PROPOSED ACTION:**

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Revision of Rent

## **AREA, LAND TYPE, AND LOCATION:**

Sovereign land in Tomato Slough at Brannan Island, near Rio Vista, Sacramento County.

## **AUTHORIZED USE:**

One 8-inch-diameter high-pressure natural gas pipeline and access road.

## **TERM:**

20 years, beginning October 20, 2003.

## **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 \$450 per year to \$503 per year, effective October 20, 2020.

## **OTHER PERTINENT INFORMATION:**

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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 sovereign land as authorized by law. Upon expiration or prior termination of the lease, the Lessee has no right to a new lease or renewal of any previous lease.

2. On October 20, 2003, the Commission authorized a General Lease – Right-of-Way Use to Calpine Natural Gas Company, beginning October 20, 2003, for construction and maintenance of an 8-inch-diameter high-pressure natural gas pipeline and continued use and maintenance of an existing access road ([Item 3, October 20, 2003](#)). On June 23, 2011, the Commission authorized an assignment of the lease to Vintage Petroleum, LLC, an amendment of the lease revising the amount of security and the reporting and maintenance requirements for the pipeline, and continuation of rent ([Item 61, June 23, 2011](#)). On June 19, 2014, the Commission authorized an amendment of lease to modify the parent guaranty to California Resource Corporation ([Item 24, June 19, 2014](#)). In a letter dated December 4, 2014, the lessee requested its name be changed to California Resources Petroleum Corporation as a result of an internal reorganization. On October 19, 2017, the Commission authorized a revision of rent ([Item 53, October 19, 2017](#)). The lease will expire on October 19, 2023.
3. Commission staff requested an updated Operations and Maintenance Plan, burial assessment survey reports, results of internal inspections or pressure tests made in the bored crossing pipeline section, and periodic inspection results of the cathodic protection system operation, including pipe-to-soil potential surveys. Staff will review the reports upon receipt and based on the result take any and all actions necessary to ensure the safety of the pipeline consistent with the Commission's jurisdiction and authority.
4. The 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:**

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### A. Site and Location Map

## **RECOMMENDED ACTION:**

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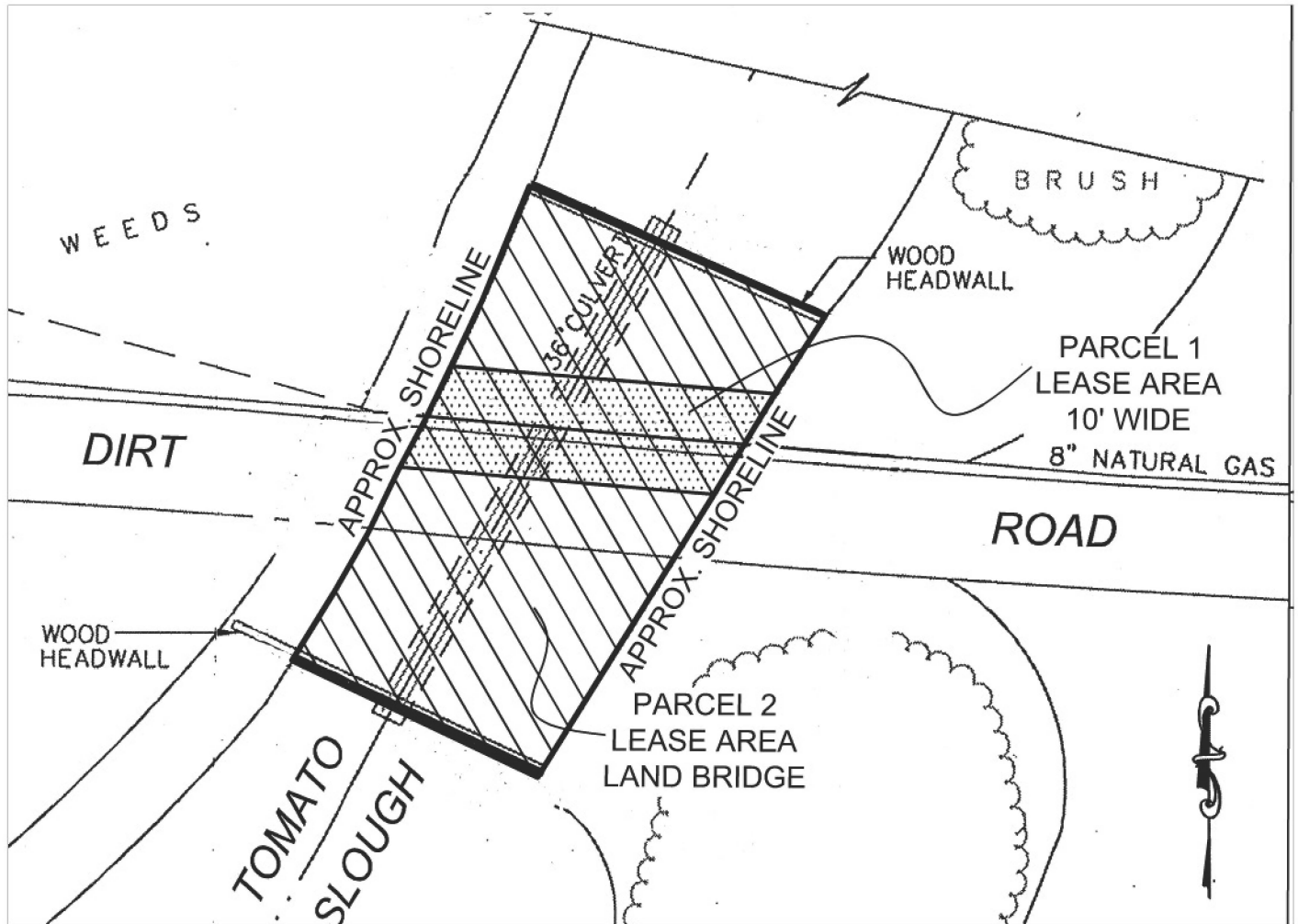
It is recommended that the Commission:

### **AUTHORIZATION:**

Approve the revision of rent for Lease No. PRC 8485 from \$450 per year to \$503 per year, effective October 20, 2020.

NO SCALE

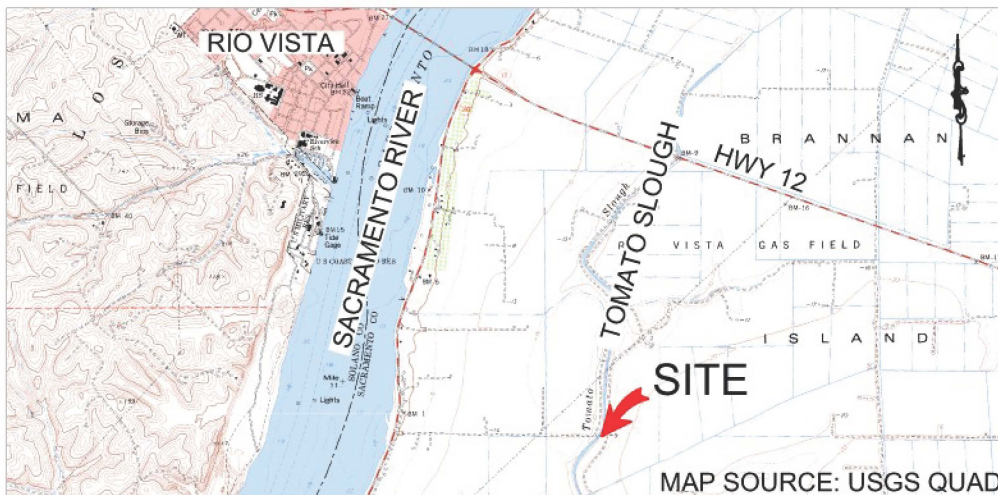
## SITE



TOMATO SLOUGH, NEAR RIO VISTA

NO SCALE

## LOCATION



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 A

PRC 8485  
CALIFORNIA RESOURCES  
PETROLEUM CORPORATION  
GENERAL LEASE -  
RIGHT-OF-WAY USE  
SACRAMENTO COUNTY



MJF 8/26/2020