

# Staff Report 65

## **PARTIES:**

---

California State Lands Commission California  
Department of Water Resources (DWR)

## **PROPOSED ACTION:**

---

Consider rescission of authorizations to accept a Transfer of Jurisdiction and to enter into a Memorandum of Agreement with the California Department of Water Resources related to a proposed carbon capture and sequestration project.

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

State-owned lands, Sherman Island, Sacramento County.

## **BACKGROUND:**

---

In early 2021 DWR staff approached Commission staff to collaborate on state review and leasing requirements for a proposed carbon dioxide storage project. DWR and an industry partner, Air Products and Chemicals Inc. (Air Products), were considering injecting carbon dioxide under state-owned property managed by DWR at Sherman Island in Sacramento County. DWR staff consulted Commission staff because of the Commission's expertise in leasing and management of real property, including subsurface oil, gas, and geothermal reservoirs. The Commission authorized staff to accept a Transfer of Jurisdiction of certain interests involving Sherman Island from DWR and to enter into a Memorandum of Agreement outlining the conditions of cooperation between the two agencies ([Item 43, April 27, 2021](#)).

On April 28, 2021, Air Products submitted a lease application to the Commission for the use of the subsurface at Sherman Island. Staff deemed that application incomplete and requested additional information by letter dated May 25, 2021. Air Products did not respond to the letter or subsequent communications and never completed the application.

Staff believes that Air Products has abandoned the project and the application. Staff's last response from Air Products was in February 2022. Following notice to Air Products and DWR staff, Commission staff terminated the incomplete application on March 1, 2023.

## **STAFF ANALYSIS AND RECOMMENDATION:**

---

### **AUTHORITY:**

Government Code section 14673; Public Resources Code section 6005, 6106, and 6216.

### **STATE'S BEST INTERESTS:**

Following the Commission's April 2021 authorizations, Commission and DWR staffs continued negotiating draft agreements, along with staff of the California Department of General Services which must approve transfers of jurisdiction. These agreements were never finalized because project details and administrative negotiations were not completed.

The Transfer of Jurisdiction and Memorandum of Agreement are no longer necessary because the proposed project application has been abandoned. Rescinding the April 2021 authorizations will provide a public record of the Commission's actions.

### **CONCLUSION:**

For the reasons above, staff recommends that rescinding the April 27, 2021 authorizations is in the State's best interests.

## **OTHER PERTINENT INFORMATION:**

---

1. Approval or denial of the requested rescission is a discretionary action by the Commission. Each time the Commission approves or rejects a recommendation, it exercise legislative delegated authority.
2. Rescission of the authorizations to accept a Transfer of Jurisdiction and to enter into a Memorandum of Agreement 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).

**RECOMMENDED ACTION:**

---

It is recommended that the Commission:

**STATE'S BEST INTERESTS:**

Find that rescinding its April 27, 2021 authorizations to accept a Transfer of Jurisdiction and to enter into a Memorandum of Agreement is in the State's best interests.

**AUTHORIZATION:**

Rescind the authorizations to accept a Transfer of Jurisdiction from the California Department of Water Resources and to enter into a Memorandum of Agreement with the California Department of Water Resources, as described in Staff Report 43 of April 27, 2021.