



March 25, 2024

California State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825

Sent via email [yessica.ramirez](mailto:yessica.ramirez@state.ca.gov)

**Re:** Assignment of California Resources Petroleum Corporation's Oil and Gas Leases Nos. 735 and 3314 to California Natural Resources Group, LLC.

Dear Commissioners,

Climate First: Replacing Oil & Gas (CFROG) is a grassroots environmental nonprofit dedicated to combating the climate crisis by working to shape the transition from fossil fuels to a carbon-free economy on the Central Coast. We are committed to ensuring that oil and gas operations are properly reviewed, permitted, monitored, compliant, and permit decisions prioritize climate and community health. We appreciate your thoughtful consideration of this comment letter on the assignment of California Resources Petroleum Corporation's (CRPC) oil and gas leases (735 and 3314) to California Natural Resources Groups, LLC (CalNRG).

We urge you to utilize the State Lands Commission's pre-existing authority to relinquish these leases. As detailed in the letter below, there are serious community concerns and legal conflicts with the overall continuance of operation on the leases and their reassignment. Due to various violations of lease conditions, local ordinances, and CEQA, the Commission has clear jurisdiction to revoke the leases. Additionally, the State Lands Commission must secure the maximum amount of bonding for decommissioning and the potential of an oil spill on all leases.

### **Pre-existing authority to relinquish leases**

The continued operation of the leases constitutes a public nuisance,<sup>1</sup> providing the Commission the authority to relinquish approval of operations on state land without a legitimate

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<sup>1</sup> See, e.g. Columbia Law School and Arnold & Porter, U.S. Climate Change Litigation, <https://climatecasechart.com/us-climate-change-litigation/> (last updated in December 2023).

threat of a takings claim.<sup>2</sup> This nuisance is clearly illustrated in the high risks of oil spills, climate change impacts of the production and transportation of oil and gas, and well-documented impacts on recreation, tourism, public health, environmental justice, and tribal cultural resources.<sup>3</sup> We urge the Commission to take advantage of this decision-making opportunity by relinquishing Leases no. 735 and no. 3314, and the nine other leases and three offshore platforms in state waters. These extraction sites pose unacceptable threats to the state, public health, the environment, and the economy and are in conflict with California's climate and environmental justice policy.

Exercising the Commission's authority to relinquish the leases, rather than reassign them, is a prudent and responsible decision. There is a common trend playing out across the state: large operators divesting wells near the end of their life to less solvent, smaller operators. A recent report shows that a major risk factor for wells becoming orphaned – or left behind for the state and taxpayers to clean up – is the tendency of the larger operators who originally drilled wells and operated them when they were at full production volumes to divest themselves of those wells when production declines or the well becomes idle.<sup>4</sup> The California study states:

Low production and idle wells are regularly and repeatedly sold to progressively less solvent operators. This process increases the risk that these less solvent operators will become insolvent and unable to comply with their plugging and abandonment obligations.<sup>5</sup>

Unfortunately, the Commission has a first-hand understanding of orphan wells. Just a few miles up the coast from Leases 735 and 3314, the state, and therefore taxpayers, is cleaning up and decommissioning Rincon Island after Greka Energy filed for bankruptcy.<sup>6</sup> The continued transfer of leases increases the risk of wells being orphaned, polluting natural resources and our beaches, and further solidifying the drilling as an unacceptable public nuisance.

## **Environmental injustice**

The State Lands Commission is committed to “a future in which environmental justice communities are no longer disproportionately impacted by pollution or environmental hazards,

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<sup>2</sup> As illustrated in a recent comment letter from Center for Biological Diversity, Comment re December 5, 2023 Item 61 (Report on the Commission's progress in implementing AB 2257),

[https://slcprdwordpressstorage.blob.core.windows.net/wordpressdata/2023/12/12-05-23\\_61PC.pdf](https://slcprdwordpressstorage.blob.core.windows.net/wordpressdata/2023/12/12-05-23_61PC.pdf) (December 15, 2023).

<sup>3</sup> California States Lands Commission. Staff Report 59 (December 5, 2023).

<sup>4</sup> FracTracker Alliance. Assessment of Oil and Gas Well Ownership Transfers in California. <https://www.fractracker.org/2023/05/assessment-of-oil-and-gas-well-ownership-transfers-in-ca/> (May 18, 2023).

<sup>5</sup> Ibid.

<sup>6</sup> California States Lands Commission. Rincon Onshore and Offshore Facilities. <https://www.slc.ca.gov/oil-and-gas/rincon/> (last updated October 18, 2023).

and all Californians can access and enjoy our beautiful public lands and natural resources.”<sup>7</sup> The reassignment and continuance of these leases are in direct conflict with the Commission’s environmental justice policy.

First, the census tract in which these leases are located experiences a pollution burden higher than 91 percent of the rest of California.<sup>8</sup> This area is the top most pesticide-exposed community in California and is in the top 20% of communities threatened by cleanup sites, groundwater threats, impaired waters, and solid waste. These direct and compounded threats of pollution and environmental hazards disproportionately impact people of color, who make up nearly 80 percent of the population in the community.

Second, these leases are directly limiting the surrounding environmental justice community’s access to the beach, ocean, and outdoor space. The oil and gas wells and support infrastructure sit in the middle of and limit McGrath State Beach. This beach and onsite campgrounds have been closed to the public since at least 2019 due to damage caused by high tide and flooding.<sup>9</sup> It is unacceptable and unjust that this public land has been deemed off limits for community members, due to climate change-driven weather and sea level rise, but acceptable for the oil and gas extraction that is driving the harm.

### **Reassignment inconsistent with state law and lease conditions**

California Public Resources Code 6804 holds the Commission to consider a variety of factors in their determination of an appropriate and legal lease reassignment. The reassignment of these leases to CalNRG is inconsistent with the following sections of PRC § 6804:<sup>10</sup>

*Any financial or economic considerations that may affect a proposed assignee and its ability to comply with the terms of a lease or permit. PRC § 6804(b)(1)(b).*

CalNRG has 1,100 idle wells in Ventura County.<sup>11</sup> This is the largest inventory of idle wells among Ventura County operators and is more than double the second-biggest offender, Aera Energy. This inventory does not include marginally producing active wells that are likely to become idle soon. According to the state, idle wells are wells “that for a period of 24 consecutive months have not produced oil or natural gas, produced water to be used in production stimulation, or been used for enhanced oil recovery, reservoir pressure management, or

<sup>7</sup> California State Lands Commission. Environmental Justice Policy. <https://www.slc.ca.gov/wp-content/uploads/2018/11/EJPolicy.pdf>

<sup>8</sup> According to CalEnviroScreen 4.0. <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>

<sup>9</sup> California Department of Parks and Recreation. McGrath State Beach. [https://www.parks.ca.gov/?page\\_id=607](https://www.parks.ca.gov/?page_id=607)

<sup>10</sup> California Code, Public Resources Code PRC § 6804

<https://codes.findlaw.com/ca/public-resources-code/prc-sect-6804-1/>

<sup>11</sup> According to data from CalGEM, summarized by Sierra Club, \$23 Billion Question: What Created California’s Orphan and Idle Well Crisis? <https://www.sierraclub.org/sites/default/files/2023-12/Idle%20Wells%20Report.pdf> (December 2023).

injection.”<sup>12</sup> Due to weak idle well regulations, operators are able to keep these wells idle in perpetuity by paying only a nominal idle well fee.<sup>13</sup> Given the terminal decline of Ventura County’s oil and gas production,<sup>14</sup> the likelihood of these wells being reactivated is low. The longer a well sits idle, the greater the risk becomes – from well casing failure, to increased emissions, to an increased chance of being orphaned.<sup>15</sup>

The cost to plug idle wells is significant. CalGEM estimates the average per well-plugging costs to be \$171,961 for the Northern District,<sup>16</sup> which Ventura County is at the southernmost tip of. Based on this conservative estimate, it will cost nearly 190 million dollars for CalNRG to plug all of its idle wells. Using industry data from April 2022, Carbon Tracker estimates the average total cost for plugging in the Coastal region to be \$328,000 – factoring in direct plugging and remediation costs and “known but unquantified costs and inflation.”<sup>17</sup> Based on this more realistic cost estimate, CalNRG will need to pay over 360 million dollars to plug just their idle wells. Given the fact that the state itself only has \$106 million in financial sureties for *all onshore operations across California*,<sup>18</sup> it is illogical to conclude that a single operator has set aside funds greater than the state. The liability that an operator holds across its operations, including activities on state leases, should be seriously considered in the Commission’s confidence in their economic well-being and ability to comply with the lease.

The Carbon Tracker report also found that revenue projections for oil and gas operations are unlikely to be sufficient to fully cover all decommissioning costs in the State.<sup>19</sup> A ‘stripper’ well is broadly defined as an oil well producing up to 10-15 barrels (bbls) per day and/or a gas well producing a maximum of 60-90 Mcf per day.<sup>20</sup> These types of wells are called ‘strippers’ because they are stripping the last remaining oil and gas out of the ground. These wells do not make much money but do delay closure costs. Over the last decade, operators across California have been delaying shutting down these minimally profitable wells (sometimes even operating at a

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<sup>12</sup> California Code, Public Resources Code - PRC § 3008.

[https://codes.findlaw.com/ca/public-resources-code/prc-sect-3008/#:~:text=\(d\)%20E2%80%9Cidle%20well%E2%80%9D.reservoir%20pressure%20management%2C%20or%20injection.](https://codes.findlaw.com/ca/public-resources-code/prc-sect-3008/#:~:text=(d)%20E2%80%9Cidle%20well%E2%80%9D.reservoir%20pressure%20management%2C%20or%20injection.)

<sup>13</sup> California Department of Conservation, Geologic Energy Management Division. (August 2023). Idle Well Program Legislative Report.

<https://www.conservation.ca.gov/calgem/Documents/Idle%20Well%20Program%20Report%20for%202021.pdf>

<sup>14</sup> Planning Division, Resource Management Agency, County of Ventura. Planning Commission Staff Report.

<https://ventura.primegov.com/Portal/viewer?id=343017&type=2> (September 21, 2023).

<sup>15</sup> FracTracker Alliance. Idle Wells are a Major Risk. <https://www.fractracker.org/2019/04/idle-wells-are-a-major-risk/> (April 3, 2019).

<sup>16</sup> Planning Division, Resource Management Agency, County of Ventura. Planning Commission Staff Report.

<https://ventura.primegov.com/Portal/viewer?id=343017&type=2> (September 21, 2023).

<sup>17</sup> CarbonTracker. There Will Be Blood: Decommissioning California’s Oilfields.

<https://carbontracker.org/reports/there-will-be-blood/> (May 18, 2023).

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Drillers.com. What Is A Stripper Well? <https://drillers.com/what-is-a-stripper-well/>

loss) and selling them to smaller companies with the goal to “strip all value from the ground and leave the cleanup bill to someone else.”<sup>21</sup>

Across the 20 active wells on these leases, the daily average production (over a 24-month period) is:<sup>22</sup>

- 7.95 bbls of clean oil or condensate produced (only 6 wells produce oil)
- 5.12 Mcf of gross gas produced
- 19.81 bbls of water produced

Additionally, we identified one idle well (API 0411122284) on the lease (with “State PRC” listed as lease) with no production. The Commission must ensure that this additional well, not included in the list provided by Commission staff,<sup>23</sup> is properly permitted and allowed.

As mentioned above, research has found that funding secured for the decommissioning of onshore oil and gas wells is significantly underestimated. The complete decommissioning and restoration of offshore wells is understood to be even higher and more underestimated due to the increased difficulty and complexity as compared to strictly onshore wells.<sup>24</sup> According to Commission Staff, the combined bond for both leases was increased to \$7 million in 2019.<sup>25</sup> Using the average total cost for *onshore* plugging in the Coastal region of \$328,000,<sup>26</sup> it will cost nearly \$6.9 million to plug and remediate the 20 active and 1 idle wells on the leases. While the required \$7 million is significant, it is not sufficient based on the higher costs and complexity of plugging and remediating offshore wells, or wells that drill into the ocean, like those on these leases.

The high number of idle wells CalNRG holds across their operations, the low production of wells on the lease, and the significant (but unaccounted for) costs of decommissioning underscores the need for the Commission to require the maximum amount of bonding in this lease reassignment. Until the Cost Study on a Voluntary Relinquishment of State Offshore Oil and Gas Leases is complete (with the most up-to-date decommissioning and restoration costs), the Commission cannot determine the appropriate amount of bonding to cover 100 percent of costs. To ensure that maximum bonding is secured from an operator before the lease is transferred,

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<sup>21</sup> CarbonTracker. California Gives New Meaning to Stripper Wells.

<https://carbontracker.org/california-gives-new-meaning-to-stripper-wells/> (April 20, 2020).

<sup>22</sup> According to data from CalGEM’s WellSTAR for the following wells: APIs 411100787, 411100838, 411100843, 411100847, 411100841, 411100839, 411100845, 411122285, 411100844, 411100846, 411100848, 411100840, 411121316, 411122117, 411122170, 411122183, 411122184, 411122185, 411122186, 411100822

<sup>23</sup> Email communication, March 22, 2024; Re. Discuss Leases Nos. 735 and 3314 to California Natural Resources Group (Y. Ramirez, et al.)

<sup>24</sup> OGV Energy. Offshore Oil and Gas Field Decommissioning: Disputes and Challenges.

<https://www.ogv.energy/news-item/offshore-oil-and-gas-field-decommissioning-disputes-and-other-challenges> (October 25, 2021).

<sup>25</sup> Video call communication, March 4, 2024 (S. Meshkati, Y. Ramirez, V. Perez, E. Tajer, J. Fable)

<sup>26</sup> CarbonTracker. There Will Be Blood: Decommissioning California’s Oilfields.

<https://carbontracker.org/reports/there-will-be-blood/> (May 18, 2023).

lease-specific cost analysis should be complete or the Commission should wait and be directed by the Cost Study.

*Any information concerning the proposed assignee's compliance or noncompliance with other contractual obligations to the state or other government agency. PRC § 6804(b)(1)(c).*

CFROG has identified at least two obligations to the state that the Commission should ensure operators have met before a lease transfer can be considered:

First, according to Commission staff, the last Safety Audit Report on the leases was completed by the California State Lands Commission in April 2018.<sup>27</sup> Based on reviews completed by the County of Ventura staff during and after this time (summarized below), there were significant ordinance violations that could impact the safety of the site. Additionally, climate change-driven extreme weather events, including flooding and storms, have significantly increased over the last seven years.<sup>28</sup> These wells are on the shore, very near the ocean, and susceptible to risks presented by high tide, flooding, and storm waves (see Image 1). The Commission has recognized the “hundreds of hazardous facilities along the coast vulnerable to flooding” and has the responsibility to adapt its processes and procedures for managing Public Trust in the face of these threats.<sup>29</sup> Given this recognized public nuisance threat, a responsible procedure to adopt would be the revoking of leases impacted by flooding and sea level rise. At the very least, the Commission should wait to complete the scheduled Safety Audit Report in Summer/Fall 2024 before reassigning the leases.

The devastating 2021 Huntington Beach oil spill inspired the state legislature to consider voluntary relinquishments of existing onshore oil and gas leases.<sup>30</sup> It is important to acknowledge that leases up and down the California coast have created the conditions for irreversible damage and contamination. In 1993, these two leases were the site of a major oil spill, resulting in at least 84,000 gallons of runaway crude oil and significant death to birds and other beach wildlife.<sup>31</sup> There is no safe or clean way to drill for oil, as illustrated by the serious modern history of oil spills in California.

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<sup>27</sup> Email communication, March 5, 2024; Re. Discuss Leases Nos. 735 and 3314 to California Natural Resources Group (Y. Ramirez, et al.)

<sup>28</sup> National Centers for Environmental Information, National Oceanic and Atmospheric Administration. California Summary. <https://www.ncei.noaa.gov/access/billions/state-summary/CA> (last updated March 8, 2024).

<sup>29</sup> California State Lands Commission. Shoreline Adaptation and the Public Trust. <https://slcprdworpressstorage.blob.core.windows.net/wordpressdata/2023/12/Shoreline-Adaptation-Report.pdf> (pg. 19 and 47)

<sup>30</sup> California State Lands Commission. Cost Study on a Voluntary Relinquishment of State Offshore Oil and Gas Leases. <https://www.slc.ca.gov/oil-and-gas/cost-study-on-a-voluntary-relinquishment-of-state-offshore-oil-and-gas-leases/> (last updated December 28, 2023).

<sup>31</sup> The Los Angeles Times. Cleanup of Oil Spill at Beach Progresses : Oxnard: Death toll among birds and wildlife rises. Company officials are still unable to say what caused the leak. <https://www.latimes.com/archives/la-xpm-1993-12-29-me-6433-story.html> (December 29, 1993).



Image 1: Drone footage of wells on Leases 735 and 3314 after major storms in early January 2024



Second, state law requires that the reassignment of these leases to a new company to operate oil and gas wells be accompanied by the posting of a full bond for the plugging and abandonment, decommissioning of the facility, and site restoration to CalGEM.<sup>32</sup> In addition to collecting the full bonding required by the Commission (determined by the Cost Study), the Commission must ensure that operators are in compliance with this state obligation to CalGEM. Considering that the Commission has had to rely on extra bonding from the state in remediation efforts at Rincon Island and Platform Holly,<sup>33</sup> it is essential that this required bonding at CalGEM is met as a result of this considered reassignment.

*Any record of noncompliance with any other laws or regulations. PRC § 6804(b)(1)(d).*

This lease has been the site of multiple historic and ongoing violations of local county ordinances and the California Environmental Quality Act (CEQA). CFROG's analysis does not include a comprehensive review of possible violations of state and federal laws. This record of noncompliance is not only evidence against the lease reassignments (per the code referenced above) but is a reason to terminate the leases altogether. Condition 9 of Lease No. 3314 and Lease No. 735 requires lessees to comply with all valid federal and state laws and local city and

<sup>32</sup> AB 1167. [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202320240AB1167](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1167)

<sup>33</sup> Video call communication, March 4, 2024 (S. Meshkati, Y. Ramirez, V. Perez, E. Tajer, J. Fable)

county ordinances. As summarized in a document obtained from the County of Ventura (attached), operators on the lease have committed various serious violations, including but not limited to:

- Developments inappropriately applied and approved via site plan adjustment and permit adjustment, therefore, circumventing CEQA and inconsistent with local ordinance requirements, including, but not limited to:
  - Installation of Rotoflex pumping units that exceed the County’s height limitations for the applicable zone.
  - Drilling of new wells (described as “replacement wells”) within the nearshore areas where new wells are prohibited in the Local Coastal Program.
- Installation of a flare without proper permitting review and noncompliant use of it as a full-time flare, rather than as an emergency flare (as it was authorized in the Conditional Use Permit).

These developments, which are a result of permit violations, review failures, and blatant inconsistencies with local ordinances – pumping units, wells, and flare – are in current use. In the same obtained document from 2021 (attached), County of Ventura staff state:

This permit application does not have a promising path forward (e.g., discovery of anomalies in previous permitting actions, height exceedances, drilling of new wells west of Harbor Blvd., omission of changes to flaring and cessation of pipeline for gas may make a staff recommendation approval insupportable.

This record of noncompliance with CEQA and various local ordinances is incompatible with a sound reassignment decision and violates the conditions of both leases, therefore, invalidating them. According to the Public Trust Doctrine, the Commission is not constrained by previous authorizations and lease agreements and may condition or deny uses at its discretion upon lease expiration or if lease terms and conditions have been violated.<sup>34</sup> These well-documented violations of local ordinances, state CEQA law, and the conditions of the leases provide additional justification for the Commission to revoke the leases. If the Commission has not yet already provided written notice to the lessees (as required by Condition 6 in Leases 735 and 3314) citing violations and consequences, we urge the Commission to do so prudently.

## **Conclusion**

Using the pre-existing authority the California State Lands Commission has, based on the Public Trust Doctrine and documented violations of the leases themselves, we urge the Commission to revoke leases 735 and 3314.

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<sup>34</sup> California State Lands Commission. Shoreline Adaptation and the Public Trust. <https://slcprwordpressstorage.blob.core.windows.net/wordpressdata/2023/12/Shoreline-Adaptation-Report.pdf> (pg. 12-13).



Sincerely,

A handwritten signature in black ink that reads "Haley Ehlers". The signature is written in a cursive, flowing style.

Haley Ehlers, Executive Director  
Climate First: Replacing Oil & Gas (CFROG)

ATTACHMENT:

Planner notes & memorandum draft from February 3, 2021; obtained from the County of  
Ventura

1. Several of the actions approved under PAJs and SPAJs during the last decade substantial changes to the approved development that were not appropriate to have been handled as PAJs and also appear to have circumvented CEQA, and/or are not consistent with Ordinance requirements. Specifically, several of the approvals authorized installation of Rotoflex pumping units that exceed the County's height limitations for the applicable zone. In some cases, staff was not informed at all that these new pumping units were up to three times taller than the existing or previously used units, in other cases the change to the Rotaflex units was mentioned in the submittal docs, but not evaluated for conformance with the Ordinance standards during staff's review of the proposal. Specifically, staff did not appropriately evaluate the impacts these taller units would have visually on coastal and scenic resources in the area, or that the height exceeded the allowable height within the Ordinance for that zone. Several of the approvals also approved the installation of "replacement wells" which were actually new wells within the nearshore area where new wells are prohibited. This is inconsistent with the approved Local Coastal Program (which prohibits new wells west of Harbor Blvd).
2. CRC and its predecessor exchanged/installed a flare at the M4 pool site without proper permitting review and have been using it as a full-time flare rather than as an emergency flare (as it was authorized under the CUP). The anomaly was discovered during staff's review of a ZC application CRC submitted in 2018 to install a shroud on the flare... when staff's review of the previous approvals indicated that the flare was already supposed to be shrouded and was supposed to be nearly 20' lower in height and of a different design than had been installed. Essentially, they requested to staff to move an existing flare and then installed a completely different flare that not only exceeds the height limitations for the zone, and also wasn't shrouded (making it more visible across the plain).
3. The flare at the M4 pool location is not being used not in accordance with its permitted 'emergency' use. CRC decommissioned the natural gas pipeline extending from the M4 pool site north across the Santa Clara River, and has been flaring their gas instead without having obtained review and modifying their permit to address the change in transport/flaring of the gas from the site. This requires a mod to the permit – so CRC was requested to wrap this into their PL16-0130 revisions.
4. The mapping GIS layer for this CUP needs updating as it does not show the correct current boundary for this CUP. The mapping should be updated to reflect any

excisions or reductions from the originally approved lease/permit area (including areas annexed by City of Oxnard).

5. This permit application does not have a promising path forward (e.g., discovery of anomalies in previous permitting actions, height exceedances, drilling of new wells west of Harbor Blvd., omission of changes to flaring and cessation of pipeline for gas may make a staff recommendation approval insupportable, while political climate has not been favorable to much simpler and 'cleaner' applications than this one). However, staff is concerned that it appears to be CRC's intention to have it continue to languish in 'incompleteness' in perpetuity. Staff has previously recommended to management that the application be terminated or that CRC be directed that staff will proceed to hearing with a recommendation for summary denial if the appropriate information to complete the application is not submitted in a more timely fashion.

Following additional meetings with CRC representatives, County staff sent a revised/updated incompleteness letter to CRC in January 2020. CRC has not responded, and the application has remained 'incomplete' for another full year – all while CRC has continued to repeatedly pressured staff to prioritize issuance of ZCs for new development on both this lease and other lease areas. This permit technically expired in 2016, and the current planner was assigned to take over the case in 2018. Although the Ordinance allows for the Planning Director's discretion in continuation of a permit while a mod is being processed, this is not intended to be indefinite – and the continual lack of diligent or responsive progress by CRC has far appears quite plainly to be a calculated strategy at this point.





## Memorandum -- draft

County of Ventura · Resource Management Agency · Planning Division  
800 S. Victoria Avenue, Ventura, CA 93009-1740 · (805) 654-2478 · [ventura.org/rma/planning](http://ventura.org/rma/planning)

**DATE:** February 3, 2021  
**TO:** VC Planning  
**FROM:** Bonnie Luke, Senior Planner  
**SUBJECT:** CUP 12

This memo is to memorialize the history and status of CUP 12 at this time. Yellow highlighted areas indicate information that is still being updated.

Location: Montalvo West Oil Field, adjacent to and south of the Santa Clara River, near Gonzales Road

APNs: 016-0-130-115 and 016-0-130-045 (a portion thereof)

CUP 1866 was granted by the County Board of Supervisors to the Standard Oil Company on February 17, 1948 for the production of oil and gas on land located on three parcels of land (portions of the Rancho Santa Clara o' La Colonia, and Rancho San Miguel, all located near the mouth of the Santa Clara River) located 4 miles northwest of the City of Oxnard. The permit authorized the "Drilling for and extraction of, oil, gas and other hydrocarbon substances and installing and using buildings, equipment, and other appurtenances accessory thereto, including pipelines, but specifically excluding processing, refining, packaging, bulk storage or any other use specified in Ordinance No 412 as requiring a special use permit."

As with many of the very early CUPs where the CUP was essentially authorizing the continuation of already-existing uses, the CUP was approved with few additional special conditions other than those already outlined/required by Ordinance 412.

### Confirmed well list:

API 11106195	Frankel 3	redrilled/deepened 10/8/1963	status = idle
API 11102638	Frankel 1	spudded 3/11/1965	status = idle

Plans exist in the file, dated September 1953, indicate the construction/presence of several buildings on the McGrath Lease 4 portion of the CUP area, just northeast of the

intersection of Harbor Blvd. and Gonzales Road. These include: a field office building, a warehouse, and a motor transport shed attached to the west side of the warehouse, a lab, a 'change room', and two storage sheds. The storage sheds, change house, and lab were all removed, altered, or incorporated into different CUPs over the intervening years, however the warehouse/shed and field office remain in essentially their original configurations.

**Expiration and relinquishment of a portion of CUP area.** On April 8, 1957, The Ventura County Planning Commission approved resolution 1128-a which recognized the expiration of a portion of CUP 12 (the Mary W. Maxwell, et al, Lease No. 3) that was concurrently being proposed for inclusion into CUP 589 (also to be operated by Standard Oil).

**ZC 10515:** On January 30, 1963 a ZC was approved to move a Storage building onto the site (McGrath 4 Lease), just north of Gonzales Road.

**ZC 14021:** On June 18, 1964, the Planning Director approved a ZC authorizing construction of proposed office as an accessory building

**ZC43033:** On January 21, 1986, a zoning clearance was approved for installation of oil production well #McGrath 5-911. (need to recheck this reference as timing isn't matching DOGGR records for this well)

#### **LU12A**

**CUP 0012 SPA** – redrill of existing oil well

#### **LU12B**

**CUP 0012 SPA2** – REPLACEMENT 6" WATER PIPELINE NOTES: 138-0-080-07, 138-0-090-21

**ZC43033** - Power pole for electrical service for oil production approved 1/21/86

**ZC67481** - Power pole for electrical service for oil production approved 11/7/90

**ZC43033** - Power pole for electrical service for oil production approved 1/21/86

**ZC67481** - Power pole for electrical service for oil production approved 11/7/90

**McGrath Oil Spill:** On December 25, 1993 OSPR was notified of an oil spill at the site when an MMS helicopter crew was conducting an overflight of the area. Approximately 1,800 to 2,000 barrels (~80,000 gallons) of oil spilled from a rupture in a crude oil transfer line located between the 735 Lease area and the Colonia tank battery. This ruptured pipeline was located north of McGrath lake, adjacent to Harbor Blvd. The



cause of the rupture was unknown. Oil entered the creek and flowed into the north end of the lake. At the time of the spill a small discharge pump on the north end of the lake was activated, which resulted in a small percentage of the oil also flowing through the shallow slough located northwest of the lake and into the Pacific Ocean. Oil impacted McGrath State Beach, McGrath Lake, and approximately 7 miles of coastline (extending from Pierpont in the north, to Channel Islands Harbor, in the south). Subsequent cleanup efforts removed 1,686 barrels of the approximately 2,000 barrels that were spilled. Thus, about 84% of the total oil spilled was recovered. Unified Command determined that the cleanup was complete on 2/14/1994. At the time, this was Ventura County's worst spill (to date).

**McGrath Oil Spill Emergency Permit:** On December 30, 1993, the Planning Director approved an emergency permit to Bush Oil Company to authorize spill-related cleanup activities within the CUP 12 area related to the December 25, 1993 oil spill (i.e. the coastal zone portions of the CUP located to the west of Harbor Blvd). A requirement-condition of the emergency permit was that Bush Oil would submit a subsequent application within 30 days for a permit modification to CUP 12 to incorporate all cleanup and repair-related actions.

**CUP 12 Modification #1:** On September 12, 1996 the Planning Commission granted a modification to CUP 12 for the following uses:

- 1) The production, reworking and maintenance of the 33 (13 active, 20 idle) existing oil and gas wells (s) identified on Site Plan A, and the existing production and transporting operations, facilities, equipment and other appurtenances accessory thereto as described on Site Plan A, situated on the existing 20 graded Drill Pads (19 McGrath Lease, and 1 State Lease site), 2 tank batteries, and 1 warehouse/office site, in accordance with Site Plan B, and located within the permit area described on Site Plan C.
- 2) To authorize the temporary site clean-up after the December 1993 oil spill.
- 3) To authorize the restoration of the site affected by the oil spill pursuant to the Trustee Agencies approved Restoration Plan (See Condition No. B-2).

**An expiration date for the permit was set for 9/30/2016.**

This mod also separated the CUP into two areas: CUP12A = the Coastal zone portion and CUP 12B for the non-coastal zone portion.

This mod also deleted from the permit two inland parcels where the permit had never been use inaugurated – as shown on Exhibit "10" (i.e. two parcels to the north of Santa Clara River, and inland of the coastal zone).

**ZC78893** - Electrical service for soil remediation from leaking underground tank approved 11/11/98

**ZC79194** - Demolition of farmhouse and garage approved 2/1/99 ???

**CUP 5322 (Gladstone-Dole Packing Facility):** On April 1, 2004, the Planning Director authorized a new CUP authorizing construction and operation of a cold/preliminary produce packing facility consisting of a 1,344 sq. ft. office to replace the existing office (identified as the 'change room' on plans from 1953, addition of a 33,934 sq. ft. cold storage building, 18,180 sq. ft. dry storage building, and a 82,000 gallon water storage tank to the non-coastal portion of McGrath Lease 4. Structures are proposed for the preliminary processing of agricultural products grown on the site. **Condition 1 (Permitted Land Uses) withdraws the permit area from that of CUP 12.** This permit was approved for a period of 10 years, with an expiration date of 4/1/2014. A minor modification to extend this permit (PL13-0151) was subsequently approved on February 2, 2015 which extended the permit for an additional 10-year period (to February 15, 2024) and expanded the CUP area to encompass a truck staging area within the coastal zone portion of the property.

**LU05-0151 (SPAJ):** On December 23, 2005, the Planning Director approved a site plan adjustment to CUP 12 for the redrill of the existing PRC 735 F-2 well (located at McGrath Beach) in order to directionally drill to a bottom hole location underlying State Lease PRC 3314. The re-drill required cutting and recovering the existing 7-inch production casing to a suitable depth below the surface casing, laying a cement plug and directionally drilling the well to the bottom hole target approximately 1,500 feet offshore into the Colonia Zone of the Sespe Formation at approximately 12,000-13,000 feet measured depth. It was estimated that it would take 35-40 days to complete the project. No additional surface facilities were deemed necessary and existing tanks and piping were to be used to transport crude oil from the well.

**May 2007** – Venoco acquires West Montalvo field (involving approximately 65 wells and associated facilities) from Berry Petroleum for \$63 million. "The field, discovered in 1951 has 243 million bbl of oil in place with only 10% recovered." Per media articles, "Venoco initially plans to return idle wells to production, enhance the lift systems, and upgrade the facilities." The sale allowed the struggling Venoco to lower its debt.

**LU07-0119 (SPAJ):** On Oct 25, 2007 the Planning Director approved a site plan adjustment to CUP 12 for the redrill of an existing well (#1214A) on the McGrath 4 Lease in the West Montalvo Field. APN 138-0-080-075.

**LU08-0059 (SPAJ):** On October 6, 2008, the Planning Director approved a site plan adjustment to CUP 12 for the addition/construction of a new (separate) wet oil metering



facility/equipment at the Lease 735 Tank Setting, and to allow an electrical hook-up for existing oil well No. C-3. APN 138-0-080-075.

**LU08-0119 (SPAJ):** Site Plan Adjustment to CUP-12 - Venoco. Request is for the addition/construction of a new (separate) wet oil metering facility/equipment (new automatic well test unit (foundation and electrical hookup)) at the Lease 735 Tank Setting. addition/construction of in the existing fenced-in tank setting APN 138-0-080-075, approved 11/4/2008. (Venoco)

**LU08-0097 (PAJ):** On April 13, 2009, the Planning Director approved a permit adjustment to CUP 12 for the conversion of oil production well No. MS911 at McGrath Lease 5 Area to a produced water injection pump through the placement of high pressure injection pumps and replacement of the existing 40' pumping unit with a 5' tall wellhead. The adjustment included construction of new skid pad for pump, and use of the existing pipelines. No trenching was required for the project. APN 138-0-080-075 (outside the coastal zone). Associated ZC for conversion = ZC09-0319.

**LU08-0140 (PAJ):** On April 13, 2009, the Planning Director granted a permit adjustment to CUP 12 for conversion of oil production well No. M4 - 811 (McGrath 4 lease area), to a produced water injection well, APN 138-0-090-225. Site zoning is Agriculture Exclusive.

**LU10-0005 (SPAJ):** Site Plan adjustment to Conditional Use Permit No. 12 to revise CUP -12 Modification 1, Condition A-19(a)(1), authorizing addition of language providing an option of payment to state parks for a dune restoration project and maintenance project adjacent to the access road in lieu of installing the required buffer landscaping between the site and the McGrath State Beach campground host residences. Approved 3/29/2010. Modify Condition No. A-19.a.1 of Conditional Use Permit No. 12 to change landscape buffering condition to provide a \$25,000.00 fee to the State Parks for dune restoration at McGrath State Park.

**LU10-0009 (Min MOD):** Minor Modification of CUP 12. Minor Mod (LU10-0009) was a proposal by Venoco, Inc. (Venoco) to re-enter seven existing wellbores (1210, C-1, E-3, C-2, D-4, E-1, C-3) on the McGrath 4 Lease in Ventura County's CUP 12 Permit Area. The drilling locations were located on the west side of McGrath Lake, in an area of several active wells arranged in a roughly north-south linear array. This area is bounded by oil field facilities (including the Lease 735 Tank Setting) and Harbor Blvd. to the east. Temporary trailers for the drilling supervisor and workers were proposed during drilling. Drilling operations would occur 24 hours a day for approximately 14 months. An MND was prepared for this action and the Mod was approved with 68 COAs.

The following is from the Executive Summary of the project description as provided by Venoco, Inc.:

*Venoco, Inc. (Venoco) is the Operator of State Tidelands Lease PRC 3314. Venoco proposes to continue the previously approved development plan for State PRC 3314 by re-entering seven existing wellbore bottomhole locations on the PRC 3314 lease (Figure 1). These wells are designated: 3314-C3, 3314-E1, 3314-C2, 3314-1210 (G1 location), 3314-C1, 3314-D4 (G2 location) and 3314-E3. The surface drilling locations for this project are located in the Beach Lease area of Venoco's West Montalvo Oil Field.*

*A parcel map, West Montalvo Field base map, and project site plan of the onshore well locations are provided in Attachment 2. The project site is located in unincorporated Ventura County, on Assessor's Parcel Number 138-0-080-075. The site is located west of Harbor Blvd. in an area of several active wells arranged in a roughly north-south linear array. This area is bounded by oil field facilities (including the Lease 735 Tank Setting) and Harbor Blvd. to the east; open space and McGrath Beach State Park to the north; open space, dunes, beach and the Pacific Ocean to the west; and oil field wells and facilities to the south. McGrath Lake is located to the south and east. Access is via a private road from Harbor Blvd.*

*The bottomhole locations range from 1200 to 4000 feet offshore. The goals for this project are to further delineate and develop the PRC 3314 offshore area. The completion target is the Colonia Zone of the Sespe Formation at approximately 11,000 to 13,000 feet true vertical depth. Currently, State PRC 3314 has three producing wells: State PRC 3314-1, State 3314-2 and State PRC 3314-F2.*

*These wells form part of the West Montalvo Field, owned and operated by Venoco Inc, that is located about five miles south of Ventura and four miles west of Oxnard, Ventura County, California (Figures 2 and 3). The field is divided into two productive areas: the McGrath Pool to the north with oil and gas production from the Pliocene Pico sands; and the Colonia Pool to the south with oil production from the Late Eocene - Oligocene Sespe Formation. The Colonia sands extend offshore onto the State PRC 735 and State PRC 3314 leases. All of the West Montalvo production wells, including those drilled onto the State offshore leases, were drilled from onshore locations. Shell first leased State Lease 3314 in 1965 and the first commercial well, 3314-1, was drilled in 1985. Berry Petroleum purchased the lease from Shell in 1990 and presented a development plan that consisted of drilling two more wells, 3314-F2 and 3314-2, that was approved by the State Lands Commission in 2005. Berry sold the lease to Venoco in 2007. Venoco drilled 3314-F2 in July 2007 and 3314-2 in December 2008. This development plan will focus on future proposed work for State Lease PRC 3314 and the plan's potential impact on the West Montalvo Field area*

DOGGR records show that redrills occurred on C-1, C-2, D-4, E-1, and C-3, but not 1210. No records are available on well E-3 to know whether this well was redrilled.

**Individual ZCs were not obtained as required for these redrills by CZO section 8175-5.7.5 (required permits).**

**LU12-0021 (PAJ)** On February 28, 2012 the Planning Director approved a permit adjustment to CUP 12 (as modified by LU10-0009) that authorized the redrill of well 3314-D4 RD1. The redrill sidetracked the existing wellbore in order to access same



(offshore) formation at a different depth. All conditions of CUP 12/LU10-0009 remained in effect.

On July 15, 2013, an extension of the effective period for the PAJ was approved. This created a new expiration date by which a ZCUI needed to be obtained.

- **ZC13-0733** = ZCUI for LU12-0021; authorized the re-drilling of well 3314-D4 (issued 8/8/2013, expired 2/8/2014).
- **ZC14-0033** = renewal of ZC13-0733 (issued 1/17/14 to 7/17/14)

**\*\* DOGGR records for this well indicate that a redrill of this well was completed on 10/21/2012. This is nearly two years prior to issuance of either of the above ZCs. Therefore, it appears that the 2012 redrill of 3314 was not conducted in conformance with Planning/Ordinance requirements.**

It is odd that an extension to the PAJ was apparently sought and granted in mid 2013 – as this suggests that the intended redrill hadn't occurred by that time – but as it apparently had, why was the extension sought? Likely because the redrill wasn't successful?? The well does not appear to have been redrilled again before either of the two ZCs issued in 2013 and 2014 expired. Therefore, **it would appear that this PAJ was never vested; however, staff will need to conduct further review of the records regarding the PAJ extension request in 2013 (i.e. what prompted it) in order establish exactly what happened here.**

**PL12-0067 (SPAJ):** Site Plan Adjustment to CUP 12 to add new three new equipment items: 1) condensate separator at lease 735 facility, 2) H2S scrubber tower at M4 pool facility, and 3) emergency flare system at the M4 pool facility.

**PL13-0016 (PAJ):** Permit Adjustment to CUP 12. This was proposal by Venoco, Inc. (Venoco) to re-enter 2 existing wellbores (DOGGR Well Numbers 1212 and 1214A) to access oil reservoirs in State 3314 Lease from Ventura County's CUP 12 Permit Area and drill 3 new wells in exchange for the plugging and abandoning of three idle wells (DOGGR Well Numbers 1112, 1114, 1215A). The drilling locations were located on the west side of McGrath Lake, in an area of several active wells arranged in a roughly north-south linear array. Temporary trailers for the drilling supervisor and workers are proposed to be onsite while the drilling is taking place. If the drilling is permitted operations would occur 24 hours a day for approximately 60 days per well. An MND addendum was prepared and the PAJ was approved with revised COAs (a total of 61 COAs).

**The approval of this PAJ was not consistent with the County's Ordinance – the drilling of new wells is prohibited within the coastal zone west of Harbor Blvd.**



- **ZC14-0520** = ZCUI for PL13-0016.
- **ZC14-0831** = confirmed abandonment of 1112 and approval for drilling 3314-40. However 3314-40 was never drilled and ZC expired.

**October 2014 – Venoco sells West Montalvo field assets to Occidental Petroleum for \$200 million. Occidental is already in works to spin off its California Resources Corp. subsidiary.**

**October 2, 2014 – Occidental board of directors approves spin-off of California oil and gas operations into separate company – California Resources Corporation (CRC).**

**Nov 30, 2014: CRC Spin-off became effective**

**PL15-0116 (SPAJ):** Site Plan Adjustment to CUP 12 for fencing along access roadway, 6ft tall chain link fence topped with barbed wire.

**PL16-0130 (MOD):** Permit modification of CUP 12 to allow for continuation of the operations and facilities authorized by CUP 12 for an additional 20-year period.

Enter latest updated project description here... - still pending formal submittal by CRC of revised description that accounts for changes to pipeline, flaring, intent to drill new wells, etc.!!

**ZC17-1257:** (withdrawn). With this zoning clearance application, CRC requested the installation of a shroud for the existing flare at the M4 Pool site, resulting in a total height of over 40' for the resulting structure. During review of the application staff determined that the existing flare had been built in a different configuration than had been approved by Planning (it was both taller and unshrouded!). The applicant subsequently withdrew the application for this zoning clearance, and was supposed to revise/include the change to the existing flare in their already pending permit modification/extension request (PL16-0130).

**ZC19-XXXX :** CRC requested after-the-fact approval for the installation of new tankage at the 735 Lease site.

### **Ownership Transfers**

**Transfer: Standard Oil to Chevron U.S.A.** In a letter dated 11/23/1976, the Planning Division received notification that Standard Oil intended to transfer its leases to Chevron, effective Jan 1, 1977.

**Merger: Gulf Oil Corporation and Chevron.** In a letter dated 6/21/1988, the Planning Division received notification that, effective 7/1/1985, Chevron U.S.A. was merged into Gulf Oil Corporation and that Gulf Oil Corp had changed its name to Chevron.

**Transfer: Chevron to Bush Oil (a subsidiary of Berry Petroleum).** In a letter dated 11/15/1990, the Planning Division received notification that Bush Oil completed its acquisition of the leases covered by CUPs 12, 294, 387, 477 and 718 from Chevron U.S.A. The transfer appears to have been effective as of May 1, 1990.

**Transfer: Bush Oil/Berry Petroleum to Venoco:** In a letter dated June 18, 2007 the Planning Division received notification that Venoco LLC completed its acquisition of the Bush Oil/Berry Petroleum leases within the County, including CUP 15. The effective closing date of the transfer was February 15, 2017.

**Transfer: Venoco to California Resources Corporation:** In a letter dated January 23, 2017 and a follow-up email dated February 17, 2017, the Planning Division received notification that Carbon California Company LLC completed its acquisition of the California Resources Corporation (CRC) and Mirada Petroleum leases within the County, including CUP 15. The effective closing date of the transfer was February 15, 2017.

**Surety for CRC:** On March 2, 2017, a check (#000113) was received from the operator Carbon California LLC in the amount of \$10,000 for a financial surety related to Carbon's activities throughout the County, including CUP 15.

**Updated/new CC account and deposit:** On December 15, 2017 a \$500 deposit was accepted to open a new CC account for CUP 15, CC17-0024.

#### **Condition Compliance Accounts**

CC06-0003 (open/submitted)

CC07-0058 (closed)

May 30, 2024

Via U.S. Mail

California State Lands Commission  
100 Howe Avenue Suite 100-South  
Sacramento, CA 95825

Re: June 7, 2024 Meeting: Agenda Item 72  
Support for Approval of Assignment of State Leases 735 & 3314 from CRPC to CalNRG

Dear State Lands Commission:

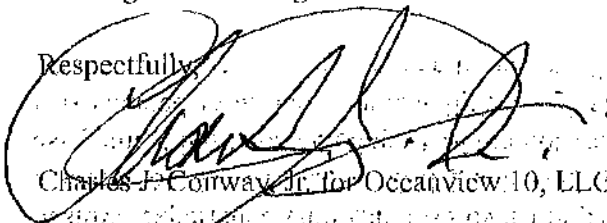
Thank you for the opportunity to provide public comment. I am writing with regard to the subject agenda item and State Land Commission's consideration of the assignment of State Leases 735 & 3314 (the "Leases") from California Resources Petroleum Corporation ("CRPC") to California Natural Resources Group Ventura County, LLC ("CalNRG").

I support the assignment of the Leases from CRPC to CalNRG and ask that the Commission move to approve the assignment. I am one of the owners of the land where the majority the oil and gas wells producing from the Leases are located (APN 138-0-080-075 – McGrath Beach area). I have had a positive experience with CalNRG over the past two and a half years that they have been serving as operator of the Leases on CRPC's behalf while the State Lands Commission's approval of the assignment has been pending. I would not want just any company operating on our property because it is situated in an environmentally/ecologically sensitive area. Operating on our property requires acute attention to safety and operational excellence.

CalNRG has proven to be committed to prudent operational practices and capable of safely and efficiently operating oil and gas wells and facilities in environmentally sensitive areas. In addition, I understand CalNRG has a robust program of testing and permanently sealing idle wells, resulting in some lands in the vicinity being returned to farmland. Lastly, CalNRG is a local company headquartered in Ventura with its management and employees living and working in the community. As a result, CalNRG has a strong sense of commitment and responsibility to the community and the local environment.

Again, I appreciate this opportunity to provide comments on this matter and I look forward to learning that the assignment CRPC to CalNRG has been approved by State Lands Commission.

Respectfully,

  
Charles J. Conway, Jr. for Occanview 10, LLC





June 1, 2024

State Lands Commission

CSLC.CommissionMeetings@slc.ca.gov

**Noncompliance and Cancellation of Leases 735 & 3314 off Oxnard**

(related to 6/7/24 item 72)

Honorable Commissioners:

For over 70 years, leases of state lands on the beach and under the ocean off Oxnard have produced oil and gas, which drive fires, droughts, storms, sea level rise, beach loss, ocean acidification and global warming. The leases undermine state policy on climate, and do not deserve any leniency. The State Lands Commission (SLC) must not be patient with any problems. Instead the Commission should close the leases down as fast as it legally can. Otherwise they will continue to cook our climate for another 70 years or more.

**1952 & 1965 Leases:** Clause 6 of both leases provides cancellation after 30 or 90 days notice and demand for compliance. Clause 9 requires compliance with county ordinances.

**1993** This Montalvo field had a pipeline **spill** of 87,000 gallons of oil, because of corrosion.

**2016 State Policy [SB 32](#) §1.** The **Legislature** finds and declares all of the following:

(c) Continuing to reduce greenhouse gas emissions is critical for the protection of all areas of the state, but especially for the state's most disadvantaged communities, as those communities are affected first, and, most frequently, by the adverse impacts of climate change, including an increased frequency of extreme weather events, such as drought, heat, and flooding. The state's most disadvantaged communities also are disproportionately impacted by the deleterious effects of climate change on public health.

**2017 NAACP** national report [Fumes across the Fenceline](#): "The oil and gas industry dumps 9 million tons of methane and toxic pollutants like benzene into our air each year."

**2017 [Audit](#)** of the two leases found 236 action items, which were resolved by 3/1/2018. The next audit is scheduled for summer of 2024.

**2018 California's Fourth Climate Change [Assessment](#)**

P.7 "deep greenhouse gas emission reductions (80% below 1990 levels) in California could significantly improve health outcomes".

P.15 "31 to 67% of Southern California beaches may completely erode by 2100 without large-scale human interventions". The State Lands Commission needs to protect the beaches for all Californians.

2022 [Governor Newsom](#): “We need to supercharge our efforts to significantly reduce harmful carbon pollution. The state’s draft carbon neutrality road map doesn’t go far enough or fast enough. That’s why I’m pushing state agencies to adopt more aggressive actions”. Commissioners have made similar [statements](#).

2023 [SLC Shoreline Adaptation](#) report pp.12-13: "The Commission is not constrained by previous authorizations and lease agreements and may condition or deny uses at its discretion upon lease expiration or if lease terms and conditions have been violated." p.47-"Commission must also continue to adapt its processes and procedures for managing its Public Trust lands."

2024 March 22 [NAACP asked](#) SLC staff to issue noncompliance notices and proceed with cancellation.

2024 March 25 [CFROG told](#) SLC that lessee broke county ordinances by for example installing pump units taller than county limits, and a flare not complying with a county permit. CFROG noted people of color are 80% of the census tract.

2024 March 25 [SLC Legal Division](#) sent to NAACP the [inspection reports](#) for the leases. They showed **noncompliance** every month since October 2019, signed by many different staff.

2024 April 24 [NAACP asked](#) SLC for its policies or guidance on **issuing** 30- and 90-day notices of non-compliance and on subsequent lease **cancellation**.

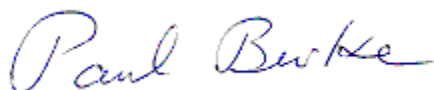
2024 May 8 [SLC Legal Division said](#) the inspection **reports were wrong**, and have been updated. They said corrosion control has still been a problem (even after the 1993 spill) and is subject to County monitoring.

2024 May 17 [NAACP asked](#) for the updated inspection reports (to show who signed the updates), and reiterated its request for copies of policies about notices and cancellation.

**We ask the Commission to:**

- Issue **notice and demand to correct** for every violation which occurs, and **cancel** the leases if compliance with county and state rules is not achieved.
- Delay approval of lease transfer:
  - To investigate noncompliance with county ordinances and county records on corrosion.
  - To find how widespread the problems are in SLC’s inspection process, where as soon as we pointed out 50 months of noncompliance, they said all 50 reports, signed by many different staff, were wrong.
  - To get the 2024 audit report.

Sincerely,



Paul Burke, Chair  
Environment & Climate Justice Committee  
NAACP of Ventura County





1952 Lease 735	1965 Lease 3314, amended 4/29/81
<p>6. In the event the Lessee shall fail in the performance or observance of any of the terms, covenants, and stipulations hereof, or of the rules and regulations of the State now promulgated or any reasonable rules or regulations which it may hereafter promulgate and if such default shall [redacted] after written notice thereof to the Lessee, and no steps shall have been taken within that time, in good faith, to remedy said default [redacted] said Lease and enter upon the demised premises and take possession of the same and all facilities, tools, equipment and supplies thereon, for the purpose of completing and/or operating said wells. Should the Lessee fail or refuse to operate the well or wells in the manner prescribed by the provisions of the Lease, then the state shall have the right and power to operate or shut down the entire operations of the Lessee upon the demised premises until such conditions have been corrected; the Lessee hereby agrees to pay all expenses incurred by the State incident to such State action. The waiver of or failure of the state to act upon any particular cause of forfeiture shall not prevent the cancellation of this Lease for any other cause or for the same cause occurring at another time.</p>	<p>6. In the event the Lessee shall fail to exercise due diligence and care in the prosecution of the development work in accordance with the terms and conditions of this lease prior to the discovery of oil or gas in paying quantities in the lands leased hereunder and if such default shall continue after thirty (30) days' written notice to the Lessee and demand for performance, then the State may cancel this lease. After discovery of oil or gas in paying quantities on the lands leased hereunder this lease may be forfeited and cancelled upon, and only upon, failure of the Lessee after ninety (90) days' written notice and demand<sup>1</sup> to comply with any of the provisions of this lease or of the regulations applicable hereto and in force on April 29, 1981 at the date of invitation for bids pursuant to which this lease is awarded; provided, however, that in the event of any such cancellation the Lessee shall have the right to retain hereunder any and all drilling or producing wells as to which no default exists, together with a parcel of land surrounding each such well or wells and such rights of way through the leased lands as may be reasonably necessary to enable the Lessee to drill and operate such retained well or wells. In the event of the cancellation, quitclaim, expiration or other termination of this lease in whole or in part, the Lessee shall have a reasonable time within which to remove any and all property, equipment and facilities owned or used by the Lessee in connection with operations under the portion of this lease so terminated.</p>

<sup>1</sup> 1981 amendment quoted the word "demand" as "deemed", which seems a typo.

**From: Fabel, Joseph@SLC**

Wed, May 8, 12:54 PM

Mr. Burke,

Thank you for your interest regarding Leases 735 & 3314 (Montalvo Leases) in the West Montalvo Field. We do not have record of any 30- or 90-day notices regarding non-compliance of lease terms for the Montalvo Leases over the prior 10 years. We do have examples of those notices for former state leases on Rincon Island that were issued in 2016, which we attach here. The Rincon Island leases were terminated by the Commission in 2017 after enforcement orders were issued by CalGEM.

With regards to compliance on the Montalvo Leases, at least since January 2022, the lease operations have been in full compliance with Commission requirements. Between October 2019 and January 2022 monthly inspection reports identified potential deficiencies in pressure safety valve periodic testing records, identification, and stop valve program management. In January 2022, CalNRG, the current West Montalvo lease operator, provided current PSV service test records, PSV tag numbers, and demonstrated that stop valves between pressure vessels and PSVs are car sealed to correctly secure the valve in the open position. Regretfully, those corrections were not recorded on the Commission's inspection reports; however, those records have been updated to reflect the current situation.

Similarly, review of the Corrosion Coupon and Monitoring Equipment Reports (Internal Corrosion) dating back to May 2019 identified a potential deficiency in pipeline corrosion control. The crude sales point was relocated to the beach site (dry LACT meter M735) in October 2018, eliminating shipment of crude across Harbor Drive to the previous LACT sales point at the Colonia tank setting. Crude is now shipped directly into the non-jurisdictional Crimson Pipeline crude transportation line that runs alongside Harbor Drive, thus curtailing the Commission's authority to monitor the corrosion control measurement records used to evaluate pressure integrity. The County and possibly CalFire are likely the regulatory agencies over that portion of the pipeline. The Commission's Inspection Reports have been updated to reflect the current situation.

Again, we appreciate your interest and attention in identifying these concerns. Please let us know if you have any other questions.

Joe Fabel | Senior Attorney, Legal Division  
CALIFORNIA STATE LANDS COMMISSION  
100 Howe Avenue, Suite 100-South  
Sacramento CA 95825



June 3<sup>rd</sup>, 2024

California State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825

DELIVERED VIA ELECTRONIC MAIL

RE: Assignment of Interest in West Montalvo Leases 735 and 3314 from California Resources Petroleum Corporation to California Natural Resources Group Ventura County, LLC

Dear Honorable Commissioners:

We appreciate your consideration of the Assignment of Interest of West Montalvo Leases 735 and 3314 (the “Leases”) from California Resources Petroleum Corporation (“CRC”) to California Natural Resources Group Ventura County, LLC (“CalNRG”). We respectfully request that the Commission grant the assignment based on the information presented in the Executive Officer’s Staff Report to the Commission and the following.

In November 2021, CalNRG began contract operating the Leases for CRC. As contract operator, CalNRG implemented improved processes that increased operational efficiencies on the Leases, including returning idle wells to production, reducing flaring by over 80%, and conducting long overdue tank cleanings. As set forth below, as the largest locally owned oil and gas producer in Ventura County, CalNRG takes a community-centric approach to its operations. This includes the development of renewable energy resources through our Sustainable Energy Expansion (“SEE”) team, employee-driven community giving programs, and operational excellence.

CalNRG is in receipt of the letter by Climate First: Replacing Oil & Gas (the “NGO”) to the Commission dated March 25, 2024 (the “Letter”). In its Letter, the NGO argues for the revocation of the Leases based on information outside the scope of assignment of the Leases, documents obtained from Ventura County Resource Management Agency marked draft and confidential, and events prior to CalNRG’s relationship with the Leases in question. CalNRG appreciates the opportunity to explain key components of our local operations and address the NGO’s allegations.

### **Think Global, Power Local**

CalNRG is the largest locally-owned oil and gas company in Ventura County. In November of 2021, CalNRG acquired substantially all of CRC’s Ventura Basin Assets, including 43 square miles of operated area from Rincon to Piru. CalNRG provides high-paying jobs to a diverse workforce of more than 100 Ventura County residents. Our employees are over 50% women, people of color, veterans, and second chancers, and our average non-executive compensation is over \$135,000 a year.<sup>1</sup>

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<sup>1</sup> High-paying jobs are essential to Ventura County’s economy. While Ventura County has been generating more jobs each year, they are mostly jobs in relatively low-paying industries. Not only does CalNRG and the local oil and gas industry provide high-paying jobs that do not require a college degree; Biasotti, Tony, “CLU economists: Housing shortage holds back Ventura County economy,” Ventura County Star, Feb. 29, 2024.

At the heart of CalNRG’s community-centric approach is the safest, most socially just, and environmentally sound production of essential energy resources in the world. California is one of the top consumers of oil and gas in the United States.<sup>2</sup> Yet, California energy producers supply less than 25% of the approximately 1.8 million barrels of oil our state consumes every day.<sup>3</sup> As a result, over 75% of California’s oil is imported, which adds up to billions of dollars sent out of state to meet our state’s insatiable demand each year.<sup>4</sup> This oil is produced in countries such as Iraq, Ecuador, and Saudi Arabia that do not share California’s values.<sup>5</sup> At CalNRG, we say “Think Global, Power Local” to emphasize the importance of supporting local energy resource production over foreign imports. CalNRG’s operations are highly regulated, directly benefit the local community, and reduce our community’s reliance on foreign oil.

### **Sustainable Energy Expansion & Special Projects**

Fundamental to CalNRG’s community-centric approach is our SEE Team. The SEE Team researches the implementation of new technologies, application of renewable energy resources, and development of special projects in CalNRG’s operations. The SEE team has spearheaded several projects that benefit the local community, including:

- **Ventura County’s Largest Solar Project:** *The* SEE Team is in the initial permitting phases to install 80-100 acres of solar and battery storage on CalNRG’s leases.
- **Reclaiming Water:** Starting in the Summer of 2024, CalNRG will support a water reclamation pilot to test new technologies for the treatment of produced water for agricultural use.
- **Returning Land to Agriculture:** Through Ventura County’s largest well elimination project, CalNRG returned over 35 acres of land to agriculture in the Oxnard Plain.
- **Refinery Demolition:** CalNRG demolished the Edington Oxnard Refinery, a years-long eye sore that had fallen into disrepair. In this process, CalNRG also committed to building an interpretive display to educate Ventura County visitors about its storied oil and gas history.
- **Farmworker Housing:** CalNRG created farmworker housing units in the Oxnard Plain and in doing so, contributed to an essential part of Ventura County’s general plan.<sup>6</sup>

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<sup>2</sup> “California is the largest consumer of jet fuel and second-largest consumer of motor gasoline among the 50 states.” U.S. Energy Information Administration, <https://www.eia.gov/state/?sid=CA>.

<sup>3</sup> California Energy Commission, “Annual Oil Supply Sources to California Refineries” <https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/annual-oil-supply-sources-california>; U.S. Energy Information Administration, “California: State Profile and Energy Estimates” [https://www.eia.gov/state/seds/data.php?incfile=/state/seds/sep\\_fuel/html/fuel\\_use\\_pa.html&sid=US&sid=CA](https://www.eia.gov/state/seds/data.php?incfile=/state/seds/sep_fuel/html/fuel_use_pa.html&sid=US&sid=CA)

<sup>4</sup> California Energy Commission, “Annual Oil Supply Sources to California Refineries” <https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/annual-oil-supply-sources-california>.

<sup>5</sup> California Energy Commission, “Foreign Sources of Crude Oil Imports to California,” <https://www.energy.ca.gov/data-reports/energy-almanac/californias-petroleum-market/foreign-sources-crude-oil-imports>; See, for example, “Saudi Arabia: Events of 2023,” Human Rights Watch, <https://www.hrw.org/world-report/2024/country-chapters/saudi-arabia> and Daniela Sala, Daniela, et al., “Flares of despair: the human cost of Iraq’s oil – in pictures,” The Guardian, Jun. 20, 2023.

<sup>6</sup> “LU-8.5 Farmworker Housing The County shall support the development of safe and quality farmworker housing that facilitates a reliable labor force and promotes efficient agricultural operations. Housing units shall include a variety of housing types, including group quarters and larger dwelling units that can accommodate a family.” Ventura County General Plan, Land Use and Community Character Element, September 2020.



## Community Giving

CalNRG's community giving is driven by more than 100 local employees who care deeply for the local community and are involved in a variety of local organizations. Our contributions include over \$100,000 in donations, awards, and projects, including:

- **STEM Scholarships:** CalNRG developed the “We SEE the Future Award” at the Ventura County Science Fair. This award provides a grant to Ventura County students whose science fair project is dedicated to solving a unique problem in the energy sector. CalNRG is a proud supporter of the API Coastal Chapter and Piru Petroleum Club Scholarship Funds, which award scholarships to local students. Lastly, CalNRG is a proud supporter of kidSTREAM, a Camarillo-based children’s museum bringing free “STREAM” education to the local community.
- **Holiday Hope:** Each year, CalNRG works with tHealth Care Foundation Ventura County, the Boys and Girls Club of the Santa Clara Valley, and other Heritage Valley non-profits to identify families in need during the holiday season. Last year, CalNRG delivered 20 holiday trees and gifts to these families.
- **Paw Works:** When Paw Works, a local animal rescue with a no-kill mission approached CalNRG about finding a new rescue facility, CalNRG headed the call. Now, Paw Works has a wonderful facility dedicated to saving animals in Ventura County.
- **Youth Programs:** CalNRG is a proud supporter of various youth programs throughout the county. Our contributions support youth sports, 4H/FFA, The Girl Scouts, and the local Boys and Girls Clubs.

## Operational Excellence

As a local energy producer, CalNRG strives for operational excellence because Ventura County is our home, and we take great pride in producing the energy resources our community needs while protecting the environment. CalNRG strikes this balance in part through our robust environmental health & safety program and idle well management.

### *Environmental Health & Safety*

CalNRG has a strong internal team committed to environmental health and safety. This team is guided by over two dozen regulators across the local, state, and federal levels.

#### *Emissions Monitoring*

CalNRG has an emissions monitoring program dedicated to the proactive identification and resolution of releases across all wells and facilities. CalNRG uses cutting-edge methods and technology to detect releases or operational abnormalities, including optical gas imaging, remote laser detection, FLIR cameras, and drones.

#### *Safety Training & Simulations*

CalNRG employees attend multiple safety trainings each year, including HAZWOPR and Incident Command training. Every year, CalNRG is required to participate in emergency simulations in the presence of regulators where CalNRG employees practice key emergency procedures and receive feedback from regulators on their management of the event.





### *Stormwater Management Plan*

CalNRG is required to maintain stormwater pollution prevention plans (“SWPPP’s”) under the regulatory supervision of the Los Angeles Regional Water Quality Control Board. Under these plans, CalNRG must take water samples following large rain events, and water that puddles on site must be allowed to percolate. In certain cases, well sites are surrounded by berms for additional water management.

### *Idle Well Management*

CalNRG manages idle well inventory under state regulations. The California Geologic Energy Management Division (“CalGEM”) of the Department of Conservation manages comprehensive idle well programs.<sup>7</sup> These programs are working—since November 2021, CalNRG has eliminated or tagged and tested well over 225 wells in the Ventura Basin. In contrast, in the three years prior to CalNRG acquiring the Ventura Basin assets, CRC eliminated or tagged and tested only 5 wells. CalNRG’s efforts also include the largest well elimination in Ventura County history, which returned over 35 acres to agriculture in the Oxnard Plain. Further, to partially fund these efforts, CalNRG has an established sinking fund, wherein CalNRG is on track to contribute \$20 million to well elimination over 5 years.

CalNRG is a proud Ventura County energy producer. As a community-focused energy company, CalNRG has multiple mechanisms, systems, and programs in place, including robust idle well regulations promulgated by CalGEM, that facilitate the cleanest essential energy resource production in the world. As a healthy company, CalNRG ensures that ample financial resources are available to manage our assets and continue our track record of operational excellence. By supporting small oil producers like CalNRG, the Commission is uplifting a local business that produces essential energy resources in a way that aligns with our community values and provides high-paying jobs to a diverse workforce in Ventura County.

## **West Montalvo**

### *Overview*

#### *Improvements to Operations*

Since 2021, CalNRG has operated the Leases as a contract operator for CRC. In this role, CalNRG has improved the Leases by returning idle wells to production, reducing flaring by over 80%, and conducting long overdue tank cleanings. By implementing these improvements, CalNRG has increased production royalties to the State of California and other private mineral owners while decreasing environmental impacts.<sup>8</sup> CalNRG has awaited the assignment of the Leases to conduct additional operational improvements. Upon approval of the assignment, CalNRG has plans to do additional work on several of the wells to improve production. Further, CalNRG’s dedication to safety is evident. Under CalNRG, the Leases have had no Ventura County Air Pollution Control District (“VCAPCD”) violations and CalNRG has improved LACT testing. Further, with the Commission’s

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<sup>7</sup> “CalGEM revised its idle well regulations in April 2019 to create far more stringent testing requirements that better protect public safety and the environment from the potential threats posed by idle wells.” “Idle Well Program,” California Department of Conservation, [https://www.conservation.ca.gov/calgem/idle\\_well](https://www.conservation.ca.gov/calgem/idle_well), accessed May 1, 2024.

<sup>8</sup> The NGO calls to attention the environmental impacts from operations on local neighborhoods. However, the NGO mostly discusses the impacts resulting agricultural operations, not the production of energy resources. Further, most of the wells on the Leases fall outside of a 3,200 foot setback, which has been stayed by referendum until November 2024.

permission, CalNRG hosted a California Air Resources Board inspector certification with multiple districts and state agencies on the Leases.

#### *Lease Characteristics*

The Leases at issue are onshore; the wells and facilities are on land and directionally drilled. These are not offshore wells, nor offshore facilities, and as a result, there are no risks associated with offshore production on the Leases. Further, in line with Ventura Basin characteristics, the reservoir for the Leases is conventional, which means that wells produce lower volumes over a longer period of time with lower decline rates. Wells that produce lower volumes, like some on this lease, are crucial to local energy production and are very economic. These wells require less energy to produce, have lower operating costs, and can produce for decades without intervention, which decreases rig impacts. Accordingly, these wells are not “strippers.” As discussed above, CalNRG intends to invest in the wells to continue to increase operational efficiencies and safety.

#### *Bonding*

The Commission has ensured that adequate bonding is in place for these Leases. In doing so, the Commission accurately determined that the cost to eliminate these wells should not be driven by offshore estimates. Further, the Commission’s estimates are significantly higher than the actual asset retirement liability; CalNRG’s estimates were much lower on the basis that most of the well bores are just over a decade old. Moreover, by granting the assignment and allowing CalNRG to continue operations, the Commission will ensure that there is adequate capital in place, covered by cash flow from production, to cover asset retirement.

#### *NGO Allegations of Non-Compliance*

CalNRG’s operations on the Leases are fully compliant with local, state, and federal regulations. Specifically, the Leases are compliant with local county ordinances and CEQA, and the NGO’s allegations of non-compliance are baseless. Previous operators received the appropriate approvals for their operations from the County of Ventura Resource Management Agency (“RMA”). Planning staff, under the direction of the Industrial Permit Manager and Planning Director, identified, reviewed, and granted the necessary approvals in accordance with the Ventura County General Plan, Zoning regulations, and local ordinances in place at the time. In these processes, the applicants follow the lead of the County, and many of the ordinances are subject to interpretation.<sup>9</sup> County Staff may assert their personal opinions on code interpretation and permitting paths utilized after the fact, but staff opinions are not determinative of whether those processes were improper.

- *Rotoflex Units*: The Rotoflex pumping units are allowed under the County’s ordinances per a September 30, 2020 Planning Director Determination Memorandum by Planning Director Dave Ward.<sup>10</sup> In it, Mr. Ward determined that pumping units “shall be measured to the uppermost non-movable component of the pumping unit equipment to a maximum height of

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<sup>9</sup> “The Planning Director has the authority to interpret the regulations and standards in the Non-Coastal Zoning Ordinance (NCZO) pursuant to Section 8101-4.10.” Ward, Dave, “Planning Director Determination Memorandum,” County of Ventura Resource Management Agency Planning Division, September 30, 2020.

<sup>10</sup> Ibid.

60 feet.”<sup>11</sup> The Rotoflexes on the lease are less than 60 feet high when measured according to Planning Director Ward’s Memorandum and therefore are in compliance.

- *Replacement Wells*: Replacement wells were drilled on the Leases before CRC owned them and nearly a decade before CalNRG became contract operator. Replacement wells are not new wells, and the wells were allowed under the local ordinances at the time. Further, all wells on the Leases are properly permitted and allowed. There is one conductor on the lease that was never drilled.
- *CEQA*: With County oversight, prior development projects on the Leases adhered to CEQA requirements. Ventura County completed environmental documents, including Mitigated Negative Declarations for two permit approvals, and considered those documents in past approval processes. CalNRG understands that CEQA was not required for other minor permit and site plan adjustments. Again, these processes occurred years before CalNRG began contract operating the Lease.
- *Flaring Is Permitted and Proper*: The flare associated with operations is properly permitted and approved. Ventura County Building and Safety approved the installation of the flare on the Leases under CRC. Instances of flaring have occurred in accordance with Ventura County Air Pollution Control District requirements on an emergency basis with occasional variances of usage approved due to operational necessity. Since 2021, CalNRG has reduced flare volumes on the Leases by over 80%.<sup>12</sup>

#### *Reliance on Draft and Confidential Documents*

The NGO relies on Ventura County planning documents marked as “draft” and “confidential” as the basis of their allegations of violations against previous operators of the Leases. These documents are dated more than 6 months before CalNRG began contract operating these leases. Further, the documents contain staff opinions and inaccuracies which the NGO relies upon as fact. It is clear these documents were not properly vetted prior to circulation, are not appropriate for public use, and are not intended to provide an accurate factual basis that should be relied upon in a public setting.

As contract operator, CalNRG has improved operations on the Leases and will continue to do so as the assignee. The Leases are compliant with all federal, state, and local laws, and the Commission has determined adequate bonding is in place for asset retirement. As explained, the NGO’s allegations are baseless and do not provide grounds for lease revocation.

#### **Conclusion**

CalNRG requests that the Commission approve the assignment. Since November 2021, CalNRG has significantly improved operations as contract operator of the Leases by returning wells to production, reducing flaring by 80%, and cleaning tanks. As assignee, CalNRG will continue this pattern of operational excellence and improvement. Further, the NGO’s allegations are inaccurate and based on

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<sup>11</sup> Ibid at 5.

<sup>12</sup> As a general matter, flaring is considered a best air pollution management practice under the U.S. EPA. “...the primary use [of flaring] is that of a safety device...” “Air Pollution Control Technology Fact Sheet,” United States Environmental Protection Agency, accessed May 1, 2024.





incorrect draft and confidential documents from Ventura County RMA. As a local employer that provides a diverse workforce with high-paying jobs, CalNRG plays an important role in the Ventura County community. Through our SEE team, employee-driven community giving, and operational excellence, CalNRG works diligently to show up to provide the essential energy resources our community needs, as safely as possible, every day.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifton O. Simonson".

Clifton O. Simonson  
President & COO

Cc:

Jeffrey Katersky, Jeffrey.Katersky@calnrg.com  
Blain Meith, Blain.Meith@calnrg.com  
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Vanessa Perez, Vanessa.Perez@slc.ca.gov



June 4, 2024

VIA ELECTRONIC MAIL (cslc.commissionmeetings@slc.ca.gov)

California State Lands Commission  
100 Howe Avenue Suite 100-South  
Sacramento, CA 95825

**Re: June 7, 2024 Meeting: Agenda Item 77 - Support for Approval of Assignment of State Leases 735 & 3314 from CRC to CalNRG**

Dear Honorable Commissioners:

Ventura County Taxpayers Association (VCTA) writes in support of the assignment of State Leases 735 & 3314 from California Resources Petroleum Corporation ("CRC") to California Natural Resources Group Ventura County, LLC ("CalNRG"). The Ventura County Taxpayers' Association (VCTA) is a non-partisan organization emphasizing issues that affect Ventura County. VCTA has been looking out for the interests of Taxpayers in Ventura County for over 70 years.

The oil and gas industry in Ventura County is essential. Not only because these companies produce critical natural resources we use every day, but because of the positive tax impact this industry has on our community. The Ventura County oil and gas industry is responsible for \$56 million in state and local taxes and fees. \$21 million goes directly to Ventura County, where those funds support essential services like schools, fire departments, and police.

As a healthy local business contributing high-paying jobs to Ventura County, CalNRG contributes to this essential tax base. It is critical to support CalNRG's business and operations so that our local communities can thrive. Decisions that hamper local oil and gas production only increase our reliance on foreign oil and send billions of dollars overseas. In turn, our communities suffer; there are more emissions from

supertankers in our ports and a diminishing tax base to fund our county's essential services.

In conclusion, supporting the assignment of the leases from CRPC to CalNRG is vital for maintaining the economic stability and prosperity of Ventura County. It is critical to support local energy producers that have a positive economic impact on our community, providing jobs and generating essential tax revenue for public services. We urge the Commission to approve the assignment of the leases from CRC to CalNRG. It is critical to support local energy producers like CalNRG that have a positive economic impact on our community.

Sincerely,

Don Brodt  
Chair of the Board  
Ventura County Taxpayers Association





1000 Town Center Drive, Suite 600  
Oxnard, CA 93036

Alan Templeton  
Chief Executive Officer  
Direct: (805) 535-2042

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June 4, 2024

VIA ELECTRONIC MAIL ([cslc.commissionmeetings@slc.ca.gov](mailto:cslc.commissionmeetings@slc.ca.gov))

California State Lands Commission  
100 Howe Avenue Suite 100-South  
Sacramento, CA 95825

Re: June 7, 2024 Meeting: Agenda Item 77  
Support for Approval of Assignment of State Leases 735 & 3314 from California Resources Petroleum Corporation to California Natural Resources Group Ventura County, LLC.

Dear Commissioners:

DCOR, LLC ("DCOR") writes in support of the assignment of State Leases 735 & 3314 from California Resources Petroleum Corporation ("CRC") to California Natural Resources Group Ventura County, LLC ("CalNRG"). Founded in 2001, DCOR has established itself as a leader in offshore energy and production on the West Coast. As an oil and gas producer on the Central Coast, DCOR's operating principles of producing essential energy resources in a manner that is compatible with the environmental needs of the communities in which it operates and that protects the safety, security, and health of its employees is exemplary in this industry.

CalNRG fully supports these operating principles. As a locally owned oil and gas company, CalNRG is committed to producing the essential energy resources we need while balancing our community's values of environmental protection, social justice, and safety. As local producers, we have over 24 regulators on the local, state, and federal levels overseeing our operations. We take pride in regulatory compliance because it allows us to produce the cleanest oil and gas in the world for our county and state. It is essential to support local energy producers like CalNRG. The alternative, which includes importing hundreds of millions of barrels of foreign oil each year, is detrimental to our county and state. Foreign oil is not produced to the same regulatory and environmental standards as local production. It also allows our state to ship our emissions overseas and out of sight without having any positive environmental impact.

Further, DCOR has seen CalNRG's commitment to operational excellence at work on these leases. As contract operator, CalNRG has implemented systems that improve operations. DCOR manages the gas sales point for the operations, and as a result, has worked closely with CalNRG to minimize natural gas flaring.

I ask that you support the assignment of the leases from CRC to CalNRG. In doing so, you support local energy producers who are committed to producing energy resources in a way that reflects our community's values.

Respectfully,



Alan Templeton  
Chief Executive Officer



June 04, 2024

VIA ELECTRONIC MAIL ([cslc.commissionmeetings@slc.ca.gov](mailto:cslc.commissionmeetings@slc.ca.gov))

California State Lands Commission  
100 Howe Avenue Suite 100-South  
Sacramento, CA 95825

Re: June 7, 2024 Meeting: Agenda Item 77  
Support for Approval of Assignment of State Leases 735 & 3314 from California Resources Petroleum Corporation to California Natural Resources Group Ventura County, LLC.

Dear Honorable Commissioners:

Marz Farms, Inc. (“Marz”) writes in support of the assignment of State Leases 735 & 3314 from California Resources Petroleum Corporation (“CRC”) to California Natural Resources Group Ventura County, LLC (“CalNRG”). Marz is one of the largest berry growers in Ventura County, producing high-quality, sustainable berries while upholding ethical principles and maintaining positive relationships throughout the supply chain and community we operate in. Around 75% of the crops we grow are organic. We produce berries as a tenant farmer near CalNRG’s operations in the Oxnard Plain near the operations for the leases.

Marz and CalNRG have a positive partnership; we are good neighbors who communicate with each other about our operational needs. CalNRG has been accommodating and responsive. They removed oil wells, well pads, and substructures. These actions allowed us to increase the area where we can farm significantly. All of this has been done to the utmost environmental standards. We feel safe in our agricultural operations knowing that CalNRG is a good steward of areas around the properties we farm, and we know that they operate with care and respect for our operations.

CalNRG is a good neighbor and steward. Their company is a friend of agriculture and they operate to the utmost environmental standards to protect and provide for the local communities in Ventura County. Accordingly, we respectfully ask the commission to approve the assignment to allow CalNRG to continue its operations in the local community. It is of the utmost benefit to us all that companies like CalNRG are allowed to produce the essential resources we need here in the Golden State.

Sincerely,

Audelio Martinez  
Chief Executive Officer

June 5, 2024

Via Email (cslc.commissionmeetings@slc.ca.gov)

RMM, LLC

Ojai, CA

Re: June 7, 2024 Meeting: Agenda Item 72  
Support for Approval of Assignment of State Leases 735 & 3314 from CRPC to CalNRG

Dear State Lands Commission:

Thank you for the opportunity to provide public comment. We are writing with regard to the subject agenda item and State Land Commission's consideration of the assignment of State Leases 735 & 3314 (the "Leases") from California Resources Petroleum Corporation ("CRPC") to California Natural Resources Group Ventura County, LLC ("CalNRG").

We support the assignment of the Leases from CRPC to CalNRG and ask that the Commission move to approve the assignment. We are the owner(s) of the land where the majority the oil and gas wells producing from the Leases are located (APN 138-0-080-075 – McGrath Beach area). We have had a positive experience with CalNRG over the past two and a half years that they have been serving as operator of the Leases on CRPC's behalf while the State Lands Commission's approval of the assignment has been pending. We would not want just any company operating on our property because it is situated in an environmentally/ecologically sensitive area. Operating on our property requires acute attention to safety and operational excellence.

CalNRG has proven to be committed to prudent operational practices and capable of safely and efficiently operating oil and gas wells and facilities in environmentally sensitive areas. In addition, I we understand CalNRG has a robust program of testing and permanently sealing idle wells, resulting in some lands in the vicinity being returned to farmland. Lastly, CalNRG is a local company headquartered in Ventura with its management and employees living and working in the community. As a result, CalNRG has a strong sense of commitment and responsibility to the community and the local environment.

Again, we appreciate this opportunity to provide comment on this matter and we look forward to learning that the assignment CRPC to CalNRG has been approved by State Lands Commission.

Sincerely,

RMM, LLC





June 5, 2024

California State Lands Commission  
One Ferry Building, Second Floor  
San Francisco, California 94111

**SUBJECT:** County of Ventura Comments for California State Lands Commission Meeting, June 7, 2024, Agenda Item No. 72 California Resources Petroleum Corporation (Assignor) and California Natural Resources Group Ventura County, LLC (Assignee)

Dear Commissioners:

The County of Ventura Planning Division (County Planning Division) is in receipt of the comment letter dated March 25, 2024, submitted to the State Lands Commission by Climate First: Replacing Oil & Gas (CFROG) regarding the Assignment of California Resources Petroleum Corporation's Oil and Gas Leases Nos. 735 and 3314 to California Natural Resources Group, LLC. Attached to this comment letter were two documents, one labeled "Confidential Planner Notes" and the other labeled "Draft Memorandum," which appear to be reproductions of documents contained in the County's project file for the land use permit authorizing the subject oil and gas production operation. Please be advised that these documents and their contents are, consistent with their labeling, individual planner notes and a draft memorandum that were not intended for public dissemination. Be further advised that neither document states the County Planning Division's official record or position regarding the matters stated therein and therefore should not be relied upon for that purpose.

Please let me know if you have any questions.

Sincerely,

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Dave Ward, AICP  
Planning Director  
Ventura County Planning Division