

**CALENDAR ITEM
C15**

A 8
S 2

09/01/11
PRC 4270.1
V. Caldwell

CONTINUATION OF RENT

LESSEE:

Venoco, Inc.

AREA, LAND TYPE, AND LOCATION:

0.09 acre, more or less, of sovereign land in Roaring River Slough and Grizzly Slough, at Van Sickle Island, Solano County.

AUTHORIZED USE:

Continued use and maintenance of one existing two-inch diameter steel water/condensate pipeline and one existing six-inch diameter steel natural gas pipeline as shown on Exhibit A.

LEASE TERM:

20 years, beginning August 1, 2004.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff conducted a review of the rent under this lease, and recommends rent be continued at \$200 per year, effective August 1, 2012.

OTHER PERTINENT INFORMATION:

1. On June 26, 2006, the Commission authorized a General Lease - Right of Way Use to Venoco, Inc. for the continued use and maintenance of one existing two-inch diameter steel water/condensate pipeline and one existing six-inch diameter steel natural gas pipeline. The lease will expire July 31, 2024.
2. Both pipelines are part of a gas gathering system that takes produced gas from certain gas wells on Van Sickle Island to a Pacific Gas and Electric Company sales master meter located on other upland properties. The six-inch natural gas pipeline is a rural "gathering line" and is not regulated under the Code of Federal Regulations (49 CFR 192.1). However, the

CALENDAR ITEM NO. C15 (CONT'D)

Van Sickle Gas Field is regulated by the California Department of Oil, Gas, and Geothermal Resources (DOGGR). The Lessee conducted a hydrostatic pressure test on February 17, 2005. The test confirmed the internal integrity of the pipeline. No incidents or spills have occurred during the Lessee's ownership of the pipelines.

EXHIBIT:

- A. Site And Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

Approve the continuation of rent for Lease No. PRC 4270.1 at \$200 per year, effective August 1, 2012.