

MINUTE ITEM

This Calendar Item No. C11
was approved as Minute Item
No. 11 by the State Lands
Commission by a vote of 21
to 0 at its 12/20/84
meeting.

CALENDAR ITEM

A 34
S 16

C11

12/20/84
WP 6010 PRC 6010
Lipphardt

TERMINATION OF ORIGINAL LEASE PRC 6010.9
AND APPROVAL OF GENERAL LEASE - RIGHT-OF-WAY USE

APPLICANT: William W. Pennel, Trustee
in Reorganization for Paramount
Petroleum Corporation, Debtor
14700 Downey Avenue
Paramount, California 90723

AREA, TYPE LAND AND LOCATION:
A 0.016-acre parcel of sovereign land in Kern
River at Bakersfield, Kern County.

LAND USE: Maintenance and operation of a 10-inch diameter
crude oil pipeline.

TERMS OF ORIGINAL LEASE:

Initial period: 20 years beginning June 1,
1981.

Public liability insurance: Combined single
limit coverage of \$1,000,000.

Consideration: The public benefit; with the
State reserving the right at
anytime to set a monetary
rental if the Commission
finds such action to be in
the State's best interest.

Initial period: 20 years beginning July 10,
1984.

Public liability insurance: Combined single
limit coverage of \$1,000,000.

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CALENDAR ITEM NO. C 1 1 (CONT'D)

Consideration: The public benefit; with the State reserving the right at any time to set a monetary rental if the Commission finds such action to be in the State's best interest.

APPLICANT STATUS: Applicant is permittee of upland.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. On May 28, 1981, the Commission approved a 20-year General Lease - Right-of-Way Use, to Independent Valley Energy Company for installation and maintenance of a ten-inch diameter crude oil pipeline on a 0.015-acre parcel of sovereign land in the Kern River. The pipeline is a portion of a larger pipeline which transports crude oil from a refinery to a distribution station.
2. Independent Valley Energy Company took part in a corporate merger on March 19, 1984 and subsequently became known as Paramount Petroleum Corporation. On June 23, 1984, Paramount Petroleum Corporation filed bankruptcy and on July 10, 1984, Paramount Petroleum Corporation's name became "William W. Pennel, Trustee In Reorganization for Paramount Petroleum Corporation, Debtor." It is no longer possible to assign the lease by or obtain a Quitclaim Deed from the original lessee. Therefore staff recommends termination of the original lease PRC 6010.9 to Independent Valley Energy Corporation, and the issuance of replacement lease PRC 6010.9 to William W. Pennel, Trustee In Reorganization for Paramount Petroleum Corporation, Debtor, effective July 10, 1984.

CALENDAR ITEM NO. C 11 (CONT'D)

3. Since the subject site involves lands over which conflicting claims of ownership exist, the staff recommends the waiver of filing and processing fees. Lease consideration is based upon public interest in providing increased supplies of energy-producing substances to the public, assisting industry in implementing plans for increased energy production and establishing a means to monitor and protect potential public interests in the Kern River at this location. At such time as the full extent of the State's interest in the subject site is determined, the State shall have the right to review and revise the consideration and any other provision of the lease.
4. Termination and Replacement of the State's Lease PRC 6010.9 is for administrative purposes only, and does not change or enlarge the estate or use from the granted in the original lease.
5. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. However, the Commission has declared that all tide and submerged lands are "significant" by nature of their public ownership (as opposed to "environmental significant"). Since such declaration of significance is not based upon the requirements and criteria of P.R.C. 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by 2 Cal. Adm. Code 2954 is not applicable.
6. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorical exempt project. The project is exempt under Class 1, Existing Facility, 2 Cal. Adm. Code 2905(a)(2).

CALENDAR ITEM NO. C11 (CONT'D)

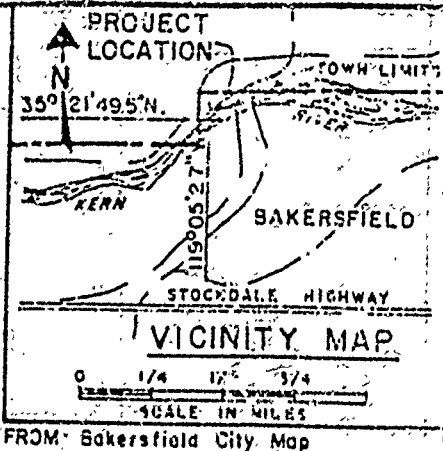
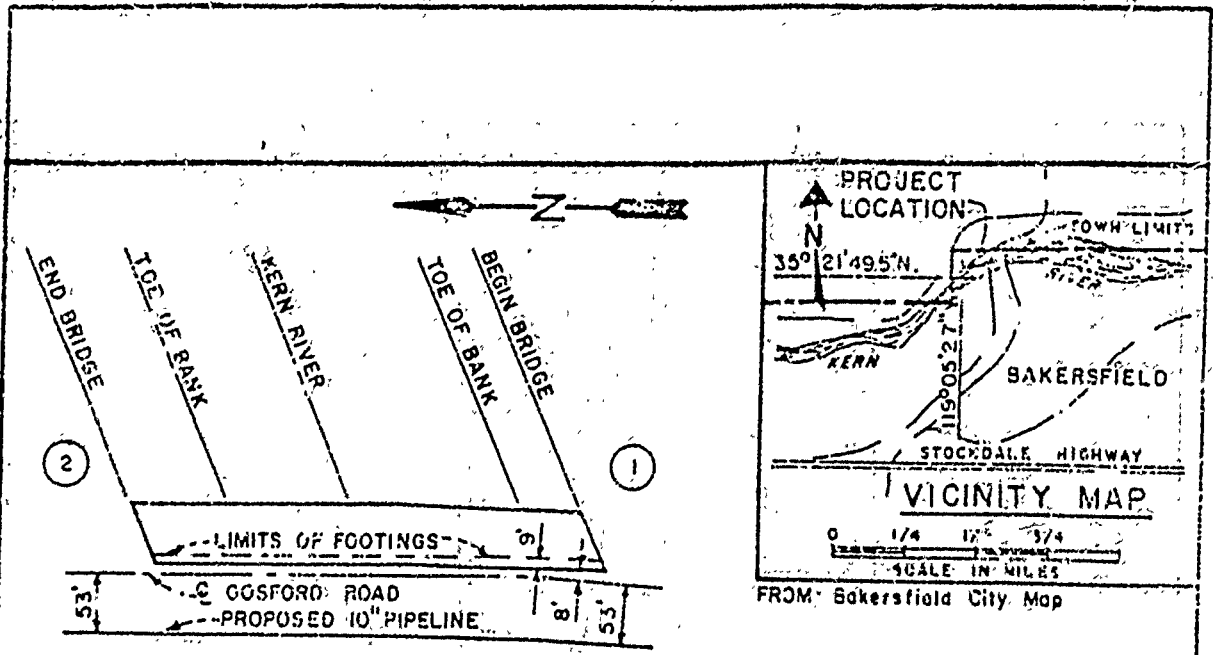
Authority: P.R.C. 21084, 14 Cal. Adm.
Code 15300 and 2 Cal. Adm. Code 2905.

EXHIBITS: A. Land Description.
B. Location Map.

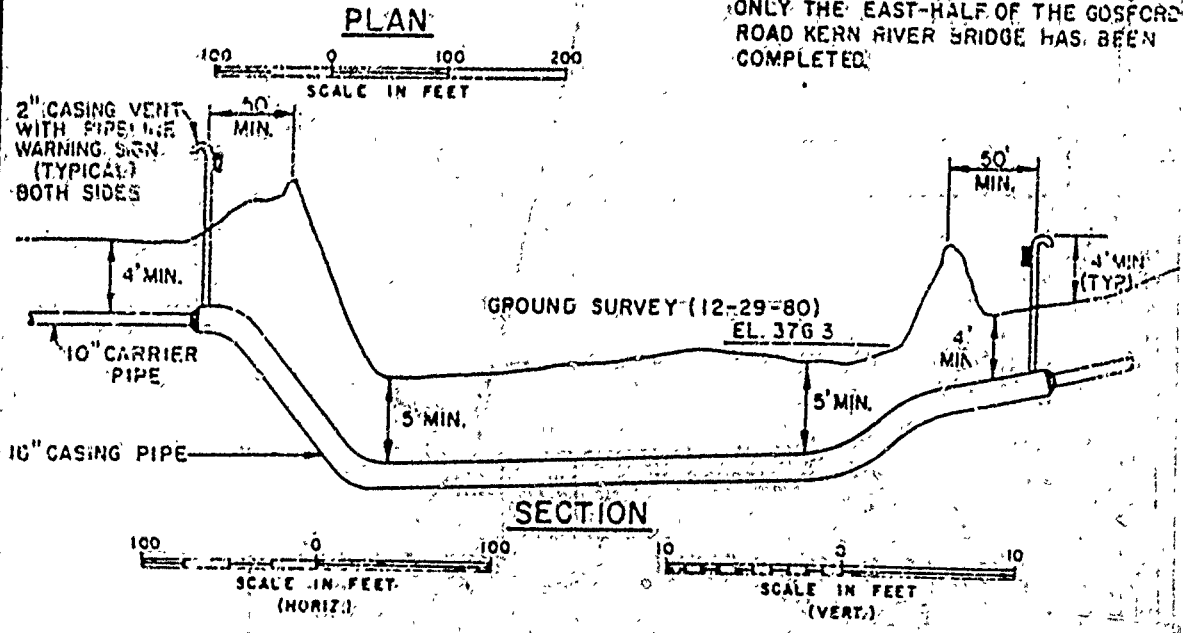
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 AS A CATEGORICAL EXEMPT PROJECT, CLASS 1, EXISTING FACILITY, 2 CAL. ADM. CODE 2905(a)(2).
2. AUTHORIZE TERMINATION OF ORIGINAL LEASE PRC 6010.9, EFFECTIVE JULY 10, 1984, AND ISSUANCE TO WILLIAM W. PENNELL, TRUSTEE IN REORGANIZATION FOR PARAMOUNT PETROLEUM CORPORATION, DEBTOR, OF A 20-YEAR GENERAL LEASE - RIGHT-OF-WAY BEGINNING JULY 10, 1984; IN CONSIDERATION OF THE PUBLIC BENEFIT, WITH THE STATE RESERVING THE RIGHT AT ANY TIME TO SET A MONETARY RENTAL IF THE COMMISSION FINDS SUCH ACTION TO BE IN THE STATE'S BEST INTEREST; PROVISION OF PUBLIC LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$1,000,000; FOR MAINTENANCE AND OPERATION OF A 10-INCH DIAMETER CRUDE OIL PIPELINE ON THE LAND SUBSTANTIALLY AS SHOWN ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.
3. AUTHORIZE WAIVER OF THE FILING PROCESSING FEES IN THAT THE LEASE INVOLVES LANDS OVER WHICH CONFLICTING CLAIMS OF OWNERSHIP EXIST.

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NOTE:
ONLY THE EAST-HALF OF THE GOSFORD ROAD KERN RIVER BRIDGE HAS BEEN COMPLETED.



PURPOSE TO DELIVER PROCESSED CRUDE TO FOUR CORNERS PIPELINE COMPANY NEAR WHEELER RIDGE, THE COUNTY OF KERN, CALIFORNIA.

DATUM U.S.C. & G.S. L-825, 1947 CONCRETE POST WITH STANDARD DISK STAMPED 409 510

ADJACENT PROPERTY OWNER:
 ① CITY OF BAKERSFIELD
 ② CITY OF BAKERSFIELD.

PROPOSED 10" PROCESSED CRUDE OIL PIPELINE

IN KERN RIVER WP 6010
 AT BAKERSFIELD, CALIFORNIA;
 COUNTY OF KERN STATE CALIFORNIA

APPLICATION BY: INDEPENDENT VALLEY ENERGY COMPANY

SHEET 1 OF 2 DATE 4-24-81

EXHIBIT "A"
LAND DESCRIPTION

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2977

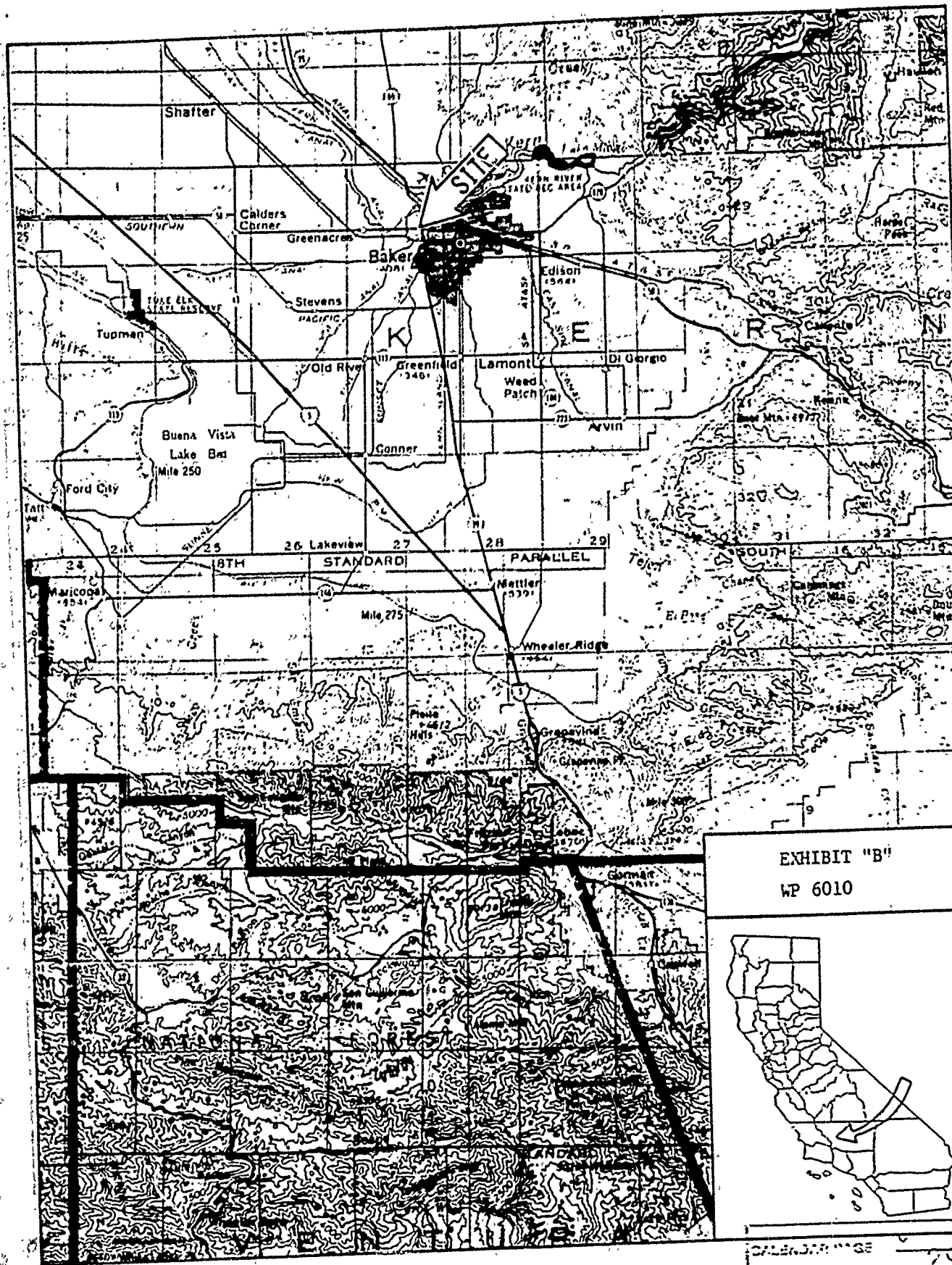


EXHIBIT "B"
WP 6010



SCALE: 1" = 1 MILE
DATE: 1978