

**CALENDAR ITEM  
C36**

A 67  
S 35

10/29/10  
PRC 3394.1  
A. Scott

**GENERAL LEASE - RIGHT OF WAY USE**

**APPLICANT:**

Dos Cuadras Offshore Resources (DCOR), LLC  
290 Maple Court, Suite 290  
Ventura, CA 93003

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

2.671 acres, more or less, of sovereign lands in the Pacific Ocean, San Pedro Bay near the City of Seal Beach, Orange County.

**AUTHORIZED USE:**

Continued operation and maintenance of four existing pipelines and one electrical conduit, consisting of one 12-inch diameter pipeline abandoned in place, one 3.5-inch diameter oil pipeline cased in a 10-inch pipe, one 10-inch diameter natural gas pipeline, one 4-inch diameter fresh water pipeline, one 6-inch diameter electrical conduit.

**LEASE TERM:**

20 years, beginning October 21, 2010.

**CONSIDERATION:**

\$31,200 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

**SPECIFIC LEASE PROVISIONS:**

Insurance:

Liability insurance in the amount of \$5,000,000, combined single limit.

Bond:

Surety Bond in the amount of \$10,000,000.

Other:

Special provisions in the lease related to performance guarantees including blanket bonding for multiple leases, and removal and abandonment of facilities.

CALENDAR ITEM NO. C36 (CONT'D)

**OTHER PERTINENT INFORMATION:**

1. Applicant has a right to use the uplands adjoining the lease premises.
2. On October 21, 1965, the Commission approved a 15-year lease to Standard Oil Company of California. Following subsequent leases and assignments, on September 17, 2001, the Commission authorized a 10-year lease to Nuevo Energy Company. The lease expires on October 20, 2010.
3. This lease, along with two other right of way leases and three oil and gas leases, was assigned to DCOR in October 2005. During the processing of the assignments of these leases special provisions were incorporated into the approval of the assignments that, among other things provided, specific performance, including increased bond amounts, and an unconditional guarantee by DCOR's parent company. These provision will continue for the duration of the proposed lease.
4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is staff's opinion that the project, as proposed, is consistent with its use classification.

**EXHIBITS:**

- A. Site Map
- B. Land Description

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

CALENDAR ITEM NO. **C36** (CONT'D)

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

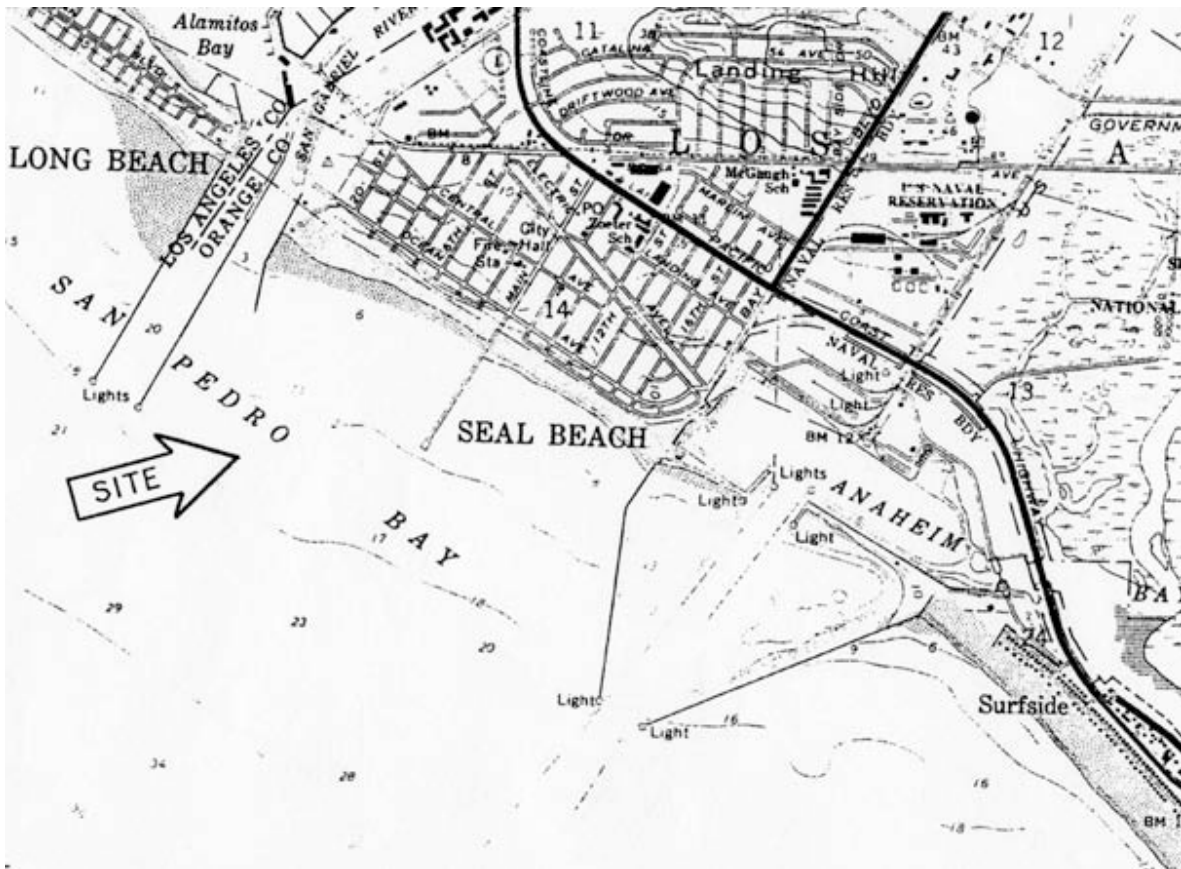
Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

**SIGNIFICANT LANDS INVENTORY FINDING:**

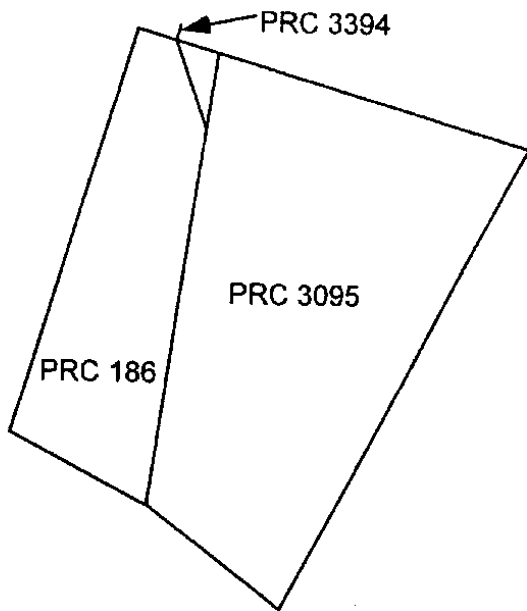
Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code sections 6370, et seq.

**AUTHORIZATION:**

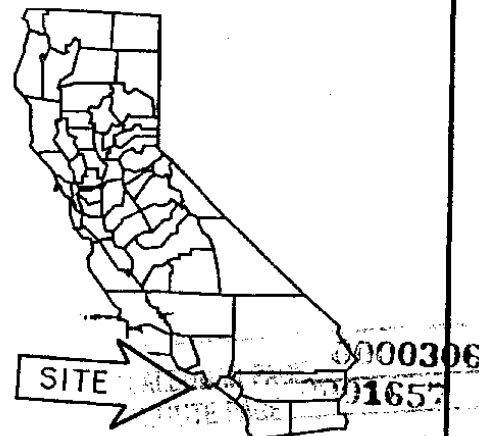
Authorize Issuance of a General Lease - Right of Way Use to DCOR, LLC beginning October 21, 2010, for a term of 20 years, for the continued operation and maintenance of four pipelines and one electrical conduit as shown on Exhibit A attached and by this reference made a part hereof; annual rent in the amount of \$31,200, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; and liability insurance in an amount of no less than \$5,000,000 as a combined single limit, and surety bond in an amount of no less than \$10,000,000.



This Exhibit is solely for purposes of generally defining the lease premises and is not intended to be, nor shall it be construed as a waiver or limitation of any State interest in the subject or any other property.



**EXHIBIT "A"**  
 LOCATION MAP PRC 3394  
 R/W SERVING PLATFORM  
 ESTHER  
 ORANGE COUNTY, CALIFORNIA



**EXHIBIT "B"**  
**PRC 3394.1**

**A STRIP OF TIDE AND SUBMERGED LAND 50 FEET WIDE IN SAN PEDRO BAY, ORANGE COUNTY, SITUATE NEAR THE MOUTH OF THE SAN GABRIEL RIVER; BEING FURTHER DESCRIBED AS FOLLOWS:**

**BEGINNING AT A POINT ON THE ORDINARY HIGH WATER MARK OF SAN PEDRO BAY AS SAID ORDINARY HIGH WATER MARK IS SHOWN ON A MAP OF A "SURVEY OF THE ORDINARY HIGH WATER MARK" DATED JUNE 1950, AND PREPARED UNDER WORK ORDER 416 BY THE STATE LANDS COMMISSION WHICH POINT BEARS S. 29° 28' 44" W., 246.15 FEET MORE OR LESS FROM U.S.C.& G.S. TRIANGULATION STATION SEAL BEACH 2 1937 SHOWN ON THE AFOREMENTIONED MAP AND HAVING CALIFORNIA ZONE 6 COORDINATES OF X = 1,433,965.13, Y = 578,684.49; THENCE LEAVING THE ORDINARY HIGH WATER MARK AND PROCEEDING ACROSS TIDE AND SUBMERGED LANDS COVERED BY STATE OIL AND GAS LEASE P.R.C. 186, S. 2° 35' 56" W., 2,327.23 FEET MORE OR LESS TO THE EASTERLY BOUNDARY LINE OF P.R.C. 186, ALSO BEING THE WESTERLY BOUNDARY LINE OF STATE OIL AND GAS LEASE P.R.C. 3095; CONTAINING 2.671 ACRES MORE OR LESS.**

**THE SIDELINES OF SAID STRIP ARE TO BE SHORTENED OR EXTENDED TO TERMINATE ON THE ORDINARY HIGH WATER MARK AT THE NORTHERLY TERMINUS AND ON THE WESTERLY BOUNDARY OF P.R.C. 3095 ON THE SOUTHERLY TERMINUS. THE BEARINGS AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE BASED UPON THE CALIFORNIA COORDINATE SYSTEM ZONE 6.**