

**CALENDAR ITEM  
C24**

A 8, 11, 14, 31

06/19/14  
PRC 3978.1  
PRC 4270.1  
PRC 7493.1  
PRC 8354.1  
PRC 8485.1  
PRC8874.1  
J. Rader  
N. Lee

S 3, 5, 7

**AMENDMENT OF LEASE**

**APPLICANT:**

Vintage Petroleum, LLC  
c/o Oxy Long Beach, Inc..  
111 West Ocean Blvd., Suite 800  
Long Beach, CA 90802

Vintage Production California, LLC  
c/o Oxy Long Beach, Inc..  
111 West Ocean Blvd., Suite 800  
Long Beach, CA 90802

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

PRC 3978.1: Sovereign land located in Suisun Bay, near the city of Pittsburg, Contra Costa and Solano counties.

PRC 4270.1: Sovereign land in Roaring River Slough and Grizzly Slough, at Van Sickle Island, Solano County.

PRC 7493.1: Sovereign land in the Old River, at Union Island, near the city of Tracy, Contra Costa and San Joaquin counties.

PRC 8354.1: Sovereign land in Sevenmile Slough, adjacent to Brannan and Twitchell Islands, near the city of Rio Vista, Sacramento County.

PRC 8485.1: Sovereign land in Tomato Slough, at Brannan Island, near the city of Rio Vista, Sacramento County.

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PRC 8874.1: Sovereign land in Sevenmile Slough, adjacent to Brannan and Twitchell Islands, Sacramento County.

**AUTHORIZED USE:**

PRC 3978.1: Continued use and maintenance of one existing four-inch-diameter condensate steel pipeline and one 12-inch-diameter natural gas steel pipeline.

PRC 4270.1: Continued use and maintenance of one existing two-inch-diameter steel condensate pipeline and one six-inch-diameter steel natural gas pipeline.

PRC 7493.1: Continued use and maintenance of an existing 12-inch-diameter natural gas pipeline.

PRC 8354.1: Continued use and maintenance of an existing eight-inch-diameter natural gas pipeline.

PRC 8485.1: Continued use and maintenance of an existing eight-inch-diameter high pressure natural gas pipeline and an existing access road.

PRC 8874.1: Continued use and maintenance of two three-inch-diameter natural gas gathering lines encased within two eight-inch-diameter steel pipelines.

**LEASE TERM:**

PRC 3978.1: 34 years, beginning May 1, 1983.

PRC 4270.1: 20 years, beginning August 1, 2004.

PRC 7493.1: 30 years, beginning February 7, 1991.

PRC 8485.1: 20 years, beginning October 20, 2003.

PRC 8354.1: 20 years, beginning November 1, 2001.

PRC 8874.1: 15 years, beginning June 28, 2010.

**CONSIDERATION:**

PRC 3978.1: \$6,180 per year; with the State reserving the right to fix a different rent, periodically during the lease, as provided in the lease.

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PRC 4270.1: \$200 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PRC 7493.1: \$180 per year; with the State reserving the right to fix a different rent, periodically during the lease, as provided in the lease.

PRC 8354.1: \$100 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PRC 8485.1: \$100 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PRC 8874.1: \$100 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

**PROPOSED AMENDMENT:**

Amend Leases No. PRC 3978.1, 4270.1, 7493.1, 8354.1, 8485.1, 8874.1 to:  
Modify the parent guaranty from Occidental Oil and Gas Holding Corporation to California Resource Corporation for full performance of obligations under the lease.

All other terms and conditions of all the leases will remain in effect without amendment.

**OTHER PERTINENT INFORMATION:**

1. Applicants have the right to use the upland adjoining the lease premises.
2. Vintage Petroleum, LLC and Vintage Production California, LLC (collectively "Vintage") are currently a wholly-owned subsidiary of Oxy USA Inc. Vintage is responsible for complying with all obligations of the lease for the existing facilities and Occidental Oil and Gas Holding Corporation (OOGHC) provides an unconditional parent guaranty for the full performance of all obligations under Leases No. PRCs 3978.1, 4270.1, 7493.1, 8354.1, 8485.1, and 8874.1.
3. Occidental Petroleum Corporation ("OPC"), which is the parent company of both Oxy USA Inc. and OOGHC, is currently in the process of separating its assets into an independent and separately traded company. On February 13, 2014, the Board of Directors of OPC authorized the separation of OPC's California business into a separate and independent,

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publicly traded company. This new company, California Resources Corporation ("CRC"), will be separated from OPC following certain regulatory approvals, including the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective, and final approval of OPC's Board of Directors. When separated, CRC will replace OPC as the ultimate parent company with respect to OPC business in California. For reference purposes, the separation described above is referred to as "Oxy's spin-off."

4. The Commission's approval would be conditioned upon approval of: (1) the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective; (2) the most recent pro forma balance sheet included in CRC's Registration Statement on Form 10 and declared effective by the United States Securities and Exchange Commission that reflects the net worth (total assets less total liabilities) of CRC to be in excess of One Billion Dollars (US); and, (3) final approval of Oxy's spin-off by the OPC Board of Directors. Until such time, OOGHC will remain the parent guaranty.
  
5. PRC 3978.1:  
On July 12, 1984, the Commission authorized a General Lease - Right-of- Way Use, Lease No. PRC 3978.1, for the use and maintenance of a 12-inch natural gas pipeline and a four-inch condensate pipeline with Chevron U.S.A. Inc. and Shell California Production, Inc. beginning May 1, 1983. On October 26, 1989, the Commission authorized the assignment of all interest in the lease to Chevron U.S.A. Inc. and on January 29, 1999, the Commission authorized the assignment of the lease to Venoco, Inc. On April 26, 2013, the Commission authorized Assignment and Amendment of General Lease - Right-of- Way Use, Lease No. PRC 3978.1, from Venoco, Inc. to Vintage Production California, LLC. The lease will expire on April 30, 2017.
  
6. PRC 4270.1:  
On June 26, 2006, the Commission authorized Lease No. PRC 4270.1, a General Lease – Right-of-Way Use, to Venoco, Inc. On April 26, 2013, the Commission authorized Assignment and Amendment of Lease No. PRC 4270.1, a General Lease – Right-of-Way Use, to Vintage Production California, LLC. The lease will expire on July 31, 2024.

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7. PRC 7493.1:  
On February 6, 1991, the Commission authorized Lease No. PRC 7493.1, a General Lease - Right-of-Way Use, for the construction, use, and maintenance of a 12-inch natural gas pipeline with Union Oil Company of California. On May 9, 1996, the Commission authorized the assignment of the lease to Torch Operating Company. On November 21, 2006, the Commission authorized an assignment of the lease to Conoco Phillips Company and on March 28, 2008, the Commission authorized the assignment of the lease to Venoco, Inc. On April 26, 2013, the Commission authorized an assignment of the lease to Vintage Production California, LLC. The lease will expire on February 6, 2021.
  
8. PRC 8354.1:  
On November 26, 2001, the Commission authorized a 20-year General Lease – Right-of-Way Use to Calpine Natural Gas Company for the construction of an eight-inch-diameter natural gas pipeline. On October 30, 2007 the Commission authorized the assignment of the lease to Rosetta Resources Operating LP. On June 23, 2011, the Commission authorized Assignment and Amendment of Lease No. PRC 8354.1, a General Lease – Right-of-Way Use, to Vintage Petroleum, LLC. The lease will expire on October 31, 2021.
  
9. PRC 8485.1:  
On October 20, 2003, the Commission authorized a 20-year General Lease – Right-of-Way Use to Calpine Natural Gas Company, LP. On October 30, 2007, the Commission authorized the Assignment of Lease No. PRC 8485.1 from Calpine Natural Gas Company, LP to Rosetta Resources Operation LP. On June 23, 2011, the Commission authorized the Assignment of Lease No. PRC 8485.1, from Rosetta Resources Operation LP to Vintage Petroleum, LLC.
  
10. PRC 8874.1:  
On October 17, 1941, the Secretary of War authorized the installation of two eight-inch-diameter natural gas pipelines, across Sevenmile Slough, to the Pacific Gas and Electric Company (PG&E). In 2007, PG&E sold the pipelines to Rosetta Resources

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Operating LP (Rosetta). In October 2007, Rosetta inserted new three-inch flexible pipes into the two existing eight-inch pipelines. On June 28, 2010, the Commission authorized a 15-year General Lease – Right-of-Way Use to Rosetta Resources Operating LP. On June 23, 2011, the Commission authorized the Assignment for Lease No. PRC 8874.1 from Rosetta to Vintage Petroleum, LLC. The lease will expire on June 27, 2025.

11. The staff recommends that the Commission find that the lease amendments do not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

**EXHIBIT:**

- A. Site and Location Map

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

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

**AUTHORIZATION:**

Authorize an amendment of Leases No. PRC 3978.1, 4270.1, 7493.1, 8354.1, 8485.1, and 8874.1, to amend the acceptance of a parent guaranty from Occidental Oil and Gas Holding Corporation (OOGHC) to California Resource Corporation for full performance of obligations under the lease, effective upon the State's receipt of: (1) declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective; (2) the most recent pro forma balance sheet included in CRC's Registration Statement on Form 10 and declared effective by the United States Securities and Exchange

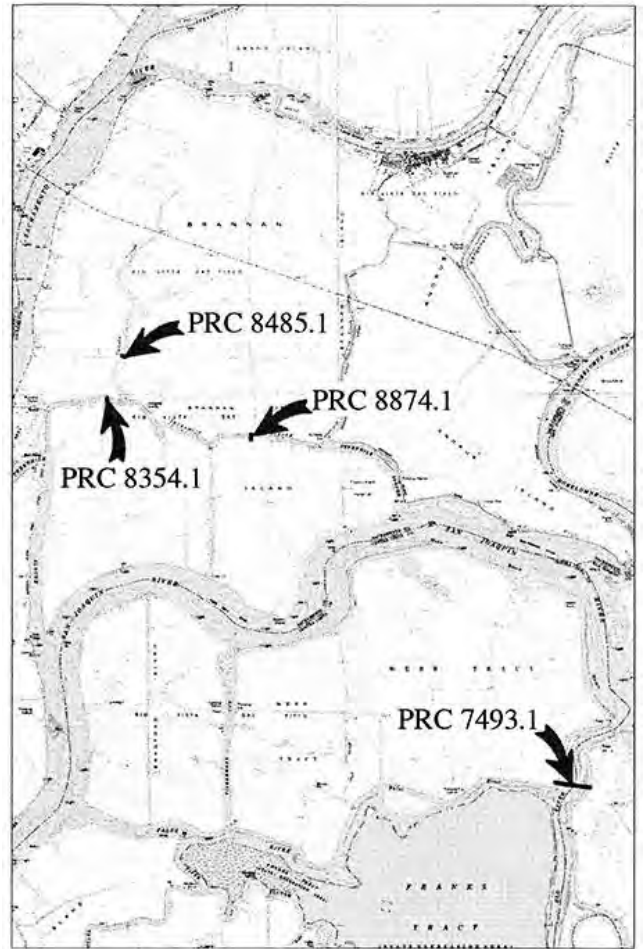
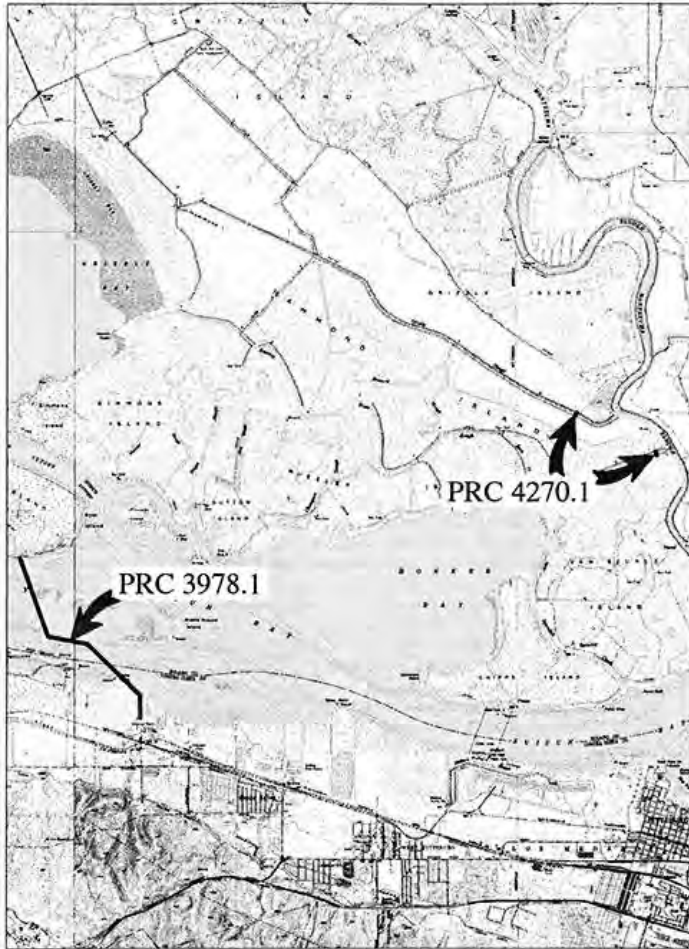
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Commission that reflects the net worth (total assets less total liabilities) of CRC to be in excess of One Billion Dollars (US); and, (3) final approval of Oxy's spin-off by the OPC Board of Directors. Until such time, OOGHC will remain the parent guaranty.

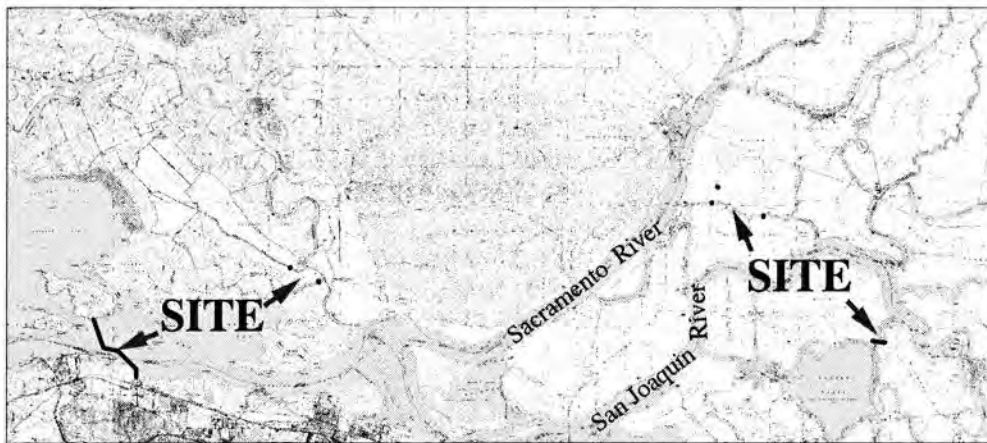
All other terms and conditions of the lease will remain in effect without amendment.

NO SCALE

# SITE



NO SCALE



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties 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

PRC 3978.1  
 VINTAGE PRODUCTION  
 CALIFORNIA, LLC  
 CONTRA COSTA,  
 SOLANO, SAN JOAQUIN &  
 SACRAMENTO COUNTIES



TS 06/12/14