

**CALENDAR ITEM
C38**

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S 19

08/09/16
PRC 3913.1
D. Simpkin

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

California Resources Petroleum Corporation

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

Sovereign land located in the Pacific Ocean, near Emma Wood State Beach, Ventura County.

AUTHORIZED USE:

Maintenance of two non-operational 12-inch diameter seawater intake pipelines and one non-operational 12-inch diameter outfall pipeline.

LEASE TERM:

4 years, beginning January 31, 2016.

CONSIDERATION:

\$19,967 per year with an annual Consumer Price Index adjustment.

SPECIFIC LEASE PROVISIONS:

Insurance: Liability insurance in an amount no less than \$1,000,000 per occurrence.

Bond: \$100,000.

Other: Lessee is required to submit a plan for removal of the pipelines or a plan for the rehabilitation of the pipelines no later than August 1, 2018.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, and 6301;
California Code of Regulations, title 2, section 2000, subdivision (b).

CALENDAR ITEM NO. **C38** (CONT'D)

Public Trust and State's Best Interests Analysis:

On June 1, 2009, the Commission authorized a General Lease – Right-of-Way Use to Vintage Petroleum, Inc. (Vintage). The lease expired on January 30, 2016. California Resources Petroleum Corporation (CRPC) is successor-in-interest to Vintage and has submitted an application for a new short-term lease which will allow time for CRPC to assess whether the pipelines should be either replaced and brought back into service or removed. CRPC has the right to use the upland adjoining the lease premises.

The subject pipelines (two 12-inch diameter seawater intake and one 12-inch diameter outfall pipeline) were installed in or around 1967. The three pipelines run from the Grubb Oil Field to a concrete vault, located waterward of Highway 1, and then extend approximately 550, 680 and 730 feet respectively into the Pacific Ocean within the Commission's jurisdiction. The two seawater intake pipelines were used to supply water to the Grubb Oil Field, a processing plant, located on the upland adjacent to the lease premises. The processed water was used for secondary oil recovery in an upland oil production field. Portions of the pipelines are inoperable and would require replacement for continued use. None of the pipelines are in service at this time and the proposed lease requires prior approval of the Commission before the pipelines can be returned to use.

The issuance of a short-term 4-year lease would allow the Applicant sufficient time to assess the condition of the pipelines and to determine if the pipelines should be replaced, or removed entirely from the lease premises. The new short-term lease will require the Applicant to submit a plan for replacement of the pipelines or a plan for removal and restoration of the lease premises within 2 years of the issuance of this lease. Commission staff believes this use of public land will not substantially interfere with Public Trust uses or needs in this location at this time and for the term of the lease.

The interim lease includes provisions requiring insurance, indemnity, as well as the payment of annual rent to compensate the people of the State for the occupation of public land. For all the reasons above, Commission staff believes the issuance of this lease is consistent with the common law Public Trust Doctrine and is in the best interests of the State.

CALENDAR ITEM NO. **C38** (CONT'D)

OTHER PERTINENT INFORMATION:

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission's jurisdiction.

2. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

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

3. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon 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. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

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

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease will not substantially interfere with the Public Trust needs and values at this location at this time, is consistent with the common law Public Trust Doctrine, and is in the best interests of the State.

CALENDAR ITEM NO. **C38** (CONT'D)

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 section 6370 et seq.

AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to California Resources Petroleum Corporation beginning January 31, 2016, for a term of 4 years, for maintenance of two non-operational 12-inch diameter seawater intake pipelines and one non-operational 12-inch diameter outfall pipeline as described in Exhibit A and shown on Exhibit B (for reference purposes only), attached and by this reference made a part hereof; annual rent in the amount of \$19,967 with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$1,000,000 per occurrence; and surety bond in the amount of \$100,000.

EXHIBIT A

PRC 3913.1

LAND DESCRIPTION

Those portions of three strips of tidelands or submerged lands in the Santa Barbara Channel, Ventura County, each being 50 feet in width and partially overlapping, which lie seaward of the ordinary high water mark along the mainland shoreline of said channel, the centerlines of said strips being described as follows:

BEGINNING at a point on the southwesterly right-of-way of the State Highway (U. S. 101) which bears S 15° 45' 25" E, 3517.37 feet from U.S.C. & G.S. triangulation station "JACK", said triangulation station having coordinates of X = 1,586,815.40 and Y = 303,664.98; thence S 36° 08' 10" W, 43.00 feet to reference point E; thence from reference point E: the first right-of-way centerline bears S 46° 53' 42" W, 730.00 feet; the second right-of-way centerline bears S 25° 22' 38" W, 680.00 feet; and the third right-of-way centerline bears S 35° 49' 00" W, 550.00 feet.

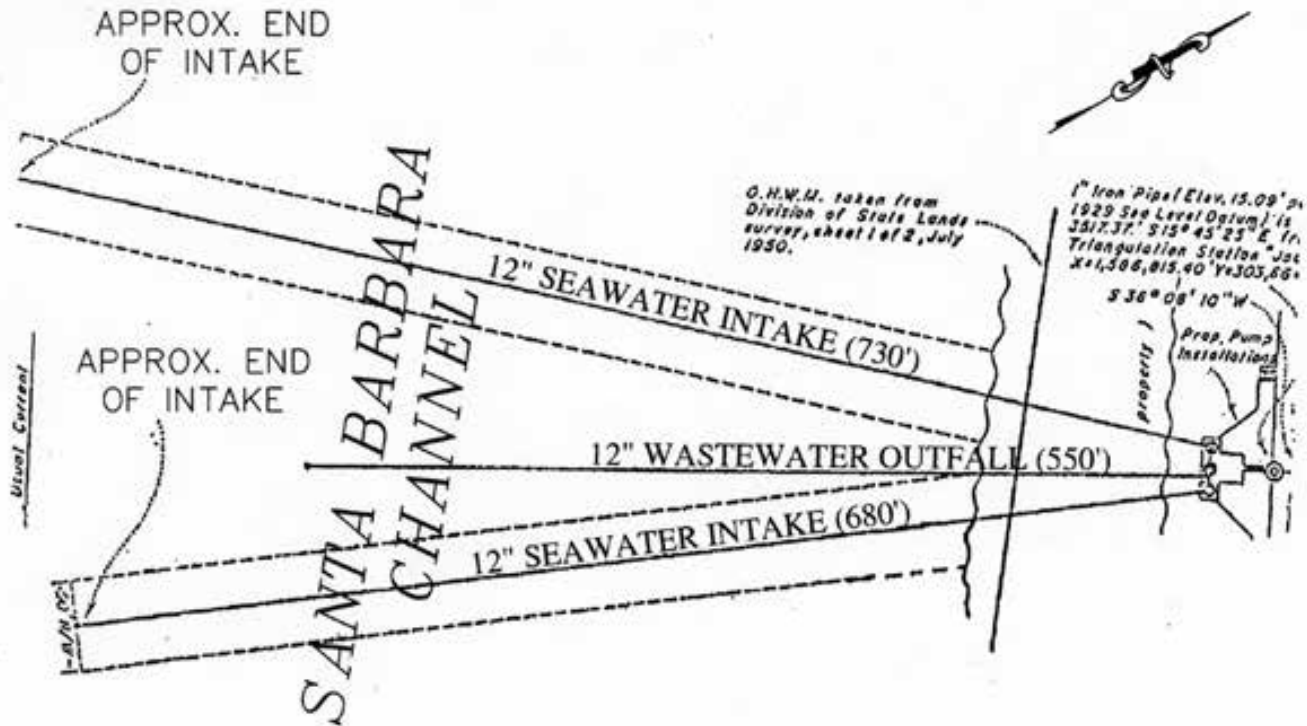
This description is based on the California Coordinate System, Zone 5.

END OF DESCRIPTION

Revised March 3, 1983

NO SCALE

SITE



*50' WIDE LEASE PARCEL FOR EACH OF THE THREE PIPELINES SHOWN ABOVE ALL WHICH ARE CURRENTLY INACTIVE

Santa Barbara Channel, near Ventura

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 3913.1
 CALIFORNIA RESOURCES
 PETROLEUM CORPORATION
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 VENTURA COUNTY



MJF 5/19/16

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.