

CALENDAR ITEM

C41

A 14

04/20/17

S 7

PRC 7493.1

J. Toy

REVISION OF RENT

LESSEE:

California Resources Production Corporation

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Old River, at Union Island, near Tracy, Contra Costa and San Joaquin Counties.

AUTHORIZED USE:

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

LEASE TERM:

30 years, beginning February 7, 1991.

CONSIDERATION:

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff reviewed the rent under this lease and recommends that rent be revised from \$180 per year to \$450 per year, effective February 7, 2017.

OTHER PERTINENT INFORMATION:

1. Lessee owns the upland adjoining the lease premises.
2. On February 7, 1991, the Commission authorized a General Lease – Right-of-Way Use to Union Oil Company of California for a term of 30 years beginning February 7, 1991 ([Calendar Item C20, February 6, 1991](#)). The lease assigned to Vintage Production California, LLC on April 26, 2013 ([Calendar Item C67, April 26, 2013](#)). The name of the Lessee was changed to California Resources Production Corporation effective December 5, 2014. The lease will expire on February 6, 2021.
3. No internal corrosion or dents were detected from the 2016 inline inspection. Cathodic protection survey results in 2013, 2014, 2015, and

CALENDAR ITEM NO. **C41** (CONT'D)

2016 indicate the pipeline crossing has sufficient protection against corrosion. The 2014 burial depth survey indicates the depth of cover is approximately three feet over the pipeline. Pursuant to the lease, the minimum depth of cover is five feet. Staff has requested a remediation plan for the burial depth from the Lessee as required by the lease.

4. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
5. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

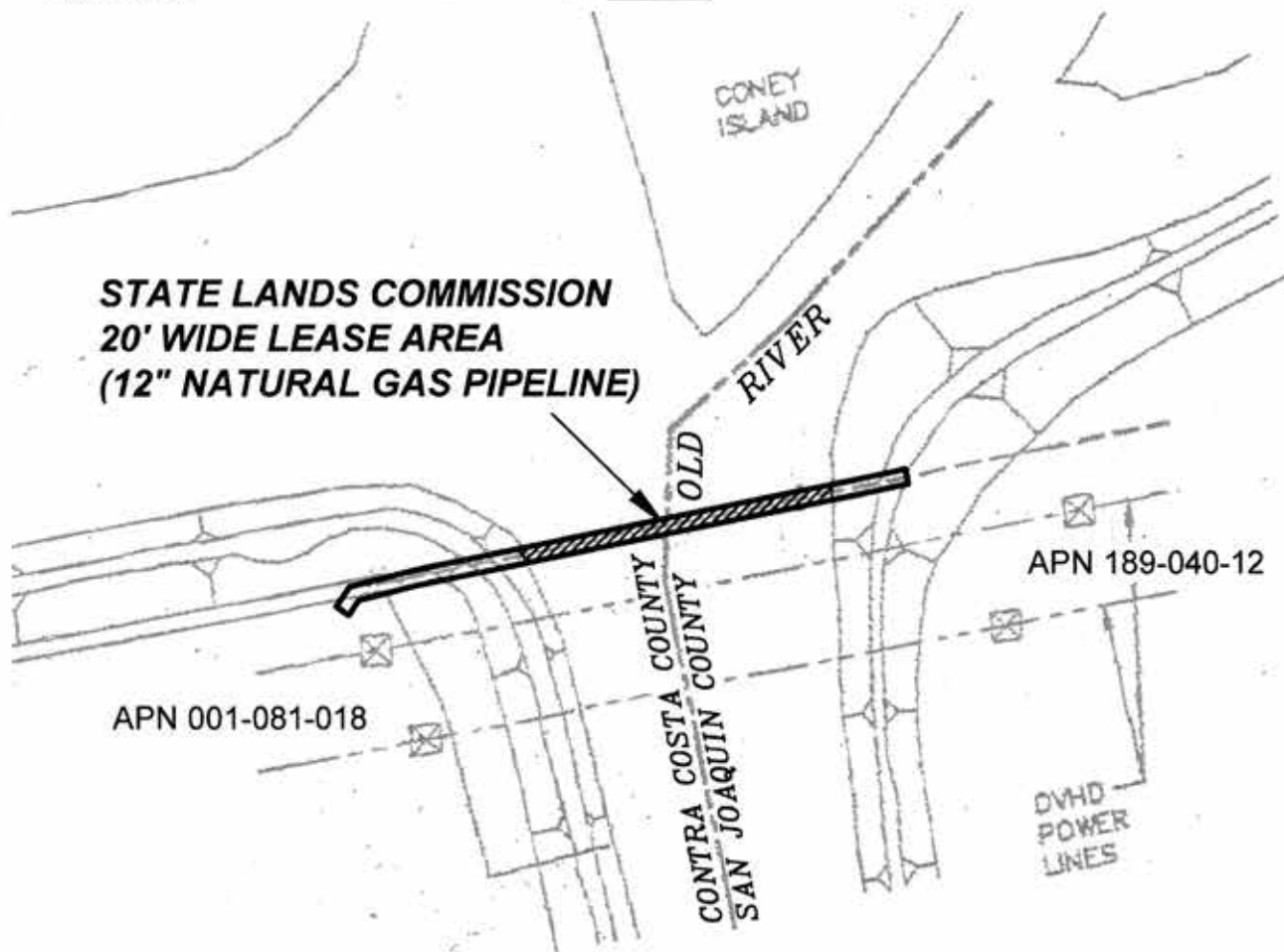
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 7493.1 from \$180 per year to \$450 per year, effective February 7, 2017.

NO SCALE

SITE



OLD RIVER, NORTHWEST OF THE CITY OF TRACY

NO SCALE

LOCATION



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 7493.1

VINTAGE PRODUCTION

CALIFORNIA, LLC

APNs 189-040-12 & 001-081-018

GENERAL LEASE -

RIGHT-OF-WAY USE

SAN JOAQUIN & CONTRA COSTA
COUNTIES



TS 01/26/17