

**CALENDAR ITEM  
C38**

A 11  
S 3

06/22/17  
PRC 8874.1  
J. Toy

**REVISION OF RENT**

**LESSEE:**

California Resources Petroleum Corporation

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

Sovereign land in Sevenmile Slough, adjacent to Assessor's Parcel Numbers 157-0120-027 and 157-0140-020, near Isleton, Sacramento County.

**AUTHORIZED USE:**

Continued use and maintenance of two 3-inch-diameter natural gas gathering lines cased in two 8-inch-diameter natural gas pipelines.

**LEASE TERM:**

15 years, beginning June 28, 2010.

**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 \$100 per year to \$450 per year, effective June 28, 2017.

**OTHER PERTINENT INFORMATION:**

1. Lessee has the right to use the land adjoining the lease premises.
2. On June 28, 2010, the Commission authorized a General Lease – Right-of-Way Use to Rosetta Resources Operating LP for a term of 15 years beginning June 28, 2010 ([Calendar Item C28, June 28, 2010](#)). The lease was assigned to Vintage Petroleum, LLC, on June 23, 2011 ([Calendar Item C59, June 23, 2011](#)). Pursuant to a letter dated December 5, 2014, the lessee requested that their name be changed, due to an internal reorganization, to California Resources Petroleum Corporation. The lease will expire on June 27, 2025.

The lease requires submittal of annual burial assessment surveys confirming the depth of cover over the pipelines has been a minimum of 5 feet at all times and results of all other inspections performed.

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

Commission staff received the 2011 burial assessment survey and annual cathodic testing results from 2008 through 2016. The pipelines are in satisfactory condition, however, the 2011 burial assessment survey shows that two sections of the pipelines are exposed. On May 19, 2017 Commission staff requested a remediation plan be submitted for review and approval pursuant to the requirements of the lease. As of the date this staff report was published, California Resources Petroleum Corporation has not responded to this request.

3. 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.
4. 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 8874.1 from \$100 per year to \$450 per year, effective June 28, 2017.

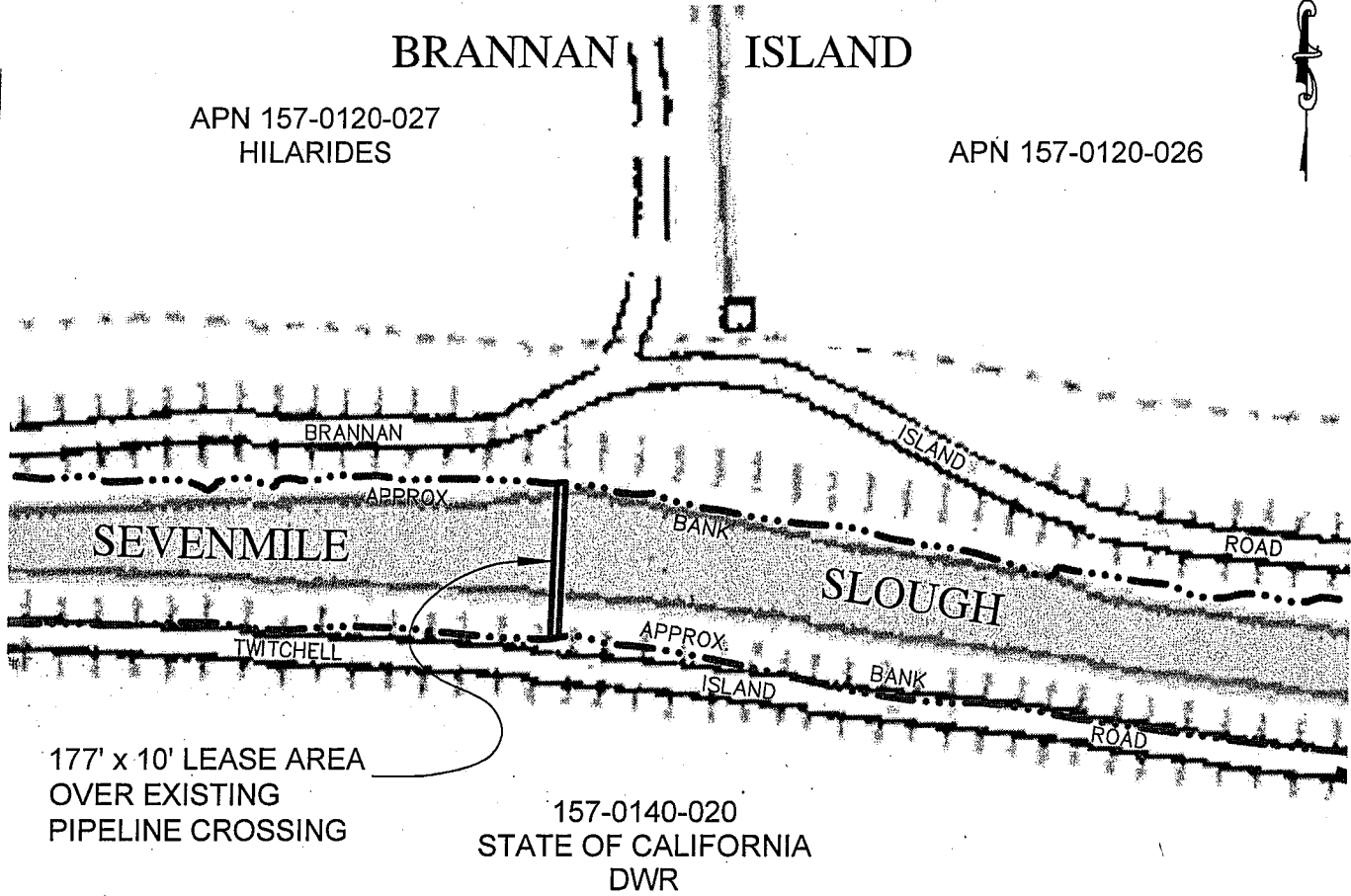
NO SCALE

### SITE

## BRANNAN ISLAND

APN 157-0120-027  
HILARIDES

APN 157-0120-026



177' x 10' LEASE AREA  
OVER EXISTING  
PIPELINE CROSSING

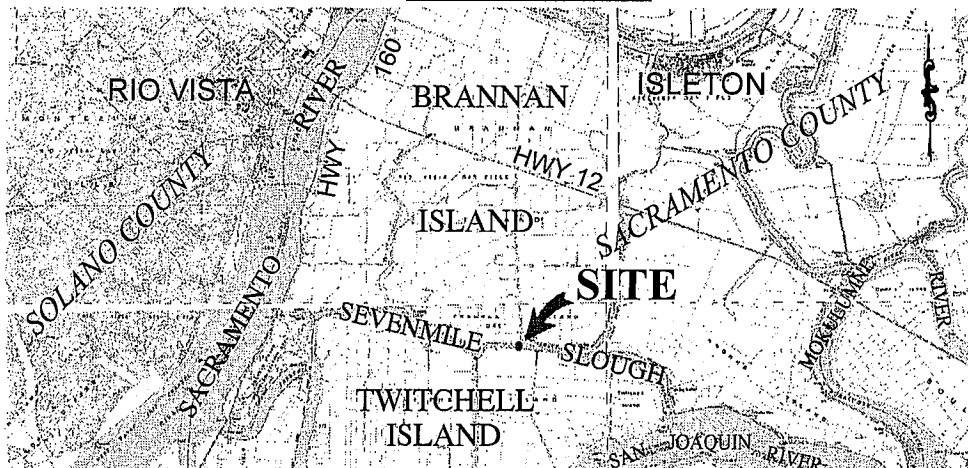
157-0140-020  
STATE OF CALIFORNIA  
DWR

## TWITCHELL ISLAND

### GAS PIPELINE CROSSING

NO SCALE

### LOCATION



MAP SOURCE: USGS QUAD

### Exhibit A

PRC 8874.1

CALIFORNIA RESOURCES  
PETROLEUM CORPORATION  
APN 157-0120-026, 157-140-020  
GENERAL LEASE  
RIGHT-OF-WAY USE  
SACRAMENTO COUNTY



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.