

**STAFF REPORT  
C52**

A 11

10/19/17  
PRC 8354.1  
J. Toy

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**REVISION OF RENT**

**LESSEE:**

California Resources Petroleum Corporation

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

Sovereign land in Seven Mile Slough, adjacent to Twitchell and Brannan Islands, near Rio Vista, Sacramento County.

**AUTHORIZED USE:**

Continued use and maintenance of an existing directionally drilled 8-inch diameter natural gas pipeline connecting the existing Rio Vista Gas Unit (RVGU) No. 226 Gas Well on Twitchell Island with the existing RVGU No. 209 Gas Well on Brannan Island.

**LEASE TERM:**

20 years, beginning November 1, 2001.

**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 November 1, 2017.

**OTHER PERTINENT INFORMATION:**

1. Lessee has the right to use the land adjoining the lease premises.
2. On November 26, 2001, the Commission authorized a General Lease – Right-of-Way Use to Calpine Natural Gas Company for a term of 20 years beginning November 1, 2001 ([Item 16, November 26, 2001](#)). On October 30, 2007, the Commission authorized an assignment of lease to Rosetta Resources Operating LP ([Item 31, October 30, 2007](#)). On June 23, 2011, the Commission authorized an assignment of lease to Vintage Petroleum, LLC; an amendment to increase the required amount of insurance to \$5,000,000 and surety bond to \$20,000; the revision of engineering provisions and addition of engineering and reporting provisions; and the continuation of rent ([Item 62, June 23, 2011](#)). On June 19, 2014, the

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Commission authorized an amendment of lease to modify the parent guaranty from Occidental Oil and Gas Holding Corporation to California Resources Corporation for full performance of obligations under the lease ([Item 24, June 19, 2014](#)). 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 October 31, 2021.

3. Commission staff requested certified copies of integrity test results to confirm the condition of the pipeline. Staff will review the reports upon receipt and based on the results take any and all actions necessary to ensure the safety of the pipeline consistent with the Commission's jurisdiction and authority.
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:**

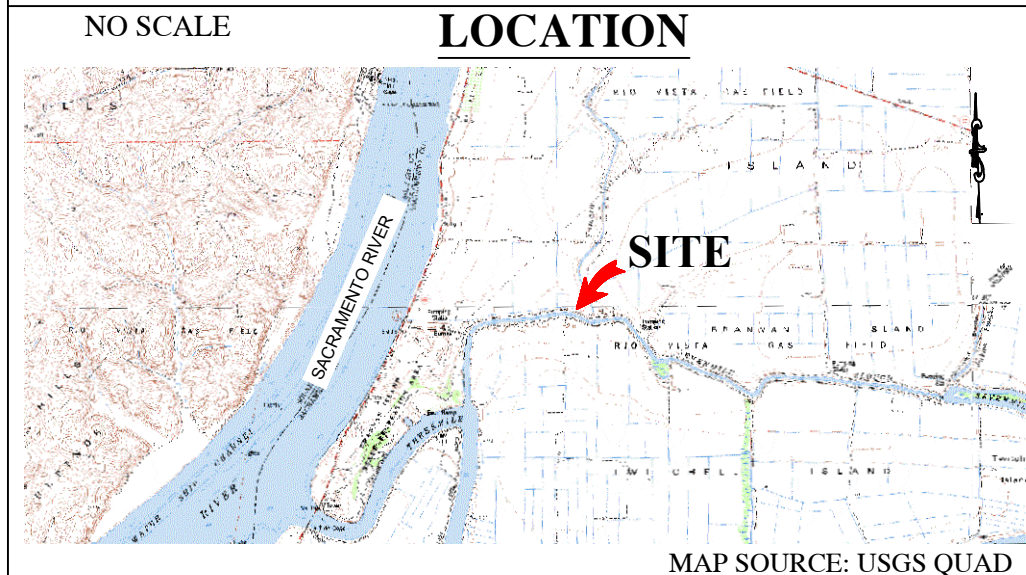
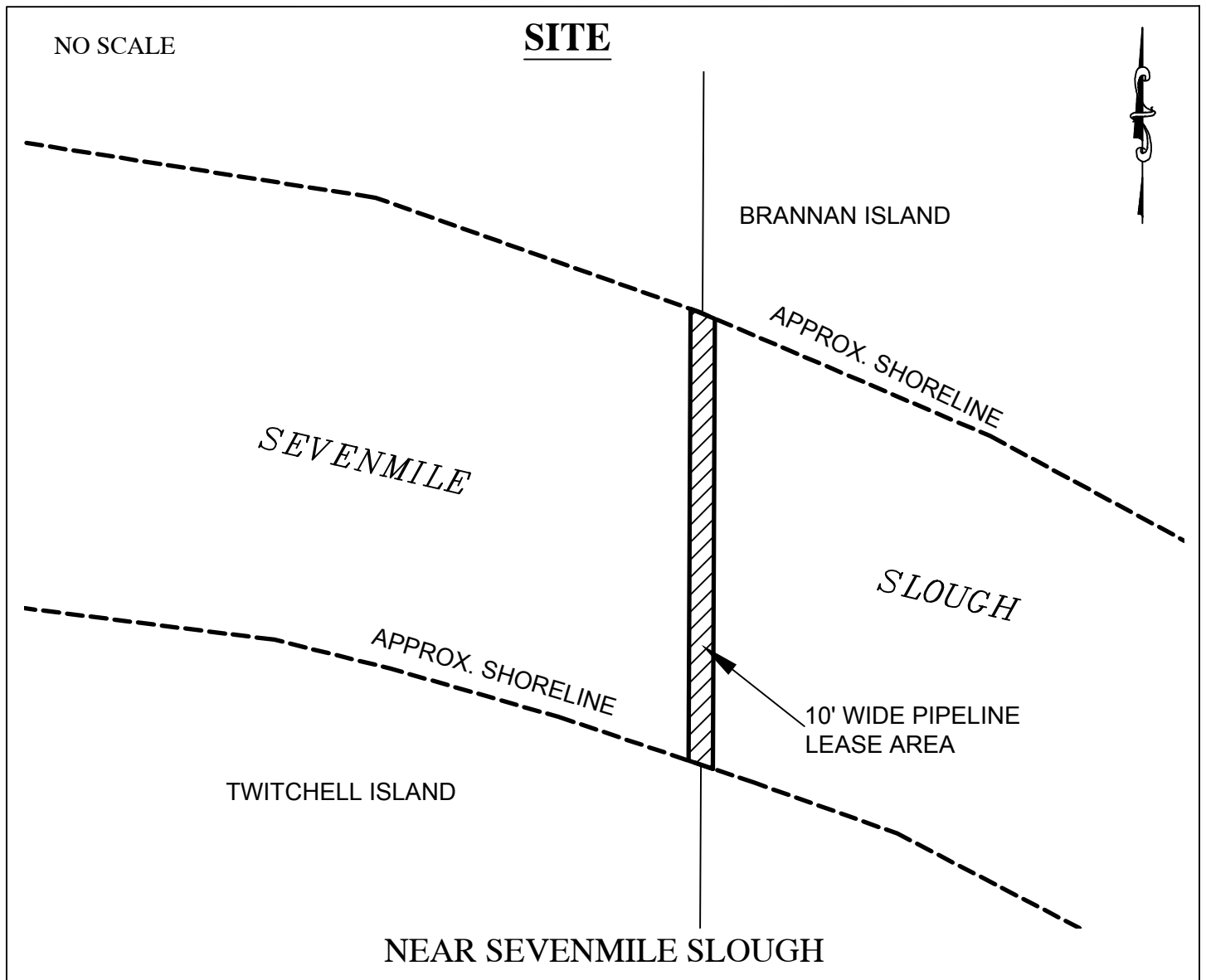
- A. Site and Location Map

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**AUTHORIZATION:**

Approve the revision of rent for Lease No. PRC 8354.1 from \$100 per year to \$450 per year, effective November 1, 2017.



**Exhibit A**  
 PRC 8354.1  
 CALIFORNIA RESOURCES  
 PETROLEUM CORP.  
 GENERAL LEASE -  
 RIGHT-OF-WAY USE  
 SACRAMENTO COUNTY



RPF 08/18/17

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.