

STAFF REPORT
C53

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10/19/17
PRC 8485.1
J. Toy

REVISION OF RENT

LESSEE:

California Resources Petroleum Corporation

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Tomato Slough at Brannan Island, near Rio Vista, Sacramento County.

AUTHORIZED USE:

Continued use and maintenance of an existing 8-inch diameter high pressure natural gas pipeline and access road.

LEASE TERM:

20 years, beginning October 20, 2003

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 October 20, 2017.

OTHER PERTINENT INFORMATION:

1. On October 20, 2003, the Commission authorized a General Lease – Right-of-Way Use to Calpine Natural Gas Company, a Delaware Limited Partnership for a term of 20 years beginning October 20, 2003 ([Item C3, October 20, 2003](#)). On October 30, 2007, the Commission authorized an assignment of lease to Rosetta Resources Operating LP ([Item C31, October 30, 2007](#)). On June 23, 2011, the Commission authorized an assignment and amendment of lease and the continuation of rent. The assignment was to Vintage Petroleum, LLC and the amendment revised the required amount of securities and pipeline reporting and maintenance requirements ([Item C61, June 23, 2011](#)). On June 19, 2014, the Commission authorized an amendment of lease to modify the parent guaranty to California Resources Corporation ([Item C24, June 19, 2014](#)). The lessee requested their name be changed in a letter dated December

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4, 2014, to California Resources Petroleum Corporation due to an internal reorganization. The lease will expire on October 19, 2023.

2. Commission staff requested an updated Operations and Maintenance Plan, burial assessment survey reports, results of internal inspections or pressure tests made in the bored crossing pipeline section, and periodic inspection results of the cathodic protection system operation, including pipe to soil potential surveys. 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.
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:

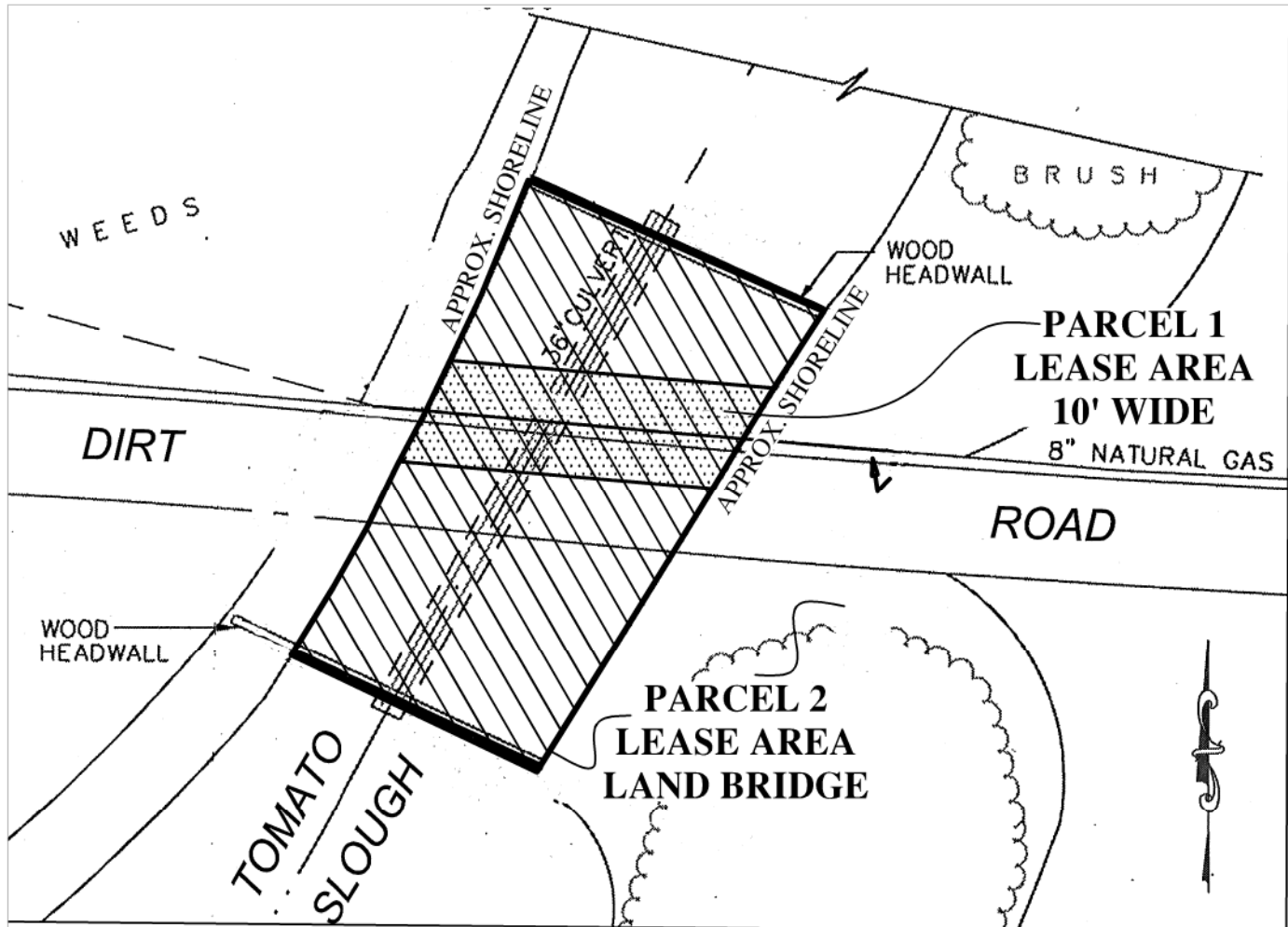
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8485.1 from \$100 per year to \$450 per year, effective October 20, 2017.

NO SCALE

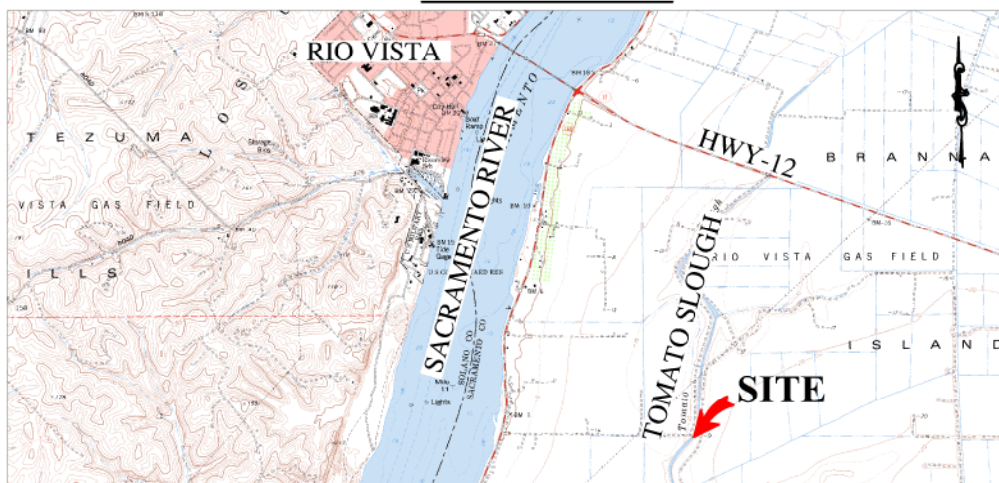
SITE



Tomato Slough, near Rio Vista

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 8485.1
CALIFORNIA RESOURCES
PETROLEUM CORPORATION
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.

MJF 9/01/17