

**CALENDAR ITEM  
C61**

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06/23/11  
PRC 8485.1  
N. Lavoie

**CONSIDER AN ASSIGNMENT AND AMENDMENT OF LEASE  
AND THE CONTINUATION OF RENT**

**LESSEE/ASSIGNOR:**

Rosetta Resources Operating LP  
717 Texas, Suite 2800  
Houston, TX 77002

**ASSIGNEE:**

Vintage Petroleum, LLC  
10889 Wilshire Boulevard  
Los Angeles, CA 90024

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

0.06 acres, more or less, of sovereign land in Tomato Slough, at Brannan Island, near the city of Rio Vista, Sacramento County.

**AUTHORIZED USE:**

Use and maintenance of an existing eight-inch diameter high pressure natural gas pipeline and an existing access road as shown on Exhibit A.

**LEASE TERM:**

20 years, beginning October 20, 2003.

**CONSIDERATION:**

\$100 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

**PROPOSED AMENDMENT:**

Amend Lease No. PRC 8485.1 as follows:

1. Section 1 (General Provisions) to revise the surety bond or other security from \$10,000 to \$20,000.
2. Section 2 (Special Provisions) to revise liability insurance coverage from not less than \$50,000,000 per each occurrence to not less

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than \$5,000,000 per each occurrence, and revise engineering provisions, and add additional engineering and reporting provisions.

**OTHER PERTINENT INFORMATION:**

1. Assignee has the right to use the upland adjoining the lease premises.
2. On October 20, 2003, the Commission authorized a 20-year General Lease – Right-of-Way Use to Calpine Natural Gas Company, LP. On October 30, 2007, the Commission authorized the Assignment of Lease No. PRC 8485.1 from Calpine Natural Gas Company, LP to Rosetta Resources Operation LP. The lessee has made application to assign the lease to Vintage Petroleum, LLC.
3. Vintage Petroleum, LLC (Vintage) is a wholly owned subsidiary of Occidental Oil and Gas Holding Corporation (Oxy). Vintage will be responsible for complying with all obligations of the lease for the existing facilities and Oxy is providing an unconditional guaranty for the full performance of all obligations under Lease No. PRC 8485.1.
4. The existing pipeline was installed down the center of an access road when the Brannan Island Reclamation District was replacing a culvert under the same access road in 2002. A conventional open cut trench was utilized after the culvert installation was completed by the Reclamation District. The 36-inch diameter culvert was buried five feet below the access road and the pipeline was laid with a two-foot clearance between the top of the culvert and the bottom of the gas pipeline and with a minimum three-foot depth of cover under the access road. Historically, the access road has served as an agricultural and natural gas well and pipeline easement with the Rio Vista Gas Field Operator (currently Rosetta Resources Operating LP) being primarily responsible for maintenance. Therefore, use and maintenance of the existing access road over Tomato Slough is also included in Lease No. 8485.1.
5. The pipeline is a high pressure natural gas pipeline approximately 2.3 miles long installed from the Twitchell/Brannan Master Meter (located just south of State Highway 12) to the Rio Vista Gas Unit 162 Meter. The east side of the pipeline was last inspected February 25, 2011, and the west side on April 15, 2011. No repairs or modifications made within the lease area were necessitated by the inspections.
6. This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the

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rent under this lease, and recommends that the rent be continued at \$100 per year, effective October 20, 2011.

7. As part of assignment staff reviewed lease requirements and are recommending that the lease is amended to include additional engineering and reporting provisions, standard in new leases, and to revise liability insurance coverage from not less than \$50,000,000 per each occurrence to not less than \$5,000,000 per each occurrence; revise surety bond or other security device from \$10,000 to \$20,000. The revisions bring the lease into conformity with the other leases assigned from Rosetta to Vintage.
  
8. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

**EXHIBITS:**

- A. Site and Location Map
- B. Land Description

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

**AUTHORIZATION:**

Authorize the Assignment of Lease No. PRC 8796.1, a General Lease Right-of-Way Use, of sovereign land in the San Joaquin River as shown on Exhibit A (for reference purposes only) and as described on Exhibit B attached and by this reference made a part hereof, from Rosetta Resources Operating LP to Vintage Petroleum, LLC and acceptance of a parental guaranty from Occidental Oil and Gas Holding Corporation; effective June 23, 2011.

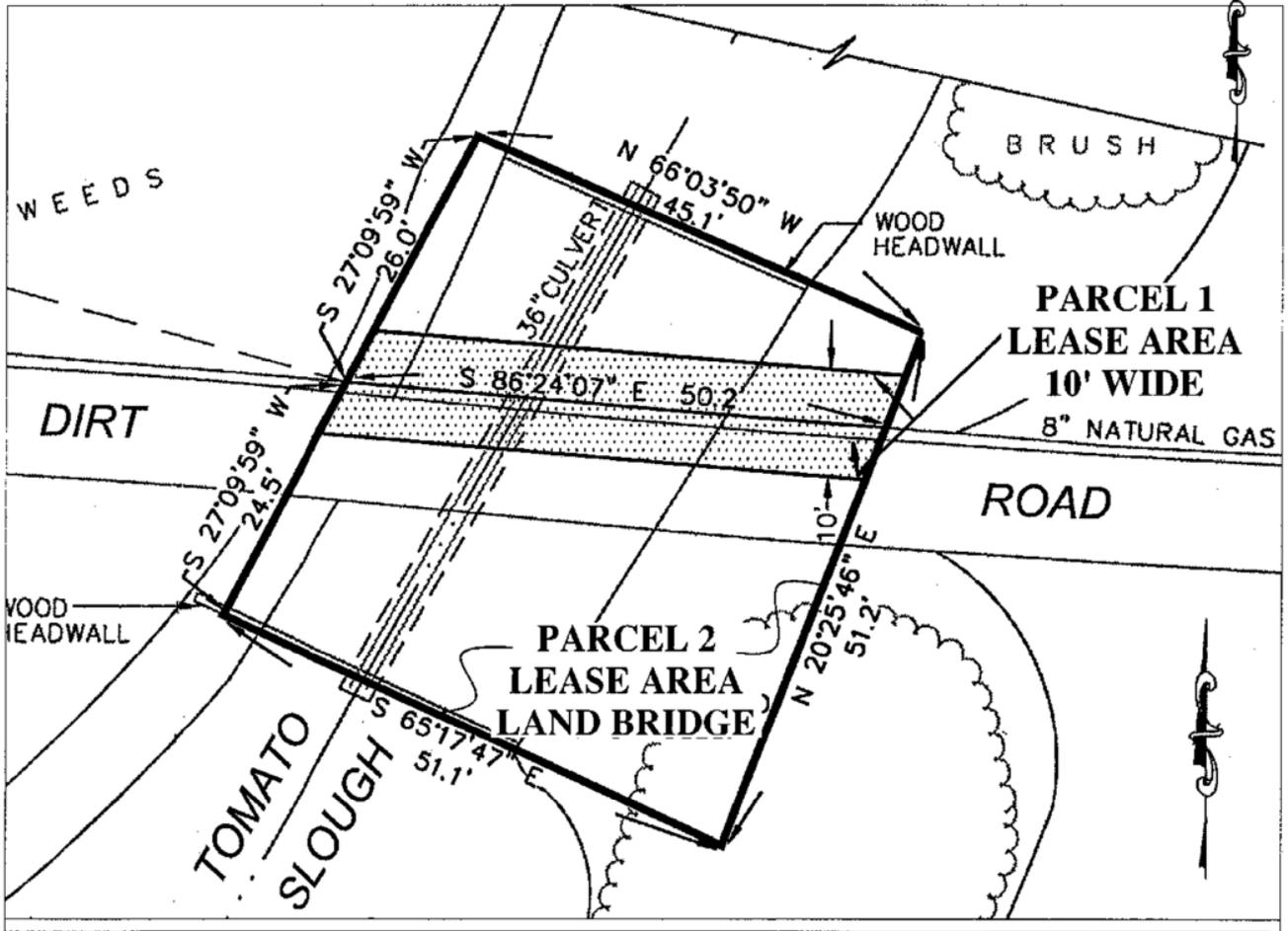
CALENDAR ITEM NO. **C61** (CONT'D)

Authorize the amendment of Lease No. PRC 8485.1, to include the revision of the surety bond or other security from \$10,000 to \$20,000; liability insurance coverage from not less than \$50,000,000 per each occurrence to not less than \$5,000,000 per each occurrence; and revise engineering provisions, and add additional engineering and reporting provisions, effective June 23, 2011.

Approve the continuation of rent for Lease No. PRC 8485.1 at \$100 per year, effective October 20, 2011.

NO SCALE

### SITE



Tomato Slough, near Rio Vista

NO SCALE

### LOCATION



MAP SOURCE: USGS QUAD

### Exhibit A

PRC 8485.1  
 VINTAGE PETROLEUM, LLC  
 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 6/9/11

## LAND DESCRIPTION

## TOMATO SLOUGH PIPELINE CROSSING

## PAGE 1 OF 2

PARCEL 1

The parcel of land situate in the unincorporated area of the County of Sacramento, State of California, and being a portion of the parcels of land described and designated PARCEL NO. 1 and PARCEL NO. 3 in the deed from C.W. Welch and Eleanor Propfe Welch to The Texas Company dated November 24, 1937 and recorded in Book 663 of Official Records at page 139, Sacramento County Records, more particularly described as follows:

A strip of filled tide and submerged land lying in the bed of historic Tomato Slough as it traverses Brannan Island, being of the uniform width of 10 feet and lying 5 feet on each side of a line described as follows:

Beginning at a point on the westerly bank, from which a found aluminum disc stamped "HPGN CALIF. STA. 10-11 1991" bears North 75°41'57" West 5284.8 feet distant, said point also being within said PARCEL NO. 1; thence, from said point of beginning, South 86°24'07" East 50.2 feet, more or less, to a point on the easterly bank, said point also being within said PARCEL NO. 3, and being the terminal point of the herein described line.

The sidelines of the hereinabove described 10 feet wide strip of filled tide and submerged land are to be prolonged or shortened to terminate at the ordinary high water mark of said Tomato Slough.

EXCEPTING THEREFROM any portion thereof lying landward of the ordinary high water marks of said Tomato Slough.

The bearings for the hereinabove described lease are based on a found Caltrans aluminum disc stamped "HPGN CALIF. STA. 10-11 1991" and a found Caltrans 1 inch iron pipe with red plastic plug stamped "CALTRANS MON. CM 203L", the California Coordinate System Zone 2, 1927 NAD coordinates for which are:

HPGN CALIF. STA. 10-11 1991: N = 170547.142 and E = 2090560.165  
 CM 203L: N = 172038.263 and E = 2090574.301

END OF DESCRIPTION



EXHIBIT B

PRC 8485

LAND DESCRIPTION

TOMATO SLOUGH LAND BRIDGE

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PARCEL 2

The parcel of land situate in the unincorporated area of the County of Sacramento, State of California, and being a portion of the parcels of land described and designated PARCEL NO. 1 and PARCEL NO. 3 in the deed from C.W. Welch and Eleanor Propfe Welch to The Texas Company dated November 24, 1937 and recorded in Book 663 of Official Records at page 139, Sacramento County Records, more particularly described as follows:

A parcel of filled tide and submerged land lying in the bed of historic Tomato Slough as it traverses Brannan Island described as follows:

Beginning at a point on the westerly bank, from which a found aluminum disc stamped "HPGN CALIF. STA. 10-11 1991" bears North 75°41'57" West 5284.8 feet distant, said point also being within said PARCEL NO. 1; thence, from said point of beginning, South 27°09'59" West 24.5 feet; thence, South 65°17'47" East 51.1 feet, to a point on the easterly bank; thence, North 20°25'46" East 51.2 feet; thence, North 66°03'50" West 45.1 feet; thence, South 27°09'59" West 26.0 feet to the point of beginning and containing 2,441 square feet, more or less.

EXCEPTING THEREFROM any portion thereof lying landward of the ordinary high water marks of said Tomato Slough.

The bearings for the hereinabove described lease are based on a found Caltrans aluminum disc stamped "HPGN CALIF. STA. 10-11 1991" and a found Caltrans 1 inch iron pipe with red plastic plug stamped "CALTRANS MON. CM 203L", the California Coordinate System Zone 2, 1927 NAD coordinates for which are:

HPGN CALIF. STA. 10-11 1991: N = 170547.142 and E = 2090560.165  
CM 203L: N = 172038.263 and E = 2090574.301

END OF DESCRIPTION



Prepared: April 10, 2003