

**CALENDAR ITEM
C07**

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S 2

04/26/13
PRC 4270.1
R. Boggiano

ASSIGNMENT AND AMENDMENT OF LEASE

LESSEE/ASSIGNOR:

Venoco, Inc.
6267 Carpinteria Avenue, Suite 100
Carpinteria, CA 93013

APPLICANT/ASSIGNEE:

Vintage Production California, LLC
9600 Ming Avenue
Bakersfield, CA 93311

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Roaring River Slough and Grizzly Slough, at Van Sickle Island, Solano County.

AUTHORIZED USE:

Continued use and maintenance of one existing two-inch diameter steel condensate pipeline and one six-inch diameter steel natural gas pipeline.

LEASE TERM:

20 years, beginning August 1, 2004

CONSIDERATION:

\$200 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 4270.1 as follows:

1. Section 1 (General Provisions) to revise the liability insurance coverage in an amount no less than \$1,000,000 per occurrence to no less than \$5,000,000 per occurrence; or equivalent staff-approved-self-insurance program.

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2. Section 2 (Special Provisions) to add additional provisions for pipeline burial surveys and monitoring; engineering, reporting and abandonment provisions; and include acceptance of a parent guaranty from Occidental Oil and Gas Holding Corporation for full performance of obligations under the lease.
3. Replace in its entirety Section 3 (Land Description) with the attached Exhibit A (Land Description) and B (Site and Location Map).

All other terms and conditions of the lease will remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Assignee has the right to use the upland adjoining the lease premises.
2. On June 26, 2006, the Commission authorized Lease No. PRC 4270.1, a General Lease – Right-of-Way Use, to Venoco, Inc. Vintage Production California, LLC (Vintage) is purchasing the pipeline from Venoco, Inc. and is now applying for an assignment of the lease. The lease will expire on July 31, 2024.
3. 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 parent guaranty for the full performance of all obligations under Lease No. PRC 4270.1.
4. The existing two pipelines are part of a gas gathering system passing through rural lands of Van Sickle, Hammond and Grizzly Islands and crossing over Roaring River Slough and Grizzly Slough. A burial survey was performed in March 2013 and provided evidence the pipeline was adequately buried to a five-foot minimum depth of cover.
5. The staff recommends that the Commission find that the subject lease assignment and amendment do not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and are, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

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

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EXHIBITS

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

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

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

AUTHORIZATION:

1. Authorize the Assignment of Lease No. PRC 4270.1, a General Lease Right-of-Way Use, of sovereign land in Roaring River Slough and Grizzly Slough as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof, from Venoco, Inc. to Vintage Production California, LLC, effective April 26, 2013.
2. Authorize an Amendment of Lease No. PRC 4270.1, to include revision of the liability insurance coverage from an amount no less than \$1,000,000 to an amount no less than \$5,000,000 per occurrence or equivalent staff-approved self-insurance program; to add additional provisions for pipeline burial surveys and monitoring; engineering, reporting, and abandonment provisions; replace in its entirety Section 3 (Land Description) with the attached Exhibit A (Land Description) and B (Site and Location Map); and include acceptance of a parent guaranty from Occidental Oil and Gas Holding Corporation for full performance of obligations under the lease, effective April 26, 2013. All other terms and conditions of the lease will remain in effect without amendment.

EXHIBIT A

PRC 4270.1

LAND DESCRIPTION

Two strips of tide and submerged land 25 feet wide lying in the bed of the Roaring River Slough and Grizzly Slough, situate on Van Sickle Island, Hammond Island and Grizzly Island, County of Solano, State of California, lying 12.5 feet on each side of the following described centerlines:

Parcel 1 (Pipelines Crossing Roaring River Slough)

BEGINNING at the point having CCS 83 Zone 2 coordinates of Northing 1795062.76 feet, Easting 6594080.50 feet which bears North 49° 09' 09" East, 29371.78 feet from the NGS monument "ROAD" (PID JS4656, Epoch 1991.35) having CCS 83 Zone 2 coordinates of Northing 1775852.22 feet, Easting 6571862.12 feet; thence South 19° 45' 59" East 400.00 feet to the terminus of said description.

The sidelines of said strip to be lengthened or shortened as to terminate at the ordinary high water mark of the right and left banks of Roaring River Slough.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of the right and left banks of said slough.

Parcel 2 (Pipelines Crossing Grizzly Slough)

BEGINNING at the point having CCS 83 Zone 2 coordinates of Northing 1796666.83 feet, Easting 6589356.15 feet which bears North 40° 02' 46" East, 27189.87 feet from the NGS monument "ROAD" (PID JS4656, Epoch 1991.35) having CCS 83 Zone 2 coordinates of Northing 1775852.22 feet, Easting 6571862.12 feet; thence North 21° 08' 06" East 300.00 feet; thence North 18° 17' 36" East 13.43 feet; thence North 27° 24' 58" East 11.65 feet; thence North 25° 58' 18" East 50.00 feet to the terminus of said description.

The sidelines of said strip to be lengthened or shortened as to terminate at the ordinary high water mark of the right and left banks of Grizzly Slough.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of the right and left banks of said slough.

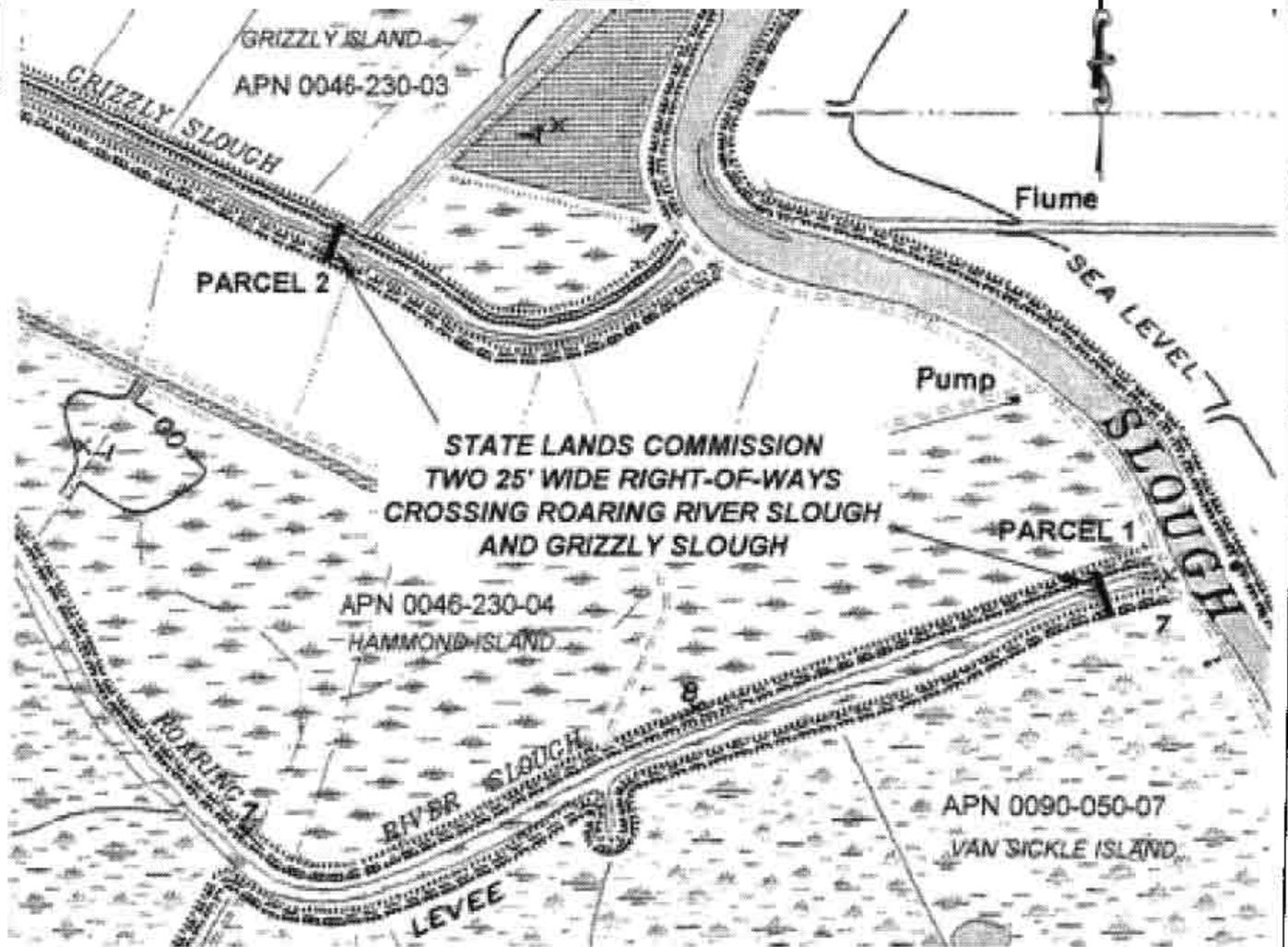
END OF DESCRIPTION

Prepared 03/27/2013 by the California State Lands Commission Boundary Unit



NO SCALE

SITE



ROARING RIVER SLOUGH AND GRIZZLY SLOUGH

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 4270.1
 VINTAGE PRODUCTION
 CALIFORNIA, LLC
 APN 0046-230-03, 04 & 0090-050-07
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SOLANO COUNTY



TS 03/17/15

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.