

**STAFF REPORT  
C74**

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S 3, 7

08/23/18  
PRC 8796.1  
D. Tutov

**REVISION OF RENT**

**LESSEE:**

Vintage Petroleum, LLC

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

2.46 acres, more or less, of sovereign land in the San Joaquin River, adjacent to Sherman and Bradford Islands, Sacramento and Contra Costa Counties.

**AUTHORIZED USE:**

Continued use and maintenance of a 4-inch-diameter natural gas gathering pipeline encased in a deactivated 10-inch-diameter natural gas pipeline.

**LEASE TERM:**

20 years, beginning August 22, 2008.

**CONSIDERATION:**

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that rent be revised from \$1,072 per year to \$1,182 per year, effective August 22, 2018.

**OTHER PERTINENT INFORMATION:**

1. On August 22, 2008, the Commission authorized an amendment to Pacific Gas and Electric Master Lease No. PRC 5438.1 and issuance of a new General Lease – Right-of-Way Use (PRC 8796.1) to Rosetta Resources Operating LP for the installation, use and maintenance of a 4-inch diameter natural gas gathering pipeline encased within an existing deactivated 10-inch natural gas pipeline ([Item C27, August 22, 2008](#)). That lease will expire August 21, 2028.
  
2. On June 23, 2011, the Commission authorized an assignment and amendment of Lease No. PRC 8796.1 from Rosetta Resources Operating LP to Vintage Petroleum, LLC for an existing 4-inch-diameter natural gas gathering pipeline encased within a deactivated 10-inch-diameter natural

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gas pipeline ([Item C60, June 23, 2011](#)). The Commission amended the lease to change the parent company and revised the rent in 2014 ([Item C25, June 19, 2014](#)).

3. Staff has requested updated results of internal inspections or pressure tests, and periodic inspection results of the cathodic protection system operation. 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:**

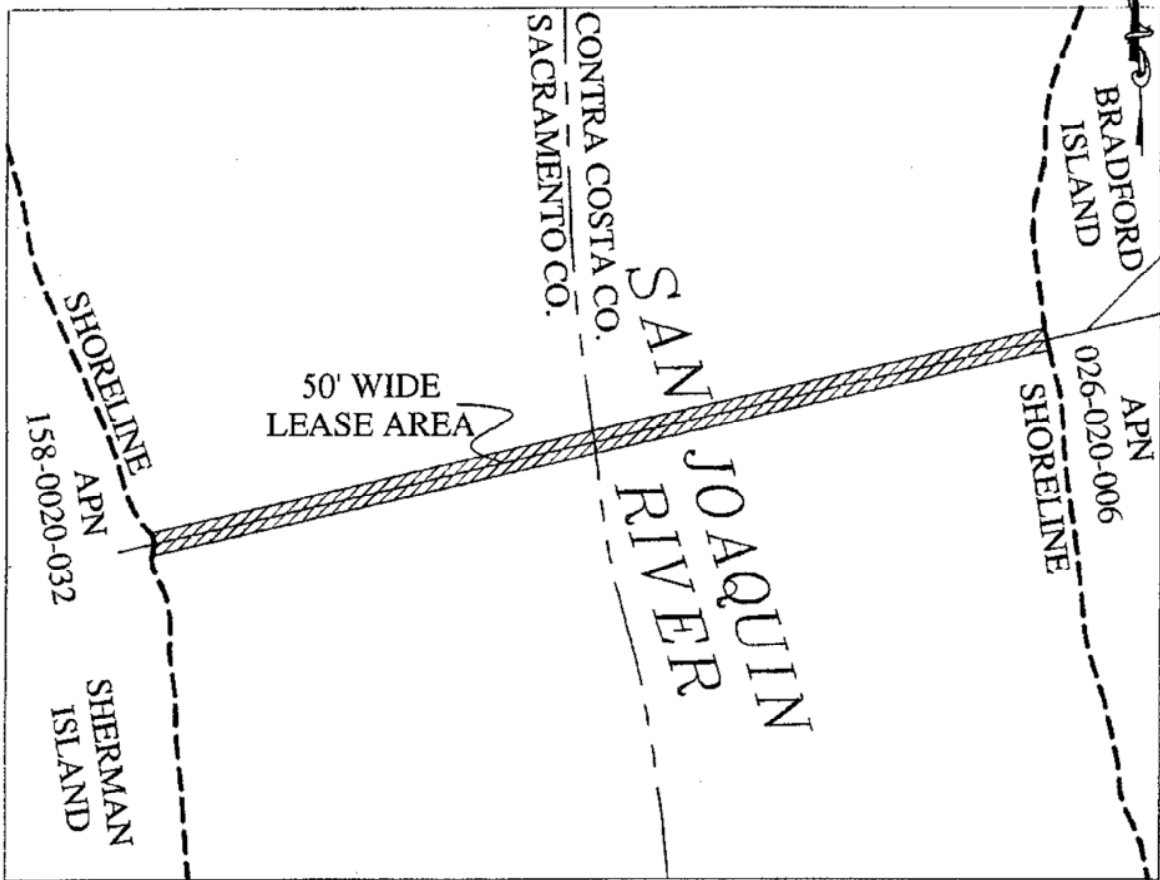
It is recommended that the Commission:

**AUTHORIZATION:**

Approve the revision of rent for Lease No. PRC 8796.1 from \$1,072 per year to \$1,182 per year, effective August 22, 2018.

NO SCALE

### SITE



10" Natural Gas Pipeline  
San Joaquin River, between Sherman and Bradford Island

NO SCALE

### LOCATION



MAP SOURCE: USGS QUAD

### Exhibit A

PRC 8796.1  
VINTAGE PETROLEUM, LLC  
GENERAL LEASE  
RIGHT-OF-WAY USE  
SACRAMENTO AND  
CONTRA COSTA COUNTIES



MJF 3/25/08

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.