

**CALENDAR ITEM
C42**

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S 18

06/01/09
PRC 3913.1
A. Scott

**TERMINATION OF LEASE AND ISSUANCE OF A GENERAL LEASE -
RIGHT OF WAY USE**

LESSEE:

Vintage Petroleum, Inc.
110 West 7th Street
Tulsa, OK 74119

APPLICANT:

Vintage Petroleum, LLC
9600 Ming Avenue, Suite 300
Bakersfield, CA 93311

AREA, LAND TYPE, AND LOCATION:

2.08 acres, more or less, of sovereign lands in the Santa Barbara Channel, near Pitas Point, Ventura County.

AUTHORIZED USE:

Operation and maintenance of two existing 12-inch diameter seawater intake pipelines and one 12-inch diameter waste water pipeline (currently inactive).

LEASE TERM:

Ten years, beginning January 31, 2006.

CONSIDERATION:

\$3,038 per annum with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability: Combined single limit coverage of not less than \$1,000,000.

Bond:

\$100,000

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Other:

The lease requires prior approval from the Commission before reactivating the existing waste water pipeline.

OTHER PERTINENT INFORMATION:

1. Applicant has a right to use the uplands adjoining the lease premises.
2. The original lease was issued to Conoco, Inc., with a beginning date of March 1, 1993, and has subsequently been assigned, with Commission approval, numerous times. The most recent need for assignment arose because of a merger of several companies that included the most recent Lessee, Vintage Petroleum, Inc. During a merger in 2006, Vintage Petroleum, Inc. ceased to exist as a corporation and therefore the standard lease requirement that the Commission approve all assignments could not be completed. Therefore the lease issued in 1993 needs to be terminated and a new lease to the surviving entity of the merger, Vintage Petroleum, LLC needs to be issued. As the merger took place on January 30, 2006, the effective date of the new lease is January 31, 2006.
3. The two seawater intake pipelines are used to supply water to a processing plant on the upland. The processed water is used for waterflood for secondary oil recovery in an upland oil production field.
4. The existing 12-inch diameter waste water outfall pipeline is not in service at this time and the lease requires prior approval of the Commission before the pipeline can be returned to use.
5. **Termination of Existing Lease:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060 (c)(3)], staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15060 (c)(3) and 15378.
6. **Issuance of a General Lease – Right of Way Use:** Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1,

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Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Location Map
- B. Land Description

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

TERMINATION OF EXISTING LEASE: FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE 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.

ISSUANCE OF A GENERAL LEASE – RIGHT OF WAY USE: FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

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AUTHORIZATION:

AUTHORIZE THE TERMINATION OF LEASE NO. PRC 3913.1, A GENERAL LEASE – RIGHT OF WAY USE, EFFECTIVE JANUARY 30, 2006, AND THE ISSUANCE TO VINTAGE PETROLEUM, LLC, OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING JANUARY 31, 2006, FOR A TERM OF TEN YEARS, FOR THE CONTINUED OPERATION AND MAINTENANCE OF TWO EXISTING 12-INCH DIAMETER SEAWATER INTAKE PIPELINES AND ONE 12-INCH DIAMETER INACTIVE WASTE WATER PIPELINE AS SHOWN ON EXHIBIT A (FOR REFERENCE PURPOSES ONLY) AND AS DESCRIBED IN EXHIBIT B, ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$3,038, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF NOT LESS THAN \$1,000,000; SURETY IN THE AMOUNT OF \$100,000.