



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 05, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 July 5, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**APPROVE THE TRANSFER OF PROPRIETARY PETROLEUM PIPELINE FRANCHISE RIGHTS;
INTRODUCE AND SCHEDULE FOR ADOPTION AN ORDINANCE
TO AMEND A PROPRIETARY PETROLEUM PIPELINE FRANCHISE
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval will transfer the proprietary petroleum pipeline franchise rights the Board of Supervisors granted to Vintage Petroleum, Inc., in the Castaic/Val Verde/Del Valle unincorporated area, to California Resources Petroleum Corporation, and extend the term of the franchise to December 31, 2020.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this action is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 (Existing Facilities) of the State of California Guidelines for the implementation of the California Environmental Quality Act.
2. Approve a transfer of the proprietary petroleum pipeline franchise rights granted to Vintage Petroleum, Inc. by Ordinance No. 2001-0059F, as amended, in the Castaic/Val Verde/Del Valle unincorporated area, to California Resources Petroleum Corporation.

3. Approve the introduction and schedule for adoption on the Board of Supervisor's agenda on July 12, 2016, an ordinance to amend the proprietary petroleum pipeline franchise granted to Vintage Petroleum, Inc. by Ordinance No. 2001 0059F, as amended, in the Castaic/Val Verde/Del Valle unincorporated area, to transfer the franchise rights to California Resources Petroleum Corporation; extend the term of the franchise to December 31, 2020; and make other minor changes to clarify certain provisions in the franchise.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of these actions will transfer the proprietary petroleum pipeline franchise rights the Board of Supervisors granted to Vintage Petroleum, Inc. (VPI) by Ordinance No. 2001-0059F, as amended, in the Castaic/Val Verde/Del Valle unincorporated area, to California Resources Petroleum Corporation, a Delaware corporation (CRPC), and extend the term of the franchise to December 31, 2020.

The franchise area description will be amended and reduced to reflect that these pipeline facilities in County highways are located primarily in the Del Valle oil and gas field in the unincorporated areas of Castaic/Val Verde, and therefore, the franchise area did not need to extend northerly to the Kern County line.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. Approving and adopting an ordinance to transfer the franchise rights to CRPC and extend the term of the franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

The County has received a one-time fee of \$2,500 to process an ordinance to amend the VPI franchise. Upon Board approval of this transfer, CRPC will continue to pay the County a minimum base annual fee of \$3,419, based upon a linear footage rate applied to VPI'S current 15,304 feet of various diameter pipelines maintained in County highways in the Castaic/Val Verde/Del Valle unincorporated area. The terms for payment in the VPI franchise state that the base annual fee will be adjusted upward annually for inflation with an adjustment factor calculated using the Producers Price Index. VPI paid the County an adjusted annual franchise fee of \$4,719 for the 2015 calendar year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In June 2001, the Board adopted Ordinance No. 2001-0059F, as amended, granting a 15-year proprietary petroleum pipeline franchise to VPI, which will expire July 25, 2016. Later, by Agreement and Plan of Merger in October 2005, and by certificate of merger filed in January 2006, VPI merged with and into Occidental Petroleum Corporation (Oxy), as a new wholly-owned Oxy subsidiary and Delaware limited liability company, Vintage Petroleum, LLC (VP-LLC). In response, rather than amending the VPI franchise, this change in control of the franchise rights was approved in April 2006 by a County administrative consent letter issued by the Chief Executive Office.

Oxy announced in June 2014 that a new subsidiary, California Resources Corporation, a Delaware corporation (Cal-Resources), had registered with the Securities and Exchange Commission in connection with Oxy's plan to spin-off its California oil and gas business to Cal-Resources, which would operate independently as a separately-traded oil and gas company. Oxy's Board of Directors approved the spin-off plan in October 2014, and by conversion and amendment certificates filed in September and November 2014, the County franchisee, VP-LLC, converted back to a Delaware corporation and changed its name to CRPC, a wholly-owned operating subsidiary of Cal-Resources.

The Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form the ordinance to amend the VPI franchise.

ENVIRONMENTAL DOCUMENTATION

This action is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

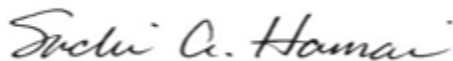
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will not impact any current services or future projects.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return certified copies of the adopted recommendation and ordinance to: Mr. Dan W. Marshall, CPL, South Region Land Manager, California Resources Corporation, 111 W. Ocean Blvd., 8th Floor, Long Beach, CA 90802; Department of Public Works; and the Chief Executive Office, Real Estate Division.

Respectfully submitted,



SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

KW:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Works