

**APPROVED**  
MAY 16 2007

REPORT OF GENERAL MANAGER

NO. 07-112

DATE May 16, 2007

**BOARD OF RECREATION  
and PARK COMMISSIONERS**

C.D. 7

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: RITCHIE VALENS RECREATION CENTER AND DEVONWOOD PARK -  
PROPOSED ASSIGNMENT OF OIL/GAS LEASES

R. Adams	_____	J. Kolb	_____
J. Combs	_____	F. Mok	_____
H. Fujita	_____	K. Regan	_____
S. Huntley	_____	*M. Shull	<u>our for MS</u>

  
General Manager

Approved   /  

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve the assignment of oil and gas leases No. 196 and 199 from Plains Exploration & Production Company to Vintage Production California, LLC, for the continued production of reserves at Ritchie Valens Recreation Center and Devonwood Park that will also continue the royalties paid to the Department; and,
2. Authorize the Board President and Secretary to execute the "Consent to Assignment" forms on file in the Board Office.

SUMMARY:

In 1979, the City Council approved the formation of Urban Oil-Drilling District U-184, now known as the Pacoima Production Unit. In 1982-83, the City, acting by and through its Board of Recreation and Park Commissioners, executed Department Leases No. 196 and No. 199 with Chevron, U. S. A., Inc., for a term of thirty-five years; the firm was entitled to engage in subsurface exploration, drilling and extraction of oil, gas and other hydrocarbon substances. The first lease involved subsurface rights to Paxton Park, renamed in 1994 as Ritchie Valens Recreation Center to honor the early rock-and-roll singer who lived in the area. Subsequently, the lease was recorded with Los Angeles County as document No. 82-1235879. Department Lease No. 199 pertains to nearby Devonwood Park, formerly termed the "Panorama City Park Area". This lease was recorded with Los Angeles County as document No. 83-757675. Under Plains Exploration & Production Company (PXP), the City's owner-identification number for both sites was 154891; under Vintage Production California,

## REPORT OF GENERAL MANAGER

PG. 2

NO. 07-112

LLC, the new City number is 536926. These numbers are assigned by the respective firms for tracking purposes when paying royalties.

Successively over time, other firms have acquired the leaseholds; for example, in 2005 they were acquired by Plains Exploration & Production Company (PXP) based in Houston, Texas. On October 1, 2006, the leaseholds were acquired by Vintage Production California, LLC, of Bakersfield, which is a subsidiary of Occidental Petroleum Corporation. In accordance with lease requirements, the firm's staff has requested the Department's permission to assume assignment rights and replace PXP as the lessee. All other terms of the leases remain the same.

The commercial activity does not affect the public's use of the Department sites. All drilling is required to be at least 500 feet underground. The drilling and extraction are also required to be performed on a slant basis from a City-authorized, non-park site, which is a three-acre, triangular median between the Pacoima Wash and Paxton Street just west of the intersection of the Golden State (5) and Ronald Reagan (118) Freeways.

Staff determined that the granting of assignment rights is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1, Class 1 (14) of the City CEQA Guidelines. The proposed assignment concerns a Departmental administrative action in which the terms of the leases remain unchanged with negligible or no expansion of use.

The Assistant General Manager of Operations West and the Superintendent of the Valley Region concur with staff's recommendations.

### FISCAL IMPACT STATEMENT:

Assigning the oil and gas leases to the successor firm of Vintage Production California, LLC, will not result in any fiscal impact. In Fiscal Year 2005-06, the Department received royalties totaling \$6,199. The annual totals fluctuate with market conditions and the production activity conducted by the lessee. It is expected that revenue will decrease over time as the reserves are depleted.

Prepared by Joan Reitzel, Senior Management Analyst, Real Estate and Asset Management.