

**CALENDAR ITEM
C32**

A 33, 35
S 19

12/10/10
PRC 6943.1
A. Scott

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Point Arguello Natural Gas Pipeline Company
c/o Plains Exploration & Production Company
1200 Discovery Drive, Suite 500
Bakersfield, CA 93309

AREA, LAND TYPE, AND LOCATION:

10.19 acres, more or less, of sovereign lands in the Pacific Ocean near Point Conception, Santa Barbara County.

AUTHORIZED USE:

Continued operation and maintenance of an existing 20-inch diameter natural gas pipeline.

LEASE TERM:

20 years, beginning February 1, 2011.

CONSIDERATION:

\$64,450 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 insurance of no less than \$2,000,000. Applicant may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as outlined in the lease.

Bond:

\$100,000

Other:

Lessee agrees that the pipeline will be operated and maintained as a common carrier and will provide a tie-in facility on the portion of the pipeline located on State tide and submerged lands.

CALENDAR ITEM NO. **C32** (CONT'D)

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. The original lease for this pipeline was issued for a term of 25 years beginning on February 1, 1986 and will expire on January 31, 2011. The proposed new lease will extend the leasehold for an additional period of 20 years with similar terms and conditions as the expiring lease.
3. The pipeline transports natural gas from Platform Hermosa, in federal waters, to shore.
4. Pipeline inspection requirements differ between the various federal and state agencies having jurisdiction over offshore pipelines in California. Because these differences in regulations caused confusion between the companies operating pipelines offshore of California and these agencies, the agencies prepared a Memorandum of Agreement (MOA) defining which agency had jurisdiction based on the location of the pipeline. The MOA was signed on January 21, 1999 by U.S. Minerals Management Service (MMS), U.S. Department of Transportation, California Department of Conservation, California State Fire Marshal, and the California State Lands Commission. Based on this MOA, the MMS has jurisdiction over inspection of this pipeline because the pipeline originates in federal waters of the Outer Continental Shelf. The applicant complied with the inspection requirements of the MMS by completing a visual inspection of the pipeline and securing approval of MMS for a delay in completing an internal inspection until 2012. This pipeline was visually inspected by Remotely Operated Vehicle (ROV) on August 18 and 20, 2010 and the report was reviewed by the Commission's Long Beach office. There is no indication in the report of areas of concern for the safe operation of this pipeline.
5. This lease contains various provisions that would allow future State lessees access to the pipeline from other State mineral leases under reasonable terms, conditions, and tariffs.
6. Pursuant to the Commission's delegation of authority and State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

CALENDAR ITEM NO. **C32** (CONT'D)

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 staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Site Map
- B. Land Description

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

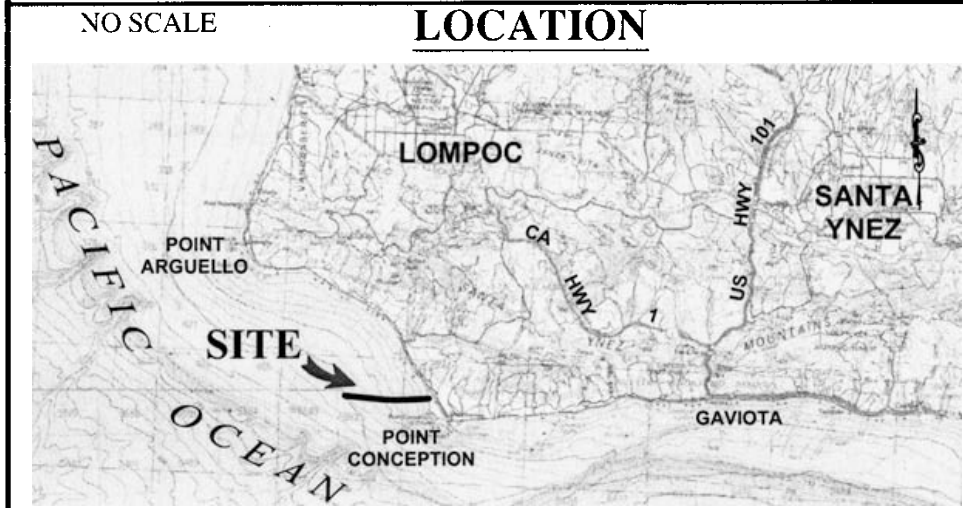
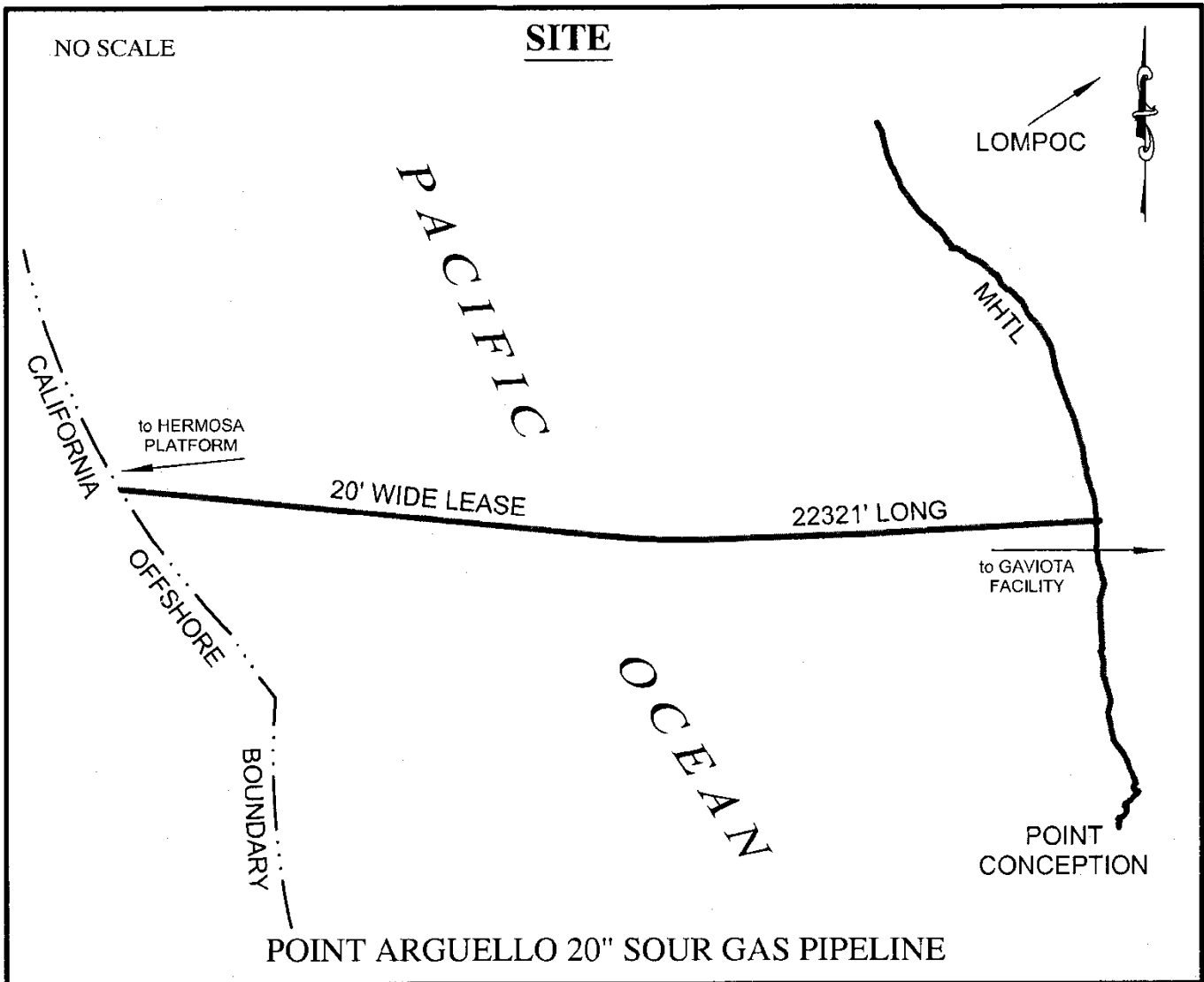
Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, Section 15061 as a categorically exempt project, class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code sections 6370, et seq.

AUTHORIZATION:

Authorize Issuance of a General Lease - Right of Way Use to Point Arguello Natural Gas Line Company (PANGL) beginning February 1, 2011, for a term of 20 years, for the continuing operation and maintenance of a 20-inch diameter natural gas pipeline as shown on Exhibit A attached and by this reference made a part hereof; annual rent in the amount of \$64,450, 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 \$2,000,000, and surety in the amount of \$100,000.



MAP SOURCE: USGS QUAD

Exhibit A
 PRC 6943.1
 PLAINS EXPLORATION &
 PRODUCTION COMPANY
 RIGHT OF WAY LEASE
 SANTA BARBARA
 COUNTY



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.

EXHIBIT B

LAND DESCRIPTION

A strip of tide and submerged land, 20 feet wide, in the Pacific Ocean, approximately one mile North of Point Conception, Santa Barbara County, California, the centerline of said strip being described as follows:

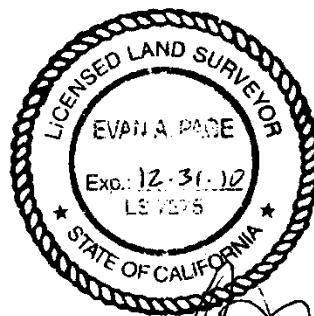
COMMENCING at a point having coordinates of N = 863,060.67' and E = 727222.93'; thence S 87°57'06" W 97.8 feet, more or less to the ordinary high water mark of the Pacific Ocean, being the POINT OF BEGINNING; thence continuing S 87°57'06" W 5199.57 feet to the beginning of a tangent curve to the right having a radius of 20,000 feet; thence along the arc of said curve through a central angle of 1°00'52" for an arc distance of 354.11 feet; thence tangent to said curve S 88°57'58" W 3105.89 feet to the beginning of a tangent curve to the right having a radius of 20,000 feet; thence along the arc of last said curve through a central angle of 7°32'02" for an arc distance of 2629.82 feet; thence tangent to last said curve N 83°30'00" W 11031.17 feet to the California Offshore Boundary.

The sidelines of said strip lengthened or shortened as necessary to begin at the ordinary high water mark, and to terminate at the California Offshore Boundary.

EXCEPTING therefrom any portion lying landward of the ordinary high water mark.

This description is based upon the California Coordinate System, Zone 6 (CCS27-6).

END DESCRIPTION



Evan A. Page
MAZ, 4 2010