

**CALENDAR ITEM
C114**

A 35
S 19

06/23/11
WP 6995.1
S. Young

GENERAL LEASE - INDUSTRIAL USE

APPLICANT:

Point Arguello Pipeline Company (PAPCO)
c/o Plains Exploration and Production Company (PXP)
1200 Discovery Drive, Suite 500
Bakersfield, CA 93309

AREA, LAND TYPE, AND LOCATION:

2.172 acres, more or less, of sovereign land in the Pacific Ocean, near Gaviota, Santa Barbara County.

AUTHORIZED USE:

Continued operation and maintenance of an existing outfall pipeline, two seawater intake pipelines, and one brine discharge pipelines serving the PXP/Arguello Gaviota Oil and Gas Processing Facility.

LEASE TERM:

20 years, beginning June 1, 2011.

CONSIDERATION:

\$22,150 per year; 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 with coverage of not less than \$2,000,000.

Bond: \$300,000.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the upland adjoining the lease premises.
2. On June 26, 1986, the Commission authorized the issuance of a 25-year General Lease – Industrial Use, to PAPCO, which was then held by Chevron Pipe Line Company. Subsequently, PXP acquired PAPCO,

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which now is a wholly owned subsidiary of PXP. The lease expires on May 31, 2011. PAPCO is now applying for a new lease for these existing facilities, which include a wastewater outfall pipeline, two seawater intake pipelines, and one brine discharge pipeline. These facilities serve the upland PXP/Arguello Gaviota Oil and Gas Processing Facility.

3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that 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).

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

4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370, et seq., but such activity will not affect those significant lands. Based on 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. 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).

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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 section 6370, et seq.

AUTHORIZATION:

Authorize Issuance of a General Lease – Industrial Use to Point Arguello Pipeline Company (PAPCO) beginning June 1, 2011 for a term of 20 years for the continued operation and maintenance of an existing outfall pipeline, two seawater intake pipelines, and one brine discharge pipeline, as shown on Exhibit A and as described on Exhibit B attached and by this reference made a part hereof; annual rental in the amount of \$22,150, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance with coverage of not less than \$2,000,000 and surety in the amount of \$300,000.