

**CALENDAR ITEM
C70**

A 35
S 19

10/14/14
PRC 6911.1
R. Collins

REVISION OF RENT

LESSEE:

Freeport-McMoRan Oil & Gas, LLC
5640 S. Fairfax Avenue
Los Angeles, CA 90056

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, near Point Pedernales, Santa Barbara County.

AUTHORIZED USE:

Continued use and maintenance of an existing crude oil pipeline, gas pipeline, wastewater pipeline, and a power cable serving Platform Irene in federal waters.

LEASE TERM:

13 years, beginning November 1, 2009.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease, and recommends that the rent be revised from \$69,800 per year to \$129,285 per year, effective November 1, 2014.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjoining the lease premises.
2. In 1985, the Commission authorized Lease Nos. PRC 6911.1 and 6923.1 for pipeline rights-of-way to Platform Irene in federal waters. On April 9, 2009, the Commission terminated the leases and authorized the consolidation of both leases into a new General Lease – Right-of-Way Use, Lease No. PRC 6911.1 to Plains Exploration and Production Company (PXP). The lease will expire October 31, 2022.

CALENDAR ITEM NO. **C70** (CONT'D)

3. On February 22, 2013, the Commission authorized the assignment of the Lease to Freeport-McMoRan Oil & Gas, LLC.
4. Staff conducted the rent review called for in the lease and recommends the rent increase. The annual rent has not been increased since 2005.
5. The staff recommends that the Commission find that the subject revision of rent does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

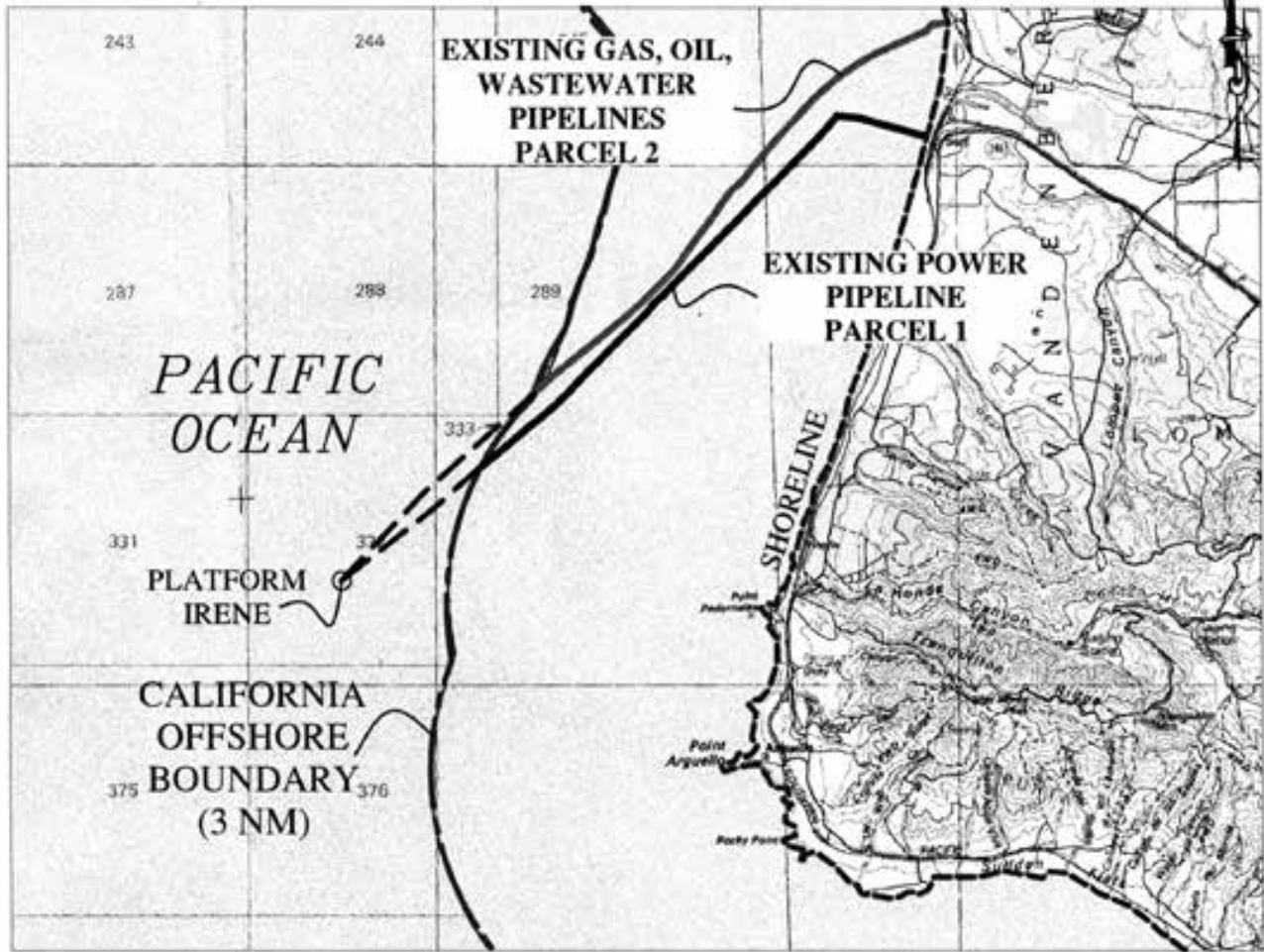
Find that the subject revision of rent is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 6911.1 from \$69,800 per year to \$129,285 per year, effective November 1, 2014.

NO SCALE

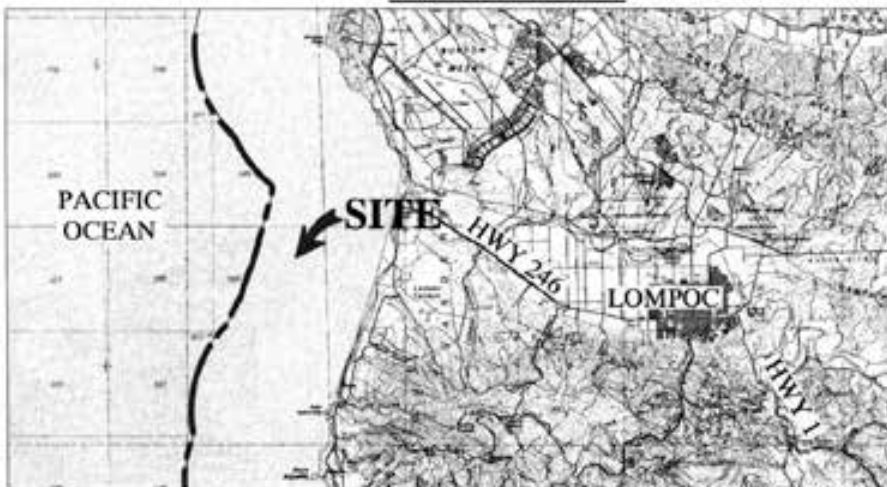
SITE



PACIFIC OCEAN
8 miles west of Lompoc

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 6911.1
 FREEPORT-MCMORAN OIL
 & GAS LLC
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 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.