

**CALENDAR ITEM
C37**

A 37
S 19

04/05/16
PRC 6995.1
R. Collins

REVISION OF RENT

LESSEE:

Point Arguello Pipeline Co. (PAPCO)

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, near the town of Gaviota, Santa Barbara County.

AUTHORIZED USE:

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

LEASE TERM:

20 years, beginning June 1, 2011.

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 rent be revised from \$22,150 per year to \$23,805 per year, effective June 1, 2016.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjacent to the Lease premises.
2. On June 23, 2011, the Commission authorized a General Lease – Industrial Use to Point Arguello Pipeline Co. (PAPCO) 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 serving the PXP/Arguello Gaviota Oil and Gas Processing Facility. The Lease will expire on May 31, 2031.

CALENDAR ITEM NO. **C37** (CONT'D)

3. The lease includes a condition requiring an external inspection of the pipelines every five years. A current inspection report has been received and staff is in the process of reviewing the results.
4. This proposed action is consistent with Strategy 2.1 of the Commission's Strategic Plan, to optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.
5. Approving the revision of rent is not a project as defined by the California Environmental Quality Act (CEQA) because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

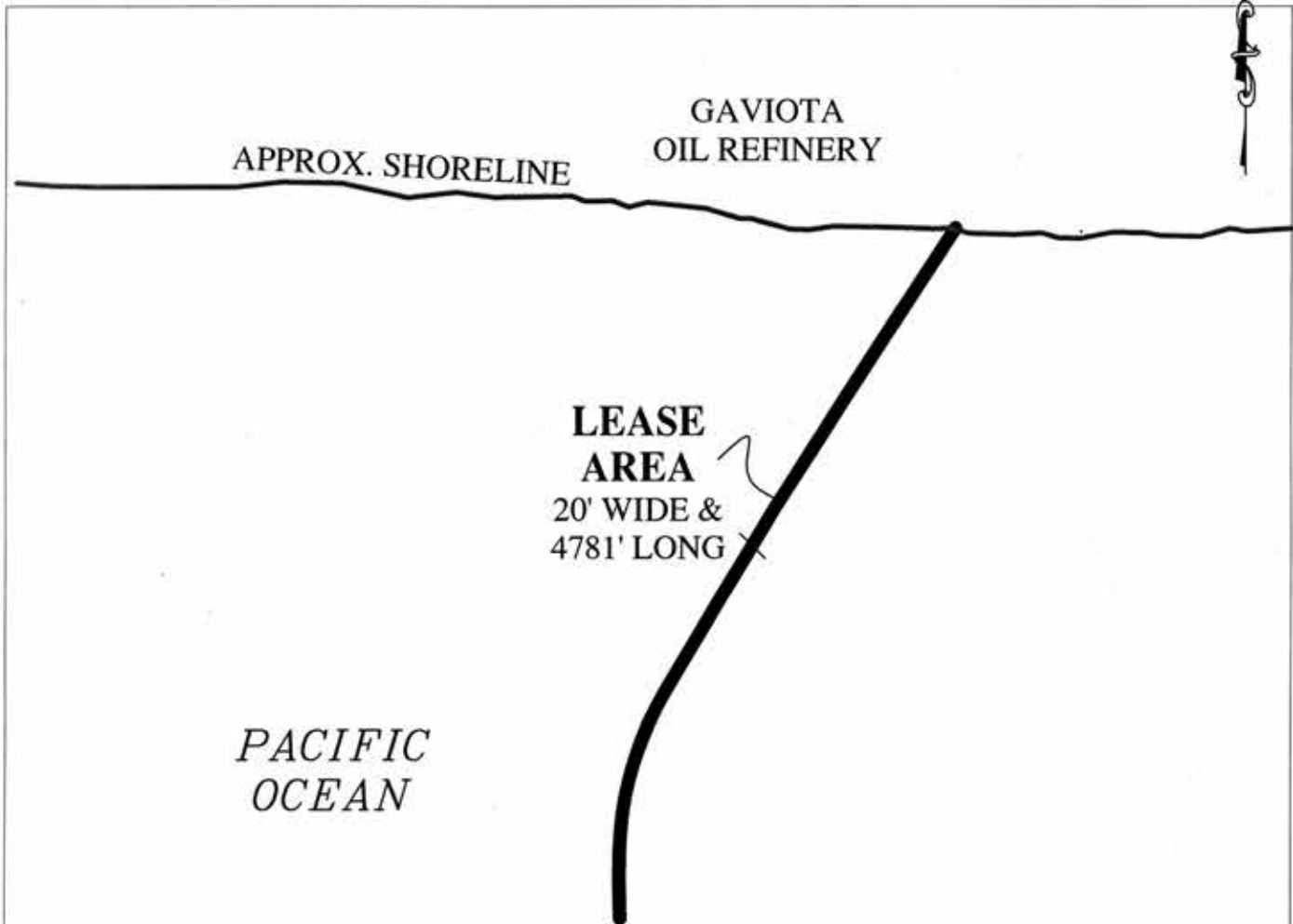
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 6995.1 from \$22,150 per year to \$23,805 per year, effective June 1, 2016.

NO SCALE

SITE



10" Brine Discharge Line (455 L.F.), 12" Intake Line w/ 8' Intake Structure (600 L.F.),
 10" Wastewater Outfall (4781 L.F.), 12" Intake Line w/ 8' Intake Structure (600 L.F.)

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 6995.1
 POINT ARGUELLO PIPELINE
 CO. (PAPCO)
 GENERAL LEASE -
 INDUSTRIAL USE
 SANTA BARBARA COUNTY



MJF 09/01/15

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.