MINUTE ITEM
This Calendar Item No. C38 was approved as Minute Item No. 38 by the California State Lands Commission by a vote of 3 to 0 at its 6-20-05 meeting.

CALENDAR ITEM
C38

A 35,67

S 19,35

06/20/05
PRC 3116.1
PRC 3997.1
PRC 4324.1
PRC 6911.1
PRC 6923.1
S. Young

REVISION OF RENTS

LESSEE:

Plains Exploration & Production Company
5640 S. Fairfax Avenue
Los Angeles, CA 90056

AREA, LAND TYPE, AND LOCATION:

Five Right-of-Way leases consisting of approximately 97 acres, more or less, of tide and submerged lands in Santa Barbara and Orange Counties.

AUTHORIZED USE:

Lease Nos. PRC 3116.1, PRC 3997.1, PRC 4324.1, PRC 6911.1, and PRC 6923.1 are for the continued use and maintenance of existing submarine pipelines, water lines and electrical lines which serve various state and federal oil and gas leases in the Pacific Ocean.

LEASE TERM:

PRC 3116.1 - 25 years, beginning March 26, 1983
PRC 3997.1 - 49 years, beginning July 17, 1968
PRC 4324.1 - 49 years, beginning October 2, 1969
PRC 6911.1 - 25 years, beginning November 1, 1985
PRC 6923.1 - 25 years, beginning November 1, 1985

CONSIDERATION:

The leases provide that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under the leases and recommends that the rents be revised accordingly:

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001035
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Lease	Current Rent	Revised Rent	Effective
PRC 3116.1	$54,552	$137,500	March 26, 2005
PRC 3997.1	$ 1,266	$ 15,750	July 17, 2005
PRC 4324.1	$20,812	$ 25,185	October 2, 2005
PRC 6911.1	$ 8,200	$ 25,200	November 1, 2005
PRC 6923.1	$39,213	$ 44,600	November 1, 2005

OTHER PERTINENT INFORMATION:

1. Plains Exploration & Production Company (PXP) is the current Lessee under each of the five right of way leases listed above. PXP acquired its interest in the subject leases in May of 2004, as the result of a merger with the State's former lessee, Nuevo Energy Company.

2. Three of the right of way leases identified for rent revision, PRC 3116.1, 3997.1 and 4324.1, are subject to a purchase agreement between PXP, as seller, and Dos Cuadras Offshore Resources, LLC ("DCOR") as buyer. Under the terms of the purchase agreement, three State oil and gas leases covering Platforms Eva and Esther (PRC Nos. 3033.1, 3095.1 and 3413.1, offshore Orange County) and seven State right of way leases are to be assigned to DCOR. PXP's request for Commission approval for the assignment of the oil and gas leases is being addressed in two separate Calendar Items on the Commission's agenda. For reasons more specifically set forth in those Calendar Items, staff is recommending Commission approval of the assignment of PRC 3997.1 and PRC 4324.1, but not for PRC 3116.1. However, staff believes that the foregoing rent revisions should be adopted irrespective of whether the leases remain in PXP or are assigned to DCOR.

EXHIBITS:

A-1. Site and Location Map for PRC 3116.1
A-2. Site and Location Map for PRC 3997.1 and PRC 4324.1
A-3. Site and Location Map for PRC 6911.1 and PRC 6923.1

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14,

CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 3116.1 FROM $54,522 PER YEAR TO $137,500 PER YEAR, EFFECTIVE MARCH 26, 2005; APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 3997.1 FROM $1,266 PER YEAR TO $15,750 PER YEAR, EFFECTIVE JULY 17, 2005; APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 4324.1 FROM $20,812 PER YEAR TO $25,185 PER YEAR, EFFECTIVE OCTOBER 2, 2005; APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 6911.1 FROM $8,200 PER YEAR TO $25,200 PER YEAR, EFFECTIVE NOVEMBER 1, 2005; AND APPROVE THE REVISION OF RENT FOR LEASE NO. PRC 6923.1 FROM $39,213 PER YEAR TO $44,600 PER YEAR, EFFECTIVE NOVEMBER 1, 2005.

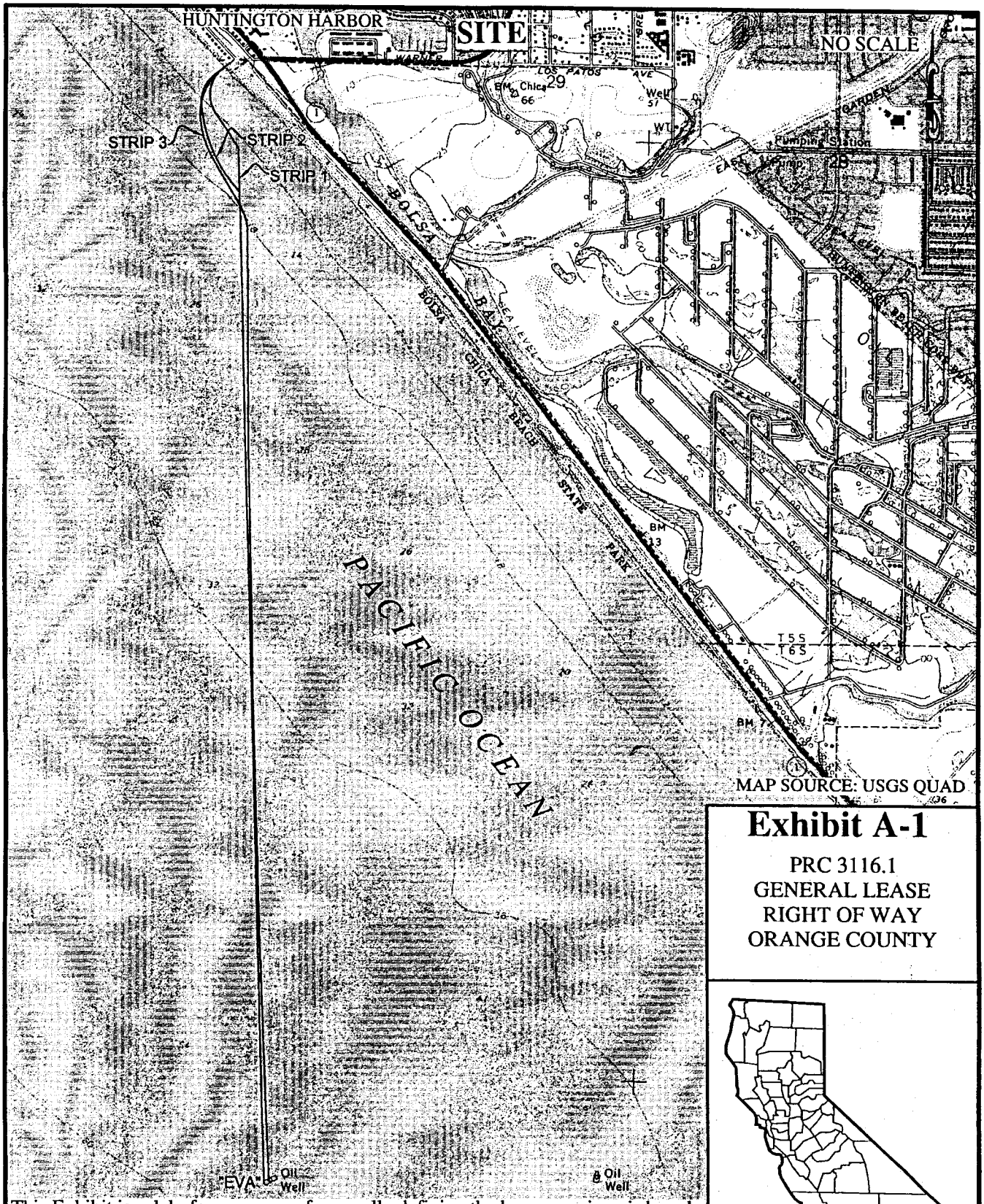


Exhibit A-1

PRC 3116.1
GENERAL LEASE
RIGHT OF WAY
ORANGE COUNTY

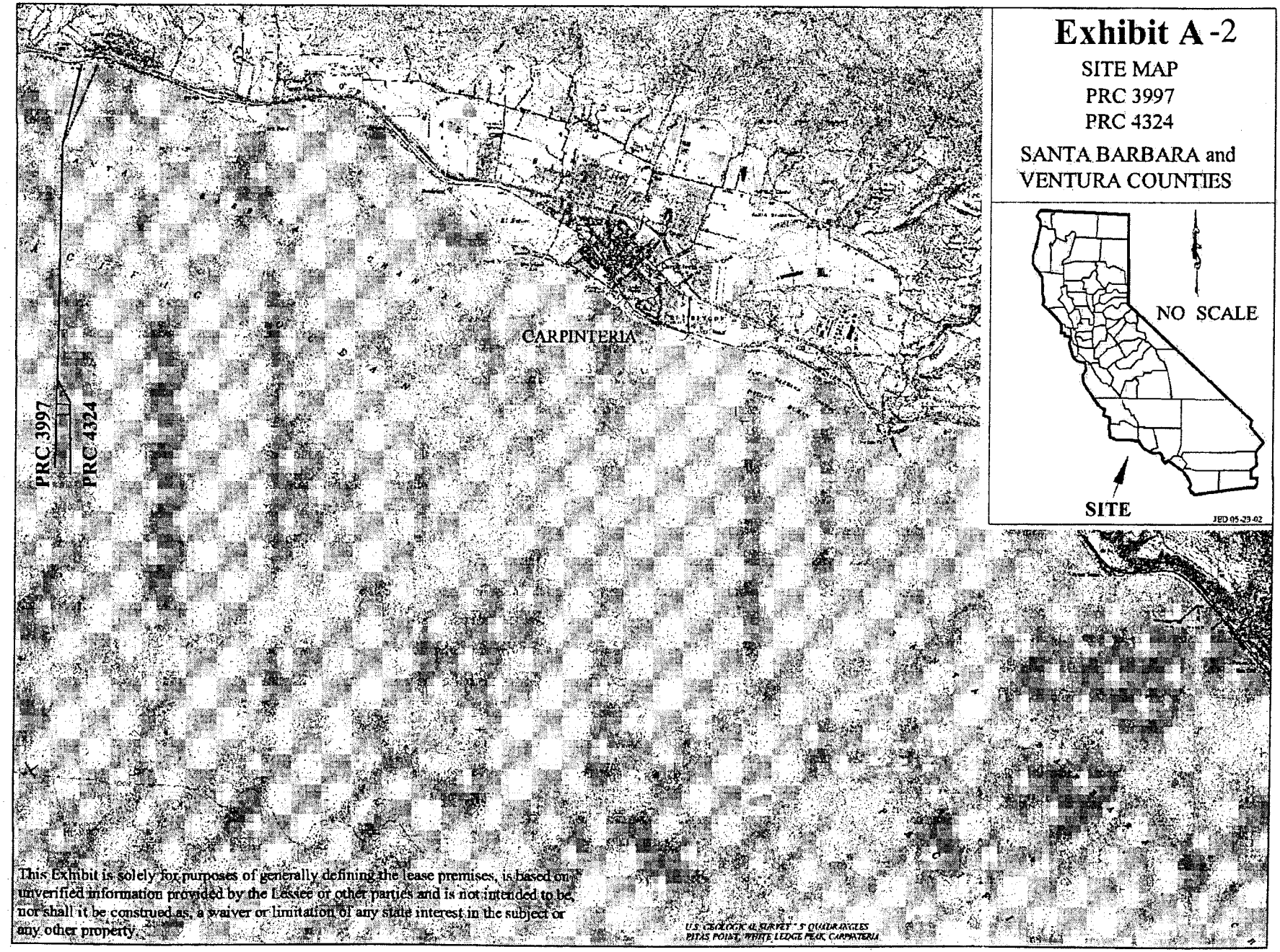
JAK 04/05

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 A -2

SITE MAP
PRC 3997
PRC 4324
SANTA BARBARA and
VENTURA COUNTIES

JED 05-23-02



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U.S. GEOLOGICAL SURVEY 7.5' QUADRANGLES
RITAS POINT, WHITE LEDGE PEAK, CARPINTERIA

NO SCALE

SITE MAP

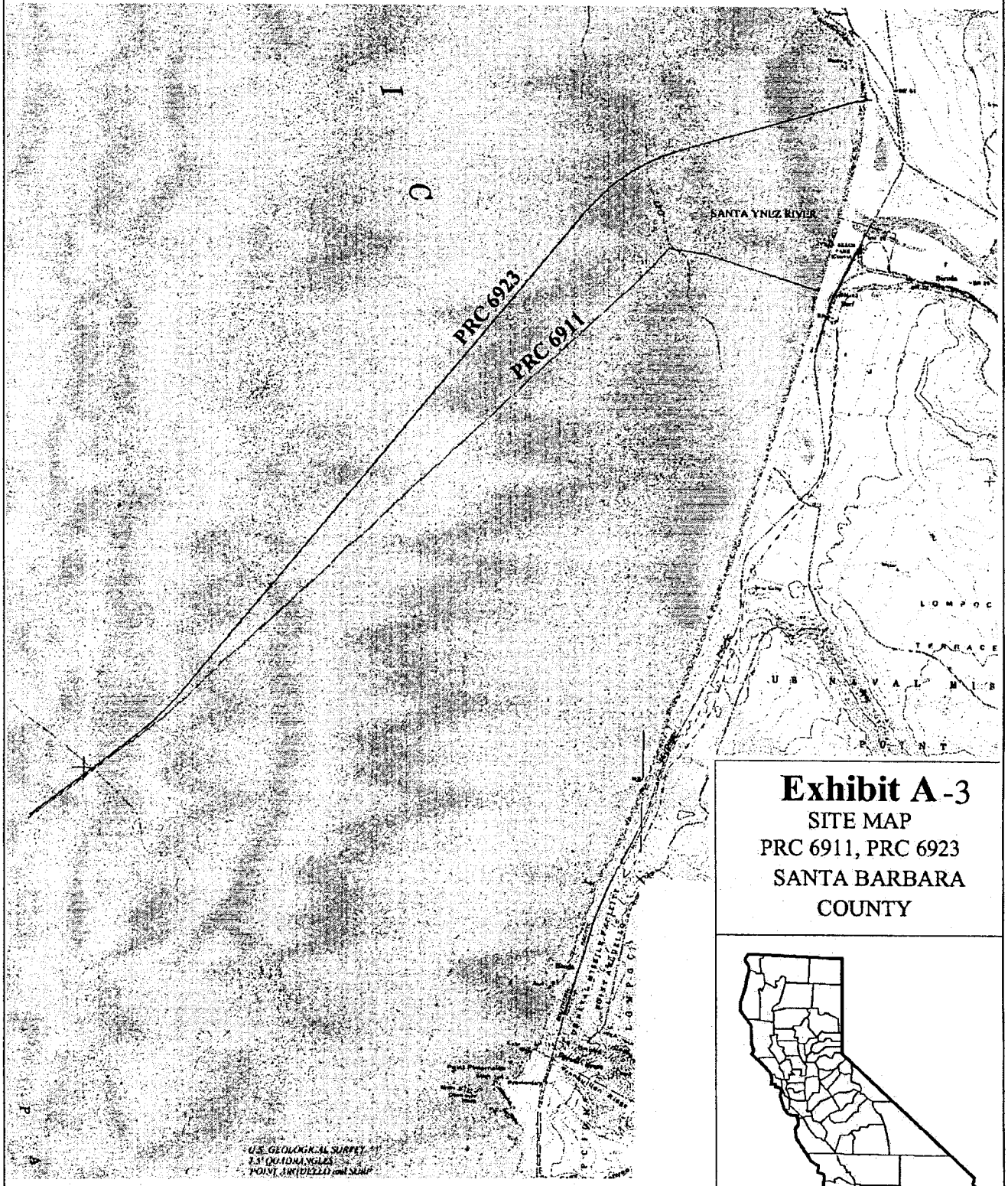

Exhibit A-3

SITE MAP
PRC 6911, PRC 6923
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.

JED 05-21-02