

**CALENDAR ITEM
C77**

A 35
S 19

02/22/13
PRC 6911.1
G. Kato

ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:

Plains Exploration and Production Company

ASSIGNEE:

Freeport-McMoRan Oil & Gas LLC

AREA, LAND TYPE, AND LOCATION:

Sovereign lands located 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 power cable serving Platform Irene in federal waters.

LEASE TERM:

13 years, beginning November 1, 2009, ending October 31, 2022.

CONSIDERATION:

\$69,800 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. Assignee 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. 6911.1, to Plains Exploration and Production Company (PXP). That lease will expire on October 31, 2022.
3. In December 2012, PXP contacted staff about the proposed April 2013 merger of PXP into Freeport-McMoRan Oil & Gas LLC. Staff is bringing

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the proposal before the Commission for the consideration of a conditional approval, subject to the completion of the merger, of an assignment of Lease No. PRC 6911.1.

4. Paragraph 10 of Section 4, General Provisions, of the lease defines mergers as assignments and Commission approval is required in order for it to be effective.
5. Staff has reviewed the merger documents and is satisfied that the merger, as proposed will not negatively impact this lease.
6. The staff recommends that the Commission find that the subject conditional approval of assignment of lease 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).

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the subject conditional approval of assignment of lease, 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 California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

Authorize the conditional approval of Assignment of Lease No. PRC 6911.1, a General Lease – Right-of-Way Use, of sovereign lands located in the Pacific Ocean, near Point Pedernales, Santa Barbara County and as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof, from Plains Exploration and Production Company (PXP) to Freeport-McMoRan Oil & Gas LLC. Such approved is conditioned upon Freeport-McMoRan Oil & Gas LLC providing evidence to the Commission's Executive Officer that the merger, including all associated documents, were finalized in substantially the form on file with the Commission.

EXHIBIT A

PRC 6911.1

LAND DESCRIPTION

PARCEL 1

A strip of tide and submerged land 6.096 meters (20 feet) wide in the Pacific Ocean near Point Pedernales, Santa Barbara County, California, the centerline of said strip being described as follows:

BEGINNING at a point near the mouth of the Santa Ynez River in said Santa Barbara County, said point having coordinates of N(y)=3840767.972 meters, E(x)=719303.884 meters; thence along the following thirty seven (37) courses:

1. N 74°54'05" W 1303.448 meters;
2. N 84°21'49" W 422.828 meters;
3. S 39°48'40" W 270.544 meters;
4. S 41°08'43" W 281.809 meters;
5. S 44°33'02" W 1396.686 meters;
6. S 46°01'55" W 280.468 meters;
7. S 43°15'54" W 288.934 meters;
8. S 43°43'15" W 346.785 meters;
9. S 46°27'24" W 218.355 meters;
10. S 42°22'44" W 109.516 meters;
11. S 45°08'15" W 227.748 meters;
12. S 41°32'21" W 140.784 meters;
13. S 51°12'40" W 75.314 meters;
14. S 43°10'46" W 144.464 meters;
15. S 47°24'33" W 145.915 meters;
16. S 43°40'38" W 356.700 meters;
17. S 43°42'52" W 411.483 meters;
18. S 42°21'23" W 121.589 meters;
19. S 51°31'46" W 117.772 meters;
20. S 44°59'27" W 148.071 meters;
21. S 37°26'16" W 149.473 meters;
22. S 44°40'33" W 847.412 meters;
23. S 44°53'50" W 265.687 meters;
24. S 43°39'48" W 245.419 meters;
25. S 47°01'01" W 297.495 meters;
26. S 28°58'51" W 41.625 meters;
27. S 44°18'14" W 373.435 meters;
28. S 39°20'03" W 113.964 meters;
29. S 48°32'38" W 162.699 meters;
30. S 43°50'11" W 212.873 meters;
31. S 55°00'58" W 56.168 meters;
32. S 49°13'02" W 350.611 meters;
33. S 53°29'19" W 190.848 meters;
34. S 49°43'49" W 416.910 meters;
35. S 49°14'01" W 376.041 meters;
36. S 51°19'16" W 296.331 meters, and
37. S 49°38'08" W 176.147 meters to the California Offshore Boundary.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of said Pacific Ocean.

PARCEL 2

A strip of tide and submerged land 6.096 meters (20 feet) wide in the Pacific Ocean near Point Pedernales, Santa Barbara County, California, the centerline of said strip being described as follows:

BEGINNING at a point near the mouth of the Santa Ynez River in said Santa Barbara County, said point having coordinates of N(y)=3842938.240 meters, E(x)=719738.918 meters; thence along the following seventy three (73) courses:

1. S 80-49-10 W 74.450 meters;
2. S 83-53-20 W 156.033 meters;
3. S 76-23-12 W 33.053 meters;
4. S 67-09-24 W 27.315 meters;
5. S 56-01-56 W 22.038 meters;
6. S 48-40-59 W 18.575 meters;
7. S 41-41-42 W 25.693 meters;
8. S 30-39-57 W 16.479 meters;
9. S 36-30-04 W 47.682 meters;
10. S 51-27-36 W 32.187 meters;
11. S 62-11-21 W 34.338 meters;
12. S 66-16-09 W 771.918 meters;
13. S 65-15-03 W 211.369 meters;
14. S 62-44-37 W 62.517 meters;
15. S 61-45-32 W 160.478 meters;
16. S 59-24-01 W 156.924 meters;
17. S 58-18-03 W 153.332 meters;
18. S 55-09-03 W 223.570 meters;
19. S 54-19-05 W 157.745 meters;
20. S 50-02-59 W 162.866 meters;
21. S 48-54-15 W 158.451 meters;
22. S 48-07-12 W 154.421 meters;
23. S 45-45-14 W 170.371 meters;
24. S 42-51-48 W 159.740 meters;
25. S 42-58-23 W 166.087 meters;
26. S 42-35-29 W 160.220 meters;
27. S 42-29-39 W 156.566 meters;
28. S 43-41-36 W 169.501 meters;
29. S 42-32-43 W 173.604 meters;
30. S 40-38-13 W 160.394 meters;
31. S 40-31-20 W 163.660 meters;
32. S 40-34-20 W 161.659 meters;
33. S 40-18-39 W 167.280 meters;
34. S 39-24-05 W 160.296 meters;
35. S 37-03-05 W 175.704 meters;
36. S 41-52-38 W 154.330 meters;
37. S 49-57-56 W 157.188 meters;
38. S 41-41-08 W 153.136 meters;
39. S 34-17-58 W 159.541 meters;

40. S 34-20-27 W 151.848 meters;
41. S 34-51-13 W 158.588 meters;
42. S 34-30-15 W 159.837 meters;
43. S 36-27-06 W 168.300 meters;
44. S 39-29-42 W 167.093 meters;
45. S 36-19-51 W 158.740 meters;
46. S 34-34-53 W 156.742 meters;
47. S 34-56-38 W 157.932 meters;
48. S 34-38-31 W 153.976 meters;
49. S 35-12-01 W 174.000 meters;
50. S 43-42-30 W 180.977 meters;
51. S 44-33-47 W 154.652 meters;
52. S 44-46-50 W 155.295 meters;
53. S 44-27-40 W 153.711 meters;
54. S 45-04-48 W 157.288 meters;
55. S 45-41-34 W 155.431 meters;
56. S 50-05-02 W 136.703 meters;
57. S 46-34-09 W 148.763 meters;
58. S 50-09-57 W 173.281 meters;
59. S 48-42-52 W 35.221 meters;
60. S 52-27-26 W 41.541 meters;
61. S 50-22-43 W 157.997 meters;
62. S 50-36-16 W 155.898 meters;
63. S 50-34-00 W 158.700 meters;
64. S 50-59-42 W 211.527 meters;
65. S 51-23-38 W 154.671 meters;
66. S 50-33-37 W 163.080 meters;
67. S 51-15-59 W 176.403 meters;
68. S 51-15-26 W 154.603 meters;
69. S 50-47-45 W 156.604 meters;
70. S 50-06-11 W 167.893 meters;
71. S 46-19-29 W 167.063 meters;
72. S 49-19-28 W 181.796 meters, and
73. S 49-54-47 W 132.817 meters to the California Offshore Boundary.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of said Pacific Ocean.

This description is based on UTM NAD 83, Zone 10, meters. All distances are grid distances, to convert to ground multiply by 1.000170178.

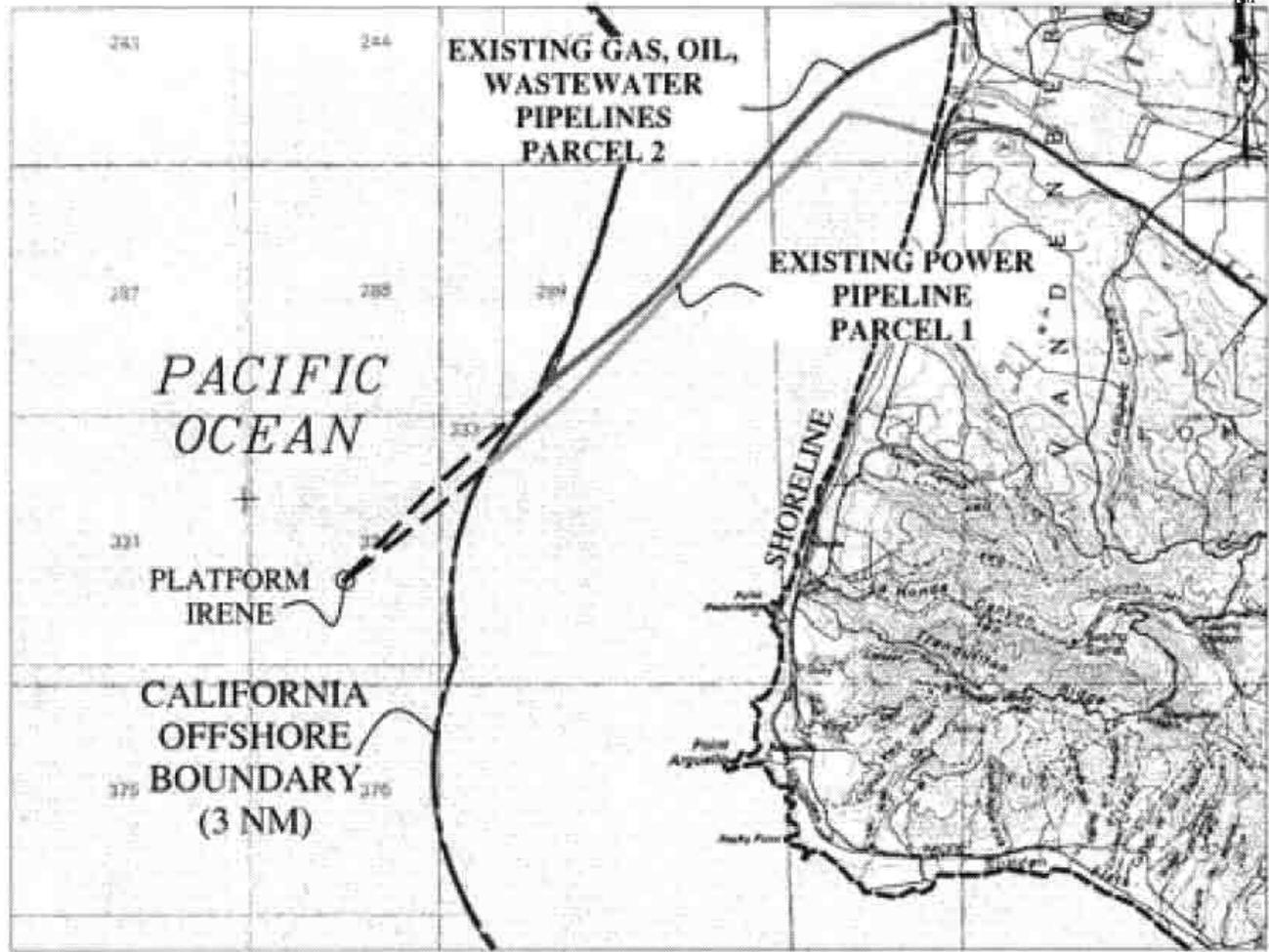
END OF DESCRIPTION

Prepared 2/13/2013 by the California State Lands Commission Boundary Unit



NO SCALE

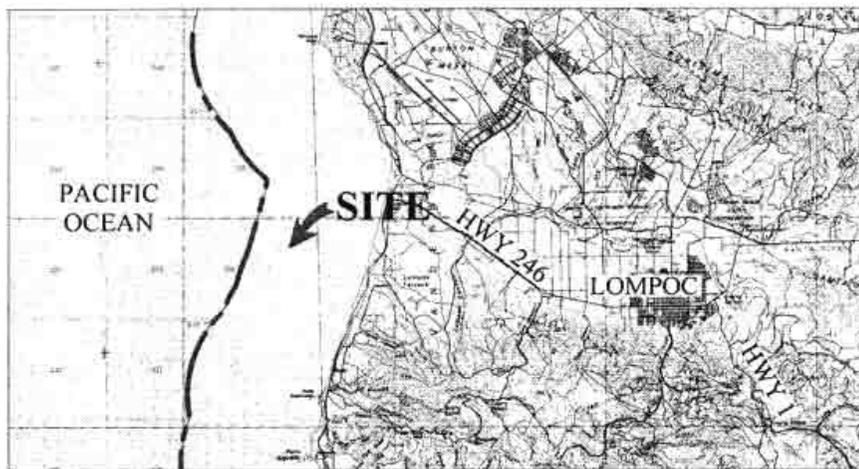
SITE



PACIFIC OCEAN
8 miles west of Lompoc

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B
 PRC 6911.1
 PLAINS EXPLORATION
 & PRODUCTION CO. (PXP)
 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.