



United States Department of the Interior

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

Pacific OCS Region
760 Paseo Camarillo, Suite 102
Camarillo, CA 93010-6064

09/24/2020

Mr. David Rose
Director, Environmental, Health & Safety
Freeport-McMoRan Oil & Gas
201 S. Broadway
Orcutt, CA 93455

Subject: Notification Letter of Tranquillon Ridge Unit Failure of Lease Holding Requirements

Dear Mr. Rose,

The Bureau of Safety and Environmental Enforcement (BSEE) requires that OCS lessees conduct operations in order to maintain leases that are beyond their primary term as per 30 CFR 250.180(a)(2) and 30 CFR 250.180(d). "Operations" is defined as drilling, well re-working or production in paying quantities. If operations cease on a lease past its primary term, the lease will expire if operations do not resume or a Suspension of Production (SOP) or Suspension of Operations (SOO) is not requested prior to one year from the date of cessation of operations.

Article IX Section 2 of the Tranquillon Unit (enclosed) states that "When no oil or gas is being produced in Paying Quantities from the Unit Area and when all or part of the area is subject to one or more leases beyond the primary term, a continuous drilling or well-reworking program shall be maintained with lapses of no more than 180 days per lapse between such operations unless a suspension of production or other operation has been ordered or approved by the Regional Supervisor or unless extended by the Director ..."

According to Article XVI Section 1, the Tranquillon Ridge Unit Agreement was "effective on April 1, 1997 and shall terminate when oil or gas is no longer being produced from the Unit Area and drilling or well-reworking operations are no longer being conducted in accordance with provisions of Article IX of this Agreement." Lease OCS-P 0444 was leased in 1981 and its primary term ended in 1986.

The last reported lease holding operation for the Tranquillon Ridge Unit was production in July 2019. Freeport-McMoRan Oil & Gas (FMOG) has not performed any lease holding operations over the past year nor has a SOP or SOO request been received by August 1, 2020. Therefore, the Tranquillon Ridge Unit is terminated and Lease OCS-P 0444 is expired by operation of law in accordance with 30 CFR 250.180(d) effective August 1, 2020.

To appeal decisions issued under BSEE regulations, follow procedures in 30 CFR part 290. Should you choose to appeal this decision, you must file your appeal within 60 days after you receive this final decision from the BSEE as per 30 CFR 290.3.

Mr. David Rose

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If you have any questions, please contact me at (805) 384-6359 or bobby.kurtz@bsee.gov.

Sincerely,

Bobby Kurtz
Regional Supervisor
Office of Production and Development

Enclosure

cc: Alison Dettmer, Deputy Director, California Coastal Commission

Marina Voskanian, Chief, California State Lands Commission, Mineral Resources
Management Division

John Zorovich, Deputy Director, Energy & Minerals Division-Planning & Development,
County of Santa Barbara