

~ MINUTES ~  
CALIFORNIA STATE LANDS COMMISSION  
MEETING OF AUGUST 23, 2019

SHERATON GATEWAY LOS ANGELES HOTEL  
6101 WEST CENTURY BOULEVARD  
LOS ANGELES, CALIFORNIA 90045

**APPEARANCES**

**COMMISSIONERS PRESENT**

- Eleni Kounalakis, Lieutenant Governor
- Anne Baker, Deputy State Controller and Alternate for Betty T. Yee, State Controller
- Gayle Miller, Chief Deputy Director and Alternate for Director of the Department of Finance Keely Bosler

**STAFF MEMBERS IN ATTENDANCE**

- Jennifer Lucchesi, Executive Officer
- Pam Griggs, Assistant Chief Counsel

**REPRESENTING THE OFFICE OF THE ATTORNEY GENERAL**

- Andrew Vogel, Deputy Attorney General

***NOTE:*** The final approved Minutes also include the Agenda and corresponding staff reports (incorporated into the draft Minutes by reference) approved as presented unless otherwise indicated in the Record of Action. A list of individuals making statements before the Commission and the entities they represent, along with the Executive Officer's Report, are included in a complete transcript of the proceedings, which is on file in the Sacramento offices of the Commission and posted on the Commission's website at [www.slc.ca.gov](http://www.slc.ca.gov). Also included on the website is the voting record of the meeting with the staff report for each agenda item linked to the respective consent, regular or informational item number. A link to a recorded Cal-span.org webcast of the meeting is also available on the Commission's website. All of these items may be found under Previous Meetings, by date of the meeting.

**RECORD OF ACTION TAKEN BY THE  
CALIFORNIA STATE LANDS COMMISSION  
MEETING OF AUGUST 23, 2019**

Chair Eleni Kounalakis called the meeting of the California State Lands Commission to order at 1:00 P.M. at the Sheraton Gateway Los Angeles Hotel, 6101 West Century Boulevard, Los Angeles, California 90045; also present were Commissioner Alternate Anne Baker and Commissioner Alternate Gayle Miller.

Confirmation of the Minutes of the June 28, 2019 meeting were approved as presented by a vote of 2-0 (Kounalakis–Yes; Yee–Yes; Miller–Not present during vote).

**EXECUTIVE OFFICER’S REPORT**

Executive Officer Jennifer Lucchesi updated the Commission on the following items:

- **Legislative Update:**
  - On July 30<sup>th</sup>, the Governor signed Commission sponsored AB 585 (Limón) into law. AB 585 makes a series of changes related to oil and gas lease liability and decommissioning.
  - On July 31<sup>st</sup>, the Governor signed SB 307 into law. SB 307 would condition a water transfer from a groundwater basin under land in the Mojave Desert on State Lands Commission’s finding that the transfer will not adversely affect the natural or cultural resources, including groundwater resources or habitat of certain federal and State lands.
- **Platform Holly Decommissioning Project:** The platform drilling equipment required to do the plugging and abandonment of the 30 wells on the platform is currently being tested and the last few modifications are being worked on. All unnecessary production equipment from the platform’s top deck have been removed. The equipment to begin the plugging and abandonment work is being delivered to the platform, and a new work boat from the Gulf of Mexico has arrived and is going through training for the operations. Everything remains on schedule to commence plugging and abandonment of the wells on Platform Holly by October, once DOGGR approves the procedures and the well plans.
- **PRC 421 (Beachfront Wells):**
  - Everything was shut in after a small oil discharge on May 28<sup>th</sup>. Since that time, the Commission’s agents have cored the soil inside the large caissons and found no free oil. At an extreme low tide on July 3<sup>rd</sup>, the Commission’s agents excavated the beach sand next to the caissons under the watchful eye of the Unified Command and found no path for oil to lead out of or from under the caisson structure. However, when the excavator hit the bedrock about six feet to the west of the caisson, which is the same fractured Monterey Formation that produces most of the oil offshore in the Santa Barbara Channel, oil was observed coming out of the rock. The consensus of those on scene was that there was a conduit in the natural fracture system of the rock

## RECORD OF ACTION CONTINUED

allowing for the discharge of the oil the surface. Lab results showed that the collected oil had the same characteristics as the prior discharge. The Commission's engineers and agents have developed a program to finish the sealing that one well, and any connection it may have to natural fractures in the bedrock.

- The well plan has recently been approved by DOGGR. The Unified Command is still overseeing the process, and there will be mitigation measures in place at the well site and on the beach to minimize the potential of any further discharges as we finish the capping of the well. Staff hopes to begin the final phase and complete this well in the very near future.
- **Ellwood Onshore Facility update:** No new operations have been done or are planned at the time. Currently, the facility is only in service for support of Platform Holly that is supplying the platform with required utilities for electric and gas services.
- **Rincon Island Decommissioning Project:** The Commission's well abandonment contractor continues to make steady progress in abandoning the offshore and onshore wells at the former Rincon leases. Offshore, 20 of the 50 offshore wells have been cemented back to the mudline, which is six wells ahead of the plan. Onshore, 23 of the 25 wells have been abandoned. The onshore well abandonment count is three wells ahead of schedule. And these wells do not include two non-State wells that have been abandon within the compound by the Commission's contractor. These private wells were abandoned using funds made available by DOGGR. Overall, the well progress is six wells ahead of schedule and project costs are approximately \$1.9 million under our forecasted plan, which was at \$18.5 million actual.
- **State liability protections update:** Staff continues to work to increase the State liability protections relating to the Commission's oil and gas leases, both onshore and offshore. Over the past couple years, staff has been working closely with lessees to guarantee that they have provided adequate financial security that will ensure that their lease abandonment and decommission obligations are fully funded.
- **Hollister Ranch:** On July 30<sup>th</sup>, the Coastal Conservancy executed a contract for \$50,000 with a firm to implement Phase 1, the public engagement process, in the development of a contemporary public access plan for Hollister Ranch. This firm also brought in highly respected professional public engagement representatives to facilitate the engagement process. On July 31<sup>st</sup>, the four-agency team, Coastal Commission, State Lands Commission, Coastal Conservancy, and State Park participated in the tour of the five Hollister Ranch beaches. The tour included about 20 agency staff, two staff from the County of Santa Barbara and a number of Hollister Ranch homeowners, and the consultant's team members. It was essentially a listen and learn tour for agency staff from the Hollister Ranch representatives about the land management, including cattle grazing, efforts and constraints, and the public access programs currently in place, such as local school access programs for tide pool exploration. Also held was a post-tour

## RECORD OF ACTION CONTINUED

meeting among the agency representatives to debrief on the tour and start to discuss in more detail next steps for moving forward on developing the contemporary plan. August 29<sup>th</sup> is the kick-off meeting with the consultant and the agency team in San Diego to initiate phase 1 public access outreach element. And from there, staff will continue the public engagement and planning process until June 2020. State Parks has committed \$300,000 for the Phase 2 planning process. The Coastal Conservancy will seek authorization at their October Board meeting to use those State Park funds for the contract. Finally, when the contemporary Hollister Ranch Access Plan draft is completed, it will be submitted to the Coastal Commission for consideration.

- **Burlingame RFP Process:** Staff released the request for project proposals on May 22 and the submittal deadline was July 26<sup>th</sup>. Three project proposals have been received and staff is in the process of completing their initial screening, along with the advisory panel beginning their evaluation process. Once the advisory panel is done reviewing, evaluating, and scoring the proposals, they will move onto the oral interview and award process. Staff hopes to have a recommendation before the Commission at the October or December meeting.
- **Retirement of Mark Meier:** The Executive Officer acknowledged the retirement of Chief Counsel Mark Meier. He served the State Lands Commission for over 35 years.

### CONSENT CALENDAR

- Consent Items 01, 02, 08, 56, and 70 were removed from consideration
- Consent Items 03-07, 09-55, 57-69, and 71-74 were approved as presented by a vote of 3-0 (Kounalakis–Yes; Baker–Yes; Miller–Yes)

### INFORMATIONAL CALENDAR

**ITEM 75:** was informational – no vote required

### REGULAR CALENDAR

(items appear in order heard)

**ITEM 76:** A presentation was made to the Commission by Gene Seroka, Executive Director, Port of Los Angeles, on effect of tariffs on trade, the San Pedro Bay Ports Clean Air Action Plan, waterfront development projects, and a new Blue Ribbon Commission on the Future of Work at the Port of Los Angeles.

Item 76 was informational – no vote required

## RECORD OF ACTION CONT'D

**ITEM 78:** A staff presentation was made to the Commission to consider an application for a General Lease – Other, of sovereign land located in the Pacific Ocean, between the Vandenberg State Marine reserve and Point Conception State Marine Reserve, near Lompoc, Santa Barbara County, for scientific data collection including the installation, use, and maintenance of a buoy.

Item 78 was discussed, but item was deferred by a vote of 3-0 (Kounalakis–Yes; Baker–Yes; Miller–Yes)

**ITEM 77:** An staff presentation was made to the Commission on the status of the terms of the agreement amending State Oil and Gas Lease File Nos. PRC 91, PRC 163, PRC 425, PRC 426, and PRC E-392, to reduce idle well counts, create a sinking fund, and modify the price-based sliding scale royalty, Huntington Beach Oil Field, Orange County.

Item 77 was informational – no vote required

**ITEM 79:** An informational staff presentation was made to the Commission on the Commission's Online System for Customer Applications and Records (OSCAR) system.

Item 79 was informational – no vote required

*(The State Lands Commission adjourned into closed session from 3:38 P.M. to 3:44 P.M., then resumed open session at 3:49 P.M.)*

The Commission meeting public session was adjourned at 3:49 P.M.

**STAFF AND PUBLIC ADDRESSING  
THE FOLLOWING STAFF REPORTS  
AUGUST 23, 2019**

**ITEM 76**

Gene Seroka, Executive Director, Port of Los Angeles

- Joe Lyou, President and CEO, Coalition for Clean Air
- Jessie N. Marquez, Executive Director, Coalition for a Safe Environment
- Robert Roy van de Hoek

**ITEM 77**

Jalal Abadi, Petroleum Resources Engineer, Mineral Resources Management Division, CSLC

- Bob Grundstrom, California Resources Corporation

**ITEM 78**

Grace Kato, Assistant Chief, Land Management Division, CSLC

- Garry George, Clean Energy Director, 6 Environmental NGS including National Audubon Society
- Marisa Mitchell, Principal, Intersect Power
- Antoine Peiffer, Senior Manager, Global Supply Chain and Development, Principle Power, Inc.
- Robert Roy van de Hoek

**ITEM 79**

Philip Schlatter, Informational Technician Supervisor, Information Services Division, CSLC

**PUBLIC COMMENT**

- Brett Balint, Founder, Therica
- Eva Cicora
- Chris Clarke, California Desert Program Manager, National Parks Conservation Association
- Stewart Cushman
- Janet Gunter, Board Member, San Pedro Peninsula Homeowners United
- Jesse N. Marquez, Executive Director, Coalition for a Safe Environment
- John Monsen, Consultant
- Robert Roy van de Hoek
- Noel Weiss
- Mike Young, Political and Organizing Director, California League of Conservation Voters