



California State Lands Commission October 21, 2021 Executive Officer's Report

In Memory of Fred Collins, Chairman of the Northern Chumash Tribal Council

The Commission was saddened to learn of the passing of Fred Collins, Chairman of the Northern Chumash Tribal Council, earlier this month. Chairman Collins was a fearless and tireless advocate for the protection of Native American lands and cultural sites, as well as for the rights of nature and the ocean's living creatures. Chairman Collins was the driving force behind the proposed Chumash Heritage National Marine Sanctuary, which is pending designation by the federal government, and which would ensure the protection of a culturally and biologically important stretch of California's coast and ocean. Chairman Collins was involved in many of the Commission's activities including the fate of the Diablo Canyon Nuclear Power Plant, the decommissioning of the Morro Bay Power Plant, and the current planning for offshore wind. He was a thoughtful collaborator and consistently strived to provide detailed, substantive comments on the Commission's environmental documents, which always resulted in meaningful improvements to project evaluations and well-informed Commission decisions. The Commission is honored and grateful to have worked with and learned from Chairman Collins over many years. We send our heartfelt condolences to his family and loved ones.

Pipeline P00547/Orange County Oil Spill Update

On October 2, the U.S. Coast Guard received a report of an oil sheen off the coast of Newport Beach. A Unified Command composed of representatives of the U.S. Coast Guard (USCG), California Department of Fish and Wildlife's Office of Spill Prevention and Response (OSPR) and Amplify Energy Corp (the Responsible Party) was established that same afternoon. A representative of

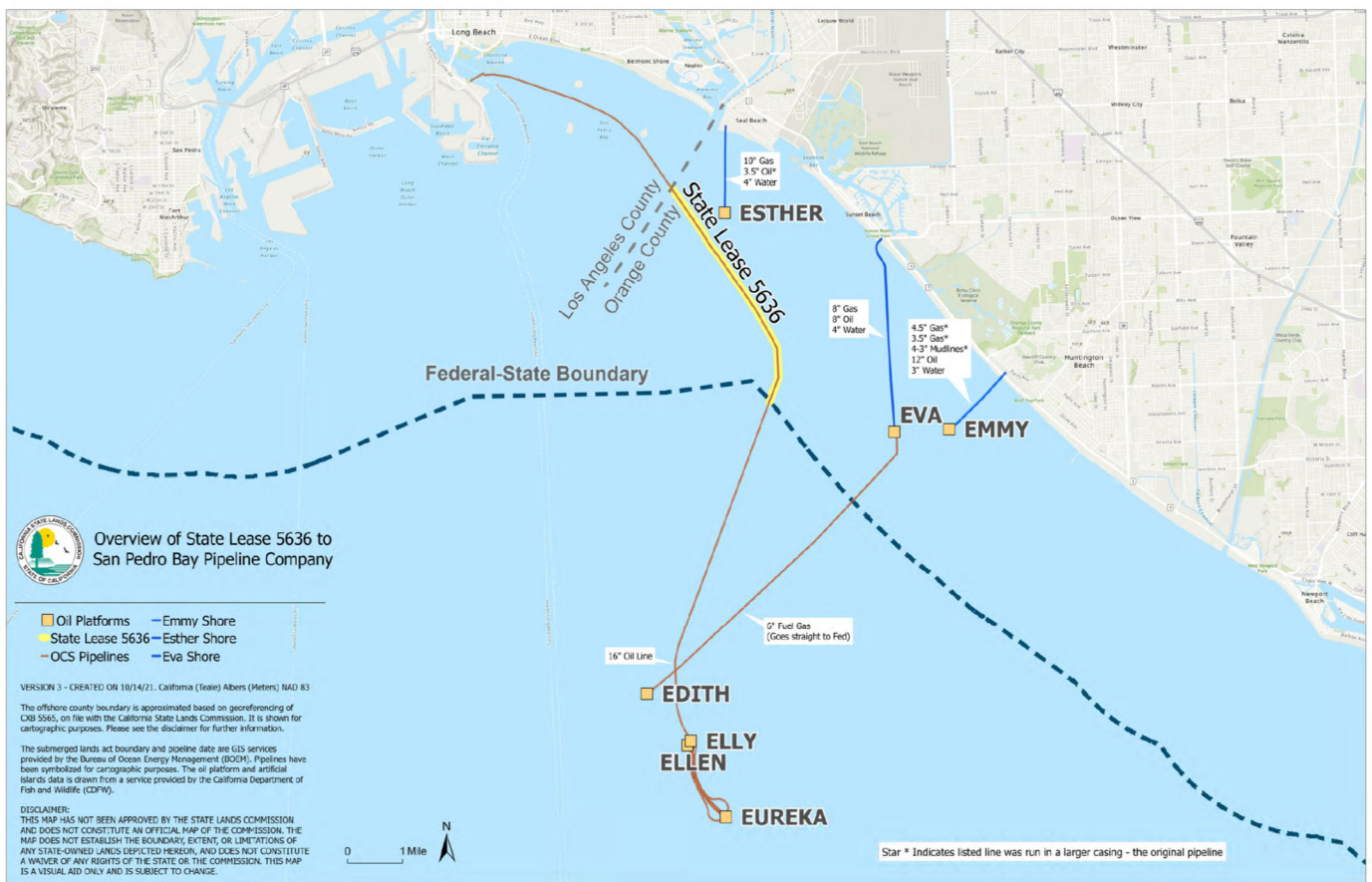
Orange County joined the Unified Command on October 5 as a local government on-scene coordinator. A representative of San Diego County joined the Unified Command on October 8—also as a local government on-scene coordinator.

All available actions have been and continue to be taken to ensure the safety of the public and response personnel, to recover spilled oil, to maximize the protection of environmentally sensitive areas and minimize impact to maritime commerce. Response efforts continue from Long Beach to Carlsbad. In both Orange and San Diego counties, the public can expect to see Shoreline Cleanup Assessment Teams and work crews equipped in protective gear, monitoring, inspecting, and cleaning the beaches to ensure that appropriate cleanup actions are taken. Protective booms were deployed for all sensitive sites beginning at the start of the response, including at the Bolsa Chica wetlands. As of the date of this report, all protection booms apart from those deployed at Talbert Marsh have been removed. For up-to-date information, including affected wildlife, amount of oil collected, and miles of shoreline impacted, please see the following website: <https://socialspillresponse.com/>.

The approximate 17.7-mile-long pipeline at issue transports oil from the federal Platform Elly through federal waters into state waters and terminates at the Port of Long Beach. A 4.41-mile section of the pipeline is under lease from the State Lands Commission. The Unified Command contracted commercial divers to identify the leak source. On October 4 divers validated remotely operated vehicle footage showing no indications of oil release at the potential leak source. Diver reports and ROV footage showed that a 4,000-foot section located in federal waters was displaced with a maximum lateral movement of approximately 105 feet and had a 13-inch split that ran parallel to the pipeline. The minimum release volume has been established as 24,696 gallons. In accordance with corrective action from a federal Pipeline and Hazardous Materials Safety Administration order, Amplify Energy, through their subsidiary, Beta offshore, has secured the pipeline from leaking and is in the process of repairing the pipeline.

The USCG and partner agencies are investigating the cause of the pipeline fracture. USCG is leading a joint investigation, with assistance from the National Transportation Safety Board, Bureau of Safety and Environmental Enforcement, and the Pipeline Hazardous Materials Safety Administration. The pipeline spill has been deemed a major marine casualty due to the potential involvement of a vessel and the resulting damages estimated in excess of \$500,000, the minimum threshold required to deem this event as a major marine casualty.

State Lands Commission Lease No. 5636 authorizes the operation and maintenance of a 16-inch diameter pipeline from where it enters the State's 3-mile jurisdiction, from Platform Elly in federal waters, to the legislative tidelands grant area that the City of Long Beach owns and manages in trust. This lease was issued to Shell Oil Company in 1979. The line was installed in 1980 in conjunction with the construction of platforms in federal waters. Since that time, the Commission has authorized a series of lease renewals, assignments, rent reviews and other actions. The Commission's current lessee for this section of the pipeline is San Pedro Bay Pipeline Company, a subsidiary of Amplify Energy Operations, LLC. Please see the below graphic for more information.



State Budget

The 2021-22 budget included four new appropriations specific to the Commission. The first is a one-time \$2 million appropriation to the Environmental License Plate Fund for operations, maintenance, and dredging of the Bolsa Chica Wetlands. The second is a one-time \$49.5 million appropriation from the General Fund and repurposing a previous \$2.5 million General Fund appropriation for 2022-23 to complete Phase 1 of the South Ellwood Project and initiate an Environmental Impact Report and feasibility study to decommission Platform Holly in Santa Barbara. The third item is a \$250 million transfer of federal coronavirus fiscal recovery funds to the Commission for appropriation to California ports impacted by the COVID-19 state of emergency. Lastly, the Commission received a \$12 million appropriation to remove abandoned and derelict vessels from the Delta.

The budget remedies a structural deficit in the Oil Spill Prevention and Administration Fund by increasing the per barrel fee from 6.5 cents to 8.5 cents (with annual CPI adjustments) and authorizing the Administrator to adjust fee levels to maintain an adequate fund balance. Trailer bill language associated with the fee increase expands the definition of regulated oil to include renewable fuels. The Oil Spill Prevention and Administration Fund revenue supports the Commission's Minerals Resources and Management and Marine Environmental Protection Division's oil spill prevention work.

The budget also includes trailer bill language (SB 155) that the state consents to the application of specified ordinances to the state's share of oil revenue within the Long Beach tidelands for taxes on production leveled and in effect as of October 1, 2021. This prohibits the state's share of oil revenue within the Long Beach tidelands from being subject to specified municipal charges not already levied on or before October 1, 2021, that has the effect of reducing the state's share of oil revenue, net profits, or remaining oil revenue received into the General Fund, without express statutory authorization for that tax, fee, or assessment.

The final budget trailer bills and budget bill junior, in print during the last week of the legislative session, contain three items relevant to the Commission. AB 170, the Budget Bill Jr, clarifies how the Commission will allocate COVID-19 relief funding to California ports. The bill states that ports are to use the funding to address negative economic impacts from the pandemic and to support their economic recovery. Funding can be allocated for activities that avoid layoffs, restore jobs and services lost because of the pandemic and support safe operations. The language allows the Commission to consider the level of

revenue losses and COVID-19 expenditures in apportioning the funds, prohibits appropriated funds from being used to purchase automated equipment, and requires that the funds are allocated, monitored, and reported in accordance with federal law and U.S Treasury guidance.

AB 170 also amends a line item in a previous budget bill that provided \$10 million to the state for public access to the Hollister Ranch shoreline in Santa Barbara County. The amended language deposits the funding into the coastal trust fund, an existing fund that is managed by the State Coastal Conservancy. The revenue continues to be available to each member of the state agency team (the State Lands Commission, State Coastal Conservancy, State Parks, and the California Coastal Commission).

Legislation

The California Legislature, having adjourned for the year at 8:59 p.m. on September 10, the earliest end of session hour in decades, is in recess until January 3, 2022. The Legislature sent the Governor 836 bills for his consideration. The Governor signed 770 bills, or 92 percent, and he vetoed 66 bills, or 7.9 percent.

Many of the bills staff tracked are now two-year bills, eligible to be heard after January 3. The Governor signed the Commission's sponsored bill, AB 1390 (Boerner-Horvath) in early October. This bill makes it easier for the Commission to invest in property to generate revenue for CalSTRS. It authorizes the Commission to delegate authority to its Executive Officer to make acquisition down payments, removes a cap on acquisition expenses, and clarifies that the Commission can use School Land Bank Fund revenue for acquisition costs. And finally, the bill deleted obsolete statutes and gives the Commission flexibility not to retain an access easement when it sells or conveys school lands. This bill The Governor also signed two committee bills, SB 822 and SB 824, that contain statutory changes important to the Commission's Marine Invasive Species Program.

The Commission supported SB 796 (Bradford) that authorizes Los Angeles County to return property in Manhattan Beach, known as Bruce's Beach, to the Bruce family descendants nearly a century after it was wrongfully taken from them. The Governor signed this bill on September 30 at a signing ceremony on the parcels of land that Willa and Charles Bruce purchased over a century ago.

Climate change and sea level rise legislation was prolific this year. Foremost among these bills is SB 1, the President Pro Tem's bill that establishes the California Sea Level Rise State and Regional Support Collaborative at the

Ocean Protection Council to coordinate and fund efforts to prepare for sea level rise associated with climate change, among other things. SB 1, signed into law in September, requires that the Ocean Protection Council collaborate with the State Lands Commission and other entities on grants to local and regional governments to update land use plans and for investments to implement those plans. The Ocean Protection Council is also required to collaborate with the State Lands Commission and other entities on support to local, regional, and other state agencies.

Another sea level rise bill to highlight is SB 83 (Allen). This bill, which was placed on the Senate Inactive File, requires the Ocean Protection Council, in consultation with the State Coastal Conservancy, to develop a sea level rise revolving loan program to provide low-interest loans to local jurisdictions to purchase vulnerable coastal property. SB 83 requires the Ocean Protection Council, in consultation with state planning and coastal management agencies, including the State Lands Commission, to establish criteria and guidelines to identify eligible vulnerable coastal properties. SB 83 also creates the Sea Level Rise Revolving Loan Fund, which the State Coastal Conservancy would administer, to provide low-interest loans to eligible local jurisdictions consistent with the sea level rise loan program established in the bill.

Offshore wind energy is the focus of AB 525 (Chiu), a seminal bill that requires the Energy Commission, in coordination with other agencies, to develop a strategic plan for offshore wind energy development off the California coast in federal waters and submit it to the Natural Resources Agency and the Legislature by June 2023. The bill requires the Energy Commission, also in coordination with other agencies, and stakeholders, to identify suitable sea space for wind energy areas in federal waters. The other key piece of this bill is that it requires the Energy Commission to establish offshore wind planning goals for 2030 and 2045. AB 525 requires the Energy Commission to collaborate with the State Lands Commission to develop the strategic plan, to identify suitable sea space for wind energy areas in federal waters sufficient to achieve the planning goals, and to develop a permitting roadmap.

The Governor signed a package of legislation, known as the circular economy package, that is intended to reduce the amount of single-use plastic flowing into the ocean and to raise consumer awareness and facilitate industry accountability. The Governor's \$15 billion climate package includes \$270 million to support a circular economy that advances sustainability and helps reduce short-lived climate pollutants from the waste sector. To raise demand for recyclables and attract green industry to California, the package includes funding to support the work of CalRecycle's new Office of Innovation in

Recycling and Remanufacturing. Additional funds will support organic waste infrastructure, food recovery efforts and composting, and remanufacturing and recycling infrastructure.

The recent report from the United Nations Intergovernmental Panel on Climate Change and worsening wildfires have led to unprecedented investments on the climate crisis. The Governor and Legislature approved a \$15 billion climate package (\$13.1 billion General Fund) to combat the climate crisis and catastrophic wildfires and help build a resilient California. The key elements are over \$1.5 billion for wildlife resiliency—for up front proactive actions, \$5.2 billion for emergency drought response and water resilience, \$600 million for flood management, and over \$600 million to protect ecosystems and infrastructure along the coast and allow for community planning. The package also includes \$1.3 billion in nature-based solutions. More information about the \$15 billion climate package is available in this Department of Finance budget addendum: [BudgetAddendum.pdf](#)

American Rescue Plan Act: COVID-19 relief funding for Ports

Commission staff released its [application package](#) on October 8, 2021 and provided ports with 30 days to submit an application for ARPA funding. The \$250 million, part of the State's funding allocation from the American Rescue Plan, is intended to help California's ports recover from the dramatic losses in revenue they experienced during the COVID-19 pandemic. Ports have a sizable impact on the state's recovery effort: approximately 1 million California jobs are linked to trade activities at the 11 public ports. An infusion of federal funds will have a significant impact in targeting the unemployed residents of port communities by helping ports to re-hire or bring on new essential workers, as well as retaining existing employees. Ports that rely on tourism-based revenue will particularly benefit from these federal funds given the disproportionate impact the pandemic had on tourism-related industries. Tourism venues, such as hospitality and maritime trades, employ essential workers that play a vital role in economic recovery.

Commission staff worked closely with the Department of Finance to develop its application package and is accepting ARPA recovery fund requests through November 8, 2021. The application documents are available on the Commission's website, and staff has provided them to the ports. Staff will evaluate port applications in the coming weeks and anticipates that the Commission will consider disbursements at its December 8, 2021, public meeting.

Rincon Well Abandonment and Decommissioning Project

Phase 1 work, abandoning the wells and facilities at the former oil and gas leases at Rincon Point in Ventura, is complete. Rincon Island and the nearby onshore site were placed into caretaker status effective July 1, 2021. Caretaker status is when the well and well-related abandonments comply with regulatory requirements and the site requires limited surveillance to maintain safety, security, and stability. The Rincon facilities will remain in caretaker status while the Phase 2 Feasibility Study and CEQA documentation are completed, and until the Phase 3 work, the final island and onshore decommissioning, commences.

Padre Associates, the Commission's Phase 2 environmental consultant, is currently conducting surveys and assessments to inform a Feasibility Study and subsequent CEQA document, both of which will evaluate decommissioning alternatives for the final disposition of the island and onshore facilities. A bathymetric study of the island and surrounding area and a coastal engineering study have been completed. Ongoing work include site assessments for hydrocarbon contamination, site characterization, a marine biological study, an engineering assessment, and environmental baseline assessment.

Staff continues to conduct public outreach, particularly to Mussel Shoals residents. A Townhall meeting and a Feasibility Study Workshop were conducted virtually in April and June of 2021, respectively, and staff sent Mussel Shoals residents a questionnaire requesting their input on potential Phase 2 alternatives. To date, staff has received and responded to three sets of comments from the Mussel Shoals community. The next public meeting will happen after staff publishes the draft Feasibility Study, which is slated for release in the 1st quarter of 2022.

Staff has also begun informal consultation with other government agencies, including the California Coastal Commission, State Coastal Conservancy, California Fish and Wildlife Service, National Marine Fisheries Service, and Ventura County. Further consultation will commence after the draft Feasibility Study is released. Staff anticipates completing the final Feasibility Study in the 2nd quarter of 2022. CEQA analysis will start after staff presents the Feasibility Study to the Commission.

Platform Holly/Piers 421 Decommissioning (South Ellwood) Project

Plug and abandonment work on Platform Holly resumed earlier this month—528 days after the pandemic shut down this work. As an important milestone, Well 3242-6 became the first well plugged to surface this month. Staff continues to maintain and monitor Platform Holly and the onshore facilities to ensure public health and safety. In September, staff, ExxonMobil, and their subcontractors reactivated the rig equipment that was mothballed during the COVID-19 shutdown and a full 24-hour rig crew returned to the platform on October 1 in preparation for moving the rig onto the first well. Plug and abandonment is planned to continue uninterrupted until all wells are plugged, which is estimated to take approximately 12-18 months. Staff is collaborating closely with ExxonMobil, their subcontractors, and CalGEM to ensure that the work ahead is conducted safely, effectively, and efficiently, and to reduce costs where possible. Personnel transport to and from the Platform is proceeding from the Goleta pier and cargo operations are being conducted from the Carpinteria Pier and Port Hueneme.

Staff continues to develop an Environmental Impact Report for the PRC 421 Decommissioning Project to remove derelict oil piers and associated infrastructure on Haskell's Beach (Piers 421). Staff is coordinating with the City of Goleta and the Coastal Commission as part of a Joint Review Panel, or JRP. The JRP works collaboratively as the Environmental Impact Report is developed, which allows each agency to review the analysis at the draft stage and ensures the science underlying the document is rigorous and supported. Staff anticipates releasing a draft Environmental Impact Report in the second half of November, with a 45-day public review period, and starting the decommissioning and removal in August 2022.

SB 44 Legacy Well Remediation Program

The SB 44 Legacy Wells and Coastal Hazards Program provides \$2 million per year, until July 2028, to address legacy wells and coastal hazards and to survey, study, and monitor oil seepage in state waters. Staff, working with its engineering contractor InterAct, successfully re-abandoned the Olsson #805 well this past July. Staff is now working with InterAct to develop engineering programs, cost estimates, and abandonment priorities for additional well re-abandonments. The next well staff plans to re-abandon is the Duquesne #910 well in the 1st quarter of 2022. Staff is also drafting its annual report to the Legislature, due in December, that will summarize Program activities and expenditures.

Hollister Ranch Public Access Program

Last week, the California Coastal Commission postponed its first public workshop on a draft Coastal Access Program to November. The workshop was postponed because of the Alisal fire that was burning along the Gaviota coastline near Hollister Ranch. The purpose of the workshop was to hear from the Commissioners and the public regarding additional thoughts, concerns, ideas, and questions about the draft Coastal Access Program.

As background, the Hollister Ranch state agency team and its consultants have spearheaded a robust public engagement process for the Hollister Ranch Coastal Access Program since 2019. The state agency team established a stakeholder working group that met regularly over the past year and a half to collaboratively assist in developing the draft Program. The process began with interviews of 18 stakeholder groups, followed by four public surveys and interactive platforms for public engagement, two public meetings (one virtual and one in-person before the pandemic), and eight listening sessions with stakeholders, environmental justice communities, youth, and Chumash tribal representatives.

Despite making significant progress, the COVID-19 pandemic delayed the planning process. Staff completed a draft conceptual program in June and circulated it for public review. State agency staff presented the draft program at a meeting that same month, followed by small group breakout sessions to allow for further public input. Several hundred members of the public participated in the meeting. Formal Tribal Consultations were initiated after the Draft conceptual was released in June and are continuing.

On August 10, 2021, the state agency team hosted a site visit for a ground tour of the Hollister Ranch coastline with Wade Crowfoot, Secretary of the California Natural Resources Agency; Geneva Thompson, Assistant Secretary for Tribal Affairs at the California Natural Resources Agency; Mark Gold, Executive Director of the Ocean Protection Counsel and the Deputy Secretary for Ocean and Coastal Policy for the California Natural Resources Agency; and Senator Monique Limón. After the tour, the group met with representatives from the Hollister Ranch owners and various Chumash tribal representatives.

The state agency team revised the draft Coastal Access Program based on input received during the June public meeting, results from a 4th public survey, additional focused listening sessions, meetings with the Hollister Ranch property owners, and through tribal consultations.

Tijuana River Valley Pollution Crisis

On August 17, 2021, a temporary shutdown at Pump Station CILA resulted in a transboundary flow incident. This incident highlights the ongoing issues affecting the Tijuana River Valley pollution crisis. Local, state, and federal entities continue to work collaboratively to resolve this crisis. On August 6, 2021, the US EPA updated the public on the results of its alternatives analysis and presented an overview of several high performing alternative efforts to address transboundary wastewater pollution issues in the San Diego/Tijuana region in accordance with the US-Mexico-Canada treaty legislation. When the alternatives analysis and report are complete, the US EPA plans to initiate an Environmental Impact Statement process. Commission staff continue to track the progress and engage with local partners and agencies to explore opportunities for collaboration on this crisis.

San Onofre Nuclear Generating Station Units 2&3 Decommissioning

On September 29, 2021, staff received an external visual inspection of Unit 2 offshore discharge conduit performed by Southern California Edison's dive team, as required by the Commission's lease. The external visual inspection confirmed that there is no significant damage on the concrete discharge port blocks and that none of the diffuser openings were buried. The amount of marine growth on the diffuser port openings does not restrict or inhibit the flow capacity required for effluent discharge. The pipe is not exposed (the pipe crown was not observed above the mudline) nor free-spanning (the pipe bottom was not observed above the mudline). There are no recommended repairs or other maintenance activities required at this time. The Commission's engineering staff is reviewing the inspection report.

Southern California Edison anticipates permitting activities in late 2021 and early 2022 to accommodate the required State Water Quality Control Board final approved 401 water quality certification and a U.S. Army Corps of Engineers Clean Water Act Section 404 individual permit required under the Clean Water Act. The San Diego Air Pollution Control District performed a routine unannounced site inspection on March 2, 2021, and no issues or problems were identified.

On September 23, 2021, staff received the latest monitoring report on the onshore construction activities from Aspen Environmental Group. Major onshore activities will continue to occur at the existing facility. Onshore work will include, but not be limited to, the following: the establishment of equipment and material staging yards; the reconfiguration and/or reinforcement of site access

roads and entrances; the installation, modifications, or upgrades to rail infrastructure; the construction of temporary containment enclosures to perform decontamination and dismantlement tasks; the completion of radiological remediation pursuant to applicable U.S. Nuclear Regulatory Commission regulations; the segmentation and packaging of reactor vessel internals for shipment and disposal; the removal and disposal of large components (e.g., reactor vessels, steam generators, pressurizers, turbine-generators); the dismantlement of container buildings; the removal of all remaining above-ground structures; and the partial removal of subsurface structures, systems, and components.

Construction activities offshore are anticipated to start in 2024. Southern California Edison anticipates continuing to discharge through the Unit 2 conduit into the ocean through early 2024 as part of the operation and maintenance of the sewage treatment plant, and the sumps, and to drain the spent fuel pools.