

Staff Report 40

PARTY:

California State Lands Commission (Commission)

PROPOSED ACTION:

Request delegation of authority for the Executive Officer to issue a Request for Qualifications to solicit for consultant services, negotiate fair and reasonable prices, and award and execute agreements for the preparation of environmental documentation for the Platform Holly Decommissioning Project near Goleta, Santa Barbara County

BACKGROUND:

Platform Holly is a former oil and gas production platform, completed in 1966, residing in 211 feet of water approximately 2 miles offshore, south of the City of Goleta and southwest of the unincorporated community of Isla Vista and the University of California, Santa Barbara campus. Until 2015, the platform produced oil and gas from the South Ellwood Field, which was transported, via subsea pipelines, to the Ellwood Onshore Facility (EOF) for treatment and then, until 2012, to the Ellwood Marine Terminal (EMT) for shipment to market. From 2012 to 2015, oil and gas produced from the platform were shipped from the EOF to the Las Flores Canyon processing facility located west of Goleta via pipeline where they were sold to market.

The Commission first issued the leases underlying the South Ellwood Field (PRC 3120 and PRC 3242) to Atlantic Richfield Company (ARCO) in 1964 and 1965, after competitive bidding. In 1993, Mobil Exploration and Producing, Inc. (now, ExxonMobil) acquired both leases from ARCO, and in 1997, Mobil sold the leases, including Platform Holly, the EOF, and other facilities (i.e., the EMT and the two oil piers at PRC 421) to Venoco LLC.

On May 19, 2015, the primary transportation pipeline for oil and gas products from this part of the central California coast, Plains All American Pipeline Line 901, ruptured due to Plains' criminally negligent maintenance and resulted in an oil spill

that damaged the California coastline, private property, and hundreds of birds and marine animals and their habitat. Plains' failure to timely repair or to take any corrective action on the pipeline caused the cessation of production at Platform Holly. Despite attempts to previously restructure its business, in April 2017, Venoco LLC quitclaimed its leases in the South Ellwood Field and declared bankruptcy.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6106, 6216, and 6301; Government Code sections 4525 et seq. and 19130; Public Contract Code sections 6106 and 10335 et seq.; State Contracting Manual, vol. 1, ch. 11, A & E Contracts (rev. 04/22); California Code of Regulations, title 2, section 2980 et seq., and title 14, section 15045.

STATE'S BEST INTERESTS:

Venoco's quitclaim threatened the desertion of the platform and EOF and created an unacceptable risk to public health and safety from a potential release of hydrogen sulfide laden gas from the platform. Since 2017, the Commission has managed the platform and EOF to ensure public health and safety. The Commission obtained commitments from ExxonMobil, the prior lessee, to plug the 30 wells on Platform Holly (in progress) and two wells on the 421 Piers (completed in 2019) and decommission those facilities. Now that well plug and abandonment is nearing completion (anticipated to be completed by the end of 2022 to very early 2023), the Commission must assess the environmental effects of removing the platform or implementing alternative decommissioning postures for the platform and related offshore infrastructure. In 2021, the Legislature appropriated funding for the Commission to develop an environmental analysis compliant with the California Environmental Quality Act (CEQA) for the Platform Holly Decommissioning Project.

Staff recommends delegating authority to the Executive Officer or her designee to engage a consultant for preparation of an Environmental Impact Report (EIR). Consultant selection will be conducted pursuant to the requirements of the California Public Contract Code and current State policies and procedures, including those specified in the Commission's regulations and the State Contracting Manual, and will be based on demonstrated competence and professional qualifications necessary for the satisfactory performances of the services required.

The CEQA analysis undertaken would evaluate potential impacts to sensitive habitats of state and federally listed species, aesthetics, cultural resources, marine

biological resources, air quality, and all other potentially significant impacts from proposed Project activities. The document would evaluate potential project alternatives, and if the proposed Project would cause significant impacts that could not be avoided, would include proposed mitigation measures to reduce impacts to the extent feasible. Before considering the Platform Holly Decommissioning Project, the Commission must certify the EIR and adopt a monitoring plan pursuant to CEQA (Pub. Resources Code, § 21081.6) to ensure that any mitigation measures imposed to mitigate or avoid significant effects will be implemented.

CONCLUSION:

For the reasons above, staff believes the proposed authority for the Executive Officer to issue a Request for Qualifications to solicit for consultant services, negotiate fair and reasonable prices, and award and execute agreements for the preparation of environmental documentation for the Platform Holly Decommissioning Project is in the State's best interests.

OTHER PERTINENT INFORMATION:

1. Statutory Authority: Public Resources Code section 6106 (Delegation to execute written instruments); Government Code section 19130 (personal services contracts); Public Contract Code section 10335.5 (consulting services contracts).
2. Authorization to solicit proposals is not a project as defined by CEQA because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

3. Approval of the recommended action by the Commission does not constitute approval of the Platform Holly Decommissioning Project; it only authorizes consultant contracts for environmental review to assess the impacts of proposed future activities associated with the Platform Holly Decommissioning Project.
4. This action is consistent with the "Meeting Evolving Public Trust Needs," "Prioritizing Social, Economic, and Environmental Justice," "Partnering with Sovereign Tribal Governments and Communities," and "Committing to Collaborative Leadership" Strategic Focus Areas of the Commission's 2021-2025 Strategic Plan.

RECOMMENDED ACTION:

It is recommended that the Commission:

1. Find that the services contracted for are not available within civil service, cannot be performed satisfactorily by civil service employees, or are of such a highly specialized or technical nature that the necessary expert knowledge, experience, and ability are not available through the civil service system, as specified in Government Code section 19130, subdivision (b)(3).
2. Find that the services are of such an urgent, temporary, or occasional nature that the delay incumbent in their implementation under civil service would frustrate their purpose as specified in Government Code section 19130, subdivisions (b)(10).
3. Find that the selection of consultants under this process does not affect small businesses as defined in California Government Code section 14837, subdivision (d)(1)(B) because they will be accorded equal opportunity to submit statements of qualifications and performance data.
4. Find that the selection of consultants under this process for professional services of architectural, landscape architectural, engineering, environmental, land surveying or construction project management services will be consistent with procedures and policies adopted by the Commission as specified in Government Code section 4526 and California Code of Regulations, title 2, sections 2980 et seq.

AUTHORIZATION:

Authorize the Executive Officer or her designee to issue a Request for Qualifications to solicit for consultant services, negotiate fair and reasonable prices, award and execute agreements, and take any other steps reasonably necessary to prepare environmental documentation for the Platform Holly Decommissioning Project, pursuant to the requirements of the Public Contract Code and current State policies and procedures.