

# Staff Report 65

## **PARTY:**

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California State Lands Commission

## **PROPOSED ACTION:**

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Delegation of authority for the Executive Officer to undertake any actions necessary to effectuate the purposes of SB 44 (Jackson, Chapter 645, Statutes of 2017), including enter into interagency agreements, amend existing contracts, and issue solicitations for needed services, negotiate fair and reasonable prices, and award and execute agreements to retain contractors to perform seep studies along the coastline and work related to the Commission's coastal hazard and legacy well removal and remediation program consistent with SB 44.

## **AREA, LAND TYPE, AND LOCATION:**

Sovereign tidelands and submerged lands along California's coastline.

## **BACKGROUND:**

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In October 2017, Governor Brown signed SB 44 into law. SB 44 created a Coastal Hazard and Legacy Oil and Gas Well Removal and Remediation Program, administered by the Commission, and codified in Public Resources Code section 6212. SB 44, subject to a legislative appropriation, provides the Commission up to \$2 million annually to implement the Program. This funding began on July 1, 2018 (the 2018–19 fiscal year) and continues each fiscal year thereafter until 2026, when the law sunsets.

The funding enables the Commission to assess legacy oil and gas wells and other coastal hazards along the California coastline, including conducting aerial surveys and dives, and determining high-priority hazards and legacy oil and gas wells to remediate. The funding also enables the Commission to survey and monitor oil seepage in state waters and on tidelands under its jurisdiction to determine oil seepage locations, rates, and environmental impacts, and partner with experts to facilitate innovative solutions. Finally, the funding enables the Commission, in

cooperation with the California Geologic Energy Management Division (CalGEM), to remediate improperly abandoned legacy oil and gas wells that have a high risk of leaking oil and are hazardous to public health and safety and the environment. The Commission is required to report annually to the Legislature about its work and progress fulfilling the requirements in SB 44.

Even before the enactment of SB 44, the Commission spent significant time and resources ameliorating legacy coastal hazards, including pier remnants, oil wells and pilings, and old pipelines. In August 2015, the Commission authorized staff to conduct investigation and assessment activities regarding the Becker onshore well in the Summerland oil field ([Item 80, August 19, 2015](#)). In August 2017, the Commission certified a Final Environmental Impact Report (EIR) and authorized staff to enter into contracts to implement the Becker Onshore Well Abandonment and Remediation Project and projects for similarly situated legacy wells ([Item 82, August 17, 2017](#)). In February 2018, staff provided an update on the status of oil and gas decommissioning projects undertaken by the Commission, including the Becker Onshore Well Abandonment and Remediation Project ([Item 92, February 27, 2018](#)). In June 2018, the Commission authorized staff to take all actions necessary to prepare an engineering plan for the permanent abandonment of up to three legacy wells in the Summerland Oil Field ([Item 93, June 21, 2018](#)). In January 2020, staff prepared an Addendum to the EIR, and in February 2020, the Commission authorized staff to take all steps necessary to abandon up to eight legacy wells in and near the Santa Barbara Channel ([Item 50, February 28, 2020](#)).

The Commission completed abandonment of the Becker Well in 2018 using a \$1.4 million appropriation from the Legislature. The Commission used SB 44 funding to abandon four additional legacy wells: Treadwell 10 and Northstar 815 in November 2020, Olsson 805 in July 2021, and Duquesne 910 in December 2021 (see [Coastal Hazards and Legacy Wells webpage for more information](#)).

## **LEGACY OIL AND GAS WELL ASSESSMENT AND REMEDIATION**

Staff intend to continue to assess and identify legacy oil and gas wells and to continue to work with CalGEM to remediate improperly abandoned legacy oil and gas wells along the California coastline that have a high risk of leaking oil and are hazardous to public health and safety and the environment.

Public Resources Code section 6212 defines a legacy oil and gas well as one that was drilled before current abandonment standards, where there is little or no information on the well's abandonment procedure, and there is no viable company with the responsibility to reabandon the well should it start leaking or pose a threat to the environment or to public health and safety. Legacy wells are sometimes called orphan wells. Most legacy oil and gas wells were abandoned in

the early 1900s when oversight was nonexistent. Virtually no records exist regarding the drilling and abandonment of these wells. Removal, if any, varied from well-to-well and involved rudimentary procedures that fell short of current health, safety, and environmental protection requirements. Based on the Commission's research, there are approximately 200 high priority legacy oil and gas wells (identified as Category 1 wells), that could, depending on their condition, leak oil into the marine environment, negatively impacting swimmers, surfers, recreational users, and marine and coastal wildlife and fish and their habitats, as well as causing environmental degradation and public health and safety hazards. These wells are potential candidates for abandonment under the SB 44 program.

Legacy well abandonment work may be performed under amendments to existing contracts to which the Commission is a party or may require the solicitation and execution of new contracts. Commission staff seek authority to amend and solicit for such contracts as it becomes necessary to use available funding for legacy well abandonment.

The Commission's coordination with CalGEM may include the transfer or contribution of additional funding received by CalGEM, via the State budget, State appropriations, State grants, and federal grants or the federal budget. Staff seeks authority to enter into interagency agreements with CalGEM to use any funding received by CalGEM in combination with funding received by the Commission via SB 44 to increase the number of legacy oil and gas wells that may be properly abandoned and remediated under the Coastal Hazard and Legacy Oil and Gas Well Removal and Remediation Program.

### **SEEP STUDIES**

It is widely known that hydrocarbon seeps occur naturally offshore California. California's beaches should be clean and available for public enjoyment, but oil is a perennial presence at some beaches along the coastline and seepage occasionally disrupts recreational activities and may pose harm to the environment.

Due to the presence of oil seeps, the Santa Barbara County Department of Public Health has notified the public about adverse health effects to protect the public's health. An example is at Summerland Beach, where signs are posted in three areas that warn the public, particularly children, sensitive individuals, and pets, to avoid the water when oil is visible.

These seeps may have unique chemical characteristics that could enable an investigator to correlate chemistry and site of origin. In 1974, the Commission authorized an investigation of oil and tar seeps from areas under its jurisdiction. The

work included a literature search, marine field studies, and laboratory studies to provide a better understanding of oil and tar seeps, the chemistry of the oil and how it is modified with time and travel, and methods to determine its source by its chemical composition. The investigation was intended to result in recommendations to explore the possibility of technically and economically feasible remedial actions. In 1978, the Commission approved the formation of a Santa Barbara Channel Ad Hoc Study Group on Oil and Gas Tar Seeps to update existing oil and tar seepage data in the Santa Barbara Channel. The group, consisting of representatives from the State, Santa Barbara County, and industry, planned to study the seeps near Platform Holly and others in the vicinity of Campus Point, More Mesa, and Hope Ranch. The group documented and surveilled seeps in Santa Barbara County.

The initial report for this study indicated that over 2,000 seeps were detected, identified, located, and mapped. In 1981, after completing a survey of three seep sites, some near platform Holly, the Commission reported that unexpected additional work, increased costs, and time delays did not allow completion of the seep studies as planned within the original time frame. These studies prompted the creation of the seep tent project with ARCO and several other partners, approved by the Commission in 1982, which was designed to capture a large concentration of naturally seeping gas.

SB 44 provides the funding necessary to complete oil seep studies and monitoring, propose ways to determine the extent and rate of natural oil seeps, including commissioning studies to better understand seep origins, rates, locations, environmental impacts, and pursue innovative solutions to address natural seeps. The Commission needs to retain a contractor to complete this work.

## **STAFF ANALYSIS AND RECOMMENDATION:**

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### **AUTHORITY:**

Public Resources Code sections 6005, 6106, 6212, 6216, and 6301; Government Code sections 4525 et seq. and 19130; Public Contract Code sections 6106 and 10335 et seq.; State Contracting Manual, Volume 1, Chapter 11, Architecture and Engineering Contracts and Chapter 5, Section 5.11, Invitation for Bids (rev. 04/22); California Code of Regulations, title 2, section 2980 et seq.

### **PUBLIC TRUST AND STATE'S BEST INTERESTS:**

The proposed delegation of authority would enable the Commission to enter into interagency agreements with CalGEM, enter into contracts to perform seep studies

along the coastline, and enter into and amend contracts with well abandonment contractors to properly plug, abandon, and remediate legacy oil and gas wells on the coastline. These actions will enable the Commission to delineate sources of oil and gas that are natural, and to address sources of leaking oil and gas that are human-made and may be remediated.

Santa Barbara County has closed beaches on several occasions due to the health risks posed by oil and gas. Residents frequently report noxious smells associated with hydrocarbons and significant oil sheening on the water and the beach. These issues create negative impacts on the State's marine Public Trust resources and values, such as swimming, fishing, surfing, and other water-related recreational activities. Staff believes that the proposed delegation of authority is consistent with the Public Trust Doctrine because it will provide a better understanding of oil seeps and will facilitate implementation of the Coastal Hazards and Legacy Oil and Gas Well Removal and Remediation Program consistent with SB 44 and in furtherance of enhancing the coastal marine environment, water-related recreation, and public access opportunities, while attempting to reduce threats to public health, safety, and the environment.

Contractor selection will be conducted pursuant to the requirements of the California Public Contract Code and State policies and procedures, including those in the Commission's regulations and the State Contracting Manual, and will be based on demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required and in the best interests of the State.

**CONCLUSION:**

For the reasons above, staff believes the proposed authority for the Executive Officer to undertake any actions necessary to effectuate the purposes of SB 44, including authority to enter into interagency agreements, amend existing contracts, and issue solicitations for needed services, negotiate fair and reasonable prices, and award and execute agreements to retain contractors to perform seep studies along the coastline and work related to the Commission's coastal hazard and legacy well removal and remediation program, consistent with SB 44, is consistent with the Public Trust Doctrine and in the State's best interests.

**OTHER PERTINENT INFORMATION:**

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1. This action is consistent with the "Leading Climate Activism," "Prioritizing Social, Economic, and Environmental Justice," "Meeting Evolving Public Trust Needs,"

“Leveraging Technology,” and “Committing to Collaborative Leadership” Strategic Focus Areas of the Commission’s 2021-2025 Strategic Plan.

2. On August 2017, the Commission certified an EIR for the Becker and Legacy Wells Abandonment and Remediation Project, CSLC EIR No. 792, State Clearinghouse No. 2016101008 ([Item 82, August 17, 2017](#); [EIR](#)). In January 2020, an Addendum to EIR was finalized. Staff expects to use this EIR for California Environmental Quality Act (CEQA) analysis of all Summerland Oil Field well abandonments, with possible addenda for engineering changes or environmental concerns particular to individual wells. Whether additional CEQA analysis will be needed cannot be known until an engineering plan is chosen.
3. Authorizing the delegation of authority to solicit for services 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; California Code of Regulations, title 14, section 15378, subdivision (b)(5).

## **RECOMMENDED ACTION:**

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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 contractors 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 contractors 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.

**PUBLIC TRUST AND STATE'S BEST INTERESTS:**

Find that the proposed delegation of authority to undertake any actions necessary to effectuate the purposes of SB 44 is consistent with the Public Trust Doctrine and in the State's best interests.

**AUTHORIZATION:**

Authorize the Executive Officer or her designee to undertake any actions necessary to effectuate the purposes of SB 44, including enter into interagency agreements, amend existing contracts, and issue solicitations for contractor services, negotiate fair and reasonable prices, and award and execute agreements to retain contractors to perform seep studies along the coastline and work related to the Commission's coastal hazard and legacy well removal and remediation program consistent with Senate Bill 44.