



California
STATE LANDS
Commission

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Betty T. Yee, *State Controller, Member*

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December 6, 2017

State Lands Commission Ends Offshore Oil Drilling and Production at Rincon Island

Commission assumes control of Rincon island, paving the way for the Commission to end offshore oil production and decommission operations

Sacramento, CA – Today, the California State Lands Commission took back the offshore oil and gas lease associated with Rincon island in Ventura County, ending offshore oil production at this location.

"We've successfully taken yet another offshore oil drilling operation offline, and I am proud of this victory for our cherished coastline," said Lt. Governor and State Lands Commission Chair Gavin Newsom. "It's also a testament to the Commission's dedication and fierce vigilance, which was pivotal in engineering the lease reversion and placing the ocean area into the Coastal Sanctuary where it will be permanently preserved."

Rincon Island Limited Partnership (RILP), a subsidiary of Greka Energy, held the lease. In November 2014, the Commission, as the State's lessor, discovered substantial regulatory violations. The Commission endeavored to compel the operator to remedy the violations, to no avail, and then sought to terminate the leases for default. But in 2016, when the Commission was about to terminate the leases—a necessary step to end the imprudent offshore oil and gas operations—RILP filed for bankruptcy in Texas. Since then, the Commission has vigorously fought to protect the State, actively participating in the bankruptcy proceedings and seeking its dismissal. On December 6, at the request of the Commission and by agreement of RILP's largest creditor, the bankruptcy trustee surrendered their rights in the Rincon island lease by quitclaiming it to the State.

The Commission, before this point, devoted countless hours to working with the bankruptcy trustee, RILP, and other creditors to identify a beneficial path forward. There were extensive efforts, overseen by the bankruptcy court, to market the leases and find a responsible operator. The extremely poor condition of the oil operations, however, proved insurmountable and the parties conceded that the best option was to surrender the leases.

“There are insurmountable environmental, public safety, and financial risks in maintaining the Rincon Island leases; ending offshore oil drilling there is the clear path,” said State Controller and State Lands Commission member Betty T. Yee. “I am proud of the Commission’s commitment to protecting the State’s interests and focused efforts to find an outcome benefitting both the public and the coastal environment.”

The lease relinquishment means the last operational offshore oil drilling and production facility in the Santa Barbara Channel is over and about 1,500 acres of RILP’s interests will be added to the California Coastal Sanctuary. The Commission is now, as it has been during the last year, working to secure the facilities to ensure public and environmental safety and to protect the state’s sovereign Public Trust lands and resources. The Commission will take steps to start the plug and abandonment work for the 49 wells on the island and decommission the facilities. The ultimate disposition of the island and the connecting causeway will be determined after further analysis and public input.

Two of RILP’s smaller leases associated with onshore production sites in Ventura County will most likely revert to the State in the coming weeks. The delayed disposition is due to objections from West Energy Offshore Ltd., which had sought to operate all three leases.

Rincon island is not the only significant offshore oil and gas decommissioning effort the Commission is undertaking; it is also responsible for the Platform Holly decommissioning project offshore in Santa Barbara County, having assumed control of related leases from Venoco LLC in April 2017.

For more information, please see our November 29 staff report [here](#).