

California State Lands Commission

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**SOLICITATION
FOR
STATEMENTS OF INTEREST**

Revised - June 9, 2017

Bid Log Number: 2017-03
Title: Offshore Oil & Gas Project Manager
File Ref: PRC 3242, PRC 3120, PRC 421

PROSPECTIVE ENGINEERING CONSULTANTS

Pursuant to Government Code 4526, the California State Lands Commission (CSLC) announces its need to retain a Project Manager for the Ellwood Offshore Oil & Gas Facilities Decommissioning Project to oversee the continued safe operation of Venoco’s Ellwood Facilities, and the Plug & Abandonment of 30 wells on Platform Holly and two “onshore” wells in the surf zone accessible from the Ellwood Onshore Facility.

Overview of Present Facilities and Operations:

Platform Holly is a drilling and production platform located 1.5 miles off the California coast near the city of Goleta. The platform was installed in 1964 at a water depth of 211 feet, and is supported by steel piles driven into the seabed. The platform consists of a drilling deck, production deck, and mezzanine deck which serve 30 completed oil and gas wells (some now used as disposal wells). The wells last produced in May 2015, having been shut in as a result of a rupture of an onshore oil pipeline that had been used to transport produced oil from platform Holly to market.

Because the wells produced high concentrations of hydrogen sulfide gas (H₂S), an extensive array of H₂S detection, monitoring, and alarm systems exists on the platform. Small amounts of this gas continue to rise up the well casings and must be removed daily from the platform. This is done by allowing the gas to move through the platform piping and then through the subsea gas pipeline to the Ellwood Onshore Facility in Goleta where it is then stripped of H₂S and either incinerated or sold to Southern California Gas Company. Even though the platform production equipment is not operational, the operating systems and safety equipment must be continually manned, serviced, and maintained in a safe and secure condition. Venoco operating personnel are currently performing these functions through an operating agreement with the Commission.

Platform Holly is equipped with separate drilling and production personnel quarter modules. The two production modules and production office are not habitable because of mold growth among other things, and have been condemned. The drilling quarter’s module is the only available unit for housing the current platform maintenance personnel, but will be inadequate to accommodate the additional presence of well abandonment personnel when that activity begins.

The drilling rig on the platform was designed and installed specifically for drilling wells from Holly into the Monterey formation. It will be necessary to use this rig for well abandonment operations. All rig structural members and operating components (including crown block) must undergo thorough inspection to determine what repairs or remediation (if any) will be necessary to conduct safe rig operations. The travelling block has been removed and will need to be replaced, and the rotary table is not operational at this time. A top drive unit has been used for rotary operations in the past and may be preferable for some of the extended reach well abandonments.

Two subsea product pipelines serve platform Holly, consisting of one 6 inch produced oil emulsion line and one 6 inch produced gas line. Two auxiliary utility lines, used to provide fresh water to the platform and make up gas for the gas fed electric generators also serve the platform. A hydrostatic pressure integrity test of the 6 inch produced oil line will be necessary prior to utilizing the line for oil and well fluid transport during well abandonment operations. A 16.5KV subsea electric power cable from shore provides power for electrical components on the platform, and supplements power produced by gas driven generators on the platform. Electric powered equipment includes the drilling rig draw works and mud pumps, 30 ton equipment crane, two large gas compressors, and four electrical submersible oil well pumps.

The Ellwood Onshore Facility (EOF) serves to receive, separate, treat, store, and transport all oil, water, and gas produced from platform Holly. The EOF is equipped with oil emulsion and gas separation vessels, gas liquids and H₂S removal and gas sweetening equipment, oil sales LACT measurement and shipping equipment, and gas sales shipping equipment. The EOF has offices for staff working at the onshore facility and for supervision of platform operations. There is also a rack for moving processed oil off location by truck. The storage capacity of the EOF is only about 5000 bbls oil.

Additionally, there are two wells in the surf zone on State oil and gas lease PRC 421 that will need to be abandoned. PRC 421 consists of two concrete well caissons in the surf zone adjacent to the Sandpiper golf course in the city of Goleta. Each caisson is accessible by a short wooden pier connected to a roadway that is accessed from the Ellwood Onshore Treating Facility. PRC 421 well No. 1 is a water disposal well, and PRC 421 well No. 2 is an oil well completed in the Vaqueros Sand oil reservoir. No production equipment is on the No. 2 well. The wells were shut in in 2001 following an onshore pipeline leak under the golf course. Inspections of the road, piers, and caissons will be necessary prior to performing any well abandonment work.

I. Description of Project

The Commission is currently in the process of securing a firm to continue operations of the facilities and to decommission all facilities in accordance with State regulations and good oilfield practices. The Consultant firm chosen by this solicitation will act as the "Owner's Representative" and perform Project Management oversight for all engineering, operations and administrative services performed by the Commission's prime contractor for the project to continue the safe daily operations of Platform Holly (Holly) and the Ellwood Onshore Facility (EOF) at the current baseline conditions, develop a plugging and abandonment plan for 30 offshore wells on Holly, a plugging and abandonment plan for two "onshore" wells on PRC 421. The Consultant firm must have licensed professional engineers that are familiar and experienced with offshore California oil platforms and associated oil and gas production facilities. Prior work in plugging and abandonment and decommissioning of California offshore oil & gas facilities by the Consultant firms Project Manager and team is required.

II. Description of Work:

The Project Management Team will be require to perform the following tasks:

1. Schedule management: The prompt execution of the decommissioning activities by the prime contractor is essential in limiting the State's ongoing liability. The Consultant shall prepare a project management plan including, at a minimum, an organization chart of the overall PM project team, a description of the duties and responsibilities of the project management staff, claims avoidance strategy, and an anticipated level of effort. Contractor will work with the State's prime contractor to ensure that an aggressive schedule is maintained. Appropriate Consultant staff shall attend weekly progress meetings between the Contractor, CSLC staff, and the PM team throughout the construction projects. The Consultant shall prepare agendas and minutes/status reports for all weekly and other project-related meetings.
2. Contract Administration:
 - a. Process Contractor Submittals: This task includes reviewing and applying the document control to Contractor submittals, work plans, schedules, safety plans, traffic control plans, etc., processing of each submittal and providing responses to the Contractor. The Commission is establishing a Sharepoint site for this purpose.
 - b. Process Requests for Information (RFIs): This task includes reviewing and applying document control to Contractor generated RFIs, determining the adequacy of each RFI, and providing responses to the Contractor.

- c. Field Instruction (FIs): This task includes all work associated with the preparation, issuance, and document control of FIs issued to the Contractor.
 - d. Schedule Review: PM schedulers will monitor the progress of the Contractor as it relates to his monthly published schedule and determining if the Contractor is meeting his said schedule.
 - e. Progress Payments: This task includes the review of monthly progress payment requests, preparation of recommendation for payment, and/or identification of discrepancies for CSLC consideration.
 - f. Conflict Resolution: It is imperative that the Consultant works closely with CSLC staff to determine if a particular occurrence or condition constitutes a conflict or disputed costs associated with any invoice from the prime contractor. Appropriate personnel from the Consultant will be expected to participate on a negotiation team to address conflicts as they arise. Included in this task are the drafting, review, and assessment of impacts to project schedule.
 - g. Labor Compliance Monitoring: CSLC will provide staff to review Certified Payroll Reports from the contractors and conduct employee interviews.
3. Permitting and Compliance: Contractor shall ensure that all necessary approvals and permits are in place for all work performed in compliance with all federal, state and local regulations and requirements.
 4. Risk Management: Contractor shall ensure compliance with all safety regulations and good oilfield practices in the operations and subsequent plugging and abandonment operations.
 5. Contractor shall review all invoices submitted by the contractor and forward to the State's project manager for approval.
 6. Contractor shall have authority as Owner's Representative to direct prime contractor to cease operations where unsafe operations are observed.

III. The Proposed Project Schedule

SOI Published	June 5, 2017
SOI and cost proposal submitted via email to CSLC no later than 2:00PM	July 7, 2017
Interviews, Long Beach (estimated) of the 3 highest qualified firms	July 12-14, 2017
Three highest qualified firms notified of rank	July 18, 2017
Contract negotiation and Issue to most qualified firm	July 19-28, 2017
Contract Execution Completed-Begin Work	August 1, 2017

IV. Minimum Requirements

A) The responsible party (firm) proposed project manager shall be a licensed engineer registered in the State of California and have a minimum of 15 years of experience in the field of petroleum or mechanical engineering with an emphasis on California offshore oil fields, offshore facilities, and oil and gas production and processing plants. Any non-licensed electrical engineers involved in this project may do so only under the close supervision of the licensed engineer described above. Pro

B) Insurance - Contractor shall be required to provide evidence of coverage for the following:

Commercial Liability Insurance - Commercial general liability insurance at least as broad as the most commonly available ISO policy form CG 0001 covering bodily injury, property damage and personal injury and with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. Said policy shall apply separately to each insured against whom any claim is made or suit is brought subject to the Contractors limits of liability. The policy shall include the State of California, its officers, agents, and employees as additional insured.

Vehicle Liability Insurance - Contractor shall maintain motor vehicle liability with limits of not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of a motor vehicle including owned or hired. The policy shall include the State of California, its officers, agents and employees as additional insured

Worker Compensation Insurance - Contractor shall maintain statutory worker's compensation, and employer's liability coverage in the amount of \$1,000,000/employee/disease/each accident, for all its employees who will be engaged in the performance of work on the Property, including special extensions where applicable.

Each policy of insurance required by this provision shall: (a) be in a form, and written by an insurer, reasonably acceptable to California State Lands Commission; (b) be maintained at Contractor's sole expense; and (c) require at least thirty (30) days written notice to State prior to any cancellation, nonrenewal or material modification of insurance coverage. Insurance companies issuing such policies shall have a rating classification of "A-" or better and financial size category ratings of "VII" or better according to the latest edition of the A.M. Best Key Rating Guide. All Insurance companies issuing such policies shall be licensed to do business in the State of California.

Evidence of the required coverage is to be an original certificate of liability insurance with the California State Lands Commission as the certificate holder. In addition to certificate the additional insured endorsement is needed for the commercial general liability policy, and the waiver of subrogation endorsement is needed for the workers' compensation policy.

C) Subcontractors/Special Services: When subcontractors or special services are required in performance of the work and have been approved in the work plan, the Contractor will be compensated for invoiced costs of the services plus markup cost not to exceed 5 percent. Said markup shall reimburse the Contractor for profit and additional administrative costs, and no other additional payment will be made by reason of performance of the work by a subcontractor.

V. Submission of Proposal

Proposal Due Date – The deadline to respond to this solicitation is **July 7, 2017, no later than 2:00 PM, Pacific Daylight Savings Time**. All proposals shall be submitted via email to the Contract Officer at the addresses listed below.

Annabell Abeleda, **Contract Officer**
California State Lands Commission
Annabell.Abeleda@slc.ca.gov

Firms submitting have the burden of proof to confirm that their Proposal was actually received in accordance with this announcement should there be any dispute about meeting the filing deadline. Firms are strongly encouraged to print a copy of the date and time-stamped email as evidence that materials were submitted in a timely fashion. All submittals will be acknowledged immediately by the Contract Officer via return email.

- A. **Cost Proposal**: A detailed cost proposal and information shall be submitted at the time of SOI submission. Cost information shall include rates for all staff firm is proposing to be used by classification. Cost proposal shall be submitted as a separate document (MS excel/word or pdf). The cost information will be reviewed from the 3 highest ranked firms.
- B. **Proposal Contents**: The Proposal shall include a description of the Consultant's understanding of the Project including the Project's purpose, main issues, and interrelationship with other projects. The Proposal shall include a statement acknowledging the scope of work.
- C. **Project Approach**: Provide a detailed description of proposed approach to managing the Project. Include a proposed organizational structure and a detailed level of effort (man hours) estimate by position type. The Consultant is encouraged to provide comments and enhancements to the scope provided in the SOI. Consultant shall highlight any approaches that will promote successful collaboration and coordination with the Prime Contractor, PM and CSLC, claims avoidance techniques, schedule management strategies and tools used to promote the Project's success.
- D. **Staff Qualifications**: The Proposal shall include a biography of key proposed individuals. Special emphasis shall be provided on the individual's background, qualifications, certifications, and experience on related and/or similar projects. At least three client references, including name, description of past working relationship, and current contact information, shall be listed for each proposed key individual identified in the organizational chart. Firm affiliation, and pertinent licenses and certifications shall be designated for each individual. Full resumes, sorted first by firm, then by last name, shall be included as an appendix to the Proposal.

- E. Sub-consultants/Subcontractors (Subcontractor). A list of all subcontractors the Proposer will retain to perform the work associated with this SOI, and the scope of each subcontractor's services. Note: Substitution of any sub-consultants, subcontractors, other service providers and suppliers identified in the proposal upon which the agreement is based shall not be made without the written consent of CSLC.
- F. Related Project Experience: The Consultant shall demonstrate that they have relevant experience for projects completed within the last 15 years that are similar in nature and size to the projects. Include project names, dates, descriptions, project locations, the dollar amount of the original consultant agreement for PM services, the final cost of PM services, the contract bid amount, the final cost of construction, the initial and final schedules, and client reference including phone number. For each project, indicate proposed team members that worked on the project and describe the role/work they performed, their qualifications, expertise, and areas of specialization.
- G. Conflict of Interest: Consultant and Consultant's officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property or source of income which could be financially affected by or otherwise conflict in any manner or degree with the performance of services required under this Agreement. If a firm has no conflicts of interest, a statement to that effect shall be included in the Proposal.

H. **SMALL BUSINESS PARTICIPATION AND CERTIFICATION**

This project has a participation goal of twenty five percent (25%) of the total contract price for qualifying small businesses. This 25% goal may be achieved by a combined effort of the Consultant and subcontractors. Any small business used to meet this requirement must be certified by or have certification pending with the Department of General Services (DGS), Office of Small Business Certification and Resources. If awarded the Contract, the Consultant will be required to submit evidence that it has either met these participation goals or made a good faith effort to meet the Small Business Participation goal. The State reserves the right to accept a participation level lower than 25% subject to firm evidence and acceptance of "good faith effort" documentation. The Consultant shall be deemed to have made "good faith efforts" upon submittal of documentary evidence that all of the following actions were taken:

- Contact was made with the CSLC Contract Manager to identify potential Small Business firms;
- Contact was made with other State agencies, including the DGS Office of Small Business Certification and Resources, to identify potential Small Business firms;
- Invitations to Bid were submitted to potential Small Business firms; and
- Available Small Business firms were considered.

I. **DISABLED VETERAN'S BUSINESS ENTERPRISE (DVBE) PARTICIPATION AND CERTIFICATION**

Disabled Veteran Business Enterprise Mandatory Participation has been waived for this solicitation. A 3% participation goal is strongly encouraged and may be achieved by a combined effort of the Consultant and subcontractors. Any business used to meet the DVBE requirement must be certified by or have certification pending with the DGS Office of Small Business Certification and Resources. The consultant will clearly identify within its proposal those subcontractors that are certified DVBEs, and identify the contract price amounts allocated to those subcontractors.

J. Submittals will be scored only upon receipt of the following:

- ✓ Letter of Interest (cover letter)
- ✓ Proposal Submittal
- ✓ SLC Form 2000 Questionnaire for Pre-qualification *[if have not previously filed with the requesting agency]*
- ✓ Firm's qualifications and proposed team members to be employed for this Project and the specific experience of each as required in the Description of Project Above.
- ✓ Resumes for individuals
- ✓ Brief abstract of at least three projects of similar work performed in the offshore environment with contact information for references knowledgeable about the work performed.

- ✓ Small Business participation documentation and certifications and/or "good faith effort" documentation; and
- ✓ DVBE compliance forms (IMPORTANT: Please see enclosure, "Disabled Veteran Business Enterprise Participation Requirements." *Compliance will require immediate action on the part of the Contractor before contract can be awarded.*)

All materials shall be submitted in .pdf format except for the cost proposal which may be .pdf or MS Excel; cost proposal shall be a separate document; all of which shall be submitted via email to Annabell.Abeleda@slc.ca.gov

VI. Selection Criteria

This request is a supplement to the pre-qualification submittals SLC Form 2000 Questionnaire. Its purpose is to provide additional information regarding the qualifications of interested firms and a specific Scope of Work for this specific Project. Firms that have not submitted SLC Form 2000 Questionnaire for Pre-qualification must do so before they can be considered for this Project. The certification process may be concurrent with SOI consideration; separate certification documentation is required. The certification application package is available at: <http://www.slc.ca.gov/Home/Contracting.html>

Ranking of a firm shall be made by CSLC staff on the basis of demonstrated competence and experience of the firm, on the qualifications and experience of the staff proposed for the Project, and the availability of resources appropriate to complete the work on time. These criteria include specialized experience of the firm and individuals as follows:

1. Professional experience of the firm in relation to the work to be performed.
2. Professional experience of the principals to be assigned to this project.
3. Demonstrated competence and specialized experience of firm.
4. Ability of firm and personnel to meet proposed schedule.
5. Nature and quality of work completed for similar projects.
6. Reliability of firm and continuity of proposed firm's staff and sub-Contractors with firm.

VII. Contract Administrative Process

Firms will be selected on the basis of responses to this request and an oral interview. This is a competency-based selection process in accordance with Government Code Section 4526 and CSLC regulations. All proposals will be reviewed by a Selection Committee appointed by the Executive Officer. Upon receipt and review of all Proposals, staff may contact firms by telephone to review Proposals, clarify areas where the staff has questions and answer questions from Firms that has submitted Proposals. Thereafter, based on the selection criteria, the CSLC will select, for in-person interviews before a panel of CSLC staff, a minimum of three firms believed to represent the best-qualified proposals. **Interviews will be conducted in the CSLC, Mineral Resources Management Division, 200 Oceangate, 12th Floor, Long Beach, CA 90802-4331 on July 12-14, 2017.** Following such interviews, staff will rank firms in order beginning with the best qualified (1), second best qualified (2) and so forth.

The cost proposals of the 3 highest ranked firms will then be evaluated, after which the CSLC will attempt to negotiate a fee for services with the highest ranked firm based on the qualifications, interview and cost proposal. In the event that a satisfactory agreement cannot be negotiated with the top ranked firm, CSLC will terminate negotiations with that firm and begin negotiations with the next ranked firm and so on. After successful negotiations, a contract will be awarded and executed.

The CSLC reserves the right to terminate the selection proceedings at any time where it determines it is in the best interests of the State. CSLC is not required to award the agreement and reserves the right to terminate in whole or in part at its sole discretion any contract award at any time upon giving written notice.

For more information, or to submit questions regarding the content of this request for Statements of Interest, please contact Annabell Abeleda at 916.574.1871 or by e-mail Annabell.Abeleda@slc.ca.gov.

LIST OF ATTACHMENTS

- Sample Contract
- Disabled Veteran Business Enterprise Participation Requirements