

California State Lands Commission

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**SOLICITATION
FOR
STATEMENTS OF INTEREST**

March 12, 2018

Bid Log Number: 2017-11
Title: Oil & Gas Engineering Consultant for Rincon Island
File Ref: PRC 145, PRC 410, PRC 1466

PROSPECTIVE ENGINEERING CONSULTANTS

Pursuant to Government Code 4526, the California State Lands Commission (CSLC) announces its need to retain an Oil & Gas Engineering Consultant (Consultant Firm) for the Rincon Oil Field including Rincon Island, located off Mussel Shoals, Ventura County, to design and execute a plug and abandon program for 79 oil and gas wells located on former State oil and gas leases PRC 145, PRC 410, and PRC 1466 (Leases) and to conduct the safe operation of onshore and offshore oil and gas facilities located on the Leases (Project).

Overview of Present Facilities and Operations:

Located about twenty miles east-southeast of the city of Santa Barbara and ten miles northwest of the city of Ventura, the Rincon Oil Field is the westernmost field in a series of three fields following the east-west Ventura Anticline. The field consists of an onshore portion discovered in 1927 and an offshore portion operated mainly from Rincon Island.

Former leases PRC 145 and PRC 410 (Onshore Leases) were developed by means of wells directionally drilled from onshore sites located on private property east of U.S. Highway 101. The wells are shut in with exception of one injection well for waste water disposal. Rincon Island, (formerly lease PRC 1466) is an artificial island constructed in 1959 for the purposes of well drilling and oil and gas production. Rincon Island is located approximately 3,000 feet offshore in water 55 feet deep and is connected to the shore by a causeway. The original leases, issued in the 1950's, contemplated and authorized the permanent plugging and abandonment of the wells at the expiration of the Leases; however, the most recent operator of the Leases is unable to perform that obligation.

A 2,732-foot-long causeway structure with a wooden deck and steel pile support system connects the Island to the shore. Approximately 2/3rd of the causeway is retrofitted to handle any loadings from a mobile workover rig. However, 1/3rd of the offshore end is limited to 20,000 lbs. The CSLC is currently assessing this portion of the causeway to determine the cost and time needed to upgrade it to handle loadings up to 65,000 lbs. (sufficient to support the weight of a vacuum truck filled with drilling fluids); however, it is unknown at this time whether upgrades to the causeway to increase loading capacity to 65,000 lbs, is feasible. The causeway supports a 6-inch oil transportation line (certified for use through October 31, 2018), 6-inch gas line (out of service), a 2-inch in-service fresh water line and a 16.5KV electric power cable and conduit. The conduit and pipelines travel from the island to a transfer vault north of Highway 101 and the railroad tracks, near the Onshore Leases. Oil produced from the island must be collected by vacuum truck at the transfer vault and transported to tankage on the Onshore Leases. The island contains a wharf that can be used to barge equipment to and from the Island; however, an assessment of the wharf and mooring system may need to be conducted prior to its use.

Much of the production equipment and operating systems on Rincon Island and the Onshore Leases are in a deteriorated or non-operable condition and may require repair or replacement if needed during the plugging and abandonment of oil and gas wells. There are no drilling and production personnel quarters on the Leases. A

production office is located on the Onshore Leases and is available for use to direct field operations. A portion of the office will be reserved for use by CSLC and file storage. The Onshore Leases will also be available for staging equipment used during the well abandonment portion of the Project and for the parking of vehicles.

Rincon Island houses 50 wells (38 producers, 9 injection, and 3 shallow water source wells) that require a production/drilling rig modified to slant the mast at a 5-degree angle to achieve sufficient stand-off for well access. There is currently a privately-owned workover rig on the island that may be suitable for plugging and abandonment; however, it would require inspection and certification for functionality. Use of the rig is not guaranteed and would have to be negotiated between the Consultant Firm and the third-party owner.

The Onshore Leases contain 28 wells (25 producers and 3 injection wells) and the facilities to receive, separate, treat, store, and transport all oil, water and gas produced from the Leases. All wellheads, both on Rincon Island and the Onshore Leases, suffer from deterioration, with many missing pressure gauges and with inoperable valves. In addition, the companion flanges on most wellheads on Rincon Island have bad bolt threads and badly corroded API ring grooves. Refurbishment or replacement may be required in order to set BOP equipment. A Consulting Firm will need to perform an inspection and evaluation of the wellheads prior to development of a plug and abandonment program.

All wells on Rincon Island have been shut in since 2008. The majority of both onshore and offshore wells have been idle for much longer, mostly due to excess sand production. Most wells were left with production tubing and pumps or injection tubing and packers installed, and this equipment has not been removed. In addition, about a third of the wells have junk in the hole or bad casing. Difficulties in removing downhole equipment and cleaning out liner fill prior to zone abandonment may be encountered.

Additional information can be found on the CSLC's website at <http://www.slc.ca.gov/Info/Rincon.html>.

I. Description of Project

A Consultant Firm, with expertise in the plugging and abandonment of onshore and offshore oil and gas wells, will be required to perform engineering, operations, and administrative services, under the oversight of CSLC engineers, to develop and execute a program to permanently plug and abandon 79 wells, to perform all ancillary tasks associated with the plug and abandonment program, and to provide essential personnel to continue the safe daily operations of the Leases at the current baseline conditions. The Consultant Firm will also be responsible for maintaining safe conditions on the Leases including monitoring and maintaining safe well pressures. Project work may include the hiring and management of subcontractors to perform the work under the plans (including but not limited to well services contractors, rental equipment, service companies, water/electric/gas services, and the hiring of related vessels such as crane barges and equipment barges), and to perform other routine or required inspection services, including reporting, testing, and inspection required to maintain regulatory compliance with CSLC, DOGGR, VCAPCD, RWQCB, and other agencies.

The Project will be completed when all identified oil and gas wells on the Leases are plugged and abandoned and Lease facilities are placed in caretaker status or equivalent condition of safety. In no event will the Project continue any later than June 30, 2021.

The Consultant Firm must have engineers that are familiar and experienced with offshore California oil operations and associated oil and gas production facilities and who will be responsible for planning and carrying out the work, supervising any other required ancillary work and other special projects required for the plug and abandonment process described below. The Consultant Firm must possess expertise in completing complicated well abandonment programs consistent with industry and regulatory standards, in a safe, timely, and environmentally protective manner.

II. Description of Work:

A) Rincon Island & Onshore Leases Personnel Supervision and Labor Services

1. Acquire/retain/hire essential personnel to maintain the facilities on the Leases in a safe and operational condition;
2. Onshore: 12 hour tour/7 on/7 off; 1 operator per tour; total of 4 operators, until the completion of work identified in E(3), below.

3. Rincon Island: 12 hour tour/7 on/7 off; 1 operator per tour; total of 4 operators until the completion of work identified in E(2), below
4. Onshore/Rincon Island: 1 Operations Supervisor

B) Administrative Services

1. Set up and review accounting methods and procedures with CSLC staff; coordinate software and schedules as needed.
2. Prepare and submit detailed monthly invoicing for Project costs to CSLC with supporting documentation.
3. Retain sub-contractors and manage sub-contract accounts.
4. Secure/review/maintain all:
 - a) permits for the plug and abandonment program and continued operations.
 - b) ROW access to the Leases.
 - c) oil spill contingency plans and other operations plans as necessary.
5. Coordinate with CSLC staff regarding major purchases.
6. Maintain sufficient space for office staff and files, including space for contracting personnel and CSLC staff as needed.
7. Arrange for the sale of oil or gas, for the benefit of the CSLC, when required to maintain operational safety.
8. Maintain accounts for electricity, trucking, gas, and other day-to-day operations as required.
9. General daily management of projects and personnel.

C) Rincon Island and Onshore Leases Inspection and Maintenance

1. Provide safety training and facility familiarization for all personnel listed in (A) above.
2. Inspect the condition and function test all necessary facility equipment, instrumentation, alarms and control devices, for continued safe operations and well abandonment activities including but not limited to vessels, gas and oil sales equipment, treatment facilities, oil storage and oil loading and transfer facilities, in-service pipelines, and waste water disposal equipment.
3. Prepare and execute an equipment maintenance plan that addresses equipment and operating systems integrity during the entire well abandonment period.
4. Assess and identify essential equipment and systems vs. non-essential equipment and systems for continued operations and well abandonment.
5. Determine the feasibility of locking out or complete removal/salvage of non-essential equipment.
6. Inspect and assess the island wharf for functionality, as needed.

D) Rincon Island and Onshore Leases Continuing Operations

1. Staff facility with sufficient operating personnel to operate and maintain continued operations on a 24/7 basis, as described in (A) above.
2. Perform operations, maintenance, routine and safety inspections as needed, and maintain daily records of: activities, personnel roster of "permanent" and temporary personnel, equipment pressures and liquid levels, and gas production and sales.
3. Monitor for and maintain safe well pressures including any necessary pressure relief operations and flaring of annular gas.
4. Maintain safety and security protocols.

E) Rincon Island and Onshore Leases Abandonment Program

1. Pre-Well Abandonment
 - i. Develop a plan to ensure fire system is operational and fresh water supply is ample for rig requirements (including mud and cement mixing).
 - ii. Identify all wells needing wellhead repair/replacement and operable gauges on tubing and casing for every well.

- iii. Develop and execute a wellhead repair plan, as needed.
 - iv. Obtain tubing and casing pressure and fluid level data on all wells.
 - v. Hold pre-job contractors meeting to review abandonment procedure and responsibilities and daily safety meetings.
2. Rincon Island Well Abandonment Program
- i. Develop a plug and abandonment program for 51 wells on Rincon Island (39 producers, 9 injection, and 3 shallow water source wells), subject to the approval of CSLC engineering staff. The program must consider all logistics, including the most appropriate method for obtaining and mobilizing necessary equipment to safely plug and abandon the wells on Rincon Island; considering causeway and wharf constraints.
 - ii. The Consultant Firm shall obtain all permits necessary to organize and execute the plug and abandonment program.
 - iii. Copies of DOGGR well summary reports and injection surveys shall be sent to this office within 90 days after completion of the program.
 - iv. Organize and execute mobilization and execution of the abandonment program for 51 wells on Rincon Island, including procuring all necessary services and equipment.
 - v. Develop and maintain safety protocols for oil spill and incident response throughout.
 - vi. Actively and safety manage the transportation, treatment, and, if necessary, sale or disposal of hydrocarbons and water produced during the plug and abandonment process.
3. Onshore Leases Abandonment Program
- i. Assess roadways and access to the Onshore Leases wells and pipeline vault.
 - ii. Develop a repair or maintenance plan, if necessary, to assure road adequacy for support of well abandonment rig, vehicles, and other equipment.
 - iii. Develop a plug and abandonment program for 28 wells, subject to the approval of CSLC engineering staff. The program must consider all logistics, including the most appropriate method for obtaining and mobilizing necessary equipment to safely plug and abandon the Onshore Lease wells.
 - iv. The Consultant Firm shall obtain all permits necessary to organize and execute the plug and abandonment program.
 - v. Copies of DOGGR well summary reports and injection surveys shall be sent to this office within 90 days after completion of the program.
 - vi. Organize and mobilize execution of the abandonment program for the Onshore wells including procuring all necessary services and equipment.
 - vii. Develop and maintain safety protocols for oil spill and incident response throughout.
 - viii. Actively and safety manage the transportation, treatment, and, if necessary, sale or disposal of hydrocarbons and water produced during the plug and abandonment process.
4. Post Well Abandonment
- i. Demobilize and remove well abandonment equipment from the Leases.
 - ii. Salvage or dispose of refuse produced from the plug and abandonment program.
 - iii. Place the facilities into caretaker status or equivalent condition; including cleaning remaining oil and gas equipment, flushing the oil transportation line, and blanking off transportation lines over water.
5. Additional Information Regarding the Abandonment Program
- i. During the execution of work, the Consultant Firm shall make daily reports available to SLC staff by 9 am.

- ii. Well Abandonment programs for each well shall be submitted for review and concurrence by CSLC engineering staff and DOGGR. Only upon concurrence shall the consultant firm proceed to abandon each well per the approved program.
- iii. All Consultant Firm personnel conducting well work (including Consultant Firm's subcontractors) shall maintain necessary certifications in Well Control.

III. The Proposed Project Schedule

SOI due via email to CSLC no later than 2:00PM	April 6, 2018
Three highest qualified firms notified of rank/ Contract negotiation with most qualified firm begins	April 20, 2018
Contracted Firm takes over management of the Leases	July 1, 2018
Commence P&A Onshore	No later than October 1, 2018
Commence P&A, Rincon Island	No later than July 1, 2019
Project complete	No later than June 30, 2021

IV. Minimum Requirements

A) All work shall be performed under and approved by Contractor's engineers, who shall provide the final engineering reports, and shall be otherwise submitted in accordance with the terms of the contract to the State's Designated Project Manager. The Consulting Firm shall 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.

B) Contract Bonds - The successful firm awarded the contract will be required to furnish a payment bond. The payment bond shall secure the payment of the claims of laborers, mechanics, or material-persons employed for work under the Agreement. Upon award of contract, Contractor shall furnish a payment bond made payable to the "California State Lands Commission" in a sum equal to \$2,000,000. Payment bond must be issued by a company authorized by the California Insurance Commissioners to transact surety business in California.

C) Insurance – Consultant Firm 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 - Consultant Firm 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 Consultant Firm'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.

D) 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 Consultant Firm for profit and additional administrative costs, and no other additional payment will be made by reason of performance of the work by a subcontractor.

E) Accident Prevention: Precautions shall be exercised at all times for the protection of persons (including employees) and property. These shall include, but not limited to, the installation of adequate safety guards and protective devices for all equipment and machinery, whether used in the performance of work or permanently installed as part of the work. Consultant Firm awarded the agreement shall comply with all applicable laws relating to safety precautions, including the safety regulations of the Division of Industrial Safety, California Department of Industrial Relations.

F) Work Site Inspection: Consultant Firm shall at all times permit CSLC's representatives and any other authorized agents to visit and inspect the work at the workplace.

G) Permits: The Consultant Firm shall be responsible for obtaining the required permits from appropriate agencies for the performance of work except those as specified in the Scope of Work and Specifications. Specifically, the State shall be responsible for obtaining permits and authorizations from the U.S. Army Corps of Engineers, the Regional Water Quality Control Board, and the Coastal Commission if required. Consultant Firm shall be responsible for well abandonment permits (Division of Oil, Gas and Geothermal Resources) hauling permits, air quality permits (if required), waste disposal permits, and other permits specific to Contractor's work.

H) State's Rights to Stop Performance: If Consultant Firm fails to correct the Work which is not in accordance with the requirements of the Contract Documents or fails to carry out the Work in accordance with the Contract Documents or permits; or fails or refuses to provide a sufficient amount of properly supervised and coordinated labor, materials, or equipment so as to be able to complete the work within the Contract time; or disregards the instructions of the CSLC's representative when based on the requirements of the Contract documents; State may order Consultant Firm to stop the work, or any portion thereof, until the cause for such order has been eliminated; provided however, the right of the State to stop the work shall not give rise to a duty on the part of State to exercise this right for the benefit of Consultant Firm or any other or entity and any delay resulting from such work stoppage shall not extend any milestone date identified in the Contract or the required dates of substantial or final completion.

I) The Consulting Firm understands that the Project shall be subject to standard accounting practices and may require financial and performance audits as necessary to ensure contract services are delivered within the agreed schedule and budget.

J) Budget Contingency Clause: It is mutually agreed that, if the Budget Act of the current year and/or any subsequent years covered under the Project term does not appropriate sufficient funds for the Project, CSLC may cancel the Project agreement and it shall be of no further force and effect. In this event, the CSLC shall have no liability to pay any funds whatsoever to the Consulting Firm or to furnish any other considerations under the agreement and Consulting Firm shall not be obligated to perform any provisions of the agreement. In the alternative, CSLC shall have the right to amend the agreement to reflect the reduced funds available for it. In such event, CSLC shall meet with the Consultant Firm to negotiate a reduced scope of work.

K) Authorization for Project: This Project is being conducted pursuant to the Commission's original approval of the Leases in the 1950's authorizing the plug and abandonment of wells upon the expiration or termination of the Leases. The purpose of the Project is to eliminate the risk of harm to public health and safety and to the marine environment.

V. Submission of Statement of Qualifications and Performance Data

A. Solicitation Due Date

Qualified Consultant Firms may indicate their interest in competing for this project by submitting a Statement of Qualifications (SOQ) and any relevant performance data to the Commission. **Submitted performance data should be limited to no more than 50 pages.** If the Commission currently has an SOQ on file, a firm may submit a cover letter that makes reference to the SOQ in order to indicate interest in being considered for this SOI. The deadline to respond to this solicitation is **April 6, 2018, no later than 2:00 p.m., Pacific Daylight Savings Time.** All documents shall be submitted via email to the Contract Officer at the address below.

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

Submitting firms have the burden of proof to confirm that their SOQ was actually received in accordance with this announcement should there be any dispute about meeting the filing deadline. Consultant 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.

B. 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 Firm 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 Firm 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 Firm 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.

C. Disabled Veteran's Business Enterprise (DVBE) Participation and Certification

This Project has a mandatory participation goal of at least three percent (3%) of the total contract price for qualified DVBEs. This 3% goal 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. If awarded the contract the Consultant Firm will clearly identify those subcontractors that are certified DVBEs, and identify the contract price amounts allocated to those subcontractors.

VI. Selection Criteria

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 timely. The ranking and evaluation will be based on the SOQ and any supplemental performance data provided in response to this solicitation. It is unnecessary to provide a detailed project proposal or cost estimate for firm evaluations. Firms will be evaluated based on their demonstrated qualifications to perform the work. 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. Professional experience of engineers and field staff to be assigned to the project.
4. Demonstrated competence and specialized experience of firm.
5. Demonstrated experience of firm regarding environmental and regulatory compliance.
6. Ability of firm and personnel to safely and timely complete work.
7. The firm's staffing capacity.
8. Nature and quality of work completed for similar projects.
9. Reliability of firm and continuity of the proposed firm's staff and sub-contractors with firm.

VII. Contract Administrative Process

Firms will be selected on the basis of their submitted SOQ and any submitted performance data. This is a competency-based selection process in accordance with Government Code section 4526 and CSLC regulations. All qualifications will be reviewed by a selection committee appointed by the Executive Officer. Upon receipt and review of all SOQs, staff may contact firms by telephone to clarify areas where the staff has questions. Thereafter, based on the selection criteria, the CSLC will select a minimum of three firms believed to represent the best-qualified firms. Staff will rank firms in order beginning with the best qualified (1), second best qualified (2) and so forth.

The CSLC will attempt to negotiate a fair and reasonable fee for services with the highest ranked firm based on the qualifications. 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. The 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 Solicitation for Statements of Interest, please contact Annabell Abeleda at (916) 574-1871 or by e-mail Annabell.Abeleda@slc.ca.gov.

ATTACHMENTS

The following attachments can be viewed and downloaded on the CSLC's website at <http://www.slc.ca.gov/About/Contracting.html>.

- Disabled Veteran Business Enterprise Participation Requirements
- Rincon Island and Onshore Lease Map
- Well Chart – Rincon Island and Onshore
- Rincon Island and Onshore Facility and Equipment List
- Corrosion Repair Plan for Rincon Island Causeway to Accommodate Temporary Maximum Load Rating of 65,000 pounds, dated February 2018.
- Rincon Island Wharf Structural Capacity Report, dated May 8, 2015.