

California State Lands Commission

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REQUEST FOR QUALIFICATIONS

September 21, 2018

Bid Log Number: 2018-10
Title: Legacy Oil Well Engineering Project
File Ref: W26911, W30214

PROSPECTIVE ENGINEERING CONSULTANTS

Pursuant to Government Code section 4526, the California State Lands Commission (CSLC) announces its need to retain an Oil & Gas Engineering Consultant (Consultant Firm), on an on-call basis, to 1) prepare detailed engineering analysis and plug and abandonment (P&A) plans; 2) prepare cost estimates for execution of such plans; and, 3) prepare documents and analysis to assist CSLC with California Environmental Quality Act (CEQA) compliance regarding execution of such plans for the P&A of legacy oil and gas wells located in lands under CSLC's jurisdiction in the Pacific Ocean, from Point Conception to the U.S.–Mexico border (Receivables). The initial legacy wells requiring Receivables are the Duquesne Wharf Well 910, the Treadwell #10 well, and the C.H. Olsson 805 well, located on and offshore Summerland Beach, Santa Barbara County.

Overview of Present Well Conditions and Historical Activities:

Most legacy oil and gas wells were abandoned in the early 1900s when regulatory 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 fall well short of current health, safety, and environmental protection requirements. Based on the CSLC's research, there are 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, as well as causing environmental degradation and public health and safety hazards. Many other wells are categorized as medium (Category 2) to low (Category 3) priority wells because more information is available about the integrity and abandonment of these wells or because a responsible party is or may be available to address any leak that may occur.

The Summerland Oil Field at Summerland in Santa Barbara County was developed beginning in the late 1890s in an area of naturally occurring oil and gas seeps. Wells were first drilled on the beach and then later from piers that extended into the Pacific Ocean. The operators drilled, produced, and plugged and abandoned wells without regulation. Production ceased in the early 1900s. Virtually no contemporaneous records exist regarding the drilling or abandonment of the hundreds of wells in the Summerland Oil Field. Today, oil leaks and sheens are regularly observed on the beach and in the water near Summerland. Some oil leakage is from natural seeps, but some is from improperly plugged and abandoned legacy wells.

Winter storms in February 2017 caused severe beach erosion, exposing several wellheads. CSLC, with federal and local agencies and engineering consultants, took the opportunity to survey the exposed wells. Seven Category 1 wells were located and identified during the survey. Of these seven, two were actively leaking oil: the Duquesne Wharf well 910 and the C.H. Olsson 805. The Treadwell #10 had been previously identified as an active leaking legacy well (collectively, the Project Wells). CSLC desires a permanent abandonment solution for these three wells as well as additional Category 1 wells throughout the region.

An overview of each Project Well's status is presented below:

- The Duquesne Wharf well 910 is on the east end of Summerland Beach, located in the tidal zone approximately 100 feet waterward of the Mean High Tide Line. The wellhead is approximately 4 to 8 feet below the beach surface during the winter months at low tide. The well has a concrete cap but was leaking oil through the side of the casing in February 2017.
- The C.H. Olsson 805 well is on the west end of Summerland Beach, located in the tidal zone approximately 40 feet waterward of the Mean High Tide Line. The wellhead is approximately 4 to 8 feet below the beach surface during the winter months at low tide. The well lacks a concrete cap.
- The Treadwell #10 (T10) is located offshore in approximately 18 feet of water at high/low tide. T10 was drilled in 1898 to 392 feet and produced an average of 4 barrels a day after its initial flow. T10 was surveyed in December 1980 revealing a section of 6" casing bent 90 degree horizontally 15" to 18" long coming out of a 10" casing, which had been previously cemented with a 6-foot diameter concrete cover. The cover was found fractured with gas and oil seeping from the fractures and concrete perimeter. Previous attempts to permanently abandon the T10 Well have been unsuccessful. An excavation performed in 1994 indicated that the T10 Well was in an area adjacent to suspected natural seepage.

CSLC has previously sponsored the development of a well engineering proposal and developed an environmental impact report for the plug and abandonment of the Becker well, also located at the Summerland Oil field. In March 2018, CSLC with contractor InterAct PMTI completed re-abandonment of the Becker well. More information on this project can be found through the CSLC's website: [Becker Well Re-Abandonment Summary](#). The re-abandonment consisted of a marine approach that set a cofferdam around the wellsite using a crane barge and then cemented a pipe around the wellbore to sufficient depth. This approach was chosen to minimize time on-site in the challenging tidal-zone environment. An approach similar to the Becker well plan may be appropriate for the other wells evaluated pursuant to this Request for Qualifications (RFQ).

The Receivables from the Legacy Oil Well Engineering Project will be utilized to conduct the actual plug and abandonment of the Project Wells, as part of a future RFQ. In addition, the Receivables will be used to update an Environmental Impact Report certified by CSLC for the Becker and Legacy Wells Abandonment and Remediation Program (SCH No. 2016101008) (Legacy Well EIR) for the future abandonment of the Project Wells. For further information, please see [Staff Report 93, June 21, 2018](#) for a preliminary schedule of activities the CSLC anticipates performing in the Summerland Oil Field.

I. Description of Project

This Project will require the preparation, in close consultation with CSLC engineering staff, of an engineering well abandonment plan for the Duquesne Wharf well 910, the C.H. Olsson 805 well, and the Treadwell #10 well consistent with existing regulations. In addition, the Consultant Firm will be retained, on an on-call basis, to prepare similar plans on additional Category 1 wells located along the California coast, from Point Conception to the U.S.–Mexico border (Project Wells). Each well abandonment plan must include an engineering analysis and detailed explanation of possible P&A approaches, including logistics, potential risks, and cost estimates for the conduct of the engineering plan. Given the age and limited data for these wells, the Consultant Firm may need to develop innovative approaches. The CSLC expects each of the three wells to present specific challenges which the Consultant Firm must consider. Coordination with the California Division of Oil, Gas, and Geothermal Resources (DOGGR) will be necessary because it is likely that the abandonment process will deviate from normal DOGGR abandonment standards. Development of contingency plans within the engineering analysis will be necessary since the downhole conditions of the wells are unknown. Junk potentially in the well hole or irregularities with the well casing could prevent the well bore from being cleaned out to a 100-foot depth. This is not unusual for a well abandoned to the rudimentary standards of the early 1900s. The Consultant Firm will be asked to detail in their plan approaches for the execution of the plan, either through company resources or through subcontracts. Finally, the Consultant Firm will also be required to assist CSLC in updating and preparing the appropriate CEQA documentation necessary for CSLC to obtain approvals to execute the future and actual P&A work using the Project Receivables.

Each Project task will be completed when a final engineering plan for each identified legacy wells and all Receivables are accepted by CSLC, in consultation with associated regulatory agencies. **The Project does not involve execution of the engineering plan or actual P&A work.** P&A activities will be the subject of a future RFQ. The "on-call" status of the Consultant Firm is not a promise of contract work beyond the three Project Wells identified in this RFQ. Additional work will be assigned at CSLC's sole discretion.

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/Tasks:

A) Development of an Engineering Analysis and Plug and Abandonment Program

The Consultant Firm will need to develop an engineering analysis and P&A program to safely plug and abandon individual Project Wells. Development of the plan will require coordination with the CSLC and DOGGR and should include contingencies to account for the age and unknown conditions of the wells. Development of the plan may also necessitate preliminary field work including, dive surveys, aerial surveys, field surveys, literature review, and other work that the Consultant Firm may require.

B) Analysis of Feasibility of Plan and Cost Estimate

The Consultant Firm should describe the personnel, equipment, and other resources required to execute its proposed plan and develop a cost estimate of the work. The plan must contain a list of the permits from appropriate agencies that the plan will require for execution. The Firm may wish to describe its ability to perform the proposed engineering plan through internal resources, subcontracting, and strategic partnerships. This Project should not be construed as a contract or promise to execute the engineering plan.

C) CEQA Compliance and Coordination

The Consultant Firm must develop the Receivables in contemplation of CSLC's Legacy Well EIR. The Consultant work must consider impacts and mitigation measures identified within the Legacy Well EIR and coordinate with CSLC with regards to maintaining consistency between the Receivables and the Legacy Well EIR. The Consultant Firm will work with CSLC staff to update, supplement, or amend the Legacy Well EIR as needed to analyze the proposed P&A program pursuant to CEQA.

III. The RFQ Evaluation Schedule

SOQ due via email to CSLC no later than 2:00PM	October 12, 2018
Follow-up interviews with short listed firms	October 24, 2018
Three firms notified of rank; Contract negotiation begins with most highly ranked	October 31, 2018

IV. Minimum Requirements

A) All work related to development of a P&A plan shall be performed under and approved by Contractor's Professional Engineers, who shall provide the final Engineering Reports bearing a registered Professional Engineers seal or stamp and shall otherwise be submitted in accordance with the terms of the contract to the State's Designated Project Manager. The responsible party (firm) shall have a minimum of 15 years of experience in the field of petroleum or mechanical engineering with an emphasis on California oil fields, nearshore facilities, and oil and gas production.

B) This Project seeks to hire a Consultant Firm under a retainer contract on an on-call basis. The term of the contract will be no more than four years. No individual project or contract task may exceed \$250,000 in value.

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.

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 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 Consultant 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 Consultant Firm or to furnish any other considerations under the agreement and Consultant 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 CSLC's approval in [Staff Report 93, June 21, 2018](#). The purpose of the Project is to prepare 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. SOQ 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. The SOQ must conform to the requirements of this RFQ and the instructions found with the document titled "Statement of Qualifications Submittal Instructions and General Contract Process Information" attached as an exhibit to this RFQ. The deadline to respond to this RFQ is **October 12, 2018, no later than 2:00 p.m., Pacific Daylight-Saving Time**. All documents shall be submitted via email to the Contract Officer at the address below.

Katera Forbes
California State Lands Commission
Katera.Forbes@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 & Disabled Veteran Business Enterprise Services. If awarded the Contract, the Consultant Firm will be required to submit evidence that it has either met 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 & Disabled Veteran Business Enterprise Services, 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 & Disabled Veteran Business Enterprise Services. 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 on time. The ranking and evaluation will be based on the submitted SOQ and a consultant interview. The consultant evaluation and review process is outlined in the document titled "Statement of Qualifications Submittal Instructions and General Contract Process Information" attached as an exhibit to this RFQ.

Criteria used for evaluation of each individual firm are as follows:

1. Professional experience of the firm in relation to the work to be performed.
2. Demonstrated experience of firm regarding environmental and regulatory compliance.
3. The firm's staffing capacity.
4. The education and experience of key personnel the firm intends to assign to the contract.
5. Nature, quality, and timeliness of work completed for similar projects.
6. Reliability, continuity, and location of the firm and its proposed staff.

VII. Contract Administrative Process

This is a competency-based selection process in accordance with Government Code section 4526 and CSLC regulations. All qualifications will be reviewed by an evaluation committee appointed by the Executive Officer. Upon receipt and review of all SOQs, the evaluation committee will develop a short list of most qualified firms. Afterwards, the evaluation committee will contact the short-listed firms for an interview. Based on the selection criteria above and the results of the interview, the committee will rank firms in order beginning with the best qualified (1), second best qualified (2), and so forth. More information on this process can be found in the "Statement of Qualifications Submittal Instructions and General Contract Process Information" guide attached to this RFQ.

CSLC will attempt to negotiate a fair and reasonable fee for services with the highest ranked firm. 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.

CSLC reserves the right to terminate the selection proceedings at any time when it determines it is in the best interests of the State to do so. CSLC is not required to award the contract 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 RFQ, please contact Katera Forbes at (916) 574-2403 or by e-mail Katera.Forbes@slc.ca.gov.

ATTACHMENTS

The following attachments are incorporated by reference in full into this RFQ and can be viewed and downloaded on the CSLC's website at <http://www.slc.ca.gov/About/Contracting.html>.

- Statement of Qualifications Submittal Instructions and General Contract Process Information
- Survey performed in 2017 by W.M. Surveyors showing the approximate location of the well.
- Fairweather Pacific LLC. 2000. Summerland Well Research Project, Phase I and II report.
- Grosbard, A. 2001. Treadwell Wharf in the Summerland, California Oil Field: The First Offshore Wells in Petroleum Exploration. The Summerland Foundation.

- Fairweather Pacific LLC. 2002. Treadwell Number 10 Seep Remediation Project Execution Plan.
- Leifer, I., Wilson, K., Lewis, R., Imai, R., Tarpley, J. 2007. Oil Emissions from Nearshore and Onshore Summerland Final Report. UCSB, DFG–OSPR, NOAA.
- Final EIR for the Becker and Legacy Wells Abandonment and Remediation Project, located at <http://www.slc.ca.gov/Info/CEQA/Becker.html>.