

CALENDAR ITEM

84

A Statewide

02/09/15

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S. Pemberton

CONSIDER SUPPORTING SB 900 (JACKSON) THAT WOULD REQUIRE THE STATE LANDS COMMISSION TO ADMINISTER A COASTAL HAZARD REMOVAL AND REMEDIATION PROGRAM ALONG THE CALIFORNIA COASTLINE, CONTINGENT ON ADEQUATE FUNDING

SUMMARY:

Senate Bill No. 900 (SB 900) requires the State Lands Commission, if the Legislature appropriates funding, to administer a coastal hazard removal and remediation program to: 1) remove coastal hazards from lands under the Commission's jurisdiction; 2) inventory legacy oil and gas wells and other coastal hazards along the California coastline; and, 3) survey and monitor oil seepage in state waters and tidelands and request studies to determine seepage locations, rates, environmental impacts, and mitigation strategies. SB 900 authorizes the Commission to seek and accept any gift, bequest, devise, or donation that would aid in administering the program and allows the Commission, in cooperation with the Department of Conservation's Division of Oil, Gas, and Geothermal Resources, to seek to abandon legacy oil and gas wells that are hazardous to the public health and safety and the environment.

BACKGROUND AND DISCUSSION:

There are myriad remnants of old, man-made structures littering California's coastline and tide and submerged lands. Examples are abandoned oil and gas wells, groins, jetties, piers, pilings, and seawalls. These remnants, which are often covered and then uncovered by the tides, are the legacy of the rapid and unregulated oil and gas development along the coastline in the late 19th and early 20th centuries. Many of these remnants are in Santa Barbara and Ventura Counties, including off the coast of Summerland Beach, the location of the world's first offshore oil wells and the beginning of the offshore oil industry in the Santa Barbara Channel area.

The drilling activity on tidelands in the late 1800s and early 1900s occurred before the process was regulated. There was little to no oversight of abandonment activities and the level of demolition or removal, if any, varied from structure to structure. Operators abandoning wells would typically plug the well with poles, dirt, rocks, or other available material. Additionally, various coastal protective structures, such as seawalls and groins, have deteriorated over the years and without proper maintenance are public safety hazards. Because there

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are no identifiable responsible parties, the State of California, as owner of the land on which these legacy wells and other coastal structures are located, is responsible for removing and remediating these hazards.

The State Lands Commission has long recognized the public health and safety hazards associated with these remnants. The Commission has a proven record of effective and comprehensive removal and remediation of these coastal hazards when provided with the necessary funding. The Commission's clean-up activities date back to the 1950s and include re-abandoning old oil wells to current standards and removing numerous well heads, well casings, and pilings. The Commission has successfully removed oil pier remnant hazards in the Santa Barbara Channel, several leaking abandoned wells at Summerland Beach, hazardous groin remnants adjacent to the Las Tunas State Beach, pilings from exposed pier remnants at Mussel Shoals in Ventura County, and near-shore hazards and orphaned well heads from 24 sites in the Santa Barbara Channel.

Based on a preliminary review of internal files, there are approximately 195 improperly abandoned wells on state offshore lands from oil development between 1890 and 1938 in or near Santa Barbara County. This internal review also indicates there are at least 26 abandoned wells from oil development between 1938 and 1950. Abandonment records for these wells are unavailable. Moreover, these wells are likely not abandoned to current standards.

There is a critical need for funding to conduct an in-depth inventory of these legacy wells and other hazards along the California coastline. SB 900 provides \$2 million in funding from revenue derived from mineral extraction leases on tide and submerged lands in fiscal year 2017-18, including tideland oil revenue, to implement a coastal hazard and remediation program and to perform an in-depth inventory of legacy wells along the California coastline. The revenue would be deposited into the Kapiloff Land Bank Fund (Fund; Pub. Resources Code § 8610). SB 900 requires that an amount sufficient to bring the unencumbered balance in the Fund to \$2 million is deposited in subsequent fiscal years.

At its August 19, 2015 meeting the Commission directed staff to develop a proposal for how to assess the impacts associated with improperly abandoned legacy oil and gas wells off the California coastline. SB 900 is consistent with the Commission's direction at its August 19, 2015 meeting because it seeks to secure stable funding for staff to conduct an in-depth inventory of the legacy oil and gas wells and other coastal hazards along the California coastline.

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SB 900 is also consistent with Commission's 2016-2020 Strategic Plan. Specifically, SB 900 is consistent with Strategy 1.1 to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction. Further, a key action in the Strategic Plan is to explore strategies to fund Commission priorities, including options for reinvesting revenues from non-renewable sources into programs addressing climate change, sea-level rise, and legacy hazards remediation. SB 900 would reinvest revenues from non-renewable sources into legacy hazard remediation. A targeted outcome in the Strategic Plan is to secure funding to remove remnants of industrial infrastructure hazards and improperly abandoned legacy oil wells. SB 900 would secure funding for these purposes.

STAFF RECOMMENDATION:

Commission staff recommends that the Commission support SB 900 (Jackson), because it secures stable funding and provides a framework for the Commission to implement a coastal hazard removal and remediation program, and because its provisions are consistent with the Commission's 2016-2020 Strategic Plan. SB 900 was introduced on January 21, 2016, and is in the Senate Rules Committee awaiting referral to a policy committee. The State Controller is sponsoring the bill.

EXHIBIT:

- A. Copy of SB 900 (Jackson)

RECOMMENDED ACTION:

It is recommended that the Commission:

1. Support SB 900 (Jackson) that would require the State Lands Commission to administer a coastal hazard removal and remediation program contingent on the Legislature providing adequate funding.

Introduced by Senator Jackson
(Principal coauthor: Assembly Member Williams)

January 21, 2016

An act to amend Section 6217 of, and to add Section 6212 to, the Public Resources Code, relating to state lands.

LEGISLATIVE COUNSEL'S DIGEST

SB 900, as introduced, Jackson. State lands: coastal hazard removal and remediation program.

(1) Existing law establishes the State Lands Commission in the Natural Resources Agency and prescribes the functions and duties of the commission. Under existing law, the commission has jurisdiction over various state lands, including coastal lands.

This bill would require, upon appropriation of moneys by the Legislature, the commission to administer a coastal hazard removal and remediation program, as specified. The bill would authorize the commission to seek and accept on behalf of the state any gift, bequest, devise, or donation whenever the gift and the terms and conditions thereof will aid in actions undertaken to administer that program. The bill would authorize the commission to seek to abandon, in cooperation with the Division of Oil, Gas, and Geothermal Resources, legacy oil and gas wells that present a hazard to the public health and safety and the environment. The bill would require the commission to annually report to the Legislature the activities and accomplishments of the program.

(2) Existing law, with specified exceptions, generally requires the State Lands Commission, on and after July 1, 2006, to deposit all revenue, money, and remittances, derived from mineral extraction leases on state tide and submerged lands, including tideland oil revenue, into

the General Fund, to be available upon appropriation by the Legislature for specified purposes. Existing law establishes the Land Bank Fund, a continuously appropriated fund, from which the commission may expend moneys for management and improvement of real property held by the commission, as trustee, to provide open space, habitat for plants and animals, and public access.

This bill would require that, for the 2017–18 fiscal year, out of those funds deposited into the General Fund by the commission, the sum of \$2,000,000 be transferred to the Land Bank Fund and be available, upon appropriation in the annual Budget Act, for the purpose of implementing the coastal hazard and remediation program. The bill would require that, commencing with the 2018–19 fiscal year and each fiscal year thereafter, an amount sufficient to bring the unencumbered balance of the Land Bank Fund available for the purpose of implementing the program to \$2,000,000 be transferred to that fund and be available, upon an appropriation in the annual Budget Act, for the purpose of implementing the program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
2 following:
- 3 (a) Scattered along the California coastline are the remnants of
4 many old, manmade structures including abandoned oil and gas
5 wells, groins, jetties, piers, pilings, and seawalls.
- 6 (b) These remnants, which are often covered and uncovered by
7 tides, are the legacy of the rapid commercial development along
8 the coastline that began just before the turn of the 20th century.
- 9 (c) Most legacy wells were abandoned in the early 1900s when
10 there was little or no oversight of the abandonment activities, so
11 the level of demolition and removal, if any, varied from well to
12 well. Some legacy wells, therefore, may seep oil into the surf zone
13 impacting swimmers, surfers, and other recreational users, and
14 causing environmental degradation.
- 15 (d) The State Lands Commission has primary jurisdiction over
16 sovereign lands that are held in trust for statewide public purposes,
17 including, commerce, navigation, fishing, recreation, and open
18 space and habitat preservation.

1 (e) The State Lands Commission has long recognized the serious
2 and ongoing health concerns and safety hazards posed by coastal
3 hazards and legacy wells.

4 (f) There is a critical need for adequate funding to conduct an
5 in-depth inventory of coastal hazards, including legacy oil and gas
6 wells and related infrastructure, along the California coastline. An
7 assessment of the entitlement of lands and the engineering
8 requirements and related funding needs for removal of coastal
9 hazards is necessary to begin considering how to remove coastal
10 hazards and remediate legacy wells.

11 (g) Provided adequate funding, the State Lands Commission
12 can inventory coastal hazards, legacy wells and other oil and gas
13 related hazards along the California coastline, including
14 determining specific GPS locations, assessing entitlement
15 requirements, preparing preliminary engineering requirements and
16 removal cost estimates for each hazard, and removing and
17 remediating hazards that are a significant risk to public health and
18 safety and the environment. Adequate funding will also enable the
19 State Lands Commission to survey and monitor oil seepage in state
20 waters under its jurisdiction and on tidelands, and to request studies
21 to determine oil seepage locations, rates, environmental impacts,
22 and mitigation measures.

23 SEC. 2. Section 6212 is added to the Public Resources Code,
24 to read:

25 6212. (a) Upon appropriation of moneys by the Legislature
26 for the purposes of this section, the commission shall administer
27 a coastal hazard removal and remediation program to do all of the
28 following:

29 (1) Remove coastal hazards from lands under its jurisdiction.

30 (2) Conduct an in-depth inventory of the legacy oil and gas
31 wells and other coastal hazards along the California coastline.

32 (3) Survey and monitor oil seepage in state waters and tidelands
33 under its jurisdiction and request studies to determine oil seepage
34 locations, rates, environmental impacts, and possible mitigation
35 measures.

36 (b) Notwithstanding Section 11005 of the Government Code
37 and any other law requiring approval by a state officer of gifts,
38 bequests, devises, or donations, the commission may seek and
39 accept on behalf of the state any gift, bequest, devise, or donation

1 whenever the gift and the terms and conditions thereof will aid in
2 actions undertaken pursuant to subdivision (a).

3 (c) In cooperation with the Division of Oil, Gas, and Geothermal
4 Resources, the commission may seek to abandon legacy oil and
5 gas wells that present a hazard to the public health and safety and
6 the environment.

7 (d) The commission shall annually report to the Legislature the
8 activities and accomplishments of the program. The commission
9 may include this information in the annual report it submits
10 pursuant to Section 8618.

11 (e) For purposes of this section the following definitions apply:

12 (1) "Coastal hazards," include, but are not limited to, manmade
13 structures, including piers, jetties, groins, seawalls, and facilities
14 associated with past oil extraction operations, that pose a hazard
15 to the public health and safety. Coastal hazards may include wood
16 or steel piles or piling, sheet metal pilings, H piles and H beams,
17 well casings, well caissons, railroad irons, cables, angle bars, pipes,
18 pipelines, rip rap, and wood beams and structures.

19 (2) "Legacy oil and gas wells" are oil and gas wells that were
20 drilled in the surf zone or just offshore before the enactment of the
21 State Tidelands Act of 1921.

22 SEC. 3. Section 6217 of the Public Resources Code is amended
23 to read:

24 6217. ~~(a)~~—With the exception of revenue derived from state
25 school lands and from sources described in Sections 6217.6,
26 6301.5, 6301.6, 6855, and Sections 8551 to 8558, inclusive, and
27 Section 6404 (insofar as the proceeds are from property that has
28 been distributed or escheated to the state in connection with
29 unclaimed estates of deceased persons), the commission shall
30 deposit all revenue, money, and remittances received by the
31 commission under this division, and under Chapter 138 of the
32 Statutes of 1964, First Extraordinary Session, in the General Fund.
33 Out of those funds deposited in the General Fund, sufficient
34 moneys shall be made available each fiscal year for the following
35 purposes:

36 ~~(1)~~

37 (a) Payment of refunds, authorized by the commission, out of
38 appropriations made for that purpose.

39 ~~(2)~~

1 (b) Payment of expenditures of the commission as provided in
2 the annual Budget Act.

3 ~~(3)~~

4 (c) Payments to cities and counties of the amounts specified in
5 Section 6817 for the purposes specified in that section, out of
6 appropriations made for that purpose.

7 ~~(4)~~

8 (d) Payments to cities and counties of the amounts agreed to
9 pursuant to Section 6875, out of appropriations made for that
10 purpose.

11 (e) (1) *For the 2017–18 fiscal year, the sum of two million*
12 *dollars (\$2,000,000) shall be transferred to the Land Bank Fund*
13 *and, notwithstanding Section 8610, shall be available, upon*
14 *appropriation in the annual Budget Act, for the purpose of*
15 *implementing the commission’s coastal hazard and remediation*
16 *program provided in Section 6212.*

17 (2) *Commencing with the 2018–19 fiscal year, and each fiscal*
18 *year thereafter, an amount sufficient to bring the unencumbered*
19 *balance of the Land Bank Fund available for the purpose of*
20 *implementing the commission’s coastal hazard and remediation*
21 *program provided in Section 6212 to two million (\$2,000,000)*
22 *shall be transferred to the Land Bank Fund and, notwithstanding*
23 *Section 8610, shall be available, upon appropriation in the annual*
24 *Budget Act, for the purpose of implementing the commission’s*
25 *coastal hazard and remediation program provided in Section 6212.*

26 ~~(b) This section shall become operative on July 1, 2006.~~

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