

CALENDAR ITEM

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C. Connor
A. Abeleda
E. Gillies

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CONSIDER GRANTING AUTHORITY FOR THE EXECUTIVE OFFICER TO SOLICIT STATEMENTS OF INTEREST FOR CONSULTANT SERVICES, NEGOTIATE A FAIR AND REASONABLE PRICE, AND AWARD AND EXECUTE AGREEMENTS FOR THE PREPARATION OF ENVIRONMENTAL DOCUMENTATION AND MITIGATION MONITORING FOR THE PROPOSED SANTA BARBARA CHANNEL OFFSHORE LEGACY WELL AND HAZARD REMEDIATION PROGRAM, LOCATED OFFSHORE SANTA BARBARA AND VENTURA COUNTIES

PARTY:

California State Lands Commission

BACKGROUND:

Scattered along the Southern California coastline are the remnants of many old, man-made structures including 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 that began just before the turn of the 20th century. Due to a lack of regulation, there was no oversight of subsequent abandonment activities, so the level of demolition or removal, if any, varied from structure to structure.

Among the structures identified above, "legacy wells" consist of oil wells that were drilled in the surf zone or just offshore prior to enactment of the State Tidelands Act in 1921 (Stats. 1921, ch. 335). Most of these wells were later abandoned in the early 1900s when production ceased to be economical. Due to the lack of oversight of the well abandonment activities, the level of demolition or removal, if any, varied from well to well. Because of this, some legacy wells seep oil into the surf zone causing potentially serious health concerns for swimmers, surfers, and other recreational users, as well as environmental degradation. Due to the passage of time, the past operators of these facilities cannot be identified or located.

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Other coastal hazards may include, but are not limited to, piers, jetties, groins, seawalls, and various facilities associated with past oil extraction operations that are now deemed to pose a hazard to public health and safety. More specifically, these hazards may include wood or steel piles or pilings, sheet (metal) pilings, H piles and H beams, well casings, well caissons, railroad irons, cables, angle bars, pipes or pipelines, pipeline frames, riprap, and wood beams and structures. Many of these hazards, especially those containing metal, have sharp protrusions or have decayed or eroded into shapes that can injure people, wildlife, and watercraft.

The California State Lands Commission (Commission) has long recognized the serious and ongoing health concerns and safety hazards to the public posed by these coastal hazard remnants. Commission efforts to remove these coastal hazards date back to the 1950s and include re-abandoning old oil wells to current standards and removing numerous well heads, well casings, and pilings. Past efforts have relied on a variety of funding sources including grants, State funding and recoveries from identified responsible parties.

On January 21, 2016, State Senator Hannah-Beth Jackson (19th District) introduced Senate Bill (SB) 900. This bill proposes that in fiscal year 2017-18 an amount of \$2,000,000 be made available to the Kapiloff Land Bank Fund for the purpose of implementing a coastal hazard and remediation program. The proposed Santa Barbara Channel Offshore Legacy Well and Hazard Remediation Program (Program) would be a subset of the proposed legislation. The bill would further require that in each fiscal year thereafter an amount sufficient to bring the unencumbered balance 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 provisions of the bill.

As part of the Program, Commission staff will undertake an in-depth inventory of these legacy wells and other coastal hazards along the Santa Barbara and Ventura County coastline. Additionally, an assessment of the entitlement requirements, including California Environmental Quality Act (CEQA) compliance, engineering requirements, and related funding needs is necessary in order to plan for and take action to remove or otherwise remediate the identified coastal hazards. This request is to authorize the Executive Officer or her designee to solicit statements of interest, negotiate a fair and reasonable price, and award and execute contracts for environmental documentation and mitigation monitoring associated with this Program.

PROPOSED PROJECT:

The Becker Onshore Well represents a legacy type well. At its August 19, 2015 public meeting, the Commission directed staff to excavate and assess the

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condition of this well (C#80; http://archives.slc.ca.gov/Meeting_Summaries/2015_Documents/08-19-15/Items_and_exhibits/80.pdf). The excavation and assessment took place in October 2015 and confirmed that oil was continuing to escape from the well. The contractor that did the excavation, InterAct, has since developed alternatives for the abandonment of the well.

The abandonment of this well can be used for modeling similar abandonment and restoration project wells as the need arises. Each project will consist of an excavation and assessment phase for the subject well. In deeper water depths, this will entail diving and excavation of the well site. Commission staff anticipate that each legacy well abandonment project will be executed in the following general manner:

- 1) If the well is in the tidal zone or further offshore, then a cofferdam system will be constructed to exclude water from the immediate wellhead area. A working platform will also be constructed on top of the cofferdam system to allow personnel access and tools and equipment necessary for securing safe entry and pressure control of each well. The cofferdam can be placed either from construction equipment working from a custom barge or from the shore side without a barge. If the shore side approach is used, it may be necessary to build an access road and a temporary pier structure extending from the shore to the wellsite. Any structure (i.e., cofferdam and temporary pier) built for the abandonment process will be removed after each well project. A typical abandonment will use a workover type rig to allow entry in to the well, cleanout, and plugging the well with cement.
- 2) If the well is in deeper water, then the abandonment operation will be accomplished with a custom barge equipped with a workover rig and divers, and the cofferdam system may not apply. Again, the typical abandonment will involve entry in to the well, cleanout, and plugging the well with cement. Pre- and post-abandonment monitoring of each well will be conducted as part of the project.

The objective of this environmental analysis and associated entitlements is to provide for a broad spectrum of well remediation scenarios so that this documentation can be used as a basis for future anticipated projects, reducing the time and cost of preparing such project specific analysis. Staff will continue to seek funding for well remediation and beach hazards removal notwithstanding the successful passage of SB 900.

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PROPOSED ACTIVITY:

Based on the information provided by Commission staff, consultation with other California responsible and/or trustee agencies for the whole Project, and a review of CEQA and State CEQA Guidelines, Commission staff have determined that the Commission has the principal responsibility for carrying out or approving the Program, and is therefore the lead agency under CEQA.

Because the Program may have a significant effect on the environment, consideration of this proposed Program will require preparation of an Environmental Impact Report (EIR), and, if the Program is implemented, will require mitigation monitoring, in accordance with CEQA. The Executive Officer requests delegation of authority to engage a consultant for these purposes. Consultant selection shall be conducted in accordance with the procedures specified in Commission Regulations and in the State Contract Manual, on the basis of demonstrated competence and qualifications for the types of services to be performed, and at a fair and reasonable price.

The EIR will address potential impacts to sensitive habitat of State- and Federal-listed species, cultural resources, air quality, and any other potentially significant impacts from proposed Program activities. For significant impacts which cannot be avoided, the EIR will provide measures to reduce impacts to the extent feasible, and the Commission will be required to adopt a monitoring plan pursuant to section 21081.6 of CEQA to ensure that any mitigation measures imposed to mitigate or avoid significant effects are accomplished.

STAFF ANALYSIS AND RECOMMENDATION

Statutory Authority and Other References:

Public Resources Code section 6106 (Delegation to execute written instruments); Public Contract Code section 6106; California Administrative Code, Title 2, Article 13, sections 2980.0 - 2990.0; California Administrative Code, Title 14, section 15045; Government Code section 19130; Government Code section 4526; State Contract Manual Volume 1 Chapter 11.00 A & E method (rev. 10/05).

OTHER PERTINENT INFORMATION:

1. Authorization to solicit proposals is not a project as defined by CEQA because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378, subdivision (b)(5).

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2. Approval of this item by the Commission does not constitute approval of the proposed Program or lease; it only authorizes consultant contracts for environmental review.
3. The proposed action is consistent with the Commission's Strategic Plan Strategy 1.1 – Deliver the highest level of public health and safety in the protection, preservation, and responsible economic use of lands and resources under the Commission's jurisdiction; Key Action 1.1.5 – Identify and abate hazards and associated liability on sovereign and school lands.
4. Funding for this activity has been included in the Commission's 2016-17 fiscal year budget. Execution of the contract will be subject to the receipt of those funds.

RECOMMENDED ACTION:

It is recommended that the Commission:

1. Find that the services are of limited duration and are of such urgent, temporary and occasional nature that the delay in their implementation under civil service would frustrate their very purpose as specified in Government Code section 19130, subdivision (b)(10).
2. Find that the selection of consultants under this process does not affect small businesses as defined in Government Code section 11342.610, because they will be afforded equal opportunity to submit statements of qualifications and performance data.
3. Find that the selection of consultants under this process for professional services of architectural, landscape architectural, engineering, environmental, land surveying or construction project management services will be consistent with procedures and policies adopted by the Commission as specified in Government Code section 4526 and California Code of Regulations, Title 2, sections 2980-2980.9.
4. Authorize the Executive Officer or her designee to solicit proposals, negotiate a fair and reasonable price, award and execute contracts for environmental documentation and mitigation monitoring in accordance with State policies and procedures.