

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3560	Department California State Lands Commission	Priority No.
Budget Request Name 3560-007-BCP-BR-2016-GB		Program 2560 - MINERAL RESOURCES MANAGEMENT	Subprogram 2560010 - STATE LEASES

Budget Request Description
 Abandonment of the Becker Onshore Well

Budget Request Summary
 The California State Lands Commission (CSLC) is requesting \$200,000 Oil Spill Prevention and Administration Fund in 2016-17 and \$700,000 in 2017-18 to conduct Phase 1 activities related to the abandonment of the Becker Onshore Well. The Well is part of the Summerland Oil Field developed in the late 1890s from shore and from wharfs that extended into the Pacific Ocean. The well is located in the surf zone area approximately 30 to 40 feet offshore. Oil from the leaking well causes sheening to occur in the ocean off Summerland Beach, thereby creating a threat to the health and safety of the public and the marine environment. Since no party has been identified as being responsible for the abandonment of the Well, the State of California, as owner of the land on which the well is located, will likely be liable. The requested Phase 1 activities include the environmental review and documentation pursuant to CEQA, permitting, and engineering. This request is consistent with the Governor's budget policy for new projects in that the abandonment of the Becker Onshore Well is critical to the health and safety of the public and the marine environment.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Colin Connor</i>	Date 12/29/15	Reviewed By <i>[Signature]</i>	Date 12/29/15
Department Director <i>[Signature]</i>	Date 12/30/15	Agency Secretary <i>[Signature]</i>	Date 12/20/14

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 1-7-16
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BCP Fiscal Detail Sheet

BCP Title: Becker Well

DP Name: 3560-007-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	200	700	0	0	0
Total Operating Expenses and Equipment	\$0	\$200	\$700	\$0	\$0	\$0
Total Budget Request	\$0	\$200	\$700	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0320 - Oil Spill Prevention and Administration Fund	0	200	700	0	0	0
Total State Operations Expenditures	\$0	\$200	\$700	\$0	\$0	\$0
Total All Funds	\$0	\$200	\$700	\$0	\$0	\$0

Program Summary

Program Funding						
2560019 - Mineral Resources Management - Long Beach	0	200	700	0	0	0
Total All Programs	\$0	\$200	\$700	\$0	\$0	\$0

Analysis of Problem

A. Budget Request Summary

The CSLC proposes the abandonment of the Becker Onshore Well. The well is located in the surf zone area approximately 30 to 40 feet offshore from the mean high tide line at the point where the Becker pier complex terminated onshore. This pier complex was constructed at the turn of the century and only a few remnants can be identified further offshore. Fresh oil can be observed bubbling up through the beach sand during certain conditions. These conditions are when the beach sand cover is removed by tidal action coupled with low tides. This condition persists in the spring and fall months after storms and the lowest tides of the year occur. Oil from the leaking well causes sheening to occur in the ocean off Summerland Beach. This well casing was discovered during survey work directed by the Coast Guard and CSLC in the fall of 1994. The Becker Onshore Well was drilled at the turn of the century prior to any regulatory or CSLC leasing authority being in place. Regulation of offshore oil and gas development and production did not occur until the State's Tidelands Act in 1921. Since no party has been identified as being responsible for the abandonment of the Becker Onshore Well, the State of California, as owner of the land on which the well is located, will likely be liable. The actual abandonment of the well will require building a coffer dam system with a working platform to enable equipment to work under surf zone conditions. Several types of large equipment including cranes and a coil tubing unit will be deployed for performing the work. This project first requires CSLC staff to prepare the appropriate environmental document to comply with California Environmental Quality Act (CEQA). It also requires obtaining necessary permits and approvals for beach access as well as engineering, environmental and administrative staff monitoring of the project. The CSLC is seeking \$200,000 funding for the environmental documentation, permitting and engineering (Phase 1) in the budget year with actual abandonment activities (Phase 2) to take place in budget year +1.

PHASE 1 CEQA Analysis. The project will be subject to environmental review culminating in a CEQA document prepared for CSLC certification. The CSLC, as CEQA lead agency, will prepare an MND or EIR and conduct the public review process stipulated in CEQA. Preparation of the CEQA document will require the assistance of Personal Services Contract, which will require staff to select contractors, enter into contracts, and obtain Department of General Services' approval. The MND or EIR will analyze the potential significant environmental impacts of the work plan. It will then identify specific mitigation measures to render any adverse impacts less than significant. After a minimum 30-day public review period (45 days, if EIR), CSLC staff present the final document, including any public comments and responses, to the CSLC for its consideration at a properly noticed public meeting. CSLC staff will also obtain the permitting and engineering necessary for the Phase 2 abandonment activities. This represents Phase 1 of the project.

PHASE 2 Abandonment. This phase will require an additional amount of funds, currently estimated at \$700,000, to actually hire the contractor and perform the physical re-abandonment of Becker Onshore Well. The project will require building a coffer dam system with a working platform to enable equipment to work under surf zone conditions. Several types of large equipment including cranes, a coil tubing unit and tankage will be deployed for performing the work. Most of the equipment will be placed on the cliff area in Summerland Park. Smaller tanks and a centrifugal pump system may have to be placed on the beach against the bluffs.

B. Background/History

As owner of the tide and submerged lands off the coast, the State, where no other party can be identified, is in the best position for the removal of safety hazards and the prevention of human induced pollution from its lands.

The Summerland Oil Field was developed in the late 1890s from shore and from wharfs that extended into the Pacific Ocean in an area of naturally occurring oil and gas seeps. The field was the first offshore oil development in the United States. No records exist of the drilling and later abandonment of the wells. When production ceased to be economical in the early 1900s, operators simply left many of the wells and piers to deteriorate. Others were "abandoned" by their operators. Any well abandoned by

Analysis of Problem

its operator was typically completed in a manner consistent with the procedures of the time, which consisted of plugging the well with poles, dirt, rocks, rags, and any other material that might be available.

In the late 1960s the CSLC conducted a Summerland Beach Cleanup Project that included the abandonment of 60 wells with short cement plugs (about five feet) and the cutting off of their casings. In 1993, the CSLC abandoned three more wells on Summerland Beach as part of its Summerland Well Abandonment Project. These three wells were exposed at low tide and submerged about three feet at high tide. The wells were abandoned using a rig mounted on a 20-foot high steel structure, the SSV (Surf Sled Vehicle). The project was completed for approximately \$863,000.

In 1994, the CSLC, the Office of Oil Spill Prevention and Response, and the offices of U.S. Senator Feinstein and State Representative Jack O'Connell requested the U.S. Coast Guard (USCG) to secure Oil Spill Liability Trust Fund revenues to abandon wells in the area that might be responsible for oil seepage into the ocean. The USCG conducted a two-phase study of the Summerland area seeps. The first phase was a geophysical/ hydrographic sight survey. A Summerland area map describing the oil well casings, oil seeps, and wharf and pier piling type hazards was developed from the survey. Forty-three potential targets were identified for further investigation. During phase two, seven of the 43 sites were determined to require excavation to determine seep sources. Sheens in the area were believed to be caused by natural seepage using the plug or well casing as a conduit. After spending about \$215,000 on the study, the USCG determined that one well (originally drilled from the long since removed Becker Pier) was leaking about ½ barrel of oil per day and represented the greatest concern. The well is described as the Becker Onshore Well.

On August 21, 2015, the Santa Barbara County Public Health Department issued a press release for the immediate closure of Summerland Beach in order to "prevent adverse health effects and protect the public's health." According to the press release, the County's decision was due to "the volume of oil on the beach and sand, the nature of the oil (more liquid and mixed in the water and across sand as opposed to solid tar balls which are more easily avoidable) and intermittent strong petroleum odors at a level that may cause adverse health effects." Although Summerland Beach was reopened two days after the press release, the County issued a Public Health Advisory in September 2015 advising that the beaches in the Summerland area "are known to be periodically impacted by significant amounts of oil, which can pose a health hazard." It further advised that the beaches are open, "however, conditions can change often and quickly, depending upon the weather, tides, and unpredictable releases of oil. If you see or smell significant amounts of oil, it is best to avoid the area."

The Becker Onshore Well is located in the surf zone area approximately 30 to 40 feet offshore from the mean high tide line at the point where the former Becker pier complex terminated onshore. This pier complex was constructed at the turn of the century and only a few remnants can be identified further offshore. Fresh oil can be observed bubbling up through the beach sand during certain conditions. These conditions are when the beach sand cover is removed by tidal action coupled with low tides. This condition persists in the spring and fall months after storms and the lowest tides of the year occur. Oil from the leaking well causes sheening to occur in the ocean off Summerland Beach. As stated above, the well casing was discovered during survey work directed by the Coast Guard and CSLC in the fall of 1994. The Becker Onshore Well was drilled at the turn of the century prior to any regulatory or CSLC leasing authority being in place. Regulation of offshore oil and gas development and production did not occur until the State's Tidelands Act in 1921. Since no responsible party has been discovered for the abandonment of the Becker Onshore Well, the State of California, as owner of the land on which the well is located, may have to assume responsibility.

This proposal requires CSLC staff to prepare the appropriate environmental document to comply with CEQA. It also requires obtaining necessary permits and approvals for beach access as well as engineering, environmental and administrative staff monitoring of the project. The CSLC proposes the abandonment of the Becker Onshore Well. The actual abandonment project will require building a coffer dam system with a working platform to enable equipment to work under surf zone conditions. Several types of large equipment including cranes, a coil tubing unit and tankage will be deployed for performing the work. Most of the equipment will be placed on the cliff area in Summerland Park. Smaller tanks and a centrifugal pump system may have to be placed on the beach against the bluffs.

Analysis of Problem

C. State Level Considerations

The CSLC was created by the California Legislature in 1938 to manage the oil, gas, and other mineral resources belonging to the state. The CSLC was given the authority and responsibility to prudently manage and protect the natural and cultural resources on public lands within the state. These include the State's tide and submerged lands which extend from the shoreline out to three miles offshore. Most of California's offshore seeps are located on state-owned lands. The California Environmental Quality Act (CEQA) also requires the CSLC to ensure that potential adverse environmental impacts from the use of state lands are prevented or reduced to insignificance. CSLC plans to coordinate its re-abandonment of Becker Onshore Well with Department of Fish and Wildlife (DFW), Division of Oil, Gas, and Geothermal Resources (DOGGR) and the California Coastal Commission (CCC). The Becker Onshore Well represents an environmental concern for the southern Santa Barbara County coastline.

This is a legacy hazard located in the surf zone within the CSLC's jurisdiction. During a Santa Barbara Board of Supervisors meeting (September 2011) members of the legislature and local government officials requested that the CSLC resolve the issue. As the State agency charged with managing the State tidelands, this clearly is within the Commission program responsibilities. The leaking well is fouling the beach and impacting public use.

This request is consistent with the goals, objectives and strategies described in the CSLC Strategic Plan. The focus of this proposal is the protection of the environment and the State's coastline from oil seepage and enhancement of public access and use of State lands. This request is also consistent with the Governor's budget policy for new projects in that the abandonment of the Becker Onshore Well is critical to the health and safety of the public and the environment.

D. Justification

The Commission has an active Hazard Removal Program and has, when funding has been made available, removed numerous hazards and legacy structures from State waters and particularly remnants of historic oil and gas operations in the Santa Barbara area. Absent action to properly abandon the well, it will continue to leak crude on to the beach interrupting the public use and enjoyment of this section of the coast. There are no records of any responsible parties to pursue and it is incumbent on the State to perform this work.

The Commission staff anticipates that this will require the preparation of a Mitigated Negative Declaration. Staff has prepared such documents for similar hazard removal projects in this area and anticipates costs to be \$200,000. Contract preparation, project management and document review will be redirected from existing staff resources.

E. Outcomes and Accountability

Projected Outcomes – One-time Costs

Workload Measure	2015-16	2016-17	2017-18
Phase 1 – CEQA analysis, etc.		\$200	
Phase 2 – Abandonment, build coffer dam			\$700

F. Analysis of All Feasible Alternatives

1. Do Nothing – The well will continue to foul the beach and the CSLC will continue to receive complaints regarding the leaking well. The frustration at the lack of action may give rise to litigation forcing the State to remediate the situation at significant increased costs to the General Fund. The oil released by the Becker Onshore Well will continue to have an adverse effect on the public health and safety and the marine environment along the southern Santa Barbara coastline at Summerland.
2. Seek alternative funding – The Commission has contacted both the Department of Fish and Wildlife, Office of Spill Prevention and Response (OSPR) and the Department of Conservation,

Analysis of Problem

Division of Oil, Gas and Geothermal Resources (DOGGR). In both cases staff has been advised that insufficient funds were available to fulfill this request.

3. Redirect staff – Commission does not have adequate staffing to perform actual document preparation in addition to its normal business operations. Such work will be temporary in nature requiring several different disciplines of environmental scientists and engineers. CSLC staff time is funded through reimbursements in processing environmental document preparation for applicant-initiated projects. These reimbursed positions cannot be redirected without a substitute funding source/applicant.
4. Provide funding as requested – Providing funding for the environmental documentation would be the first step in resolving the issue. Once completed, additional funds would be requested in a subsequent fiscal year to do the actual work.

G. Implementation Plan

The CEQA analysis of the abandonment of the Becker Onshore Well will require 8 to 12 months. The CSLC, as CEQA lead agency, will oversee prepare an MND or EIR and conduct the public review process stipulated in CEQA. Preparation of the CEQA document will require the assistance of a Personal Services Contract, which will require staff to select contractors, enter into contracts, and obtain Commission and Department of General Services' approval. The MND or EIR will analyze the potential significant environmental impacts of the work plan. It will then identify specific mitigation measures to render any adverse impacts less than significant. After a minimum 30-day public review period (45 days, if EIR), CSLC staff will present the final document, including any public comments and responses, to the CSLC for its consideration at a properly noticed public meeting.

H. Supplemental Information

None.

I. Recommendation

Approve the \$200,000 funding required to complete the environmental review and documentation, permitting, and engineering for the abandonment of the Becker Onshore Well.

There is a very vocal constituency of local residents of the Summerland Area over this actively leaking old oil well. If the Becker Onshore Well is not properly abandoned, under certain conditions oil leaking from the casing will work its way up through the sand cover and manifest itself on the beach. This oil will be carried into the ocean off of Summerland beach, cause oil sheening and negatively impact the marine environment and the public's use and enjoyment of its tide and submerged lands. Without action, the State leaves itself open to litigation forcing the State to remediate this well at significant increased costs.