

**CALENDAR ITEM
C36**

A 35

04/09/09
PRC 429.1
PRC 427.1
PRC 3125.1
W 30103
W 40896

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M. Hamilton
E. Gillies

**CONSIDER ADOPTION OF A PROPOSED NEGATIVE DECLARATION
AND ACCEPTANCE OF A FULL QUITCLAIM DEED OF
STATE OIL AND GAS LEASE PRC 429.1,
RINCON OIL FIELD (OFFSHORE AREA),
VENTURA COUNTY**

LESSEE/OPERATOR:

Rincon Island Limited Partnership
Attn.: Ms. Susan M. Whalen
6527 Dominion Road
Santa Maria, CA 93454

AREA, LAND TYPE, AND LOCATION:

State Oil and Gas Lease PRC 429.1 (Lease PRC 429.1) contains approximately 80 acres of submerged lands in the Rincon Oil Field (Offshore Area), located approximately seven (7) miles northwest of Ventura in Ventura County, California.

BACKGROUND:

On September 3, 2008, staff received a quitclaim deed from Rincon Island Limited Partnership (RILP) for Lease PRC 429.1 (see Exhibit C, attached hereto). Public Resources Code section 6804.1 and Paragraph 5 of Lease PRC 429.1 permit the lessee to make and file at any time a written quitclaim of all rights under the lease. The quitclaim is effective when it is filed with the State, subject to the continued obligation of the lessee and its surety to pay all accrued rentals and royalties and to abandon all wells drilled on the leased lands.

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Lease PRC 429.1 was originally issued as Oil and Gas Lease No. 56 to Sea Cliff Development Company, Ltd. on April 21, 1931. The lease was for twenty (20) years and was replaced by Oil and Gas Lease Extension and Renewal No. PRC 429 effective April 21, 1951 (now referenced as State Oil and Gas Lease PRC 429.1). The current lessee and operator is RILP.

The Rincon Oil Field extends offshore into the Pacific Ocean. A portion of this field was developed from a series of wharves and piers located on three offshore State oil and gas leases and were known as the Seacliff Pier Complex (See Exhibit B, attached hereto). State Oil and Gas Lease PRC 427.1 (Lease PRC 427.1) was developed from the Ferguson, Spur and Short wharves and piers; Lease PRC 429.1 was developed from the Whitten wharf and pier; and quitclaimed State Oil and Gas Lease PRC 430.1 (Lease PRC 430.1) was developed from the Needham wharf and pier. The Needham wharf and pier connected Lease PRC 427.1 and Lease PRC 429.1. Maintenance of the wharf and pier was transferred to General Lease - Right of Way Use, Lease PRC 3125.1 (Lease PRC 3125.1) after Lease PRC 430.1 was quitclaimed. The three active State leases (Lease PRC 427.1, Lease PRC 429.1 and Lease PRC 3125.1) comprise approximately 233 acres of State tide and submerged lands. Lease PRC 427.1, and Lease PRC 3125.1 are currently held by ExxonMobil Refining and Supply Company, Global Remediation (ExxonMobil). Lease PRC 427.1 produced oil and gas from the early 1930s to 1993, Lease PRC 429.1 produced oil and gas from the early 1930s to 1987, and Lease PRC 430.1 was quitclaimed June 1, 1964. All wells on the oil and gas leases have been plugged and abandoned in accordance with California State Lands Commission (Commission) and Division of Oil, Gas, and Geothermal Resources requirements.

On November 7, 1997, the Commission approved an Execution Plan and adopted a Mitigated Negative Declaration (SCH No. 96081081) for the decommissioning and removal of the Seacliff Pier Complex and restoration of the site. Following receipt of all necessary agency permits and approvals (December 11, 1997), ExxonMobil and RILP initiated the Seacliff Pier Complex Decommissioning Program. The project's primary contractor, Stolt Comex Seaway, commenced equipment mobilization on December 15, 1997 and began actual pier demolition on January 5, 1998.

Although work proceeded in accordance with the approved Project Execution Plan, significant El Niño weather conditions resulted in a rapid degradation of the structural stability of the pier complex and raised significant concerns for worker safety. To compensate for these issues, additional structural and skirt piles were driven to support the pier structure to allow continued pier-based demolition

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operations.

Work continued on the pier demolition throughout the spring and summer of 1998 in compliance with all permit conditions and environmental mitigation measures. Complications occurred during the demolition of the concrete caissons, requiring various methods and equipment to remove the concrete caissons. Concrete was recovered to the maximum extent feasible using the pier-based crane. Based upon the weakened condition of the piers, concerns for worker safety, and the weight of some concrete exceeding the safe lifting capacity of the pier-based crane, the effort to remove all of the caissons was suspended.

In August 17, 1998, a materials barge with a crawler crane was mobilized to the site to undertake the removal of the remaining concrete caissons. A majority of the caissons were lifted to the surface using a 3^{1/2} cubic yard clamshell bucket and loaded onto the barge for transport onshore to be recycled as road base. However, the contractor was unsuccessful in removing solid portions of the caisson bases attached to the seafloor and minor associated concrete. Specifically, solid portions of the caisson bases could not be recovered at the former Ferguson, Needham, and Whitten wharves locations due to the size and weight of the caisson remnants that exceeded the lifting capacity of the barge-based crane. After extensive unsuccessful attempts to remove the remaining concrete from the bottom, divers removed all exposed steel to hard concrete and the operation was suspended. Removal of the obtainable concrete and steel was conducted at each of the caisson remnant sites. The barge operations were completed on September 30, 1998.

In April 1999, Fugro West, Inc. conducted a post-decommissioning high precision multibeam bathymetry and side scan sonar survey of the former Seacliff Pier Complex site. This profile showed the heights of the caisson remnants of the Ferguson (Lease PRC 427.1), Needham (Lease PRC 3125.1), and Whitten (Lease PRC 429.1) wharves and surrounding natural bottom areas. All of the caisson remnants at the former wharf sites are comparable in height to existing natural rock outcrops in the surrounding area.

In June 1999, a work program was implemented to inspect the concrete caisson remnants, remove any exposed steel and obtain additional photo-documentation of the site. Diver reports and a handheld video camera were used to document the state of the caisson remnants. The results of this debris removal program and documentation of the caisson remnants are contained in a report entitled *Final Mobil Seacliff Pier Complex Debris Survey and Removal Report* (Padre 1999).

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Site surveys conducted before and after the pier removal process did not detect any accumulation of shell materials in or around the site. Marine growth was observed on all pier and caisson structures. Biological surveys of the remaining concrete report the growth of marine encrusting organisms typically observed on the surrounding natural rock habitat, however no accumulation of shell materials were observed. During the removal of the pier structures, divers took sediment samples at the pier site immediately adjacent to the pier pilings. These samples were submitted for laboratory analysis for contaminants including hydrocarbons and heavy metals. These samples indicated non-detect for all screened contaminants.

Diver investigation of the caisson remnants confirmed that all steel components of the caissons were successfully removed or cut to solid concrete during the 1998 decommissioning program. The caisson remnants were confirmed to be low-lying concrete mounds surrounded by varying-sized concrete as described above. The seafloor surrounding the caisson remnants is composed of rocky ridges/outcrops, and migratory sand waves. In many areas, the surrounding natural rocky substrates rise higher off the seafloor bottom than the caisson remnants. Divers did not observe significant movement of caisson concrete away from the remnant areas and reported that the structures appear very stable.

In September 1999, L.A. de Wit (consultant) and staff conducted 16 dives around the four former caisson sites and two control sites to complete a more detailed survey of the marine habitats and biota associated with the concrete caisson remnants. The survey is documented in *The Seacliff Pier Caisson Post Demolition Marine Biological Survey*. Collected data included diver-biologists' observations, video footage, and 65 underwater photographs. The former caisson sites were also compared with surrounding natural high-relief and low-relief rocky substrates.

The remaining caisson remnants provide attachment sites for marine flora and fauna, which has resulted in increased biological recruitment. The habitat created by the concrete caisson remnants supports a variety of well-established marine flora and fauna similar to that found on the surrounding natural rock substrate. Kelp was present at all of the surveyed sites and was particularly abundant on the concrete mounds at the Whitten Wharf (Lease PRC 429.1). The former caisson sites exhibited a high diversity of macroepibiota and fish taxa similar to that at the high-relief control site.

In October 2002, L.A. de Wit and staff conducted a follow-up dive survey to collect data on the habitat and biota associated with the concrete caisson

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remnants and a natural high relief control site. The data obtained in the 2002 survey were compared to those collected in 1999. The 2002 survey concluded that the area of surface kelp canopies increased 10 fold and subsurface kelp density also increased at all caisson remnant sites since 1999. In addition, fish communities present at the caisson remnant sites were more diverse than those found at the natural reef. Although no abalone was observed at the caisson remnant sites, suitable habitat exists. Furthermore, the concrete caissons appeared to be stable and capable of withstanding storm-generated wave forces (*The ExxonMobil Rincon Piers Caissons 2002 Marine Biological Survey*).

Based upon evaluation of the debris survey, removal report, and marine biological surveys, ExxonMobil submitted an amendment to the decommissioning project that proposed to abandon the caisson remnants in place. The purpose of the amendment to the approved Seacliff Pier Complex Decommissioning Program is to address the issue of concrete caisson remnants that exist on the sea floor. This amendment is needed to address site conditions that resulted in the inability of the project proponent to meet the original project objective of completely removing concrete caissons located at the site.

The amendment provides that leaving the caissons in place is environmentally preferable based on numerous site surveys indicating the caisson mounds are providing permanent attachment sites for a variety of marine flora and fauna. The marine biological surveys conducted in September 1999 and October 2002 show evidence of significant, increased biological recruitment to the remaining caisson remnants. Leaving the caissons in place will preserve hard-bottom habitat and marine communities presently utilizing this resource. The presence of the caisson mounds will promote additional species and habitat diversity resulting in an overall benefit to the environment.

Because all steel components have been removed down to hard concrete and the tops of the caissons are submerged in water depths exceeding 17 feet in all locations, they do not present a public safety hazard. Recreational fishermen, surfers, sunbathers and personal watercraft users regularly utilize the area without incident. Leaving the caissons in place will not adversely impact any of these activities. Recreational fishing opportunities may actually be enhanced due to the increase in kelp and suitable habitat for fish resulting from the presence of the caisson mounds.

Based on the proposed amendment to leave the remnant caissons in place, a Negative Declaration (SCH No. 2005071061) was prepared and circulated in July/August 2005. Comments received on the Negative Declaration from the California Department of Fish and Game and National Marine Fisheries Service

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support leaving the caisson remnants in place because they are serving as hard bottom habitat for marine flora and fauna.

In addition, RILP has executed a Lease Abandonment Agreement for State Oil and Gas Lease PRC 429.1 whereby RILP agrees to respond in a responsible and timely manner to any claims arising from the abandonment of the Lease and shall give prompt notice to the Commission of any accident, injury, casualty, or claim arising out of or connected in any way with the abandoned leased lands, and to hold the Commission harmless and defend the Commission in any legal action arising therefrom (see Exhibit D, attached hereto).

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1 and Lease Paragraph 5.

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15025), the staff has prepared a Proposed Negative Declaration identified as CSLC ND No. 725, State Clearinghouse No. 2005071061. The Proposed Negative Declaration was prepared and circulated for public review pursuant to the provisions of the CEQA.

Based upon the Initial Study, the Proposed Negative Declaration, and the responsive comments, there is no substantial evidence that the project will have a significant effect on the environment, Title 14, California Code of Regulations, section 15074 (b).

- 2. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission has declared that all lands are significant by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code sections 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

EXHIBITS:

- A. Location Map
- B. Lease Location Map
- C. Executed Quitclaim Deed

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D. Lease Abandonment Agreement for State Oil and Gas Lease PRC 429.1

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

1. CERTIFY THAT A PROPOSED NEGATIVE DECLARATION, CSLC ND NO. 725, STATE CLEARINGHOUSE NO. 2005071061 WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA, THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN AND IN THE COMMENTS RECEIVED IN RESPONSE THERETO AND THAT THE NEGATIVE DECLARATION REFLECTS THE COMMISSION'S INDEPENDENT JUDGMENT AND ANALYSIS.
2. ADOPT THE PROPOSED NEGATIVE DECLARATION AND DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

AUTHORIZATION:

1. ACCEPT FROM RINCON ISLAND LIMITED PARTNERSHIP THE "LEASE QUITCLAIM DEED FOR STATE OIL AND GAS LEASE" DATED SEPTEMBER 3, 2008 (EXHIBIT C, ATTACHED HERETO), WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN STATE OIL AND GAS LEASE PRC 429.1 DATED APRIL 21, 1951.
2. ACCEPT THE LEASE ABANDONMENT AGREEMENT FOR STATE OIL AND GAS LEASE PRC 429.1, VENTURA COUNTY, BY RINCON ISLAND LIMITED PARTNERSHIP AND RELEASE RINCON ISLAND LIMITED PARTNERSHIP FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 429.1 ACCRUING AFTER SEPTEMBER 3, 2008, EXCEPT AS PROVIDED IN THE LEASE ABANDONMENT AGREEMENT.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.