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**SB-44 State lands: coastal hazard and legacy oil and gas well removal and remediation program.** (2017-2018)

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**Senate Bill No. 44**

**CHAPTER 645**

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

[ Approved by Governor October 10, 2017. Filed with Secretary of State October 10, 2017. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 44, Jackson. State lands: coastal hazard and legacy oil and gas well 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, upon appropriation of moneys by the Legislature, require the commission to, within 2 years, administer a coastal hazard and legacy oil and gas well 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 require the commission, on or before January 1 of each year, until January 1, 2026, to submit a report to the Legislature on the activities and accomplishments of the program from the prior year. The bill would require the commission, on or before January 1, 2027, to submit a report to appropriate committees in the Legislature that covers the life of the program and includes information necessary to aid the Legislature in determining the effectiveness of the program and the extent to which funding for the program should be reauthorized. The bill would make these provisions inoperative on July 1, 2028.

(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 2018–19 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 legacy oil and gas well removal and remediation program. The bill would require that, for each fiscal year from the 2019–20 fiscal year to the 2027–28 fiscal year, inclusive, 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.

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** The Legislature finds and declares all of the following:

(a) Scattered along the California coastline are the remnants of the state's extensive offshore oil production that began in the late 1800s, including abandoned oil and gas wells, groins, jetties, piers, pilings, oil and gas related infrastructure, and seawalls.

(b) These remnants, often covered and uncovered by tides, are the legacy of the rapid and intensive offshore oil development along the coastline, primarily at Summerland Beach in the County of Santa Barbara, that began just before the turn of the 20th century.

(c) Most legacy oil and gas wells were abandoned in the early 1900s when there was little or no oversight of the abandonment, and virtually no records exist regarding the drilling and abandonment of these wells. Removal or plugging, if any, varied from well to well and involved rudimentary procedures that do not meet current health, safety, and environmental protection requirements.

(d) Based on work the State Lands Commission conducted, there are at least 198 high priority legacy oil and gas wells (identified as Category 1 wells), that could, depending on their condition, leak oil onto the surf zone, impacting swimmers, surfers, and other recreational users, and causing environmental degradation and public health hazards. A larger number of wells are categorized as medium (Category 2) to low (Category 3) priority wells because more information is available about the integrity and abandonment of the wells or because a responsible party is still available to address any potential leak that could occur.

(e) Residents and beach users in these areas regularly see oil on their beaches, smell the noxious odors associated with oil, and live with the negative impacts of oil to the ocean and coastline.

(f) The State Lands Commission has primary jurisdiction over sovereign lands along the California coastline that are held in trust for statewide public purposes, including near shore and offshore areas where oil and gas were produced.

(g) The State Lands Commission completed a baseline legacy oil and gas inventory that identifies surface well locations based on a review of historical documents.

(h) California's beaches should be clean and available for public enjoyment.

(i) Oil is a constant presence on Summerland Beach, which has resulted in frequent closures to prevent adverse public health effects.

(j) There is a critical need for funding to perform additional review of legacy oil and gas wells and related infrastructure along the California coastline in order to begin determining how to remove coastal hazards and how to identify exact locations of potentially leaking wells and prioritize remediating leaking legacy oil and gas wells.

(k) With funding, the State Lands Commission can gather additional data necessary to address the presence of oil on the coastline, including performing aerial surveys and dives with underwater cameras to determine precisely where wells are located and whether old wells are leaking oil, and prioritize remediation to address the highest risk wells first. Funding will also enable the State Lands Commission to survey and monitor oil seepage in state waters and on tidelands, and to request studies to determine oil seepage locations, rates, and environmental impacts, as well as pursue innovative solutions to address natural seeps.

### **SEC. 2.** Section 6212 is added to the Public Resources Code, to read:

**6212.** (a) Upon appropriation of moneys by the Legislature for the purposes of this section, the commission shall, within two years, administer a coastal hazard and legacy oil and gas well removal and remediation program to do all of the following:

(1) Complete an assessment of legacy oil and gas wells and other coastal hazards along the California coastline, including conducting aerial surveys and dives, and determining high-priority hazards and legacy oil and gas wells to remediate.

(2) Survey, study, and monitor oil seepage in state waters and tidelands under its jurisdiction to determine oil seepage locations, rates, and environmental impacts, and partner with experts to facilitate innovative solutions.

(3) In cooperation with the Division of Oil, Gas, and Geothermal Resources, begin the process of remediating improperly abandoned legacy oil and gas wells that have a high risk of leaking oil and are hazardous to public health and safety and the environment.

(b) Notwithstanding Section 11005 of the Government Code and any other law requiring approval by a state officer of gifts, bequests, devises, or donations, the commission may 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 pursuant to subdivision (a).

(c) (1) On or before January 1 of each year, until January 1, 2026, the commission shall submit a report to the Legislature, in compliance with Section 9795 of the Government Code, on the activities and accomplishments of the program for the prior year. The commission may include this information in the annual report it submits pursuant to Section 8618.

(2) (A) On or before January 1, 2027, the commission shall submit a report to the appropriate policy and fiscal committees in the Legislature, including, at minimum, all of the following:

- (i) The Senate Committee on Natural Resources and Water.
- (ii) The Senate Committee on Environmental Quality.
- (iii) The Senate Committee on Appropriations.
- (iv) The Senate Budget Subcommittee 2 on Resources, Environmental Protection, Energy and Transportation.
- (v) The Assembly Committee on Natural Resources.
- (vi) The Assembly Committee on Appropriations.
- (vii) The Assembly Budget Subcommittee 3 on Resources and Transportation.

(B) The report submitted pursuant to this paragraph shall cover the life of the program and shall include information necessary to aid the Legislature in determining the effectiveness of the coastal hazard and legacy oil and gas well removal and remediation program and the extent to which funding for the program should be reauthorized. At minimum, the report shall include the following information:

- (i) Activities and accomplishments of the program.
- (ii) Implementation challenges and, to the extent available, potential solutions to these challenges.
- (iii) Program expenditures.
- (iv) The amount of any gift, bequest, devise, or donation accepted by the commission on behalf of the state pursuant to subdivision (b), and the name, location, and organization type of the donor. The commission may provide aggregate information for some or all of the donations, if appropriate, as determined by the commission.
- (v) Recommendations on whether the program should be reauthorized, any changes that should be included in the reauthorizing legislation, and activities and priorities for the program after July 1, 2028, if the program is reauthorized.

(d) The commission shall prioritize its activities under this section based on available resources.

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

(1) "Coastal hazards" are legacy oil and gas wells and human-made structures that have been orphaned, including piers, jetties, groins, seawalls, and facilities associated with past oil extraction and other operations, that pose a hazard to public health and safety. Coastal hazards may include, but are not limited to, wood or steel piles or piling, sheet metal pilings, H piles and H beams, well casings, well caissons, railroad irons, cables, angle bars, pipes, pipelines, rip rap, and wood beams and structures.

(2) "Legacy oil and gas wells" are wells drilled before current abandonment standards, where there is little or no information on the well's abandonment procedure and there is no viable company with the responsibility to reabandon the well should it start leaking or pose a threat to the environment or to public health and safety.

(f) This section shall become inoperative on July 1, 2028, and, as of January 1, 2029, is repealed.

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

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

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

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

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

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

(e) (1) For the 2018–19 fiscal year, the sum of two million dollars (\$2,000,000) shall be transferred to the Land Bank Fund and, notwithstanding Section 8610, shall be available, upon appropriation in the annual Budget Act, for the purpose of implementing the commission's coastal hazard and legacy oil and gas well removal and remediation program provided in Section 6212.

(2) For each fiscal year from the 2019–20 fiscal year to the 2027–28 fiscal year, inclusive, an amount sufficient to bring the unencumbered balance of the Land Bank Fund available for the purpose of implementing the commission's coastal hazard and legacy oil and gas well removal and remediation program provided in Section 6212 to two million dollars (\$2,000,000) shall be transferred to the Land Bank Fund and, notwithstanding Section 8610, shall be available, upon appropriation in the annual Budget Act, for the purpose of implementing the commission's coastal hazard and legacy oil and gas well removal and remediation program provided in Section 6212.