

ASSEMBLY BILL

No. 1130

Introduced by Assembly Member Laird

February 23, 2007

An act to add Article 4.5 (commencing with Section 6880) to Chapter 3 of Part 2 of Division 6 of the Public Resources Code, relating to state lands.

LEGISLATIVE COUNSEL'S DIGEST

AB 1130, as introduced, Laird. State lands: decommissioning of offshore oil platforms.

Existing law authorizes the State Lands Commission to lease tidelands and submerged lands for the extraction of oil and gas.

This bill would authorize an owner or operator of an offshore oil platform to request, in writing, that the State Lands Commission approve an alternative to the complete removal of an offshore oil platform when the extraction of oil has become uneconomical. Upon commitment by an owner or operator to pay the state's cost of determining the advantages and disadvantages of complete removal of a platform or alternatives to complete removal, the commission shall initiate a process, in cooperation with the owner or operator, the Department of Fish and Game, any affected counties, regulatory agencies, and interested persons, to determine whether any of the alternatives are preferred.

The bill would create the Ocean Resources Fund in the State Treasury to receive specified payments from an owner or operator. Upon appropriation by the Legislature, moneys in the fund would be required to be expended only for purposes of the act.

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) There are 27 oil platforms off the California coast in federal
4 waters up to 1,200 feet deep.

5 (b) Federal contracts typically provide that when oil extraction
6 from an oil platform becomes uneconomical, the oil wells must
7 be capped and the oil platform completely removed at the expense
8 of the owner or operator of the oil platform.

9 (c) Removal of these large steel platforms is very complex and
10 very expensive.

11 (d) Removal of an oil platform involves the destruction of much
12 of the sea life that has attached to the platform.

13 (e) It is appropriate for the state to consider alternatives to
14 complete removal if requested by an owner or operator of an
15 offshore oil platform.

16 SEC. 2. Article 4.5 (commencing with Section 6880) is added
17 to Chapter 3 of Part 2 of Division 6 of the Public Resources Code,
18 to read:

19
20 Article 4.5. Decommissioning of Offshore Oil Platforms
21

22 6880. For the purposes of this article, the following definitions
23 apply:

24 (a) "Alternative" means an alternative to complete removal of
25 an offshore oil platform.

26 (b) "Commission" means the State Lands Commission.

27 (c) "Fund" means the Ocean Resources Fund.

28 (d) "Owner" or "operator" means the owner or operator of an
29 offshore oil platform.

30 (e) "Platform" means an offshore oil platform.

31 6881. (a) It is the policy of the state that a platform be
32 completely removed after oil extraction has become uneconomical,
33 unless the commission has approved an alternative as provided in
34 this article.

35 (b) The owner or operator may request, in writing, that the
36 commission approve an alternative to complete removal of a
37 platform. The application may be for one or more alternatives. An
38 alternative proposing to leave the platform in place shall include

1 removal of the top of the platform so that it is not visible from land
2 and does not interfere with surface craft. The application shall
3 include estimates of the cost of completely removing the platform,
4 the cost of the alternatives, and the cost savings by allowing an
5 alternative.

6 (c) Upon receipt of a request pursuant to subdivision (b), the
7 commission shall estimate the state's cost of determining
8 advantages and disadvantages of completely removing the platform
9 and the alternatives, submitted in the application. The determination
10 shall include financial considerations. The commission shall
11 provide to the owner or operator the estimate of the state's cost to
12 make the determination.

13 (d) Upon commitment by the owner or operator to pay the state's
14 cost, the commission shall initiate the process to determine, in
15 cooperation with the owner or operator, the Department of Fish
16 and Game, any affected counties, regulatory agencies, and
17 interested persons, whether an alternative submitted in the
18 application is preferred.

19 6882. (a) The commission shall hold one or more public
20 hearings on the advantages and disadvantages of completely
21 removing the platform and the alternatives submitted in the
22 application, including financial considerations.

23 (b) If the commission determines that an alternative may be
24 advantageous, the commission shall comply with the California
25 Environmental Quality Act (Division 13 (commencing with Section
26 21000)) and, subsequently, may select an alternative, provided the
27 Department of Fish and Game determines that the alternative, as
28 compared to complete removal, would be a benefit to marine biota.

29 (c) For an alternative proposing to leave the platform in place,
30 the commission shall determine how much of the top of the
31 platform shall be removed, subject to the requirements that the top
32 of the platform not be visible from land and that the platform not
33 interfere with surface craft reasonably expected to use the waters
34 in which the platform is located.

35 (d) If the commission selects an alternative, the commission
36 and the owner or operator may enter into an agreement to allow
37 the implementation of the alternative. The agreement shall include
38 all of the following provisions:

39 (1) The owner or operator shall pay to the commission the cost
40 savings, less any payment by the owner or operator pursuant to

1 subdivision (d) of Section 6881. The commission shall deposit
2 that net sum into the fund.

3 (2) The owner or operator shall cap any oil well and shall
4 continue to be responsible and liable for any oil leak.

5 (3) The owner or operator shall continue to be responsible and
6 liable for any toxic materials that resulted from oil operations.

7 (4) Upon completion of the alternative, the ownership of the
8 platform shall be transferred to the Department of Fish and Game
9 pursuant to Article 2 (commencing with Section 6420) of Chapter
10 5 of Part 1 of Division 6 of the Fish and Game Code.

11 (5) The owner or operator shall apply for, and receive, all
12 required permits issued by any governmental agency, including,
13 but not limited to, a permit issued by the United States Army Corps
14 of Engineers.

15 (e) An alternative shall not be used or counted as mitigation for
16 any environmental impacts or natural resource damages.

17 6883. (a) A request under this article may be withdrawn at
18 any time, subject to the payment of costs incurred by the state in
19 accordance with subdivision (d) of Section 6881.

20 (b) Nothing in this article is intended, and shall not be construed,
21 to limit or affect the authority or duties of any state or local agency,
22 including, but not limited to, the California Coastal Commission.

23 6884. (a) An alternative transferred to the Department of Fish
24 and Game shall be maintained in a manner consistent with
25 navigational safety and all applicable state, federal, and
26 international laws.

27 (b) An alternative transferred to the Department of Fish and
28 Game shall be a marine no-take zone, where sport and commercial
29 fishing are prohibited for one-quarter mile from the platform,
30 unless the Department of Fish and Game, pursuant to the Marine
31 Life Protection Act (Chapter 10.5 (commencing with Section 2850)
32 of Division 3 of the Fish and Game Code), authorizes marine take.

33 6885. The Ocean Resources Fund is hereby created in the State
34 Treasury to receive payments from an owner or operator pursuant
35 to this article. Upon appropriation by the Legislature, moneys in
36 the fund shall be expended only for the purposes of this article.

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