

MINUTE ITEM

This Calendar Item No. 94 was approved as
Minute Item No. 94 by the California State Lands
Commission by a vote of 3 to 0 at its
9-17-01 meeting.

CALENDAR ITEM

94

A

Statewide

09/17/01

Bid Log 2001-09

W 40654

S

K. Walker

D. Brown

A. Cueva

**REQUEST AUTHORITY FOR EXECUTIVE OFFICER
TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD
AND EXECUTE AGREEMENT FOR PREPARATION OF ENVIRONMENTAL
DOCUMENTATION FOR THE AMENDMENT OF THE ABANDONMENT PLAN FOR
CHEVRON'S OIL PLATFORMS HOPE, HEIDI, HILDA AND HAZEL FORMERLY IN
STATE WATERS OFFSHORE SANTA BARBARA COUNTY**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

Chevron's platforms were dismantled and removed from April through August 1996. For Platforms Hilda, Hope and Heidi, decommissioning involved the complete removal of the platform structure. Platform Hazel was constructed differently and four 27-foot diameter caissons were left buried in the associated mound, but above the natural mud-line. The remaining site features are the shell mounds. These mounds consist of drilling muds and cuttings covered and possibly interlayered with shells. These shell layers were formed through periodic cleaning of marine life from the platform legs and the natural sloughing of organisms from the structures. The mounds are roughly semi-circular with diameters ranging from 55 meters (Hope) to 82 meters (Hilda). They range in height from 6.7 meters to 8.5 meters. They lie in water depths from 31 meters to 43 meters.

Chevron made several attempts to make the mounds "trawlable" to meet conditions imposed by both the State Lands Commission and California Coastal Commission. All attempts to date have failed. In the interim, buoys mark the locations of the mounds to enable commercial fishermen to avoid snagging their nets. At the direction of the State Lands Commission, Chevron also provided qualified commercial fishermen with satellite navigation equipment for the same purpose.

10231 CALENDAR PAGE
0006540 MINUTE PAGE

CALENDAR ITEM NO. 94 (CONT'D)

STATUS

The staffs of the two Commissions had several questions about the make-up of the mounds, their integrity, possible contamination and the technical feasibility of removing such large structures from such deep water. The Commissions authorized a contract to determine the feasibility of removing the mounds. This report, "Shell Mounds Environmental Review, Final Technical Report", by L. A. de Wit, was completed in February of this year. The report indicates that the mounds are loosely consolidated and composed of three strata: an upper layer of shells, an intermediate layer of drill muds and cuttings, and an underlying layer of sea floor sediments. Tests of the concentrations of contaminants, e.g., metals and organics in the mounds at sites of Platforms Hope, Heidi, and Hilda, do not indicate levels toxic to water column organisms. The concentrations from material at the site of Hazel are, however, toxic to such organisms. The report concludes, however, that it is technically feasible to remove the mounds by a variety of methods, e.g., a clam shell dredge.

Chevron has filed an application with the CSLC to amend its previously approved 4H Abandonment Plan (Plan) to address the requirement that the lease area be trawlable. Staff has agreed with Chevron that this application need not specify a proposed project; rather, the application specifies a range of potential modifications to the Plan. Chevron has also filed an application with the Coastal Commission to amend their Coastal Development Permit. The staffs of the two Commissions agree that it is premature to designate any one of the possible amendments to the Plans as the "Project" as defined under the provisions of the California Environmental Quality Act (CEQA).

PROPOSED ACTIVITY

The Commission staff will retain a third party consultant to begin the preparation of an Environmental Impact Report/ Environmental Assessment (EIR/EA) that will analyze all alternatives provided in Chevron's application. The alternatives range from providing mitigation to affected fishermen to the removal of all of the mounds. The consultant will review existing data, including the "Shell Mounds Environmental Review, Final Technical Report" and any additional data submitted by Chevron. The consultant will also conduct additional testing of the shell mounds to address their composition as characterized in the Report. This testing and the interpretation of all results will meet the published standards of the U.S. Army Corps of Engineers and the Regional Water Quality Control Board.

Chevron, as well as other interested parties/agencies, will have timely access to all testing results and will have the opportunity to provide input to the EIR/EA scope of work. In addition, the CSLC will schedule a joint briefing for Chevron and such parties/agencies prior to the release of the DEIR/EA, to discuss issues and impacts identified by the analysis of each of the potential modifications to the Plan. This briefing will afford any party the opportunity to provide input.

CALENDAR ITEM NO. 94
MINUTE PAGE 16351

CALENDAR ITEM NO. 94 (CONT'D)

information for consideration in the DEIR/EA analyses prepared by the Consultant. Chevron will also have the right to amend its application to designate a specific proposed project at any time in this process, but must do so no later than the completion of the Final EIR/EA. All parties understand that the staff's recommendations to the CSLC and the CCC at the completion of the CEQA process could differ from Chevron's proposed Project.

Staff proposes the following schedule:

- environmental consultant selection process could be completed by September 2001,
- the shell mound sampling program by November 2001,
- a Draft EIR/EA would circulate in March and April 2002,
- a Final EIR/EA would be ready by June 2002, and
- Commission could take action in July 2002.

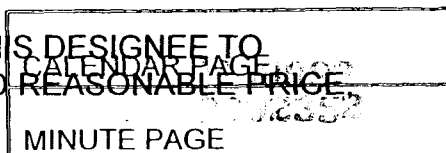
Consultant selection shall be conducted consistent with procedures as specified in CSLC Regulations and in the State Contracting Manual on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price. All costs shall be recovered from project applicant.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. State Contracts Manual Section 11.00 (A & E method)
- C. Public Contract Code Section 6106
- D. Government Code Section 4526
- E. California Administrative Code Title 2 Article 13 Section 2980.0 - 2990.0

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.
2. FIND THAT THE SELECTION OF CONSULTANT UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342, SUB. (H), BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE



CALENDAR ITEM NO. 94 (CONT'D)

AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH STATE
POLICIES AND PROCEDURES.

4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO
ENTER INTO AN AGREEMENT WITH PROJECT APPLICANT TO
RECOVER COSTS INCURRED IN THE CONSIDERATION OF THIS
PROJECT.

12-0594
CALENDAR PAGE
12-0594
MINUTE PAGE