

CALIFORNIA OCEAN PROTECTION COUNCIL

Staff Recommendation
November 20-21, 2008

California Ocean Science Trust: Building Scientific Capacity

File No.: 08-123-01
File No.: 08-147-01
Project Manager: Neal Fishman

RECOMMENDED ACTIONS: (1) Authorization to grant up to \$765,000 to California Ocean Science Trust to provide high quality information to the Ocean Protection Council and other organizations related to critical ocean issues; and (2) Authorization to grant up to \$210,000 to California Ocean Science Trust to conduct an oil platform decommissioning study.

LOCATION: Statewide

STRATEGIC PLAN OBJECTIVE: Research and Monitoring

EXHIBITS

Exhibit 1: [OST Annual Report to the Legislature](#)
Exhibit 2: [Letters of Support and Opposition](#)

RESOLUTION AND FINDINGS:

Staff recommends that the Ocean Protection Council adopt the following resolution pursuant to Sections 35500 *et seq.* of the Public Resources Code:

“The Ocean Protection Council hereby approves the disbursement of an amount not to exceed \$765,000 to the Ocean Science Trust to provide high quality information to the Ocean Protection Council and other organizations related to critical ocean issues (“the project”). This authorization is subject to the condition that prior to the disbursement of funds for the project, OST shall submit for the review and approval of the Secretary to the Council a final work program, schedule, and budget.

The Ocean Protection Council also hereby approves the disbursement of an amount not to exceed \$210,000 to Ocean Science Trust to conduct an oil platform decommissioning study (“the study”).”

Staff further recommends that the Council adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the Council hereby finds that:

1. The proposed projects are consistent with the purposes of Division 26.5 of the Public Resources Code, the Ocean Protection Act.
2. The proposed projects are consistent with the Ocean Protection Council's project funding guidelines."

PROJECT SUMMARY:

Staff is recommending that the Ocean Protection Council (OPC) authorize disbursement of up to \$765,000 to the California Ocean Science Trust (OST) to support its work for up to three years to ensure that California public agencies and non-governmental organizations (NGOs) have access to top level ocean science when determining policies and developing management measures relating to the ocean. The proposed funding will enable the OST to carry out its mandate, in coordination with the OPC staff, to provide high quality information to the OPC and other public and private organizations about critical ocean issues requiring scientific information and advice. As part of their mandate, OST may: 1) study and prioritize current and potential ocean problems requiring science based solutions, 2) advise and coordinate with the OPC, other state and federal agencies, and nongovernmental organizations, on such ocean science issues, 3) support the OPC's science advisory team, 4) disseminate information and increase coordination between scientists and coastal managers by supporting and participating in various meetings, symposia, and working groups

Staff is also recommending that the OPC disburse up to \$210,000 to the OST to complete a scientific evaluation of the impacts of various options to decommission offshore oil and gas production facilities. This study will comprehensively examine the range of options available for decommissioning oil platforms off the California coast from complete removal of all structures to leaving the platforms in place for alternative uses. The study will produce scientific data on major impacts and operation considerations for decommissioning offshore oil and gas platforms so decision-makers can be provided with the best possible information of the relative impacts of different scenarios. This study is being co-funded by the Chevron Corporation, with some funding provided by the Ocean Conservancy and United Anglers, but the OST will have full control of the scope, design, and results of the study.

PROJECT DESCRIPTION:

Project Background – Ocean Science Coordination

The Ocean Science Trust was established pursuant to the California Ocean Resources Stewardship Act (CORSA (PRC Sections 36990-36995)). Among other mandates, OST is charged with encouraging coordinated, multiagency, multi-institution approaches to ocean resource science; encouraging new technologies that reduce the cost, increase the amount, and improve the quality of ocean resource management information; and promoting more effective coordination of California ocean resource science useful to management agencies.

Subsequently, the OPC appointed the Executive Director of the OST as its science advisor and charged her with recommending and managing the work of the science advisory team.

Project Details and Scope of Work – Ocean Science Coordination

The proposed funding will enable OST to carry out its mandate to ensure that ocean management in California is enhanced through broad communication among managers, scientists, and NGOs, including participation and support at the national level. Through its Executive Director and support staff, the OST will act as a clearinghouse that will provide scientific information to the OPC and other public and private organizations on specific ocean issues as well as provide yearly suggestions for prioritizing research and related dollars. This will include meeting with a wide range of public and private academic, management, and advocacy organizations, leading the work of the OPC's science advisory team, participating in the review of science based grant proposals to the OPC, participating or leading working groups on specific ocean science issues, staying current with advances worldwide in oceanography and related fields, and ensuring that the work of the OPC and other state efforts are widely known by scientists and decision makers at the highest levels of government, industry and NGOs.

Specifically, the proposed funding would be used by OST for a wide range of activities including but not limited to the following:

- Providing science advice to a wide range of public and private organizations, including the OPC and its staff, and participating in OPC meetings as science advisor
- Conducting ongoing communications with state and federal agencies, NGOs, industry, foundations and others to determine critical needs for ocean science research and recommending priorities to the OPC
- Seeking areas of cooperation and collaboration among public and private agencies and organizations
- Organizing or participating in working groups, conferences, and scientific meetings aimed at disseminating scientific research findings, prioritizing future efforts, and ensuring that scientists, managers, and NGOs are communicating about ocean issues
- Overseeing the work of the OPC's science advisory team, including planning and leading its meetings, developing materials for its review, and organizing scientific teams to study particular ocean problems

The proposed funding is expected to support OST activities for approximately three years. Services to conduct specific studies relating to the ocean and peer review of proposed grant applications to the OPC are not contemplated as part of this grant.

Project Details and Scope of Work – Platform Decommissioning Study

Existing offshore oil and gas leases require state and federal lessees to completely remove a production facility (i.e., the platform, including jacket, drilling rig, conductors, and all infrastructure and utilities) and restore the seafloor when the facility is no longer producing oil and gas and is decommissioned. The removal of a platform and the restoration of the seafloor is a multi-million dollar undertaking with many technical challenges. In response, oil companies have worked with federal and state agencies to explore alternatives to the complete removal of these facilities. For example, in the Gulf of Mexico, state and federal agencies have established programs that permit portions of decommissioned platforms to remain in place, be toppled, or towed to other offshore locations for use as artificial reefs. In turn, the oil and gas companies have donated a portion of any cost savings achieved by not completely removing the platforms to state governments within the Gulf of Mexico. Currently, twenty-seven operating oil and gas platforms exist in state tidelands and the outer continental shelf off California that will need to be

decommissioned at some future date.

In 2000, legislation was introduced in California that would have provided a process to consider allowing portions of decommissioned platforms to remain in place after operations were terminated. The legislation was the result of proposals for portions of decommissioned platforms off the California coast to serve as artificial reefs or be reconfigured to uses related to aquaculture, education, research, tourism, alternative energy production, etc. While this legislation was passed, it was vetoed by Governor Davis, who cited the lack of conclusive evidence that reefs created from oil and gas platforms were beneficial to the marine environment.

As a result of renewed interest expressed by a number of groups and individuals in exploring the options for platform decommissioning in California, the Secretary for Resources convened a meeting of twenty-five ocean and coastal conservation stakeholders on June 12, 2007. The primary purpose of this meeting was to begin identifying issues and questions that would have to be addressed before the state adopted any policy. Below is a timeline covering key events that took place after the June 12th meeting and leading to this staff recommendation.

- On August 2, 2007, as a follow up to the June 12th meeting, the Secretary for Resources circulated a memo to stakeholders laying out a three-phase process to investigate options for platform decommissioning in California: 1) issue identification, 2) comprehensive investigation, and 3) policy evaluation. Note: Phase 1 was completed in January this year by the Resources Agency in conjunction with its consultant, CONCUR. This staff recommendation addresses completing Phase 2 - comprehensive investigation/study. Phase 3 will be initiated by the Resources Agency upon the completion of the comprehensive study.
- On December 5, 2007, the Resources Agency and its consultant CONCUR held a workshop in Long Beach for stakeholders to assemble environmental, economic, engineering, and legal questions that formed the basis for the scope of the study.
- At a workshop lead by CONCUR on January 8, 2008, the Interagency Decommissioning Workgroup reviewed the questions formed by stakeholders for technical and scientific soundness.
- In early February 2008, CONCUR delivered to the Resources Agency a draft request for proposals (RFP) to complete the comprehensive study. The cost of the study, including overhead, is estimated at \$575,000.
- In June 2007, at the request of the Secretary for Resources, the Ocean Science Trust agreed to administer the RFP.
- During September and October 2008, the draft RFP was circulated to nine scientific experts for peer review. In late October the RFP was revised based on comments received from reviewers.
- OST released the RFP on October 31, 2008, with provision that award of a contract is contingent on funding availability.

Previously Committed Funds for the Study

The Chevron Corporation is providing \$355,000 in funds to support this study. The Ocean Conservancy and United Anglers each are providing \$5,000 to help support the study. In addition, earlier this year NOAA agreed to allow the Resources Agency to reallocate \$220,000 of unspent 2001 Coastal Impact Assistance Program (CIAP) grant funds towards the study. These funds were originally intended for use by the Department of Fish and Game for other purposes, but were not used due to a variety of reasons. Because NOAA requires that these funds be liquidated by December 2008, NOAA and the Resources Agency have agreed to allow the OST to use the funds for various OPC-related efforts instead of the decommissioning study, which has yet to begin. Since the CIAP funds were redirected to support OPC activities, staff is recommending that the OPC provide an equal amount of funds (i.e., \$210,000) to be spent on the platform decommissioning study.

Project Details and Scope of Work – Platform Decommissioning Study

The Resources Agency has partnered with the OST to conduct a comprehensive investigation into decommissioning alternatives. The OST has agreed to accept funds from public and private sources, refine the scope of work as necessary, contract with an independent firm who will conduct the study, and oversee the peer review of the completed document.

The Ocean Science Trust will oversee all aspects of the report preparation. The OST assembled a group of nine scientific experts to peer review the RFP to ensure that the study is both unbiased and credible. As mentioned above, on October 31, 2008 the OST released the RFP. The OST is currently assembling an independent science team to review these proposals and to assist in the selection of a consulting team to prepare the report. Once the draft report is complete, the OST will organize a peer review of the documents and will solicit and review public comment before producing the final report by fall of 2009.

The focus of the study will focus on options for decommissioning oil and gas platforms that will no longer be producing oil and gas. The study will focus on the following decommissioning alternatives:

- A. Total removal of platform. This could include reuse, disposal, or recycling of the platform (or any combination thereof) on-shore.
- B. Leave platform in place and reuse. Possible examples of reuse include aquaculture, education, research, tourism, alternative energy production, etc.
- C. Structural alternatives: There are three main types of structural alternatives.
 1. Partial removal (“topping”): This includes removing some portion of the rig, with the remaining structure below being left in place. It may also include enhancements (e.g., adding canopy or quarry rock as reef matter).
 2. Topple all or portion of platform in place.
 3. Remove platform and tow it to a different offshore location.

The OST anticipates a tiered, two-step approach to evaluating decommissioning options for the State's oil and gas platforms. The first step is the compilation and analysis of information needed to assess and compare the benefits and adverse impacts of the various decommissioning alternatives. The second step is the development of guidance to support the site-specific analysis of future decommissioning proposals and, in particular, to elucidate the types of processes and analyses the State should undertake to address decommissioning alternatives on a case-by-case basis.

PROJECT GRANTEE:

The California Ocean Science Trust was established by the California Ocean Resources Stewardship Act (PRC § 36990-36995, effective January 1, 2000) and was created specifically to encourage coordinated, multi-agency, multi-institution approaches to ocean resource science. OST’s mission closely corresponds with the OPC’s statutory responsibility to “establish policies to coordinate the collection and sharing of scientific data related to coast and ocean resources between agencies.” OST is a unique entity that is able to combine public resources with those from the private sector and nonprofit organizations to promote new marine research, education, and management approaches within California (Exhibit 1).

PROJECT FINANCING:

Science Coordination

Ocean Protection Council	\$765,000
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Oil platform study

Ocean Protection Council	\$210,000
Chevron Corporation	\$355,000
Ocean Conservancy	\$5,000
United Anglers	<u>\$5,000</u>
Total Study Cost	\$575,000

Total for both Projects **\$1,350,000**

The anticipated source of funds for the project will be \$765,000 of tidelands oil funds, appropriated to the Secretary for Resources in FY 04/05 for projects authorized pursuant to the Ocean Protection Act. The Resources Agency has entered into an interagency agreement with the Coastal Conservancy to administer the tidelands funds on behalf of the Council and recommend projects for funding.

For the oil decommissioning study, staff anticipates also using \$210,000 of these tidelands oil funds. The funds for the study will be matched by a contribution of \$355,000 from the Chevron Corporation and \$5,000 each from the Ocean Conservancy and United Anglers.

CONSISTENCY WITH CALIFORNIA OCEAN PROTECTION ACT:

This project is consistent the Ocean Protection Act, Division 26.5 of the Public Resources Code (PRC), in the following respects:

Under PRC 35650(b)(1), the OPC may fund projects consistent with the Ocean Protection Act, including projects that: coordinate activities of state agencies and establish policies to coordinate the collection of scientific data related to the ocean (PRC § 35615); improve management, conservation, and protection of coastal waters and ocean ecosystems (PRC § 35650(b)(2)(F)); and provide monitoring and scientific data to improve state efforts to protect and conserve ocean

resources (PRC § 35650(b)(2)(G)). The overall project is consistent with this section in that the OST will be working with a range of public and private institutions to develop methods to ensure coordination with the goal of improving management of ocean resources. The data and information generated by OST will inform state management decisions related to the ocean and coastal environment.

The oil platform decommissioning study is also consistent with these provisions of the Ocean Protection Act, as it will provide an assessment of existing science that will outline the potential impacts to ocean resources and will be used to craft state policy about how to proceed with decommissioning while ensuring resource protection.

CONSISTENCY WITH OPC'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

The proposed projects are consistent with the Council's Five Year Strategic Plan by furthering the following goals and objectives:

Goal A (Governance) Objective 2b: "Work with all relevant state agencies to develop necessary legislation, regulations, or other tools to improve ocean governance. Identify and promote administrative, regulatory, and legislative measures that will enhance the effectiveness of state coastal and ocean programs by reducing gaps and conflicts in policies and programs." OST was specifically established to help bridge gaps that exist between state agencies and the academic institutions to provide the best science available. The OST will collect, synthesize, and prioritize scientific research and findings to better inform Council and other state agency decisions. The OST will also host working groups and forums to promote collaboration among the science community and relevant state agencies.

The decommissioning study is also consistent with this objective because it will provide recommendation and science assessments that can be used by all agencies with regulatory control over the future of offshore oil platforms.

Goal B (Research and Monitoring) Objective 1a: "Implement the Information, Research and Outreach (IRO) strategy recommendations related to information and research, including: make research a part of OPC's funding strategy, make California's ocean observing system a national model, and seek federal support for California's research needs." The proposed project is consistent with this objective because OST is responsible for implementing objectives of the California IRO strategy and to ensure that projects brought before the OPC meet scientific standards. In addition the science advisor is working with federal partners to promote research in California and leverage federal funds.

Goal B (Research and Monitoring) Objective 1b: "Work with the California Sea Grant Programs to review and award grants that meet the OPC guidelines and priorities. Support or collaborate with research activities by agencies, universities, and programs that seek to provide a better scientific understanding of impacts to ocean and coastal ecosystems." Consistent with this objective, OST participates in all scientific proposal review sessions to evaluate the technical merit of research proposals submitted for funding through the California Sea Grant Process. This also includes providing scientific and logistical support for the Resources Agency Sea Grant Advisory Panel (RASGAP).

Goal B (Research and Monitoring) Objective 2i: "Establish a mechanism or organization to provide data synthesis services with the goal of assembling scientific results from state and

national efforts and producing products for diverse scientific, public, and policy audiences.” OST has established the science advisory team (SAT) to serve as an organization to provide scientific advice. The SAT will investigate scientific issues, produce reports and develop research priorities for the OPC to ensure that all OPC decisions are based upon the best science available.

CONSISTENCY WITH OPC’S 2007/2008 FUNDING PRIORITIES

The proposed project is consistent with the 2007/2008 OPC's Project Funding Priorities in the following respects:

The Funding Priorities specifically identify OPC’s continued coordination with OST to develop a set of research priorities for the OPC to consider in funding project proposals. In addition, OST will continue to provide scientific advice as it relates to other program priorities such as salmonid recovery, invasive species issues, water quality monitoring, and climate change.

Required Criteria

1. **Directly relate to the ocean and coast:** The mission of OST is to ensure science is informing California policy and management in order to maintain a healthy, resilient, and productive ocean and coast for the benefit of current and future generations.
2. **Support of the Public:** Numerous academic, research, and NGO entities are in support of the OST mission and project goals. (See exhibit 2)
3. **Greater-than-local interest:** OST works to develop science based policy solutions to improve the ocean and coast statewide. The science services provided by OST directly impact statewide coastal and ocean science and decision making.

Additional Criteria

4. **Resolution of more than one issue:** OST both aids in development of more efficient ocean governance, the dissemination of scientific data, development of research priorities, and monitoring needs for marine protected areas along the California coast.
5. **Leverage:** The Chevron Corporation, Ocean Conservancy, and United Anglers are providing matching funds for the oil platform decommissioning study.
7. **Innovation:** The project is innovative in the sense that it involves a new approach to development of policy, by promoting coordination between scientists and state agencies. Currently no organization has a similar mandate.
8. **Coordination:** The OST will improve coordination among scientists, policy makers, and resource managers, focusing specifically on issues that are a priority for the state. The OST will also establish mechanisms to improve communication, collaboration, and quality of interactions between scientists, the OPC and other state agencies.

COMPLIANCE WITH CEQA

The proposed project is categorically exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to 14 Cal. Code of Regulations Section 15306 because the project involves only data collection, research and resource evaluation activities that will not

result in a serious or major disturbance to an environmental resource. Staff will file a Notice of Exemption upon approval by the council.