MINUTE ITEM
This Calendar Item No. C48 was approved as Minute Item No. 48 by the California State Lands Commission by a vote of 3 to 0 at its 6-20-05 meeting.

CALENDAR ITEM
C48

A 35

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06/20/05
Bid Log 2004-10
PRC 421.1;
W30159.3;
R24504;
D. Brown
A. Abeleda
E. Gillies

REQUEST AUTHORITY FOR THE EXECUTIVE OFFICER TO SOLICIT PROPOSALS FOR CONSULTANT SERVICES, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE AGREEMENTS FOR PREPARATION OF ENVIRONMENTAL DOCUMENTATION AND MITIGATION MONITORING FOR PROPOSED RESUMPTION OF OIL PRODUCTION ON STATE TIDELANDS LEASE PRC 421.1 LOCATED ADJACENT TO THE CITY OF GOLETA IN SANTA BARBARA COUNTY

PARTY:

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

BACKGROUND:

Venoco is a privately held, independent oil and gas company that has filed an application with the California State Lands Commission (CSLC) to return oil and gas lease PRC 421 to oil production after ongoing production was temporarily shut-in in 1993. Based on current projections, the estimated productive life of PRC 421 would be twelve years and production is expected to be no more than an average of 700 barrels of oil per day (BOPD) in the first year, tapering off to approximately 100 BOPD by year 12.

PROPOSED ACTIVITY:

Currently, both PRC 421 wells (421-1 and 421-2) are shut-in and equipped with subsurface safety vales and packers. Venoco, Inc. proposes to place both 421 wells back into service. Under this proposal, well 421-2 would be equipped with an Electric Submersible Pump ("ESP"), which would be located inside the casing of the well

approximately 2,000 feet below ground level. Instrumentation and well control devices would be located near the wellhead and connected to remote alarm annunciation devices at the Ellwood Oil Facility. At no point will the fluids produced from the proposed Project enter the Ellwood Oil Facility.

Consideration of such an action will require environmental documentation, including monitoring, in accordance with the California Environmental Quality Act (CEQA). The Executive Officer requests delegation of authority to engage a consultant for this purpose. Consultant selection shall be conducted consistent with procedures as specified in CSLC Regulations and in the State Contract 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.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

2. Approval of this item by the Commission does not constitute approval of the proposed lease; it only authorizes consultant contracts for environmental review.

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. 15060(c)(3) 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 CONSULTANTS 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. FIND THAT THE SELECTION OF CONSULTANTS UNDER THIS PROCESS FOR PROFESSIONAL SERVICES OF ARCHITECTURAL, LANDSCAPE ARCHITECTURAL, ENGINEERING, ENVIRONMENTAL, LAND SURVEYING OR CONSTRUCTION PROJECT MANAGEMENT SERVICES WILL BE CONSISTENT WITH PROCEDURES AND POLICIES ADOPTED BY THE COMMISSION AS SPECIFIED IN GOVERNMENT CODE SECTION 4526 AND TITLE 2, CALIFORNIA CODE OF REGULATIONS 2980 –2980.9.

4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACTS FOR ENVIRONMENTAL DOCUMENTATION AND MITIGATION MONITORING IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.

5. 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.