Assembly Environmental Safety & Toxic Materials Committee

Preventing Environmental Hazard From Coastal And Inland Oil Drilling And Production In California

Chairman Pedro Nava

Committee Staff

Bob Fredenburg, Chief Consultant

Shannon McKinney, Senior Consultant

Linda Rodriguez, Committee Secretary

1020 N Street, Room 171

Sacramento, CA 95814

916-319-3965

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PREVENTING ENVIRONMENTAL HAZARD FROM COASTAL AND INLAND OIL DRILLING AND PRODUCTION IN CALIFORNIA

Table of Contents

Part 1. Summary and Recommendations to Prevent Environmental Hazard from Coastal and Inland Oil Drilling and Production in California.....3

Part 2. 2010 Environmental Safety and Toxic Materials Committee Oversight Hearings on Oil and Gas Production in California.....4

Public Health Impacts and Environmental Regulation of Oil Drilling and Production.....4

Public Health Impacts and Environmental Regulation of Oil Drilling and Production in Baldwin Park/ Inglewood Oil Field.....4

Long Term and Legacy Environmental Hazards from Coastal Oil Drilling and Production.....4

Part 3. A History of Oil Spills and Environmental Damage.....5

Part 4. California Regulation of Oil and Gas Drilling.....6

Appendix: Proposed Legislation

Ocean Protection Policy – Strengthening the California Coastal Sanctuary Act of 1994. Closing loopholes in Ocean Sanctuary Act

Oil and Gas permitting – Increase Public Disclosure and Participation

Protecting the California Coast from Future Oil Spills - Coastal Protection and Resilience Act

Part 1. Summary and Recommendations to Prevent Environmental Hazard from Coastal and Inland Oil Drilling and Production In California.

As the nation saw the environmental damage caused by the catastrophic failure of the Deepwater Horizon drilling rig in the Gulf of Mexico it was clear that similar threats existed along California's coast. The experience of public health hazards and environmental damage from oil and gas production in California has highlighted the need for oversight of the current state and local programs established to insure the safety of oil and gas production in California. The Assembly Committee on Environmental Safety & Toxic Materials (AESTM) conducted a review of statutes and held a series of field hearings to solicit input and suggestions on the adequacy of the existing regulatory programs on both off-shore on on-shore oil drilling and production facilities.

In order to strengthen the current public health and environmental protections provided under California law several specific legislative actions are have been identified by the committee staff at the direction of the committee Chairman. The following statutory reforms are recommended:

 # 1. Ocean Protection Policy – Strengthening the California Coastal Sanctuary Act. The existing California Coastal Sanctuary Act of 1994 includes a loophole that allows new oil drilling in California coastal water from existing oil platforms. Closing this loophole would decrease the risk of new environmental damage and public health risks from drilling. The current loophole in the Coastal Sanctuary Act of 1994 will have the effect of extending existing production into the future for an indefinite period of time.

 # 2. Oil and Gas permitting – Increase Public Disclosure and Participation. The current Department of Conservation (DOC) process for approving oil drilling fails to provide public notice of proposed drilling to local communities or local governments. The current system fails to provide for public input on proposed drilling projects and provides for an automatic approval of permits. The DOC permitting system should provide public notification and allow input to assure threats to public health and safety and the environmental effects of drilling are considered prior to approving a permit for new drilling.

 # 3. Protecting the California Coast from Future Oil Spills. Creating a Coastal Resilience program will decrease the risk of future environmental damage from oil production and transportation. In addition to responding to oil spills once they have occurred, the State should identify early action to both reduce the likelihood of an oil release and strengthen the ability of the coastal environment to withstand the damages from oil spills when they occur.

Part 2. Environmental Safety and Toxic Materials Committee Oversight Hearings on Oil and Gas Production in California

During the 2010 legislative session the Assembly Committee on Environmental Safety & Toxic Materials (AESTM) conducted a series of oversight hearings throughout the State on the public health and environmental protections needed to adequately regulate oil drilling and production in California. The three public hearings provided an opportunity for local governments, community groups, businesses and the public to testify on the issues surrounding oil drilling and production in California.

Public Health Impacts and Environmental Regulation of Oil Drilling and Production, April 30, 2010, Hermosa Beach City Council Chambers, Hermosa Beach.

The AESTM Committee conducted an oversight hearing on public health and environmental protections needed to adequately regulate oil drilling and production in California. At the hearing the Committee reviewed the policies and actions of California state and local agencies to reduce the environmental hazards, habitat damage and public health impacts of oil drilling and production in California's coastal zone.

Public Health Impacts and Environmental Regulation of Oil Drilling and Production in Baldwin Park/ Inglewood Oil Fields. May 14, 2010, City Hall, Culver City.

The AESTM Committee conducted an investigative hearing on the oil drilling operations in the Baldwin Hills area of Los Angeles by Plains Exploration and Production Company and on the associated risks to Los Angeles area residents. The Committee examined how State and local agencies with regulatory responsibilities assess the public health and environmental hazards associated with oil drilling and production related to the Baldwin Hills/Inglewood oil fields; whether, in the case of oil production facilities in heavily urbanized areas, there are special risks to local communities; whether the current regulatory system sufficiently evaluates and mitigates the level of risk in these urban settings; and whether regulatory agencies have the technical expertise and resources to ensure public health and environmental protection from toxic air and other oil-production emissions.

Long Term and Legacy Environmental Hazards from Coastal Oil Drilling and Production, September 30, 2010, Goleta City Council Chambers, Goleta.

The AESTM Committee conducted an oversight hearing to review the policies and actions that State and local agencies are taking and should take to reduce and remediate the environmental hazards, habitat damage and public health impacts of oil drilling and production in California's coastal zone. The Committee examined a range of legacy environmental issues including the status of aging offshore oil platforms and undersea

pipeline systems in the Santa Barbara Channel area; the ability of small or mid-sized oil companies to maintain adequate reserves and other resources to respond to emergency situations and to clean-up production facilitates; the ability of the State to require dedicated financial guarantees to cover local liabilities and losses in the event of an explosion, release, spill or other major accidental release; the Department of Conservation's actions on legacy sealed wells along the seabed and in near-shore tideland waters; and, how the California State Lands Commission and the Department of Conservation manage orphaned oil-works on State tidelands, recreational beaches and coastal headlands.

Part 3. A History of Oil Spills and Environmental Damage.

Since 1969 when over 3.2 million gallons of crude oil spilled off the coast of Santa Barbara County, Californians have been concerned about offshore oil drilling. This concern has resulted in a series of oil and gas leasing prohibitions, which are included in the California Coastal Sanctuary Act of 1994.

On April 20, 2010, the Deepwater Horizon drilling rig exploded, and subsequently sank due to a well-head blowout at a depth of approximately 5,000 feet in the Gulf of Mexico with the loss of 11 crewmembers. Although estimates of the exact amount of oil released already to the environment vary, the spill is considered to be the largest in American history – easily exceeding the 250,000 barrels spilled by the Exxon Valdez in 1989 – and among the largest ever world-wide. The oil slick covered approximately 2,500 square miles of ocean surface and substantial sub-surface plumes of oil have been identified. The impacts of the oil spill on the Gulf ecosystem are severe with significant and on-going damage to and loss of habitat and wildlife. Economic disruption to the coastal states and their tourism and fishing industries is expected to be on the order of billions of dollars.

Offshore and onshore drilling, be it for oil or gas, generates large amounts of pollution in the form of toxic drilling muds, produced waters, and air emissions. A catastrophic spill, like the one which occurred off the coast of Santa Barbara in 1969, will devastate the ecology of the area and wreak havoc on coastal economies. Additionally, oil and gas drilling is the slowest, dirtiest, and most expensive way to produce energy. There are cleaner and more efficient long term energy solutions, such as energy efficiency and clean renewable energy that will save consumers money and protect our beaches, marine waters, and coastal economies.

Recently, spills have occurred on the central coast and in Suisun Marsh, impacting water supplies and sensitive marsh ecosystems. In Santa Barbara County, Greka Oil and Gas reportedly has spilled more than 500,000 gallons of oil and contaminated material since 2002 due to a failure to adequately maintain its facilities. In 2008 and 2009, The California Department of Fish & Game's Office of Spill Prevention Response (OSPR) reported 159 and 105 onshore spills (of 42 gallons or more) respectively, from oil exploration and production activities most likely in DOGGR's jurisdiction. Collectively,

nearly 590,000 and 270,000 gallons of oil, drill waste, or oily/water mixtures were spilled, respectively.

At least 187 large oil spills have occurred between 1981-2005 on the outer US continental shelf. These oil spills create numerous risks to wildlife, and discharge many toxics into the marine environment in the normal course of these activities. The supporters contend that, on average, 180,000 gallons of substances such as benzene, arsenic, mercury, and lead, per well, are released from each well. A spill off the coast of California could jeopardize the $93.8 billion tourism (2006 estimate) and over $2 billion commercial and recreational fishing industries.

Part 4. California Regulation of Oil and Gas Drilling.

Current state law directs the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities used in oil and gas production. In particular, well owners must designate an agent who will receive and accept orders from the supervisor, notify the supervisor of a sale or exchange of a well, and to notify the supervisor of well acquisitions. The supervisor is the chief of the Division of Oil, Gas, and Geothermal Resources (DOGGR) of the Department of Conservation.

The California Attorney General's opinion in 1976 outlines the role of the State, as well as local agencies, in regulating oil drilling and production facilities in California.[1]

"The principal state legislation regulating drilling for the production of oil and gas is contained in Division 3 of the Public Resources Code, sections 3000-3690 and 3780-3787, and is placed under the administration of the Department of Conservation and the State Oil and Gas Supervisor. Public Resources Code section 3106 sets forth the duties of the Supervisor and the purposes and objectives of the statutory scheme. Briefly, these duties are: The supervision of the drilling, operation, maintenance, and abandonment of wells [so] as to prevent, as far as possible, damage to life, health, property, and natural resources; damage to underground oil and gas deposits from infiltrating water and other causes; loss of oil, gas or reservoir energy; and damage to underground and surface waters suitable for irrigation or domestic purposes by the infiltration of, or the addition of, detrimental substances. .... to increase the ultimate recovery of oil and gas and to encourage the wise development of the oil and gas resources....

The provision with respect to damage to life, health, property and natural resources was added to Public Resources Code section 3106 and to certain other sections (3208, 3218, and 3224) by Statutes of 1970, chapter 799. "

The California State Lands Commission (CSLC) Mineral Resources Management Division (MRMD) conducts detailed safety audits of operators and/or contractors for

[1] *California Attorney General's Opinion, Regulations on Drilling, Operation, Maintenance, Abandonment of Oil, Gas, and Geothermal Wells*, Opinion No. 76-32, August 24, 1976

lands in which the State has an interest including the state tidelands. The objective of these safety audits is to ensure that all oil and gas production facilities on State leases or granted lands are operated in a safe and environmentally sound manner and comply with Federal, State, and local codes/permits, as well as industry standards and practices. The MRMD provides for the prevention and elimination of any contamination or pollution of the ocean and tidelands, for the prevention of waste, for the conservation of natural resources, and for the protection of human health, safety and property pursuant to the Public Resources Code (PRC).[2] These PRC sections provide authority for MRMD regulations, as well as for the existing inspection program and the safety audit program that augments it.

California State Lands Act. On June 11, 1938, the State Lands Act created the CSLC and assigned it jurisdiction over State-owned offshore tide and submerged land leases. In response to the 1969 Santa Barbara Oil Spill that was caused by a blowout at Union Platform A, the CSLC placed a moratorium on all development of offshore oil leases. Since December 1973, the moratorium has been lifted on a lease-by-lease basis, following review of a proposed development program and completion of the CEQA process. In particular, pursuant to Public Resources Code section 6873.5(b), the Commission considers potential impacts of proposed lease development on fisheries and marine habitat.

Lempert-Keene-Seastrand Oil Spill Prevention and Response Act. Under this Act, the Office of Spill Prevention and Response (OSPR) was created, with the California Department of Fish and Game becoming the lead State agency in spill response. The Act requires that persons causing a spill begin immediate cleanup, follow approved contingency plans, and fully mitigate impacts to wildlife. Under an Interagency Agreement with OSPR, the California Coastal Commission (CCC) operates an oil spill program and maintains an oil spill staff. Before and after a spill, CCC staff are involved in review and comment to both State, e.g., OSPR, and Federal, e.g., U.S. Coast Guard, agencies on contingency plans and regulations related to marine vessels, marine facilities, and marine vessel routing.

The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act[3] requires that any person, without regard to intent or negligence, who spills any oil into the marine waters of the state to immediately contain, cleanup, and remove the oil in a manner that minimizes environmental damage and is in accordance with applicable contingency plans.

The California Coastal Sanctuary Act of 1994. This act imposed a moratorium on any new lease for the extraction of oil or gas in state waters unless the President of the United States finds a severe energy supply interruption has occurred and orders a release from the Strategic Petroleum Reserve, or unless the Governor determines that new oil and gas production will significantly contribute to the alleviation of that interruption. There are

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[2]Public Resources Code Sections 6103, 6108, 6216, 6301, and 6837(d).
[3] Government Code Section 8670.1, et. seq.

approximately three dozen extant leases currently in federal waters off the California coast.

Local regulation of oil and gas production. The State regulatory system overseen by the DOGGR of the Department of Conservation may set standards for oil and gas wells. Local agencies, cities and counties may generally establish more stringent standards for oil and gas production as part of local land use planning or to provided public health or environmental protection. The Attorney General's opinion from 1976 provides an opinion on the role of state and local regulation:

"Counties and cities may regulate the drilling, operation, maintenance and abandonment of oil, gas and geothermal wells with respect to phases of such activities not covered by state statute or regulation so long as that regulation does not conflict with state regulation concerning other phases of such activities."[4]

[4] California Attorney General's Option No. 76-32.

Appendix – Proposed Legislation.

Recommendation # 1. Ocean Protection Policy – Strengthening the California Coastal Sanctuary Act of 1994. The existing California Coastal Sanctuary Act of 1994 includes a loophole that allows new oil drilling in California coastal water from existing oil platforms. Closing this loophole would decrease the risk of new environmental damage and public health risks from drilling. The current loophole in the Coastal Sanctuary Act of 1994 will have the effect of extending existing production into the future for an indefinite period of time.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Coastal sanctuary: State Lands Commission: oil and gas leases.

The California Coastal Sanctuary Act of 1994 authorizes the State Lands Commission to enter into a lease for the extraction of oil or gas from state-owned tide and submerged lands in the California Coastal Sanctuary if the commission determines that the oil or gas deposits are being drained by means of producing wells upon adjacent federal lands and the lease is in the best interest of the state.

This bill would delete this authorization.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

An act to repeal Section 6244 of the Public Resources Code, relating to coastal resources.

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

SECTION 1. Section 6244 of the Public Resources Code is repealed.

~~6244. The commission may enter into any lease for the extraction of oil or gas from state-owned tide and submerged lands in the California Coastal Sanctuary if the commission determines that those oil or gas deposits are being drained by means of producing wells upon adjacent federal lands and the lease is in the best interests of the state.~~

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Recommendation # 2. Oil and Gas permitting – Increase Public Disclosure and Participation. The current Department of Conservation (DOC) process for approving oil drilling fails to provide public notice of proposed drilling to local communities or local governments. The current system fails to provide for public input on proposed drilling projects and provides for an automatic approval of permits. The DOC permitting system should provide public notification and allow input to assure threats to public health and safety and the environmental effects of drilling are considered prior to approving a permit for new drilling.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Oil and gas: operations: notice of intention to commence drilling.

Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the operation of oil, gas, and geothermal wells in specified districts of the state. A violation of these provisions is a crime. Existing law requires the operator of a well, before commencing the work of drilling the well, to file with the State Oil and Gas Supervisor or the district deputy a written notice of intention to commence drilling, and prohibits the commencement of drilling until approval is given by the supervisor or the district deputy.

This bill would additionally provide that approval of the supervisor or the district deputy shall be based on a finding that the proposed drilling is in compliance with all safety standards.

Existing law provides that the failure of the supervisor or the district deputy to respond to the notice within 10 working days shall be considered approval of the notice and the notice shall be deemed a written report of the supervisor.

This bill would delete that provision.

Existing law authorizes the supervisor to require other pertinent information to supplement the notice.

This bill would require the supervisor to establish safety standards for any proposed drilling that would deepen the well or result a redrilling of the well, any operation involving the plugging of the well, or any operation permanently altering in any manner the casing of the well. The bill would allow the public 30 days from the date of receipt of the notice in which to comment on the notice. If the supervisor or district deputy determines that the notice does not conform to applicable rules and regulations, the bill would require the Director of Conservation to return the notice and advise the operator of the right to a hearing and would prohibit the commencement of drilling.

Because a violation of these provisions is a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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An act to amend Section 3203 of the Public Resources Code, relating to oil and gas.

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

SECTION 1. Section 3203 of the Public Resources Code is amended to read:

3203. (a) The operator of ~~any~~ a well, before commencing the work of drilling the well, shall file with the supervisor or the district deputy a written notice of intention to commence drilling. Drilling shall not commence until approval is given by the supervisor or the district deputy based on a finding that the proposed drilling is in compliance with all safety standards. ~~If the supervisor or the district deputy fails to give the operator written response to the notice within 10 working days from the date of receipt, that failure shall be considered as an approval of the notice and the notice, for the purposes and intents of this chapter, shall be deemed a written report of the supervisor.~~ If operations have not commenced within one year of receipt of the notice, the notice shall be deemed canceled. ~~The~~

(b) The notice shall contain the pertinent data the supervisor requires on printed forms supplied by the division or on other forms acceptable to the supervisor. The supervisor may require other pertinent information to supplement the notice. The supervisor shall establish safety standards for any proposed drilling that would deepen the well or result in a redrilling of the well, any operation involving the plugging of the well, or any operation permanently altering in any manner the casing of the well, including the spacing of any wells as specified in Sections 3600 to 3608.1, inclusive.

(c) The public shall have 30 days from the date of receipt of the notice to comment on the notice.

(d) If the supervisor or the district deputy determines that the notice is not in conformance with the rules and regulations of the division or with this chapter, the

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director shall return the notice, stating his or her reasons in writing and advising the operator of his or her right to a hearing, and drilling operations shall not commence.

~~(b)~~

(e) After the completion of ~~any~~ a well, this section also applies as far as may be, to the deepening or redrilling of the well, any operation involving the plugging of the well, or any ~~operations~~ operation permanently altering in any manner the casing of the well. The number or designation of ~~any~~ a well, and the number or designation specified for ~~any~~ a well in a notice filed as required by this section, shall not be changed without first obtaining a written consent of the supervisor.

~~(c)~~

(f) If an operator has failed to comply with an order of the supervisor, the supervisor may deny approval of proposed well operations until the operator brings its existing well operations into compliance with the order. If an operator has failed to pay a civil penalty, remedy a violation that it is required to remedy to the satisfaction of the supervisor pursuant to an order issued under Section 3236.5, or ~~to~~ pay any charges assessed under Article 7 (commencing with Section 3400), the supervisor may deny approval to the operator's proposed well operations until the operator pays the civil penalty, remedies the violation to the satisfaction of the supervisor, or pays the charges assessed under Article 7 (commencing with Section 3400).

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime

or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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Recommendation # 3. Protecting the California Coast from Future Oil Spills. Creating a Coastal Resilience program will decrease the risk of future environmental damage from oil production and transportation. In addition to responding to oil spills once they have occurred the State should identify early action to reduce the likelihood of an oil release, prepare for the eventuality of an accidental release and strengthen the ability of the coastal environment to withstand the damages from oil spills when they occur.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Oil spill recovery: Coastal Resilience Fund: fee.

The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act, among other things, governs the prevention of and response to oil spills into marine waters, as defined, and authorizes the administrator for oil spill response to order any person that discharges oil into marine waters to, among other things, clean up the oil and abate the effects of the discharge. This act also imposes a uniform oil spill response fee on specified owners of petroleum products, operators of a pipeline, operators of a refinery, and marine terminal operators, and that fee is deposited into the Oil Spill Response Trust Fund. The moneys in the fund are continuously appropriated for specified purposes.

This bill would create the Coastal Resilience Fund and impose a $0.25 fee on each barrel of oil, crude oil, or petroleum products received at, transported by, produced by, or delivered to, the operators of marine terminals, pipelines, and refineries, as

specified, for among other things, the acquisition, restoration, or enhancement of real property in order to increase or protect the habitat range of any threatened, rare, or endangered species of plant or animal life affected by an oil spill or other related pollution caused by an oil spill or oil production activities and public health investigations and protective measures in response to hazards related to oil spills or oil production activities.

The bill would authorize the Legislature to make available by appropriation, 75% of the funds to the State Parks and Recreation Fund, 15% to the California Ocean Protection Trust Fund, and up to 10% to the Department of Fish and Game, as specified. The bill would require the State Board of Equalization to collect the fees authorized under these provisions and would authorize the board to adopt any rules, regulations, or guidelines deemed necessary to implement and enforce the fee collection program. The bill would authorize the fund to also accept gifts, donations, bequests, devises, subventions, public and private grants, rents, royalties, and other funds from public and private sources.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

An act to add Article 11 (commencing with Section 8670.80) to Chapter 7.4 of Division 1 of Title 2 of the Government Code, relating to oil spill recovery.

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

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

(a) The billions of gallons of crude oil and petroleum products transported by vessel or pipeline across and through the marine waters of California pose a significant threat to sensitive coastal areas, habitats, the survival of threatened and endangered species, beaches and other recreation areas, and urban waterfronts. The economic and environmental health of human and natural coastal communities depends on their recovery, and their ability to survive and rebound from oil spills and other adverse events, rather than simply reacting to impacts.

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(b) Oil spills, as well as tanks, oil vessels, oil pipelines, and other marine oil facilities, reduce the scenic and recreational qualities of natural areas, riparian areas, beaches, parks, and urban areas and, in turn, reduce the desirability of these areas as tourist destinations with concomitant economic effects. Oil spills also adversely affect both publicly and privately owned important species habitat and human recreation areas and kill wildlife, including marine mammals and migratory birds protected by treaty, destroy natural habitat, and threaten to extirpate sensitive plant and animal species. Oil spills threaten commercial fisheries and fishing harbors, production of seafood and related jobs, and destroy or degrade ocean- and coastal-related recreation opportunities and related jobs.

(c) Projected sea level rise combined with the effects of storm-driven waves, absent adaptation measures, has the potential to exacerbate the extent and impacts of oil spills. In addition, despite extensive cooperation between governmental and private entities, regulations, liabilities, and penalties, oil spills cannot be completely prevented.

Response and cleanup capabilities vary, and currently available technologies and methodologies fail to consistently remove the majority of spilled oil.

(d) California's coastal waters, wetlands, estuaries, bays, riparian areas, and beaches are important environmental and economic resources that the state cannot afford to place at undue risk from oil spills. Moreover, improving the health of coastal rivers, wetlands, beaches, harbors, and fisheries in advance will contribute to recovery from oil spills. For example, the creation, restoration, or maintenance of multiple habitats for an endangered species can help ensure that species will survive despite the future destruction of one of its habitats by an oil spill.

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(e) Existing oil spill legislation does not provide for improvement and management of ocean and coastal resources, in recreational and urban areas, in advance of oil spills and does not, in the absence of penalties resulting from a major ecological catastrophe, provide sufficient funding for this necessary endeavor. Since all marine oil operations contribute to the risk of oil spills, all should contribute to prospective improvement and management of the resources at risk.

(f) The Ocean Protection Council protects and conserves ocean resources, including coastal waters and ocean ecosystems, identifies scientific research and planning needed to protect and conserve these areas, and provides for public access to the ocean and ocean resources for recreational, aesthetic, educational, and scientific use.

SEC. 2. Article 11 (commencing with Section 8670.80) is added to Chapter 7.4 of Division 1 of Title 2 of the Government Code, to read:

Article 11. Coastal Resilience Fund

8670.80. (a) The Coastal Resilience Fund is hereby established in the State Treasury.

(b) For purposes of this article, "fund" refers to the Coastal Resilience Fund.

(c) All fees collected pursuant to Section 8670.81 shall be deposited into the Coastal Resilience Fund.

8670.81. (a) A fee of twenty-five cents ($0.25) shall be imposed on each barrel of oil or crude oil transported to or within this state by means of a vessel, barge, commercial motor vehicle, or railway to a destination within or outside the state and delivered through a marine operator's terminal. The fee shall be imposed upon the marine terminal operator and shall be collected by the marine terminal operator at the time that the oil or crude oil is delivered to the operator's marine terminal.

(b) A fee of twenty-five cents ($0.25) shall be imposed on each barrel of crude oil received at a refinery in this state. The fee pursuant to this subdivision shall be imposed upon the operator of the refinery and shall be collected by the operator of the refinery at the time the crude oil is delivered to the refinery.

(c) A fee of twenty-five cents ($0.25) shall be imposed on an operator of a pipeline for each barrel of crude oil or petroleum products originating from an oil well

or refinery in this state or another state and transported into or outside this state by means of a pipeline operating in areas where a marine waters oil spill may occur.

(d) A fee of twenty-five cents ($0.25) shall be imposed on an operator of a railroad for each barrel of crude oil or petroleum products originating from an oil well or refinery in this state or another state and transported into or outside this state by means of a railway operating in areas where a marine waters oil spill may occur.

8670.82. (a) The State Board of Equalization shall collect the fees authorized under this article and may adopt any rules, regulations, or guidelines deemed necessary to implement and enforce the fee collection program.

(b) A fee shall not be imposed pursuant to Section 8670.81 with respect to any oil, crude oil, or petroleum products received, produced, or transported into or outside this state if the person or operator that would otherwise be liable for the fee, or responsible for its collection, establishes that the fee has already been collected and paid to the board with respect to the oil, crude oil, or petroleum products.

8670.83. The fees collected pursuant to Section 8670.82 shall be allocated as follows:

(a) Seventy-five percent of the money deposited each year into the fund shall be transferred to the State Parks and Recreation Fund, for appropriation pursuant to Section 31055 of the Public Resources Code, for grants to public agencies and nonprofit organizations, for direct expenditure, and for related administrative expenses, for all of the following purposes:

(1) Acquisition, restoration, or enhancement of real property in order to increase or protect the habitat range of any threatened, rare, or endangered species of plant or

animal life affected by an oil spill or other related pollution caused by an oil spill or oil production activities.

(2) Acquisition, development, restoration, or enhancement of real property in order to increase or protect sport or commercial fisheries affected by an oil spill or other related pollution caused by an oil spill or oil production activities.

(b) Fifteen percent of the money deposited each year into the fund shall be transferred to the California Ocean Protection Trust Fund for appropriation pursuant to Section 35650 of the Public Resources Code for grants to public agencies and nonprofit organizations, for direct expenditure, and for related administrative expenses, for all of the following purposes:

(1) Improvement of cleanup capabilities and response to oil spills.

(2) Reducing threats to coastal and ocean ecosystems, habitats, and species because of oil spills.

(3) Oil spill pollution prevention, recovery, and training.

(4) Secondary containment and the development of methods to prevent the release of oil into the environment.

(5) Manufacturing special equipment designed to aid in oil spill recovery.

(6) Development of new technology to mitigate the harmful effects of oil spill pollution.

(7) Acquisition of property for public access and habitat protection that will offset the adverse environmental effects of oil spills or oil production activities.

(8) Restoration of property adversely affected by oil spills or oil production, transportation, and exploration activities.

(9) Public health investigations and protective measures in response to hazards related to oil spills or oil production activities.

(c) Up to 10 percent of the money deposited each year into the fund may be appropriated by the Legislature to the Department of Fish and Game to pay for game wardens and their activities in protecting and maintaining marine reserves and fisheries affected by an oil spill or other related pollution caused by an oil spill or oil protection activities.

8670.84. (a) The following moneys shall be deposited into the fund:

(1) The fees required pursuant to Section 8670.81.

(2) Any interest earned by the moneys in the fund.

(b) The fund may also accept gifts, donations, bequests, devises, subventions, public and private grants, rents, royalties, and other funds from public and private sources.