



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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PATRICK H. WEST
CITY MANAGER

May 1, 2018

The Honorable Patrick O'Donnell
California State Assembly
State Capitol, Room 2196
Sacramento, CA 95814

RE: Support for AB 2404 (O'Donnell): Oil Trust Fund

Dear Assemblymember O'Donnell:

On behalf of the City of Long Beach, thank you for introducing Assembly Bill 2404 (O'Donnell). AB 2404 is necessary to remove the cap on the State's Oil Trust Fund. These funds are essential to responsible oil operations in Long Beach, as they will be used for well abandonment, pipeline removal, remediation, and other costs associated with removal of oil and gas facilities within State lands that are held in trust by the City, for the State of California.

As you know, the State's Oil Trust Fund reached its cap in June 2014 and has not grown since. Meanwhile, the State's share of oil abandonment liability has grown; it is currently estimated at \$836 million. By lifting the current \$300 million cap, AB 2404 will help close the estimated \$536 million-dollar shortfall on the State's share of abandonment liability.

For over 75 years, Long Beach has safely conducted domestic oil production on behalf of the State with an unblemished safety record. As a responsible operator, and in partnership with the California State Lands Commission, Long Beach believes it is important there are sufficient funds in the State Oil Trust Fund for abandonment operations. Once operations cease and revenue is no longer generated, the Oil Trust Fund becomes the primary source to fund the substantial abandonment and decommissioning work.

Given these reasons, the City of Long Beach supports AB 2404 (O'Donnell).

Sincerely,

Patrick H. West
CITY MANAGER

cc: The Honorable Speaker Anthony Rendon, State Assembly
The Honorable Steven Bradford, State Senate, 35th District
The Honorable Ricardo Lara, State Senate, 33rd District
The Honorable Janet Nguyen, State Senate, 34th District
The Honorable Mike Gipson, State Assembly, 64th District