



# CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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PATRICK H. WEST  
CITY MANAGER

March 12, 2019

Wade Crowfoot  
California Secretary for Natural Resources  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

**Re: Request to Remove the Cap on the State Oil Trust Fund**

Dear Mr. Crowfoot:

On behalf of the City of Long Beach (City), I write to respectfully request the California Natural Resources Agency consider including language in the FY 20 State Budget Trailer bill that would remove the existing \$300 million cap on the State's Oil Trust Fund (Fund). Removing the cap on this Fund would enable the State to continue contributing oil revenues derived from the Long Beach Tidelands to fully meet the State's environmental responsibilities, as they relate to oil field abandonment. These funds are essential in ensuring responsible environmental stewardship once the oil operations cease in the future.

Since 1965, the State Lands Commission has been our partner in the operation of the offshore oil platforms along the Long Beach coastline, known as the Long Beach Unit. The Long Beach Unit is composed of four large artificial islands, each of which supports oil wells and associated facilities. In 2018, as the majority owner of oil operations in the Long Beach Tidelands, the State Lands Commission sponsored legislation to remove the cap on the State Oil Trust Fund. 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 \$904 million. By lifting the current \$300 million cap, the State's share of abandonment liability shortfall of \$604 million would be alleviated.

As the local jurisdiction in which these oil operations are being conducted, the City is invested in fully funding oil abandonment costs that include responsible use and protection of the environment. As an owner in the oil field, the City also has our own oil abandonment fund, which does not have a cap, and to which the City deposits revenues annually. Once operations cease and revenue is no longer generated, the City and the State's Oil Trust Funds become the primary source to fund the substantial abandonment and decommissioning work. It is essential that sufficient funds are available to meet all oil abandonment costs.

Given these reasons, the City respectfully requests the State to remove the current cap on the State Oil Trust Fund. Thank you for continuing to work with the City on this and other important environmental matters.

Sincerely,



Patrick H. West  
City Manager

CC: The Honorable Speaker Anthony Rendon, State Assembly  
The Honorable Steven Bradford, State Senate, 35<sup>th</sup> District  
The Honorable Tom Umberg, State Senate, 34<sup>th</sup> District  
The Honorable Mike Gipson, State Assembly, 64<sup>th</sup> District  
The Honorable Patrick O'Donnell, State Assembly, 70<sup>th</sup> District