



ELLWOOD/SOUTH ELLWOOD DECOMMISSIONING PROJECT

CITY OF GOLETA | MAY 14 & 15, 2018

CALIFORNIA STATE LANDS COMMISSION

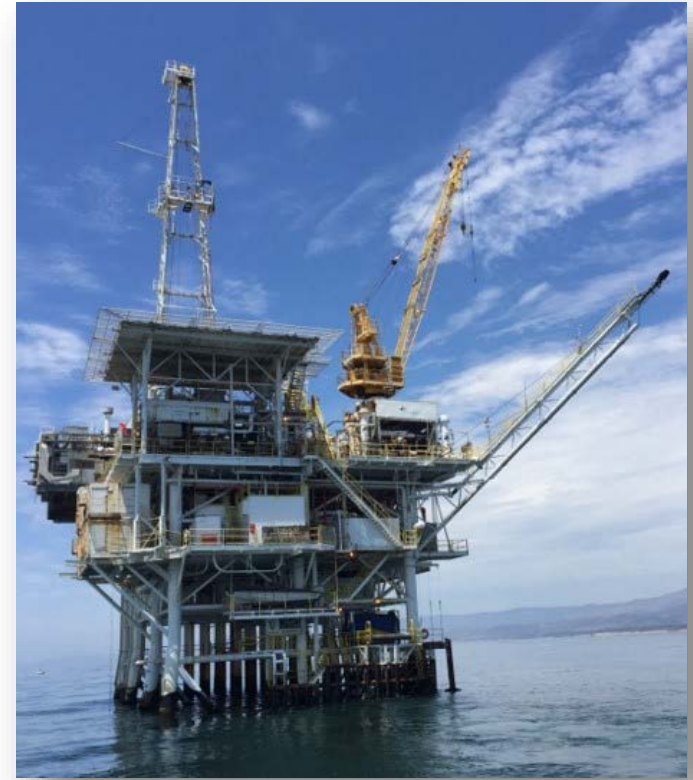


California State
Lands Commission



Agenda

- Welcome and Opening Comments
- Bankruptcy Update
- Decommissioning Funding Update
- Technical Update
 - Platform Holly Repairs and Refurbishment
 - “Slickline Campaign”
 - Holly Wells Plugging and Abandonment (P&A)
 - PRC 421 Wells/Piers
 - Ellwood Onshore Facility (EOF)
- Coordination with Local/State Agencies
- Next Steps after the Well P&A Completion
- Questions/Comments
- Closing Remarks



PROJECT GOAL

Decommission Platform Holly and Piers 421

- P&A 30 wells at Platform Holly
- P&A 2 wells at Piers 421
- Final Disposition of Platform Holly and Piers 421 infrastructure consistent with CEQA analysis and in the best interests of the state

Bankruptcy Update

- **Venoco, LLC (17-10828)**
 - Plan confirmation vote pending – Final vote due by 4 p.m. ET on May 14, 2018.
 - The Court will hold a combined hearing to consider the final approval of the Combined Plan and Disclosure Statement on May 23, 2018 at 10:00 a.m. (ET).
 - The estate will be transferring control to a Liquidating Trustee to dispense with the remaining assets and obligations based on uniform class of general unsecured creditors.

Decommissioning Funding Update

- \$22 million bond
- Governor's Proposed Budget includes \$58 million for Platform Holly from the state's General Fund through 2020.
 - \$38 million for costs incurred during FY 2018-2019
 - \$20 million for costs incurred during FY 2019-2020
- Engagement Agreement with ExxonMobil – addresses facility repair and Plug and Abandonment operations.

Project Area

Ellwood Onshore Facility



Piers 421-1 and 421-2



Platform Holly

- Ellwood Onshore Facility (EOF)
- Piers 421
- Platform Holly

Platform Holly Repairs and Refurbishment

- Deck
 - The top deck, “drilling deck,” needed to be replaced with new steel plating.
- Crane
 - In order to certify the platform crane, it needed some upgrades and repairs.
 - A small secondary crane was brought out and was used to take the main crane apart, replace and repair the parts, and reinstall the crane.

Platform Holly Repairs and Refurbishment

- Work Modules

- The six modular quarters/offices on the platform were condemned due to normal wear and tear on an offshore structure, mold, leaks, etc.
- New modules are being ordered and should be available for installation by October.
- A secondary movable crane will also be on-boarded to the platform to lift the new modules into place.

Platform Holly Repairs and Refurbishment

- **Rig:** The drilling rig is required for the final plugging and abandonment of the wells. It will need significant repairs which will take 2 or 3 months once the contractor is selected and mobilized.
- **Other:** Some of the other repairs not immediately known before completion of our inspections:
 - Replacement to the main electric transformer
 - Repair of the “drilling” transformer
 - Repair of the main gas compressor on Holly
 - Repair/replacement of air compressors



Slickline Campaign

- What is it?

This requires running tools down the tubing (the pipe currently in the hole used as a conduit for the oil when the wells were producing) to determine the condition of the tubing and other downhole equipment. Approximately 20 of the 30 wells on Holly are candidates for this type of survey; that is, wells that are not too high of an angle and do not have restrictions in the tubing or equipment at the bottom of the tubing.



Of the 20 wells, we hope to have 8-10 candidates for what is called a “rigless abandonment” (actually plugging) of the production zone by pumping cement down in stages through the tubing and into and across the production zones in the Monterey formation.

Slickline Campaign

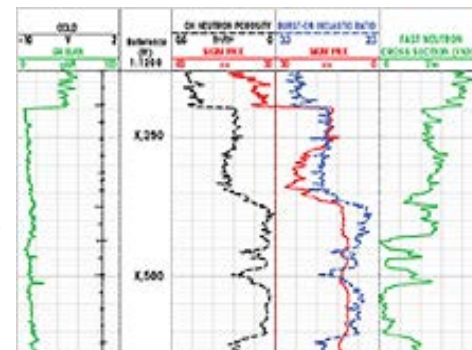
- When will it start?

The initiation of well operations will start within the next 2-4 weeks, as soon as some needed equipment is available and installed on the platform. Once all the information is obtained and reviewed, we will choose the initial wells to plug and abandon and obtain permits from DOGGR.



- Why will this help?

If we can plug the production zone in the candidate wells it will provide a safer and expedited abandonment of those wells once the rig is operational. The rig will finish the plugging and complete abandonment of all the wells. Staff has been coordinating these procedures with DOGGR.



Holly Plugging and Abandonment

- Abandonment Contractor

The contractor for the plugging and abandonment of the wells, and refurbishment of the rig, is to be selected by the end May, 1028.

- Rig Repair

The contractor will refurbish the rig, provide essential equipment that is not currently on the rig, and/or replace items that are not functional.

- When Will The Work Start?

The refurbishment/repair work should start approximately 4-6 weeks after the contractor is engaged and take 2-3 months. If everything goes according to plan, and the “rigless abandonments” are finished, the complete plugging and abandonment of the wells using the drilling rig is scheduled to start in early 2019.

Ellwood Onshore Facility (EOF)

PRC 421 Piers (Wells 1 & 2)



PRC 421 Piers – The “Beachfront” Wells

- Road/Causeway Repairs

- Based on SLC engineer review, road maintenance is required to support P&A necessary equipment.
- Some pier maintenance required.
- Caissons appear to be in good and serviceable condition.
- Awaiting completion of third-party engineering study.

- Plugging and Abandonment

- Hope to complete P&A on these 2 wells by the end of 2018.



Ellwood Onshore Facility (EOF)

- Testing & Certifying

- Assessing prior inspections of the EOF equipment, including all the vessels, pumps, gas treating equipment, H₂S treating equipment, and piping at the facility.
- Once all the equipment and lines are tested and certified and/or repaired, the plant will be placed back in limited/temporary service to receive the fluids from the wells as needed during the P&A of all Platform Holly and Piers 421 wells.



Coordination with Local Governments/State Agencies

- City of Goleta
- Santa Barbara County Air Pollution Control District
- California's Division of Oil, Gas, and Geothermal Resources
- California Coastal Commission
- Office of Oil Spill Prevention and Response

Next Steps after P&A Completion

- Final Disposition of Platform Holly, Piers 421 and related infrastructure.
Dependent upon:
 - Significant stakeholder and community engagement
 - Environmental Analysis of a Decommissioning Plan pursuant to CEQA (Environmental Impact Report)
 - Funding
- Questions still remain about the final disposition of the Ellwood Onshore Facility.



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THANK YOU & QUESTIONS

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