CLAIM SUMMARY / DETERMINATION

Claim Number:	UCGPA19019-URC001
Claimant:	Department of Fish and Wildlife: Oil Spill Prevention and Response
Type of Claimant:	State
Type of Claim:	Removal Costs
Claim Manager:	(b) (6)(b) (6)
Amount Requested:	$135,180.47
Action Taken:	Denial

EXECUTIVE SUMMARY:

Beacon West Energy Group ("Beacon West") notified the National Response Center ("NRC") of crude oil that discharged on May 28, 2019, from a wellhead ("PRC 421-2") into the Pacific Ocean and onto shoreline sand in the vicinity of Goleta, CA.[1] The wellbore is sited in California State Tidelands Oil and Gas Lease ("PRC 421") which overlays a small portion of the offshore Ellwood Oil Field.[2] Beacon West also notified the NRC of a subsequent black oil orphan seep from an unknown source observed June 5, 2019, in the surf near the 421 Pier.[3]

Lease PRC 421 was quitclaimed[4] to the California State Lands Commission ("CSLC" or "Commission") during 2017 and had not been assigned to another Lessee prior to the 2019 incident.[5] The quitclaim action shifted liability for plugging and decommissioning any wells on the lease to the State.[6] CSLC hired Beacon West to manage daily operations and entered into an agreement with ExxonMobil to plug PRC 421-2.[7] The first spill occurred during PRC 421-2 well plugging operations.[8] While preparing for the surface cement plugs, there was a release of a small quantity of crude oil both inside and outside of the caisson developing an observable sheen on the water outside the caisson. The operations were shut down temporarily and a Unified Command was established to respond to the release.[9] The second incident was an oil "expression" from the seabed adjacent to the west side of the PRC 421-2 well caisson.[10] Oil spill samples collected during each incident match the PRC 421-2 wellhead "source" sample.

The United States Coast Guard ("USCG") Sector Los Angeles/Long Beach is identified as the Federal On Scene Coordinator ("FOSC") for the incident and USCG Marine Safety Detachment Santa Barbara crew responded as the Federal On Scene Coordinator's Representative ("FOSCR").[11] California Department of Fish and Wildlife Office of Spill Prevention and Response ("Claimant" or "OSPR") crew dispatched to the spill site as the State On Scene Coordinator ("SOSC"). On January 16, 2025, OSPR presented its claim to the

[1] National Response Center Incident Report # 1247081 dated May 28, 2019.
[2] State of California Department of Fish and Wildlife Arrest/Investigation Report, page 6.
[3] National Response Center Incident Report # 1247902 dated June 5, 2019.
[4] *See,* Venoco, LLC Quitclaim Deed dated April 13, 2017
[5] Phase I Agreement between CSLC and Exxon Mobil Corporation ("Exxon") effective June 29, 2018.
[6] CSLC Staff Report dated June 22, 2017, Calendar Item 76, paragraph 1, page 3.
[7] Phase I Agreement between CSLC and Exxon Mobil Corporation ("Exxon") effective June 29, 2018.
[8] State of California Department of Fish and Wildlife Arrest/Investigation Report, page 8.
[9] Final Environmental Impact Report ("Final EIR (Decom)") for the PRC 421 Decommissioning Project dated March 2022, page 318.
[10] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, page 16.
[11] USCG Pollution Report (POLREP) Number 2, section 2C, dated June 1, 2019.

National Pollution Funds Center ("NPFC") seeking reimbursement of $135,180.47 for uncompensated removal costs incurred during the oil spill responses.[12]

For purposes of clarity, OSPR submitted one claim to cover both "incidents" and offered two distinct theories about the discharge of the oil. It proffered that the oil either came from the PRC-421-2 well caisson or that it came from a natural seep. While discussed in more detail below, a natural seep is not a "discharge" as defined by the Oil Pollution Act[13], and is thus non-compensable. Much of the remaining discussion centers on the potential that the discharges occurred from PRC 421-2.

The NPFC has thoroughly reviewed all documentation submitted with the claim and analyzed the applicable law and regulations. After careful consideration, the claim must be denied because the State of California is a responsible party ("RP") for both spills and has proven neither a defense to liability nor entitlement to recover its incurred removal costs.

I. DETERMINATION PROCESS:

The NPFC utilizes an informal process when adjudicating claims against the Oil Spill Liability Trust Fund (OSLTF).[14] As a result, 5 U.S.C. § 555(e) requires the NPFC to provide a brief statement explaining its decision. This determination is issued to satisfy that requirement.

When adjudicating claims against the OSLTF, the NPFC acts as the finder of fact. In this role, the NPFC considers all relevant evidence, including evidence provided by claimants and evidence obtained independently by the NPFC, and weighs its probative value when determining the facts of the claim.[15] The NPFC may rely upon, but is not bound by the findings of fact, opinions, or conclusions reached by other entities.[16] If there is conflicting evidence in the record, the NPFC makes a determination as to what evidence is more credible or deserves greater weight, and makes its determination based on the preponderance of the credible evidence.

If a claimant demonstrates an entitlement to reimbursement, only specific types of costs can be reimbursed by the OSLTF. Removal costs are defined as "the costs of removal that are incurred after a discharge of oil has occurred or, in any case in which there is a substantial threat of a discharge of oil, the costs to prevent, minimize, or mitigate oil pollution from an incident."[17] The term "remove" or "removal" means "containment and removal of oil […] from water and shorelines or the taking of other actions as may be necessary to minimize or mitigate damage to the public health or welfare, including, but not limited to fish, shellfish, wildlife, and public and private property, shorelines, and beaches."[18]

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[12] *See,* OSPR Original Claim submission dated December 20, 2024, and received on January 16, 2025.
[13] *See*, 33 U.S.C. 2701(7) ("'discharge' means any emission (**other than natural seepage**)…")(emphasis added).
[14] 33 CFR Part 136.
[15] *See, e.g.*, *Boquet Oyster House, Inc. v. United States*, 74 ERC 2004, 2011 WL 5187292, (E.D. La. 2011), "[T]he Fifth Circuit specifically recognized that an agency has discretion to credit one expert's report over another when experts express conflicting views." (*Citing, Medina County v. Surface Transp. Bd.,* 602 F.3d 687, 699 (5th Cir. 2010)).
[16] *See, e.g., Use of Reports of Marine Casualty in Claims Process by National Pollution Funds Center,* 71 Fed. Reg. 60553 (October 13, 2006) and *Use of Reports of Marine Casualty in Claims Process by National Pollution Funds Center* 72 Fed. Reg. 17574 (concluding that NPFC may consider marine casualty reports but is not bound by them).
[17] 33 U.S.C. § 2701(31).
[18] 33 U.S.C. § 2701(30).

II. FACTUAL BACKGROUND:

a. Ellwood Field Development[19]

Discovered by Barnsdall Oil Company in 1928, the Ellwood Field is approximately five miles long and up to one mile wide, and trends east-west along the shoreline near the City of Goleta, California. Oil occurs in several pools, with the largest being in the Vaqueros Sandstone Formation, approximately 3,400 feet below ground surface. Other significant pools occur in the Rincon Formation at a depth of 2,600 feet, and in the Upper Sespe Formation at 3,700 feet below ground surface.

Between 1929 and the early 1940s, the development of the Ellwood field occurred by wells drilled from artificial piers, including PRC 421-2 which was completed in 1930.[20] During this period, a total of 74 wells were drilled on seven separate state oil and gas leases. From the 1940s to the 1990s, 35 more wells were drilled on the remaining oil and gas leases. All 109 wells produced oil from the Vaqueros sandstone formation in the Ellwood field."[21]

By 1993, however, oil production declined through natural depletion of the reservoir to the point where all wells, except PRC 421-1 and 421-2, were no longer economical to produce. The lessees stopped operating the other wells and their piers were eventually removed. CSLC asserts the wells "… are now referred to as "orphan wells" because there is *no viable entity with legal liability* today and their exact locations are not precisely known."[22] Based on California Department of Conservation's Division of Oil, Gas and Geothermal Resources (DOGGR) well records and knowledge of historical practices, many of the original 74 orphan wells were left in a condition that does not meet modern standards. [23]

b. Lease PRC421 History

The area covered by State Oil and Gas Lease PRC 421 extends offshore from the Goleta, CA surf zone to a water depth of about fifty feet below Mean Lower Low Water (MLLW).[24] The area included two oil wells with pier structures that served as access points to the wells in the tidelands area. The piers and wells were designated 421-1 and 421-2 with API No. 28303489 and No. 28303490 respectively.[25] The two structures were originally installed in 1929 and consisted of a pier bridge connecting the dirt access road to cement and steel caisson structures containing the individual wells. Each 42' x 68' caisson extended approximately 20' above the Monterey Formation bedrock sea floor. These soil-filled caissons historically supported the oil

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[19] The background information contained herein is aggregated from several sources including OSPR's Original Claim submission, the California State Land Commission (CSLC) files, *available at* https://www.slc.ca.gov/ceqa/prc-421-decommissioning-project/ (last visited July 9, 2025), and the City of Goleta's files, *available at* https://www.cityofgoleta.org/your-city/planning-and-environmental-review/advance-planning-division/oil-and-gas (last visited July 9, 2025).

[20] CSLC Staff Report dated December 17, 2014, Calendar Item 72, page 3.

[21] CSLC Staff Report dated December 17, 2014, Calendar Item 72, page 4.

[22] *Id.* (emphasis added).

[23] Final Environmental Impact Report ("Final EIR (recom)") for the Revised PRC 421 Recommissioning Project dated November 2014, page 206.

[24] Final EIR (recom), section 2.1.3, page 209.

[25] CSLC ExxonMobil PRC Piers Soil Removal Remediation Action Plan, section 1.2, page 4.

wells, well cellars, former oil and gas production equipment, and well maintenance activities over nine decades.[26]

The Commission "…is a public entity vested with certain statutory powers pursuant to the laws contained in Division 6, Part 2 of the California Public Resources Code. The Commission administers and manages tide and submerged lands along the coast of California and has jurisdiction over Lease PRC 421[27] in all areas seaward of the [ordinary high water mark] OHWM (including two onshore wells and caissons, or "offshore 421 facilities") …."[28] In 1929, the CSLC's predecessor agency, the Surveyor-General, issued the original oil and gas Lease No. 89; it was renewed under PRC 421 in 1949 and subsequently amended several times.[29] For example, in 1959 the lease's term was amended to last "five (5) years, and for so long thereafter as oil or gas is produced in paying quantities or Lessee shall be conducting producing, drilling, deepening, repairing, redrilling, or other necessary lease or well maintenance operations on the leased land."[30]

PRC 421 was also amended multiple times to assign the lessee's rights and authorize operations. The Commission approved the assignment of Lease PRC 421 and the leases associated with Platform Holly to Venoco, LLC ("Venoco") in 1997. [31] In April 2014, the CSLC authorized Venoco's PRC 421 Recommissioning Project to return PRC 421 to oil production from the existing PRC 421-2 and process the crude oil emulsion at the Ellwood Onshore Facility ("EOF"). The project was never implemented.[32]

On April 13, 2017, Venoco filed for bankruptcy under Chapter 11 and presented a Quitclaim Deed to CSLC.[33] The quitclaim action transferred Venoco's rights and interests in certain oil and gas leases, platforms, and other properties to CSLC. Consequently, liability for plugging and decommissioning of wells located on the offshore lease shifted to the State.[34] The CSLC would oversee any future environmental restoration, decommissioning of oil rigs, or other operations associated with these assets, ensuring compliance with state regulations and environmental protection laws.[35]

c. Pier Well 421-2 Plugging

On April 17, 2017, "Venoco explicitly stated that it could not fulfill its obligations to the State of California and was planning to eliminate staff necessary to safely operate and manage both Platform Holly and the Ellwood facilities soon."[36] On September 15, 2017, Venoco

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[26] *Id*. *See also*, CSLC ExxonMobil PRC Piers Soil Removal Remediation Action Plan, Figure 2.3, page 9.
[27] MOU between CSLC and City of Goleta, dated October 4, 2018, section 2B, page 2.
[28] *Id*.
[29] Final EIR (recom), Table 2-1, page 206.
[30] CSLC, Agreement Extending Term of State Oil and Gas Lease, Extension and Renewal P.R.C. 421.1, dated October 22, 1959.
[31] CSLC Staff Meeting Calendar Item C76 dated July 11, 1997.
[32] Notice of Preparation and Notice of Public Scoping Meeting PRC 421 Decommissioning Project dated June 8, 2021.
[33] *See,* Venoco, LLC Quitclaim Deed dated April 13, 2017.
[34] CSLC Staff Report dated June 22, 2017, Calendar Item 76, paragraph 1, page 3.
[35] *See,* undated CSLC Fact Sheet entitled "California State Lands Commission is Committed to Public Safety and Environmental Protection" (on file with NPFC).
[36] MOU between CSLC and City of Goleta dated October 4, 2018, section C.

terminated its staff, and the Commission hired Beacon West to manage the daily operations at Platform Holly and the Ellwood facilities.[37] The Commission also entered into an agreement on June 29, 2018 with ExxonMobil[38], the predecessor lessee to Venoco, to plug the 30 Platform Holly wells and two onshore PRC 421 wells."[39]

At the time of the two discharges, PRC 421 had terminated because oil had not been produced in paying quantities since before Venoco quitclaimed the lease.[40] "The lease quitclaims by Venoco effectively ends commercial oil and gas production in state waters at this location in the Santa Barbara Channel and returns operational control of these assets to the Commission. California's Coastal Sanctuary Act prohibits the Commission from issuing new offshore oil and gas leases."[41]

III. INCIDENTS AND RESPONSE OPERATIONS:

a. Incidents

The NRC was notified by Beacon West of crude oil that discharged ("421 Pier Release") on May 28, 2019, from a wellhead ("PRC 421-2") into the Pacific Ocean and onto shoreline sand in the vicinity of Goleta, CA.[42] The wellbore is sited in California State Tidelands Oil and Gas Lease PRC 421 which overlays a small portion of the offshore Ellwood Oil Field.[43] On June 27, 2019, the CSLC hosted a town hall meeting in Goleta to present the status of the PRC 421 decommissioning project and address the May 28th spill incident.[44] According to the presentation, the Vaqueros formation production zone was plugged with cement during April 2019; additional solid cement and fluid barriers were set during May above the plug to seal the wellbore up to approximately 1541 feet; while preparing for the surface cement plugs on May 28th, there was a release of oil both inside and outside of the steel caisson.[45] During the presentation, CSLC suggested the cause of the spill was likely a "…shallow leak on both casing strings into the surrounding [caisson]."[46]

Beacon West also notified the NRC of a subsequent black oil orphan seep ("Goleta Mystery Release") from an unknown source observed June 5, 2019, in the surf near the 421 Pier.[47] In the August 23, 2019, CSLC Meeting Minutes of the Open Session[48] the Commission noted, "… on July 3rd, the Commission's agents excavated the beach sand next to the caissons under the watchful eye of the Unified command and found no path for oil to lead out of or from under the caisson structure.[49] However, when the excavator hit the bedrock about six feet west of the

[37] MOU between CSLC and City of Goleta dated October 4, 2018, section F.
[38] Phase I Agreement between CSLC and Exxon Mobil Corporation ("Exxon") effective June 29, 2018.
[39] *Id*. See also, MOU between CSLC and City of Goleta dated October 4, 2018, section F.
[40] *See*, *e.g.*, CSLC report on Lease 421, *available (through search parameters) at* https://www.slc.ca.gov/oil-and-gas/information-on-state-tidelands-oil-gas-leases/ (last visited July 9, 2025).
[41] CSLC Staff Report dated June 22, 2017, Calendar Item 76, paragraph 1, page 4.
[42] NRC Report # 1247081 dated May 28, 2019.
[43] State of California Department of Fish and Wildlife Arrest/Investigation Report, page 6.
[44] *See*, minutes from June 28, 2019 CSLC Meeting at Wyndham San Diego Bayside, page 3.
[45] *See*, June 27, 2019 Town Hall Presentation. CSLC Town Hall Presentation, page 18.
[46] *See*, June 27, 2019 Town Hall Presentation. CSLC Town Hall Presentation, page 19.
[47] NRC Report # 1247902 dated June 5, 2019.
[48] *See*, minutes from August 23, 2019 CSLC Meeting at Sheraton Gateway Los Angeles Hotel, page 2.
[49] *See*, CLSC PRC 421 Piers Soil Removal Remedial Action Plan (Section 2.1.7).

caisson, which is the same fractured Monterey Formation that produces most of the oil offshore in the Santa Barbara Channel, oil was observed coming out of the rock. The consensus of those on scene was that there was a conduit in the natural fracture system of the rock allowing for the discharge of the oil [to] the surface. Lab results showed that the collected oil had the same characteristic as the prior discharge."

b. Response Operations

Following notification of the first incident,[50] OSPR enforcement personnel and the Oiled Wildlife Care Network responders initially dispatched to the spill site on May 29, 2019.[51] CDFW and OSPR personnel participated in the unified command, investigation, shoreline oil assessment, oil sampling and analyses, and directed cleanup activities for both spills.[52] OSPR Environmental Scientists inspected the beaches surrounding the 421 Piers on eight separate days from May 29, 2019 to June 20, 2019, overseeing cleanup, documenting the distribution of oil, collecting oil samples, and documenting the effects of oil released on wildlife and habitats.[53]

OSPR Environmental Scientists collected eight oil samples during the 421 Pier Release and another eight oil samples during the Goleta Mystery Release; each set included one sample from the Pier 421-2 wellhead, identified as the potential "source".[54] The Department's Petroleum Chemistry Laboratory analyzed all samples. Results of each set indicate some impacted shoreline samples were consistent with the 421-2 wellhead "source"; other shoreline samples were not consistent with the wellhead "source" but had properties similar to weathered crude from Monterey formation recurring natural seeps.[55]

IV. CLAIMANT AND NPFC:

On January 16, 2025, OSPR presented its removal cost claim to NPFC seeking reimbursement of $135,180.47.[56] The claim included OSLTF form, OSPR Timesheets, Investigative Report, Federal Rates Document, Mileage Logs, Travel Documents, Form SF1081 Claims Voucher Request, and OSPR's Daily Activity Reports.[57] On January 29, 2025, the NPFC requested additional information from the claimant.[58] In response, OSPR sent additional information to the NPFC on January 29, 2025.[59]

V. DISCUSSION:

a. Oil Source Designation

[50] State of California Department of Fish and Wildlife Arrest/Investigation Report, page 1.
[51] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, page 18.
[52] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, page 16.
[53] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, page 21.
[54] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, pages 5 and 55.
[55] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, pages 5 and 7..
[56] *See,* OSPR submission dated December 20, 2024, and received on January 16, 2025.
[57] *Id.*
[58] *See*, email from NPFC to OSPR dated January 23, 2025.
[59] *See,* email from OSPR to NPFC providing additional information dated January 29, 2025.

The claimant proffers a hypothesis of possible oil source(s) observed during both responses. According to (CDFW-OSPR) (b) (6), "the 421-2 Well may have penetrated not only the Monterey Formation but also could have penetrated the oil-bearing Rincon Shale and Vaqueros formations, consequently some of the unrelated oil collected from the beach near the 421-2 Pier could possibly have arisen from natural seepage and/or anthropogenically caused releases related to the 421-2 Well abandonment operations."[60]

Designating the oil source is of utmost importance when determining whether a claim against the OSLTF is potentially compensable. The NPFC thoroughly analyzed the claimant's hypotheses and carefully considered the claim administrative record in its entirety, as further discussed below.

Natural Seeps are not OPA Incidents

The Claimant's theory regarding natural seeps is plausible, as evidenced by the analysis of some spill samples collected during each incident. Crude oil and natural gas naturally enter the ocean at areas known as "seeps." Seeps are areas where oil and natural gas naturally leak out of the seabed through fractures and sediments.[61] The offshore seeps along the Southern California coast are particularly visible, abundant, and well-studied; the hundreds of known, naturally occurring seeps add about five million gallons of oil to the ocean annually, with wide year-to-year variation (National Academy of Sciences, 2003).[62] "Natural oil and gas have been released from submarine seeps in the [Santa Barbara] Channel for thousands of years at numerous locations … Evidence of natural seeps can be directly observed on the beach within the vicinity of the [PRC 421 Decommissioning] Project area, where black tar ball deposits are mixed in with beach sand. Because the natural oil seeps originate offshore, the source of the seeps in the immediate area does not appear to be the Vaqueros Formation, the reservoir for the PRC 421 wells, at least in any measured quantity. This conclusion is supported by multiple lines of study, including seep location discharge, variations of seep emissions through time, and by geochemical analyses performed on oil samples from offshore platforms and beach tar balls. Laboratory analysis suggests the beach tar ball geochemistry is most likely oil samples collected from Platform Holly, which produces from the Monterey Formation (Lorenson et al. 2009). Therefore, the tar balls likely originate offshore and travel onshore via wave action and other coastal processes."[63]

OPA defines an "incident" as "any occurrence or series of occurrences having the same origin, involving one or more vessels, facilities, or any combination thereof, resulting in the discharge or substantial threat of discharge of oil."[64] A "discharge" is defined as "any emission (***other than natural seepage***), intentional or unintentional, and includes, but is not limited to,

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[60] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, page 22.
[61] *See*, "Reduction in Natural Oil and Gas Seeps Due to Hydrocarbon Production at South Ellwood Field - Platform Holly" (Slide 7), *available at* https://www.slc.ca.gov/wp-content/uploads/sites/355/2018/08/PF2014_Offshore-Reduction.pdf (last visited July 9, 2025).
[62] *See*, "Natural Oil Seeps in Southern California", National Oceanic and Atmospheric Administration, available at https://incidentnews.noaa.gov/incident/8934/22546/26338 (last visited July 9, 2025).
[63] *See*, Final Environmental Impact Report ("FEIR" or "Final EIR") for PRC 421 Decommissioning Project, section 4.8.1.1 Natural seeps, page 314.
[64] 33 U.S.C. § 2701(14).

spilling, leaking, pumping, pouring, emitting, emptying, or dumping."[65] Natural seeps are excluded from the statutory definition of "discharge" thus, such occurrences are not OPA incidents. Consequently, the claimant's evidence of oil spill samples with properties similar to weathered crude from Monterey formation recurring natural seeps[66] does not support entitlement to OSLTF claim compensation.

Ellwood Field Formation Oil was a Source of Two OPA Incidents

The Claimant's theory regarding oil discharges from natural and/or anthropogenic leakage is plausible, as evidenced by the analysis of some spill samples collected during each incident. The Department's Petroleum Chemistry Laboratory analysis results indicate some impacted shoreline samples collected during both responses were consistent with the 421-2 wellhead "source". No samples were taken directly from the Vaqueros formation production zone, as it had been cemented during plugging operations before the spill.[67] Consequently, analysis of the samples collected within and adjacent to the 421-2 well caisson did not establish from which formation(s) the oil source originated.

Modern oil and gas wells are constructed in a drilled hole ("wellbore"). The wellbore typically traverses numerous geologic layers variously containing brines and hydrocarbons. Pipe(s) ("casing") and surrounding sealants (typically Portland cement) are placed in the wellbore to maintain its stability, to protect against collapse and squeezing, and to prevent the movement of fluids between geologic layers. The resulting structure, including the wellbore, constitutes an oil and gas well. The inside of the well is hydraulically connected to the geologic layer targeted for fluid production. The aim of oil and gas well design is to "maintain wellbore stability and to prevent hydraulic communication between geologically isolated zones that are intercepted by the wellbore".[68]

When a well reaches the end of its lifetime, it must be permanently plugged. Such plugging operations usually consist of placing several cement plugs in the wellbore to isolate the reservoir; fluid-bearing formations in the overburden, such as high-pressure zones and hydrocarbon-containing formations, are also isolated with independent barriers. Leakages may go through the plug itself, depending on cement matrix permeability or presence of internal cracks, or around the plug at the cement-casing interface, due to microannuli formation during cement shrinkage or poor mud removal. Similarly, for the annulus cement, leakages may go through the cement sheath, or around the cement sheath at the cement-casing interface or at the cement-formation interface.[69] Possible exit points for wellbore leakage (e.g., "outside the surface casing leakage") have been documented.[70]

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[65] 33 U.S.C. § 2701(7) (emphasis added).
[66] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, pages 5 and 7.
[67] State of California Department of Fish and Wildlife Arrest/Investigation Report, Abstract, pages 5 and 22.
[68] Wisen, *et al*., "A portrait of wellbore leakage in northeastern British Columbia" Proceedings of the National Academy of Sciences of the Unites States of America. Nov. 18 2019.
[69] Vrålstad*, et al.*, "Plug & abandonment of offshore wells: Ensuring long-term well integrity and cost-efficiency" Journal of Petroleum Science and Engineering Vol. 173, February 2019, pages 478-491.
[70] Wisen, *et al*., "A portrait of wellbore leakage in northeastern British Columbia" Proceedings of the National Academy of Sciences of the Unites States of America. Nov. 18, 2019.

Whether the oil discharge was caused *anthropogenically* during the well plugging operations is not conclusively supported by the administrative record but is nonetheless irrelevant. The statutory definition of "discharge" includes any emission, ***intentional or unintentional***, thus an accidental loss of well control (e.g., over pressurization during P&A) is an OPA incident.

An over pressurization of the geologic formation can occur naturally. "A number of events and observations indicate that the Vaqueros Reservoir has been repressurizing and continues to repressurize."[71] As noted in Section II above, DOGGR records and knowledge of historical plugging practice show that many of the wells drilled on PRC 421 were left in a condition that does not meet modern standards for plugging an oil well. The condition of the wells created a concern among CSCL staff " … that pressure has increased within the Vaqueros Reservoir and could potentially cause unintentional oil releases into the coastal environment. The increased pressure in the reservoir could force a leak from the historic abandoned wells in offshore areas of the reservoir or possibly lead to additional release of oil from a natural seep."[72]

Whether the oil *naturally* discharged from the Vaqueros Formation production zone and/or other intercepted formation(s) is also not conclusively supported by the administrative record but is nonetheless irrelevant. The above cited statutory definition of "discharge" includes ***leaking***, thus wellbore leakage of oil from an isolated zone outside the surface casing (e.g., shallow leak on both casing strings into the surrounding caisson) is an OPA incident.

The laboratory analysis establishes evidence of at least two separate OPA incidents that occurred when crude oil discharged from the PRC 421-2. The matching wellhead "source" and spill samples establish the PRC 421-2 Responsible Party is potentially liable for both OPA incidents.

b. Restrictions on OSLTF Reimbursements to a RP

A RP is liable for all removal costs and damages resulting from either an oil discharge or a substantial threat of oil discharge into a navigable water of the United States.[73] A RP's liability is strict, joint, and several.[74] When enacting OPA, Congress "explicitly recognized that the existing federal and states laws provided inadequate cleanup and damage remedies, required large taxpayer subsidies for costly cleanup activities and presented substantial burdens to victim's recoveries such as legal defenses, corporate forms, and burdens of proof unfairly favoring those responsible for the spills."[75] OPA was intended to cure these deficiencies in the law by increasing RPs' liabilities for oil spills.

Notwithstanding the above, OPA permits OSLTF reimbursement of a RPs removal costs in very limited circumstances. Under 33 U.S.C. § 2708(a), a RP may receive OSLTF reimbursement upon demonstrating either an absolute defense to liability under 33 U.S.C. § 2703 or a right to limit liability under 33 U.S.C. § 2704. Upon demonstrating a defense, a RP may

[71] Final EIR (decom) section 4.2.
[72] Final EIR (decom) section 2.4.5.
[73] 33 U.S.C. § 2702(a).
[74] *See,* H.R. Rep. No 101-653, at 102 (1990), *reprinted in* 1990 U.S.C.C.A.N. 779, 780.
[75] *Apex Oil Co., Inc. v United States,* 208 F. Supp. 2d 642, 651-52 (E.D. La. 2002) (*citing* S. Rep. No. 101-94 (1989), *reprinted in* 1990 U.S.C.C.A.N. 722).

receive reimbursement for all its removal costs and damages.[76] Alternatively, if a RP demonstrates a right to limited liability, then the OSLTF may reimburse any removal costs or damages incurred by a RP that exceed its limit of liability.[77] If a RP fails to demonstrate either a defense or limited liability, then the OSLTF is not available to reimburse any removal costs or damages incurred by a RP.

The administrative record in this case fails to establish either a defense to liability or that OSPR's costs exceed the applicable limits of liability.[78] As discussed below, California satisfies the definition of a RP for the Well. Because the record does not support OSLTF reimbursement of a RP claim, this claim must be denied.

c. RP Liability Under the OPA

The OPA defines RPs differently depending upon the source of the oil spill. The following controls who will be liable as a RP for an offshore facility:

> In the case of an offshore facility (other than a pipeline or a deepwater port licensed under the Deepwater Port Act of 1974 (citation omitted), the lessee or permittee of the area in which the facility is located or the **holder of a right of use and easement granted under applicable State law** or the Outer Continental Shelf Lands Act (citation omitted) for the area in which the facility is located **(if the holder is a different person than the lessee or permittee)**, except a Federal agency, State, municipality, commission, or political subdivision of a State, or any interstate body, that as owner transfers possession and right to use the property to another person by lease, assignment, or permit.[79]

Because the above includes several defined terms, additional definitions should be considered when determining liability under the OPA. The following definitions are relevant:

"Facility" "means any structure, group of structures, equipment, or device (other than a vessel) which is used for one or more of the following purposes: exploring for, drilling for, producing, storing, handling, transferring, processing, or transporting oil. This term includes any motor vehicle, rolling stock, or pipeline used for one or more of these purposes;"[80]

"offshore facility" "means any facility of any kind located in, on, or under any of the navigable waters of the United States, and any facility of any kind which is subject to the jurisdiction of the United States and is located in, on, or under any other waters, other than a vessel or public vessel;"[81]

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[76] 33 U.S.C. § 2708(b).
[77] *Id.*
[78] Under 33 U.S.C. § 2704(a) and 30 CFR 553.702, the current liability limit for an offshore facility includes all removal costs plus approximately $167M for damages.
[79] 33 U.S.C. § 2701(32) (emphasis added).
[80] 33 U.S.C. § 2701(9).
[81] 33 U.S.C. § 2701(22).

"lessee" "means a person holding a leasehold interest in an oil and gas lease on lands beneath navigable waters (as that term is defined in section 1301(a) of Title 43) or on submerged lands of the Outer Continental Shelf, granted or maintained under applicable State law or the Outer Continental Shelf Lands Act (citation omitted);"[82]

"permittee" "means a person holding an authorization, license, or permit for geological exploration under section 11 of the Outer Continental Shelf Lands Act (citation omitted) or applicable State law."[83]

d. Pier Well 421-2 is an "Offshore Facility" Under the OPA

Pier Well PRC 421-2 is sited in the Pacific Ocean surf zone in the vicinity of Goleta, CA. Lease PRC 421 describes the geographical boundaries of the state tidelands oil and gas lease, which are depicted by the CSLC assignment approval.[84] A 2013 Venoco project survey map depicts the offshore Pier well 421-2, seaward of the ordinary high-water mark, in relation to the Ellwood onshore facility. [85]

The NPFC contacted the CSLC to inquire whether the state agency characterized the Pier Well 421-2 (before decommissioning) as "onshore" or "offshore". In response, the Commission stated they deemed it to be "offshore because it is located over water and produced from the offshore Ellwood Field." The terminated leases encompassed the area where the well was situated.[86] The CSLC referred to the Final EIR for decommission as an illustration of the mean high-tide line relative to the 421-2 well location, which also depicts a boundary of the PRC 421 lease that was quitclaimed.[87]

The CSLC image outlining the surf zone boundary of Lease PRC 421 visually depicts Pier Well 421-2 is sited in ***submerged lands***, as defined by federal statute. The term "lands beneath navigable waters" means "all lands permanently or periodically covered by tidal waters up to but not above the line of mean high tide…"[88]

CSLC Calendar Item 26 associates Pier well 421-2 to PRC 421.[89] A project survey map depicts the 421-2 wellbore is sited seaward of the Mean Lower Low water mark. [90] Consequently, Pier Well 421-2 satisfies OPA's definition of an offshore facility.[91]

e. California is a RP for the Well

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[82] 33 U.S.C. § 2701(22).
[83] 33 U.S.C. § 2701(28).
[84] *See*, CLSC Calendar Item 76, approved as Minute Item 76, Calendar Page 514, Minute Page 001544, dated July 11, 1997.
[85] *See*, "Beachfront 421 Return to Production Ellwood Offshore Facilities Overall Plot Plan 2488A-G-041" issued for review on May 6, 2013 by Venoco, Inc.
[86] *See*, email from CLSC to NPFC dated February 19, 2025.
[87] *See* Final EIR (decom), page 127.
[88] 43 U.S.C. § 1301(a)(2)(emphasis added).
[89] *See*, CLSC Calendar Item 26, approved as Minute Item 26, Calendar Page 104, Minute Page 2156, dated October 30, 1981.
[90] *Id*. at page 4.
[91] 33 U.S.C. § 2701(22).

The OPA imposes liability for offshore facility incidents on a different classification of persons than the defendants who are liable for spills from other items. When defining who would be liable for an offshore facility spill, Congress intended to impose liability on whoever held the right to produce the oil from the area as opposed to the owner or operator of the discharging item. When reporting on Senate Bill S. 686 (a precursor to the OPA)[92], the 1989 Senate Environment and Public Works Committee explained Congress' intent on this issue with the following:

> A major deficiency of title III of the Outer Continental Shelf Lands Act is corrected by the reported bill. Under that title, the owner or operator of an OCS facility is held liable. **Often, that owner or operator is an independent drilling contractor and not the actual holder of the rights to produce oil.** This technical feature of the 1978 Act changed the way in which OCS leaseholders and drilling contractors had historically allocated liability, through contracts and indemnity agreements. **The reported bill restores balance among leaseholders and drilling contractors on the OCS, leaving the possibility of further adjustment in their internal allocation of liability through indemnity agreements. The bill accomplishes this by defining "owner or operator" for OCS facilities to mean the lessee or permittee of the area in which the facility is located (or the holder of the OCS rights).**[93]

When determining who should be a RP for an offshore facility, it should initially be noted that OPA does not define the phrase "right of use and easement". In the absence of a controlling definition, the language used by Congress when enacting a statute must be carefully considered, giving words their "ordinary meaning".[94] The context in which the words are used must also be considered, bearing in mind the "fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme."[95] Within OPA's liability regime, the definition of a RP "should be read as broadly as the plain language allows."[96] As explained below, California' ownership interest in submerged lands shows that is has a right of use in the area that satisfies the definition of a RP for an offshore facility.

California holds the right to produce oil from the area where the Well is located because it owns the submerged lands underneath state waters. Ownership of submerged lands underneath state waters was transferred to individual states by 43 U.S.C. § 1311(a), which states:

> It is determined and declared to be in the public interest that (1) title to and ownership of the lands beneath navigable waters within the boundaries of the respective States, and the natural resources within such lands and waters, and (2) the right and power to manage, administer, lease, develop, and use the said lands and natural resources all in accordance with applicable State law be, and they are, subject to the provisions hereof, recognized, confirmed, established, and vested in and assigned to the respective States

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[92] Senate Bill 686 imposed liability on "the owner or operator" of a vessel, onshore facility, and an offshore facility as opposed to a "responsible party". S. 686, 101st Cong., 1st Sess. (July 28, 1989).
[93] S. Rep. No. 94, 101st Cong., 1st Sess. 12, 1989 WL 225005, 1990 U.S.C.C.A.N. 722.
[94] *Roberts v. Sea-Land Servs., Inc.*, 566 U.S. 93, 100 (2012).
[95] *Id*. at 101.
[96] *U.S. v. Bois D'Arc Operating Corp.*, 1999 WL 130635, 48 ERC 1540 (E.D. La. 1999), quoting *Dole v. United Steelworkers of America*, 494 U.S. 26, 35 (1999).

> or the persons who were on June 5, 1950, entitled thereto under the law of the respective States in which the land is located, and the respective grantees, lessees, or successors in interest thereof…[97]

In addition to the Submerged Lands Act, the California Public Resources Code (CPRC) §6301[98] also establishes that the State of California owns the tidal and submerged lands along its coast, including the beds of navigable waters and the Pacific Ocean up to three nautical miles offshore.[99] California has a right under state law to administer and control the submerged lands where the Well was located.**[100]** As the sovereign owner of these lands, California's rights in the area are broader than those held by an easement holder.[101] The State of California, through the California State Lands Commission (CSLC), has the authority to lease, grant easements, and issue permits for the use of these submerged lands.[102]

Further, California's ownership interest satisfies the requirement that a Responsible Party (RP) for an offshore facility must have a right of use and easement under state law. If California's ownership interest did not include the right to grant such interests**,** it would not be authorized to transfer those rights to others, **as** a grantor cannot convey rights it does not possess**.**[103] As such**,** the California State Lands Commission's ability to grant a right of use and easement of these lands unequivocally demonstrates the State's ownership of these submerged lands.[104]

The definition of a RP for an offshore facility provides further support for classifying California as a RP. That definition excludes states from liability if the state has transferred the right to use the property to another via a lease or permit. By excluding states from liability under specific circumstances, OPA recognizes that a state should be a RP when the exclusions do not

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[97] 43 U.S.C. § 1311(a).

[98] "The [State Lands] [C]ommission has exclusive jurisdiction over all ungranted tidelands and submerged lands owned by the State, and of the beds of navigable rivers, streams, lakes, bays, estuaries, inlets, and straits, including tidelands and submerged lands or any interest therein, whether within or beyond the boundaries of the State as established by law, which have been or may be acquired by the State (a) by quitclaim, cession, grant, contract, or otherwise from the United States or any agency thereof, or (b) by any other means. All jurisdiction and authority remaining in the State as to tidelands and submerged lands as to which grants have been or may be made is vested in the commission. The commission shall exclusively administer and control all such lands, and may lease or otherwise dispose of such lands, as provided by law, upon such terms and for such consideration, if any, as are determined by it." (subject to limited exceptions not applicable here) Cal. Pub. Res. Code § 6301.

[99] "When Congress enacted the Submerged Lands Act of 1953. . . the United States, in effect, quitclaimed to California whatever interest the Federal Government may have had in, and to, all lands and natural resources lying within three geographical miles seaward of the California coastline. . . 43 U.S.C. § 1311(b)(1). Congress subsequently enacted the Outer Continental Shelf Lands Act of 1953. . . 43 U.S.C. § 1331 *et seq.*, which declared that the United States owned all submerged lands seaward of those granted to California by the Submerged Lands Act. §§ 1332, 1333." *See*, *U.S. v. California*, 447 U.S. 1 (1980).

[100] Cal. Pub. Res. Code § 6301.

[101] *See*, *Illinois Central R. Co. v. Illinois, 146 U.S. 387* (1892) (recognizing that states hold submerged lands in trust for public use. *See also*, CLSC "Land Types", *available at* https://www.slc.ca.gov/land-types/ (last visited July 9, 2025).

[102] *See, e.g.*, Cal. Pub. Res. Code §§ 6216, 6301, 6501.

[103] *See*, *California State Lands Commission v. United States*, 457 U.S. 273 (1982) (affirming California's ownership and management authority over submerged lands).

[104] *See, e.g.,* CSLC "Leases & Permits", *available at* https://www.slc.ca.gov/leases-permits/ (last visited July 9, 2025).

apply.[105] If states were totally exempt from liability under the OPA, then there would be no reason to exclude them from the liability under limited circumstances.

Consistent with this determination, the U.S. Department of Interior ("DOI") has also concluded that an owner of submerged lands should be a RP for an oil spill from an offshore facility located on the land. DOI's Solicitor reasoned that OPA was intended to impose liability on all offshore facilities even if some were not covered by a lease or permit. Because ownership includes a right of use and easement in the area, an owner of submerged lands will be a RP for any offshore facilities on its submerged lands. DOI's Solicitor explained:

> Nor is there any reason to believe Congress intended for the term "responsible party" for an offshore facility to apply to a narrower range of facilities than the term "offshore facility. " To the contrary, the Act contemplates that there be a responsible party for every "offshore facility," not just for those on tracts leased for mineral development, permitted for geological exploration, or the subject of an easement or use permit- associated with oil and - gas.
>
> The term "holder of a right of use and easement" used in the definition of "responsible party" is broad enough to include landowners. Landowners generally have a "right of use and easement" on their land. If the definition were construed not to embrace landowners, Congress would not have needed to exempt governmental landowners/lessors from the definition, as it did. [footnote omitted]
>
> Given the expansive definition of "offshore facility," a narrow reading of "responsible party" that excludes landowners could leave some offshore facilities—such as those inland of the coast which are not on leased water bottoms—without any responsible party answerable for damages and cleanup. For example, an owner of a drilling platform on an island lake who also owns the bed of the lake would not be a permittee, lessee, nor a holder of a right of use under this narrow view, and thus would not come under the definition of "responsible party." I can find no support for such a result in OPA or its history. The better reading is that landowners are included in the definition of "responsible party" for "offshore facility."[106]

NPFC concurs with DOI's well-reasoned analysis and relies on it here as partial support for this determination.

Moreover, the CSLC itself affirmed its designation as a Responsible Party pursuant to its June 29, 2018, Agreement and Settlement of Claims with ExxonMobil:[107]

> As the California State agency responsible for the management and protection of natural and cultural resources on the Ellwood and South Ellwood Fields and as the

[105] 2A Sutherland Statutory Construction § 47:11 (Exceptions) (7th ed.2022) ("A true exception exists only to exempt something which would otherwise be covered by an act.").
[106] DOI Solicitor Opinion, M-36981, 12-13, 1994 WL 16460713 (November 29, 1994), *available at* https://www.doi.gov/sites/doi.opengov.ibmcloud.com/files/uploads/M-36981.pdf. (Last visited July 9, 2025).
[107] Phase I Agreement between CSLC and Exxon Mobil Corporation ("Exxon") effective June 29, 2018, section IV.22.

> operator of Platform Holly, the thirty-two (32) Wells and the Facilities on the said Leases, CSLC is the Responsible Party, pursuant to all applicable statutes, including but not limited to the Oil Pollution Act, 33 U.S.C. §2701, *et seq*., and the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act, as codified in the California Government Code and Public Resources Code, in connection with the response to any discharge or spill, or any threat of discharge or spill, of oil or hazardous substance at, from or affecting any Facility, including but not limited to Platform Holly or any Well or pipeline, on the Ellwood and South Ellwood Fields. If any such discharge or spill, or threat thereof, occurs, CSLC shall, as Responsible Party, fully cooperate in all response activities and shall pay all response costs, in accordance with applicable law.[108]

f. A Quitclaim Deed, Canceled Lease or an Expired Permit Does Not Create an Exception to Liability

Even if it holds a right of use and easement over the Well's location, California could avoid liability if it "transfers possession and right to use the property to another person by lease, assignment or permit."[109] Notably, the statute uses the present tense of the verb "transfer" when creating this exception to liability. The verb tense used by Congress when enacting a statute typically controls its temporal reach.[110] When using the present tense to describe an action, a statute generally does not address past actions.[111] Because the statute uses "transfers" instead of "transferred", the exception should only apply to current transfers, not past transfers. Furthermore, because the statute creates an exception to liability, California must bear the burden of proving that it applies.[112]

Under 33 U.S.C. § 2702(a), OPA imposes liability for removal costs and damages resulting from an incident. For over 25 years, NPFC has determined that an incident commences upon discovery of the spill unless the facts show that a discharge occurred at an earlier time.[113]

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[108] *Id*.

[109] 33 U.S.C. § 2701(32)(C).

[110] *See e.g.*, *U.S. v. Wilson*, 503 U.S. 329, 333, 112 S.Ct. 1351, 117 L.Ed.2d 593 (1992)("Congress' use of a verb tense is significant in construing statutes."); *Gwaltney of Smithfield, Ltd. V. Chesapeake Bay Foundation, Inc.*, 484 U.S. 49, 59, 108 S.Ct. 376, 98 L.Ed.2d 306 (1987)("One of the most striking indicia of the prospective orientation of the citizen suit is the pervasive use of the present tense throughout § 505 of the Act."); *Barrett v. U.S.*, 423 U.S. 212, 216, 96 S.Ct. 498, 46 L.Ed.2d 450 (1976)(noting that the present perfect tense referred to "an act that has been completed."); and 1A Sutherland Statutory Construction § 21:10 (7th ed. 2023)("[C]ourts often look to a legislature's choice of verb tense to ascertain a statute's temporal reach.").

[111] 1 U.S.C. § 1 ("In determining the meaning of any Act of Congress, unless the context indicates otherwise…words used in the present tense include the future as well as the present.").

[112] 2A Sutherland Statutory Construction § 47:11 (Exceptions) (7th ed.2022) ("And all courts do agree that those who claim the benefit to an exception have the burden of proving that they come within the limited class for whose benefit the exception was established.").

[113] *See*, National Pollution Funds Center Policy CM2, *Incident Date*, (3 October 1997)("If there is migration through the soil, this is simply another occurrence in the series of occurrences constituting the incident. It is the date of the discharge of oil into navigable water (the last 'link in the chain') which will decide which law (FWPCA or OPA) will apply to the case. When facts concerning the discharge into navigable waters occurred are unknown, the "incident" is presumed to have occurred on the date when the discharge into navigable waters was first discovered or on the date the FOSC made a determination of substantial threat."). *See also*, National Pollution Funds Center Policy CL11, *When Does an OPA Incident Occur?* (12 March 1998)("if the facts do not otherwise indicate when the

Relying on this well-established policy, NPFC generally identifies RPs based upon their relationship to the discharging item beginning when the incident starts and continuing until it stops.[114]

California cannot carry its burden of showing that the transfer exception applies. When the oil spill from the Well started on May 28, 2019, the area was not covered by a valid lease or permit. When the incident started, California was the "**actual holder of the rights to produce oil**"[115] for the area where the Well was located. As a result, California falls squarely within the class of persons that Congress intended to be liable for an oil spill from an offshore facility.

California should not be permanently exonerated from liability for oil spills by the mere fact that the Well's area was once covered by a lease and a permit. The statute's plain language precludes extending the liability exception to include past transfers that were not in effect when the incident occurred. Any other interpretation would ignore Congress' deliberate use of the present tense of the verb "transfer" when creating the exception to liability. Allowing a permanent exception to liability based upon an expired lease or permit would also contradict Congress' intent that OPA should be liberally construed to impose liability on a broad class of RPs.[116]

g. ***California was Funded to Decommission PRC-421-2***

The OSLTF is only available to reimburse claimants who have uncompensated removal costs and damages under the OPA.[117] In order for NPFC to authorize reimbursement of a claim, the claimant must show that it suffered an uncompensated loss The agreement between CSLC and Venoco regarding the bankruptcy bond proceeds is evidence that CSLC has available funds to compensate its claimed costs and damages:[118]

> The Parties further understand that, following the demand by CSLC for payment of the performance bond, the Surety has paid CSLC the full twenty-two million dollars ($22,000,000) penal sum in settlement to satisfy its obligations under the performance bond or performance bonds ("the Surety Settlement Payment").

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discharge into or on the surface waters or adjoining shorelines first occurred (or a substantial threat thereof was officially recognized), the date of the discovery of the oil on the surface waters or adjoining shoreline (or threat thereto) is the effective date of the OPA incident.").

[114] *See e.g.*, *Golnay Barge Co., Inc. v. M/T SHINOUSSA*, 1994 AMC 1050 (5th Cir. 1993) (holding that OPA did not apply because the oil discharges had stopped shortly before the law's enactment even though oil continued to spread on the water after OPA's effective date).

[115] S. Rep. No. 94, 101st Cong., 1st Sess. 12, 1989 WL 225005, 1990 U.S.C.C.A.N. 722.

[116] *U.S. v. Brothers Enterprises, Inc.*, 113 F.Supp.3d 907, 913 (E.D. Tx. 2015)(("By defining 'responsible party' broadly, Congress ensured that more than one entity may be held accountable for the costs of pollution stemming from oil discharges."). *See also*, *U.S. v. Bois D'Arc Operating Corp.*, 1999 WL 130635 (E.D. La. March 10, 1999)("The legislative history of OPA is consistent with and comports with a broad definition of responsible party.").

[117] 33 U.S.C. § 2712(a)(4)

[118] Phase I Agreement between CSLC and Exxon Mobil Corporation ("Exxon") effective June 29, 2018, section V2(b).

The bond proceeds should be the primary source of compensation for the claimant's costs and damages. The OSLTF is not available where the claimed expenses are otherwise compensable.

The National Contingency Plan requires the Governor of each state to designate a lead state agency that will direct state-led response operations. The California Department of Fish and Wildlife – Office of Spill Prevention and Response (OSPR) is the designated agency for California.[119] Because a state agency is part of the state, OSPR's entitlement to OSLTF reimbursement cannot exceed any right of recovery the state of California may have. As a result, OSPR may only receive OSLTF reimbursement when California is authorized to receive those funds. In this case, California's right to OSLTF reimbursement is precluded by 33 U.S.C. § 2708 because its ownership of the submerged lands underneath the Well satisfies the definition of a RP, thus the OSLTF is not available to reimburse any removal costs or damages incurred by the state. Because California may not recover OSLTF reimbursement, OSPR is likewise precluded from recovery and this claim must be denied.

VI. CONCLUSION:

The NPFC has thoroughly reviewed all documentation submitted with the claim, analyzed the applicable law and regulations, and as discussed in detail above, has concluded that the claimant has not demonstrated, by a preponderance of the evidence, that it is entitled to an uncompensated removal cost claim. As such, it is denied.

(b) (6)

Claim Supervisor: (b) (6)(b) (6)

Date of Supervisor's review: ***7/14/2025***

Supervisor Action: ***Denial Approved***

Supervisor's Comments:

[119] 2024 Los Angeles-Long Beach Area Contingency Plan June 2024, page 11.