

February 12, 2021

The Honorable Patrick O'Donnell  
California State Assembly  
State Capitol, Room 4001  
Sacramento, CA 95814

**RE: Support for AB 353 (O'Donnell)—Oil Revenue: Oil Trust Fund**

Dear Assemblymember O'Donnell,

On behalf of the City of Long Beach, thank you for introducing Assembly Bill 353. This legislation proposes to remove the \$300 million cap on the Oil Trust Fund within the State Treasury. The Oil Trust Fund is the primary funding source to cover certain costs associated with the cleanup of oil wells within the Long Beach Tidelands when they cease operations. This legislation would provide the necessary funding to enable the State to reach its environmental targets by dedicating additional revenue toward the cleanup of abandoned wells along the coast.

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 their respective 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 Fund reached its \$300 million limit in June 2014 and has not grown since, which has constrained the State's ability to promote responsible environmental stewardship as oil operations phase out. Currently, the State's share of oil abandonment liability is estimated at approximately \$909 million, leaving a shortfall of \$609 million. By lifting the current \$300 million cap, the State's shortfall 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 support the protection of the environment, particularly within the Long Beach Tidelands. The City also generates revenue from its own oil production and contributes annually to a local oil abandonment fund, which does not have a cap. However, once operations cease and revenue is no longer generated, the City must rely on the State's Oil Trust Fund to become the primary funding source to subsidize the substantial abandonment and decommissioning costs that are required. Thus, it is essential that sufficient funds are available to meet all oil abandonment costs.

Given these reasons, the City of Long Beach supports AB 353.

Sincerely,



THOMAS B. MODICA  
City Manager

cc: The Honorable Speaker Anthony Rendon, State Assembly  
The Honorable Lena Gonzalez, State Senate, 33<sup>rd</sup> District  
The Honorable Tom Umberg, State Senate, 34<sup>th</sup> District  
The Honorable Steven Bradford, State Senate, 35<sup>th</sup> District  
The Honorable Mike Gipson, State Assembly, 64<sup>th</sup> District

