



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 12
For Agenda Of: January 13, 2009
Placement: Departmental
Estimated Tme: 1 Hour
Continued Item: Yes
If Yes, date from: File No.: 07-01220
Vote Required: N/A

TO: Board of Supervisors
FROM: Department Michael F. Brown, County Executive Officer
Director:
Contact Info: John Baker, Assistant CEO/Director of P&D
SUBJECT: Onshore Oil Facilities Update

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

- 1) That the Board of Supervisors on January 06, 2009 receive a staff report on the status of the onshore facilities program.
- 2) Receive an update on the five recommendations concerning potential new ordinances and staff practices adopted by the Board of Supervisors on January 15, 2008.

Summary Text:

- 1) ***Onshore Facility Inspection and Spill Reports*** – Since January 15, 2008, the onshore inspection team, consisting of County Fire Prevention Division and the Petroleum Unit, have inspected the facilities noted in **Figure 1**. The deficiencies noted are those that remain current.

(See Attachment A to this Board letter for a detailed schedule of facility inspections completed, current deficiencies, deficiencies corrected, and a listing of individual spill amounts).

- 2) ***Status of Prior Recommendations Approved by the Board*** – In order to deter the continued occurrences of deficiencies at onshore oil sites, to recover the increased and often excessive costs to the County's citizens associated with such deficiencies, and to improve the efficiency and effectiveness of oversight activities countywide, the Board, at its January 15, 2008 meeting,

approved five recommendations that had been presented by staff. The status of those recommendations is presented in *Attachment B* to this Board letter.

Figure 1

Inspected No. of facilities Owned and Operated by:	No. of Facilities Inspected	No. of Deficiencies Remaining
Greka Oil & Gas	33	277
Richards Oil	2	25
PXP	2	0
BreitBurn Energy	9	0
Sierra Resources	3	4
E&B Resources,	26	53
Phoenix Energy	1	0
Gitte-Ten Resources	1	0
B&E Conway	8	0
Grayson Services, Inc.	1	16
RMR Energy Resources	1	5
Venoco Inc.	1	1
Pyramid Oil	1	0
Vaquero Energy	2	16
Off Broadway	1	2
Chevron/Texaco	17	36
TOTALS:	<u>109</u>	<u>435</u>

Note: There are no facilities under a “Shut Down” requirement.

Background:

1) County Onshore Facility Inspection and Spill Reports –

During each facility inspection, the Petroleum Unit and the Fire Department visually inspect the entire facility for deficiencies of all applicable codes and standards, which range in coverage from minor maintenance deficiencies to deficiencies that pose an imminent threat to life, limb and/or property. After each facility inspection is complete, the inspection team coordinates their respective deficiency items to determine if the facility is fit for service. Depending on the severity and/or number of deficiencies, the facility may be shut down. To help in its decision, the inspection team categorizes each deficiency into one of the following three categories (Levels 1 and 2 are shown as “high” in *Attachment A*):

HIGH PRIORITY	Level #1 - Immediate Priority Deficiency - These deficiencies pose an immediate threat to life limb and/or property. They are generally occurring at the time of the inspection. Some examples of these could be: an uncontrolled gas leak; pumping more fluids into the facility than can be processed out of the facility (this could cause the facility to begin a chain reaction of failures as the system over pressurizes, potentially ending in a catastrophic failure and a large oil spill); or an oil release from a facility where the cause of the release is pertinent to the safe operation of the facility. Any of these or similar deficiencies would be cause for an immediate shutdown of the facility.
	Level #2 - High Priority Deficiency - These deficiencies have the potential to threaten life, limb and/or property, but are either not actively failing or are much smaller in scale. Examples of these could be: Leaky valves, pipes or tanks (these items would be individually shut down, but may not cause the entire facility to be shutdown); missing pulley covers; electrical extension cords used for permanent wiring; open electrical boxes and/or panels; or missing fire extinguishers. All of the above examples need to be addressed in a timely manner. Specific timelines could range from 1-10 days depending on the specific safety issue. As the examples above may not individually be cause for shutting down a facility, the accumulation of a number of items may pose too great a safety risk to allow the facility to remain in operation.
LOW PRIORITY	Level #3 - Low Priority Deficiency - These Deficiencies do not pose an immediate threat to life, limb or property. Some examples of these could be: Maintaining proper labeling; vegetation clearing; current pressure tests on relief valves; secondary containment berm; leaking seals. Although these deficiencies require attention, they are not imminent safety deficiencies and are granted 30 days to complete the maintenance

Starting March 5, 2008, the onshore inspection team began to perform re-inspections of the onshore petroleum facilities. However, since our update to your board on September 23, 2008, the Air Pollution Control District, County Fire and the County Petroleum Unit completed another phase of Recommendation #3 by combining information from the different regulatory agencies into a unified facility program list that will be compatible with a centralized data base. As a result of combining the lease information from APCD, Fire and Petroleum, the number of onshore leases and facilities has changed from 77 to 117. Therefore, as of this report the facility inspection statistics reflect the additional facilities listed in the unified central data base facility list.

As of January 15, 2008 the onshore facility inspection team has performed eighty-six (86) inspections and re-inspections at Greka's thirty-three oil and gas facilities. To date, Greka has 277 remaining violations at twenty-eight (28) facilities. Of the twenty-eight (28) facilities, twelve of those facilities have been issued Notice of Violations and fines have been imposed in the amount of \$558,000.00. Greka has appealed the fines and appeal hearings are scheduled to be heard by the Director of Planning and Development on January 7, 8 and 9, 2009.

The onshore inspection team has also performed 107 inspections and re-inspections at seventy six (76) other oil and gas facilities that are divided among fifteen (15) onshore operators. There are a total of 158 deficiencies remaining at the fifteen (15) other onshore operators. Notices of Violations have been issued to Richards Oil (two facilities), for failure to correct remaining code violations within the required timelines. The Notices of Violation carry fines of \$24,000.00 for failure correct the violations within timelines listed in the Notice of Violation. As of this report, RMR Energy Resources, Grayson Services Inc. and Off Broadway

have been issued Notice of Abatement letters for outstanding level #3 deficiencies. Failure of the above named operators to correct the deficiencies within the required timelines will result in the deficiencies turning into violations and Notices of Violation(s) being issued to the operators. The operators issued violation notices will be subject to fines of \$100.00 per day per violation.

It is important to note that significant corrections of deficiencies have been made by all operators. A comparison of the deficiencies from the report of September 23, 2008 with those in the current attachment can be misleading as often new deficiencies are discovered when re-inspections are conducted.

The onshore inspection team will be completing the initial facilities team inspections on the eight (8) remaining facilities by January 15, 2009. Notwithstanding, the inspection team will continue following up with previously inspected facilities, as requested by those operators or after correction deadlines have passed, to re-inspect the facility deficiencies identified from our initial inspections. The onshore inspection team is working closely with representatives of each operator on resolving the deficiencies in an effort to bring them into compliance with current County Fire and Petroleum Codes and allow any facility that has been put in a shutdown mode to resume operations as quickly and as safely as possible.

In addition to the current onshore facility inspections, County Fire and the Petroleum Unit continue to monitor, respond to and document all operators in the County of Santa Barbara.

On August 20, 2008 Greka Energy was the subject of a court decision requiring it be removed from operation of three (3) leases in the County (Ucal, California, and Bradley). Discussions have already begun with Vintage Petroleum to take over the leases at the beginning of the new calendar year. The new operator will be subjected to the same review and inspections as were conducted with Greka Energy. They will be notified of the outstanding deficiencies that require correction.

2) *Outside Agency Reports* –

■ **U. S. EPA:**

The Federal agency is currently actively working four Greka leases. The status of the actions is as follows:

- ⇒ **Greka Williams B lease:** Clean up work completed on site and EPA is waiting final soil sample testing prior to final release of EPA clean up order. The test results will be back in early January 2009.
- ⇒ **Zaca lease:** All clean up work completed and EPA clean water order has been lifted. No further action required.
- ⇒ **Bradley 3 Island lease:** EPA Super Fund clean up work has been completed and the clean up order has been lifted. No further action required.
- ⇒ **Bell 3 lease:** Clean up work completed re-vegetation of creek and creek banks is scheduled to begin December 29, 2008. (See *Attachment C*).

Bell Ponds: One pond was removed, clean-up work is complete, no further action required

⇒ **Gato Ponds:** All ponds have been drawn down of oil and water and demolition of concrete containment ponds is scheduled to begin January 5, 2009.

Air Pollution Control District:

- The Air Pollution Control District reports no enforcement actions regarding onshore oil and gas operators for the fourth quarter of 2008.

- **Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR):**

Please see Attachment D.

- **California Department of Fish and Game:**

No new updates. The restoration is in progress and a summary of the requirements is contained in *Attachment E*.

Attachments:

Attachment A - Schedule of Onshore Facility Inspection Reports

Attachment B - Status of Prior Recommendations

Attachment C – EPA letter previously issued to Greka re: Bell lease on August 29, 2008.

Attachment D - Letter dated December 15, 2008 from Pat Abel, Department of Conservation – Division of Oil, Gas and Geothermal Resources

Attachment E - DF&G restoration summary for Palmer Road site

Attachment A**Onshore Facility Inspection**

Owner & Facility #1	Inspection Date	Location Address	Status	Deficiencies Total/High	Deficiencies Resolved by Facility (Action description)
Greka Oil & Gas:					
Ucal - 5th Inspection	8/22/2008	6527 Dominion Road	Active	1/0	Conditional operation permit for 180 days
Bradley 3-Island -5th Inspection	11/12/2008	3851 Telephone Road	Active	0/0	Stop Work lifted 11-7-08 by FPD
Security Lease-3rd Inspection	7/23/2008	5200 Dominion Road	Active	31/0	20 Low Priority items corrected
Union Sugar-3rd Inspec.	7/30/2008	1505 Black Road	Active	27/0	11 Fire items corrected
Los Flores-4th Inspection	10/30/2008	6151 Dominion	Active	26/0	7 Low Priority items corrected
Casmalia/Morganti-3rd Inspection	8/20/2008	5080 Black Road	Active	5/0	43 deficiencies
Dominion-4th Inspection	10/3/2008	6460 Dominion Road	Idle	2/0	8 items completed
Bell Tank Battery-7th. Inspection	4/9/2008	6780 Palmer Road	Active	0/0	6 items deferred
Bell Blochman Inj. - 7th Inspection	4/9/2008	6605 Palmer Road	Active	0/0	6 items deferred
Zaca-Davis-5th Inspection	6/19/2008	5017 Zaca Station Road	Active	0/0	Stop Work lifted 6-23-08
Bell Compressor-3rd Inspection	9/17/2008	7320 Palmer Road	Active	10/0	180 Temp operating permit
Fullerton-4th Inspection	8/6/2008	6749 Cat Canyon Road	Active	31/3	11 Low priority Petro items corrected
Jim Hopkins-3rd Inspection	9/5/2008	4000 So. Hwy 101	Active	2/0	60 Low priority violations corrected
Escolle-4th Inspection	8/20/2008	7275 Graciosa Road	Active	8/0	3 High Priority/ 45 Low Priority items
Battles Lease-4th Inspection	8/6/2008	1348 Battles Road	Active	11/4	9 Low Priority Petro items corrected
Williams Holding-2nd Inspection	5/15/2008	6855 Cat Canyon Road	Idle	60/6	1 High Priority Petro item completed
Kemp-3rd Inspection	9/16/2008	3518 Telephone Road	Active	3/0	22 low priority & 1 high priority corrected
Bradley 5-Island-3rd Inspection	9/16/2008	3850 Telephone Road	Idle	0/0	All deficiencies corrected
Union Texas Tank Facility	10/9/2008	7427 Cat Canyon Road	Idle	2/0	None Reported
G. Gibson Tank Facility	10/14/2008	7211 Cat Canyon Road	Idle	3/0	None Reported
Conoco 1-31 Tank Facility	10/14/2008	7211 Cat Canyon Road	Idle	4/0	None Reported
Goodwin A Tank Facility	10/14/2008	5200 Dominion Road	Idle	5/0	None Reported
Lakeview Tank Facility	10/23/2008	2617 E. Clark Avenue	Idle	12/0	None Reported
Nodlew Tank Facility	10/23/2008	2935 E. Clark Avenue	Idle	8/0	None Reported
Olean Tank Facility	10/23/2008	3500 Telephone Road	Idle	3/0	None Reported
Lakeview Gas plant	10/28/2008	Clark Avenue	Idle	3/0	None Reported
Cross Development Tank Facility	10/28/2008	1956 Cambridge Way	Idle	3/0	None Reported
East Valley Farms Tank Facility	10/28/2008	1875 Cambridge Way	Idle	3/0	None Reported
Golco Fee Tank Facility	10/28/2008	Telephone Road	Idle	4/0	None Reported
Carranza Tank Facility	11/4/2008	4551 Figueroa Mountain Road	Active	2/0	None Reported
Chamberlin B Tank Facility	11/4/2008	5017 Zaca Station Road	Idle	3/0	None Reported
Davis B Tank Facility	11/4/2008	5017 Zaca Station Road	Active	3/0	None Reported
Luton Tank Facility	11/4/2008	5017 Zaca Station Road	Idle	2/0	None Reported

277/13

Summary:		
Number of Facilities under Inspection:	33	
Total Number of Deficiencies	277	
Total Number of Deficiencies rated "High"	13	6 Deficiencies are Active 7 Deficiencies are Idle
Total No. of Active Facilities	17	160 Deficiencies at "Active" facilities
Total No of Idle	16	
Total No. Facilities Operating w/ Deficiencies:	13	

Onshore Oil Facilities Update

Owner & Facility #1	Inspection Date	Location Address	Status	Deficiencies Total/High	Deficiencies Resolved by Facility (Action description)
Richards Oil					
Wickenden Tank Facility-2nd inspection	10/14/2008	7201 Foxen Canyon Road	Active	10/0	5 items corrected
Tompkins/Peshine Tank Facility-2nd insp	10/16/2008	5300 Associated Road	Active	15/0	None Reported
PXP					
Jesus Maria Tank Facility	4/2/2008	VAFB, CA (West)	Idle	0/0	N/A
Lompoc Hill Tank Facility	4/8/2008	4230 Rucker Road	Active	0/0	N/A
BreitBurn					
Newlove 64 Tank Facility 3rd insp	8/8/2008	1555 Orcutt Hill Road	Active	0/0	All deficiencies corrected
Newlove Gas Plant - 2nd Inspection	5/21/2008	1555 Orcutt Hill Road	Active	0/0	None Reported
Newlove Diatomite V-Sep Injection Facility-2nd in	7/2/2008	1555 Orcutt Hill Road	Active	0/0	34 deficiencies corrected
Newlove WW Injection Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Road	Active	0/0	All deficiencies corrected
Newlove Tank Facility 2-3rd insp	8/8/2008	1555 Orcutt Hill Road	Active	0/0	All deficiencies corrected
Fox Injection Plant Tank Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Road	Active	0/0	All deficiencies corrected
Squires Tank Facility	5/1/2008	1555 Orcutt Hill Road	Idle	0/0	None Reported
Cal Coast Tank Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Road	Active	0/0	All deficiencies corrected
Pinal Tank Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Road	Active	0/0	All deficiencies corrected
Sierra Resources					
H.P. Boyne Tank Facility-3rd Insp.	10/23/2008	10505 Hwy 101	Active	0/0	All deficiencies corrected
Blair Tank Facility-3rd Insp.	10/23/2008	10505 Hwy 101	Active	4/0	1 item corrected
Soladino Tank Facility-2nd Insp.	6/27/2008	500 Associated Road	Active	0/0	All deficiencies corrected
E&B Natural Resources					
SCU Tank Facility 5 -2nd insp.	7/30/2008	1848 Perkins Rd., Hwy 166	Active	2/0	11 items corrected
SCU Tank Facility 6-3rd insp.	8/13/2008	1848 Perkins Rd., Hwy 166	Active	0/0	All deficiencies corrected
SCU Tank Facility 18-3rd insp.	8/13/2008	Aliso Canyon Rd., Cuyama	Active	0/0	All deficiencies corrected
SCU Machader Tank Facility-2nd insp.	7/30/2008	1848 Perkins Rd., Hwy 166	Active	5/0	8 items corrected
RRU Central Tank Facility-3rd insp.	8/13/2008	8702 Hwy 166, Cuyama	Active	0/0	All deficiencies corrected
SCU Tank Facility 1	11/13/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 2	11/13/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 3	11/13/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 4	11/13/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 8	11/21/2008	1848 Perkins Rd., Hwy 166	PD	3/0	None Reported
SCU Tank Facility 9	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 10	11/21/2008	1848 Perkins Rd., Hwy 166	PD	4/0	None Reported
SCU Tank Facility 11	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 12	11/21/2008	1848 Perkins Rd., Hwy 166	PD	3/0	None Reported
SCU Tank Facility 13	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 14	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 16	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 17	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
SCU Tank Facility 19	11/21/2008	1848 Perkins Rd., Hwy 166	PD	2/0	None Reported
RRU Tank Facility 1	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
RRU Tank Facility 2	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
RRU Tank Facility 3	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
RRU Tank Facility 4	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
RRU Tank Facility 5	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
Hibberd Tank Facility 7	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
Russel A Tank Facility	12/2/2008	1848 Perkins Rd., Hwy 166	Idle	2/0	None Reported
Phoenix Energy					
Careaga Facility	6/17/2008	7980 Graciosa Road	Active	0/0	All items corrected
Gitte-Ten					
Careaga Facility	6/19/2008	7980 Graciosa Road	Active	0/0	All items corrected
GRAYSON SERVICES, INC.					
Cantin Tank Facility 3rd inspection	10/14/2008	4445 Foxen Canyon Road	Active	16/0	7 low priority items corrected

Onshore Oil Facilities Update

Owner & Facility #1	Inspection Date	Location Address	Status	Deficiencies Total/High	Deficiencies Resolved by Facility (Action description)
B&E Conway					
Hancock Facility	6/24/2008	1190 Rosemary Road	Active	0/0	All items corrected
Enos Facility	6/26/2008	1776 Rosemary Road	Active	0/0	All items corrected
Magenheimer Facility	7/1/2008	7600 Cat Canyon Road	Active	0/0	All items corrected
Wait-Bradley Facility	7/3/2008	6190 Dominion Road	Active	0/0	All items corrected
Union Sugar Facility-2nd inspection	10/2/2008	5140 W. Main Street	Active	0/0	All items corrected
Newhall Facility-2nd inspection	9/29/2008	7275 Graciosa Road	Active	0/0	All items corrected
Brookings Facility	10/2/2008	6222 Dominion Road	Idle	0/0	N/A
Goodwin Facility	10/2/2008	4448 Dominion Road	Idle	0/0	N/A
RMR ENERGY RESOURCES					
Williams Holding Tank Facility	7/17/2008	Long Canyon Road	Idle	5/0	None Reported
Venoco Inc.					
Togazzini Tank Facility-2nd inspection	10/28/2008	Cat Canyon Road	Active	1/0	1high 13 low priorities corrected
Pyramid Oil					
Delaney Tunnell Facility - 2nd inspection	9/23/2008	Dominion Road	Active	0/0	1 High Priority & 15 low priority items corrected
Vaquero Energy					
Careaga LA #1 Facility-3rd inspection	11/13/2008	Highway 135	Active	3/0	All 7 petro items completed
Careaga LA #2 Facility-4th inspection	11/13/2008	Highway 135	Active	13/0	9 petroleum items completed
Off Broadway					
Wheat Tank Facility - 2nd inspection	9/23/2008	Broadway Boulevard	Active	2/0	2 Low Priority Petro items corrected
Chevron/Texaco					
WP Hammon-NCT-2 Tank Facility	8/14/2008	7211 Cat Canyon Road	Idle	2/0	None Reported
Fugler Tank Facility-3rd inspection	11/13/2008	6085 Cat Canyon Road	Idle	2/1	1petroleum item completed
GWP level 1-5 Tank Facility	8/19/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Recruit Fee Tank Facility Level 1-3	8/19/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Williams Holding Compressor Plant	8/19/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Williams Holding Waste WaterTank Facility	8/28/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Los Alamos Eastside Tank Facility	8/28/2008	6085 Cat Canyon Road	Idle	4/0	None Reported
GWP upper Tank Facility	9/4/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Williams Holding Test Site 1 Facility	9/11/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Williams Holding 56KD Tank Setting	9/11/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Los Alamos36 Test Tank-4 Facility	9/18/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Los Alamos 7A DripTank Facility	9/18/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Los Alamos 69 Test Tank -3 Facility	9/18/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Williams Holding 82KD Tank Facility	9/25/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Williams Holding Fuel Oil 1&2 Tank Facility	9/25/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Los Alamos Test Tank-6 Facility	9/25/2008	6085 Cat Canyon Road	Idle	2/0	None Reported
Los Alamos Westside Tank Facility	10/9/2008	6085 Cat Canyon Road	Idle	2/0	None Reported

Summary:	
Number of Facilities under Inspection:	76
Total Number of Deficiencies	158
Total Number of Deficiencies rated "High"	1
Total Number of Active	33
Total Number of Idle	20
Total Number of Partially Dismantled	14
Total Number of Facilities Operating w/ Deficiencies	19

Onshore Facility Spill Report

Date	Operator	Lease/Facility	Gal
Total Amount spilled from January 15 to April 30, 2008			13,300
	BLM Transportation Total		3
	Breitburn Energy Total		124
	Greka Total		562
	PXP Total		14.6
Total Amount Spilled from May 1 to June 30, 2008			704
7/16/2008	PXP	Harris Grade Rd	80
7/18/2008	Grayson Services	Foxen Cyn Rd	30
7/24/2008	Breitburn Energy	Orcutt Hill Rd	200
7/30/2008	Vaquero Energy	Hwy 135, Los Alamos	30
8/14/2008	BreitBurn Energy	Orcutt Hill Road	200
8/15/2008	Greka	Telephone Road	400
Total Amount Spilled from July 1 to August 31, 2008			940
10/2/2008	Plains Exploration	Firefighter Road	219
10/14/2008	Greka	Dominion Road	1
10/16/2008	Greka	Battles Road	15
10/19/2008	Vaquero Energy	Old Cariaga Ranch Road	10
10/31/2008	Breitburn Energy	Orcutt Hill Road	126
11/2/2008	BE Conway	Well B-2 Magenheimer	420
11/5/2008	PXP	Harris Grade Road	3
11/17/2008	Venoco, Inc.	Cat Canyon Road	420
11/21/2008	Greka	Telephone Road	84
11/24/2008	Greka	Zaca Station Road	630
12/6/2008	Greka	Telephone Road	1470
12/11/2008	Greka	Telephone Road	25
12/18/2008	PXP	Rucker Road	11
12/24/2008	Greka	Graciosa Road	336
12/26/2008	Greka	Palmer Road	2600
12/27/2008	Greka	Palmer Road	9240
12/28/2008	Greka	Palmer Road	210
			15820
Total Amount Spilled Since January 15, 2008			30,764

Attachment B

STATUS OF PRIOR RECOMMENDATIONS

Staff’s primary efforts have focused on increasing on-site inspections and providing resources to assist onshore operators meet compliance requirements. However, we have balanced this effort with moving quickly forward on recommendations approved by the Board of Supervisors on January 15, 2008.

Recommendation 1 -

Develop a Multiple Response Ordinance:

Staff has worked cooperatively with onshore oil operators to develop a section in the Fire Code to address multiple responses. The proposed language is as follows:

“Sec. 15-103. Petroleum facility response – Cost Recovery.

Petroleum Facility Operators shall pay a fee as specified below, for any response to their petroleum facility (and/or associated piping and wells) by County Fire that is caused by a violation of Chapter 27 (hazardous Material) or Chapter 34 (Flammable and Combustible Liquids) of Article 1 of Chapter 15 of the Santa Barbara County Code. There shall be no fee for the initial response to a petroleum facility in a calendar year. However, a fee of \$690 shall be charged for each subsequent response to a petroleum facility in a calendar year. Additionally, if the time needed by County Fire to mitigate the hazard caused by any violation exceeds two hours, the Petroleum Facility Operator shall pay a surcharge based on County Fire’s actual response costs.

Exception: Off-shore related Petroleum facilities with Conditional Use Permits and regulated by the county’s Systems Safety and Reliability Review Committee (SSRRC) are exempt from Sec. 15-103.”

The language is included as part of the proposed revisions to the Fire Code which was continued by the Board on September 2, 2008 for revisions regarding the appeal process and sprinkler requirements. First reading of the ordinance is scheduled for January 13, 2009.

The environmental community (SBCAN) was a participant in a meeting with oil operators to discuss an appropriate method of addressing this issue.

Recommendation 2 -

Develop a High Risk Offender Ordinance:

A High Risk Operator ordinance amendment to the Petroleum Code has been approved by your Board and will go into effect January 9, 2009

Recommendation 3 -

Develop a Centralized Data Base to Compile Violation History:

A totally new approach to track inspections, releases, deficiencies, permitting and future work planning has been initiated. The result of this effort will go beyond the initial efforts to document past activities. A web based system that will tie the Accela project tracking system and the Firehouse system allowing for up-to-date internal and external access to records for individual facilities will be developed. APCD records will be imported into the County system for a complete picture of each facility. The system will leverage the Cognos system in the Data for Decision Making project. The development of a coordinated data base among the three agencies – Fire, APCD and Petroleum – resulted in increasing the facility count from 77 to 117 for all facilities.

Recommendation 4 -

**Increase Inspection and Permitting Fees
for those Facilities Requiring Extraordinary Time for Inspection**

The Petroleum Code contains language allowing for charges for extraordinary inspections. Draft ordinance language has been completed and is contained in the proposed update to the Fire Code. This Code amendment was continued on September 2, 2008 for language modifications regarding appeals and sprinkler requirements. First reading of the ordinance is scheduled for January 13, 2009.

Recommendation 5 -

Operational Efficiency Recommendations

The County's on-site inspection program has been consolidated under the responsibility of the Petroleum Unit. County staff continues to coordinate and meet with all regulatory agencies. Staff will report progress to Board at 60-day intervals until this situation is stabilized. The next report is scheduled for March 27, 2009.

Attachment C



United States Environmental Protection Agency
Region 9, Pacific Southwest
Emergency Response Section
2250 Obispo Ave., Ste. 101
Signal Hill, CA 90755



August 29, 2008

E-Mail with Return Receipt

Susan Whalen
Greka Oil and Gas, Inc.
a.k.a. Greka SMV, a.k.a. Greka Energy
6527 Dominion Road
Santa Maria, CA 93454

Dear Ms. Whalen:

The United States Environmental Protection Agency (EPA) has completed its cleanup of the unnamed tributary of Cat Canyon Creek and the Sisquoc River that runs parallel to Palmer Road (the "Creek") following Greka's January 29, 2008 discharge of oil at the Bell Lease (the "Discharge"). Pursuant to the Order for Removal, Mitigation, or Prevention of Substantial Threat of Discharge (EPA Docket No. OPA 311-09-2008-0002) (the "Order"), Greka must revegetate the impacted area of the Creek in order to fully mitigate the impacts of the Discharge.

No later than close of business on October 3, 2008, Greka must, pursuant to Paragraph 18d, submit a work plan to EPA that details its plans for revegetation of the impacted area of the Creek. Greka may use the attached restoration guidelines from the California Department of Fish and Game to develop the revegetation work plan.

EPA is also recommending (but not ordering) as good business practices that will minimize the impact of future discharges and precipitation events, that Greka (1) revegetate the Upper Bell Pond areas to prevent erosion during precipitation events; (2) maintain the underflow dam in the unnamed tributary, down stream of the Blochman Injection Ponds; and (3) install emergency gates/valves at all culverts on the Creek in order to stop the flow of future discharges to the Creek.

If you have any questions, please do not hesitate to contact Robert Wise at (562) 889 – 2572 or for legal questions contact Michael Massey at (415) 972-3034.

Sincerely;

A handwritten signature in blue ink that reads 'Robert Wise'.

Robert Wise, CHMM
Federal On-Scene Coordinator
(562) 889 – 2572 (cell)
wise.robert@epa.gov

cc: Michael Massey, EPA, Peter Reich, EPA; Rich Todd, SBCoFD; Kate Sulka, SBCoFD; Pam McNulty, SBCo Petroleum; Jorge Gross, CADFG; Mike Connell, CADFG

Attachment

Attachment D

STATE OF CALIFORNIA, RESOURCES AGENCY

ARNOLD SCHWARZENEGGER,

GOVERNOR



DEPARTMENT OF CONSERVATION

DIVISION OF OIL, GAS AND GEOTHERMAL RESOURCES

8075 S. Bradley Rd. • Suite 221 • SANTA MARIA, CALIFORNIA 93455

PHONE 805 / 937-7246 • FAX 805 / 937-0673 • WEBSITE conservation.ca.gov

December 15, 2008

Mr. John Baker
County of Santa Barbara
123 East Anapamu St.
Santa Barbara, CA 93101-2058

Re: Enforcement Action Update

Dear Mr. Baker:

Updated information was requested concerning environmental inspections made and enforcement actions taken by our agency with regard to oilfield operations in Santa Barbara County. The following outlines the activities of the Division's District 3 office from September 10 – December 15, 2008 germane to the report you are preparing:

In March 2008, the Division issued Provisional Order P308-1 imposing a civil penalty. Greka appealed the order and requested a hearing. The hearing was conducted on August 7, 2008. A final order was imposed on October 10, 2008 for \$2500 for failure to respond timely and to provide secondary containment as required in Division regulation.

Environmental lease inspections (September 10 – December 15) have been made as follows:

<u>Operator</u>	<u>Field</u>	<u>Lease Name</u>
Greka Oil & Gas	Santa Maria Valley Cat Canyon	North Orcutt, California, United California, Bradley, Security Fee, Thomas
Sierra Resources	Casmalia Barham Ranch	Soladino Blair Barham, OTEC Boyne

Please contact our office should you have any questions.

Sincerely,

Patricia A. Abel
Deputy Supervisor

Attachment E

California Department of Fish and Game
Ken Wilson, Biologist

RESTORATION OF THE PALMER ROAD SITE

Restoration should include the revegetation/reseeding of stripped or exposed work areas with vegetation native to the area. The restoration process should include the species already found on site, including the following: coast live oak, arroyo willow, elderberry, blackberry, mulefat, mugwort, Artemisia, and coyote bush. This will provide both canopy and under-story vegetation. Grasses should be seeded for initial erosion control and these should be native species or species already abundant in the area.

All planting should have a minimum of 80% survival the first year and 100% survival thereafter and/or shall attain 75% cover after 3 years and 90% cover after 5 years for the life of the project. Prior to the mitigation site(s) being determined successful, they should be entirely without supplemental irrigation for a minimum of 2 years, no single species shall constitute more than 50% of the vegetative cover, no woody invasive species shall be present. If the survival, cover and other requirements described in this Agreement and in the submitted documents have not been met, Greka should be responsible for replacement planting to achieve these requirements. Replacement plants shall be monitored with the same survival and growth requirements for 5 years after planting.

Willow cuttings obtained from nearby plants or plants damaged during excavation should be planted on 6-8 ft centers, on the restored slope. These should be planted during the willows dormant season, and shall be augered/dug into the wet soil.

All planting should be done after the first wetting rains between October 1, 2008 and February 1, 2009, to take advantage of the winter rainy season, dormancy of foliage, and rooting period to ensure optimum survival of plantings.

All plants shall be planted in randomly spaced, naturally clumped patterns. Any replacement tree stock, which cannot be grown from cuttings or seeds, should be obtained from a native plant nursery.

Areas of disturbed soils with slopes toward the creek should be stabilized to reduce erosion potential. Planting, seeding and mulching is conditionally acceptable. Where suitable vegetation cannot reasonably be expected to become established, non-erodible, materials, such as coconut fiber matting or jute should be used for such stabilization. No materials containing plastic or filament should be use, nor any non-biodegradable materials.

All debris, such as abandoned pipeline, pieces of metal, tires, and any other discarded materials should be removed from the banks.
