



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: June 16, 2009  
Placement: Departmental  
Estimated Tme: 1 Hour  
Continued Item: Yes  
If Yes, date from: File No.: 07-01220  
Vote Required: N/A

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**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**

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**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 June 16, 2009, receive a staff report on the status of the onshore facilities program.
- 2) Receive an update on the five recommendations concerning 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, inspected all 122 of the onshore petroleum facilities in 2008 and to date have inspected 31 of the 122 facilities in 2009. All the violations listed in **Figure 1** are **priority #3** violations which require correction within 30 days. All facilities with violations outstanding beyond 30 days have been issued or will receive Notice of Violations.

*(See Attachment A to this Board letter for a detailed schedule of the 2009 facility inspections completed through May, current violations and a listing of individual spill amounts).*

- 2) ***Status of Prior Recommendations Approved by the Board*** – In order to deter the continued occurrences of violations at onshore oil sites, to recover the increased and often excessive costs to the County's citizens associated with such violations, 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:	2008		2009		Total Violations remaining
	No. of Facilities Inspected	Total Violations remaining	No. of Facilities Inspected	No. of Violations total	
BreitBurn Energy	9	0	N/A	N/A	N/A
B&E Conway	8	0	N/A	N/A	N/A
Chevron/Texaco	17	0	N/A	N/A	N/A
E&B Natural Resources	26	0	N/A	N/A	N/A
Gitte-Ten, LLC	1	0	1	0	0
Grayson Services, Inc.	1	0	1	1	1
Greka Oil & Gas, Inc.	44*	44	16	117	161
Off Broadway Minerals	1	0	N/A	N/A	N/A
Phoenix Energy	1	0	1	0	0
PXP	1	0	1	0	0
Pyramid Oil	1	0	1	8	8
Richards Oil	2	0	2	1	1
RMR Energy Resources	1	0	1	0	0
Santa Maria Pacific, LLC	2	0	N/A	N/A	N/A
Sierra Resources	3	0	3	9	9
So. Cal. Gas	1	0	N/A	N/A	N/A
Vaquero Energy	2	0	2	3	3
Venoco, Inc.	1	0	1	1	1
Vintage Production	0	0	1	1	1
<b>TOTALS</b>	122	44	31	141	185

\* As of January 1, 2009 Greka Oil and Gas operates 43 of the 122 onshore facilities.

**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 violations of all applicable codes and standards, which range in coverage from minor maintenance violations to violations that pose an imminent threat to life, limb and/or property. After each facility inspection is complete, the inspection team coordinates their respective violation items to determine if the facility is fit for service. Depending on the severity and/or number of violations, the facility may be shut down. To help in its decision, the inspection team categorizes each violation into one of the following three categories (Levels 1, 2 or 3 as shown below):

<b>HIGH PRIORITY</b>	<b>Level #1 - Immediate Priority Violations</b> - These violations 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 violations would be cause for an immediate shutdown of the facility.
	<b>Level #2 - High Priority Violations</b> - These violations 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.
<b>LOW PRIORITY</b>	<b>Level #3 - Low Priority Violations</b> - These violations 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 violations require attention, they are not imminent safety violations and are granted 30 days to complete the maintenance

Starting March 5, 2009, the onshore inspection team began their second year of performing annual facility inspections of the onshore petroleum facilities.

Dating back to January 15, 2008 the onshore facility inspection team has performed numerous facility inspections and re-inspections at Greka’s forty-three (43) oil and gas facilities. To date, Greka has Forty-four (44) remaining violations resulting from the 2008 annual inspections that have been the subject of Notices of Violation and/or Notices of Determination (fines from the Petroleum Administrator or the Fire Department). Beginning March 5, 2009, the inspection team has completed inspections at sixteen (16) of Greka’s Forty-three (43) facilities and identified 117 violations at those facilities. Since January 2008, nineteen (19) of those facilities have been issued Notice of Violations and fines have been imposed. As reported to the Board on January 13, 2009, Greka Oil and Gas appealed the fines for twelve (12) of the facilities. Five hearings were held beginning January 7, 2009 and continuing through April 22, 2009. After the last hearing on April 22, 2009 both parties were afforded the opportunity to provide additional written statements. Once the hearings were concluded and written statements were submitted to the hearing officer, it was determined and ordered that Greka was to pay the amount of \$945,000 in administrative fines in accordance with Chapter 24A-7 of the Santa Barbara County Code. This determination has been appealed to the Santa Barbara County Superior Court.

Additionally, since January 15, 2008 the onshore inspection team has also performed numerous inspections and re-inspections at seventy-nine (79) other oil and gas facilities that are divided among nineteen (19) onshore operators. All violations indentified during the 2008 annual inspections have been corrected. To date, as a result of the 2009 annual facility inspections, twenty-four (24) violations at fifteen (15) different facilities controlled by eight (8) other operators remain.

Since our update to your board on January 13, 2009, 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 database. We are utilizing the infrastructure of the Data for Decision Making Project consolidating data and County Information Technology Department (ITD) is managing development of this system and will provide a live demonstration of the progress of data consolidation and automation at the hearing.

The onshore inspection team will be completing the initial 2009 facilities team inspections on the ninety-one (91) remaining facilities by the end of November 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 violations 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.

County Fire and the Petroleum Unit will continue to inspect, monitor, respond to, and document all petroleum operations to insure compliance with all applicable codes in the County of Santa Barbara.

**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. Soil sampling will be taking place within the next four to six weeks.

▪ **Air Pollution Control District:**

**Notices of Violation Issued Between 2/1/2009 and 2/28/2009**

NOV #	Facility	City	Source Of Violation	Date
9164	Greka - Chamberlin "B" Lease	Santa Maria	Excess H2S in flare gas	2/23/2009
9163	Greka - Chamberlin Lease	Santa Maria	Excess H2S in fuel gas	2/23/2009
9162	Greka - Davis Lease	Santa Maria	Excess H2S in fuel gas	2/23/2009
9076	H.P. Boyne Lease-Sierra Resources	Santa Maria	failed to apply for PTO	2/9/2009
9165	BreitBurn Energy - Newlove Lease	Orcutt	Vapor Leaks	2/23/2009
9161	BreitBurn Energy - Pinal Lease	Orcutt	Vapor Leaks	2/13/2009

**Notices of Violation Issued Between 3/1/2009 and**

**3/31/2009**

<b>NOV #</b>	<b>Facility</b>	<b>City</b>	<b>Source Of Violation</b>	<b>Date</b>
9113	Greka Oil & Gas - Bell Lease (Cat Canyon)	Santa Maria	Vapor leaks due to corroded pipeline	3/4/2009
9112	Greka Oil & Gas - Bell Lease (Cat Canyon)	Santa Maria	Fugitive emissions from open-ended line	3/4/2009
9114	Greka Oil & Gas - Cat Canyon IC Engines	Santa Maria	Failure to submit Compliance Plan	3/4/2009
9316	Greka Oil & Gas - Chamberlin "B" Lease	Santa Maria	Flare igniter not in operation	3/6/2009
9317	Greka Oil & Gas - Williams Holding Lease	Santa Maria	Vapor leaks from gas scrubber	3/20/2009
9318	BreitBurn Energy - Newlove Lease	Orcutt	Exceed sulfur content in fuel gas	3/24/2009
9319	Greka Oil & Gas - Fullerton Lease	Santa Maria	Vapor leaks - dry water seal on tank	3/26/2009
9320	Greka Oil & Gas - Williams "B" Lease	Santa Maria	Vapor leaks from crude oil tank	3/27/2009

**Notices of Violation Issued Between 4/1/2009 and 4/30/2009**

<b>NOV #</b>	<b>Facility</b>	<b>City</b>	<b>Source Of Violation</b>	<b>Date</b>
9227	Greka - Bradley Lands/Bradley Consolidated Lease	Santa Maria	Ops w/ open-ended line	04/10/2009
9321	Greka - Morganti Lease	Santa Maria	Excess H2S in flare gas	04/02/2009
9229	Greka - Mortenson Lease	Santa Maria	Vapor leaks	04/10/2009
9083	BreitBurn Energy Co. - Orcutt Hill Compressor Plant	Orcutt	Demolition without notification	04/13/2009
9322	BreitBurn Energy Co. - Orcutt Hill IC Engines	Orcutt	Failure to notify upon engine replacement	04/06/2009
9226	Greka - Security Fee/Thomas Lease	Santa Maria	Operating loading rack w/o overfill protection	04/10/2009

## Notices of Violation Issued Between 5/1/2009 and 5/31/2009

NOV #	Facility	Nearest City	Source Of Violation	Date
9383	Santa Maria Refining Company / SMRC Refinery	Santa Maria	Failed to obtain a permit for tank seals	05/01/2009
9323	BreitBurn Energy Company / Newlove Lease	Santa Maria	Exceed fuel sulfur limit in steam generator	05/04/2009
9235	Greka Oil & Gas Co. / Bradley Consolidated	Santa Maria	Open ended lines and leaking components	05/18/2009
9233	Greka Oil & Gas Co. / Bradley Lands Lease	Santa Maria	Excess oil in well cellars #5/#10	05/19/2009
9232	Greka Oil & Gas Co. / Lloyd Lease	Santa Maria	Excess oil in well cellar #16	05/19/2009
9236	Greka Oil & Gas Co. / Porter Lease	Santa Maria	Excess oil in well cellars #16/#19	05/19/2009
9234	Greka Oil & Gas Co. / Bradley Lands Lease	Santa Maria	Failed to repair a major leaking component	05/26/2009
9237	Vintage Production California / UCAL Lease	Santa Maria	Operating an oil tank with an open hatch	05/27/2009

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

*Please see Attachment C.*

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

No new updates.

**Attachments:**

Attachment A - Schedule of Onshore Facility Inspection Reports

Attachment B - Status of Prior Recommendations

Attachment C – Letter dated June 3, 2009 from Pat Abel, Department of Conservation – Division of Oil, Gas and Geothermal Resources

**Attachment A****Onshore Facility Inspection**

Owner & Facility #1	Initial Inspection Date	Location Address	Status	Facility Inspection Violations	Outstanding Violations From 2008 Inspections
<b>Vintage Production California, LLC</b>					
Ucal	3/5/2009	6527 Dominion Road Santa Maria	Idle	1	
<b>Greka Oil &amp; Gas</b>					
Bradley 3-Island	3/12/2009	3851 Telephone Road Santa Maria	Active	31	
Security Fee Tank Facility	3/17/2009	5200 Dominion Rd Santa Maria	Idle	2	
Security LCR Tank Facility	3/17/2009	5200 Dominion Rd Santa Maria	Active	4	2
Union Sugar	3/19/2009	1505 Black Rd. Santa Maria	Active	3	
Los Flores	4/16/2009	6151 Dominion Santa Maria	Active	12	
Casmalia/Morganti	3/19/2009	5080 Black Rd. Santa Maria	Active	9	1
Dominion	4/16/2009	6460 Dominion Rd, Santa Maria	Idle	2	
UCB Tank Facility	4/16/2009	6460 Dominion Rd, Santa Maria	Idle	1	
Bell Tank Battery	4/21/2009	6780 Palmer Rd. Santa Maria	Active	10	1
Bell Blochman Inj.	4/21/2009	6605 Palmer Road Santa Maria	Active	10	
Zaca-Chamberlin	4/23/2009	5017 Zaca Station Rd Los Olivos	Active	7	2
Zaca-Davis	4/23/2009	5017 Zaca Station Rd Los Olivos	Active	7	6
Bell Compressor	4/21/2009	7320 Palmer Road, Santa Maria	Active	4	1
Fullerton		6749 Cat Canyon Rd.	Active		2
Battles Lease		1348 Battles Road, Santa Maria	Idle		4
Williams B		6855 Cat Canyon Rd. Santa Maria	Idle		3
Williams A-1		6855 Cat Canyon Rd. Santa Maria	Idle		2
Kemp		3518 Telephone Rd. Santa Maria	Idle		1
Bradley 5-Island	3/12/2009	3850 Telephone Rd., Santa Maria	Idle	1	
Goodwin A Tank Facility	3/17/2009	5200 Dominion Rd., Santa Maria	Idle	7	
Lakeview Gas plant		Clark Avenue	Active		2
Golco Fee Tank Facility		Telephone Rd., Santa Maria	Idle		3
Porter Tank Facility		6527 Dominion Road Santa Maria	Idle		3
Harbordt Tank Facility		4050 Orcutt Garey Rd. Santa Maria	Idle		3
Mortensen Tank Facility & Soft Water Plant		4050 Orcutt Garey Rd. Santa Maria	Idle		3
Harbordt KD/Gas Plant Facility		4050 Orcutt Garey Rd. Santa Maria	Idle		3
Lloyd Tank Facility	3/17/2009	Dominion Rd. Santa Maria	Idle	7	2
<b>Richards Oil</b>					
Wickenden Tank Facility	5/7/2009	7201 Foxen Cyn Rd., Santa Maria	Active	0	
Tompkins/Peshine Tank Facility	5/12/2009	5300 Associated Rd., Casmalia	Active	1	
<b>PXP</b>					
Lompoc Hill Tank Facility	4/9/2009	4230 Rucker Rd., Lompoc	Active	0	
<b>BreitBurn</b>					

Onshore Oil Facilities Update

Owner & Facility #1	Initial Inspection Date	Location Address	Status	Facility Inspection Violations	Outstanding Violations From 2008 Inspections
<b>Sierra Resources</b>					
H.P. Boyne Tank Facility	3/31/2009	10505 Hwy 101, Los Alamos, CA	Active	3	
Blair Tank Facility	3/31/2009	10505 Hwy 101, Los Alamos, CA	Active	2	
Soladino Tank Facility	4/2/2009	500 Associated Rd., Casmalia	Active	4	
<b>E &amp; B Natural Resources</b>					
<b>Phoenix Energy</b>					
Careaga Facility	4/7/2009	7980 Graciosa Rd., Santa Maria	Active	0	
<b>Gitte-Ten</b>					
Careaga Facility	4/7/2009	7980 Graciosa Rd., Santa Maria	Active	0	
<b>B.E. Conway</b>					
<b>GRAYSON SERVICES, INC.</b>					
Cantin Tank Facility	5/14/2009	4445 Foxen Canyon Rd., Santa Maria	Active	1	
<b>RMR ENERGY RESOURCES</b>					
Williams Holding Tank Facility	5/14/2009	Long Canyon Rd., Santa Maria	Idle	0	
<b>Venoco Inc.</b>					
Tognazzini Tank Facility	5/19/2009	Cat Canyon Road, Los Alamos	Active	1	
<b>Pyramid Oil</b>					
Delaney Tunnel Facility	4/14/2009	6348 Dominion Road, Santa Maria	Active	8	
<b>Vaquero Energy</b>					
Careaga LA #1 Facility	5/5/2009	Highway 135, Los Alamos	Active	1	
Careaga LA #2 Facility	5/5/2009	Highway 135, Los Alamos	Active	2	
<b>OFF BROADWAY</b>					
<b>Chevron/Texaco</b>					
<b>Santa Maria Pacific</b>					
<b>So. Cal Gas</b>					

**TOTALS: 31**

**141**

<b>Summary</b>	
No. of Facilities Inspected	31
Total No. of Violations for 2009	141
Total No. of Active Facilities	49
Total No. of Idle Facilities	73
Total No. of Facilities Operating w/ Violations	21



# Onshore Facility Spill Report

Date	Operator	No. of Gallons	No. of Gallons
<b>January 15, 2008 – April 30, 2008</b>			<b>13,300</b>
<b>May 1, 2008 – June 30, 2008</b>			<b>704</b>
	BLM Transportation	704	
	Breitburn Energy	124	
	Greka	562	
	PXP	15	
<b>July 1, 2008 – August 31, 2008</b>			<b>940</b>
	PXP	80	
	Grayson Services	30	
	Vaquero Energy	30	
	Breitburn Energy	400	
	Greka	400	
<b>September 1, 2008 – December 31, 2008</b>			<b>15,820</b>
	PXP	233	
	Greka	14,611	
	Vaquero Energy	10	
	Breitburn Energy	126	
	BE Conway	420	
	Veneco	420	
<b>January 1, 2009 – May 1, 2009</b>			<b>10,542</b>
January 16, 2009	Breitburn Energy/Cal Coast	252	
January 19, 2009	Greka/Bradley 5-Island	630	
February 22, 2009	Breitburn/Newlove	168	
March 5, 2009	Greka/Zaca Davis	420	
March 19, 2009	Greka/Bradley Consolidated	168	
April 14, 2009	PXP/Purisima	294	
April 16, 2009	Greka/Union Sugar	8400 <sup>(1)</sup>	
May 1, 2009	Greka/Bell	210	
<b>Total Amount Spilled Since January 15, 2008</b>			<b>41,306</b>

(1) Amount included 5460 processed water, 2940 oil all within secondary containment area.

**Attachment B**

**STATUS OF PRIOR RECOMMENDATIONS**

**Recommendation 1 – Completed**

**Develop a Multiple Response Ordinance:**

**Recommendation 2 - Completed**

**Develop a High Risk Offender Ordinance:**

**Recommendation 3 -**

**Develop a Centralized Data Base to Compile Violation History:**

Technology Department (ITD) is managing development of this system and will provide a live demonstration of the progress of data consolidation and automation at the hearing.

**Recommendation 4 - Completed**

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

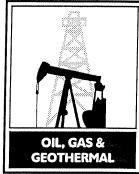
**Recommendation 5 – Completed.**

**Operational Efficiency Recommendations**

**Attachment C**

NATURAL RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, GOVERNOR



**DEPARTMENT OF CONSERVATION**

**DIVISION OF OIL, GAS AND GEOTHERMAL RESOURCES**

5075 S. Bradley Rd. • Suite 221 • SANTA MARIA, CALIFORNIA 93455

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

June 3, 2009

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 December 16, 2008 – May 31, 2009 germane to the report you are preparing:

In February 2009, the Division issued Provisional Order P309-1 to Greka Oil & Gas, Inc. (Greka) imposing a civil penalty for a spill that occurred in December 2008. Greka appealed the order and requested a hearing. The request for a hearing was later withdrawn. The order became final imposing a penalty of \$5000 for failure to maintain production facilities (California Code of Regulations (CCR) 1774(c) and (e)).

In 2009, two operators received a Notice of Violation. Greka received a violation for failure to maintain a pipeline which resulted in an oil spill on December 26, 2008. Sierra Resources, Inc. received a violation for failure to file required well records.

Environmental lease inspections (December 16, 2008 – May 31, 2009) have been made as follows:

<u>Operator</u>	<u>Field</u>	<u>Lease Name(s)</u>
Breitburn Energy	Orcutt	"Newlove"
Greka Oil & Gas	Casmalia	"Arellanes", "Bonetti", "Escolle", "Morganti" "Righetti", "Righetti B"
Greka Oil & Gas	Cat Canyon	"Bell", "Blochman", "Bradley", "Dominion" "Palmer Stendel", "U.C.B.", "United California Bank"
Greka Oil & Gas	Santa Maria Valley	"North Orcutt"
KORE	Orcutt	"Careaga"
Phoenix Energy	Orcutt	"Careaga"
PXP	Jesus Maria	"Jesus Maria"
Richards Oil	Casmalia	"Tompkins", "Peshine"
RMR	Cat Canyon	"Williams Holding", "Williams Holding C.H."

*The Department of Conservation's mission is to balance today's needs with tomorrow's challenges and foster intelligent, sustainable, and efficient use of California's energy, land, and mineral resources.*

June 4, 2009  
DOGGR Report  
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<u>Operator</u>	<u>Field</u>	<u>Lease Name(s) Continued</u>
Santa Maria Pacific	Orcutt	"Careaga"
Sierra Resources	Casmalia	"Soladino"
Venoco	Elwood	"Elwood"

Please contact our office should you have any questions.

Sincerely,



Patricia A. Abel  
Deputy Supervisor

PAA:cb

cc: County Agencies  
Violations

