SANTA BARBARA COUNTY
BOARD AGENDA LETTER

Clerk of the Board of Supervisors
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Agenda Number:	
Prepared on:	4/11/01
Department Name:	Planning and Development
Department No.:	053
Agenda Date:	4/17/01
Placement:	Departmental
Estimate Time:	50 minutes
Continued Item:	Yes
If Yes, date from:	4/3/01

TO: Board of Supervisors

FROM: John Patton, Director of Planning and Development

STAFF CONTACT: Michelle Gasperini Pasini, Energy Specialist, 568-2506
Kristen Getler, Planner, 568-2048

SUBJECT: Venoco State Lease 421 Revised Emergency Permit / 00-EMP-006(RV01)

Recommendation(s):

That the Board of Supervisors:

Receive staff briefing regarding the wells on Venoco's State Lease 421 at Ellwood as follows:

(A) Receive the Director's report regarding amendments made to an Emergency Permit issued to Venoco, Inc. for work necessary to stabilize an idled production well and injection well, known as State Lease 421 (SL 421), located immediately south of the Sandpiper Golf Course (5 minutes); and

(B) Receive staff briefing on options for post emergency status and give direction as appropriate (45 minutes).

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 2., A Safe and Healthy Community in Which to Live, Work, and Visit.

Executive Summary and Discussion:

Pursuant to Section 35-171 of Article II of the County's Zoning Ordinance, when an Emergency Permit is issued, the Director of the Planning and Development Department must report the nature of the emergency and the work involved to the Board of Supervisors in writing. The Director issued a revised Emergency Permit to Venoco, Inc. (Venoco) on March 20, 2001 for work necessary to stabilize the free-flowing wells on SL 421 (Attachment 1). The permit was amended on April 11, 2001 to reflect an agreement reached between Venoco and Sandpiper Golf Course representatives with respect to road repair work (Attachment 2).

Background Information

The Energy Division last briefed the Board of Supervisors on an emergency incident at Venoco's SL 421 on December 12, 2000. At that time, the Director of Planning and Development had issued an emergency permit to provide for initial temporary response to abate a leaking injection and production well on SL 421, located directly south of Sandpiper Golf Course (See 00-EMP-006(RV01) Figure 1). The permit authorized Venoco to lay two sets of 2" hard piping to assist in well depressuring and to provide interim well stabilization through a brine kill method. Further examination of the corroded well equipment by both State Lands Commission (SLC) and the Department of Oil, Gas, and Geothermal Resources (DOGGR) led the state agencies to concur that the wells required further repair, specifically the installation of downhole packers and subsurface safety valves, to fully stabilize the wells. The SLC issued a letter on January 8, 2001 directing Venoco to perform remedial work immediately to fully stabilize the wells and abate the "unacceptable risk of pollution" that the condition of the wells pose. In order to accomplish the required well repairs, major upgrades to the existing access road and piers are necessary to accommodate the size and weight of the repair equipment. This work requires permits from both the County and the California Coastal Commission (CCC).

Upon initial review, the Energy Division and CCC were concerned that the scope of the work plan seemed excessive. The road at present did not provide a passable route for the repair equipment, and the piers did not possess the integrity or weight carrying capacity to handle the weight of the well repair equipment. In effect, Venoco's proposal detailed a three-stage workplan beginning with road repairs, pier fortification and culminating in well stabilization, requesting 14 weeks for its completion. In response, the Energy Division requested confirmation from state agencies with principal regulatory authority over the wells (SLC/DOGGR) of the incident's emergency characterization in order to verify and approve the extensive work plan. Both agencies reiterated that the wells posed imminent environmental risk, which could only be abated through equipment overhaul and installation of down hole equipment that would suspend the wells' natural flow of oil.

On January 10th the Energy Division granted approval for Venoco to proceed with roadwork up to the first pier, 421-1, which contains the injection well. CCC's authorization for the same was issued January 12th. In this time, Venoco and SLC also determined that killing the wells could potentially increase pressure on the well casings, thereby increasing the risk of an oil spill without the ability to get a repair rig onto the piers.

The Energy Division informed Venoco that a complete work plan would be required prior to permit issuance in order to establish an accurate project description that could be appropriately conditioned and enforced. Venoco's repair work plan continued to evolve. The Division remained in continuous communication with Venoco attempting to finalize project plans that would effectively abate the emergency while limiting environmental impacts.

During this time of project development and reconfiguration, legal issues arose between Venoco, who holds an access easement across Sandpiper Golf Course (SPGC), and SPGC, the landowner. The two parties disagreed as to the scope and intensity of the use allowed under the easement. This discrepancy prompted SPGC to file a lawsuit and to seek and obtain a temporary restraining order (TRO), which restricted Venoco's use of the easement. However, the TRO did not hold up the project because Venoco had not been granted the permits necessary to perform the remaining work that would affect easement usage. In a hearing held March 15, 2001, the Court dissolved the TRO pursuant to a stipulation of the parties and scheduled a hearing for a preliminary injunction for April 6th on the remaining issue of the litigation, which is the issue of

lease expiration. SPGC maintains in its complaint that since the lease has been inactive (i.e., no oil production or other required maintenance activities at the site) for 5 years, the lease has expired. Their intent is to prove that the lease has expired. Venoco has, however, filed an application with the County during this period to recommission the wells. Their application was deemed incomplete.

Concerned that Venoco's work plan proposal went beyond what was required for emergency abatement and well stabilization, SPGC contracted their own engineer to evaluate the SL 421 situation. SPGC's engineer, HTK Associates, offered several alternative approaches. These alternatives led to several meetings and conference calls between the affected agencies. SLC and DOGGR ultimately found the alternatives inadequate to effectively control the wells. The Energy Division and CCC agreed to permit the project based on SLC and DOGGR assessments once Venoco finalized the project specifications.

Summary of the Emergency Permit

The Energy Division issued Emergency Permit 00-EMP-006(RV01) to authorize the remainder of the SL 421 emergency work plan, as described herein, on March 20, 2001. While the permit expires 120 days after permit issuance (July 11, 2001), Venoco must apply for its follow-up permits within 30 days (April 18, 2001). The project will undergo full CEQA review at that time.

The CCC issued their emergency permit for the same work on March 15, 2001.

Venoco's remedial work will occur in three phases, beginning with the roadwork, followed by pier and caisson repairs, and culminating in the wells' stabilization. Venoco anticipates that the remaining road work will require 2 weeks. In total, road stabilization will have required the installation of 445 tons of rip rap, 530 tons of float rock, and 562 tons of road base. Substantial volumes of rock are necessary to adequately secure a passable route for heavy equipment travel out to the wells (i.e., 56,000 lb. crane, 80,000 lb. well repair rig). The road will be strictly limited to a 12 foot width. The placement of stakes establishing the road construction envelope will remain in place for the duration of the project. To complete road stabilization, Venoco will fortify the access road approach to pier 421-2 to ensure vehicle stability as the vehicle transitions from land onto the pier. In the end, the entire road repair operation will require approximately 5 weeks.

Three wetland areas were identified in the road by a wetland survey required by the Energy Division. Approximately 1,546 sq. ft. of wetland area will be impacted. The total area of impacted wetland will be calculated once the repair work has been completed. Both areas will be incorporated into an off-site mitigation project. A 3:1 replacement ratio will apply to the first and second wetland areas (~475 sq. ft.), while a 5:1 ratio will apply to the larger, more significant third wetland area (~1,071 sq. ft.) to account for temporal loss of wetland habitat. At the time of permanent well abandonment, Venoco must remove the road material and recontour the site to pre-project conditions to enable wetland restoration. An on-site biological monitor, contracted through the County's Environmental Quality Assurance Program (EQAP), will be present for the duration of the project to ensure protection of the area's natural resources and adherence to the project description and conditions.

Pier repair work will begin immediately upon completion of the road repairs and will require approximately 6 weeks. The piers must be fortified in order to support the weight of the well repair rig. The current pier structures will be reinforced by driving additional piles alongside the existing piles to the seaward end of

both piers. This operation will require 10 days of pile driving activity. The final pier repairs will consist of the installation of new steel joist sections and replacement of the damaged wooden joists and deck planks.

Pier fortification will allow equipment access to the caissons for their repair. Backfill will be excavated from the area to install a new set back slab as well as new concrete pillars. The well cellars will be revamped and reinforced, as deficient materials are replaced and solid soils are reached. Timbers and braces will be replaced as needed. These steps, performed to ensure the caisson integrity and capacity necessary to handle the weight of the 80,000 lb. well repair rig, will require approximately 4 weeks.

All of the road, pier, and caisson work described thus far is in preparation for well stabilization and the associated equipment. The well stabilization procedure, as prescribed by both the SLC and DOGGR, will be conducted in two phases: killing the well and well repair. Venoco anticipates that well stabilization will require 2 weeks. The wells will be killed by injecting a brine solution down-hole to prepare the well bores for the repair work to follow. During the kill phase, access to the well areas will be secured, old down-hole equipment will be inspected and removed, and down-hole conditions will be recorded to determine the scope of the upcoming repair work.

Effective well stabilization will be accomplished through installing both packers to close the annulus between the tubing and casing and surface-controlled subsurface safety valves to close the tubing below the surface in the event of an emergency. These two procedures are required for all wells capable of naturally flowing oil, as mandated by the California Code of Regulations, Title 2, Article 3.3, Section 2132, (a)(6) and (8). All work will be done in accordance with DOGGR/SLC prescribed procedures.

Venoco will work 6 days a week (Monday-Saturday), with option the to work on Sunday, in order to complete the project as safely and expeditiously as possible. Prior to project commencement, Venoco must submit a Traffic Minimization Plan, an Emergency Response Plan, and a Site Safety Plan to the County. Venoco is also required to provide a detailed workplan/schedule to both SPGC and the County, to be discussed with SPGC in a consultation process over the course of 48 hours.

Meanwhile, Venoco continues to monitor the wells' pressures daily. Once the wells pressure up to 45 psi, the valves are turned and the wells are depressurized down to 22 psi, as required by the SLC. The valves are then closed again when depressuring is complete. Depressuring the wells will ensure interim well stability until Venoco can obtain access to the wells and install the necessary equipment to restrict oil flow. Venoco personnel visually inspect the temporary piping by walking the line every two hours while it contains oil in order to ensure there are no leaks. Sorbent pads are placed under each pipe section connection to absorb any leak that may occur. Immediately following each oil flow, Venoco flushes the line with water. Venoco is required to report oil flow volumes upon each use of the line to the Energy Division. Thus far, well depressuring has resulted in directing 6,428 bbls of oil back to the EOF.

Venoco expects to submit all required pre-project plans within one week of permit issuance and will resume road work once plans are approved. Venoco still must obtain an SLC/DOGGR approved well work plan. They are presently in communication with both agencies finalizing that plan. Although, the site will not be prepared to activate the well work plan for approximately 12 weeks. In the meantime, the County will remain actively involved in the operations of this project to ensure Venoco's adherence to their proposed work plan.

For more information on the specifics of the emergency work plan, please refer the attached permit.

Mandates and Service Levels:

None

Fiscal and Facilities Impacts:

Fees associated with County incident response and follow-up for this emergency are reimbursed by Venoco pursuant to their cost-reimbursement agreement with the County. The project causes no fiscal or facilities impacts to the County.

Special Instructions:

None

Concurrence:

County Counsel

Attachments:

1. Revised Emergency Permit (00-EMP-006(RV01) issued 3/20/01
2. Amendment of Emergency Permit to reflect Venoco/Sandpiper Agreement

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