

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on:
Department Name: P&D
Department No.: 053
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If Yes, date from:
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letter 1st quarter 2004.DOC

TO: Board of Supervisors

FROM: Valentin Alexeeff, Director of Planning & Development

STAFF CONTACT: Steve Chase, Deputy Director (x2520)
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SUBJECT: 1st Quarter 2004 Report for Energy Platform/Facility Inspections, Audits, & Drills

Recommendation(s): That the Board of Supervisors: Receive and file this informational document on inspections of offshore platforms in the Santa Barbara Channel and Santa Maria Offshore Basin, as well as onshore and near-shore facilities that process, store, and transport product.

Alignment with Board Strategic Plan: The recommendation aligns with Goal No. 2 - A Safe and Healthy Community in which to Live, Work, and Visit.

Executive Summary and Discussion: On August 26, 2003, the Board of Supervisors received a report and presentation from the Energy Division and the U.S. Minerals Management Service regarding compliance monitoring of offshore oil and gas platforms. The Board directed staff to continue to monitor the type and frequency of platform inspections by public agencies and prepare a quarterly report. The Board also asked for information on related onshore processing and transport facilities and other large, complex facilities such as the Santa Maria Asphalt Refinery. On May 4, 2004, the Board reviewed and took public comments on the first such quarterly report (4th quarter of 2003).

This report transmits inspection data and information regarding offshore platforms in federal waters of the Santa Barbara Channel and Santa Maria Offshore Basin, as well as onshore and near-shore facilities that process, store and transport product. The inspection information is for the first quarter of 2004 (January to March). This has been a cooperative effort with the U.S. Minerals Management Service (MMS) and local agencies that sit as the System Safety and Reliability Review Committee (SSRRC). The methods, results, adequacy, and verification of platform inspections by the MMS are regulated by Federal standards.

Minerals Management Service (MMS)

During the first quarter of 2004, the MMS conducted inspections at each of the 15 platforms in federal waters off of Santa Barbara County, plus at metering stations at Las Flores Canyon, Lompoc and Gaviota (Exhibit 1 attached). The following table provides a comparative analysis of those inspections by type, frequency and location.

TYPE OF MMS INSPECTION	TOTAL NUMBER OF INSPECTIONS	NUMBER OF FACILITIES	NOTES
Complete Production Annual (PC/A)	4	4	Habitat, Hermosa, Hidalgo, and Irene
Partial Production (PP-1, 2, 3, 4)	31	15	All 15 Platforms
Compliance Inspection (AU)	1	1	Focus Facility Inspection at Platform Heritage
Complete Drilling (DR)	1	1	Platform Heritage
Partial Drilling (DP)	0	0	
Well Abandonment (AB)	0	0	
Well Completion (CO)	0	0	
Well Workover (WO)	2	2	Platforms Heritage and Irene
Meter (Oil, Gas) (MT/O, G)	11	6	Gaviota, Las Flores, Lompoc, Habitat, Hondo, and Irene
EPA (EP)	8	7	Platforms A, Habitat Harvest, Heritage, Hillhouse, Hogan, Houchin
Oil Spill Exercise (OS)	4	4	Platforms C, Harmony, Hermosa, and Hillhouse
Accident Investigation (AI)	3	2	Platforms Habitat and Henry
Environmental (EN)	61	18	All 15 Platforms, Gaviota, Las Flores, and Lompoc facilities
Flaring (FL)	5	5	Platforms B, Habitat, Hermosa, Hidalgo, and Irene
Hydrogen Sulfide (HS)	38	15	All 15 Platforms
Pipeline (PL)	21	15	All 15 Platforms
USCG Safety Guidelines (SG)	34	14	All Platforms except Platform B
Site Security (SS)	11	5	Gaviota, Las Flores, Lompoc, Platforms Habitat, and Hondo
TOTAL	235		

The MMS conducted a variety of inspection types at each platform at least once during the quarter. Each of the platforms in north county waters (Harvest, Hermosa, Hidalgo, and Irene) had at least 3 separate days of inspection, as did Heritage, Harmony, and Hondo off Gaviota. The majority of the platforms off Carpinteria also had at least 3 separate days of inspection. Each of the 15 platforms had at least one partial production inspection (PPI). A total of 31 partial production inspections occurred during this quarter. Four complete, annual production inspections were also conducted. In total, 235 categories of inspection were conducted over 58 inspection days. Those inspections found 17 incidents of non-compliance, compared to 22 in the previous quarter. The MMS provides details and perspectives in Attachment 1.

At the Board’s request, MMS prepared Definitions of Types of Inspections (pages 7 – 9 of Exhibit 1). The MMS also submitted an annual schedule for platform inspections (Attachment 2). The MMS also provided information regarding helicopter non-fly days and contract language related to weather and wind restrictions (Attachment 3). Understandably, weather conditions hamper the frequency and extent of platform inspections. During the first quarter of 2004, the helicopter was grounded on 9 days due to inclement weather and 10 days due to maintenance and mechanical problems.

Systems Safety and Reliability Review Committee (SSRRC)

The SSRRC Quarterly Report Table (Exhibit 2 attached) provides compliance monitoring data on 10 on-shore/near-shore facilities annually inspected and audited. The SSRRC sets compliance schedules and deadlines and reviews progress at their monthly public meetings. A summary of deficiencies is as follows.

FACILITY	IDENTIFIED PRIORITY 1 DEFICIENCIES	IDENTIFIED PRIORITY 2 DEFICIENCIES	OUTSTANDING PRIORITY 1 DEFICIENCIES	OUTSTANDING PRIORITY 2 DEFICIENCIES
Arguello Gaviota Processing Plant	0	8	0	2
GTC Gaviota Oil Storage Facility	1	1	0	0
ExxonMobil Processing Plant @ Las Flores Canyon	0	0	0	0
POPCO Gas Plant @ Las Flores Canyon	0	0	0	0
Nuevo Lompoc Processing Plant	10	10	2	1
Hallador Cuyama Gas Plant	6	8	0	0
Greka Santa Maria Asphalt Refinery	11	11	3	2
ConocoPhillips Pipelines and Pump Stations North County	3	6	1	2
Venoco Ellwood Onshore Processing Facility	5	10	0	4
Venoco Ellwood Marine Terminal	1	7	0	0
TOTALS	37	61	6	11

The number of outstanding deficiencies on SSRRC's audit list for October – December 2003, included 11 Priority 1 items and 29 Priority 2 items. Those numbers declined during the January – March 2004 reporting period to 6 Priority 1 items and 11 Priority 2 items. Progress was made as confirmed by reinspections and paperwork audit checks. Several SSRRC annual audits are currently underway or in the planning stages.

County Office of Emergency Services (OES)

The County, through the auspices of the Fire Department - Office of Emergency Services, provides an additional layer of safety/risk review and environmental protection. OES conducts emergency response drills at each of the facilities, at least annually, and more often if warranted. The OES Table (Exhibit 3 attached) provides information on the Emergency Response Exercise conducted this quarter at ConocoPhillips. The information adds to the picture of day-to-day oversight and coordination among County, State and Federal agencies charged with the responsibility of regulating these large, complex oil and gas facilities.

Concluding Remarks

The quarterly inspection data was reviewed by the Systems Safety and Reliability Review Committee at its May public meeting. The inspection data is also posted on the Energy Division website at www.countyofsb.org/energy.

In closing, staff would like to know of the Board's interest on the agenda placement of future quarterly inspection reports. Would the Board prefer Departmental or Administrative placement or a mix as dictated by incidents or inspection results?

Mandates and Service Levels: None

Fiscal and Facilities Impacts: Expenses incurred in analyzing and preparing this report are budgeted in Fund 0001, Program 5000, General Administration as shown on page 296 of the FY 2003-2004 Budget.

Special Instructions: None

Concurrence: N/A

Exhibits:

- Quarterly Report, Tables of Inspections, Audits, and Drills for 4th Quarter 2003
- 1. MMS Inspections, Drills and Audits
- 2. County of Santa Barbara SSRRC Inspections and Audits
- 3. County of Santa Barbara OES Emergency Response Drills

Attachments:

- 1. Letter dated May 19, 2004 from U.S. Minerals Management Service
- 2. Minimum Inspection Requirements January – December 2004 & Partial Production Inspection Conducted During the Quarter (MMS submittal date May 11, 2004)
- 3. Information on Helicopter Non Fly Days (MMS submittal date May 11, 2004)



Prepared by MMS on April 16, 2004
Inspections, Drills, Audits
1st Quarter 2004 (January – March)

FACILITY	DATE	TYPE OF INSPECTION	INCIDENT OF NON-COMPLIANCE	COMMENTS
PLATFORM A	01/29/04	PP-3; EN; HS; SG		
PLATFORM A	03/03/04	PP-1; EN; HS; PL; SG		
PLATFORM A	03/03/04	EP; EN		
PLATFORM B	01/04/04	PP-1; EN; FL; HS; PL		
PLATFORM C	01/21/04	PP-1; EN; HS; PL; SG		
PLATFORM C	02/09/04	OS; EN		
GAVIOTA	03/04/04	MT/O; EN; SS		
HABITAT	01/06/04	PC/A; EN; FL; HS; PL; SG	1	G-111 (W) Upper deck grating around MAK-116 HP Gas Fuel Scrubber is sagging due to too many cut-outs around equipment. Grating supports need replacement & piping above said equipment is showing heavy corrosion & in need of maintenance or replacement. <i>(Repaired & replaced on 01/26/04)</i>
HABITAT	01/13/04	EP; EN		
HABITAT	01/20/04	MT/G; EN; SS		
HABITAT	02/04/04	AI		Investigation into electrical incident that occurred on 01/31/04. Crew member was reinstalling cover on breaker in MCC room when a screw came into contact with a lead inside the breaker causing an arc. The arc & smoke activated the Halon fire system & shut down the platform. No injuries were sustained. <i>(Corrected on 01/31/04)</i>

Inspection Type Code Legend (MMS)

PC/A	Complete Production Annual	CO	Well Completion	EN	Environmental
PP-1,2,3,4	Partial Production	WO	Well Workover	FL	Flaring
AU	Compliance Inspection	MT/O, G	Meter (Oil, Gas)	HS	Hydrogen Sulfide
DR	Complete Drilling	EP	EPA	PL	Pipeline
DP	Partial Drilling	OS	Oil Spill Exercise	SG	USCG Safety Guidelines
AB	Well Abandonment	AI	Accident Investigation	SS	Site Security

FACILITY	DATE	TYPE OF INSPECTION	INCIDENT OF NON-COMPLIANCE	COMMENTS
HABITAT	02/18/04	AI	3	Follow-up investigation on electrical incident which occurred on 01/31/04. G-231 (S) Need protective cages over all lights. Need to remove dead conduit above Cooper engine & behind Glycol panel. Need to ground the condensate pump, WEMCO Agitators, all motors on the sump tank, Drilling motors, Cooper prelube motor & Turbine shut down valve. Need to replace rusted out conduit bracket on condensate tank. Explosion proof enclosure on Turbine skid is missing a bolt & the explosion proof enclosure on the air compressor is missing several bolts. Fuel Treater conduit to panel needs epoxy. Electrical to old RO unit needs to be disconnected due to some broken conduit. Need to install conduit covers on vibration switch on Cooper & one in Mechanic room. <i>(Corrected 02/29/04)</i> G-111 (W) Need to secure drilling hoses tied up on outside of handrails. Leak in drilling pipe deck over Turbine panel needs sealing. <i>(Corrected 02/23/04)</i> P-130 (W) Fire water line in Glycol room & Deluge line above sales gas skid need to be repaired or replaced. <i>(Corrected 02/23/04)</i>
HABITAT	03/04/04	PP-1; EN; HS; PL; SG		
HABITAT	03/04/04	EP; EN		
HABITAT	03/18/04	PP-1; EN; HS; PL; SG		
HARMONY	01/27/04	PP-3; EN; HS; SG		
HARMONY	02/23/04	OS; EN		
HARMONY	02/26/04	PP-1; EN; HS; PL; SG		
HARVEST	01/31/04	PP-3; EN; HS; SG		

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HARVEST	03/03/04	EP; EN		
HARVEST	03/03/04	PP-1; EN; HS; SG	1	G-112 (W) On 02/02/04, Mr. Ed Powell with Irwin Industries was burned on his left leg by hot water and/or steam. Operations did not properly isolate and/or prepare the system to provide for the protection and safety of personnel. <i>(Corrected 03/09/04)</i>
HARVEST	03/08/04	PP-1; EN; HS; PL; SG		
HENRY	01/30/04	PP-3; EN; HS; SG		
HENRY	02/16/04	AI	3	Isolated electrical fire in upper electrical room. 480v transformer for well B-12 caught fire. F-108 (C) Electrical installations were not made in accordance with API RP 14F. Proper overcurrent protection was not provided for the downhole pump motor or isolation transformer serving well # B-12. G-112 (C) Combustible materials were improperly stored in the MCC room. P-103 (C) Overcurrent protection installed on the VSD of well # B-12 was placed in a non-functional mode & this condition was not properly logged, flagged, & monitored by platform personnel.
HENRY	03/04/04	PP-1; EN; HS; PL; SG		
HERITAGE	01/20/04	WO; EN; HS		
HERITAGE	01/27/04	PP-3; EN; HS; SG		
HERITAGE	02/08/04	PP-1; EN; HS; PL; SG		
HERITAGE	02/13/04	EP; EN		
HERITAGE	02/20/04	AU		Focused Facility Inspection (FFI)

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HERITAGE	03/13/04	DR; EN; HS		
HERMOSA	01/31/04	PP-3; EN; HS; SG	1	P-404 (C) PSL on well B-16 failed to activate properly. (Reset & retested properly on 01/31/04)
HERMOSA	02/28/04	PP-1; EN; HS; PL; SG		
HERMOSA	03/08/04	OS; EN		
HERMOSA	03/08/04	PC/A; EN; FL; HS; PL; SG		
HIDALGO	02/01/04	PP-3; EN; HS; SG		
HIDALGO	02/14/04	PC/A; EN; FL; HS; PL; SG	4	G-112 (C) Mr. Terry Nelson (a pool Roustabout) fell 20' 7" from a cable tray to the drill deck below. Mr. Nelson had been tied off with proper PPE prior to his fall. He fell while attempting to exit the cable tray to a nearby stairway. (Corrected 03/17/04) Z-130 (C) Personnel landing not maintained to allow safe access & egress at the water surface. Landing was taken out of service, waiting on repairs. (Corrected 03/17/04) P-422 (C) V-12 LSH did not operate properly. (Repaired & returned to service 02/14/04) P-423 (C) V-8 B LSL did not operate properly. (Repaired & returned to service 02/14/04)
HIDALGO	03/07/04	PP-1; EN; HS; PL; SG		
HILLHOUSE	01/27/04	OS; EN		
HILLHOUSE	01/30/04	PP-3; EN; HS; SG		
HILLHOUSE	03/04/04	PP-1; EN; HS; PL; SG		
HILLHOUSE	03/04/04	EP; EN		

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FACILITY	DATE	TYPE OF INSPECTION	INCIDENT OF NON-COMPLIANCE	COMMENTS
HOGAN	01/23/04	PP-1; EN; HS; PL; SG	1	P-433 (C) PSL on Clean-up Separator set at 40 psi actuated at 33 psi. <i>(Adjusted & Retested 01/23/04)</i>
HOGAN	02/28/04	PP-2; EN; HS; SG		
HOGAN	03/02/04	EP; EN		
HOGAN	03/30/04	PP-3; EN; HS; SG	1	P-404 (C) PSL on flowline of well A-43 set at 40 psi actuated at 32 psi. <i>(Adjusted & Retested 03/30/04)</i>
HONDO	01/15/04	MT/G; EN; SS		
HONDO	01/22/04	PP-1; EN; HS; PL; SG		
HONDO	02/08/04	PP-1; EN; HS; PL; SG		
HOUCHIN	01/23/04	PP-1; EN; HS; PL; SG		
HOUCHIN	02/23/04	EP; EN		
HOUCHIN	02/28/04	PP-2; EN; HS; SG	1	Z-114 (C) Hatch on drill deck above well B-11 is open. Partial protection is provided by low parameter guard rail, however top rail of this guard rail has been broken off. Operator used yellow "Caution" tape where rail is broken until permanent repair can be made. <i>(Repaired on 02/28/04)</i>
HOUCHIN	03/30/04	PP-3; EN; HS; SG		
IRENE	01/02/04	PC/A; EN; FL; HS; PL; SG		
IRENE	02/15/04	PP-2; EN; HS; SG		
IRENE	03/06/04	PP-1; EN; HS; PL; SG		
IRENE	03/20/04	WO; EN; HS		
LAS FLORES	01/19/04	MT/O; EN; SS		

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DR	Complete Drilling	EP	EPA	PL	Pipeline
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AB	Well Abandonment	AI	Accident Investigation	SS	Site Security

FACILITY	DATE	TYPE OF INSPECTION	INCIDENT OF NON-COMPLIANCE	COMMENTS
LAS FLORES	01/19/04	MT/G; EN; SS	1	M-202 (W) Monthly calibration exceeded 42 days from 09/09/03 to 10/25/03. <i>(Corrected 01/20/04)</i>
LAS FLORES	01/20/04	MT/G; EN; SS		
LAS FLORES	01/20/04	MT/G; EN; SS		
LAS FLORES	01/21/04	MT/O; EN; SS		
LAS FLORES	02/17/04	MT/G; EN; SS		
LAS FLORES	03/15/04	MT/O; EN; SS		
LOMPOC	03/02/04	MT/O; EN; SS		

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DEFINITIONS OF TYPES OF INSPECTIONS

DR - Drilling Inspections Complete: Drilling inspections will be conducted on each rig at least once per quarter by the inspection personnel. These inspections will include all applicable general, drilling, pollution, and hydrogen sulfide PINC's from the National List.

DP - Partial Inspections: Partial inspections will be conducted on each drilling rig at least once per month by the inspection personnel. These drilling inspections will include those PINC's for which the Team Leader/District Manager's Designee has determined that compliance will be most likely to deviate between complete inspections, with special attention given to PINC's related to well control and procedures that have proved troublesome at the facility. These inspections will include at least 25% of the applicable PINC's.

PC/A - Production Inspection: Complete (announced) production inspections will be conducted on each production facility annually by the inspection personnel. These inspections will include 100% of the applicable production, general, pollution, and hydrogen sulfide PINC's for the National List.

PP 1,2,3,4 - Partial Production Inspection: Partial (unannounced) production inspections will be conducted on each facility at least quarterly by the inspection personnel. Special attention should be given to devices and procedures that have proven troublesome at the facility or other facilities in the Region. These inspections will include at least 25% of the applicable PINC's.

CO - Well Completion Inspections: Complete well completion inspections will be conducted on each unit conducting completion operations, at least once per month by the Inspectors(s) using all applicable PINC's. Well completion inspections will be conducted with partial production inspections, when possible.

Workover Inspections: Complete workover inspections will be conducted on each workover rig at least once a month by the inspection personnel using all applicable PINC's. Workover inspections will be conducted with partial production inspections when possible.

PL - Pipeline Inspections: Complete (announced) pipeline inspections will be conducted on each pipeline in conjunction with the associated annual, complete facility inspection by the inspection personnel and will cover 100% of the pipeline PINC's.

Partial (unannounced) pipeline inspections will be conducted on each pipeline in conjunction with the associated facility partial inspection by the inspection personnel and will cover 25% of the pipeline PINC's per inspection.

Special pipeline inspections for lay barge operations, hydrostatic testing, leaks, damage, repair, etc. will be assigned by the DM as necessary.

MT/OG - Production Measurement:

Production measurement, oil:

- At least 10% of all sales meter proving at each sales site will be witnessed annually using all applicable PINC's. Witnessing should occur in the same month for which the oil sales data are verified. Sampling methods for witnessing oil meter calibrations will include meter sites with high and low production volumes, with emphasis on those meters that register the largest volumes.
- If schedule permits, meter proving at some offshore platforms will be conducted in conjunction with partial production inspections.
- Each individual meter proving will be counted as a separate inspection for reporting purposes. Where possible, witnessing/inspection of more than one meter proving in a day will be scheduled.
- District engineers and, when needed, OREP personnel will witness the sales meter provings. Inspectors may also assist in witnessing the sales meter provings.

Production measurement, gas:

- At least 10% of all sales meter calibrations at each sales site will be witnessed annually using all applicable PINC's. Witnessing should occur in the same month for which the gas sales data are verified. Sampling methods for witnessing gas meter calibrations will include meter sites with high and low production volumes, with emphasis on those meters that register the largest volumes.
- If schedule permits, sales meter calibration at some offshore platforms will be conducted in conjunction with partial production inspections.
- Each individual meter calibration will be counted as a separate inspection for reporting purposes. When possible, witnessing/inspection of more than one meter proving in a day will be scheduled.
- District engineers and, when needed, OREP personnel will witness the sales meter calibrations. Inspectors may also assist in witnessing the sales meter calibrations.

SS - Site Security: Complete site security inspections will be conducted on each royalty measurement site in conjunction with calibration or meter proving witnessing. These inspections will cover 100% of the applicable PINC's. For reporting purposes, one site security inspection will be counted for each facility regardless of the number of meters located at the site.

FL - Gas Flaring: Inspections will be conducted by the inspection personnel to ensure operator adherence to gas flaring regulations at 30 CFR 250.1105, and any conditions of flaring approval. The inspections will cover all applicable PINC's and are included as secondary inspections during complete and partial production inspections.

AB - Abandonment, Decommissioning, and Site Clearance: Inspections will be conducted for abandonment, decommissioning, and site clearance operations. These inspections will include all applicable PINC's and project-specific inspection criteria.

EN - Environmental Inspections: Complete or partial pollution prevention inspections will be conducted in conjunction with complete or partial drilling, production, and other inspections. Inspections will cover 100% of applicable PINC's.

Other special/environmental inspections related to marine mammals, fisheries and wildlife concerns, and related environmental concerns will be conducted by POCSR staff.

Oil spill Exercises: Complete (unannounced) pollution prevention inspections and spill drills (including deployment and operation of all primary response equipment, such as booms and skimmers), involving cooperative (e.g., Clean Seas or Clean Coastal Waters) spill response vessels, alternating among the platforms in a mini-cooperative, will be conducted for all mini-cooperatives by the inspectors(s) or other professional staff. Each platform in a mini-cooperative must be involved in the above inspections and drills at least once a year. Inspections will cover 100% of applicable PINC's.

Project Compliance Inspections: At least annually all facilities will be inspected by POCSR staff to determine operator compliance with lease stipulations, approved applications, and approved plans. Inspections will cover 100% of applicable PINC's. Special compliance inspections will be conducted by POCSR personnel to determine project compliance during new pipe laying, facility construction or other new projects.

Other special/environmental inspections related to marine mammals, fisheries and wildlife concerns, and related environmental concerns will be conducted by POCSR staff.

SG - United States Coast Guard/MMS MOU Inspections

All facilities are inspected annually for adherence to USCG regulations and requirements. Inspections will cover 100% of the "Z" PINC's.

HS – Hydrogen Flaring: Hydrogen flaring inspections will be conducted by inspection personnel to ensure operator adherence to hydrogen flaring regulations at 30 CFR 250.1105, and any conditions of flaring approval.

EP – Environmental Protection Agency: Environmental protection inspections will be conducted annually as required by the EPA. Water and/or mud samples will be taken for compliance with the facilities National Pollution Discharge Elimination System (NPDES).

AI – Accident Investigation: Accident investigations will be conducted by Engineers and Environmental Scientists on accidents resulting in pollution, fire, blowouts, injury, death, or environmental damage.

Quarterly Report

Safety Audits Reported by County of Santa Barbara
Systems Safety & Reliability Review Committee (SSRRC) as of April 8, 2004

1st Quarter 2004 (January - March)

FACILITY	AUDIT DATE	PRIORITY 1 & 2 DEFICIENCY ITEMS					COMMENTS
		Priority	Total	Completed	Pending	Overdue	
Arguello – Gaviota Oil Heating Facility	8/14/03	Priority	Total	Completed	Pending	Overdue	At this time one Priority 2 item needs verification by SSRRC related to broken walkway seals. The operator indicates that this item is completed. A second Priority 2 item, related to PSV pressures, is due in April of 2004. The SSRRC reviews the project's process at monthly meetings.
		1	0	0	0	0	
		2	8	6	2	0	
ConocoPhillips	10/23/03	Priority	Total	Completed	Pending	Overdue	The SSRRC has accepted 2 Priority 1 and 4 Priority 2 items. The applicant has indicated that both of the Priority 2 items have been completed. These items still require SSRRC verification. Examples of the items remaining include: posting of signs and current readings and protection for pipeline.
		1	3	2	1	0	
		2	6	4	2	0	
ExxonMobil Processing Plant @ Las Flores Canyon	11/4/02 & 11/5/02	Priority	Total	Completed	Pending	Overdue	An audit was performed on March 23, 2004; results will be presented in the second quarter 2004 Safety Audit report, after review by SSRRC.
		1	0	0	0	0	
		2	0	0	0	0	
Santa Maria Asphalt Refinery (Greka)	5/22/03 Overdue: audit date 10/19/00	Priority	Total	Completed	Pending	Overdue	The May audit resulted in a total of 11 Priority 1 and 11 Priority 2 deficiencies which include past due items from October 19, 2000 Audit. The SSRRC has accepted 8 Priority 1 and 9 Priority 2. Examples of items remaining includes: copies of boiler permits from State, evaluation of need for gas/vapor leak detection, re-validation of Hazard Analysis, service manuals for fire protection equipment, tank integrity inspections. The SSRRC has set dates for completion of all outstanding priorities and reviews the project's progress at monthly meetings.
		1	11	8	1	2	
		2	11	9	0	2	

FACILITY	AUDIT DATE	PRIORITY 1 & 2 DEFICIENCY ITEMS					COMMENTS
		Priority	Total	Completed	Pending	Overdue	
GTC – Gaviota Oil Storage Facility	10/28/03	Priority	Total	Completed	Pending	Overdue	All Priority 1 and 2 items are completed.
		1	1	1	0	0	
		2	1	1	0	0	
Hallador	9/30/03	Priority	Total	Completed	Pending	Overdue	All Priority 1 and 2 items are completed.
		1	6	6	0	0	
		2	8	8	0	0	
Nuevo Lompoc Oil & Gas Processing Plant	7/22/03 & 7/24/03	Priority	Total	Completed	Pending	Overdue	The SSRRC has accepted 8 items of Priority 1 and 9 of Priority 2 as completed. The operator indicates that one of each Priority items has been completed. These items still require SSRRC verification. Examples of items remaining include: completion of evaluation and implementation of alternative impervious surface material for sides of retention basin, along with submittal of updated charts and operating procedures to Building and Safety. The SSRRC has set dates for completion of all outstanding priorities and reviews the project's progress at monthly meetings.
		1	10	8	2	0	
		2	10	9	1	0	
POPCO Gas Plant @ Las Flores Canyon	4/15/03 & 4/16/03	Priority	Total	Completed	Pending	Overdue	An audit was performed on March 23, 2004; results will be presented in the second quarter 2004 Safety Audit report, after review by SSRRC.
		1	0	0	0	0	
		2	0	0	0	0	
Venoco Ellwood Marine Terminal	6/10/03	Priority	Total	Completed	Pending	Overdue	All Priority 1 and 2 items are completed.
		1	1	1	0	0	
		2	7	7	0	0	

Venoco Ellwood Onshore Facility	4/22/03 & 4/23/03	Priority	Total	Completed	Pending	Overdue	The SSRRC has accepted all 5 of the Priority 1 items. The SSRRC has accepted 6 Priority 2 items or 60%. The applicant has indicated a total of 9 completed or 90%. These items still require SSRRC verification. Examples of the items remaining include: update Gas Pipeline manuals and Fire Protection Plan, Piping Inspection Program, and respond to Engineer's letter regarding Vessels/Tanks. The SSRRC has set dates for completion of all outstanding priorities and reviews the project's progress at monthly meetings.
		1	5	5	0	0	
		2	10	6	4	0	

NOTES:

1. Significant potential for serious: personal injury, negative environmental impact, property damage or hazardous material release.
2. Moderate potential for serious: personal injury, negative environmental impact, property damage or hazardous material release.

Quarterly Report

Emergency Response Drills

Reported by County of Santa Barbara Office of Emergency Services (OES)
 1st Quarter 2004 (January - March)

FACILITY	DATE	TYPE	RANKING	COMMENTS
ConocoPhillips Sisquoc Pipeline Project	March 2, 2004	Oil Spill	Pass	<ol style="list-style-type: none"> 1. Strong Points: Used staff in different roles; Good response; Utilized resource materials-forms, FOGs, ERP, Checklists; Good communication; Good technical expertise; Good preplanning; Identified sensitive areas, etc. 2. Lessons Learned: Updated phone number in ERP; Add Clean Seas to Contractor's List; Obtain early Air Recon.; Larger room and more lap tops.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Pacific OCS Region, Camarillo District
770 Pasco Camarillo - MS 7210
Camarillo, California 93010-6064

IN REPLY REFER TO:

Mr. Steve Chase
Deputy Director, Energy Division
Planning and Development
County of Santa Barbara
30 East Figueroa Street
Santa Barbara, CA 93101-2709

Dear Steve:

Enclosed are our comments on the Quarterly Report on Santa Barbara County Inspections, Audits and Drills for the period January 1, 2003 through December 31, 2003. The report and its incorporation in the presentation to the Santa Barbara County Board of Supervisors is appropriate.

As discussed in our meeting on May 4, 2004, we have included in the report definitions of Annual Production Inspections, Partial Production Inspections, and definitions of acronyms for various types of inspections, and we have included the report during the quarter.

Please contact me at (805) 389-7777, if you have any questions.

Regards.

MMS Comments on Quarterly Platform Inspection Report for the Period January 1 to March 31, 2004

During the first quarter of 2004, all platforms in the Santa Barbara Channel had at least one partial production inspection (PPI) with associated categories and prescribed drilling and workover inspections consistent with the Region's Inspection Strategy. Four complete annual production inspections were conducted in the Santa Barbara Channel (SBC) at Platforms Habitat, Hermosa, Hidalgo and Irene. The two PPI's missed in the last quarter of 2003 due to weather were completed in January 2004. A total of 31 PPI's were conducted at the 15 platforms.

<u>Platform</u>	<u>Lessee</u>	<u>No. of INCs</u>
Habitat	Nuevo Energy Inc.	4
Henry	Nuevo Energy Inc.	3
Harvest	Arguello Inc.	1
Hermosa	Arguello Inc.	1
Hidalgo	Arguello Inc.	4
Hogan	POO LLC	2
Houchin	POO LLC	1
<u>Onshore Oil</u>		
Las Flores Canyon	Exxon	1

Most of the INC's were for devices being slightly out of their operating ranges, and corrective actions were taken during or immediately after the inspections. Regulations require that these devices be tested periodically (monthly, quarterly or yearly) and their being out of their set operating range doesn't automatically imply a safety or a pollution risk, because ample safety factors in the set ranges and redundancies are provided in the system. Two minor electrical incidents at Nuevo Energy Inc's Platforms Henry and Habitat, and fall of an employee from a ladder at Arguello Inc's Platform Hidalgo were investigated during the quarter and companies required to take corrective actions(s) to prevent recurrence.

MMS conducted a Focused Facility Inspection at Platform Heritage in the first quarter of 2004. The team determined that (1) all facilities were in excellent condition and that all safety systems and life saving devices were in good working order, (2) the platform personnel responsible for daily operations on the platform take a great deal of pride in their work place and intended to keep it as safe and pollution free as possible, and (3) an excellent preventive maintenance program was in place that contributed significantly to platform appearance, safe operations, and a pollution free environment.

Minimum Inspection Requirements January – December 2004

	January	February	March	April	May	June	July	August	September	October	November	December
Annual Inspections												
	Habitat	Hidalgo	Hermosa	Harvest	Hondo	Henry	Hogan	B		Harmony		
	Irene				Hillhouse	Houchin	A	C		Heritage		

Partial Production Inspection Conducted During the Quarter

	January	February	March	April	May	June	July	August	September	October	November	December
Partial Inspections												
	A	Harmony	Hermosa									
	B	Heritage	A									
	C	Hermosa	Habitat(2)									
	Harmony	Hidalgo	Harvest(2)									
	Harvest	Hogan	Henry									
	Henry	Hondo	Hidalgo									
	Heritage	Houchin	Hillhouse									
	Hermosa	Irene	Hogan									
	Hogan		Houchin									
	Hondo		Irene									
	Houchin											
	Future Planned Inspections Can't be Listed at this Time as They are Unannounced Inspections											

MMS Submittal

May 11, 2004

Information on Helicopter Non Fly Days

The region's primary helicopter is based at Santa Barbara airport. Weather conditions such as fog, high winds, or heavy rain may limit or preclude the safe use of helicopters. Fog is the most frequent weather obstacle. When foggy conditions hamper helicopter travel in one area of the region, the inspection staff alters their inspection plans and instead travel to platforms outside the fog's influence.

During the first quarter of calendar year 2004, the region experienced 9 days when the weather conditions precluded helicopter travel and 10 days when the primary helicopter was unavailable due to mechanical problems and other helicopter companies in the area were unable to provide a backup due to other commitments.

For the next quarter, MMS will have more specific information on where and how the fog affected our inspection mission.

In summary, the weather had no net negative effect on our inspection program during this quarter because our strategy provides for such contingencies. During the quarter in question, the region accomplished 4 annual inspections and 31 partial production inspections.

NO FLY DAY'S DUE TO WEATHER

The decision to not fly is based on weather and wind restrictions included in MMS's helicopter contract.

B2.3.11 Weather. Minimum weather conditions are defined as ceiling of 300 Feet and visibility of one mile onshore or ceiling of 500 feet and visibility of 3 miles offshore.

B2.3.11.1 Wind Restrictions. Flight operations are approved in winds Authorized by the Contractor's operating specifications, not to exceed 50 knots Steady wind or a 15-knot gust spread.