



County of Santa Barbara

Onshore Oil Facilities Update No. 4

60 Day Staff Report and Update for: Onshore Oil Facilities

Santa Barbara County
Board of Supervisors,
September 23, 2008



Agenda

- Overview of inspection activity
- Review of recommended actions to enhance oversight capability



Regulatory Oversight Agencies

- Federal
 - Environmental Protection Agency (EPA)
- State
 - California Division of Oil & Gas
 - California Department of Fish & Game
 - Regional Water Quality Control Board
- County
 - Division of Building and Safety Petroleum Unit
 - County of Santa Barbara Fire Department
 - County of Santa Barbara Planning & Development
 - Santa Barbara County Air Pollution Control District





Coordinated Inspection Program

- County Fire, in conjunction with the County Petroleum Unit, have committed considerable resources towards performing on-site inspections.
- During the on-going inspection schedule, numerous deficiencies have been noted and brought to the attention of operators for correction.
- Once the inspections are completed, inspectors monitor the progress of work to correct the violations.



Statistics:

- Inspections
- Re-inspections
- Spills



Reallocate staff and perform additional on-site inspections. Utilize professional contractors to assist in effort.





Facility Inspections

Inspected No. of facilities Owned and Operated by:	No. of Facilities Inspected	No. of Deficiencies	Shut Down Requirement
Greka Energy	18	436	1 facility
Richards Oil	3	79	No
PXP	2	0	No
BreitBurn Energy	8	0	No
Sierra Resources	3	12	No
E&B Resources,	5	7	No
Phoenix Energy	1	4	No
Gitte-Ten Resources	1	1	No
B&E Conway	6	14	No
Grayson Services, Inc.	1	14	No
RMR Energy Resources	1	5	No
Venoco Inc.	1	25	No
Pyramid Oil	1	21	No
Vaquero Energy	2	41	No
Off Broadway	1	8	No
Chevron/Texaco	<u>3</u>	<u>7</u>	No
TOTALS:	<u>57</u>	<u>674</u>	



Onshore Oil Facility

Greka Energy

Inspection Report

Owner & Facility #1	Reinspection Date	Location Address	Status	Deficiencies Total/High	Deficiencies Resolved
Ucal-5th. Inspection	8/22/2008	6527 Dominion Rd.	Active	1/0	140 Items Corrected
Bradley 3-Island-2nd inspection	8/29/2008	3851 Telephone Rd.	Shut Down	4/0	84 low/5 high priority violations corrected
Security Lease-3rd inspection	7/23/2008	5200 Dominion Rd.	Active	31/0	30 Low Priority items corrected
Union Sugar-3rd inspection	7/30/2008	1505 Black Rd.	Active	27/0	18 Items Corrected
Los Flores-3rd inspection	7/23/2008	6151 Dominion	Active	33/0	22 Low Priority items corrected
Casmalia/Morganti-3rd inspection	8/20/2008	5080 Black Rd.	Active	5/0	43 Items Corrected
Fullerton-4th inspection	8/6/2008	6749 Cat Canyon Rd.	Active	31/3	33 Items Corrected
Jim Hopkins-2nd Inspection (Fire)	7/30/2008	4000 So. Hwy 101	Active	62/0	22 Items Corrected
Escolle-4th Inspection	8/20/2008	7275 Graciosa Rd.	Active	8/0	52 Items Corrected
Battles Lease-4th inspection	8/6/2008	1348 Battles Road	Active	11/4	21 Items Corrected
Dominion-2nd inspection	4/17/2008	6460 Dominion Rd.	Idle	38/1	No deficiencies corrected
Bell Tank Battery - 7th. Inspection	4/9/2008	6780 Palmer Rd.	Start Up-Active	0/0	56 Items Corrected
Bell Blochman Inj. - 7th. Inspection	4/9/2008	6605 Palmer Road	Start Up-Active	See Bell Tank Batt	--
Zaca-Davis-5th inspection	6/19/2008	5017 Zaca Station Rd.	Active	0/0	120 Items Corrected
Bell Compressor	4/23/2008	7320 Palmer Road	Active	70/2	4 Items Corrected
Williams Holding-2nd inspection	5/15/2008	6855 Cat Canyon Rd.	Idle	60/6	No deficiencies corrected
Kemp-2nd Inspection	5/21/2008	3518 Telephone Rd.	Active	25/1	4 Low Priority Items Corrected
Bradley 5-Island-2nd Inspection	5/21/2008	3850 Telephone Rd.	Idle	30/1	None Reported

Total No. of Deficiencies = 436

Total No. of High Deficiencies = 18



Continued

Onshore Oil Facility

Other Facilities

Inspection Report

Owner & Facility #1	Inspection Date	Location Address	Status	Deficiencies Total/High	Deficiencies Resolved
Richards Oil					
Wickenden Tank Facility	2/7/2008	7201 Foxen Cyn Rd.	Active	15/0	None Reported
Peshine Tank Facility	4/10/2008	5300 Associated Rd.	Active	32/2	None Reported
Tompkins Tank Facility	4/10/2008	5300 Associated Rd.	Active	32/2	None Reported
PXP					
Jesus Maria Tank Facility	4/2/2008	VAFB, CA (West)	Idle	0	N/A
Lompoc Hill Tank Facility	4/8/2008	4230 Rucker Rd.	Active	0	N/A
BreitBurn					
Newlove 64 Tank Facility 3rd insp	8/8/2008	1555 Orcutt Hill Rd.	Active	0	All corrected
Newlove Steam Injection Facility-2nd insp	7/2/2008	1555 Orcutt Hill Rd.	Active	0	34 deficiencies corrected
Newlove WW Injection Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Rd.	Active	0	All deficiencies corrected
Newlove Tank Facility 2-3rd insp	8/8/2008	1555 Orcutt Hill Rd.	Active	0	All deficiencies corrected
Fox Tank Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Rd.	Active	0	All deficiencies corrected
Squires Tank Facility	5/12/2008	1555 Orcutt Hill Rd.	Idle	0	None Reported
Cal Coast Tank Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Rd.	Active	0	All deficiencies corrected
Pinal Tank Facility-3rd insp.	8/8/2008	1555 Orcutt Hill Rd.	Active	0	All deficiencies corrected
Sierra Resources					
H.P. Boyne Tank Facility-2nd Insp.	7/30/2008	10505 Hwy 101	Active	7/0	16 items corrected
Blair Tank Facility-2nd Insp.	7/30/2008	10505 Hwy 101	Active	5/0	10 items corrected
Soladino Tank Facility-2nd Insp.	6/27/2008	500 Associated Rd.	Active	0	All deficiencies corrected
E & B Natural Resources					
SCU Tank Facility 5 -2nd insp.	7/30 Petro & 8/1 Fire	1848 Perkins Rd., Hwy 166	Active	2/0	11 items corrected
SCU Tank Facility 6-3rd insp.	39673	1848 Perkins Rd., Hwy 166	Active	0/0	All deficiencies corrected
SCU Tank Facility 18-3rd insp.	39673	Aliso Canyon Rd.	Active	0/0	All deficiencies corrected
SCU Machader Tank Facility-2nd insp.	7/30 Petro & 8/1 Fire	1848 Perkins Rd., Hwy 166	Active	5/0	8 items corrected
RRU Central Tank Facility-3rd insp.	39673	8702 Hwy 166	Active	0/0	All deficiencies corrected



Onshore Oil Facility

Inspections Continued

Inspection Report

Owner & Facility #1	Inspection Date	Location Address	Status	Deficiencies Total/High	Deficiencies Resolved
Phoenix Energy					
Careaga Facility	39616	7980 Graciosa Rd.	Active	4/0	None Reported
Gitte-Ten					
Careaga Facility	39618	7980 Graciosa Rd.	Active	1/0	None Reported
B.E. Conway					
Hancock Facility	39623	1190 Rosemary Rd.	Active	2/0	None Reported
Enos Facility	39625	1776 Rosemary Rd.	Active	2/0	None Reported
Magenheimer Facility	39641	7600 Cat Canyon Rd.	Active	2/0	None Reported
Wait-Bradley Facility	39632	6190 Dominion Rd.	Active	2/0	None Reported
Union Sugar Facility	39637	5140 W. Main St.	Active	4/1	None Reported
Newhall Facility	39639	7275 Graciosa Rd.	Active	2/0	None Reported
Grayson Services, Inc.					
Cantin Tank Facility	39644	4445 Foxen Canyon Rd.	Active	14/0	None Reported
RMR Energy Resources					
Williams Holding Tank Facility	39646	Long Canyon Rd.	Idle	5/0	None Reported
Venoco Inc.					
Togazzini Tank Facility	39652	Cat Canyon Road	Active	25/1	None Reported
Pyramid Oil					
Delaney Tunnell Facility	39653	Doninion Road	Active	21/1	None Reported
Vaquero Energy					
Careaga LA #1 Facility	39657	Highway 135	Active	11/0	None Reported
Careaga LA #2 Facility	39659	Highway 135	Active	30/0	None Reported
OFF BROADWAY					
Wheat Tank Facility	39672	Broadway Blvd.	Active	8/0	None Reported
Chevron/Texaco					
WP Hammon-NCT-2 Tank Facility	39674	7211 Cat Canyon Rd.	Idle	3/0	None Reported
Fugler Tank Facility	39674	6085 Cat Canyon Rd.	Idle	2/0	None Reported
Los Alamos Tank Facility 2	39688	6085 Cat Canyon Rd.	Idle	2/0	None Reported



Onshore Oil Facility

Summary other than Greka

63 Inspections & Re-inspections

Total No. of Deficiencies = 238

Total No. of High Deficiencies = 7

Facilities Operating w/High Deficiencies = 5

Facilities Idle = 6



Inspection Report



Violations & Penalties

Since January 15, 2008



- **14 Notices of Violations (NOV)**
- **10 facilities w/ deficiencies past due**
- **414,000 in fines for Greka**
- **69,000 in fines for Richards Oil**



Gallons Spilled Since January 15, 2008



Report Date	Date	Operator	Lease/Facility	Gallons
March 11, 2008 Total				12,202
May 13, 2008 Total				1,098
July 8, 2008 Total				704
September 23, 2008	7/16/2008	PXP	Harris Grade Rd	80
September 23, 2008	7/18/2008	Grayson Services	Foxen Cyn Rd	30
September 23, 2008	7/24/2008	Breitburn Energy	Orcutt Hill Rd	200
September 23, 2008	7/30/2008	Vaquero Energy	Hwy 135, Los Alamos	30
September 23, 2008	8/14/2008	Breitburn Energy	Orcutt Hill Road	200
September 23, 2008	8/15/2008	Greka	Telephone Road	400
September 23, 2008 Total				940
Grand Total				14,944



Status of Recommended Actions



Recommendation # 1

Develop a Multiple Response Ordinance

- After a certain number of Emergency Responses and/or Reportable Releases at a Petroleum Operator's Facility, the Operator to Reimburse the County for Costs Associated with Subsequent Responses and/or Releases.





Recommendation # 1:

STATUS



“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.”



Recommendation # 2

Develop a High Risk Offender Ordinance

- Research development of prospective financial assurance rules to ensure financial wherewithal to remove oil operations and reclaim sites upon cessation of operations.





Recommendation #2

STATUS



CHAPTER 25 Petroleum Code

NEW DEFINITIONS:

High Risk Operation – An oil or gas production, processing or storage facility which:

(a) Has been in violation of Section(s) 25-25, 25-26, 25-27, 25-28, 25-30, 25-32, 25-35, 25-36, 25-37, 25-38, 25-39, and 25-40 of this Chapter for more than 30 consecutive days, or 45 days during the preceding 12 months; or

(b) has three separate unauthorized releases of oil, water and/or other hazardous materials or fluids of a quantity not less than 25 barrels (1050 gallons) for each incident within a 12 month period.

High Risk Operator – The owner or operator of a petroleum production, processing or storage facility fitting the definition of High Risk Operation, as designated by Section 25-43 (e).

Shut Down Order – An order by the Petroleum Administrator to restrict or prohibit certain (or all) functions of operations at a facility or by an Owner or Operator pursuant to authority of this Chapter.



Recommendation #2

STATUS



NEW SECTION:

Section 25-43. Remediation of High Risk Operations

(a) Upon determination that any petroleum production, processing or storage operation meets the definition of High Risk Operation from Section 25-4, the Petroleum Administrator may give the owner and operator notice of his or her intent to declare the operation a High Risk Operation under this Code Section. The goal of this section shall be to remediate the high risk operation and bring the facility and the operator within normal, safe operating standards and protect the public safety, health and environment.



Recommendation #2

STATUS - (continued)



- (c) The Owner or Operator of any such facility may appeal this determination to the Petroleum Administrator, and the appeal shall be solely on the issue of facts as to the applicability of the definition to the operation, the factual determination regarding the cause of the problems causing the high risk and the efficacy and reasonableness of the proposed remediation. Any decision of the Petroleum Administrator after appeal may be further appealed to the Planning and Development Director, and that appeal shall be solely on the facts and existing administrative record previously before the Petroleum Administrator as to the applicability of the definition to the operation, the factual determination regarding the cause of the problems causing the high risk and the efficacy and reasonableness of the proposed remediation.. Any decision of the Planning and Development Director after appeal shall be deemed final, subject only to judicial review.



Recommendation #2

STATUS - (continued)



(d) The Owner or Operator of the High Risk Operation shall carry out the remediation plan and shall be responsible for paying all reasonable costs associated with:

1. County staff time in enforcing these provisions,
2. Investigative, research and consulting costs associated with preparation of the remediation plan,
3. Third party costs for investigation, consultation, engineering, clean-up, operator staff training, operations and all other related costs necessary to carry out the remediation plan;
4. Any other costs necessary to remediate the high risk operation as ordered by the Petroleum Administrator.



Recommendation #2

STATUS - (continued)



- (e) Should any additional facility owned or operated by the Owner or Operator of the High Risk Operation facility meet the definition of a High Risk Operation within the period in which one facility is so declared or if more than one facility initially meets the definition thereof, the Petroleum Administrator shall have authority to declare the Owner or Operator to be a High Risk Operator and order a remediation plan for all petroleum facilities located in the County and under the control of the High Risk Operator.



Recommendation #2

STATUS - (continued)



- (f) At the sole discretion of the Petroleum Administrator, at any time during which an facility or Operator is subject to this Section, the Petroleum Administrator may require a bond be posted to cover the cost of remediating the causative problems of the High Risk Operation. Any bond posted for the facility or operator with the State of California may be considered in deciding whether a bond is necessary, but shall not be determinative thereof, and such State bond shall not preclude the need for a remediation bond, insomuch as the purpose of the bond for remediation of ongoing operational problems may differ from the purpose of the State bond for well-plugging or clean-up.



Recommendation #2

***STATUS** - (continued)*



- (h) Failure of the Owner or operator of a High Risk Operation to post a bond required under this section or to reasonably achieve the goals and guidelines of an approved remediation plan under this section may be cause for a shut down of the High Risk Operation[s], and all other petroleum operations located in the County that are co-owned or co-operated by the High Risk Operator, at the discretion of the Petroleum Administrator. A shut down order under this subsection may be appealed to the Petroleum Administrator, whose decision shall be final.



Recommendation #2

STATUS - (continued)

APPEAL ALTERNATIVE # 1

- (c) The Owner or Operator of any such facility may appeal this determination to the Petroleum Administrator, and the appeal shall be solely on the issue of facts as to the applicability of the definition to the operation, the factual determination regarding the cause of the problems causing the high risk and the efficacy and reasonableness of the proposed remediation. Any decision of the Petroleum Administrator after appeal may be further appealed to the Planning and Development Director, and that appeal shall be solely on the facts and existing administrative record previously before the Petroleum Administrator as to the applicability of the definition to the operation, the factual determination regarding the cause of the problems causing the high risk and the efficacy and reasonableness of the proposed remediation. That appeal to the Director of Planning and Development shall be deemed final, subject only to judicial review.





Recommendation #2

STATUS - (continued)



Appeal Alternative #1

- (h) Failure of the Owner or operator of a High Risk Operation to post a bond required under this section or to reasonably achieve the goals and guidelines of an approved remediation plan under this section may be cause for a shut down of the High Risk Operation[s], and all other petroleum operations located in the County that are co-owned or co-operated by the High Risk Operator, at the discretion of the Petroleum Administrator. A shut down order under this subsection may be appealed to the Director of Planning and Development, whose decision shall be final.



Recommendation #2

STATUS - (continued)

APPEAL ALTERNATIVE # 2

(c) The Owner or Operator of any such facility may appeal this determination to the Petroleum Administrator, and the appeal shall be solely on the issue of facts as to the applicability of the definition to the operation, the factual determination regarding the cause of the problems causing the high risk and the efficacy and reasonableness of the proposed remediation. Any decision of the Petroleum Administrator after appeal may be further appealed to the Planning and Development Director, and that appeal shall be solely on the facts and existing administrative record previously before the Petroleum Administrator as to the applicability of the definition to the operation, the factual determination regarding the cause of the problems causing the high risk and the efficacy and reasonableness of the proposed remediation. Any decision of the Planning and Development Director after appeal may be appealed to the Board of Appeals pursuant to Section 25-16.





Recommendation #2

STATUS - (continued)



Appeal Alternative #2

- (h) Failure of the Owner or operator of a High Risk Operation to post a bond required under this section or to reasonably achieve the goals and guidelines of an approved remediation plan under this section may be cause for a shut down of the High Risk Operation[s], and all other petroleum operations located in the County that are co-owned or co-operated by the High Risk Operator, at the discretion of the Petroleum Administrator. A shut down order under this subsection may be appealed to the Director of Planning and Development. Any decision of the Planning and Development Director after appeal may be appealed to the Board of Appeals pursuant to Section 25-16.



Recommendation # 3

Develop a Centralized "Violation History"
Database



Recommendation # 4



Increase Inspection and Permitting Fees for Those Facilities Requiring Extraordinary Time for Inspection

- **Revise fee ordinances further clarifying the flexibility for the Fire Department and Petroleum Unit to hire outside third-party contractors to perform permit inspections paid for by the operator.**





Recommendation # 4

STATUS



- 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.



Recommendation # 5

Operational Efficiency Recommendations

1. Direct staff to report on progress in dealing with Greka Energy every 60 days until significant progress is attained.
2. Direct staff to work collaboratively with other regulatory agencies to address violations and public health and safety issues with on-shore oil facilities





Recommendation # 5

STATUS

- 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 December 9, 2008.





Thank You

September 23, 2008
On-Shore Oil 60-Day Update