

MINUTE ITEM
This Calendar Item No. 50
was submitted for information
only, no action thereon
being necessary.

CALENDAR ITEM
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01/30/02
W 40821
J. Hemphill

INFORMATIONAL ITEM

STAFF REPORT ON THE OIL AND GAS SAFETY AUDIT PROGRAM STATUS

During the June 14, 1999 CSLC meeting, the Commissioners expressed concerns over whether offshore and associated onshore oil and gas production and processing facilities are maintained and operated in the best possible manner to prevent environmental pollution. The Commission directed staff to implement a "zero tolerance" policy for environmental pollution. Commission management and engineering staff acknowledged that the existing inspection program was not adequate to ensure a zero tolerance policy and that a Safety Audit Program was required.

Mineral Resources Management Division (MRMD) obtained funding for and established its Safety Audit Program in the 2000-2001 fiscal year to conduct comprehensive engineering safety audits of oil and gas producing facilities impacting State tidelands. Industry standards recommend that a comprehensive audit of oil and gas platforms should be conducted every three to five years to ensure safe operations.

The two initial safety audits, Platform Holly (Santa Barbara County) and the preliminary Long Beach Unit (LBU) (Los Angeles County), were conducted in 1999 and early 2000. Both audits, conducted prior to the establishment of the audit program, depended heavily upon outside contract support.

During 2000, the Safety Audit Group:

1. Completed audit fieldwork for Rincon Island and associated onshore leases (Ventura County).
2. Conducted extensive follow-up engineering analyses and inspections for Platform Holly;
3. Performed a human and organizational safety assessment of Venoco's operations of Platform Holly and the associated onshore Ellwood Plant processing facility, and
4. Initiated elements of a comprehensive audit of the LBU.

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During 2001, the Safety Audit Group:

1. Issued its Safety Audit Report for the Rincon Island Limited Partnership (RILP) operations and facilities.
2. Conducted follow-up engineering analyses and inspections of RILP operations;
3. Conducted follow-up engineering analyses and inspections of Platform Holly operations;
4. Initiated elements of a human and organizational safety assessment of Aera Energy's operations of Platform Emmy and the Huntington Beach Strip and the associated onshore processing facility. (Orange County)
5. Performed a human and organizational safety assessment of OXY/THUMS' operations of the LBU facilities, and
6. Completed the fieldwork and initial draft report for the comprehensive safety audit of the LBU oil islands and associated onshore production and processing facilities.

During the three initial audits involving Platform Holly, the LBU, and Rincon Island, Commission staff identified over 1,450 deficiencies of which 36% represented a moderate to serious degradation or misuse of the facility creating a high potential for injury, oil spill, or other adverse environmental impact. The operators of these three facilities, in response to these safety audits, have spent more than three million dollars correcting deficiencies and implementing significant safety system upgrades. These improvements have been reflected in the increased reliability of critical safety equipment as shown during monthly inspections. In addition, human and organizational safety assessments show that operators have improved their safety culture, procedures, training and awareness.

During 2002-2004, the Safety Audit Group has scheduled:

1. Completion of the LBU comprehensive Safety Audit 2002
2. A Safety Audit of follow-up engineering analyses and inspections of Platform Emmy and the Huntington Beach Strip and the associated onshore processing facility. 2002
3. A Safety Audit of follow-up engineering analyses and inspections of Platforms Esther and Eva and Fort Apache processing plant (Orange County). 2003/2004
4. A Safety Audit of follow-up engineering analyses and inspections of West Wilmington Operating Area (Los Angeles County). 2002/2003

The major benefits of the CSLC Safety Audit Program are:

1. The likelihood of environmental damage or a major catastrophe that could affect public health and safety is greatly reduced,

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2. Best Available Protection is assured for facilities on State lands, and
3. The facilities will operate in a safe and environmentally friendly manner to ensure continued revenue to the State.

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