

MINUTE ITEM

This Calendar Item No. C55 was approved as
Minute Item No. 55 by the California State Lands
Commission by a vote of 3 to 0 at its
4/13/99 meeting.

**CALENDAR ITEM
C55**

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PRC 3120
PRC 3242
D. Brown

**RATIFICATION OF AGREEMENT FOR
PERFORMANCE OF A SYSTEMS SAFETY
AUDIT OF PLATFORM HOLLY, SANTA BARBARA CHANNEL**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, California 95825

PROPOSED ACTIVITY:

Platform Holly is located 1.9 miles offshore Goleta in Santa Barbara County. It is the state's closest platform to the UCSB campus. The platform is located in about 211 feet of water. Production from this platform is about 4,500 barrels of oil and 3.5 million cubic feet of gas per day. The gas production is sour with a hydrogen sulfide concentration of about 14,000 parts per million (PPM). The platform has a capacity of 30 wells and was installed in 1966 or about 33 years ago.

Platform Holly is currently operated by Venoco. Venoco is a medium size independent oil company. Before Venoco became the operator, about two years ago, Platform Holly was operated by ARCO, a major oil company.

Venoco experienced a gas release from platform Holly Saturday, March 13, 1999, at about 1:09 PM. Prior to this incident, on July 27, 1998, Venoco had a release from both Platform Holly and their Ellwood facility. Because of the high hydrogen sulfide concentration of Venoco's gas production, any gas release from these facilities is a potential threat to public safety. As a result of these events, Santa Barbara Energy Division, APCD, and the Santa Barbara community have become concerned in Venoco's operation practices. APCD has hired consulting firm Robert Brown Engineers to conduct an audit of Venoco's Ellwood facilities. The scope of that audit will include the design, operations, training, and maintenance of the facility. Even though Santa Barbara County's Energy Division doesn't

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have any significant authority with regards to Platform Holly's operation practices, as a result of these recent gas releases, they are interested in their safety.

The last safety audit on Holly was in December 1991. Belmar Engineering worked with State Lands' staff on this audit. This audit needs updating. In order for the Commission to adequately assure the Santa Barbara community and local government that Platform Holly is safe, an independent engineering safety assessment is necessary.

Due to the public's safety concerns, staff would like to expedite a safety audit of the facility. Staff has secured the services of Mr. Philip Reed to perform the work. Mr. Reed is director and co-owner of Pacific SEATEC a safety, environmental and technology center. In addition to his consulting practice, Mr. Reed teaches system safety to offshore operators according to API RP-14C and the MMS regulations. He has performed all types of safety audits throughout the United States over the past twenty-five years. It is estimated that this work will cost \$25,000. This is less than half the cost of the last Holly API 14 C audit.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. Public Contract Code Section 10355 et. seq. (Consulting Services Contracts)
- C. State Administrative Manual Section 1200 (Contracts)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL CODE REGS. 10561 BECAUSE THIS ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH CURRENT STATE POLICIES AND PROCEDURES FOR COMPETITIVELY BID AND SOLE SOURCE CONTRACTS.

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