California
State Lands Commission Oil and Gas Lease Drilling, Production, and Measurement Regulations

Changing Industry Calls For Improved Regulations

Prevention First Symposium
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Introduction & History

- 1969 - Santa Barbara Oil Spill; Moratorium
- 1980 – Drilling & Production Regulations, Pollution Control
- 1993 – Operations Manuals
- 2012 - Update at Prevention 1st Symposium
Where Do Commission Regulations Apply?

- All offshore oil and gas production operations to 3 miles
- All offshore right of way leases to 3 miles
- All onshore wells drilled to offshore leases
- Do not apply to offshore federal leases
- Do not apply to onshore facilities, except for marine oil terminals
Can Commission Change its Regulations?

• Yes – Governed by Office of Administrative Law (OAL)
• OAL requires justification for change
• Proposed change must be authorized by statute
• Process requires the opportunity for affected parties and the public to comment
• Procedural requisites must be approved by OAL
• New regulations must be approved by Commission prior to adoption
Current Regulations – Strengths

- Oil Measurement and Accounting
- Facility Safety Requirements
- Drilling and Production Safety Requirements
- Pipeline Integrity Inspections
- Pollution Prevention
- Operations Manuals and Emergency Planning
How Can We Make Them Better?

• Improve Clarity of Document

• Reorganize Regulation Sections for Ease of Use

• Broaden Definitions

• Include authority provided under 1990 Lempert-Keene-Seastrand Act.
What Needs to be Added?

• BOP Certification Requirement
• Facility Safety Systems Audits
• Platform Structural Verification
• Pipeline Design, Repair, and Maintenance
• Lease Bonding Requirements
• Approval Process Amplification
• Update Codes and Standards
• Training Requirements
How Have We Addressed These Shortcomings?

- Voluntary Compliance by Lessee in Collaboration with Commission staff
- Lease Amendments
- Lessee Compliance with Federal Regulations
- Commission Directives to Lessees and MOU’s with other agencies (BOEM, SFM, DOGGR)
Let’s Get Specific!

• Blowout Preventer Certification by Third Party Verification Agent:
  – All wells being drilled or redrilled
  – All wells being worked over that are capable of natural flow
    a. Verify BOP design and rating suitable for the specific well design
    b. Verify BOP has not been compromised or damaged
    c. Verify BOP will operate as designed under the conditions in which it will be used.
Let’s Get Specific!

• Facility Safety System Audits
  – Currently performed under 1990 Spill Prevention Act
  – Codify current practice
  – Facility audits will remain on 5 year repeat cycle
  – Commission audit staff will conduct audits
Let’s Get Specific!

- Platform Structure Design and Modification
  - Codify current Commission’s structural requirements
  - Meet API RP2 and RP14 standards for structures
  - Designs, drawings, calculations certified by CA PE
  - Platform inspections in accordance with API RP2A
Let’s Get Specific!

• Offshore Pipelines
  – Codify current Commission’s oversight practices
  – Design, repairs in accordance to 49 CFR Parts 192 & 195
  – Pipeline design to allow internal inspection tools
  – Design, calculations certified by CA registered engineer
  – Maximum pressure determined from standard ASME B31G
  – Repairs, sleeves must withstand 1.5x MAOP
Lets Get Specific!

• Lease Bonds & Financial Security
  – Maintain lease, equipment removal, plug & abandon wells
  – Amount determined by State
  – California underwriter rating A- or better
  – Bond replacement/cancellation notification time
  – Breach of lease if failure to satisfy bond amount
Let’s Get Specific

• Applications and Approvals
  – Written application required for proposed work
  – Required for drilling, rework, P&A, facilities
  – Application to include proposal, design, permits
  – Approval contingent on compliance with regs.
  – 30 Day response by Commission after submission of application
  – Emergency approval process
Let’s Get Specific!

- Codes and Standards
  - Incorporates listed codes and standards by reference
  - Codes and standards current version date
  - Regs. control if conflict with codes/standards
Let’s Get Specific!

• Training
  – Well control training requirement
  – Production safety system training requirement
  – Fire drill participation frequency
  – Safety and first aid training for H2S hazards
  – Pollution response training
  – Ops. Manual training conformance to standard API RPT-2
Progress To Date

1. Redrafted existing regulations for clarity
2. Will add new Article 3.1 (Measurement & Royalty Accounting)
3. Preparing draft regulations for areas previously discussed
4. Materials currently under review by the Commission’s Legal Division and Executive Management
What’s Next?

• Announce Notice of Proposed Regulations on Commission Website
• Schedule Public Hearings to Present Proposed Regulations
• Respond to Public Comments per OAL Time Protocols
• Submit Documents and Materials to OAL
• OAL Approves if Procedural Requirements Met
• Commission Approval
Thank you for your attention
Any Questions?

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