

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

- 1955 - 1961 Leasing, Bidding, Drilling & Prod. Operations, Tankage, Measurement, LACT
- 1969 - Santa Barbara Oil Spill; Moratorium
- 1980 – Drilling & Production Regulations, Pollution Control
- 1993 – Operations Manuals
- 2012 - Update at Prevention 1st Symposium



California
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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 Account)
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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