

Area oil firms' safety records given; U.S. agency vows to beef up policing

Zeke Barlow, Ventura County Star, 9-11-10

In the big business that is oil and natural gas production in the Santa Barbara Channel, Pacific Operators Offshore LLC is a relatively small player.

The company operates only two oil platforms off Carpinteria, which over their lifetimes have produced a fraction of the natural resources compared to other operators in the oil-rich channel.

But a Star investigation has found that over the past five years, the company has racked up more incidents of noncompliance for violating basic operating procedures than any other company working in the channel.

The 92 violations issued by the former U.S. Department of Minerals Management Service between 2006 and February 2010 range from minor issues such as improperly labeled life vests to more serious ones, including issues of leaking pipes, bypassed safety devices and failed leak tests.

By comparison, DCOR, which operates nine platforms in the Santa Barbara Channel that over their life have produced 10 times as much natural gas and six times as much oil as Pacific Operators, has had 58 notices during that same time period.

No criminal or civil penalties have been filed against Pacific Operators.

“Some people are more concerned with their (incident of noncompliance) rates and make sure that their platforms operate better than others,” said Mike Mitchell, a production engineer with the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement, one of three agencies that once made up the MMS.

The findings come as the bureau announced it is drastically changing the way it investigates and enforces violations at offshore oil operations around the country.

But Charlie Cappel, CEO of Signal Hill Service Inc., which owns the oil lease and contracts Pacific Operators to run the platform, said the violations tell only half the story. He said the most important thing is that the company hasn't spilled any oil or had workers hurt and it hasn't during that time.

“The real proof of the pudding is if our guys are getting hurt or if there is any pollution,” he said. “While there may be the occasional mislabeling or other incidents, they have all been rectified.”

He said his company was treated more severely than others by the former MMS, which led to so many violations.

For advocates who want to end drilling in the Santa Barbara Channel, Pacific Operators' record illustrates what they view as poor oversight of the decades-old oil platforms, which one likened to keeping old cars hobbling along.

'A time bomb'

“Oil platforms sit in a corrosive salt bath and everything is in a state of decay,” said Abe Powell, president of

Get Oil Out! “MMS has allowed these small operators to get by on these old cars and it’s a time bomb. These small operators cut corners to make profit.”

He said the government agency that used to be in charge of enforcing the rules and collecting royalty payments doesn’t have enough teeth to be an effective regulator.

Bureau of Ocean Energy Management spokesman John Romero said every operator has an annual performance evaluation meant to address any problems.

“The goal of the annual performance review is to ensure that the bureau and the operator fully discuss the state of the facility and operations as well as the steps needed (and timing for these steps) to ensure that any performance issues are effectively addressed,” he said.

But despite such reviews, the number of notices against Pacific Operators has not subsided — since 2009, 10 violations have been issued for its two platforms, Hogan and Houchin.

Industry compliance

Tupper Hull, a spokesman of the Western States Petroleum Association, said the record of few accidents or spills in the channel over the past 40 years shows not only that there is proper oversight, but also that the platform operators run their business in a safe manner.

“We believe that the offshore operations off the coast of California are probably among the most heavily regulated industries on the face of the earth,” he said. “The record suggests both that there have been extensive oversight and rigorous compliance with this oversight.”

He points to the fact that over the past 40 years, only about 850 barrels of oil from the drilling operations have entered the ocean. Every day, oil naturally seeps into the ocean from underwater fissures and vents.

A Star review showed that most of the more than 330 violations between 2006 and 2010 on all the platforms were the result of human error or mechanical failure. During that time, the MMS conducted more than 1,200 inspections of the 20 platforms that dot the Santa Barbara Channel.

From 2000 to 2010, there were 29 accidents that resulted in a fire, pollution or someone getting hurt and nine civil penalties were levied against the platform operators or contractors working on the massive industrial complexes.

Six companies fined

Three platform operators — DCOR, Venoco and Plains Exploration & Production — were fined a total of \$125,000 for accidents since 2000. Three contract companies — Nuevo Energy, Arguello and Aera Energy — were fined \$139,000. Pacific Operators has no major accidents and no fines.

PXP, which operates four platforms, had 87 incidents of noncompliance from 2006 to 2010. ExxonMobil, which operates three, had 64; DCOR, which operates nine, had 58; and Venoco, which operates two, had 32.

Since the Deepwater Horizon disaster earlier this year in the Gulf of Mexico, which killed 11 people and resulted in the largest oil spill in American history, there has been a massive restructuring of the former MMS. It was broken into three agencies so there is not one agency both enforcing the rules and collecting royalties.

On Thursday, Interior Secretary Ken Salazar released what he called a blueprint to increase accountability within the Bureau of Ocean Energy Management, which is headed by Michael Bromwich.

“My mandate from the president and secretary was explicit — reform the way the agency does business in managing and regulating offshore energy development on the nation’s Outer Continental Shelf,” Bromwich said in a statement.

“Strengthening inspections and enforcement — from personnel training to the deterrent effect of fines and civil penalties — is a major focus of the recommendations,” according to a press release about the changes.

Conditions differ

And while the new policies will apply to the platforms in the Santa Barbara Channel, Hull cautioned people not to draw too many comparisons to operations here versus the Gulf.

Whereas in the Gulf, they are exploring new regions to drill in deeper water than has been previously tried, off California, the drilling happens in shallower water in previously tested conditions.

“Oil exploration is taking place under increasingly difficult circumstances,” Hull said of the Gulf. “What is taking place in the Gulf is completely different than what goes on in California every day.”

Cappel echoed those sentiments, saying that the rigorous local oversight is evident in the fact that there hasn’t been a major accident in the channel in years.

But Powell said an overhaul is needed to get better compliance out of the operators.

“I think the entire system needs to change,” he said.