

 <p align="center">Santa Barbara County Air Pollution Control District</p>	Case No / Date	21-13-R	11/6/13
	Petitioner	Freeport-McMoRan Oil & Gas	
	Permit #	Part 70/PTO 9106	
	Date Rec'd	October 8, 2013	
	Time Rec'd	NA.	
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**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

In The Matter of the Application of)
Freeport-McMoRan Oil & Gas for a)
Regular Variance from District Rule)
206, Condition 9.C.2(c)(iv))
of Part 70 Permit Operate 9106 and)
Associated Monitoring plan)

H.B. Case No. 21-13-R
VARIANCE FINDINGS
AND ORDER

Freeport-McMoRan Oil & Gas (FMO&G) filed a Petition for a Regular Variance on October 8, 2013. A hearing regarding the above-entitled matter was held on November 6, 2013 with Glenn Oliver appearing for the Petitioner and Craig Strommen appearing for the Santa Barbara County Air Pollution Control District (District).

This matter having been fully presented and duly considered, the Hearing Board makes the following findings and gives the following reasons for its decision.

1. Notice of the Hearing was duly given in the manner and for the time required by law.
2. Sworn testimony and argument on behalf of the Petitioner and the Air Pollution Control Officer were made, received and considered.
3. The Petitioner operates the equipment described in the Petition at FMO&G's Platform Irene located offshore approximately 4 miles west of Point Pedernales on OCS lease tract OCS-P-0441.
4. The Petitioner's Del Mar flare gas H₂S analyzer suffered a major malfunction. Sampling and data recording is required by Part 70 Permit to Operate 9106 Condition 9.C.2(c)(iv) and the associated Flare Sulfur Monitoring Plan. The H₂S analyzer located on Platform Irene failed in June 2013. After multiple repair attempts and vendor evaluation the

Petitioner determined that the more than 20 year old unit should be replaced. Operation of Platform Irene without an operable flare gas H₂S analyzer is a violation of the permit. The Petitioner anticipates that installation and commissioning of the new analyzer will be complete by December 31, 2013.

5. Due to conditions beyond the reasonable control of the Petitioner, requiring immediate compliance with Rule 206, Condition 9.C.2(c)(iv) of PTO 9106 would result in an arbitrary or unreasonable taking of property in that since the failure of the Del Mar analyzer in June 2013 the Petitioner has actively sought to resolve the compliance problem as quickly as possible under the circumstances. Moreover, the Petitioner has sought and obtained both an interim and 90-day variance prior to their current variance Petition. Petitioner's inability to sample and record the H₂S concentration of flared gases during planned flaring activities constitutes a procedural violation. In lieu of the permit-required automated flare gas sampling using the Del Mar analyzer, the Petitioner has continued to manually sample the flare gas stream during planned flaring events using a Draeger colorimetric sampling tube. The H₂S concentration of all planned flaring events during the 3rd quarter 2013 was zero. It would be unreasonable to require Platform Irene to be shut in until the new analyzer is installed in that there are no excess emissions associated with the Petitioner's failure to sample gas using the Del Mar analyzer and a shutdown would cause the loss of more than \$600,000 per day from deferred production.
6. The taking would be without a corresponding benefit in reducing air contaminants in that the process of shutting down the platform would result in increased flaring and SO_x emissions that would not have otherwise occurred.
7. The Petitioner has given consideration to curtailing operations in lieu of seeking a variance; however, curtailing operations will not replace the lost data. The analyzer and datalogger system is otherwise currently operating as designed; hourly data for emissions determinations are being properly recorded. Three other facilities are being monitored by the Petitioner with the same system without similar problems.
8. No excess emissions are anticipated during the variance period.
9. A nuisance as defined in District Rule 303 is not expected to occur as a result of this variance and continued operation is not likely to create an immediate threat or hazard to public health or safety.
10. The District staff supported the Petition.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Regular Variance be granted for the continued operation of Platforms Irene in violation of the requirements of District Rule 206, Condition 9.C.2(c)(iv) and the associated monitoring plan of Part 70/Permit to Operate 9106 from November 6, 2013 through December 31, 2013 with the following conditions:

1. The Petitioner shall promptly seek to replace and commission the existing Del Mar H₂S analyzer located on Platform Irene as soon as possible. The Petitioner shall notify the Hearing Board and District within one week after compliance has been achieved together with the steps taken or to be taken to avoid a recurrent violation.
2. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in this Order.
3. Failure to abide by all conditions of this Order shall subject the Petitioner receiving the variance to penalties set forth in Health & Safety Code §42402.
4. Each date during any portion of which a violation occurs is a separate offense.

DATED: _____

Chair
Santa Barbara County Air Pollution Control District
Hearing Board