

ACTION SUMMARY
(Unofficial)

Hearing Board

November 6, 2013

9:30 A.M.

APCD Hearing Board Members:

Donald R. Ward
Dr. Francis P. Lagattuta, Chair
Robert J. Saperstein
David Schmarje, Vice-Chair
Larry Lavagnino

BOARD OF SUPERVISORS HEARING ROOM
Betteravia Government Center
511 East Lakeside Parkway
Santa Maria, CA

I. 9:31 a.m. – Convene – Roll Call

Present: 3 - Ward, Schmarje, Lavagnino.

Absent: 2 - Lagattuta, Saperstein.

II. Administration of Oath to Participants

All participants were sworn in.

III. Approval of minutes of the July 6, 2011 meeting

As there was not a quorum of Hearing Board members available today who were present at the July 6, 2011 meeting, a motion was made by Hearing Board member Lavagnino, seconded by Hearing Board member Ward to receive and file the minutes. The motion carried by the following vote.

Ayes: 3 - Ward, Schmarje, Lavagnino.

Noes: 0 - None.

Abstain: 0 - None.

Absent: 2 - Lagattuta, Saperstein.

IV. Approval of minutes of the August 1, 2012 meeting

As there was not a quorum of Hearing Board members available today who were present at the August 1, 2012 meeting, a motion was made by Hearing Board member Lavagnino, seconded by Hearing Board member Ward to receive and file the minutes. The motion carried by the following vote.

Ayes: 3 - Ward, Schmarje, Lavagnino.

Noes: 0 - None.

Abstain: 0 - None.

Absent: 2 - Lagattuta, Saperstein.

Clerk of the APCD Board:

Louis D. Van Mullem, Jr.

V. Requests for continuance or addition of Ex-Agenda items.

None.

VI. Announcements/Staff Reports

Craig Strommen, Division Manager at the APCD, informed Hearing Board members of the recent restructure of the Engineering & Compliance Division at the APCD which separated Engineering and Compliance into two divisions. He further noted that he was selected to fill the Compliance Division Manager position.

VII. Public Comment Period

There were no public comments.

VIII. Public Hearings

- 1) **Case No. 21-13-R – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

Hearing: To consider an application by Freeport-McMoRan Oil and Gas for a Regular Variance from District Rule 206, Condition 9.C.2(c)(iv) and the associated Flare Sulfur Monitoring Plan for OCS Platform Irene of District Permit to Operate 9106. The Petitioner utilizes a Del Mar H2S analyzer during planned flaring activities conducted on the platform. The H2S analyzer on Platform Irene failed and is in need of replacement. Petitioner has operated under 90-Day Variance 12-13-N and is seeking continued variance relief through December 31, 2013 to allow sufficient time to secure and install a new analyzer.

Glen Oliver appeared on behalf of the Petitioner; Craig Strommen represented the District; Woody Lavayen acted as Counsel for the Hearing Board.

Following testimony by the Petitioner and the District, the Hearing Board unanimously agreed that the six findings had been met. A motion was made by Hearing Board member Ward, seconded by Hearing Board member Lavagnino to accept the findings as stated by the Hearing Board with an amendment to the draft Findings and Order that the variance be granted through January 31, 2014 instead of December 31, 2013 to ensure sufficient time for the H2S analyzer to be received and installed. Regular Variance number 21-13-R was granted with conditions as specified in the Findings and Order for the period of November 6, 2013 through January 31, 2014 by the following vote.

Ayes: 3 - Ward, Schmarje, Lavagnino.
Noes: 0 - None.
Abstain: 0 - None.
Absent: 2 - Lagattuta, Saperstein.

IX. Administrative Agenda

Approved by vote on one motion. These items read only on request of Hearing Board members.

The following Variance Orders have been approved by the Air Pollution Control District Hearing Board. These orders are available for inspection and reproduction at the Office of the Air Pollution Control District:

- A-1) Case No. – 17-12-E – ERG Operating Company, LLC
6085 Cat Canyon Road, Santa Maria, CA 93454

On August 24, 2012 Hearing Board member David Schmarje approved an Emergency Variance for the period of August 24, 2012 through September 14, 2012. Said variance provided relief from specific requirements of District Rule 325.E.1 and allowed for continued operation of Peshine Well #51 while repairs could be made to a gas leak in the casing line.

- A-2) Case No. – 18-12-I – Plains Exploration and Production Company
201 South Broadway, Orcutt, CA 93455

On August 30, 2012 Hearing Board member David Schmarje approved an Interim Variance for the period of August 29, 2012 through September 10, 2012, the date of hearing for Petitioner's request for a 90-Day Variance (Case No. 19-12-N). Said variance provided relief from District Rule 206, Conditions 9.C.3(a) of Part 70/Permit to Operate 9105 and allowed for continued operation of Platform Hidalgo after equipment malfunctions caused an exceedance of SOx mass emission limit in the 3rd quarter 2012 related to unplanned flaring. Petitioner is in process of installing an acid gas compressor to reduce the sulfur content in the platform gas, which is expected to resolve future compliance problems.

- A-3) Case No. – 19-12-N – Plains Exploration and Production Company
201 South Broadway, Orcutt, CA 93455

On September 10, 2012 Hearing Board member David Schmarje approved a 90-Day Variance for the period of September 10, 2012 through September 30, 2012. Said variance provided relief from District Rule 206, Conditions 9.C.3(a) of Part 70/Permit to Operate 9105 and allowed for continued operation of Platform Hidalgo after equipment malfunctions caused an exceedance of SOx mass emission limit in the 3rd quarter 2012 related to unplanned flaring. Petitioner is in process of installing an acid gas compressor to reduce the sulfur content in the platform gas, which is expected to resolve future compliance problems.

- A-4) Case No. – 20-12-E – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On August 30, 2012 Hearing Board member David Schmarje approved an Emergency Variance for the period of August 29, 2012 through September 27, 2012. Said variance provided relief from District Rule 325.E.1 and allowed for continued operation of Arellanes Well #82 while repairs could be made to a gas leak in the casing line.

- A-5) Case No. – 21-12-AP – DuPont Displays, Inc.
600 Ward Drive, Santa Barbara, CA 93111

Withdrawn on December 26, 2012.

- A-6) Case No. – 22-12-I – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On October 1, 2012 Hearing Board member David Schmarje approved an Interim Variance for the period of September 28, 2012 through October 15, 2012, the noticed date of hearing for Petitioner's request for a 90-Day Variance (Case No. 23-12-N). Said variance provided relief from District Rule 325.E.1 and allowed for continued operation of Arellanes Well #82 while repairs could be made to a gas leak in the casing line.

A-7) Case No. – 23-12-N – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On October 15, 2012 Hearing Board member David Schmarje approved a 90-Day Variance for the period of October 15, 2012 through November 28, 2012. Said variance provided relief from District Rule 325.E.1 and allowed for continued operation of Arellanes Well #82 while repairs could be made to a gas leak in the casing line.

A-8) Case No. – 24-12-E – Plains Exploration & Production Company
201 South Broadway, Orcutt, CA 93455

On October 1, 2012 Hearing Board member David Schmarje approved an Emergency Variance for the period of September 30, 2012 through October 14, 2012. Said variance provided relief from District Rule 206, Condition 9.C.3 of Part 70/Permit to Operate 9104 and allowed for continued operation of Platform Hermosa until the malfunctioning meter for the flare pilot gas could be replaced.

A-9) Case No. – 25-12-E – Plains Exploration & Production Company
201 South Broadway, Orcutt, CA 93455

On October 8, 2012 Hearing Board member Donald Ward approved an Emergency Variance for the period of October 8, 2012 through October 15, 2012. Said variance provided relief from District Rule 206, Condition 9.C.3 of Part 70/Permit to Operate 9103, 9104, 9105 and Condition 9.C.4 of Part 70/Permit to Operate 9106 allowing increased spot charter use at Platforms Hermosa, Hidalgo, Harvest and Irene due to an unexpected delay in the release of Petitioner's sole supply vessel which was at dry dock in San Francisco Bay under mandated periodic USCG inspection.

A-10) Case No. – 26-12-N – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On November 27, 2012 Hearing Board member Robert Saperstein approved a 90-Day Variance for the period of November 27, 2012 through December 26, 2012. Said variance provided relief from District Rule 325.E.1 and allowed for continued operation of Arellanes Well #82 while repairs could be made to a gas leak in the casing line.

A-11) Case No. – 27-12-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117

On December 4, 2012 Hearing Board member David Schmarje approved an Emergency Variance for the period of December 2, 2012 through December 16, 2012. Said variance provided relief from District Rule 359 D.2.b.1) and 206, Condition 9.C.2(b)(v) of Part 70/Permit to Operate 8092 and allowed continued operation of the Thermal Oxidizer (A-803) until permanent power is restored and necessary corrective measures are taken to restart the facilities.

A-12) Case No. – 28-12-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117

On December 19, 2012 Hearing Board member David Schmarje approved an Emergency Variance for the period of December 19, 2012 through January 17, 2013. Said variance provided relief from District Rule 359 D.2.b.1) and 206, Condition 9.C.2(b)(v) of Part 70/Permit to Operate 8092 and allowed continued operation of the Thermal Oxidizer (A-803) while an investigation occurs to determine the cause of failures and corrective actions can be taken.

A-13) Case No. – 29-12-E – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On December 26, 2012 Hearing Board member David Schmarje approved an Emergency Variance for the period of December 20, 2012 through January 4, 2013. Said variance provided relief from District Rules 325.E.1 and 206, Condition 11 of Permit to Operate 7053-R8 for continued operation of the 3,000 bbl. crude oil storage tank (Tank #217) while small holes on the top ring of the tank are repaired.

A-14) Case No. – 01-13-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117

On January 22, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of January 21, 2013 through January 24, 2013. Said variance provided relief from District Rule 206, Condition 9.C.6(b)(iii) of Part 70/Permit to Operate 5651 for continued operation of Petitioner's Crude Oil Storage Tanks ABJ-3401 A&B, allowing time for the failed compressor to be delivered and installed.

A-15) Case No. – 02-13-E – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On January 29, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of January 28, 2013 through January 29, 2013. Said variance provided relief from District Rule 325 and 206, Condition 5 of Permit to Operate 13547 for continued operation of Petitioner's Bell Lease Tank Battery while the failed Vapor Recovery Compressor could be replaced.

A-16) Case No. – 03-13-I – Plains Exploration & Production Company
201 South Broadway, Orcutt, CA 93455

On March 7, 2013 Hearing Board member David Schmarje approved an Interim Variance for the period of March 7, 2013 through May 29, 2013, or the date of hearing for Petitioner's request for a 90-Day Variance (Case No. 04-13-N), whichever occurs first. Said variance provided relief from District Rule 206, Condition 9.C.5(b)(i) of Part 70/Permits to Operate 9106 and 6708 for continued operation of Platform Irene and the Lompoc Oil and Gas Plant in excess of 1 pigging launch per day.

A-17) Case No. – 04-13-N – Plains Exploration & Production Company
201 South Broadway, Orcutt, CA 93455

On March 26, 2013 Hearing Board member David Schmarje approved a 90-Day Variance for the period of March 26, 2013 through June 23, 2013. Said variance provided relief from District Rule 206, Condition 9.C.5(b)(i) of Part 70/Permits to Operate 9106 and 6708 for continued operation of Platform Irene and the Lompoc Oil and Gas Plant in excess of 1 pigging launch per day.

A-18) Case No. – 05-13-E – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456

On May 2, 2013 Hearing Board member Robert Saperstein approved an Emergency Variance for the period of April 29, 2013 through May 28, 2013. Said variance provided relief from District Rule 325.E.1 for continued operation of Petitioner's idle Bell Well #5 while repairs could be made to a gas leak in the casing line.

**A-19) Case No. – 06-13-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117**

On June 3, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of May 29, 2013. Said variance provided relief from District Rule 206, Condition 9.C.6(b) and (b)(iii) of Part 70/Permit to Operate 5651 for continued operation of Petitioner's Crude Oil Storage Tanks ABJ-3401 A&B without compressor operation.

**A-20) Case No. – 07-13-E – Purisima Hills LLC
P.O. Box 1812, Santa Maria, CA 93456**

On June 3, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of May 31, 2013 through June 12, 2013. Said variance provided relief from District Rule 331.E.1.f. for continued operation of Petitioner's idle Blair Well #2, allowing for repairs to a leak in the threaded connection.

**A-21) Case No. – 08-13-E – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

On June 18, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of June 13, 2013 through June 16, 2013. Said variance provided relief from District Rule 206, Condition 9.C.2(b)(v) of Permit to Operate 9103 for continued operation of Petitioner's Platform Harvest while repairs were made to the flare gas H₂S analyzer.

**A-22) Case No. – 09-13-E – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

On June 26, 2013 Hearing Board member Larry Lavagnino approved an Emergency Variance for the period of June 26, 2013 through July 10, 2013. Said variance provided relief from District Rule 206, Condition 9.C.2(c) of Permit to Operate 6708 and allowed for continued operation of Petitioner's Lompoc Oil and Gas Plant while repairs could be made to the Flare Gas Meter.

**A-23) Case No. – 10-13-E – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

Withdrawn on July 14, 2013.

**A-24) Case No. – 11-13-I – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

On July 16, 2013 Hearing Board member Larry Lavagnino approved an Interim Variance for the period of July 9, 2013 through August 8, 2013, the noticed date of hearing for 90-Day Variance 12-13-N. Said variance provided relief from District Rule 206, Condition 9.C.2 and the associated monitoring plans of Part 70/Permit to Operate 9106 and allowed for continued operation of Platforms Irene and Harvest while repairs could be made to the ESC EMR datalogger compliance emission database.

**A-25) Case No. – 12-13-N – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

On August 8, 2013 Hearing Board member Larry Lavagnino approved a 90-Day Variance for the period of August 8, 2013 through November 5, 2013. Said variance provided relief from District Rule 206, Condition 9.C.2 and the associated monitoring plans of Part 70/Permit to Operate 9106 and allowed for continued operation of Platforms Irene and Harvest while repairs could be made to the backup computer for Platform Irene as well as the flare gas H₂S analyzer for Platform Irene.

**A-26) Case No. – 13-13-E – Greka Oil & Gas, Inc.
P.O. Box 5489, Santa Maria, CA 93456**

On July 16, 2013 Hearing Board member Larry Lavagnino approved an Emergency Variance for the period of July 11, 2013 through July 25, 2013. Said variance provided relief from District Rule 325.E.1 for continued operation of Petitioner's idle Bell Well #5 while repairs could be made to a gas leak in the casing line.

**A-27) Case No. – 14-13-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117**

On July 24, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of July 24, 2013 through July 25, 2013. Said variance provided relief from District Rule 206, Condition 9.C.2(a) of Permit to Operate 5651 for continued operation of Petitioner's Las Flores Canyon oil and gas processing plant, allowing "uncontrolled" flaring from the Thermal Oxidizer until Compressor CZZ 1301B or A is operational.

**A-28) Case No. – 15-13-E – Freeport-McMoRan Oil & Gas
201 South Broadway, Orcutt, CA 93455**

On August 5, 2013 Hearing Board member David Schmarje approved an Emergency Variance for up to 12 hours on August 6, 2013. Said variance provided relief from District Rule 206, Condition 9.C.27 for continued operation of Petitioner's Lompoc Oil and Gas Plant emergency generator to allow backup power for lighting and safety systems while maintenance is performed.

**A-29) Case No. – 16-13-E – Imerys Minerals California
2500 Miguelito Road, Lompoc, CA 93436**

On August 14, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of August 9, 2013 through September 7, 2013. Said variance provided relief from District Rule 206, Conditions 9.C.2(a) and (b)(iii) of Permit to Operate 5840, Part 2, for continued operation of Petitioner's 350 Scrubber while test data is reviewed to determine cause of emission exceedance.

**A-30) Case No. – 17-13-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117**

On August 26, 2013 Hearing Board member David Schmarje approved an Emergency Variance for the period of August 21, 2013 through September 4, 2013. Said variance provided relief from District Rule 206, Conditions 9.C.2(b)(iv) and 9.C.2(b)(xi) of Part 70/Permit to Operate 8092 for continued operation of the Thermal Oxidizer (A-803) while the source of the elevated H₂S is identified and remediated.

**A-31) Case No. – 18-13-I – Imerys Minerals California
2500 Miguelito Road, Lompoc, CA 93436**

On September 5, 2013 Hearing Board member Larry Lavagnino approved an Interim Variance for the period of September 8, 2013 through December 6, 2013, or the date Petitioner's request for a 90-Day Variance (19-13-N) is considered, whichever occurs first. Said variance provided relief from District Rule 206, Conditions 9.C.2(a) and (b)(iii) of Permit to Operate 5840, Part 2, for continued operation of Petitioner's 350 Scrubber to allow for third party source testing after maintenance was performed under Variance 16-13-E.

**A-32) Case No. – 19-13-N – Imerys Minerals California
2500 Miguelito Road, Lompoc, CA 93436**

Withdrawn on September 17, 2013.

**A-33) Case No. – 20-13-E – ExxonMobil Production Company
12000 Calle Real, Goleta, CA 93117**

On September 5, 2013 Hearing Board member Larry Lavagnino approved an Emergency Variance for the period of September 3, 2013 through September 17, 2013. Said variance provided relief from District Rule 206, Conditions 9.C.2(b)(iv) and 9.C.2(b)(xi) of Part 70/Permit to Operate 8092 for continued operation of the Thermal Oxidizer (A-803) while the source of the elevated H₂S is identified and remediated.

A motion was made by Hearing Board member Lavagnino, seconded by Hearing Board member Ward that Administrative Agenda items A-1 through A-33 be received and filed. The motion carried by the following vote.

Ayes: 3 - Ward, Schmarje, Lavagnino.
Noes: 0 - None.
Abstain: 0 - None.
Absent: 2 - Lagattuta, Saperstein.

X. Adjourn

The meeting was adjourned at 9:45 a.m.

ANNOUNCEMENTS

The next regularly scheduled meeting of the Santa Barbara County Air Pollution Control District Hearing Board is December 4, 2013 at 9:30 a.m.