

 Santa Barbara County <b>Air Pollution Control District</b>	<b>Case No / Date</b>	<b>2015-35-R</b>	<b>12/02/15</b>
	<b>Petitioner</b>	<b>Freeport McMoRan Oil &amp; Gas</b>	
	<b>Permit #</b>	<b>PTO 9105</b>	
	<b>Date Rec'd</b>	<b>11/02/15</b>	
	<b>Time Rec'd</b>	<b>10:30</b>	
<b>FOR OFFICIAL USE ONLY</b>			

**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 Rules )  
359 and 206, Conditions 9.C.2 and )  
9.C.3 of Part 70/Permit to Operate )  
9105. )

**H.B. Case No. 2015-35-R**

**VARIANCE FINDINGS**

**AND ORDER**

On November 02, 2015, Freeport McMoRan Oil & Gas (FMOG) filed a Petition for a Regular Variance. The Regular Variance was heard on December 02, 2015 in accordance with Health and Safety Code Section 40808 with Glenn Oliver appearing for the Petitioner and Mike McKay appearing for the Santa Barbara County Air Pollution Control 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 on Platform Hidalgo located on the Outer Continental Shelf (OCS) lease tract OCS-P-0450 approximately 7 miles offshore Pt. Arguello, California.
4. Freeport McMoRan Oil & Gas is the holder of Permit to Operate 9105-R4. This permit authorizes the operation of the equipment and processes located at Platform Hidalgo, which is part of the Point Arguello Project Stationary Source.
5. As a result of the Plains All American Pipeline (AAPL) failure on May 19, 2015, Freeport McMoRan experienced facility impacts. Due to these impacts, FMOG has both

onshore and offshore facilities that have temporarily ceased operations. The AAPL remains shutdown and Plains continues to work with local and federal agencies to understand the nature of the failure and repair options. At this time it is unclear when the restart of the facility may occur.

Until the facility is able to resume operations, the Petitioner is requesting this Variance to allow for suspension of the above permit requirements. Upon the facility resuming platform gas processing, the Petitioner will return to compliance with those conditions. The timeline for testing in Condition 9.C.2(c)(iii), may be extended for good cause provided a written request is submitted to the District at least three (3) days in advance of the deadline, and approval for the extension is granted by the District.

6. Without variance coverage, the Petitioner would be in violation of District Rules 359 and 206, Conditions 9.C.2 and 9.C.3 of Permit to Operate 9105.
7. Due to conditions beyond the reasonable control of the Petitioner, compliance would result in an arbitrary or unreasonable taking of property as the pipeline closure is outside of the Petitioner's control.
8. Closing or taking would be without a corresponding benefit in reducing air contaminants as there are no expected excess emissions as a result of the granting of this Variance.
9. The Petitioner has curtailed operations in that the entire facility is shut in and will continue to remain shut in until a compliant method of oil shipment is established.
10. There are no expected excess emissions due to the granting of this variance.
11. The Petitioner will monitor the dates, hours, and all emissions, if any, related to the granting of this Variance.
12. 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.
13. The District staff supports the Petition as conditioned below.

**THEREFORE, THE HEARING BOARD ORDERS,** as follows:

That a Regular Variance be granted for the continued operation of Platform Hidalgo in violation of District Rules 359 and 206, Conditions 9.C.2 and 9.C.3 of Part 70/Permit to Operate 9105 from December 2, 2015 through December 1, 2016, or the date the facility resumes platform gas processing, whichever occurs first, with the following conditions:

1. Petitioner shall submit increments of progress to the Hearing Board and District on the first day of every calendar quarter after the date of approval of the Regular Variance beginning January 1, 2016. The increments of progress report shall include: status of compliance, any corrective action taken to date, and the dates, times, volumes and actual emissions, if any, that occurred during the variance.
2. Petitioner shall submit a final report to the Hearing Board and District within thirty (30) days of the facility returning to compliance. The report shall include the date compliance was achieved together with the corrective actions taken and the dates, times, volumes and actual emissions, if any, that occurred during the variance period. If corrective action would be subject to District permits, then permits must be obtained prior to initiating corrective action.
3. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in the Order.
4. Failure to abide by all conditions of the this Order shall subject the Petitioner receiving the variance to penalties set forth in Health and Safety Code section 42402.
5. Each day during any portion of which a violation occurs is a separate offense.

**DATED:** \_\_\_\_\_

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Chair  
Santa Barbara County Air Pollution Control District  
Hearing Board