



HEARING BOARD STAFF REPORT

TYPE: REGULAR VARIANCE

CASE NO: 2015-36-R

DATE: December 2, 2015

1.0 **GENERAL INFORMATION:**

- 1.1 **PETITIONER NAME:** Freeport McMoRan Oil & Gas (FMOG)
- 1.2 **EQUIPMENT LOCATION:** Petitioner operates the equipment described in the Petition on offshore lease tract OCS-P-0315
- 1.3 **PERMIT NUMBER(S):** Part 70/Permit to Operate 9103
- 1.4 **FACILITY NAME/ID:** Platform Harvest, FID 08013
- 1.5 **FACILITY DESCRIPTION:** Platform Harvest is part of *The Point Arguello Project* stationary source (SSID # 01325). *The Point Arguello Project* stationary source consists of four facilities: Platform Harvest (FID 08013), Platform Hermosa (FID 08014), Platform Hidalgo (FID 08015), and Gaviota Oil Heating Facility (FID 01325). Freeport McMoRan Oil and Gas, LLC operates the facility.

- 2.0 **REASON FOR THE VARIANCE REQUEST:** 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 permit requirements listed in 6.0 REGULATORY ANALYSIS. Upon the facility resuming the processing of platform gas, the Petitioner will return to compliance with all conditions listed in 6.0 and the attached draft variance order. The timelines in Conditions 9.C.2(e)(ix)(a), 9.C.2(e)(ix)(b), and 9.C.2(e)(ix)(c) 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.

- 3.0 **BACKGROUND:** A petition for Variance Order 2015-36-R was submitted on November 02, 2015. If granted, 2015-36-R would grant enforcement relief from December 2, 2015 through December 1, 2016, or the date the facility resumes platform gas processing, whichever occurs first. A Regular Variance was requested due to the unknown timeline for the AAPL repair.
- 4.0 **PERMITTING HISTORY:** Since the original permitting of Platform Harvest, PTO 9103 has been re-evaluated numerous times, with the most recent being in July of 2014.
- 5.0 **COMPLIANCE HISTORY:** The permit conditions listed in 6.0 have historically been performed in compliance with District rules and regulations.

6.0 REGULATORY ANALYSIS: The following permit conditions of Part 70 Permit to Operate 9103-R4 and rule requirements are applicable to the variance request:

• **Condition 9.C.2 (Turbines)**

- *(e)(i) Continuous Monitoring System (CEMS). FM O&G shall install, maintain, and operate a NOx CEMS that continuously monitors the exhaust of all three turbine compressors for the parameters listed in Table 4.3. The monitoring devices shall meet the requirements of 40 CFR 60, and subsequent revisions, and be operated in accordance with manufacturer's specifications. FM O&G shall comply with the District-approved CEMS Plan dated August 15, 2007 (and any subsequent approved updates). CEMS operator log entries, strip charts, magnetic tapes, computer printouts, circular charts or diskettes, whichever is applicable, shall be provided upon request to the District. For each compressor, FM O&G shall maintain an 80% data recovery efficiency (DRE) on a quarterly basis for the CEMS parameters in Table 4.3. For the purposes of determining DRE, an hour period with twelve valid 1-minute NOx lb/hr average data points shall be considered a valid hour except during one hour per day for each exhaust sample train when the required daily calibration occurs.*
- *(e)(ix)(a) Source testing of air emissions and process parameters listed in Table 4.1 shall be conducted annually on all turbines. In addition, quarterly testing of turbine compressors A and B shall be performed if required by condition 9.C.2(e)(ii) of this permit. A relative accuracy test audit (RATA) for the CEM shall be performed in conjunction with the annual source test. During each annual source test, one turbine generator and one turbine compressor shall be tested while operating at maximum load and the remaining turbines will be tested at "historical" based on the prior year's usage. The turbine tested at maximum load for subsequent annual tests will rotate to each turbine with the remaining turbines being tested at "historical" loads.*
- *(e)(ix)(b) The permittee shall submit a written turbine source test plan for the turbine generators and compressors to the District for approval at least thirty (30) days prior to initiation of each source test. The plan shall address the RATA for the NOx and oxygen analyzers for the turbine compressors. The source test plan shall be prepared consistent with the District's Source Test Procedures Manual (revised May 1990 and any subsequent revisions). The permittee shall obtain written District approval of the source test and RATA plan prior to commencement of source testing. The District shall be notified at least ten (10) calendar days prior to the start of source testing activity to arrange for a mutually agreeable source test date when District personnel may observe the test.*
- *(e)(ix)(c) Source test results and the RATA test results for NOx and O2 monitors shall be submitted to the District within forty-five (45) calendar days following the date of source test completion and shall be consistent with the requirements approved within the source test plan. Source test results and CEM data will be used to document the permittee's compliance status with, mass emission rates in Tables 5.1 and 5.2, ppmv concentration limits and applicable permit conditions, rules and NSPS. All District costs associated with the review and approval of all plans and reports and the witnessing of tests shall be paid by the permittee as provided for by District Rule 210.*

- **Condition 9.C.3 (Combustion Equipment - Flare)**
 - *(iii) Flare Purge/Pilot Fuel Gas Sulfur Limits: The sulfur content of fuel gas combusted as purge and pilot gas shall not exceed 165 ppmv total sulfur calculated as hydrogen sulfide (at standard conditions). The ppmv limit for the purge/pilot gas shall be based on a 15-minute average. Compliance shall be based on in-line continuous monitoring using a hydrogen sulfide analyzer.*
- **Rule 328 (Continuous Emission Monitoring)**
 - *The Control Officer shall require the owner or operator of each stationary source (listed in a. through f.) below to install, calibrate, operate and maintain all monitoring equipment necessary for continuously monitoring the pollutants specified.*
- **Rule 359 (Flares and Thermal Oxidizers)**
 - *The provisions of this Rule shall apply to the use of flares and thermal oxidizers at oil and gas production sources (SIC code 13), petroleum refinery and related sources (SIC code 29), natural gas services and transportation sources (SIC code 49) and wholesale trade in petroleum/petroleum products (SIC code 51).*

7.0 **EMISSIONS ANALYSIS:** Excess emissions are not expected as a result of granting this variance.

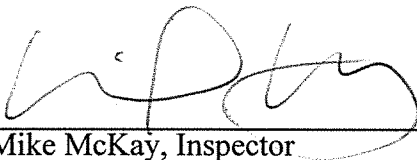
8.0 **RESERVED**

9.0 **OTHER FACTORS:** none

10.0 **DISTRICT RECOMMENDATION:** The APCD supports the Petitioner's request and recommends the granting of a Regular Variance for Freeport McMoRan as listed in the attached draft variance order.

11.0 **ATTACHMENTS:**

- Attachment 1 – Draft Regular Variance Order 2015-36-R



Mike McKay, Inspector
Compliance Division

11/17/15

Date