



## HEARING BOARD STAFF REPORT

**TYPE:** REGULAR VARIANCE

**CASE NO:** 2015-37-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 at the Gaviota Oil & Heating Facility (GOHF), located at 17100 Calle Mariposa Reina, Gaviota, CA
- 1.3 **PERMIT NUMBER(S):** Part 70/Permit to Operate 5704
- 1.4 **FACILITY NAME/ID:** Gaviota Oil Heating Facility, FID 01325
- 1.5 **FACILITY DESCRIPTION:** Gaviota Oil Heating Facility 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 platform gas processing, the Petitioner will return to compliance with those conditions listed in 6.0 and the attached draft variance order. The timeline for testing in Condition 9.C.21 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 2015-37-R was submitted on November 02, 2015. If granted, 2015-37-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 Gaviota Oil Heating Facility, PTO 5704 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 5704-R4 and rule requirements are applicable to the variance request:

- **Condition 9.C.1 (Combustion Equipment - Turbines/HRSG/SCR)**
  - *(b)(vi)The waste heat boiler auxiliary burner shall not be operating during start-up or shutdown of the respective turbine. In no case shall any diverter valve remain open and the respective turbine operating for greater than 30 minutes per start-up or shutdown. Annual SCR cleaning shall be permitted for one continuous 48 hour period per calendar year. For regulatory inspections described in 9.C.1(b)(iv) above, a diverter valve may remain open as long as necessary to complete the inspection. FM O&G shall inform the District, in writing, 8 hours prior to the commencement of this activity and within 24 hours of completion.*
- **Condition 9.C.21 (Continuous Emission Monitoring)**
  - *FM O&G shall notify the District fourteen (14) days in advance of the proposed date of any shutdown equipment to be returned to service. All associated CEMs shall be operational prior to the startup of this equipment. Prior to the startup of this equipment a cylinder gas audit (CGA) shall be conducted on all concentration analyzers and a relative accuracy audit (RAA) shall be performed on all exhaust flow measurement devices within three weeks after startup of this equipment. If the equipment has been out of service for more than nine (9) months a relative accuracy test audit (RATA) shall also be performed within one month. These audits shall be consistent with the 40 CFR Appendix F and the District approved CEM Plan.*

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 2015-37-R

  
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Mike McKay, Inspector  
Compliance Division

11/17/15  
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Date