



HEARING BOARD STAFF REPORT

TYPE: REGULAR VARIANCE

CASE NO: 2015-38-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-0316
- 1.3 **PERMIT NUMBER(S):** Part 70/Permit to Operate 9104
- 1.4 **FACILITY NAME/ID:** Platform Hermosa, FID 08014
- 1.5 **FACILITY DESCRIPTION:** Platform Hermosa 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.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.

- 3.0 **BACKGROUND:** A petition for Variance Order 2015-38-R was submitted on November 02, 2015. If granted, 2015-38-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 Hermosa, PTO 9104 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 9104-R4 and rule requirements are applicable to the variance request:

• **Condition 9.C.2 (Turbines)**

- *(c)(iii) Source Testing: FM O&G shall source test turbines G-92, G-93 and G-94 on Platform Hermosa at least once per calendar year, (except as noted below), with water injection at the injection ratio specified above. The NOx water injection ratio shall be determined from current fuel gas densities, as determined from fuel gas samples taken within 14-days immediately prior to testing. If the NOx water controllers are not updated with the new fuel gas densities, the W/F setpoint shall be set such that the actual W/F ratio is as specified above. Turbines may be tested at as-found loads, unless otherwise requested by the District. Any turbine operated on fuel gas less than 877 hours in the previous calendar year, or as otherwise approved by the District, may be exempted from source testing requirements. The minimum time period between annual tests shall be 3-months.*

• **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 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.

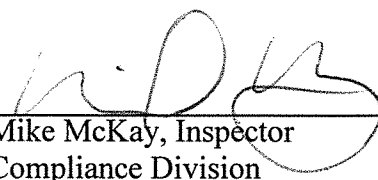
8.0 **RESERVED**

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 2015-38-R


Mike McKay, Inspector
Compliance Division

11/17/15
Date