



H.B. Case No.: 2016-09-I/2016-10-R

Petitioner: FMLOG

Permit No.: 9104

Date Rec'd: 03/10/16

Time Rec'd: 17:27

Filing Fee Paid: \$574/\$574=\$1,148

PETITION FOR VARIANCE

Type of Variance Requested:

Emergency _____ Interim¹ X 90-Day _____ Regular X

Length of Variance Requested: Start Date 3/11/16

End Date 3/10/17

¹ A 90-Day or Regular Variance must be filed concurrently with an Interim Variance

1. PETITIONER INFORMATION

A. Please provide the name, address and phone number of the Petitioner.

Name: Freeport-McMoRan Oil & Gas, LLC
Address: 201 South Broadway
Orcutt, CA 93455
Phone Number: (805) 934-8200

B. Please provide the name, address and phone number of the person authorized to receive correspondence regarding this Petition if different from response in 1.A.

Name: Glenn A. Oliver
Address: Freeport-McMoRan Oil & Gas, LLC
201 South Broadway
Orcutt, CA 93455
Phone Number: (805) 934-8216

C. The Petitioner is (please check one):

- 1) An Individual ()
- 2) Partnership ()
- 3) Corporation ()
- 4) Public Agency ()
- 5) Other Entity (please describe) LLC (Limited Liability Company)

2. Location of equipment for which the variance is requested if different from response in 1.A.

OCS Platform Hermosa (Pt. Arguello Project)

3. List any District permits that are applicable to the equipment subject to this variance request.

PTO 9104

4. Briefly describe the equipment that is the subject of this Petition.

1. Operation and calibrations of the fuel gas analyzer as required by the Fuel Gas Sulfur Reporting Plan;
2. Calibrations of process meters: fuel meters, water meters, electrical meters and oil meters are all calibrated according to a schedule as required in the APCD approved Process Monitor Calibration and Maintenance Plan.
3. Periodic process fluid analyses
4. Periodic equipment visible emission inspections
5. Planned flaring volume and emission limits (NO_x, ROC, SO_x)

5. FINDINGS REQUIRED FOR THE GRANTING OF A VARIANCE

In order for the Hearing Board to grant a variance to a Petitioner authorizing the operation of a source in violation of any rule, regulation or order of the District, the Hearing Board is required to make "findings" in accordance with the requirements specified in California Health and Safety Code §42352, et. seq. and District rules and regulations. The Hearing Board's variance decision will take into consideration information you provide in this Petition. Please ensure your responses are complete and thorough. Please use additional pages as necessary.

A. Please state 1) what District rule, regulation or order you either are or will be in violation of, and 2) the date said violation will or did occur. Include as appropriate the applicable permit conditions for which variance relief is being sought.

APCD Rule 206, PTO 9104, Conditions 9B.2, 9C.3, the Process Monitor Calibration and Maintenance Plan, and the Fuel Gas Sulfur Monitoring Plan.

B. Please describe how compliance with the District rule, regulation or order listed in Section A above is beyond your reasonable control. In addition to any other relevant factors, please include in your discussion 1) what actions you have taken to comply or seek a variance, which were timely and reasonable under the circumstances.

The facilities in the Point Arguello Project, including Platform Hermosa are being placed in a shut-in and suspended status with operating staff reduced to a minimum safe level in response to the current oil and gas business climate; this may be an un-manned status at

some times. Although no date for a return to service has been determined, it is anticipated that all of the equipment will eventually be operated again.

Although oil and gas production has been suspended for several months, this variance is being sought prior to the facility equipment being placed in shut-in mode. In this mode, the turbines will not be operated except possibly to support periodic preventive maintenance tasks to rotate mechanical components to maintain future operability. Staff reductions affect the ability to continually operate the H2S analyzer monitoring fuel gas. FM O&G is evaluating possible permitting and use of a small natural gas-fired generator (250 kW) with lower emissions than turbines for powering safety systems during the shut-in period.

Only PUC gas is currently available on the platform for flare pilot and purge gas. This would be shut off and propane would be used if the flare had to be temporarily active for maintenance activities. Propane use is allowed by the PTO.

The variety of process instrumentation identified in Process Monitor Calibration and Maintenance Plan will not require calibration or maintenance during this facility shut-in period as the equipment will not be operated. Process fluid (gas & oil) analyses will be discontinued until a facility restart occurs. The equipment will be left in a condition that will support a return to service and it will be calibrated prior to restarting.

The permit requires a quarterly visible emission inspection for the cranes, emergency engines and flare. Although there may be occasional, unpredictable use of the cranes and maintenance testing of the IC engines, personnel trained in visible emission evaluations (VEE) will not be available during the period the platforms are in a shut-in mode. In addition, the flare will be idled except for uncommon maintenance situations requiring its use (and shut down upon completion).

Until all of the vessels are inert and free of hydrocarbons, the combustion flare will continue to be operational with small amounts of combusted vapor and the flare pilot emissions each day. Once the systems are inert, the flare and pilot will be shut down, and left in condition to restart if needed. Flare meter and gas flow meters would be idled and only calibrated prior to startup.

Prior to idling of the flare, gas pressure on well casings will be reduced to leave the wells in a shut-in status. The total estimated gas volume in the well casings is higher than the planned flaring allowed by the PTO. Approximately 1280 thousand standard cubic feet (mscf) of gas is in the casings and the quarterly volume limit for planned flaring is 1425 mscf. In addition, without platform process equipment, there is no method to control the H2S levels while bleeding down the casing pressures. The quarterly average H2S concentration for planned flaring will likely exceed the 17,000 ppmv permit limit.

- C. Please describe how you would be impacted if you were required to immediately comply with the District rule, regulation or order the subject of this variance request. In addition to any other relevant factors, please discuss why such impacts would result in 1) an arbitrary or unreasonable taking of property, or 2) the practical closing and elimination of a lawful business.

The steps of putting the facility in a long-term shut-in and suspended mode are to preserve the equipment and the capability of operating in the future. It will effectively be temporarily eliminating many sources of emissions. Requiring the operation of the flare, calibrations of meters, and testing would cause excess emissions.

The well casings would take more than 1 year to bleed down if held to the average H2S concentration permit limits. Additional purging and flaring with sweet PUC gas would be

required to keep the quarterly average H2S concentration within limits. The volume limit for unplanned flaring is 7935 mscf per quarter. Using the combination of the planned and unplanned volumes over a two quarter period would provide enough operating room to bleed the casings down. It is likely that no further flare volumes would be required once this is completed.

- D. If you were required to immediately comply with the District rule, regulation or order the subject of this variance request, please describe what impact, if any, that would have on air contaminants.

Placing the facility in shut-in mode will eliminate most of the permitted emissions. Periodic operation of the firewater pump and emergency engines would occur as preventive maintenance tasks. A small amount of fugitive emissions would remain from closed wells and piping still containing PUC fuel gas – fugitive inspection tasks will continue to be performed.

Unplanned flaring is not anticipated during the period the platform is shut in once the casings are bled down.

- E. Please describe what consideration you have given to curtailing of operations in lieu of obtaining a variance.

Operations at the facility will be completely curtailed. Production cannot resume until the AAPL segment 903 pipeline returns to operation.

- F. Please describe what steps and measures you will take to reduce excess pollutant emissions the maximum extent feasible during the requested variance period.

Variance relief would create a small amount of excess emissions related to the casing flaring; it would actually reduce other emissions related to visible emission inspections.

- G. If requested to do so by the District, please describe how you will monitor or otherwise quantify and report to the District any pollutant emissions associated with the granting of your variance.

Current emission reporting procedures will be followed for any remaining operating equipment (flare metering until idled, fugitives, emergency engines, etc.).

6. SUPPLEMENTAL FINDINGS IF APPLYING FOR AN EMERGENCY VARIANCE PURSUANT TO RULE 506 (EMERGENCY VARIANCE FOR BREAKDOWNS)

- A. Please provide the date and time the breakdown was reported to the District

Date: _____ Time: _____

- B. Breakdown number (as provided by the District):

- C. Please provide a description of the “breakdown condition”, including equipment involved and the cause to the extent it is known.

- D. Please describe why the continued operation of your facility in a “breakdown condition” is not likely to cause an immediate threat or hazard to public health or safety and will not interfere with the attainment or maintenance of any primary national ambient air quality standard.

7. Will the operation of the equipment subject to this variance result in violation of District Rule 303, Nuisance?

No nuisance will result from operation under a variance

8. Please state whether or not any civil or criminal case involving the equipment subject to this variance is pending any court.

No cases are pending

The undersigned is authorized to submit the above Petition on behalf of the Petitioner and further states under penalty of perjury under the laws of the State of California, that the above Petition, including any attachments and the items therein set forth, are true and correct.

DATE: 3/10/16

SIGNATURE: 

TITLE: Sr. EH&S Advisor

PRINT NAME: Glenn A. Oliver

Variance Filing Fees: All variance Petitions must be accompanied by the requisite filing fee at the time of filing or include a letter from the Petitioner on company letterhead authorizing the District to debit the filing fee from the company's reimbursable account. You may also pay your filing fees by credit card using the attached form. Current variance filing fees may be found under Rule 210, schedule F, Sections 12a and 12b at <http://www.sbcpd.org/fees.htm>.



Freeport-McMoRan Oil & Gas
201 S. Broadway
Orcutt, CA 93455

Telephone: 805-739-9111

March 10, 2016

Ms. Sara Hunt
Clerk of the Hearing Board
Santa Barbara County Air Pollution Control District
260 San Antonio Road, Suite A
Santa Barbara, CA 93110

Subject: Variance Petition for OCS Platform Hermosa

Dear Ms. Hunt:

Freeport-McMoRan Oil & Gas is submitting this petition for OCS Platform Hermosa compliance management under an Interim and Regular Variance during the All American Pipeline Segment 903 shutdown. A completed petition is attached.

Please charge the Freeport-McMoRan Oil & Gas/Pt. Arguello Project reimbursable fund for the filing fees. If you have any questions, please contact me at (805) 934-8216.

Cordially,

A handwritten signature in dark ink, appearing to read 'Glenn A. Oliver'.

Glenn A. Oliver
Sr. EH&S Advisor

Attachment