

	Case No / Date	2016-19-R	08/03/16
	Petitioner	DCOR, LLC	
	Permit #	PTO 9110	
	Date Rec'd	05/25/16	
	Time Rec'd	17:28	
FOR OFFICIAL USE ONLY			

**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

	*** DRAFT ***
In The Matter of the Application of) DCOR, LLC for a Regular Variance) from District Rule 206, Conditions) 9.A.10, 9.C.2(a) and 9.C.2(b) of Part) 70/Permit to Operate 9110.)	H.B. Case No. 2016-19-R VARIANCE FINDINGS AND ORDER

On May 25, 2016, Dos Cuadras Offshore Resources, LLC (DCOR) filed concurrently a Petition for an Interim and Regular Variance. Interim Variance order 2016-18-I was granted on June 07, 2016 by Hearing Board member Don Ward, for the period of June 05, 2016 to September 02, 2016, or the date of decision of the Petitioner’s request for a Regular Variance, whichever occurs first. The Regular Variance was heard on August 03, 2016 in accordance with Health and Safety Code §40808 with Christine White and Bob Garcia appearing for the Petitioner and with Mike McKay and David Harris 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 District were made, received and considered.
3. The Petitioner operates the equipment described in the Petition on oil and gas Platform A located on the Outer Continental Shelf (OCS) lease tract OCS-P-0241 approximately six miles offshore and south-southeast from the City of Santa Barbara, California.
4. On May 20, 2016, the Petitioner’s oil and gas Platform A Main Gas Compressor suffered an unplanned and unexpected mechanical failure. The compressor was removed from Platform A during the week of May 23, 2016 and sent in for repair. The Main Gas

Compressor was found to be damaged beyond repair. The Petitioner purchased a new compressor which was delivered to Platform A on June 13, 2016. According to the Petitioner, the compressor was fully operational on June 15, 2016. From the initial compressor failure on May 20, 2016, the Petitioner had been flaring all produced gas (categorized as an unplanned flaring event) at a rate around 1,450,000 cubic feet per day (cf/day). At that rate, the Petitioner exceeded their annual permitted unplanned flaring limit of 26,393,000 cubic feet per year (cf/yr) on June 05, 2016. The Petitioner estimates total unplanned flaring in excess of their permitted limit to be 11,314,000 cf. The Petitioner expects unplanned flaring rates for the remainder of the year to return to historical ranges. Historical Unplanned flaring rates for Platform A have ranged from 46,000 cf/yr to 699,000 cf/yr over the last six years.

5. The Petitioner estimates total excess emissions related to the granting of this Variance to be 3.54 tons for all criteria pollutant (0.42 tons NO_x / 0.35 tons ROC / 2.30 tons CO / 0.23 tons SO_x / 0.12 tons PM / 0.12 tons PM₁₀).
6. Without variance coverage, the Petitioner would be in violation of District Rule 206, Conditions 9.A.10, 9.C.2(a) and 9.C.2(b) of Part 70/Permit to Operate 9110.
7. Due to conditions beyond the reasonable control of the Petitioner, compliance would result in an arbitrary or unreasonable taking of property in that it would require the Petitioner to completely shut down their facility causing a loss of more than 800 bbls per day of oil production.
8. Closing or taking would be without a corresponding benefit in reducing air contaminants as excess emissions related to the granting of this Variance are expected to be less than if the facility had to cease operations.
9. The Petitioner has given consideration to curtailing operations, however, Petitioner states that curtailing operations for the remainder of the calendar year would cost approximately \$32,000 per day in deferred production and the loss of 15 facility jobs.
10. The Petitioner estimates the permitted unplanned flaring allowance to be exceeded by 11,314,000 cubic feet.
11. The Petitioner will monitor the dates, hours, and all emissions related to any unplanned flaring events for the duration of the Variance coverage.
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 Petitioner's offshore oil and gas Platform A in violation of District Rule 206, Conditions 9.A.10, 9.C.2(a), and 9.C.2(b) of Part 70/Permit to Operate 9110 from June 05, 2016 to December 31, 2016, with the following conditions:

1. The Petitioner shall submit increments of progress to the Hearing Board and District on the first day of every month beginning September 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 that have occurred during the reporting period. The Petitioner shall also minimize the amount of unplanned flaring to the maximum extent feasible during the variance period.
2. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in the Order.
3. Failure to abide by all conditions of this Order shall subject the Petitioner receiving the variance to penalties set forth in Health and Safety Code section 42402.
4. Each day during any portion of which a violation occurs is a separate offense.

DATED: _____

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair
Santa Barbara County Air Pollution Control District
Hearing Board