

	Case No / Date	2016-22-R	08/03/16
	Petitioner	DCOR, LLC	
	Permit #	PTO 9114	
	Date Rec'd	06/29/16	
	Time Rec'd	13:34	
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**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.B.2(c), 9.B.2(d), and 9.C.1(c)(iii) of) Part 70/Permit to Operate 9114.)	H.B. Case No. 2016-22-R VARIANCE FINDINGS AND ORDER

On June 29, 2016, Dos Cuadras Offshore Resources, LLC (DCOR) filed concurrently a Petition for an Interim and Regular Variance. Interim Variance order 2016-21-I was granted on July 11, 2016 by Hearing Board member Robert Saperstein, for the period of July 01, 2016 through September 28, 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 Dave 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 Hillhouse 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 April 11, 2016, during the Petitioner's Platform Hillhouse monthly crane inspection, the North Crane was found to have corrosion in two places on the heel section of the boom. The crane was immediately taken out of service and removed from the platform for further inspection by Linkbelt, the original manufacturer. Linkbelt agreed with DCOR's findings and recommended replacement of the boom. The new boom is being fabricated at the manufacturers Lexington, Kentucky facility. It is scheduled for re-installation no later than December 1, 2016. Until that time, the Petitioner is unable to perform the required biennial source test on their North Crane Engine due to specific load requirements that require use of the crane boom, as listed in Part 70/Permit to Operate 9114. The Petitioner is also required to perform a visual emission inspection of the crane's engine exhaust stack for a one-minute period during the biennial source test.
5. The Petitioner is required to perform visual emissions inspections on the North Crane engine once per calendar quarter when the engine has operated during that quarter. If the engine does not operate during the quarter, monitoring is not required. The North Crane boom failed 11 days into the 2nd calendar quarter of 2016. The unplanned breakdown of equipment on April 11, 2016 did not allow the Petitioner the ability to perform the 2nd quarter visual emissions inspection.
6. Without variance coverage, the Petitioner would be in violation of District Rule 206, Conditions 9.B.2(c), 9.B.2(d), and 9.C.1(c)(iii) of Part 70/Permit to Operate 9114.
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 between 750 bbls and 850 bbls per day of oil production.
8. Closing or taking would be without a corresponding benefit in reducing air contaminants as there are no expected excess emissions related to the granting of this Variance.
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 \$31,700 per day in deferred production and the loss of 10 jobs.
10. There are no expected excess emissions related to the granting of this Variance.
11. 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.
12. 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 Hillhouse in violation of District Rule 206, Conditions 9.B.2(c), 9.B.2(d), and 9.C.1(c)(iii) of Part 70/Permit to Operate 9114 from July 01, 2016 through February 16, 2017 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 after the date of approval of the Regular Variance beginning September 1, 2016. The increments of progress report shall include: the most current status on the construction, installation and replacement of the crane boom during the Variance period.
2. The Petitioner shall schedule and perform the required North Crane Emissions Source Test while also performing a visual emission inspection of the crane's engine exhaust stack for a one-minute period during the test, within 30 days of the re-installation of the new crane boom.
3. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in the Order.
4. 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.
5. 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