

 <p>Santa Barbara County Air Pollution Control District</p>	Case No / Date	2015-35-M1	12/07/16
	Petitioner	Freeport McMoRan Oil & Gas	
	Permit #	Part 70/PTO 9105	
	Date Rec'd	11/07/16	
	Time Rec'd	13:57	
<b>FOR OFFICIAL USE ONLY</b>			

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

In The Matter of the Application of )  
 Freeport McMoRan Oil & Gas for a )  
 Regular Variance from District Rules )  
 359 and 206, Conditions 9.B.2, )  
 9.C.2(c)(iii), 9.C.3, 9.C.24(h), and )  
 9.C.24(i) of Part 70/Permit to Operate )  
 9105. )

**\*\*\*DRAFT\*\*\*  
 H.B. Case No. 2015-35-M1  
 VARIANCE FINDINGS  
 AND ORDER**

On November 07, 2016, Freeport McMoRan Oil & Gas (FMOG) filed a Petition for a Regular Variance, requesting a Modification of Variance and Modification of Final Compliance Date for Regular Variance numbers 2015-35-R and 2016-12-R. The Petition was heard on December 07, 2016 in accordance with Health and Safety Code §40808, with Glenn Oliver appearing for the Petitioner and Mike McKay 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 Air Pollution Control Officer were made, received and considered.
3. The Petitioner operates the equipment described in the Petition on Platform Hidalgo located on the Outer Continental Shelf (OCS) lease tract OCS-P-0450 approximately 7 miles offshore Pt. Arguello, California.
4. As a result of the Plains All American Pipeline (AAPL) failure on May 19, 2015, Freeport McMoRan Oil & Gas has experienced facility impacts. Due to the uncertainty of when the AAPL will re-establish pipeline operations, the Petitioner is preserving

equipment to manage its integrity. The Petitioner feels preservation activities may occur for an extended period. The Petitioner requested continued relief from the requirements to perform many testing, measurement, and/or recordkeeping procedures of process parameters that are affected by this extended shutdown. Per Health and Safety Code §42356 - §42357, the Petitioner requested a Modification of Variance and Modification of Final Compliance Date for 2015-35-R, extending variance coverage through December 01, 2017, or the date the facility resumes oil and gas production, whichever occurs first. The Petitioner also requested Regular Variance 2016-12-R be incorporated into 2015-35-M1, effectively terminating 2016-12-R, if approved.

5. There will be excess emissions related to the granting of this variance from the flaring of well casing gas. Hidalgo will likely exceed the quarterly average H<sub>2</sub>S concentration for planned flaring, however, the Petitioner does not expect to exceed the quarterly volume or mass emission limits. The Petitioner has requested variance relief from this emission limit in order to allow safe preparation for a potential long term shutdown.
6. 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.
7. Pursuant to Health and Safety Code §42359.5, it is found that “good cause” exists for the granting of Petitioner’s request for a Modification of Variance and Modification of Final Compliance Dates set forth in 2015-35-R and 2016-12-R.
8. 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 Platform Hidalgo in violation of District Rule 359 and Rule 206, Conditions 9.B.2, 9.C.2(c)(iii), 9.C.3, 9.C.24(h), and 9.C.24(i) of Part 70/Permit to Operate 9105 from December 02, 2016 through December 01, 2017, or the date the facility resumes oil and gas production, whichever occurs first, with the following conditions:

1. Petitioner shall submit increments of progress to the Hearing Board and District on the first day of every calendar quarter after the date of approval of the Regular Variance beginning April 1, 2017. The increments of progress report shall include: status of compliance, any corrective action taken to date, and the dates, times, volumes and actual emissions, if any, that occurred during the variance.
2. Petitioner shall submit a final report to the Hearing Board and District within thirty (30) days of the facility returning to compliance. The report shall include the date compliance

was achieved together with the corrective actions taken and the dates, times, volumes and actual emissions, if any, that occurred during the variance period. If corrective action would be subject to District permits, then permits must be obtained prior to initiating corrective action.

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:

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Chair  
Santa Barbara County Air Pollution Control District  
Hearing Board