



H.B. Case No.:	<u>2015-38-M1</u>
Petitioner:	<u>FMOG</u>
Permit No.:	<u>9104</u>
Date Rec'd:	<u>11/07/16</u>
Time Rec'd:	<u>13:57</u>
Filing Fee Paid:	<u>\$580.00</u>

PETITION FOR VARIANCE

Type of Variance Requested:			
Emergency	_____	Interim ¹	_____
		90-Day	_____
		Regular	<u> x </u>
Length of Variance Requested:	Start Date	<u>12/2/16</u>	
	End Date	<u>12/1/17</u>	
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.

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.

Flare H₂S analyzer on Platform Hermosa. Analyzer is used to determine sulfur emissions from the combustion flare.

Fuel Gas H₂S analyzer on Platform Hermosa. Analyzer is used to determine sulfur emissions from the combustion flare.

Combustion Flare

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.

Items #1 through 7 are currently provided relief under Variances 2015-38R and 2016-10R. Operations at Platform Hermosa for Item # 8 will be out of compliance before December 31, 2016 during completion of BSEE regulated well testing.

1. APCD Rule 206, Rule 359 and PTO 9104 Condition 9C.3 (Flare Sulfur Monitoring and Reporting Plan).
2. APCD Rule 206, PTO 9104, Conditions 9B.2, 9C.3, the Process Monitor Calibration and Maintenance Plan, and the Fuel Gas Sulfur Monitoring Plan.
3. Operation and calibrations of the fuel gas analyzer as required by the Fuel Gas Sulfur Reporting Plan.

4. 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.
 5. Performance of annual turbine compliance source tests as required by Condition 9C.2(c)(iii)
 6. Periodic process fluid analyses
 7. Periodic equipment visible emission inspections
 8. Planned flaring H₂S limits
- 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.

Platform Hermosa has not been operating since May 29, 2015 when all production and oil transportation was halted by the shutdown of the Plains All-American Pipeline (AAPL) Segment 903. Without the ability to ship oil, all production equipment has ceased operation as well as all gas compression. Operating staff has been reduced to a minimum safe level in response to the current oil and gas business climate. No date for a return to service has been determined.

Variations were sought in December 2016 and March 2016 for permission to cease certain compliance activities associated with oil and gas production. These variations were granted. This variance is being sought to extend this permission due to the continued shutdown.

The Flare and Fuel Gas H₂S analyzer serve no purpose as the process equipment being monitored cannot operate until oil and gas production resumes. PTO 9104 and associated compliance plans require the monitoring equipment to operate regardless of the overall production status. This variance is being sought in order to continue leaving these analyzers shutdown saving wear and tear, as well as any continuing maintenance costs.

The Process Monitor Calibration and Maintenance Plan requires that various process meters be calibrated according to a schedule regardless of whether the meters are in use. Most of these meters are out of service until the platform resumes production and they will be calibrated prior to return to service. Fuel and water meters for operating turbines will continue to be calibrated. Process fluid (gas & oil) analyses have been discontinued until a facility restart occurs.

With the platform in a production shutdown mode, operations of only one turbine at 500-800 kW is needed to provide power for lighting and safety systems. This is not enough load to perform emission testing of the turbines. Testing could not be done until production resumed.

Without production processes, small amounts of gases from planned/required well testing must be flared. The H₂S content of this gas is not entirely predictable and the quarterly average may exceed the allowable limit. No alternative route for this gas exists.

In addition, platform staff trained in performing visible emission estimation are no longer available.

- 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 production shutdown due to the AAPL shutdown causes the loss of approximately 1500 bbls production per day at Platform Hermosa. The platform has a minimal staff in place to safeguard the facility and perform maintenance. Continuing to operate the H₂S analyzers doesn't generally increase these costs. However, discontinuing monitoring will save wear and tear on equipment that translates to lower overall costs, and potentially decreases emissions from personnel travel to perform specialized maintenance.

The volumes and mass emissions from flared gases is well below permit limits. A planned flaring Quarterly average H₂S exceeding the allowable limit does not cause an excess in mass emissions due to the low volumes.

Visible emissions have not previously associated with operation of the combustion flare. Due to the remote nature of the facility, any visible emissions from the limited amount of planned flaring would not have a significant impact to the environment. Special helicopter travel arrangements would need to be made to bring trained VEE staff to the platform. This increases costs and emissions. In addition, ongoing well compliance tests would have to be delayed if weather prevented air travel for trained VEE staff.

- 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.

Complying with the permit condition for analyzer operation, planned flare H₂S content, and flare VEE monitoring would not have an impact on air contaminants.

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

Complete shutdown of operations has already occurred. This variance is being sought to extend permission to eliminate the monitoring of process equipment that cannot operate until oil production resumes.

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

Discontinuing these monitoring activities during the production shutdown will not cause any increase in emissions.

- 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.

Although the flare will continue to operate, only PUC gas is present on the platform for the generation of electricity by turbine. The fuel gas will be monitored by monthly sampling at Gaviota where the pipeline gas transmission begins. This will provide data on turbine fuel and flare sulfur content should there be any flaring of PUC gas for upset conditions.

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: 11/7/16

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.sbcapcd.org/fees.htm>.