



## HEARING BOARD STAFF REPORT

**TYPE:** REGULAR VARIANCE

**CASE NO:** 2016-37-R

**DATE:** December 07, 2016

### 1.0 **GENERAL INFORMATION:**

- 1.1 **PETITIONER NAME:** Venoco, LLC
- 1.2 **EQUIPMENT LOCATION:** Petitioner operates the equipment described in the Petition on offshore State Tidelands; Parcel 3242-1
- 1.3 **PERMIT NUMBER(S):** Part 70/Permit to Operate 8234
- 1.4 **FACILITY NAME/ID:** Platform Holly, FID 03105
- 1.5 **FACILITY DESCRIPTION:** Platform Holly is part of the *Venoco - Ellwood* stationary source (SSID # 01063). The *Venoco - Ellwood* stationary source consists of four facilities: Platform Holly (FID 03105), Beachfront Lease (FID 03035), Seep Containment Device (FID 01065), and Ellwood Onshore Facility (FID 00028). Venoco, LLC is the sole owner and operator of Platform Holly.

- 2.0 **REASON FOR THE VARIANCE REQUEST:** As a result of the Plains All American Pipeline (AAPL) Line 901 failure on May 19, 2015, Venoco, LLC has experienced facility impacts. The Petitioner is requesting relief from the requirements to perform emission testing of three drilling generators that are operating minimally to “exercise” the engines and less than the amount that is necessary for testing, during this extended shutdown. The Regular Variance, if granted, will allow the Petitioner enforcement relief through December 06, 2017, or within 90 days of the facility resuming oil and gas production, whichever occurs first. No additional emissions are expected if the Petitioner’s request is granted.

Until the facility is able to resume operations, the Petitioner is requesting this Variance to allow for suspension of the permit requirements listed in 6.0 REGULATORY ANALYSIS. At this time, it is unclear when the restart of the Petitioners facility may occur.

- 3.0 **BACKGROUND:** A Petition for Regular Variance was submitted on November 10, 2016, by Venoco LLC. If granted, 2016-37-R would grant enforcement relief from December 07, 2016 through December 06, 2017, or 90 days after the date the facility resumes oil and gas production, whichever occurs first. A Regular Variance was requested due to the unknown timeline for the AAPL repair.
- 4.0 **PERMITTING HISTORY:** Since the original permitting of Platform Holly, PTO 8234 has been re-evaluated numerous times, with the most recent being in December of 2014. Platform Holly is part of the Ellwood stationary source and operates under a combined local and federal operating permit. See <https://www.ourair.org/venoco-ellwood/> for details.
- 5.0 **COMPLIANCE HISTORY:** Historically, the conditions described in Section 6.0 have not been violated.

**6.0 REGULATORY ANALYSIS:** The following permit conditions of Part 70/Permit to Operate 8234 are applicable to the variance request:

• **Condition 9.C.20**

- *(a) Process Heater (H-204) - Source Testing. The permittee shall conduct source testing of NO<sub>x</sub>, CO, and ROC emissions from each generator engine on a biennial (every two years) schedule using the initial source test date as the anniversary date. During testing, the following parameters shall be determined: (a) pollutant concentrations in units of ppmvd corrected to 15 percent excess oxygen, (b) NSCR catalyst efficiencies (mass basis), (c) mass emission concentrations in units of lb/MMBtu and (d) the air/fuel ratio controller oxygen sensor signal operational compliance range. A duplicate fuel gas sample shall be taken and analyzed for HHV, total sulfur, and composition.*
- *(b) The permittee shall submit a written source test plan to the District for approval at least thirty (30) days prior to initiation of each source test. The source test plan shall be prepared consistent with the District's Source Test Procedures Manual (revised May 1990 and any subsequent revisions). The permittee shall obtain written District approval of the source test plan prior to commencement of source testing. The District shall be notified at least ten (10) calendar days prior to the start of source testing activity to arrange for a mutually agreeable source test date when District personnel may observe the test.*
- *(c) Source test results shall be submitted to the District within forty-five (45) calendar days following the date of source test completion and shall be consistent with the requirements approved within the source test plan. Source test results shall document the permittee's compliance status with BACT requirements, mass emission rates in Table 3 and applicable permit conditions, rules and NSPS (if applicable). All District costs associated with the review and approval of all plans and reports and the witnessing of tests shall be paid by the permittee as provided for by District Rule 210.*
- *(d) A source test for an item of equipment shall be performed on the scheduled day of testing (the test day mutually agreed to) unless circumstances beyond the control of the operator prevent completion of the test on the scheduled day. Such circumstances include mechanical malfunction of the equipment to be tested, malfunction of the source test equipment, delays in source test contractor arrival and/or set-up, or unsafe conditions on site. Except in cases of an emergency, the operator shall seek and obtain District approval before deferring or discontinuing a scheduled test, or performing maintenance on the equipment item on the scheduled test day. If the test cannot be completed on the scheduled day, then the test shall be rescheduled for another time with prior authorization by the District. Once the sample probe has been inserted into the exhaust stream of the equipment unit to be tested (or extraction of the sample has begun), the test shall proceed in accordance with the approved source test plan. In no case shall a test run be aborted except in the case of an emergency or unless approval is first obtained from the District. Failing to perform the source test of an equipment item on the scheduled test day without a valid reason and without District's authorization shall constitute a violation of this permit. If a test is postponed due to an emergency, written documentation of the emergency event shall be submitted to the District by the close of the business day following the scheduled test day.*

- **Rule 333 (Source Testing)**

- 1. *Except as otherwise provided in Section I.8, an initial emissions source test shall be performed on each stationary internal combustion engine to verify compliance with Section E. After the initial source test, source tests shall be performed biennially to demonstrate compliance with Section E. These source tests shall be performed within 30 days of the anniversary date of the initial source test, unless the Control Officer approves a period longer than 30 days. Emissions source testing shall be conducted at an engine's maximum achievable load or, at a minimum, under the engine's typical duty cycle as demonstrated by historical operational data. Source test loads shall be finalized in the source test plan approved by the District per Section I.2. For facilities with more than 20 engines subject to Section E requirements, the Control Officer may, on a case-by-base basis, approve a source's written request to exclude one or more engines from biennial testing. Such a request shall be submitted with the Plan required in Section I.2.*

7.0 **EMISSIONS ANALYSIS:** Excess emissions are not expected as a result of granting this variance.

8.0 **RESERVED**

9.0 **OTHER FACTORS:** none

10.0 **DISTRICT RECOMMENDATION:** The APCD supports the Petitioner's request and recommends the granting of a Regular Variance for Venoco, LLC as listed in the attached draft variance order.

11.0 **ATTACHMENTS:**

- Attachment 1 – Draft Regular Variance Order 2016-37-R

  
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Mike McKay, Inspector  
Compliance Division

11/22/16  
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Date