

 <p><b>Santa Barbara County Air Pollution Control District</b></p>	<b>Case No / Date</b>	<b>2016-27-R</b>	<b>10/05/16</b>
	<b>Petitioner</b>	<b>Venoco, LLC.</b>	
	<b>Permit #</b>	<b>Part 70/PTO 7904</b>	
	<b>Date Rec'd</b>	<b>09/07/16</b>	
	<b>Time Rec'd</b>	<b>15:38</b>	
<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 )  
 Venoco LLC. for a Regular Variance )  
 from District Rule 206, )  
 Conditions 9.C.17, 9.C.18, and 9.C.19 )  
 of Part 70/Permit to Operate 7904. )

**H.B. Case No. 2016-27-R**

**VARIANCE FINDINGS**

**AND ORDER**

On September 7, 2016, Venoco, LLC. filed a Petition for Regular Variance 2016-27-R, requesting a Modification of the Final Compliance Date for 2015-32-R. The Regular Variance was heard on October 5, 2016 in accordance with Health and Safety Code §40808, with Keith Wenal appearing for the Petitioner and Kaitlin McNally appearing for the Santa Barbara County Air Pollution Control District (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 at the Ellwood Onshore Facility (EOF) located approximately 14 miles west of the City of Santa Barbara, California.
4. Venoco, LLC. is the holder of Permit to Operate 7904-R10. This main facility permit authorizes the operation of equipment and processes located at EOF which receives oil, water, and gas from Platform Holly and the Seep Containment Devices located on State Coastal Lease 3242.

5. The Petitioner is required to operate an odor monitoring station (for hydrogen sulfide) as described in Table 9-7 of Part 70 Permit to Operate 7904-R10. This requirement was part of a Hearing Board Stipulated Order of Abatement 99-6(A) in 1999 that addressed nuisance odors from the source. The lease for the property where the station was located terminated on October 31, 2015 due to the property owner's recently approved development plans. The Petitioner has been aware of these development plans since 2008 and has stated they have been working to procure a new and acceptable location. The map and list attached to the Petitioner's request for variance show all parcels in the monitoring zone of interest that the Petitioner states have been vetted since 2009. The Petitioner states there is one remaining potential site at the corner of Hollister Avenue and Cathedral Oaks. This is the future location of a County Fire Station. The site design is pending City of Goleta and other agency approval, which will impact whether or not the monitoring station will have enough space to be incorporated.

It appears that the Petitioner has exercised due diligence up to this point to try and remain in compliance with their monitoring requirements. In addition, as a result of the Plains All American Pipeline (AAPL) Line 901 failure on May 19, 2015, Venoco experienced facility impacts. The facility is not currently processing oil and gas and has completed the de-inventory process. Line 901 remains shutdown and Plains continues to work with local and federal agencies to reestablish pipeline operations. At this time, it is unclear when normal operations of the Petitioner's facility may occur.

At this time, it is unclear when the Petitioner's facility will be able to return to compliance. Per Health and Safety Code §42357, the Petitioner is requesting a Modification of Final Compliance Date, extending variance coverage through October 21, 2017. There are no expected emissions related to the granting of the Petitioner's request.

6. Without variance protection, the Petitioner would be in violation of District Rule 206, Conditions 9.C.17, 9.C.18, and 9.C.19 of Part 70 Permit to Operate 7904-R10.
7. Due to conditions beyond the reasonable control of the Petitioner, returning to compliance at this time is not possible due to the inability to find property to install and operate the monitoring station. This would result in an arbitrary or unreasonable taking of property as the Petitioner would need to close their entire facility in order to comply.
8. Closing or taking would be without a corresponding benefit in reducing air contaminants as there are no expected excess emissions as a result of the granting of this Variance.
9. The Petitioner has curtailed operations in that the Petitioner has vetted all potential monitoring zone sites with no success to date.
10. There are no expected excess emissions with 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 there is not a likely immediate threat or hazard to public health or safety.
12. Pursuant to Health and Safety Code §42357, it is found that “good cause” exists for the granting of Petitioner’s request for a Modification of the Final Compliance Date set forth in 2015-32-R, which grants relief from Condition 9.C.17.
13. Pursuant to Health and Safety Code §42352, all six findings are made for conditions 9.C.18 and 9.C.19, which if approved, would be added to 2016-27-R.
14. 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 the Ellwood Onshore Facility in violation of District Rule 206, Conditions 9.C.17, 9.C.18, and 9.C.19 of Part 70/Permit to Operate 7904 from October 22, 2016 through October 21, 2017, or the date compliance is achieved, or the date the facility resumes oil and gas processing, whichever occurs first, with the following conditions:

1. Petitioner shall explore installation of a temporary odor monitoring station, while progress is being made on the permanent solution. Upon approval from the site property owner, City of Goleta, and the District, Venoco shall proceed with installation and operation of the temporary monitoring station. This requirement does not nullify the requirement to install the permanent monitoring station.
2. 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 November 1, 2016. The increments of progress report shall include: status of compliance and any corrective action taken to date, status of the temporary monitoring station.
3. 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 during the variance period. If corrective action would be subject to District permits, then permits must be obtained prior to initiating corrective action.
4. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in the Order.
5. 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 §42402.

6. Each day during any portion of which a violation occurs is a separate offense.

**DATED:** October 5, 2016

**AYES:** Ward, Lagattuta, Saperstein.

**NOES:** None.

**ABSENT:** Schmarje.

**ABSTAIN:** None.



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Chair  
Santa Barbara County Air Pollution Control District  
Hearing Board