

	Case No / Date	2016-27-M1	10/04/17
	Petitioner	Venoco, LLC.	
	Permit #	Part 70/PTO 7904	
	Date Rec'd	09/12/17	
	Time Rec'd	16:03	
FOR OFFICIAL USE ONLY			

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

*** DRAFT ***

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-M1

VARIANCE FINDINGS

AND ORDER

On September 12, 2017, Venoco, LLC. filed a Petition for Regular Variance, requesting a Modification of the Final Compliance Date for Regular Variance No. 2016-27-R. The Regular Variance was heard on October 04, 2017 in accordance with Health and Safety Code §40808, with Keith Wenal 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 at the Ellwood Onshore Facility (EOF) located approximately 14 miles west of the City of Santa Barbara, California.
4. Venoco, LLC. is the owner and operator of EOF, permitted by Permit to Operate 7904. 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. 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 had been aware of these development plans since 2008 and has stated they have been working to procure a new and acceptable location.

Venoco, LLC. filed for bankruptcy in April of 2017 and announced all assets would be liquidated and the company would close. In addition, in April of 2017 Venoco, LLC. quitclaimed its interests in the South Ellwood Field leases, including Platform Holly and the Ellwood Beach pier leases. This action returned operational control of these assets to the State Lands Commission. The State Lands Commission has indicated the potential use of the Ellwood Onshore Facility for the purposes of decommissioning (plugging and abandoning) the 32 wells associated with Platform Holly and Piers 421.

Per Health and Safety Code §42357, the Petitioner requested a Modification of Final Compliance Date of Variance No. 2016-27-R, to extend variance coverage through October 21, 2018. At this time, it is unclear when the Petitioner's facility will be able to return to compliance. There are no expected emissions related to the granting of the Petitioner's request.

6. 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.
7. 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 2016-27-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 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, 2017 through October 21, 2018, or 90 days after a *Transfer of Owner or Operator* application is deemed complete in accordance with District Rule 203, or the date the Ellwood Onshore Facility begins decommissioning operations, or the date compliance is achieved, 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 month after the date of approval of the Regular Variance beginning November 1, 2017. The increments of progress report shall include: status of compliance and any corrective action taken to date.
2. Petitioner shall submit a final report to the Hearing Board and District within thirty (30) days of the end of the variance period. The report shall include the date compliance was achieved (if 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.
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 §42402.
5. Each day during any portion of which a violation occurs is a separate offense.
6. The Environmental Protection Agency does not recognize California's Variance program, therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.

DATED: _____

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair
Santa Barbara County Air Pollution Control District
Hearing Board