



HEARING BOARD STAFF REPORT

TYPE: REGULAR VARIANCE

CASE NO: 2016-27-M1

DATE: October 04, 2017

1.0 GENERAL INFORMATION:

- 1.1 **PETITIONER NAME:** Venoco, LLC.
- 1.2 **EQUIPMENT LOCATION:** Petitioner operates the equipment described in the Petition at 7979 Hollister Avenue, Goleta, CA
- 1.3 **PERMIT NUMBER(S):** Part 70/Permit to Operate 7904
- 1.4 **FACILITY NAME/ID:** Ellwood Onshore Facility, FID 00028
- 1.5 **FACILITY DESCRIPTION:** The Ellwood Onshore Facility (EOF) 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 currently the sole owner and operator of Ellwood Onshore Facility (EOF).

- 2.0 REASON FOR THE VARIANCE REQUEST:** 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 has 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 Petitioners request.

- 3.0 BACKGROUND:** An application was submitted on September 12, 2017 by Venoco, LLC to consider a Modification of a Final Compliance Date of Regular Variance No. 2016-27-R, which granted enforcement relief from October 22, 2016 through October 21, 2017. If granted, Variance No. 2016-27-M1 would grant enforcement relief 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.

4.0 PERMITTING HISTORY: Since the original permitting of EOF, PTO 7904 has been re-evaluated numerous times, with the most recent being in December of 2014. The EOF 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 7904 are applicable to the variance request:

• **Condition 9.C.17 (Ambient Air Monitoring Stations)**

- *Venoco shall install and maintain two ambient air monitoring stations, approved by the District, located as described below to monitor meteorological and odorous organic sulfide concentrations in the vicinity of the Ellwood Onshore Facility ("EOF"). The monitoring stations shall be equipped to continuously monitor and telemeter the data identified in Tables 9-6 and 9-7 below to the District in a manner consistent with the District's Ambient Air Monitoring Protocol. Venoco shall connect all ambient and meteorological parameters to the District's central Data Acquisition System (DAS) as documented in Tables 9-6 and 9-7 below.*

Table 9-7. Goleta Storage Facility-Located 10-Meter Meteorological Tower

Ambient Air Monitoring Station	Required Parameters
Goleta Storage Facility 7760 Hollister Avenue Goleta, CA 93117 (location of station approved by District)	<ul style="list-style-type: none">▪ Hydrogen Sulfide▪ Total Reduced Sulfur▪ Horizontal Wind Speed▪ Horizontal Wind Direction▪ Vector Wind Speed▪ Vector Wind Direction▪ Sigma Theta (Wind Variation)▪ Ambient Temperature

• **Condition 9.C.18 (Data Acquisition System Operation and Maintenance Fee)**

- *This permit requires Venoco to connect certain parameters to the District DAS. In addition, Venoco shall reimburse the District for the cost of operating and maintaining the DAS. Venoco shall be assessed an annual fee, based on the District's fiscal year, collected semi-annually.*

Pursuant to Rule 210 III.A, Venoco shall pay fees specified in Table 9-8 below. The District shall use these fees to operate, maintain, and upgrade the DAS in proper running order. Fees shall be due and payable pursuant to governing provisions of Rule 210, including CPI adjustments.

All ongoing costs and anticipated future capital upgrades will be the District's responsibility and will be accomplished within the above stated DAS fee. This fee is intended to cover the annual operating budget and upgrades of the DAS and is intended to gradually phase the District into a share of the DAS costs (as outlined in the March

27, 1998, letter – Fixed Fee Proposal for Monitoring and DAS Costs). In the event that the assumptions used to establish this fee substantially increase or decrease, the District may revisit and adjust the fee based on documentation of cost of services. Adjusted fees will be implemented by transmitting a revised Table 9-8, which will become an enforceable part of this permit.

The fees prescribed in this condition shall expire if and when the Board adopts a Data Acquisition System Operation and Maintenance Fee schedule and such fee becomes effective.

Table 9-8. Fees for DAS Operation and Maintenance ^{(a)(b)}

FEE DESCRIPTION	FEE
DATA ACQUISITION SYSTEM OPERATION AND MAINTENANCE FEE	
Per CEM, ambient or meteorological parameter required by permit to be transmitted real-time to the District Central Data Acquisition System. (see Tables A-2, A-3, and A-6 in ATC/PTO Mod 7904-02)	\$1,307 annually

- **Condition 9.C.19 (Ambient Monitoring Station Data Review and Audit Fee)**

- Venoco shall operate the ambient monitoring stations specified in Tables 9-6 and 9-7 and submit data to the District for quality assurance review and shall have the stations audited quarterly by District, or its contractor. In addition, Venoco shall reimburse the District for the cost of this service. Effective July 1, 1999, Venoco shall be assessed an annual fee, based on the District's fiscal year, collected semi-annually.

Pursuant to Rule 210 III.A., Venoco shall pay fees specified below in Table 9-9. The District will use this fee to pay staff costs to review and quality-assure the monitoring data collected by Venoco and the contractor or staff costs to audit the monitoring equipment. This fee shall not cover any District time necessary to issue or respond to any Notice of Violation, which will be billed on a reimbursable basis. Fees shall be due and payable pursuant to governing provisions of Rule 210, including CPI adjustments.

In the event that Venoco consistently requires services in excess of those assumed in the March 27, 1998 letter (Fixed Fee Proposal for Monitoring and DAS Costs), the Control Officer may move Venoco to a reimbursable method of payment, subject to provisions of Rule 210. In the event that the assumptions used to establish this fee substantially increase or decrease, District may revisit and adjust the fee based on documentation of cost of services. Adjusted fees will be implemented by transmitting a revised Table 9-9, which will become an enforceable part of this permit. The fees prescribed in this condition shall expire if and when the Board adopts an Ambient Monitoring Station Data Review and Audit Fee and such fee becomes effective.

Table 9-9 Fees for Data Review and Audit ^{(a)(b)}

FEE DESCRIPTION	FEE
Meteorological and/or Odor Monitoring Station Data Review and Audit Fee	Per Station
For data review and audit activities associated with data submitted from each monitoring station in Tables 9-6 and 9-7.	\$11,784 annually

7.0 **EMISSIONS ANALYSIS:** Excess emissions are not expected as a result of granting this variance. However, without the odor monitoring station, determining the source of an odor event in the area will be more difficult to ascertain.

8.0 *RESERVED*

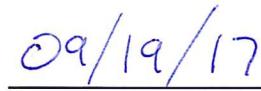
9.0 OTHER FACTORS: none

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 2016-27-M1
- Attachment 2 – Regular Variance Order 2016-27-R


Mike McKay
Compliance Division


Date