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| H.B. Case No.: | <u>2015-37-412</u> |
| Petitioner: | <u>FMOG</u> |
| Permit No.: | <u>5704</u> |
| Date Rec'd: | <u>11/14/17</u> |
| Time Rec'd: | <u>13:11</u> |
| Filing Fee Paid: | <u>\$593.00</u> |

PETITION FOR VARIANCE

| | | | |
|---|--------------------------|----------------------|-------------------------------------|
| Type of Variance Requested: | | | |
| Emergency | <input type="checkbox"/> | Interim ¹ | <input type="checkbox"/> |
| 90-Day | <input type="checkbox"/> | Regular | <input checked="" type="checkbox"/> |
| Length of Variance Requested: | Start Date | <u>12/2/17</u> | |
| | End Date | <u>12/1/19</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: David Rose
 Address: 201 South Broadway
Orcutt, CA 93455
 Phone Number: (805) 934-8220

Name: Glenn Oliver c/o SCS Engineers
Address: 2370 Skyway Dr
Santa Maria, CA 93455
Phone Number: (805) 896-8842

C. The Petitioner is (please check one):

- 1) An Individual ()
- 2) Partnership ()
- 3) Corporation ()
- 4) Public Agency ()
- 5) Other Entity (XXX) Limited Liability Corporation

2. Location of equipment for which the variance is requested if different from response in 1.A.

Gaviota Oil Heating Facility (GOHF - Pt Arguello Project)

3. List any District permits that are applicable to the equipment subject to this variance request.

PTO 5704

4. Briefly describe the equipment that is the subject of this Petition.

- 1. Cogeneration and Selective Catalytic Reduction (SCR) systems.
- 2. Operation and calibration of the Cogeneration Continuous Emission Monitoring System (CEMS) as required by the CEMS Plan.
- 3. Operation and calibrations of the odor monitoring system
- 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. Periodic process analyses
- 6. Quarterly visible emission inspections
- 7. Quarterly Relative Accuracy Audits (RAA) Annual Relative Accuracy Test Audit (RA TA) and emission testing of Cogeneration System

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.

Operations at GOHF are currently out of compliance and provided relief through Variance 2015-37-M1 for APCD Rule 206, PTO 5704 Conditions 9B.2, 9C.1(b), Rule 328, and the APCD approved CEMS Plan. 9C.1, 9C.13, 9C.15, 9C.21, 9C.26(n) for the Process Monitor Calibration and Maintenance Plan, and 9D.4.

- 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.

The facilities in the Point Arguello Project including the Gaviota Oil Heating Facility (GOHF) have been in a standby and suspended status with operating staff reduced to a minimum safe level in response to the shutdown of the All-American Pipeline (AAPL). Although no date for a return to service has been determined, it is anticipated that all equipment will eventually be operated again. This variance is being sought to continue the variance status of the facility in standby mode.

Without ongoing oil production, the cogeneration turbines are not operated; heat energy normally used as a result of their operation is not needed to heat oil prior to shipping. Without the turbines, all electrical power is provided the public utility. Emergency startup of the turbine to provide power may take longer than allowed by PTO 5704; variance relief from the start-up time limit is being sought for emergency use during the pipeline shutdown. Continuing the current variance relief for 45 minutes at startup is requested.

Staff reductions affect the ability to continually operate the CEMS that would monitor turbine emissions. However, the CEMS is not needed as there will be no emissions from the turbines to be monitored. With the turbines and CEMS in a standby status, the quarterly and annual accuracy audits of the CEMS, and associated emission tests of the Turbines, are not needed. This equipment will be retested within 30 days of operations being restarted.

The facility tanks have been purged and removed from vapor recovery. There are generally no sources of odor from hydrocarbons (tank vents or piping leaks). The odor monitors are functional during this variance but quarterly audits have ceased under current variance relief. The monitors will be operating and audited prior to GOHF returning to production.

The variety of process instrumentation identified in Process Monitor Calibration and Maintenance Plan do not require calibration or

maintenance during this facility standby period as the equipment is not being operated. Process fluid (gas & oil) analyses have been discontinued until a facility restart occurs. The equipment will be left in a condition that will support a return to service and it will be calibration prior to restarting.

The combustion flare will continue to be operational with small amounts of combusted vapor and the flare pilot emissions each day. Even though the tank system is completely inert, the flare and pilot can be operated if needed, and left in condition to restart. Flare meter and gas flow meters would be idled and only calibrated prior to startup.

- 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 steps of keeping the facility in a long-term standby mode are to preserve the capability of operating in the future. Almost all sources of emissions have been eliminated. Requiring the operation of the CEMS, odor monitors, calibrations of meters, and annual testing, would be causing emissions solely for the purpose of showing compliance.

- 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.

Placing the facility in standby mode has eliminated most of the permitted emissions. Periodic operation of the firewater pump and turbine starter engines would occur as preventive maintenance tasks. A small amount of fugitive emissions would remain from piping still containing PUC gas – the appropriate fugitive inspection tasks will continue to be performed.

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

Normal operations at the facility have been completely shut down. Oil shipping operations cannot resume until the AAPL segment 903 pipeline returns to operation.

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

Variance relief would not create any excess emissions; it would actually reduce 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.

Current emission reporting procedures will be followed for any remaining operating equipment (fugitives, emergency engine, etc.).

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: 11/14/17

SIGNATURE: 

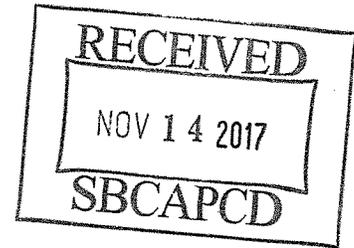
TITLE: Sr. Project Advisor, SCS Engineers

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>.



201 South Broadway
Orcutt, CA 93455



November 14, 2017

Ms. Sara Hunt
Clerk of the Hearing Board
Santa Barbara County Air Pollution Control District
260 San Antonio Road, Suite A
Santa Barbara, CA 93110

Re: Petitions for Variances

Dear Ms. Hunt:

Freeport-McMoRan Oil & Gas is submitting these variance petitions for continued operation of the Point Arguello Project facilities, Platform Harvest, Platform Hermosa, Platform Hidalgo, and the Gaviota Oil Heating Facility. Completed petitions for extending Variances 2015-35-M1, 2015-36-M1, 2015-37-M1, and 2015-38-M1 are attached.

Please charge the Freeport-McMoRan Oil & Gas/Pt. Arguello Project reimbursable fund for the filing fees. If you have any questions, please contact me at (805) 896-8842 or Mr. David Rose at (805) 934-8220.

Cordially,

A handwritten signature in cursive script that reads 'Glenn A. Oliver'.

Glenn A. Oliver

Attachments