

H.B. Case No.:	<u>2016-37-M1</u>
Petitioner:	<u>Beacon West on behalf of State Lands Commission</u>
Permit No.:	<u>8234</u>
Date Rec'd:	<u>11/14/17</u>
Time Rec'd:	<u>16:09</u>
Filing Fee Paid:	<u>\$1,291.00</u>

PETITION FOR VARIANCE

Type of Variance Requested:	
Emergency _____	Interim ¹ _____
90-Day _____	Regular <u>XX</u>
Length of Variance Requested:	Start Date <u>12-6-17</u>
	End Date <u>12-5-19</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: State of California/Beacon West Energy Group LLC [Attn: John Garnett]
 Address: 1072 Casitas Pass Rd. #221
Carpinteria, CA 93013
 Phone Number: (805) 765-5450

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: [Same as 1.A]
 Address: Email: john.garnett@beacon-west.com

 Phone Number: (805) 765-5450

The Petitioner is (please check one):

- 1) An Individual ()
- 2) Partnership ()
- 3) Corporation (X)
- 4) Public Agency ()
- 5) Other Entity (please describe)

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

Platform Holly – State Tidelands; Parcel 3242-1, South Ellwood Offshore Field

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

FINAL Part 70/APCD Permit to Operate No. 8234-R9

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

Beacon West Energy Group LLC (Beacon West), on behalf of co-operator State of California, requests a Modification of Final Compliance Date per HS&C 42357 and Modification of Variance per HS&C 42356 for Variance 2016-37-R. The Variance was issued to provide relief the requirement to source test three drilling generators. It is beyond Beacon West's control to comply with these requirements because the current operational status of the generators during the shutdown is not reflective of the normal operating conditions required by applicable source testing parameters. Since the granting of Variance 2016-37-R, there have been no operational changes at Platform Holly, it has been established that oil and gas processing has permanently ceased at this facility, and well abandonment at the platform will commence approximately 2nd quarter 2018.

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.

1) Rule 333 and PTO 8234-R19, Permit Condition No. 9.C.20

- 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.

Platform Holly shutdown has resulted in no produced gas being available to perform required source testing according to established testing protocol. Former owner/operator Venoco LLC was granted Variance 2016-37-R from these requirements for 2017, and a

Modification of Final Compliance Date per HS&C 42357 and Modification of Variance per HS&C 42356 is hereby being requested in this petition.

- 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.

Beacon West is unable to comply with the subject requirements due to the fact that there is no produced gas (as a result of production shutdown) to allow for source testing according to protocol. A practical closing of the facility has already occurred due to the impacts of the Plains Pipeline spill and shutdown.

- 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.

Since Beacon West is unable to comply with the subject requirements as per above, impact on air contaminants in the event of immediate compliance is not applicable.

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

With the exception of (1) circulating a small amount of in-plant gas sent from the Ellwood Onshore Facility to maintain vapor recovery and flare systems, and (2) periodic "exercising" of permitted engines on the Platform, all Holly operations are already curtailed.

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

During the shutdown, the drilling generators are being operated only several hours maximum per calendar quarter, and continue to be monitored in compliance with the applicable Rule 333 I&M Plan..

- 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.

Not applicable since there are no excess emissions associated with the granting of this variance.

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: N/A Time: _____

- B. Breakdown number (as provided by the District): N/A

- 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.
8. Please state whether or not any civil or criminal case involving the equipment subject to this variance is pending any court. There are no civil or criminal cases involving the equipment subject to this variance.

The undersigned is authorized to submit the above Petition on behalf of the Petitioner and further states under penalty of perjury that the above Petition, including any attachments and the items therein set forth, are true and correct.

DATE: November 14, 2017

SIGNATURE: _____



TITLE: _____

EHSA Advisor

PRINT NAME: _____

John Garnett