

	Case No / Date	2016-37-M1	12/06/17
	Petitioners	California State Lands Commission and Beacon West Energy Group, LLC.	
	Permit #	Part 70/PTO 8234	
	Date Rec'd	11/14/17	
	Time Rec'd	16:02	
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**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

In The Matter of the California State)
 Lands Commission and Beacon West)
 Energy Group, LLC. Petition for a)
 Modification of Variance and)
 Modification Final Compliance Date of)
 Regular Variance from District Rules)
 333.I and 206, Condition 9.C.20 of)
 Part 70/Permit to Operate 8234.)

*****DRAFT***
 H.B. Case No. 2016-37-M1
 VARIANCE FINDINGS
 AND ORDER**

On November 14, 2017, the California State Lands Commission and Beacon West Energy Group, LLC filed a Petition for modification of variance and modification of final compliance date for Regular Variance 2016-37-R. The Petition was heard on December 06, 2017, in accordance with Health and Safety Code §40808, with John Garnett appearing for the Petitioners 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 Petitioners and the Air Pollution Control Officer were made, received and considered.
3. The Petitioners operate the equipment described in the Petition at the Platform Holly located offshore State Tidelands; Parcel 3242-1, South Ellwood Offshore Field approximately 2 miles southwest of the Coal Oil Point, California.
4. As a result of the Plains All American Pipeline (AAPL) Line 901 failure on May 19, 2015, the facility experienced impacts. Relief was requested for the requirements to

perform emission testing of three drilling generators that are operating minimally to “exercise” the engines and less than the amount that is necessary for testing, during this extended shutdown. At this time, it is unclear when the restart of the Petitioners’ facility may occur.

The former Petitioner, 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 interest 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 California State Lands Commission. The *Transfer of Owner or Operator* application was deemed complete in accordance with District Rule 203 on November 16, 2017. The California State Lands Commission is now the owner of Platform Holly, permitted by Part 70/Permit to Operate 8234. In addition, the California State Lands Commission and Beacon West Energy Group, LLC. jointly operate the equipment.

Per Health and Safety Code §42356 and §42357, the Petitioners requested a modification of variance and modification of final compliance date for 2016-37-R. A modification of variance is being requested to identify the California State Lands Commission and Beacon West Energy Group, LLC. as Petitioners. In addition the petitioners are requesting to extend variance coverage through December 05, 2019, or the date the facility begins decommissioning operations (as determined by the District), whichever occurs first.

5. There are no expected excess emissions with the granting of this Variance.
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 §42356 and §42357, it is found that “good cause” exists for the granting of Petitioners’ request for a modification of variance and modification of final compliance date set forth in Regular Variance 2016-37-R.
8. The District staff supports the Petition as conditioned below.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a modification of variance and modification of final compliance date for Regular Variance 2016-37-R be granted for the continued operation of Platform Holly in violation of District Rules 333.I and 206, Condition 9.C.20 of Part 70/Permit to Operate 8234 from December 06, 2017 through December 05, 2019, or the date the facility begins decommissioning operations (as determined by the District), whichever occurs first, with the following conditions:

1. Petitioners shall submit increments of progress to the Hearing Board and District on the first day of every calendar quarter after the date of approval of the Regular Variance beginning April 01, 2018. The increments of progress report shall include: status of compliance, any corrective action taken to date and the dates, times, volumes and actual emissions, if any that occurred during the variance.
2. Petitioners 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 and the dates, times, volumes and actual emissions, if any, that occurred during the variance period. If corrective action would be subject to District permits, then permits must be obtained prior to initiating corrective action
3. Petitioners 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 Petitioners 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 Petitioners from Federal Enforcement actions.

DATED: _____

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair
Santa Barbara County Air Pollution Control District
Hearing Board