



## HEARING BOARD STAFF REPORT

**TYPE:** REGULAR VARIANCE

**CASE NO:** 2016-38-M1

**DATE:** December 06, 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 the owner of Ellwood Onshore Facility (EOF). EOF is jointly operated by the California State Lands Commission and Beacon West Energy Group, LLC.

- 2.0 **REASON FOR THE VARIANCE REQUEST:** As a result of the Plains All American Pipeline (AAPL) Line 901 failure on May 19, 2015, the facility has experienced impacts. The Petitioner is requesting relief from the requirements to perform measurement and analysis of gas streams that have no gas flow during this extended shutdown. No additional emissions are expected if the Petitioner's request is granted.

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 California 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.

*A Transfer of Owner or Operator* application was deemed complete in accordance with District Rule 203 on November 16, 2017. Venoco, LLC. remains the owner of the Ellwood Onshore Facility, permitted by Permit to Operate 7904. However, the California State Lands Commission and Beacon West Energy Group, LLC. jointly operate the equipment.

Per Health and Safety Code §42356 and §42357, the Petitioner is requesting a modification of variance and modification of final compliance date of Regular Variance 2016-38-R to extend variance coverage during the extended shutdown.

- 3.0 **BACKGROUND:** An application was submitted on November 14, 2017, by the Petitioner to consider a modification of variance and modification of final compliance date of Regular Variance 2016-38-R. If granted, 2016-38-M1 would grant enforcement relief from

December 06, 2017 through December 05, 2019, or the date the facility begins decommissioning operations (as determined by the District), 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.1(c)(v)**

- *Sulfur Content of In-plant Gas. Venoco shall monitor the hydrogen sulfide (H<sub>2</sub>S) content of the in-plant fuel gas to H-204 on a daily basis using District-approved methods. Once every six-month, Venoco shall sample and analyze the fuel to determine the total sulfur (TRS) content. The samples shall be analyzed in accordance with ASTM-D1072 or a District approved equivalent method. The semi-annual analyses shall be used to determine the non-H<sub>2</sub>S fraction of the gas. The non-H<sub>2</sub>S fraction shall be added to the daily H<sub>2</sub>S readings for daily compliance determinations.*

- **Condition 9.C.1(c)(vi)**

- *Sulfur Content of Grace Unit Permeate Gas. Venoco shall monitor the hydrogen sulfide (H<sub>2</sub>S) content of the permeate gas on a daily basis using District-approved methods. Once every six-month, Venoco shall sample and analyze the fuel to determine the total sulfur content. The samples shall be analyzed in accordance ASTM-D1072 or a District approved equivalent method. Upon written notification from the District, Venoco may be required to perform more frequent sampling and analyses or may be required to install a process monitor to provide semi-continuous monitoring. The semi-annual analyses shall be used to determine the non-H<sub>2</sub>S fraction of the gas. The non-H<sub>2</sub>S fraction shall be added to the daily H<sub>2</sub>S readings for daily compliance determinations.*

- **Condition 9.C.1(c)(viii)**

- *Heat Value Content of Grace Unit Permeate Gas. Venoco shall measure the higher heating value of the permeate gas on a monthly basis using ASTM-D3588 or a District approved equivalent method.*

**7.0** **EMISSIONS ANALYSIS:** Excess emissions are not expected as a result of this variance.

**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 modification of variance and modification of final compliance date for Regular Variance 2016-38-R for Venoco, LLC as listed in the attached draft variance order.

**11.0 ATTACHMENTS:**

- Attachment 1 – Draft Regular Variance Order 2016-38-M1



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Mike McKay, Inspector  
Compliance Division

11/22/17

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Date