

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2020-08-R	6/3/2020
	Petitioner	Terracore Operating Company, LLC	
	Permit #	8171-R10	
	Date Rec'd	04/22/2020	
	Time Rec'd	1012 hours	
	FOR OFFICIAL USE ONLY		

**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

In the Matter of the Application of)
Terracore Operating Company, LLC)
for a Regular Variance from District)
Rules 361.D.3, 361.D.4, 361.L.2., 206,)
and Permit to Operate 8171-R10)
Condition 2.e.)

*** DRAFT ***

H.B. Case No. 2020-08-R

VARIANCE FINDINGS

AND ORDER

Terracore Operating Company, LLC filed a Petition for a Regular Variance on April 22, 2020. A hearing of the above-entitled matter was held on June 3, 2020 in accordance with Health and Safety Code §40808. Richard Field, Brian Buchanan and Laura Nuzzo represented the Petitioner and Aimee Long represented the Santa Barbara County Air Pollution Control District (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 Petitioner and the Air Pollution Control Officer were made, received and considered.
3. The Petitioner operates the equipment described in the Petition at the GWP Fee Lease in the Cat Canyon Field in Santa Maria.
4. The Petitioner’s facility produces crude oil, which is routed to heater treaters (APCD Device IDs 1634 and 1636) to improve viscosity and dehydration.
5. District Rule 361 requires all AB 617 Industrial Units to meet new emissions standards for NO_x by June 20, 2020. The heater treaters listed above are subject to this requirement. The Petitioner was on schedule to complete the installation of low NO_x equipment by the June 20, 2020 deadline, as required by District Rule 361 and PTO

8171-R10. However, the outbreak of the COVID-19 virus has caused the Petitioner to delay the heater treater construction project. There are approximately 16 persons working on the construction project (e.g., welders, pipe fitters, laborer, etc.). To comply with the current social distancing and shelter in place directives put in place by Santa Barbara County and the State, the Petitioner has reduced the size and scheduling of the construction crews. This delay has significantly impaired the Petitioner's ability to progress on the project as planned. As a result, the Petitioner will not meet the June 20, 2020, deadline for the low NOx heater treaters.

6. Without Variance coverage, the Petitioner will be in violation of District Rules 361.D.3, 361.D.4, 361.L.2 and 206, and Permit to Operate 8171-R10, Condition 2.e.
7. Due to conditions beyond the reasonable control of the Petitioner, requiring immediate compliance with the referenced permit conditions and rule would result in an arbitrary or unreasonable taking of property because it would require the facility to be shut in. This shut in would result in fugitive ROC emissions at components throughout the facility and would ultimately cause an undue impact to the Petitioner's employees, service providers and their respective family's wellbeing.
8. The closing or taking would be without a corresponding benefit in reducing air contaminants because the shut in of the facility would result in excess fugitive emissions.
9. The Petitioner has considered curtailing operations; however, it would have a crippling impact on the facility's viability and subsequent impact to its employees, service providers, and their respective family's wellbeing.
10. During the period the Variance is in effect, the Petitioner will reduce emissions to the maximum extent feasible by not operating the heater treaters above the heat input limits as outlined in Table 3 of Permit to Operate 8171-R10.
11. The Petitioner will monitor and record all emissions related to the granting of this Variance. The Petitioner will monitor the volume of natural gas burned in the heaters using an existing dedicated hour meter. Fuel usage will be calculated based on the actual hours of operations (hours/year) multiplied by the heat input rating of the heaters (BTU/hr) divided by the District approved heating value of the fuel (1,050 BTU/scf). Emissions will be calculated based on the fuel burned in the heater treaters. The Petitioner will quantify and report the excess emissions associated with the granting of this Variance. Based on the emission factors for the heater treaters (APCD Device IDs 1634 and 1636) specified in Permit to Operate 8171-R10, the excess emissions from the granting of this Variance are expected to be approximately 8.19 lbs/day NOx.
12. If, due to reasons beyond the control of the Petitioner, installation of compliant equipment is not completed during this Variance period, additional relief will be sought.

13. A nuisance as defined in District Rule 303 is not expected to occur as a result of this Variance and continued operation is not likely to create an immediate threat or hazard to public health or safety.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Regular Variance be granted for the operation of the Petitioner's non-compliant heater treaters (APCD Device IDs 1634 and 1636) in violation of District Rules 361.D.3, 361.D.4, 361.L.2 and 206, and Permit to Operate 8171-R10, Condition 2.e from June 20, 2020 through June 19, 2021, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. Petitioner shall submit monthly updates to the Hearing Board and District, to variance@sbcapcd.org, on the 1st of each month the Variance is in effect, starting on July 1, 2020. The update shall include the current compliance status, the number of hours and fuel used each day during the previous month for the heater treaters (APCD Device IDs 1634 and 1636), calculated excess NOx emissions during the previous month for the heater treaters (APCD Device IDs 1634 and 1636), status of the heater treater replacements, and any corrective action(s) taken to date.
2. Petitioner shall submit a final written report to the Hearing Board and District, to variance@sbcapcd.org, by July 6, 2021, or within fifteen (15) days of compliance, whichever occurs first. The report shall include the date compliance was achieved, description of the corrective action taken, the number of hours and fuel used each day during the Variance period for the heater treaters (APCD Device IDs 1634 and 1636), and calculated excess NOx emissions during the Variance period for the heater treaters (APCD Device IDs 1634 and 1636).
3. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in the Order.
4. In accordance with District Fees Rule 210, Schedule F.12.e, the Petitioner shall pay excess emission fees for each additional ton of pollutant emissions or portion thereof allowed as the result of the issuance of this Variance.
5. Failure to abide by all conditions of this Order shall subject the Petitioner to penalties set forth in Health and Safety Code section 42402.
6. Each day during any portion of which a violation occurs is a separate offense.

7. The Environmental Protection Agency does not recognize California's Variance program; therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.

DATED: _____

Chair
Santa Barbara County Air Pollution Control District
Hearing Board

DRAFT