

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2020-10-R	6/03/2020
	Petitioner	DCOR, LLC	
	Permit #	9111-R5	
	Date Rec'd	5/7/2020	
	Time Rec'd	1614 hours	
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**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

In the Matter of the Application of)
DCOR, LLC for a Regular Variance)
from District Rule 206, and Part 70)
Permit to Operate 9111-R5,)
Conditions 9.C.2.a and 9.C.2.b(i).)

***** DRAFT *****

H.B. Case No. 2020-10-R

VARIANCE FINDINGS

AND ORDER

DCOR, LLC filed a Petition for a Regular Variance on May 7, 2020. A hearing of the above-entitled matter was held on June 3, 2020 in accordance with Health and Safety Code §40808. Christine White and Bob Garcia 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 Platform B, in the Dos Cuadras Field located on offshore lease tract OCS-P-0241, approximately 6 miles south-southeast from the City of Santa Barbara, California.
4. The Petitioner utilizes sub-sea pipelines to transport crude oil and produced gas to an onshore facility for further processing. After processing, natural gas is transported via Southern California Gas Company, Main Gas Transmission Pipeline L-1004. The Petitioner was informed Pipeline L-1004 will be shut down for pipeline integrity hydrotesting starting May 20, 2020, for approximately 30 days. The maintenance

activities conducted by Southern California Gas Company will prohibit the Petitioner from using the gas pipeline. Since the Petitioner is not able to send the gas to the pipeline, they are requesting to flare the produced gas. As a result, the Petitioner will exceed the annual planned flaring limit before the end of the 30-day project and for the remainder of the calendar year.

5. Without Variance coverage, the Petitioner will be in violation of District Rule 206, and Part 70 Permit to Operate 9111-R5, Conditions 9.C.2.a and 9.C.2.b(i).
6. Due to conditions beyond the reasonable control of the Petitioner, immediate compliance with the referenced permit conditions and rule would result in an arbitrary or unreasonable taking of property because it would cause the facility to shut in. The lost revenues are expected to be \$19,793,480 for oil and \$1,705,950 for gas. The significant economic hardship would result in the loss of approximately 25 jobs and as many as 50 contract and supplier positions that support the operations on a daily basis.
7. 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 emissions associated with wellhead emissions and other fugitive emissions.
8. The Petitioner has considered curtailing operations, however, it would have a significant negative financial impact, potentially a closing of a lawful business, if oil production ceased. In addition, if the facility was shut in for a significant amount of time, it could cause reservoir damage resulting in further negative impacts on future oil and gas production rates.
9. During the Variance period, the Petitioner will reduce emissions to the maximum extent feasible by minimizing the amount of gas flared at the Platform. This is further supported by DCORs historical low flaring volume compared to the permit limit. In addition, revenues generated from gas sales provide an incentive to limit flaring.
10. The Petitioner will monitor and record all emissions related to the granting of this Variance. The Petitioner will monitor the duration and gas volumes for each planned flaring event. The excess emissions associated with this Variance are unknown at this time.
11. If, due to reasons beyond the control of the Petitioner, Pipeline L-1004 is not returned to service during the Variance period, additional relief will be sought.
12. 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 flare for planned flaring events in violation of District Rule 206, and Part 70 Permit to Operate 9111-R5, Conditions 9.C.2.a and 9.C.2.b(i) from June 3, 2020 through December 31, 2020, 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 date, duration and gas volume of each planned flaring event during the previous month, the date the planned flaring permit limit was exceeded, calculated excess emissions for the previous month, a running excess emissions total, and the status of Pipeline L-1004.
2. Petitioner shall submit a final written report to the Hearing Board and District, to variance@sbcapcd.org, by January 15, 2021, or within fifteen (15) days of compliance, whichever occurs first. The report shall include the date the planned flaring permit limit was exceeded, all subsequent dates, durations, and volumes for planned flaring events during the Variance period, the date Pipeline L-1004 returned to service, the total volume of gas flared for planned flaring events above the permit limit during the Variance period, and the calculated excess emissions during the Variance period.
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