

H.B. Case No.:	<u>2020-10-R</u>
Petitioner:	<u>DCOR, LLC</u>
Permit No.:	<u>9111-R5</u>
Date Rec'd:	<u>5/7/2020</u>
Time Rec'd:	<u>1614 hours</u>
Filing Fee Paid:	<u>\$633.00</u>

## PETITION FOR VARIANCE

### Type of Variance Requested:

Emergency \_\_\_\_\_ Interim<sup>1</sup> \_\_\_\_\_ 90-Day \_\_\_\_\_ Regular   X  

Length of Variance Requested: Start Date   June 3, 2020  

End Date   Dec. 31, 2020  

<sup>1</sup> 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:   DCOR, LLC / CHRISTINE WHITE    
Address:   290 MAPLE COURT, SUITE 290    
  VENTURA, CA 93003    
Phone Number:   805-535-2074  

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 ABOVE    
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone Number: \_\_\_\_\_

C. 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.

**DCOR is submitting three (3) separate Petitions for Variance. This Variance Petition applies to the highlighted facility below.**

**PLATFORM A / OCS-P-0241**

**PLATFORM B / OCS-P-0241**

**PLATFORM HILLHOUSE / OCS- P-0240**

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

**PLATFORM A – SBCAPCD PTO #9110**

**PLATFORM B – SBCAPCD PTO #9111**

**PLATFORM HILLHOUSE – SBCAPCD PTO #9114**

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

**PLATFORM A – 2,500 MMBTU/HR FLARE / Device ID 005493**

**PLATFORM B – 2,500 MMBTU / HR FLARE / Device ID 005506**

**PLATFORM HILLHOUSE – 2,500 MMBTU / HR FLARE / Device ID 112631**

**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.

**PLATFORM A, B, and HILLHOUSE – PTO #9110, #9111, and #9114:**  
Facilities listed above will be in violation of SBCAPCD Rule 206, Permit Condition 9.A.10 - DCOR shall comply with all permit conditions including 9C.2(a) and (b): Mass emissions from the flare relief system (Planned Flaring) shall not exceed the limits listed in Tables 5.1-3 and 5.1-4 and Planned Flaring volumes shall not exceed the volumes listed in Table 5.1-1 (Applicable Tables attached for reference).

- 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 A, B, and Hillhouse air permit conditions allow up to 26,393 MCF per year of produced gas to be flared under planned conditions. DCOR has been noticed by SoCal Gas Company that they will shut-down their Ventura / Santa Barbara (L-1004) 16-inch diameter Main Gas Transmission Pipeline for a planned pipeline integrity hydrotesting project starting May 20, 2020 and lasting approximately 30 days. The shut-down of the SoCal Gas Pipeline will curtail DCOR's ability to sell gas and this will result in flaring of all co-produced gas at DCOR's offshore platforms.**

**Based upon current gas production rates, Platform A (1,350 MCF/day), Platform B (1,400 MCF/day), and Platform Hillhouse (1,100 MCF/day) annual Planned Flaring Volumes (26,393 MCF) will be exceeded within 18-23 days of project start-up. In order for DCOR to continue to produce and sell oil, co-produced gas at Platforms A, B, and Hillhouse (as well as Platforms C and Henry) will need to be flared at each individual facility for the duration of the project. Therefore, DCOR is requesting a Regular Variance to go into effect on June 3, 2020 (Regular Variance Hearing Date) and lasting until December 31, 2020.**

**DCOR is submitting Variance Petitions for Platforms A, B, and Hillhouse in advance of the project start date.**

**Please note that while DCOR's Platform C and Henry will also be flaring during the SoCal Gas Company pipeline integrity testing project, based upon their current daily gas production rates, it is not expected that they will exceed their air permit annual planned flaring volumes during the project time-frame.**

- 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.

If DCOR is not able to flare co-produced gas during the SoCal Gas Company pipeline outage, all oil and gas production on **Platforms A, B, and Hillhouse** will need to be shut-in. This will result in the loss of 700 Barrels of Oil per Day (BOPD) from Platform A, **1,675 BOPD from Platform B**, and 700 BOPD from Platform Hillhouse for a total of 3,170 BOPD. At the current crude oil price of \$28.00 per barrel, DCOR will lose combined oil sales revenues of \$88,760 per day. If Platform A, B, and Hillhouse oil and gas production is shut in completely from June 6, 2020 (approximate date annual planned flaring volumes are exceeded) through December 31, 2020, DCOR at \$28.00 per barrel will lose oil sales revenues totaling \$19,793,480. At current \$2 per MCF, DCOR will additionally lose gas sales revenue of \$1,705,950. Lost revenue projections will likely be significantly higher as current historical low oil and gas prices will rebound after the easing of corona virus pandemic restrictions. The shutdown of oil and gas production at Platforms A, B, and Hillhouse represents 45% of DCOR's total offshore oil and gas production. The significant economic hardship will result in the elimination of up to 25 DCOR jobs both on the platforms and in the Ventura office, and as many as 50 contract and supplier company positions that support the operations on a daily basis.

- 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.

If DCOR was required to shut down all oil and gas production at **Platforms A, B, and Hillhouse** it would result in a reduction of flaring emissions but it would not result in a reduction of other facility emissions from wellhead and other fugitive emissions, IC engines (cranes, emergency generators, and firewater pumps), crew and supply boats, tanks and sumps. Emissions from these devices will still be generated as the facilities will require ongoing surveillance and maintenance work while oil and gas production is shut-in for the remainder of the year.

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

DCOR will incur significant negative financial impacts if oil production and sales are curtailed from **Platforms A, B, and Hillhouse**. These three facilities represent approximately 45% of the company's total oil production. In addition, if the facilities oil wells are shut in for a significant amount of time reservoir damage will likely occur and this will negatively impact future oil and gas production rates when the facilities are returned to production. The possible economic impact of losing a combined 3,170 BOPD and 3,850 MCFD in oil and gas sales revenue during the remainder of 2020 is of great concern to DCOR and its employees.

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

**Gas produced at Platforms A, B, and Hillhouse is sweet gas and there will be no exceedances of sulfur emissions at any time. For the remainder of the year, after the SoCal Gas Pipeline project is completed, DCOR will limit Planned Flaring to the extent possible. DCOR's historical Planned (and Unplanned) Flaring totals are low versus the annual air permit flaring volume allowances of 26,393 MCF in each category.**

**Historical Annual Planned Flaring Volumes (MCF) vs Annual Planned Air Permit Limits (26,393 MCF):**

<u>Year</u>	<u>Platform A</u>	<u>Platform B</u>	<u>Platform Hillhouse</u>
2019	6,900	1,740	4,500
2018	7,100	3,910	1,400
2017	1,500	1,711	1,300
2016	1,700	2,500	1,200

**The revenue generated from gas sales provides an incentive to limit flaring of produced gas at DCOR's facilities.**

- 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.

**DCOR meters and records all platform flaring activity (time periods, volumes of gas, and H<sub>2</sub>S levels) on a daily basis and these records are made available to SBCAPCD at any time. From the daily facility flare volumes, DCOR can quantify excess emissions and report to SBCAPCD on a monthly basis during the variance time-frame.**

**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.

N/A

- 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.

N/A

7. Will the operation of the equipment subject to this variance result in violation of District Rule 303, Nuisance?

**It is not anticipated that flaring of produced gas on Platforms A, B, and Hillhouse will result in a nuisance. Previous Flare Visual Emission (VEs) Inspections have found that the platform flares to not generate smoke (opacity).**

8. Please state whether or not any civil or criminal case involving the equipment subject to this variance is pending any court.

**No.**

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: 5-7-2020

SIGNATURE: 

TITLE: Vice President – Facilities and Process Engineering

PRINT NAME: Robert L. Garcia

**Variance Filing Fees:** All variance Petitions must be accompanied by the requisite filing fee at the time of filing or include a letter from the Petitioner on company letterhead authorizing the District to debit the filing fee from the company's reimbursable account. You may also pay your filing fees by credit card using the attached form. Current variance filing fees may be found under Rule 210, schedule F, Sections 12a and 12b at <http://www.sbcapcd.org/fees.htm>

**Credit Card Payment:** The Variance Filing Fee may be paid with a credit card. Please use APCD Form -01C to pay via credit card. The form may be downloaded at:  
<http://www.sbcapcd.org/eng/dl/dl01.htm>

**Table 5.1-1  
Dos Cuadras Platform B - Part70/PTO 9111-R5  
Operating Equipment Description**

Equipment Category	Description	District Device No.	Device Specifications				Usage Data			Maximum Operating Schedule				References
			Fuel	% S	Size	Units	Capacity	Units	Load	hr	day	qtr	year	
Combustion - Engines	North Crane (25-ton)	004887	D2	0.0015	230	bhp	7,241	Btu/bhp-hr	—	1.0	24	500	1,000	A
	South Crane (15-ton)	004888	D2	0.0015	109	bhp	7,700	Btu/bhp-hr	—	1.0	24	100	200	
Combustion - Flare	Purge and Pilot	005506	PG	0.0239	100	scfh	0.110	MMBtu/hr	—	1.0	24	2,190	8,760	B
	Planned - continuous	—	PG	0.0239	158	scfh	0.173	MMBtu/hr	—	1.0	24	2,190	8,760	
	Planned - other	—	PG	0.0239	2,500	MMBtu/hr	28.393	MMscf/yr	—	—	—	1	1	
	Unplanned	—	PG	0.0239	2,500	MMBtu/hr	28.393	MMscf/yr	—	—	—	1	1	
Fugitive Components	Oil - controlled	102167	—	—	7,127	comp-lp	—	—	—	1.0	24	2,190	8,760	C
	Oil - unsafe	102168	—	—	40	comp-lp	—	—	—	1.0	24	2,190	8,760	
	Gas - controlled	102185	—	—	8,028	comp-lp	—	—	—	1.0	24	2,190	8,760	
	Gas - unsafe	102186	—	—	73	comp-lp	—	—	—	1.0	24	2,190	8,760	
Supply Boat	Main Engines - controlled	005507	D2	0.0015	4,000	bhp-total	0.049	gal/bhp-hr	0.65	1.0	11	57	114	D
	Generator Engines	005508	D2	0.0015	490	bhp-total	0.055	gal/bhp-hr	0.50	1.0	11	57	114	
	Bow Thruster	005509	D2	0.0015	515	bhp-total	0.055	gal/bhp-hr	1.00	1.0	2	10	21	
Emergency Response	Main Engines - controlled	005510	D2	0.0015	2,900	bhp-total	0.055	gal/bhp-hr	0.65	—	—	18	72	D
	Auxiliary Engines	005510	D2	0.0015	78	bhp-total	0.055	gal/bhp-hr	0.50	1.0	24	18	72	
Crew Boat	Main Engines - controlled	005511	D2	0.0015	1,701	bhp-total	0.055	gal/bhp-hr	0.85	1.0	17.5	262.5	1,050	E
	Auxiliary Engines	005512	D2	0.0015	218	bhp-total	0.055	gal/bhp-hr	0.50	1.0	17.5	262.5	1,050	
Pigging Equipment	Oil Launcher	114002	—	—	5.40	cf	1	psig	—	1	1	40	160	F
	Gas Launcher	114003	—	—	5.00	cf	1	psig	—	1	1	40	160	
	Oil Receiver	102150	—	—	1.50	cf	1	psig	—	1	1	40	160	
	Gas Receiver	102149	—	—	1.50	cf	1	psig	—	1	1	40	160	
Sumps/Tanks/Separators	Waste Oil Sump	005513	—	—	12.56	ft2	—	—	—	1.0	24	2,190	8,760	G
	Flotation Cell Unit	005514	—	—	1.60	MMgal/day	—	—	—	1.0	24	2,190	8,760	
	Skimmer Tank	005515	—	—	38.48	ft2	—	—	—	1.0	24	2,190	8,760	
	Waste Water Tank	005516	—	—	50.27	ft2	—	—	—	1.0	24	2,190	8,760	
Solvent Usage	Cleaning/degreasing	004901	—	—	—	—	3,009	gal/yr	—	1.0	24	2,190	8,760	H
Permit-exempt/Fed. Significant Unit	Exempt Onan Generator	102098	D2	0.0015	21.8	bhp	8,000	Btu/hp-hr	—	1.0	24	2,190	8,760	
	Exempt Air Compressor	110757	D2	0.0015	49	bhp	8,000	Btu/hp-hr	—	1.0	24	2,190	8,760	



**Table 5.1-4**  
**Dos Cuadras Platform B - Part70/PTO 9111-R5**  
**Quarterly and Annual Emissions**

Equipment Category	Description	District Device No.	NO <sub>x</sub>		ROC		CO		SO <sub>x</sub>		PM		PM <sub>10</sub>		PM <sub>2.5</sub>		GHG		Federally Enforceable
			TPQ	TPY	TPQ	TPY	TPQ	TPY	TPQ	TPY	TPQ	TPY	TPQ	TPY	TPQ	TPY	TPQ	TPY	
Combustion - Engines	North Crane	004887	1.17	2.34	0.13	0.27	0.42	0.84	0.00	0.00	0.14	0.27	0.14	0.27	0.14	0.27	72.2	144.4	FE
	South Crane	004888	0.18	0.36	0.01	0.03	0.04	0.08	0.00	0.00	0.01	0.03	0.01	0.03	0.01	0.03	7.3	14.6	FE
Combustion - Flare	Purge and Pilot	005508	0.01	0.03	0.01	0.03	0.04	0.18	0.00	0.02	0.00	0.01	0.00	0.01	0.00	0.01	14.1	56.4	FE
	Planned - continuous	--	0.01	0.05	0.01	0.04	0.07	0.28	0.01	0.03	0.00	0.02	0.00	0.02	0.00	0.02	22.2	88.9	FE
	Planned - other	--	1.18	1.18	1.00	1.00	6.44	6.44	0.64	0.64	0.35	0.35	0.35	0.35	0.35	0.35	148.4	148.4	FE
	Unplanned	--	1.18	1.18	1.00	1.00	6.44	6.44	0.64	0.64	0.35	0.35	0.35	0.35	0.35	0.35	148.4	148.4	FE
Fugitive Components	Oil - controlled	102187	--	--	0.29	1.14	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Oil - unsafe	102188	--	--	0.01	0.03	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Gas - controlled	102185	--	--	5.39	21.56	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Gas - unsafe	102186	--	--	0.25	0.98	--	--	--	--	--	--	--	--	--	--	--	--	FE
Supply Boat	Main Engines - controlled	005507	0.98	1.96	0.06	0.12	0.54	1.08	0.00	0.00	0.12	0.24	0.12	0.24	0.12	0.24	61.2	182.4	FE
	Generator Engines	005508	0.23	0.47	0.02	0.03	0.05	0.10	0.00	0.00	0.02	0.03	0.02	0.03	0.02	0.03	8.6	17.2	FE
	Bow Thruster	005509	0.09	0.18	0.01	0.01	0.02	0.04	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	3.3	6.6	FE
Emergency Response	Main Engines - controlled	005510	0.25	1.01	0.02	0.06	0.14	0.55	0.00	0.00	0.01	0.02	0.01	0.02	0.01	0.02	20.8	83.1	FE
	Main Engines - uncons	005510	0.00	0.02	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.4	1.7	FE
Crew Boat	Main Engines - controlled	005511	2.45	9.79	0.27	1.09	1.55	6.19	0.00	0.01	0.15	0.62	0.15	0.62	0.15	0.62	232.9	931.4	FE
	Auxiliary Engines	005512	0.48	1.90	0.03	0.13	0.12	0.47	0.00	0.00	0.03	0.13	0.03	0.13	0.03	0.13	17.6	70.2	FE
Pigging Equipment	Oil Launcher	114002	--	--	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Gas Launcher	114003	--	--	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Oil Receiver	102150	--	--	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Gas Receiver	102149	--	--	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	FE
Sumps/Tanks/Separators	Waste Oil Sump	005513	--	--	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Flotation Cell Unit	005514	--	--	2.04	8.18	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Skimmer Tank	005515	--	--	0.00	0.00	--	--	--	--	--	--	--	--	--	--	--	--	FE
	Waste Water Tank	005516	--	--	0.00	0.01	--	--	--	--	--	--	--	--	--	--	--	--	FE
Solvent Usage	Cleaning/degreasing	004901	--	--	2.52	10.08	--	--	--	--	--	--	--	--	--	--	--	--	FE
Permit-exempt/Fed. Significant Unit	Exempt Onan Generator	102098	0.89	3.57	0.06	0.24	0.19	0.77	0.00	0.00	0.06	0.25	0.06	0.25	0.06	0.25	33.1	132.5	FE
	Exempt Air Compressor	110757	2.01	8.03	0.14	0.55	0.43	1.73	0.00	0.00	0.14	0.56	0.14	0.55	0.14	0.55	74.4	297.6	FE