

H.B. Case No.:	<u>2021-04-M1</u>
Petitioner:	<u>Beacon West Energy Group, LLC</u>
Permit No.:	<u>9109-R4</u>
Date Rec'd:	<u>12/06/2021</u>
Time Rec'd:	<u>1620 hours</u>
Filing Fee Paid:	<u>\$649.00</u>

PETITION FOR VARIANCE

Type of Variance Requested:

Emergency _____ Interim¹ _____ 90-Day _____ Regular XX

Length of Variance Requested: Start Date 1-5-22

End Date 1-4-23

¹ 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: Beacon West Energy Group LLC [Attn: John Garnett]
 Address: 1145 Eugenia Place #101
Carpinteria, CA 93013
 Phone Number: (805) 395-9676

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 1.A]
 Address: Email: john.garnett@beacon-west.com

 Phone Number: (805) 395-9676

C. The Petitioner is (please check one):

1) An Individual ()

- 2) Partnership (X)
- 3) Corporation ()
- 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.

OCS Platform Houchin – Parcel OCS-P-0166, Carpinteria Field, Outer Continental Shelf

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

FINAL Part 70/APCD Permit to Operate No. 9109-R4

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

Beacon West Energy Group LLC (Beacon West) requests a Regular Variance to allow additional time to establish a safe working environment on Platform Houchin, and subsequently implement full compliance where it cannot be achieved due to current facility operational status. This petition is being submitted for many of the same permit conditions and rule provision cited in Variance Order 2021-04-R. Beacon West is not pursuing further variance coverage for permit conditions 9.C.1.c.i, and 9.C.15 (source testing), and 9.C.14 (process stream analysis), as the result of permitting solutions specifying that these conditions will only apply if the applicable equipment is operational. In 2021 Beacon West continued inspecting the platform for potentially unsafe conditions and correcting hazardous workplace issues where possible. Very limited repairs have been completed due to lack of operating cranes. The platform remains closed to non-essential personnel until Level One repairs are completed and it is safe for personnel and additional equipment to be deployed to the Platform. Platform Houchin remains non-operational and wells permanently shut-in in anticipation of full facility decommissioning, with only well heads and deck drain tanks as current potential emissions sources. The facility flare is non-operational because there is no pilot gas source, the flare system and associated components have not been inspected, and there are no working cranes on the platform to enable Level 1 repairs or allow for transport of bottled gas to service the flare. There are currently no operational cranes on Platform Houchin. Crane inspections in 2021 determined that the North Crane is not reparable and will not return to service, the South “Unit” Crane will be removed, rebuilt, and planned for reinstall Q1 2023. Deployment of a new portable “Bull Frog” crane to Platform Houchin has been procured and planned for Q3 2022 (this crane will be used for rehabilitation of the South Crane, then be used at both platforms for various activities). Beacon West is working towards repair of a smaller jib crane as well to enable limited repair activities. Due to either safety issues preventing monitoring to be able to occur, or inability to conduct required maintenance and monitoring due to current or permanent out of service status of certain equipment and processes, Beacon West seeks variance coverage from the following District requirements for Platform Houchin, for the reasons provided:

1. ICE Engine Subpart ZZZZ maintenance – All engines on platform are currently inoperable, therefore this required annual maintenance cannot be performed.
2. Fugitive Component Inspection and Maintenance (I&M) Program – cannot be implemented due to unsafe conditions in well bay. Handrails and grating in this area require repair/replacement to allow for safe access, and these repairs cannot be conducted since there continues to be no working cranes needed to transport construction materials from marine vessel onto the platform. The two existing cranes and jib crane on Houchin are currently non-operational requiring refurbishment/replacement. Procurement and permitting of new cranes is in progress, tentative Q1 2023.

3. Flare – not currently operational due to pending inspection and lack of gas supply, therefore required presence of pilot flame, and thermocouple monitoring, cannot be achieved.
4. Well gas venting - In the course of assessing excess emissions pursuant to Variance 2020-21-E (Houchin Well B-36 piping leak venting uncombusted through the flare stack), it was determined that well gas still appears to be venting through the flare stack following repair of the subject leak. Beacon West concluded at the time that multiple valves associated with the Houchin well heads are leaking into the process system thereby creating potentially unsafe pressures on equipment and piping with unknown mechanical integrity. Unless the gas is safely diverted and vented through the flare stack, increased pressure on this equipment can present significant safety hazards and possibly induce additional leaks.

Until which time the well heads can be comprehensively inspected to determine where the leaks are occurring, and subsequent repairs are made there is no alternative to venting of well gas at Platform Houchin. The ongoing primary obstacles to inspection and repair are 1) current Beacon West contract does not include well work, 2) repairs to address the unsafe working conditions associated with severely dilapidated handrails, decking, and grating of the well bay which continued throughout 2021 are not completed, and 3) continued inoperability of the cranes preventing material and equipment transfer to the platform. Handrail/grating and decking repairs will commence when an operable crane is available.

While all efforts are being made to minimize emissions and create a safe working environment it must be re-emphasized that the current well venting status is “as found” by Beacon West upon its monitoring and maintenance role, and there are currently no safe control options available until the aforementioned actions are executed.

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.

- 1) Rule 325.E, Rule 331.D-I, Rule 359.D.2.b, Permit Conditions No. 9.C.1(b)(v), 9.C.1(b)(vi), 9.C.2(a), 9.C.2(b), 9.C.2(c), 9.C.2(d), 9.C.6.b.2, 9.C.6.b.3, 9.C.6.b.4, and 9.C.9.

- 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.

Compliance with subject requirements is beyond our reasonable control at this time due to 1) inability to repair and return equipment to service and 2) inability to conduct required monitoring due to ongoing safety concerns associated with current platform condition.

In lieu of seeking a variance for Rule 331, Beacon West has thoroughly assessed Well Bay condition to determine if there is any possibility to safely work in this area to allow for regulatory compliance, and it has been established that the Well Bay cannot be safely accessed for Rule 331 implementation and inspection purposes until subject grating and handrail repairs are completed. With the requirement for working cranes to allow for repairs, the process of procuring, permitting and installing new cranes is planned for Q1 2023.

Regarding the well gas venting, compliance is currently beyond our reasonable control because if well gas is not safely vented there would be unsafe pressure levels in equipment and piping of unknown mechanical integrity, which may result in imminent safety concerns. Based on deteriorated platform condition, the only possible path to compliance is to obtain variance coverage, complete repair/replacement of cranes, then conduct structural repairs required for the evaluation and ultimate repair of well head valves and associated equipment. This variance is being sought immediately upon discovery that well gas is passing through the flare stack and that compliance cannot be achieved during the Breakdown period.

Continued variance protection is being sought for vapor recovery/flare requirements because a working crane is required to allow for any necessary repairs, and to deploy pilot gas supply to the platform.

- 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.

Beacon West is unable to immediately comply with the subject requirements due to the ongoing inability to safely access certain areas of the platform and deploy required equipment to affect necessary repairs. Regarding the well gas venting Beacon West is unable to immediately comply with the subject requirements due to the continued lack of safe access to the Well Bay to inspect and eliminate leaks. The facility is already closed from a practical standpoint since it was abandoned by previous Operator and recently delegated to legacy Responsible Parties to initiate planning for facility decommissioning.

- 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.

The platform is not operating and will not resume production. It is not possible to immediately comply with the subject requirements, for safety reasons, as previously stated. There is no potential for air contaminants from other equipment and processes associated with this petition, since said equipment is out of service. Specific to the well gas venting, it is not possible to immediately comply with the subject requirements for safety and inoperable facility equipment reasons as previously stated. In the event that Beacon West could safely eliminate leaks or combust resulting gas with an operating flare, this will be done immediately.

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

Source operations have already been permanently curtailed, and the long-term decommissioning planning has been initiated. Prior to arrival of Beacon West, the

facility was essentially abandoned for an entire year with no environmental oversight, and Beacon West has since taken daily measures to improve safety and environmental concerns by performing ongoing repairs to the structure during 2021, as reported in monthly updates required by Variance Order 2021-04-R

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

Beacon West Operations continues to visually, audibly, and will use soap solution to monitor fugitive components where safely accessible on Platform Houchin for any potentially observable leaks throughout the facility during the variance period and will attempt to effect repairs whenever safe. There are no other excess emissions associated with his request. Specific to the well gas venting, Beacon West continues its planning to deploy working cranes required to enable structural repairs and subsequent well maintenance necessary to eliminate leaks resulting in venting.

- 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.

- 1) Fugitive leak surveys will be done visually, audibly and by using a leak detection solution (soap solution), and when safe to do so by using a Method 21 device. If applicable, Beacon West will quantify excess emissions (using component emission factors) based on any excessive leaks which are detected during the initial facility Method 21 inspection, if this inspection occurs during the variance period.
- 2) Beacon West will continue to quantify excess emissions using flare stack meter.

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: _____

Breakdown number (as provided by the District): N/A

- B. Please provide a description of the “breakdown condition”, including equipment involved and the cause to the extent it is known.

N/A

- C. 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

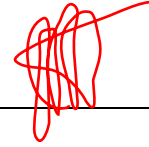
7. Will the operation of the equipment subject to this variance result in violation of District Rule 303, Nuisance?
No.

8. Please state whether or not any civil or criminal case involving the equipment subject to this variance is pending any court. There are no civil or criminal cases involving the equipment subject to this variance.

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: December 21, 2021

SIGNATURE: _____



TITLE: EHSR Advisor

PRINT NAME: John Garnett