


ATTACHMENT 2

Regular Variance Order 2021-04-R

January 5, 2022

Santa Barbara County Air Pollution Control District
Hearing Board

260 San Antonio Road, Suite A
Santa Barbara, California 93110

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2021-04-R	03/03/2021
	Petitioner	Beacon West Energy Group, LLC	
	Permit #	9109-R4	
	Date Rec'd	01/08/2021	
	Time Rec'd	1617 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)
 Beacon West Energy Group, LLC for a)
 Regular Variance from District Rules)
 331.D - I, 325.E, 359.D.2.b, and 206,)
 Part 70 Permit to Operate 9109-R4,)
 Conditions 9.C.1.b.v, 9.C.1.b.vi,)
 9.C.1.c.i, 9.C.2.a, 9.C.2.b, 9.C.2.c,)
 9.C.2.d, 9.C.6.b.ii, 9.C.6.b.iii,)
 9.C.6.b.iv, 9.C.9, 9.C.14, and 9.C.15.)

H.B. Case No. 2021-04-R

VARIANCE FINDINGS

AND ORDER

Beacon West Energy Group, LLC filed a Petition for Regular and Interim Variances on January 8, 2021. Interim Variance 2021-02-I was granted on February 17, 2021 by Hearing Board Member Terence Dressler. Said order is in effect from January 8, 2021 through April 7, 2021 (not to exceed 90 days), or the date a decision is made on the Regular Variance, or the date compliance is achieved, whichever occurs first.

A hearing of the Regular Variance was held on March 3, 2021, in accordance with Health and Safety Code §40808. John Garnett and Keith Wenal, represented the Petitioner, 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 Houchin located on offshore lease tract OCS-P-0166, approximately 7 miles southeast from the City of Santa Barbara, California.
4. Oil and gas production has permanently ceased operations on Platform Houchin. All wells on the platform are currently shut-in while the facility awaits well plugging and abandonment and ultimately facility decommissioning.
5. For approximately 1 year, Platform Houchin was not adequately maintained by the prior owner/operator. The Federal Bureau of Safety and Environmental Enforcement (BSEE) has called on the former lessees, Conoco Phillips, to carry out removal of the existing oil and gas infrastructure on these leases (decommissioning). On November 6, 2020, Conoco Phillips notified Beacon West Energy Group, LLC (Petitioner) they could begin platform oversight. The Petitioner evaluated Platform Houchin and found significant deterioration causing safety concerns. During this evaluation process, the Petitioner discovered some of the equipment is no longer operational and may not be able to return to operation. Included in this list of nonoperational equipment is the flare (emission control device) and the cranes. The flare is unable to operate because there is no longer a gas supply from shore to fuel the flare pilot. An operational crane is necessary to bring propane onto the platform to fuel the flare pilot. The cranes are not currently operational and further evaluation is required by the Petitioner to determine if the cranes may be available for future use pending repair.

During their evaluation, the Petitioner discovered well gas venting Reactive Organic Compounds (ROC) from leaks in components associated with the Houchin well heads. Pressure is building up in the processing systems, potentially creating unsafe pressure on the equipment. To safely vent the gas, flow was diverted to the flare header. Depressurizing the wells will cause ROC's to be emitted directly into the atmosphere because the flare is not operational. At this time, it is unknown how long it will take to identify and repair the leaks in components associated with the well heads. As a result, the Petitioner is seeking Variance coverage.

In addition, the District permit does not allow for scenarios of nonoperation. As a result, the Petitioner is required to conduct monitoring, maintenance activities, and source testing for equipment that is not functioning. Because these activities have been deemed unsafe by the Petitioner or are obsolete due to nonoperational equipment, the Petitioner is seeking Variance coverage.

6. Without Variance coverage, the Petitioner will be in violation of District Rules 331.D - I, 325.E, 359.D.2.b, and 206, Part 70 Permit to Operate 9109-R4, Conditions 9.C.1.b.v, 9.C.1.b.vi, 9.C.1.c.i, 9.C.2.a, 9.C.2.b, 9.C.2.c, 9.C.2.d, 9.C.6.b.ii, 9.C.6.b.iii, 9.C.6.b.iv, 9.C.9, 9.C.14, and 9.C.15.

7. Due to conditions beyond the reasonable control of the Petitioner, requiring immediate compliance with the referenced permit conditions and Rules is not possible. The deteriorated state of the platform is not a result of the Petitioners actions or lack of actions. The cranes are not operational, and an operational crane is required to transfer needed parts, supplies, and fuel to the platform to bring the flare (emission control equipment) back online. According to the Petitioner, many areas of the platform are unsafe to access, making monitoring, repair, testing, and maintenance activities unsafe for personnel to perform. As it is deemed safe, equipment will be accessed, evaluated for its operability and need in the decommissioning process, and then it will be removed, repaired or replaced and permitting will be obtained as required.
8. The closing or taking would be without a corresponding benefit in reducing air contaminants. The platform is not operating and will not resume production. At this time, it is in a state of deterioration that if not attended to may lead to the release of additional emissions.
9. The Petitioner has considered curtailing operations; however, the facility is not currently operating and is pending platform decommissioning.
10. During the period the Variance is in effect, the Petitioner will reduce emissions to the maximum extent feasible by removing, repairing, or replacing equipment as appropriate to the end goal of decommissioning the platform. One of the first steps will be to establish a working crane. A crane is needed for all aspects of work on the platform, including transferring personnel, parts, supplies, and fuel to operate needed equipment. With a working crane in place major safety repairs can be initiated and the flare can be brought back online. Compliance will be constantly assessed and modifications including removal and/or replacement of equipment will be done in compliance with established District permitting processes.
11. The Petitioner will visually and audibly monitor fugitive components for leaks and make the appropriate repairs when safe for personnel to perform the repair work.
12. If, due to reasons beyond the control of the Petitioner, successful repairs are 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.
14. The District staff supports the Petition as conditioned below.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Regular Variance be granted for the emission controls, monitoring, maintenance, and source testing requirements at the Petitioner's facility in violation of District Rules 331.D - I, 325.E, 359.D.2.b, and 206, Part 70 Permit to Operate 9109-R4, Conditions 9.C.1.b.v, 9.C.1.b.vi, 9.C.1.c.i, 9.C.2.a, 9.C.2.b, 9.C.2.c, 9.C.2.d, 9.C.6.b.ii, 9.C.6.b.iii, 9.C.6.b.iv, 9.C.9, 9.C.14, and 9.C.15 from March 3, 2021 through January 7, 2022, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. Petitioner shall submit monthly written reports to the Hearing Board and District, to variance@sbcapcd.org, starting on March 15, 2021 and shall continue on the 15th of every month for the duration of variance coverage. The report shall include the date and time any leaks are identified; current status of the leaks; date and time of corrective action(s) taken; dates, times and volume of gas vented through the flare header; steps taken to return/repair/replace crane to working status; current status of the crane; steps taken to get the flare working; current status of the flare; and monthly calculated excess emission (in lbs and tons of ROCs).
2. Petitioner shall submit a written report to the Hearing Board and District, to variance@sbcapcd.org, by February 15, 2022, or within thirty (30) days of the date compliance is achieved, whichever occurs first. The report shall include the date and time any leaks are identified; current status of the leaks; date and time of corrective action(s) taken; dates, times and volume of gas vented through the flare header; steps taken to return/repair/replace crane to working status; current status of the crane; steps taken to get the flare working; current status of the flare; and monthly calculated excess emission (in lbs and tons of ROCs).
3. Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order.
4. Failure to abide by all conditions of this Order shall subject the Petitioner receiving the variance to penalties set forth in Health and Safety Code section 42402.
5. 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.
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.
8. Petitioner shall submit deviation reports to the District for all violations of Federal requirements.

DATED: 4 Mar 21



Chair
Santa Barbara County Air Pollution Control District
Hearing Board