


ATTACHMENT 4

Draft Modification Variance Order 2021-04-M1

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-M1	01/05/2022
	Petitioner	Beacon West Energy Group, LLC	
	Permit #	9109-R4	
	Date Rec'd	12/06/2021	
	Time Rec'd	1620 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)
 Modification of Final Compliance Date)
 and Modification of Conditions of)
 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.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, and)
 9.C.9.)

H.B. Case No. 2021-04-M1

VARIANCE FINDINGS

AND ORDER

Beacon West Energy Group, LLC filed a Petition for a Modification of Final Compliance Date and Modification of Conditions of Regular Variance 2021-04-R on December 6, 2021. A hearing of the Modification of Final Compliance Date and Modification of Conditions of Regular Variance was held on January 5, 2022, 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.

HEARING

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. A nuisance as defined in District Rule 303 is not expected to occur as a result of this Variance.

4. If, due to reasons beyond the control of the Petitioner, successful repairs are not completed during this Variance period, additional relief will be sought.
5. District staff supports the Petition as conditioned below.

BACKGROUND

1. 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.
2. Oil and gas production operations have permanently ceased on Platform Houchin. All wells on the platform are currently shut-in while the facility awaits well plugging and abandonment and ultimately facility decommissioning.
3. On March 3, 2021, Variance Order 2021-05-R, was granted by the Hearing Board for 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.
4. The equipment listed in Regular Variance 2021-04-R including the north crane (APCD Device ID 004861), south crane (APCD Device ID 004860), and production flare (APCD Device ID 111640) remains non-operational.
5. During the variance period covered by Regular Variance 2021-04-R, the Petitioner assessed the platform status and initiated Level One repairs in 2021. Level One repairs are still in progress, which includes repairing structural issues, such as corrosion and is separate from equipment repairs.
6. The platform remains closed to non-essential personnel until the remaining Level One repairs are completed. Without a working crane, repairs cannot be made. The Petitioner is unsure when the Level One repairs will be completed due to the severe deterioration of the platform.
7. The crane inspection conducted in 2021 determined the north crane is not reparable and will not return to service. The south crane will be removed and rebuilt, planned for reinstallation the first quarter of 2023. The Petitioner plans to install a portable bull frog crane, which will support repair to the south crane, and will be deployed the third quarter of 2022, pending District permitting process.

8. The Petitioner is not pursuing further variance coverage for Part 70 Permit to Operate 9108-R4 Conditions 9.C.1.c.i and 9.C.15 (source testing requirements), and 9.C.14 (process stream analysis), as they are being addressed through a District permit modification. As a result, the Petitioner requested a Modification of Conditions of Regular Variance 2021-04-R, per Health and Safety Code §42356.
9. At this time the platform continues to be unsafe for non-essential personnel and remains out of compliance with the specified requirements listed above. The Petitioner is requesting a Modification of Final Compliance Date specified in Variance Order 2021-04-R (per Health and Safety Code §42357) to continue the safety repairs allowing for additional workers and equipment to be brought to the platform to continue the decommissioning process.

FINDINGS

1. 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.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, and 9.C.9.
2. Due to conditions beyond the reasonable control of the Petitioner, requiring immediate compliance with the referenced permit conditions and Rules is not possible. Very limited repairs have been completed due to lack of operable cranes. The Petitioner has had the cranes inspected; however, the north crane cannot be repaired, and the south crane requires significant repairs. 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 District permitting will be obtained as required.
3. 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 failure of the platform and release of additional emissions.
4. The Petitioner has considered curtailing operations; however, the facility is not currently operating and is pending platform decommissioning.

5. 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 with the end goal of decommissioning the platform. Compliance will be constantly assessed and modifications including removal and/or replacement of equipment will be done in compliance with established District permitting processes.
6. The Petitioner will monitor components for fugitive leaks monthly. The monitoring will be done visually, by using a leak detecting solution (soap solution), audibly, and when safe to do so by using a Method 21 approved device.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Modification of Final Compliance Date and Modification of Conditions of Regular Variance be granted for the emission controls, monitoring, and maintenance 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.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, and 9.C.9 from January 5, 2022 through January 4, 2023, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. The Petitioner shall meet the following Increments of Progress:
 - a. Complete repairs of handrails and grating in the well bay by June 30, 2022
 - b. Apply for a District permit and receive a permit completeness letter for the bull frog crane, or approved portable crane device by March 31, 2022
 - c. Install bull frog crane or approved device by permit by June 30, 2022
 - d. Remove the south crane for repair by January 4, 2023
 - e. Repair the flare by January 4, 2023
2. The Petitioner shall conduct monthly surveys to monitor the components for fugitive leaks. The surveys shall be done visually, by using a leak detecting solution (soap solution) and audibly. When it is deemed safe to do so, a Method 21-approved device shall be used for the monthly surveys. The petitioner shall keep the following records for each fugitive leak survey:
 - a. List of areas surveyed
 - b. Date and time each area was surveyed
 - c. Leak detection method used
 - d. List of all leaks found

- e. List of all leaks repaired, date and time of the repair, and description of the repair
3. The Petitioner shall vent all fugitive gas through the flare header, measure the gas vented through the flare header, and record the dates, times, and volume of gas vented through the flare header.
4. Petitioner shall submit monthly written reports to the Hearing Board and District, to variance@sbcapcd.org, starting on February 15, 2022, and shall continue on the 15th of every month for the duration of variance coverage. The report shall include:
 - a. Status of actions taken on Increments of Progress (see Condition 1 above).
 - b. List of Permitted Equipment and current status.
 - c. Status of ongoing repairs to platform, including those preventing compliance either by limiting access or acquiring materials for repair for conditions and rules subject to this variance.
 - d. Records for the monthly fugitive leak surveys (see Condition 2 above).
 - e. List of actions to be taken in the next month.
 - f. List of actions completed during the past month.
 - g. Current status of the crane(s)
 - i. North crane
 - ii. South crane
 - iii. Bull frog crane
 - iv. Any additional crane units
 - h. Current status of the flare.
 - i. Dates, times and volume of gas vented through the flare header.
 - j. Monthly excess emissions, if any, calculated in lbs and tons of ROCs.
5. Petitioner shall submit a written report to the Hearing Board and District, to variance@sbcapcd.org, by February 15, 2023, or within 30 days from the date compliance is achieved, whichever occurs first. This report will include a summary of all monthly reports and the final state of Platform Houchin with respect to this variance and the District Operating Permit 9109-R4.

6. Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order.
7. 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.
8. 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.
9. Each day during any portion of which a violation occurs is a separate offense.
10. The Environmental Protection Agency does not recognize California's Variance Program; therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.
11. Petitioner shall submit deviation reports to the District for all violations of federally-enforceable requirements.

DATED: _____

Chair
Santa Barbara County Air Pollution Control District
Hearing Board