


ATTACHMENT 2

Draft Regular
Variance Order
2022-05-R

July 1, 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	2022-05-R	07/01/2022
	Petitioner	Beacon West Energy Group, LLC	
	Permit #	9108-R4	
	Date Rec'd	05/10/2022	
	Time Rec'd	0939 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)
 325.E.1, and 206, Part 70 Permit to)
 Operate 9108-R4, Condition 9.C.9.)

H.B. Case No. 2022-05-R

VARIANCE FINDINGS

AND ORDER

Beacon West Energy Group, LLC filed a Petition for Regular and Interim Variances on May 10, 2022. Interim Variance 2022-04-I is scheduled to be heard on June 22, 2022, by Hearing Board Member Terence Dressler. If granted, the Interim Variance order will be in effect from May 10, 2022 through August 7, 2022, 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 Petition was held on July 1, 2022 in accordance with Health and Safety Code §40808. John Garnett and Keith Wenal 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.

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, compliance is not achieved 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 Hogan located on offshore lease tract OCS-P-0166, approximately 8 miles southeast from the City of Santa Barbara, California.
2. Oil and gas production has permanently ceased on Platform Hogan. All wells on the platform are currently shut-in while the facility awaits well plugging and abandonment and ultimately facility decommissioning.
3. The Petitioner is currently operating under Variance Order 2021-05-M1, which provides coverage from January 5, 2022 through January 4, 2023, or the date compliance is achieved, whichever occurs first. Variance Order 2021-05-M1 provides relief from the emission controls, monitoring, maintenance, and north crane source testing requirements at the Petitioner's facility. Variance Order 2021-05-M1 also includes coverage for a non-operational flare.
4. On May 4, 2022, a District Inspector conducted a fugitive leak inspection, per Rule 331, to determine if any hydrocarbon leaks were emanating from the permitted equipment. During the fugitive leak inspection, the District Inspector discovered hydrocarbon leaks emanating at a concentration greater than 50,000 ppm at wells A-14 and A-40.
5. Due to the deteriorated state of the platform, the Petitioner states Rule 331 repairs are unable to be made as identified in Variance Order 2021-05-M1. Variance Order 2021-05-M1, requires the Petitioner to monitor and report leaks and any corrective action taken to address the leak.
6. District Rule 325.E.1 and the Petitioner's permit requires emissions of produced gas to be controlled at all times. District Rule 325.E.1 further requires: a system handling gas for fuel, sale, or underground injection; a flare that combusts reactive organic compounds; or a device with a reactive organic compound vapor removal efficiency of at least 90% by weight. At this time, the Petitioner is unable to operate a control device for the following reasons: they are unable to process for sale, use as fuel or reinject the gas, the flare is not operational, and without a working crane with reach capacity and load requirements, they are unable to bring a device with 90% removal efficiency to the platform.
7. The Petitioner has evaluated the safety within the well bay and determined periodic venting of the gas to the flare header to address well pressure issues is preferred and the best option for worker safety. Due to potential safety issues associated with the high concentration of the leaks, the Petitioner states the wells must be intermittently depressurized to reduce potential impact to workers. Routing the gas from the wells through the well header and then through the flare stack is safer because it is away from personnel. The Petitioner anticipates the periodic venting will prevent fugitive leaks within the well bay. The flare header currently

does not have a flame. As a result, the Petitioner is requesting variance coverage.

FINDINGS

1. Without Variance coverage, the Petitioner will be in violation of District Rules 325.E.1 and 206, Part 70 Permit to Operate 9108-R4, Condition 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. The Petitioner is unable to process for sale, use as fuel or reinject the gas, the flare is not operational, and without a working crane with reach capacity and load requirements, they are unable to bring a device with 90% removal efficiency to the platform. The Petitioner submitted an application for a portable crane on March 29, 2022 which was deemed complete by the District on April 28, 2022. However, this portable crane doesn't have the reach capacity and load requirements needed to bring a device with 90% removal efficiency to the platform. In addition, due to the deteriorated state of the Platform, the necessary repairs cannot be made in the well bay.
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.
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 only venting long enough to reduce the pressures of the leaking wells to eliminate hazards to personnel in the well bay. Venting will occur in the mornings and will last for approximately 1 – 4 hours, until well pressures are reduced to zero, as determined by pressure gauges. The valve to the flare header will be closed at all other times, with a visual confirmation the valve is shut.
6. The Petitioner will monitor venting activities through the flare header using a flare meter measuring the volume of gas. Concentrations obtained during the May 2022 District inspection will be used to calculate the mass emissions. Planning is now underway for the Petitioner to initiate Method 21 inspections.
7. If, due to reasons beyond the control of the Petitioner, compliance cannot be achieved during this Variance period, additional relief will be sought.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Regular Variance be granted for venting gas through the flare header without an emission control device in violation of District Rules 325.E.1 and 206, Part 70 Permit to Operate 9108-R4, Condition 9.C.9 from July 1, 2022 through May 9, 2023, 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 July 15, 2022 and shall continue on the 15th of every month for the duration of variance coverage. The report shall include the date, time, volume, and duration of all venting activities through the flare header; Method 21 inspection log as required by Rule 331.G.4; date, time, location, and concentration of additional leaks identified; corrective action(s) taken; and excess emissions in lbs/day and totaled for the month.
2. The granting of this Variance shall not preclude or supersede any requirement included in an existing Variance Order. If conflicts are identified, the most stringent requirement shall apply.
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: _____

Terence Dressler
Santa Barbara County Air Pollution Control District
Hearing Board