

H.B. Case No.:	<u>2021-04-M2</u>
Petitioner:	<u>Beacon West Energy Group, LLC</u>
Permit No.:	<u>PT 70/PTO 9109-R4</u>
Date Rec'd:	<u>November 7, 2022</u>
Time Rec'd:	<u>1537 hours</u>
Filing Fee Paid:	<u>\$686.00</u>

## PETITION FOR VARIANCE

### Type of Variance Requested:

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

Length of Variance Requested: Start Date 12-31-22

End Date 12-30-23

<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: 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 a remaining portion of the permit conditions and rule provisions cited in Variance Order 2021-04-M1.

In 2022 Beacon West continued inspecting the platform for potentially unsafe conditions and correcting hazardous workplace issues where possible under the current maintenance and monitoring program. Critical Level 1 repairs have been started in 2022, but completed repairs are very limited due to lack of operating cranes. Note that installation of cranes will commence in January 2023. The platform remains closed to non-essential personnel until critical Level 1 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 future decommissioning, with only well heads and deck drain tanks as current potential emissions sources. The facility flare remains non-operational because there is no pilot gas source, and further inspection of the flare system and associated components is still pending, as there are currently no working cranes on the platform to enable flare boom inspection and subsequent repairs. While there are currently no operational cranes on Platform Houchin, a "stiff-leg" crane has been installed and will be used to remove the South (Unit) Crane; and the refurbished Unit 500 crane removed from Platform Hogan is scheduled to be installed on Houchin by February 1, 2023. The North Crane is not reparable and will not return to service, this crane will be removed from the platform. Deployment of a new portable crane to Platform Houchin is planned for Q2 2023; (this crane will be used at both platforms for various activities), a jib crane was put into service in 2022 enabling a limited amount of 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. 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 on Houchin are currently non-operational; refurbished South (Unit) Crane will be installed and operational by February 2023 and the North Crane will not return to service. Procurement of new cranes has been completed and permitting is in progress. Installation of cranes will allow for repairs needed to implement I&M program.
2. Flare – not currently operational due to pending inspection and repairs, therefore required presence of pilot flame, and thermocouple monitoring, cannot be achieved. Installation of cranes will allow for flare repairs and return to service in Q2 2023.
3. Well gas venting - Multiple valves and components 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 periodically diverted and vented through the flare stack, increased pressure on this equipment can present significant safety hazards and possibly induce additional leaks. Well repairs will require a significant mobilization of well work rig and associated equipment which is prescribed to occur as the first phase of well plug and abandonment activities.
4. Increments of Progress (IOP) extension – Note that all cranes for Platform Houchin will be installed in 2023: the South Crane is scheduled to be installed in January 2023, and Portable Crane is scheduled to be installed in May 2023. Crane installations will allow for repairs necessary to achieve compliance with aforementioned items 1-3. Please refer to the following IOP Table with proposed updated deadlines:

Increments of Progress (IOP)/Associated Variance	Current IOP Date	Proposed IOP Date
Complete repairs of handrails and grating in well bay/2021-04-M1	12/31/2022	6/30/2023
Install bull frog crane or approved device by permit/2021-04-MS	1/4/2023	6/30/2023
Repair flare/2021-04-M1	1/4/2023	5/31/2023

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) repairs to address the unsafe working conditions associated with severely dilapidated handrails, decking, and grating of the well bay which continued throughout 2022 are not completed, and 2) continued inoperability of the cranes through all of 2022, preventing material and equipment transfer to the platform. Handrail/grating and decking repairs will commence when an operable crane is available, currently scheduled for the end of January 2023.

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.

With regard to the leaking wells, to enable us to address the fugitive emissions on Platform Houchin there will need to be a substantial mobilization of well repair equipment to the platform. Required equipment will include a workover rig, fluid tanks, pumps and circulatory equipment. This equipment is needed from a well control perspective and will be used to kill each individual well prior to addressing each well issue. The scheduling for this equipment to be installed on Platform Houchin is not within Beacon West's scope of work under the maintenance and monitoring program. Note that there are a few wellhead clamps that have shown fugitive leaks; these wells will need a well work rig and associated equipment to enable safe well work and to address any contingencies that may occur during the well head investigations and repairs.

## 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.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.
- 2) Requesting modification to the remaining increments of progress – handrails, flare, portable crane installation.

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 still 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 installing new cranes will begin in January 2023.

Regarding the intermittent well gas venting in order to reduce pressure, 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 replacement of cranes, then conduct structural repairs required for the evaluation and ultimate repair of well head valves and associated equipment.

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.

It should be noted that repairs needed to bring the facility into compliance depend upon working cranes. The crane deployment process for Platform Houchin, involving removal of existing crane for total overhaul, specifying and

procurement of new Tier 4 engine, and mobilization of a rental crane to re-install refurbished crane on platform, has been aggressive and continuous in 2022. The following is the cranes project timeline for 2022 into 2023:

- The original crane workplan was to first install the large portable crane at Platform Houchin, to remove the existing South (Unit) crane, support some of the initial repairs to the platform (while waiting for the arrival of the refurbished South crane previously on Platform Hogan), and install the new South crane when it becomes available. The large portable crane was ordered Dec 2021 and was originally slated to be delivered by end of June 2022. But due to supply chain delays incurred by the vendor related to the diesel engine procurement and additional delays in the design/fabrication of the beam package, the current estimated delivery of the large portable crane is now February 2023 and will initially be delivered to Platform Hogan. A second, unique (Nautilus) portable crane has been ordered and is scheduled to be installed at Platform Houchin in 2Q 2023. This represents an additional crane on Houchin to support platform repairs.
- The team further worked on revising the crane schedule to provide a crane for Houchin as soon as possible. After carefully reviewing the crane layouts, the team was able to develop a plan for the installation and use of rental cranes to remove and reinstall the South crane on Houchin. This process was started in October 2022 and we expect to have the South crane now commissioned by January 2023. This represents an earlier installation of the permanent crane on the platform than previously planned.

- 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 working conditions in 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 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 maintain and preserve the structure 2022, as reported in monthly updates required by Variance Order 2021-04-M1

- 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. Specific to the well gas venting, Beacon West continues its program 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.
- 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: November 7, 2022

SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

EHSR Advisor

PRINT NAME: \_\_\_\_\_

John Garnett