

# **Platform Operator Status**

# PARTIAL STAY AGREEMENT FOR CERTAIN MAINTENANCE AND MONITORING ACTIVITIES TO PRESERVE LEASE ASSETS FOR DECOMMISSIONING

This Partial Stay Agreement for certain maintenance and monitoring activities, as defined herein, to preserve lease assets for decommissioning on Lease P-0166, which is located on the Outer Continental Shelf offshore of California, ("Agreement"), dated Louis 12, 2021, 2020 (the "Effective Date"), is entered into by and among ConocoPhillips Company ("ConocoPhillips"), OXY U.S.A. Inc. ("OXY"), and Devon Energy Corporation ("Devon"), on the one hand (collectively, the "Order Recipients") and, the Bureau of Safety and Environmental Enforcement ("BSEE") and the Bureau of Ocean Energy Management ("BOEM") (together the "Parties"), on the other hand.

### AGREED TERMS

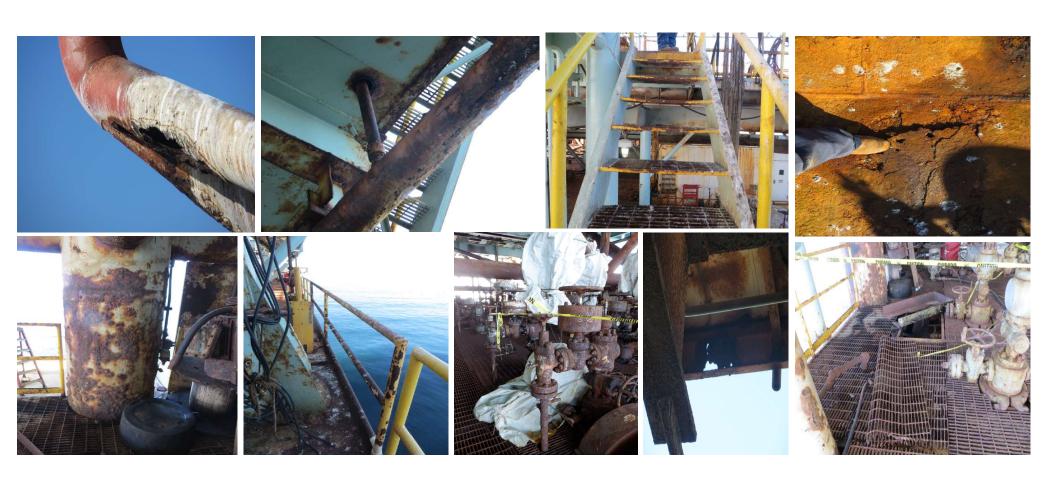
- ConocoPhillips, on behalf of the Order Recipients, will initially engage BWEG as maintenance and monitoring personnel ("M&M Personnel") to perform work under this Agreement. The Parties agree that such M&M Personnel is not an "operator" of the Lease as that term is used or interpreted in BSEE and BOEM regulations, policies, or guidance documents. ConocoPhillips, on behalf of the Order Recipients, may at its discretion (after submitting notice to BSEE) substitute or appoint different M&M Personnel in place of BWEG.
- 13. This Agreement shall be effective among the Parties upon its execution by such Parties and shall continue until the Order Recipients' appeal(s)to the IBLA is or are fully and finally resolved. If

# Facility & Equipment Status

- Platform Houchin is permanently shut down, wells shut-in, pipelines to shore isolated.
- No potable water and no marine sanitary systems are operational.
- Firewater system is in significant disrepair
- No cranes currently in service, first crane scheduled to be operational in January 2023.
- Platform flare system out of service and nonoperational, scheduled for return to operational status in Q2 2023.
- Severely reduced platform integrity limits safe access to structure (walkways, handrails, decking and stairways). Repairs to these areas have commenced and will be accelerated in first half of 2023 upon installation of crane.

# Facility Status – Maintenance & Monitoring

- Safety of personnel is critical during necessary ongoing maintenance
  & monitoring activities. Access limited to essential personnel only.
- Managing air quality (APCD) and NPDES permit compliance.
- Necessary inspections, maintenance and repairs for the preservation of platform.
  - Limited Level 1 facility repairs were completed in 2022; handrails, decking, stairways.
- Complete refurbishment of Unit 500 crane for installation in January 2023.
- Complete acquisition and modification of 1 additional portable crane for installation on Platform Houchin in 2<sup>nd</sup> quarter 2023.



Platform Houchin

# Platform Houchin Well Bay







# Houchin Summary

- Crane installations are critical path for completion by mid-year 2023 to facilitate Level 1 repairs to platform.
- Fugitive leaks in the well bay will not be repaired until a rig is in place to intervene and commence well P&A activities as stipulated in the Partial Stay Agreement. Entities responsible for wells intervention will not be determined until IBLA Appeals Resolution.

# SIX EXPLICIT FINDINGS

- 1. APPLICANT IN VIOLATION of district rule or HSC 41701 (Visible Emissions)
- 2. NONCOMPLIANCE due to CONDTIONS BEYOND APPLICANTS REASONABLE CONTROL and requiring compliance would result in UNREASONABLE TAKING OF PROPERTY or CLOSING OF BUSINESS?
- 3. SUCH TAKING is WITHOUT CORRESPONDING BENEFIT in reducing pollution.
- 4. APPLICANT has considered CURTAILING OPERATIONS.
- APPLICANT will REDUCE EMISSIONS to maximum extent feasible.
- 6. APPLICANT will MONITOR and REPORT emissions.

# Two Implicit Findings

- OPERATION under variance NOT a NUISANCE.
- 2. OTHER REQUIREMENTS to guarantee EXPEDITIOUS COMPLIANCE with emissions standards or increments of progress.

# Explicit Findings

# 1. APPLICANT IN VIOLATION of district rule or HSC 41701 (Visible Emissions)

- Rule 325.E (Crude Oil Production and Separation)
- The emissions of produced gas shall be controlled at all times using a properly maintained and operated system that directs all produced gas, except gas used in a tank battery vapor recovery system, to one of the following:
  - A system handling gas for fuel, sale, or underground injection.
  - A flare that combusts reactive organic compounds.
  - A device with a reactive organic compound vapor removal efficiency of at least 90% by weight.

### **Beacon West response:**

Per the U.S Bureau of Safety and Environmental Enforcement (BSEE) that the fugitive leak repairs are beyond the "work reasonably necessary to maintain safety and environmental protection," as specified in the Partial Stay Agreement. Therefore, the Petitioner is not responsible for conducting this fugitive leak repair work until the Order Recipients' appeal(s) to the Interior Board of Land Appeals (IBLA) is or are fully and finally resolved (Appeal Resolution). Leaks deemed safe to repair will be repaired to the extent possible.

# Explicit **Findings**

### APPLICANT IN VIOLATION of district rule or HSC 41701 (Visible Emissions)

- District Rule 331.D-I (Fugitive Emissions Inspection and Maintenance)
- Sec D Requirements General
- Sec E Requirements Repair
- Sec F Requirements Inspection
- Sec G Requirements Recordkeeping and Reporting
- Sec H Requirements Test Methods
- Sec I Requirements Compliance Schedule

# Beacon West response:

Per the U.S Bureau of Safety and Environmental Enforcement (BSEE) that the fugitive leak repairs are beyond the "work reasonably necessary to maintain safety and environmental protection," as specified in the Partial Stay Agreement. Therefore, the Petitioner is not responsible for conducting this fugitive leak repair work until the Order Recipients' appeal(s) to the Interior Board of Land Appeals (IBLA) is or are fully and finally resolved (Appeal Resolution). Leaks deemed safe to repair will be repaired to the extent possible.

# Explicit Findings

# 1. APPLICANT IN VIOLATION of district rule or HSC 41701 (Visible Emissions)

- District Rule 359.D.2.b (Flares and Thermal Oxidizers)
  - Flare shall be equipped with auto-ignition system or shall operate with a flame present at all times, and presence of the flame in pilot of the flare shall be continuously monitored with a thermocouple.

# **Beacon West response:**

 Pending installation of South Crane in January 2023 to perform inspection and subsequent repairs of the flare boom, and to piping and system components. Project will be completed in 2023.



# 1. APPLICANT IN VIOLATION of district rule or HSC 41701 (Visible Emissions)

- District Rule 206 (PTO 9109) & Permit Conditions
  - 9.C.2.a-d Fugitive Hydrocarbon Emissions Components
    - Emission Limits
    - Operational Limits
    - Monitoring
    - Recordkeeping
  - 9.C.6.b(ii-iv) Combustion Equipment Flare
    - Operational Limits
    - Monitoring
    - Recordkeeping
  - 9.C.9 Control of Produced Gas

- Aforementioned well repair limitations in accordance with the Stay Agreement
- Crane required to return flare to operation will be installed in January 2023



2. NONCOMPLIANCE due to CONDITIONS BEYOND APPLICANTS REASONABLE CONTROL and requiring compliance would result in UNREASONABLE TAKING of PROPERTY or CLOSING of BUSINESS?

- Ongoing and continuous inspection and repairs on Platform Houchin during 2022, but further repairs are needed due to deteriorated conditions.
- Limited repairs only due to lack of operable cranes.
- Ability to repair fugitive leaks from wells is limited, however full repairs are beyond the responsibility of the Petitioner until the Appeal Resolution.



# 3. SUCH TAKING is WITHOUT CORRESPONDING BENEFIT in reducing pollution.

- Platform no longer producing. All wells are shut-in pending well plug and abandonment.
- Platform requires ongoing Maintenance & Monitoring to prevent further deterioration.
- Without a well rig in place, requiring immediate repair to fugitive leaks may increase damage to wells and result in increased emissions.



# 4. APPLICANT CONSIDERED CURTAILING OPERATIONS IN LIEU OF VARIANCE.

# **Beacon West response:**

 Curtailing operations has been considered, however the facility is not currently operating and is pending decommissioning.

# Explicit Findings

### 5. APPLICANT will REDUCE EMISSIONS to maximum extent feasible.

- During the period the variance is in effect, emissions will be reduced to the maximum extent feasible by removing, repairing, or replacing equipment as appropriate.
- Compliance will be constantly assessed and modifications including removal and/or replacement of equipment will be done in compliance with District permitting procedures.



### 6. APPLICANT will MONITOR and REPORT emissions

- Monthly monitoring will be done for fugitive leaks.
  Monitoring will be done visually using soap solution, audibly, and using a Method 21 approved device when safe to do so.
- Permitted emissions will continue to be reported semiannually as required by PTO 9109

# Two Implicit Findings

### 1. OPERATION under variance NOT a NUISANCE.

### **Beacon West response:**

Cessation of oil and gas production, limited equipment operation and remote offshore location ensures no nuisance potential.

2. OTHER REQUIREMENTS to guarantee EXPEDITIOUS COMPLIANCE with emissions standards or increments of progress.

# **Beacon West response:**

Prescribed repair and project schedule has been established, and these activities continue. Increments of Progress for 2023 have been established and agreed to with the District.

Q & A

