



air pollution control district
SANTA BARBARA COUNTY

HEARING BOARD STAFF REPORT

TYPE: **MODIFICATION OF FINAL
COMPLIANCE DATE AND
MODIFICATION OF
CONDITIONS OF REGULAR
VARIANCE**

CASE NO: **2021-04-M2**

DATE: **December 7, 2022**

1.0 GENERAL INFORMATION:

- 1.1 PETITIONER COMPANY NAME: Beacon West Energy Group, LLC (Beacon West)
- 1.2 EQUIPMENT LOCATION: Platform Houchin, Offshore Lease Tract OCS-P-0166
- 1.3 PERMIT NUMBER(S): Part 70 Permit to Operate 9109-R4
- 1.4 FACILITY NAME/ID: Platform Houchin/FID 8002
- 1.5 FACILITY DESCRIPTION: Platform Houchin is a nine leg, 60 wellhead slot platform which has not produced oil, water, or gas since December 2014. When the platform was in operation, sweet natural gas and crude oil emulsion were produced. Both products were transported via sub-sea pipelines to the La Conchita oil and gas plant in Ventura County. In addition to oil and gas related equipment (e.g., flare, storage tanks, vapor recovery system, etc.) the platform also has the following equipment: cranes and associated engines, emergency generator, and an emergency firewater pump. The platform is located approximately 7 miles southeast from the City of Santa Barbara.

- 2.0 REASON FOR THE VARIANCE REQUEST:** On November 6, 2020, Conoco Phillips notified Beacon West Energy Group, LLC (Petitioner) they could begin platform oversight. Shortly thereafter, the Petitioner discovered the platform was significantly deteriorated and the platform could not comply with certain District requirements. Oil and gas production operations had permanently ceased, and all wells on the platform were shut-in while the facility started undergoing repairs and prepared for well plugging and abandonment and facility decommissioning. However, before compliance could be achieved, platform safety concerns needed to be addressed. As a result, the Petitioner initially requested variance coverage in 2021, resulting in the granting of Variance Order 2021-04-R. The Petitioner came back to the Hearing Board in January 2022, requesting an extension because compliance could not be achieved within the variance period. As a result, the Hearing Board granted Variance Order 2021-04-M1.

Since the initial granting of Variance Order 2021-04-R, some conditions have been complied with and removed from subsequent modifications. Specifically, the Petitioner is not pursuing further variance coverage for 5 permit conditions included in the Variance Order 2021-04-M1 because they are able to comply with these requirements.

At this time, the platform remains out of the compliance with District Rules 325.E, 331.D - I, 359.D.2.b, and 206, Part 70 Permit to Operate 9109-R4 Conditions 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. Therefore, in accordance with Health and Safety Code section 42357, the Petitioner is requesting a Modification of Conditions and

Modification of Final Compliance Date of Variance Order 2021-05-M1, to continue the safety repairs allowing for additional workers and equipment to be brought to the platform to continue their efforts to achieve compliance.

The Petitioner states that due to the deteriorated condition of the wellheads, the ongoing fugitive leaks in the well bay cannot be repaired until a well rig is in place to intervene and commence the plugging and abandonment program because of the potential for the attempted repairs to create a worse situation that may result in increased emissions. The District confirmed with 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 Agreed Term #2 of the Partial Stay Agreement for Certain Maintenance and Monitoring Activities to Preserve Lease Assets for Decommissioning (Partial Stay Agreement) (Attachment 1). 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). BSEE stated that the Appeal Resolution timeframe is unknown, but the last Appeal Resolution BSEE was involved with took 5 years. BSEE has no control over the Appeal Resolution timeframe and there is no way for them or the Order Recipients to accelerate the process. Lastly, the District confirmed with BSEE that there are no other responsible parties to conduct this fugitive leak repair work.

If granted, variance Order 2021-04-M2, would provide coverage for the emission controls, monitoring, and maintenance requirements at the Petitioner’s facility from December 31, 2022 through December 30, 2023, or the date compliance is achieved, whichever occurs first.

3.0 BACKGROUND: On June 28, 2019, the State Lands Commission terminated the right-of-way lease to Signal Hill Services, Inc (Signal Hill). The right-of-way lease allowed for use and maintenance of four submerged pipelines for Platforms Hogan and Houchin, operated by Pacific Operators Offshore, LLC (POOI). These submerged pipelines were used to send oil and gas to the La Conchita Oil and Gas Processing Facility in Ventura County. Signal Hill attempted to renew the right-of-way lease, however, it was denied.

In September 2019, POOI notified the U.S Bureau of Safety and Environmental Enforcement (BSEE), the District, and other agencies they intended to cease all crude oil and natural gas production operations from platforms Hogan and Houchin. Shortly after, POOI stopped adequately maintaining and operating the platforms.

On November 6, 2020, BSEE issued an Order to ConocoPhillips Company, OXY U.S.A. Inc., and Devon Energy Corporation (referred to collectively as the Order Recipients) to commence decommissioning of Lease Assets of Lease P-0166 pursuant to 30 C.F.R. Part 250, subpart Q. Lease P-0166 assets consist of offshore platforms Hogan and Houchin, along with associated facilities, wells and pipelines located on the Lease lands. In response to the Order, the Order Recipients informed BSEE that they would appeal the Order to the Interior Board of Land Appeals (IBLA).

Pending the appeal of the Order, on November 29, 2020, BSEE, the U.S. Bureau of Ocean Energy Management (BOEM), and the Order Recipients executed a Partial Stay Agreement for Certain Maintenance and Monitoring Activities to Preserve Lease Assets for

Decommissioning (Partial Stay Agreement), requiring certain maintenance and monitoring work reasonably necessary to maintain safety and environmental protection and to preserve the assets for decommissioning. The Partial Stay Agreement was effective upon execution and continues until the Order Recipients' appeal(s) to the IBLA is or are fully and finally resolved (Appeal Resolution).

On November 6, 2020, ConocoPhillips notified Beacon West Energy Group, LLC (Petitioner) they could begin platform oversight. The Partial Stay Agreement identifies the Petitioner as the “maintenance and monitoring personnel” performing work under the Partial Stay Agreement. During the evaluation process, the Petitioner discovered the platforms are significantly deteriorated causing safety concerns. Before the decommissioning process can begin, platform safety concerns need to be addressed.

Variance Order 2021-04-R was granted by the Hearing Board on March 3, 2021. Variance Order 2021-04-M1, extending coverage for Variance Order 2021-04-R, was granted by the Hearing Board on January 5, 2022. On November 7, 2022, the Petitioner submitted a Petition to request a Modification of Conditions and Modification of Final Compliance Date of Regular Variance Order 2021-04-M1.

The following District Rules and Conditions were included in the previous Variance Orders:

Variance Order 2021-04-R: 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.

Variance Order 2021-04-M1: 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.

Variance Order 2021-04-M1 included the following increments of progress:

Increment of Progress	Due Date	Status
Apply for a District permit and receive a permit completeness letter for the bull frog crane, or approved portable device	April 30, 2022	Complete
Install bull frog crane or approved device by permit	September 30, 2022	Complete
Complete repairs of handrails and grating in well bay	December 31, 2022	Not yet complete
Remove the south crane for repair	January 4, 2023	Not yet complete
Repair the flare	January 4, 2023	Not yet complete

The excess emissions associated with Variance Order 2021-04-R and 2021-04-M1 are listed below.

	2021-04-R	2021-04-M1
Month	Excess Emissions	
January		4.247 tons
February	5.238 tons	3.701 tons
March	3.737 tons	4.008 tons
April	8.554 tons	3.895 tons
May	5.658 tons	4.028 tons
June	5.201 tons	3.875 tons
July	5.418 tons	3.903 tons
August	4.693 tons	3.700 tons
September	5.072 tons	5.913 tons
October	4.712 tons	2.423 tons
November	4.421 tons	Not yet reported
December	4.392 tons	Not yet reported
TOTAL	57.095 tons	39.702 ns

- 4.0 PERMITTING HISTORY:** The Petitioner submitted an application for transfer of owner operator for Part 70 Permit to Operate 9109-R4 on November 20, 2020. The transfer of owner operator application was deemed complete on November 30, 2020, and issued on December 9, 2020. On December 6, 2021, the Petitioner submitted a permit modification application to modify Part 70 Permit to Operate 9109-R4. The permit modification application (PTO Mod 9109-04), was deemed complete on December 7, 2021 and issued final on November 9, 2022. On April 1, 2022, the Petitioner submitted an application to increase crew and supply boat CO emission factors. The application was deemed complete on April 27, 2022, and the Authority to Construct permit was issued final on October 19, 2022. On October 18, 2022, the Petitioner submitted a permit exemption application to install a portable crane to remove and install stationary cranes for the platform south crane overhaul. The permit exemption was issued on November 4, 2022.

The Petitioner also submitted permit applications to operate additional crew and supply boats, install a new portable crane, and replace the engine on the South Crane. The permits associated with these recent permit applications have not yet been issued final.

- 5.0 COMPLIANCE HISTORY:** No NOV's have been issued to the facility within the last three years.

6.0 REGULATORY ANALYSIS: The Petitioner has requested the below permit conditions and rules to be included in Variance Order.

- **Part 70 Permit to Operate 9109-R4, Condition 9.C.2.a-d (Fugitive Hydrocarbon Emissions Components)**

C.2 The following equipment is included in this emissions unit category:

ID No.	Equipment. Item Name, Number of Component Leak Paths/item
	<i>Oil Service Components</i>
102718	Components -- Controlled (4,984 component leak paths)
102719	Components -- Unsafe (301 component leak paths)
	<i>Gas/Light Liquid Service Components</i>
102717	Components -- Controlled (1,317 component leak paths)
105826	Components -- Unsafe (116 component leak paths)

- (a) Emission Limits: Emissions from equipment items listed in the table above shall meet the limits listed for these items in Tables 5.1-3 and 5.1-4 of this permit. Compliance with these limits shall be assessed through compliance with the monitoring, record-keeping and reporting (MRR) conditions listed in this permit. (*Reference: OCS PTO 9109*)
- (b) Operational Limits: Operation of the equipment listed in this section shall conform to the requirements listed in District Rule 331.D and E. Compliance with these limits shall be assessed through compliance with the monitoring, recordkeeping, and reporting conditions in this permit. In addition POO-LLC shall meet the following specific requirements:
- (i) The District-approved I&M Plan for Platform Houchin shall be implemented for the life of the facility. The Plan, and any subsequent District-approved revisions, is incorporated by reference as an enforceable part of this permit.
- (ii) The total leak-path component counts listed in POO-LLC's most recent I&M component leak-path inventory (*e.g., Avanti Report to the District dated 8/6/2001*) shall not exceed the total leak-path component counts listed in the Table above (Section 9.C.2) and the Table 5.1-1 by more than five percent.

- (iii) All routine venting of hydrocarbons shall be routed to either the sales compressor, flare header, injection well or other District-approved control device.

(References: District Rule 331, 40 CFR 70.6.a.3.(iii), OCS PTO 9109)

- (c) Monitoring: The equipment listed in this section is subject to all the monitoring requirements listed in District Rule 331.F. The test methods in Rule 331.H shall be used, when applicable.

(References: District Rule 331, 40 CFR 70.6.a.3.(iii))

- (d) Recordkeeping: All inspection and repair records shall be retained at the source for a minimum of five years. The equipment listed in this section is subject to all the recordkeeping requirements listed in District Rule 331.G. In addition, POO-LLC shall do the following:

POO-LLC shall record in a log the following:

- a record of leaking component-leak-paths found (including name, location, type of component-leak-path, date of leak detection, the ppmv reading, date of repair attempt, method of detection, date of re-inspection and ppmv reading after leak is repaired);
- a record of the total component leak paths inspected and the total number and percentage found leaking by component-leak-path type;
- a record of leaks from critical component-leak-paths;
- a record of leaks from component-leak-paths that incur five repair actions within a continuous 12-month period;
- a record of component-leak-path repair actions including dates of component-leak-path re-inspections; and
- calibration records of Organic Vapor Analyzer including dates and methods of calibration and repair

[References: District Rule 331]

- **Part 70 Permit to Operate 9109-R4, Condition 9.C.6.b.ii-iv (Combustion Equipment – Flare Operational Limits)**

(b) Operational Limits:

- (ii) *Ignition System* - The outlet shall be equipped with an automatic ignition system including a pilot-light gas source or equivalent system, or, shall operate with a pilot flame present at all times - with the exception of purge periods for automatic-ignition equipped flares or thermal oxidizers.

(iii) *Flame Monitoring* - The presence of the flame in the pilot of the flare shall be continuously monitored using a thermocouple or an equivalent device that detects the presence of a flame.

(iv) *Flame Operation* - The flame shall be operating at all times when combustible gases are vented through the flare.

- **Part 70 Permit to Operate 9109-R4, Condition 9.C.9 (Produced Gas)**

C.9 **Produced Gas.** POO-LLC shall direct all produced gases to the sales compressors, the flare header or other permitted control device when degassing, purging or blowing down any oil and gas well or tank, vessel or container that contains reactive organic compounds or reduced sulfur compounds due to activities that include, but are not limited to, process or equipment turnarounds, process upsets (e.g., well spikes), well blowdown and Bureau of Safety and Environmental Enforcement ordered safety tests. [Reference: District Rules 325, 331, PTO 9109]

- **District Rule 325.E**

E. Requirements for Produced Gas

1. 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. A system handling gas for fuel, sale, or underground injection.
 - b. A flare that combusts reactive organic compounds,
 - c. A device with a reactive organic compound vapor removal efficiency of at least 90% by weight.
2. The provisions of Section E.1 shall not apply to wells which are undergoing routine maintenance.

- **District Rule 359.D.2.b - Requirements**

2. Technology-based Standard

The owner or operator of any source subject to this Rule shall comply with the following technology standards:

- b. All new and existing flares and thermal oxidizers shall comply with the following:
 - 1) The outlet shall be equipped with an automatic ignition system including a pilot-light gas source or equivalent system, or, shall operate

with a pilot flame present at all times -- with the exception of purge periods for automatic-ignition equipped flares or thermal oxidizers.

- 2) The presence of the flame in the pilot of the flare or the thermal oxidizer shall be continuously monitored using a thermocouple or an equivalent device that detects the presence of a flame, unless such device(s) can be demonstrated by the permittee to be infeasible, based on engineering, safety or costs constraints, and to the satisfaction of the Control Officer; and,
- 3) The flame shall be operating at all times when combustible gases are vented through the flare or thermal oxidizer.

- **District Rule 331 – Fugitive Emissions Inspection and Maintenance (see Attachment 1 for District Rule 331)**

7.0 **EMISSIONS ANALYSIS:** The excess emissions associated with Variance Order 2021-04-R and 2021-04-M1 are listed below.

	2021-04-R	2021-04-M1
Month	Excess Emissions	
January		4.247 tons
February	5.238 tons	3.701 tons
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October	4.712 tons	2.423 tons
November	4.421 tons	Not yet reported
December	4.392 tons	Not yet reported
TOTAL	57.095 tons	39.702ns

The Petitioner anticipates the excess emissions to decrease once they have an operational flare. The Petitioner states installation of well gauges will allow the Petitioner to determine if it is safe to periodically vent through the flare header in lieu of constantly venting to the flare header. The Petitioner plans to initiate the well gauge installation by April 1, 2023. However, worst case scenario, the Petitioner expects the excess emissions to be similar as the previous variances.

8.0 ***RESERVED***

9.0 **OTHER FACTORS:** None.

10.0 DISTRICT RECOMMENDATION: The District supports the Petitioner's variance request, with the potential for extensions in the future. With the one-year duration, the Hearing Board will have the opportunity to reevaluate the situation and the status of the Appeal Resolution.

11.0 ATTACHMENTS:

- Attachment 1 – Partial Stay Agreement for Certain Maintenance and Monitoring Activities to Preserve Lease Assets for Decommissioning (Partial Stay Agreement)
- Attachment 2 – District Rule 331 – Fugitive Emissions Inspection and Maintenance
- Attachment 3 – Variance Order 2021-04-M1
- Attachment 4 – Variance Order 2021-04-M1 Monthly Updates
- Attachment 5 – Draft Modification Variance Order 2021-04-M2



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Compliance Division

November 29, 2022
Date