


## ATTACHMENT 5

Draft Modification Variance Order 2021-04-M2

December 7, 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-M2	12/07/2022
	Petitioner	Beacon West Energy Group, LLC	
	Permit #	9109-R4	
	Date Rec'd	11/07/2022	
	Time Rec'd	1537 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 Regular Variance from )  
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. )

**H.B. Case No. 2021-04-M2**

### 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-M1 on November 7, 2022. A hearing of the Modification of Final Compliance Date and Modification of Conditions of Regular Variance was held on December 7, 2022, in accordance with Health and Safety Code section 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, 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. 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.
3. 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.
4. 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.
5. In response to the Order, the Order Recipients informed BSEE that they would appeal the Order to the Interior Board of Land Appeals (IBLA).
6. On November 6, 2020, ConocoPhillips notified Beacon West Energy Group, LLC (Petitioner) they could begin platform oversight.
7. 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).
8. The Partial Stay Agreement identifies the Petitioner as the “maintenance and monitoring

personnel” performing work under the Partial Stay Agreement.

9. 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.
10. 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.
11. On January 5, 2022, Variance Order 2021-04-M1, was granted by the Hearing Board for 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.
12. The equipment associated with Regular Variance 2021-04-M1, production flare (APCD Device ID 111640), remains non-operational.
13. During the variance period covered by Regular Variance 2021-04-M1, the Petitioner continued to assess platform status and initiated Level One repairs in 2022. Due to crane limitations, Level One repairs are still in progress, which includes repairing structural issues, such as corrosion and is separate from equipment repairs, but are still limited due to lack of operational cranes.
14. 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 and crane availability.
15. The crane inspection conducted in 2021 determined the north crane is not reparable and will be removed from the platform. A jib crane was put into service in 2022 enabling a limited amount of repair activities. A “stiff-leg” crane has been installed and will be used to remove the south crane on December 20, 2022. The refurbished 500 crane (south crane) was removed from Platform Hogan is scheduled to be installed on Platform Houchin by February 1, 2023.
16. 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.
17. The District confirmed with 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. Therefore, the Petitioner is not responsible for conducting this fugitive leak repair work until the 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.

18. The Petitioner is not pursuing further variance coverage for Part 70 Permit to Operate 9108-R4 Conditions 9.C.1.b.v (Crane Operating Maintenance Requirements) and 9.C.1.b.vi (Emergency Backup Generator, Emergency Fire Water Pump, and Well Kill Pump Maintenance Requirements), due to a permit modification. As a result, the Petitioner requested a Modification of Conditions of Regular Variance 2021-04-M1, per Health and Safety Code section 42356.
19. At this time the platform continues to be unsafe for non-essential personnel and remains out of compliance with the requirements listed herein. The Petitioner is requesting a Modification of Final Compliance Date specified in Variance Order 2021-04-M1 (per Health and Safety Code section 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 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.
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. In addition, in accordance with the Partial Stay Agreement, the fugitive leak repairs in the well bay are beyond the responsibility of the Petitioner until the Appeal Resolution.
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. Furthermore, due to the deteriorated condition of the wellheads, requiring immediate repair of the ongoing fugitive leaks in the well bay without a well rig in place to intervene and commence the plugging and abandonment program if the attempted repairs create a worse situation, may result in increased 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 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 from December 31, 2022 through December 30, 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. Install a crane capable of repairing the flare (APCD Device ID 111640), including any applicable District permitting requirements, by February 1, 2023;
  - b. Inspect the flare (APCD Device ID 111640) boom by April 1, 2023;
  - c. Initiate installation of gauges on the wells by April 1, 2023;
  - d. Complete repairs of handrails and grating in the well bay by June 30, 2023;
  - e. Repair the flare (APCD Device ID 111640) by October 1, 2023;
  - f. Identify well rig(s) necessary for fugitive leak repair within 6 months of the Appeal Resolution;
  - g. Complete platform deck alterations necessary for the well rig(s) within 38 months of the Appeal Resolution;
  - h. Begin well bay fugitive leak repairs within 41 months of the Appeal Resolution; and

- i. Complete 100 % of well bay fugitive leak repairs within 59 months of the Appeal Resolution.
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](mailto:variance@sbcapcd.org), starting on January 15, 2023, and on the 15<sup>th</sup> 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 well bay fugitive leak repairs completed and date repaired.
  - c. List of outstanding well bay fugitive leak repairs.
  - d. List of Permitted Equipment and current status.
  - e. 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.
  - f. Records for the monthly fugitive leak surveys (see Condition 2 above).
  - g. List of actions to be taken in the next month.

- h. List of actions completed during the past month.
  - i. Current status of the crane(s):
    - i. South crane
    - ii. Portable crane
    - iii. Any additional crane units
  - j. Current status of the flare.
  - k. Dates, times, and volumes of gas vented through the flare header.
  - l. Monthly excess emissions, if any, calculated in lbs. and tons of ROCs.
  - m. Status of the Appeal Resolution.
5. Petitioner shall submit a written report to the Hearing Board and District, to [variance@sbcapcd.org](mailto:variance@sbcapcd.org), by February 15, 2024, 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:** \_\_\_\_\_

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Chair  
Santa Barbara County Air Pollution Control District  
Hearing Board