

Platform Hogan Petition for Variance Findings – December 7, 2022



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 Jamany 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 Hogan is currently shutdown, all wells shut-in, not producing and pipelines to shore isolated.
- 1 crane is in service and operating, acquisition completed and modification of 1 additional portable crane for installation on Hogan in 1st half 2023
- Significant repairs to the platform were completed in 2022:
 - Replaced 1200 linear feet of hand railing
 - Replaced 5200 square feet of decking

| Installed Rubber Tire Crane | Removed entire well bay grating |
|--|--|
| Removed South Crane for repair | Removed all hazard materials |
| Upgraded Manitowoc crane for service | Laid down platform rig (prep for removal) |
| Installed new potable water unit (In service 2023) | Removed 400 jts of tubing & 400 1" rods |
| Installed new marine sanitation unit (In service 2023) | Removed all related OOS drilling & rig equip (mud tanks, mud pumps, BOP, power swivel) |
| Removed dilapidated buildings (galley and offices) | Removed >100,000 lbs. off misc. scarp steel for recycling |
| Returned flare to operation | |

Facility & Equipment Status - Continued



Hogan Summary

- Crane installation is critical path for completion in 2023.
- Phase I&II Level 1 repairs are completed; repairs and maintenance activities will continue to ensure the preservation of the platform for the next phase of operations.
- 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)

- District Rule 331 (Fugitive Emissions Inspection and Maintenance)
- Sec D Requirements General
- Sec E Requirements Repair
- Sec G.1 Requirements Component ID & Tagging
- 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.



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

- District Rule 206 (PTO 9108) & Permit Conditions
 - 9.C.2.a-b Fugitive Hydrocarbon Emissions Components
 - Emission Limits
 - Operational Limits

Beacon West response:

 Aforementioned well repair limitations in accordance with the Stay Agreement



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

Beacon West response:

 Ability to repair fugitive leaks from wells is very limited, however full repairs are beyond the responsibility of the Petitioner until the Appeal Resolution.

Explicit Findings

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

Beacon West response:

- 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.



5. APPLICANT will REDUCE EMISSIONS to maximum extent feasible.

Beacon West response:

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



6. APPLICANT will MONITOR and REPORT emissions

Beacon West response:

- District Rule 331 inspections will be conducted monthly for fugitive leaks using a Method 21 approved device.
- Permitted emissions will continue to be reported semiannually as required by PTO 9108

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

