

H.B. Case No.:	<u>2021-05-M5</u>
Petitioner:	<u>DCOR, LLC</u>
Permit No.:	<u>PT 70/ PTO 9108</u>
Date Rec'd:	<u>05/28/2025</u>
Time Rec'd:	<u>1012 hours</u>
Filing Fee Paid:	<u>\$850.00</u>

PETITION FOR VARIANCE

Type of Variance Requested:

Emergency _____ Interim¹ _____ 90-Day _____ Regular XX

Length of Variance Requested: Start Date 7-31-25

End Date 12-31-27

¹ 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: DCOR, LLC [Attn: Heather Carreno]
Address: 1000 Town Center Dr., Suite 600
Oxnard, CA 93036
Phone Number: (805) 535-2081

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: hcarreno@dcorllc.com

Phone Number: (805) 535-2081

C. The Petitioner is (please check one):

- 1) An Individual ()
- 2) Partnership ()
- 3) Corporation (X)
- 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 Hogan – Former 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. 9108-R5

4. Briefly describe the equipment that is the subject of this Petition.

DCOR requests a Regular Variance to continue monitoring and maintenance activities necessary to ensure a safe working environment for Plug & Abandonment (P&A) activities on Platform Hogan, and to comply with the Partial Stay Agreement between certain former holders of Outer Continental Shelf Lands Act Lease P-0166 (Lease) and BSEE 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 2021-05-M4. The remaining equipment subject to this petition is well bay fugitive components. These gas emissions leaking from wellhead components are as described in Attachment A of the monthly Variance reports. Attempts are made to mitigate external emissions leaks where possible, but the sustained wellhead emissions leaks reported cannot be repaired until a rig and well work equipment can be safely installed. Petitioner, on behalf of one or more former Lease holders, intends to move forward with P&A operations during the variance period, once a rig and appropriate equipment have been installed and regulatory approvals received. With the rig and well work equipment in place, petitioner will assess safe and technically feasible alternatives to address fugitive emissions ahead of, and in parallel to, completing full well P&A programs. Fugitive emissions associated with Platform Hogan are comparatively higher than at Platform Houchin and Platform Hogan requires relatively less additional refurbishments to allow safe P&A operations. Hence, the petitioner intends to prioritize P&A work on Hogan. DCOR will be contracted to perform the P&A work and a rig has been secured via a subcontract with Weatherford International plc.

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) Currently operating under variance 2021-05-M4 which expires July 30, 2025. We are requesting additional coverage.
 - 2) Rule 331.D, E, G.1 and I; PTO 9109-R5 conditions 9.C.2(a), 9.C.2(b)(i) and 9.C.2(b)(ii).
- 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.
- Effective mitigation of the well head fugitive emissions cannot be addressed until the platform is physically prepared and has the necessary safety and other ancillary systems to support a well intervention program. During the 2024-2025 variance period, the following progress has been made to put the platform in a condition to support the start of well work to perform a P&A activities.
 - Removal of existing platform living quarters, structural and deck refurbishments, and preparation for installation of new quarters buildings
 - Repairs to the platform helideck and conversion to a medivac hoisting location for use in case of a medical emergency on the Platform
 - Removal of Manitowoc from pedestal to eliminate crane operations obstruction and safety/environmental hazards
 - Flush, purge, and cleanout of former production vessels to remove residual hydrocarbons and eliminate potential emission source locations.
 - Completed remaining repairs on firewater system
 - Installation of sanitation devices
 - Defined lighting requirements to support 24/7 operations and completed necessary upgrades
 - Ongoing refurbishment, maintenance and repairs to emergency generator components and switching systems to support P&A
 - Continued platform decking, grating, stairway and railing repairs
 - Quarterly Method 21 inspections to assess fugitive emission leak concentrations throughout the variance period
 - All reasonable and safe repairs to minimize limited fugitive emissions have been completed and are ongoing as new sources emerge.
 - Well remediation analysis and evaluation completed, and well monitoring is ongoing.

New living quarters have been designed, fabricated and transported to the platform for worker housing. Installation, electrical/plumbing and commissioning of worker housing components are expected to be complete in Q3-2025, at which time the platform will be able to accommodate workers for the long-duration activities associated with the well P&A program.

P&A activities will be prioritized for wells with existing fugitive emissions as soon as reasonably practicable within the limits of technical, operational, and logistical constraints as determined by the petitioner. Once the rig and associated equipment are installed, alternatives to eliminate fugitive emissions ahead of completion of P&A activities, will be considered and implemented as appropriate.

If completion of P&A activities is required to resolve all fugitive emissions, it is anticipated that this cannot be completed within the 2 year variance period. P&A of all 39 wells on Hogan is expected to be completed before year end 2027, current emissions-leaking wells will be P&A-ed by the end of the 2025-2027 variance period.

Section B1 response:

- Neither the petitioner nor the former Lease holders are the current owner/operator of the platforms and therefore is not violating air pollution requirements subject to the air permit at issue. Pursuant to the Partial Stay Agreement among the former Lease holders and the Bureau of Safety and Environmental Enforcement (BSEE), the petitioner is taking certain monitoring and maintenance activities aimed at reducing or controlling human and environmental risks arising from the abandonment of the Lease assets (platforms and wells) by Signal Hill Services, Inc. (Signal Hill) and Pacific Operators Offshore, LLC (POOL) in 2020.
- The issues of ownership and decommissioning responsibilities of the Lease assets are currently under review before the Interior Board of Land Appeals (IBLA). As background, all of the former Lease holders sold their respective interests in the Lease and Lease assets to Signal Hill by 1991. Thereafter, Signal Hill became the owner of 100% of the record title interest of the Lease and its assets. On October 14, 2020, Signal Hill sent a Relinquishment of Federal Oil and Gas Lease to the Bureau of Ocean Energy Management (BOEM). Based on Signal Hill's communications, BSEE determined that Signal Hill had preemptively defaulted on its obligations to decommission the wells and facilities under the terms of the Lease and Department of the Interior regulations promulgated pursuant to the Outer Continental Shelf Lands Act (OCSLA). As a result of Signal Hill's default, BSEE ordered the prior lessees (COP, OXY, and Devon) to decommission "all wells, pipelines, platforms, and other facilities" associated with the Lease.
- The prior lessees dispute that they accrued decommissioning obligations under the applicable Lease terms and regulations and have appealed those orders to the IBLA. In connection with that filing, the parties entered into a Partial Stay Agreement with BSEE to address the ordered performance during pendency of the appeal. That agreement requires the prior lessees to perform certain maintenance and monitoring activities to preserve the Lease assets for decommissioning while the appeal disputing their ultimate decommissioning responsibility is pending. The IBLA approved the agreement in February 2021. Since that time, the former Lease holders and their contractors have invested extensive resources into the maintenance and restoration of the Hogan and Houchin facilities under this agreement, including repair, replacement, and upkeep of equipment designed to control and minimize emissions. Briefing of the issue of liability was completed in August 2021. The parties now await the IBLA's decision. Accordingly, the question of legal liability for decommissioning the facilities remains unresolved at this time, and the federal government has entered into an agreement with the prior lessees to maintain and monitor the facilities in the meantime.
- The violations could not have been prevented. Fugitive emissions from the wells and well bay were pre-existing conditions when the former Lease holders assumed monitoring and maintenance activities after Signal Hill and POOL abandoned the platforms and relinquished the Lease. No repair of the offshore wells to mitigate fugitive emissions should be attempted without a comprehensive well intervention program. Well intervention involves intrusive access and operation of a well and its related equipment. Well intervention is not part of the terms of the Partial Stay Agreement that the petitioner is currently performing for the former Lease holders. Since neither the petitioner nor the former Lease holders are the owner or operator of the Lease wells, and a well intervention program is not an obligation under the Partial Stay Agreement, the petitioner and former Lease holders cannot unilaterally tamper with these assets belonging to another entity without additional agreement(s) and/or authorization(s) from BSEE-BOEM, such as applicable permits, approval/concurrence on technical standards and work plans, etc. The Petitioner and/or the Order Recipients are currently pursuing these items from BSEE-BOEM.
- Regarding any well remediation analysis and evaluation, the question of legal liability for decommissioning the facilities remains unresolved at this time, while the former Lease

holders and the federal government have entered into a Partial Stay Agreement to maintain and monitor the facilities during the appeal process. The maintenance and monitoring agreement does not impose an obligation to initiate a well remediation analysis and evaluation. The former Lease holders have undertaken this analysis to understand what subsurface condition the wells may be in. There will be periodic well bleed downs (to the respective functioning flare) to gather additional information on well response. There is no additional action required at this time; however, the petitioner plans to complete work required to support P&A activities. Subject to all the foregoing, petitioner also intends to move forward with P&A activities during the variance period.

- 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.

The Part 70/APCD Permit 9109-R5 is necessary to perform other obligations of the Partial Stay Agreement. The Partial Stay Agreement and Permit 9109-R5 (along with their respective legal rights and obligations) are the properties of the petitioner and/or former Lease holders. Without the petitioned variance to Permit 9109-R5, petitioner cannot meet certain requirements of the air permit, resulting in the potential cancellation/termination of the permit and/or the Partial Stay Agreement. As previously mentioned, neither the petitioner nor the former Lease holders are the owner or operator of the Lease wells, and the petitioner and former Lease holders cannot unilaterally tamper with well assets belonging to another entity without additional agreement and/or authorization from BSEE-BOEM, such as applicable permits, approval/concurrence on technical standards and work plans, etc. The Petitioner and/or Order Recipients are currently pursuing these items from BSEE-BOEM. Denial of the petitioned variance potentially leads to unreasonable taking because it will result in administrative penalties for air permit violations, revocation of the permit, and/or cessation of mandatory platform monitoring, maintenance, and preservation operations. Furthermore, in addition to California Health and Safety Code § 42352(a)(2), the hearing board must also find, under § 42352(a)(3), “[t]hat the closing or taking would be without a corresponding benefit in reducing air contaminants.” This unreasonable taking would have absolutely zero benefit in reducing air contaminants.

Without continued variance coverage, the petitioner would be forced to cease all monitoring, maintenance, and refurbishment activities of the Lease assets necessary for the platform to support a comprehensive well intervention program. Without completion of this work, the petitioner would not be able to move forward with planned P&A activities.

- 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.

It is not possible to immediately comply with the subject requirements because a comprehensive well P&A program would require several years to complete. The platform is not operating and will not resume production. There is no potential for air contaminants from active oil and gas production equipment and processes associated with this petition, since said equipment is out of service. In the event emissions could be safely eliminated, 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.

Platform oil and gas production is permanently shut down. Source operations and equipment have been permanently taken out of service or curtailed to the extent possible.

Prior Lease holders have taken the proactive position at the request of BSEE and contracted Beacon West to perform significant work to improve safety and environmental concerns by performing ongoing maintenance, repairs and refurbishments during 2024/25, as reported in monthly updates required by Variance Order 2021-05-M4.

Curtailing the ongoing progress to establish and maintain a safe platform capable of supporting a well intervention program would potentially exacerbate the issue of fugitive emissions as the platform will continue to degrade if not maintained and preserved. All completed and planned work is required so that a well intervention program can be initiated. Curtailing this ongoing operation would prevent completion of all necessary activities to make the platform suitable for future P&A work.

Former Lease holders are performing essential activities to preserve the Lease assets for future decommissioning while the appeal concerning decommissioning responsibility is pending. The “well intervention program” statement is in reference to the risk of undertaking repairs to fugitive emissions in the well bay that could require a well intervention if the attempted repair was to fail. The former Lease holders and their contractors have invested extensive resources into the maintenance and restoration of the Hogan facilities, including repair, replacement, and upkeep of equipment designed to control and minimize emissions. Although certain fugitive emissions remain, the risks of proceeding with those repairs in the well bay or on well heads, without a suitable well rig for an intervention is not prudent. The results of complications arising during an attempted repair to a well that would require downhole intervention could result in a worse condition than currently experienced. Well intervention also requires the development of detailed P&A requirements and standards, which the petitioner has prepared. A comprehensive work plan has been submitted to BSEE for review, as required by regulations and the petitioner is prepared to move forward with these plans when approved.

F. Please describe what steps and measures you will take to reduce excess pollutant emissions the maximum extent feasible during the requested variance period.

- The former Lease holders and their contractors have invested and continue to invest extensive resources into the maintenance and restoration of the Hogan facilities under the Partial Stay Agreement, including repair, replacement, and upkeep of equipment designed to control and minimize emissions. Only those limited fugitive emissions that may require full well intervention remain.
- The planned activities to further reduce excess emissions during upcoming variance are:
 - Complete installation and commissioning of the new platform living quarters planned for Q3 2025.
 - Initiation of wellhead surveys in Q3 2025 and testing of existing well equipment (valves, bolts, etc.) and evaluation of alternatives to eliminate emissions
 - Curtailment of fugitive emissions from the current emissions-leaking wells by the end of the variance period.
 - Quarterly Method 21 fugitive inspections to assess fugitive emissions leak concentrations.

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) Ongoing quarterly Method 21 inspections.

**6. SUPPLEMENTAL FINDINGS IF APPLYING FOR AN EMERGENCY VARIANCE
PURSUANT TO RULE 506 (EMERGENCY VARIANCE FOR BREAKDOWNS)**

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: 6/24/2025

SIGNATURE: Heather Carreno

TITLE: Regulatory Compliance Manager

PRINT NAME: Heather Carreno