



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: **2021-05-M5**

DATE: **July 2, 2025**

1.0 GENERAL INFORMATION:

- 1.1 PETITIONER COMPANY NAME: DCOR, LLC
- 1.2 EQUIPMENT LOCATION: Platform Hogan, Offshore Lease Tract OCS-P-0166
- 1.3 PERMIT NUMBER(S): Part 70 Permit to Operate 9108-R5
- 1.4 FACILITY NAME/ID: Platform Hogan/FID 8001
- 1.5 FACILITY DESCRIPTION: Platform Hogan is a nine leg, 66 wellhead slot platform. 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 had the following equipment: cranes and associated engines, emergency generator, and an emergency firewater pump. The platform is located approximately 8 miles southeast of the City of Santa Barbara.

- 2.0 REASON FOR THE VARIANCE REQUEST:** When Platform Hogan was returned to the former lease holders in late 2020, it was discovered the platform was significantly deteriorated and they 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 preparing 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 Variance Order 2021-05-R being granted by the Hearing Board.

Since the initial variance request was granted in 2021, the facility's operators have conducted the necessary safety repairs and are preparing to begin the plugging and abandonment (P&A) and facility decommissioning activities. Once the accommodations are completed, the platform will be ready for a well rig and to safely support the P&A activities.

At this time, the platform remains out of compliance with District Rules 331.D, E, G.1, and I and 206, Part 70 Permit to Operate 9108-R5, Conditions 9.C.2.a, 9.C.2.b.i and 9.C.2.b.ii related to fugitive hydrocarbon component emission limits, operational limits, and leak and repair requirements in the well bay. Therefore, in accordance with Health and Safety Code sections 42356 and 42357, the Petitioner is requesting a Modification of Variance and Modification of Final Compliance Date of Regular Variance Order 2021-05-M4, for relief from fugitive hydrocarbon component emission limits, operational limits, and leak and repair requirements.

Previously, the Petitioner was unable to make the repairs in the well bay because a well rig was not in place to be able to intervene if the attempted repair worsens the condition of the wellheads. Now that the platform is ready to accept a well rig, the Petitioner has committed to P&A. The Petitioner anticipates that P&A will be completed for 50% of the leaking wells (7 of 14) by the end of July 2026, and all leaking wells by the end of 2027.

If granted, Variance Order 2021-05-M5, would provide relief from fugitive hydrocarbon component emission limits, operational limits, and leak and repair requirements at the Petitioner's facility from July 30, 2025, through December 31, 2027, or the date compliance is achieved, whichever comes first.

3.0 BACKGROUND: The following background information relates to the current variance.

Historical Background:

ConocoPhillips Company, OXY U.S.A Inc. and Devon Energy Corporation are the former lease holders of offshore lease tract OCS-P-0166, where Platform Hogan is located. 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.

On October 14, 2020, Signal Hill sent a Relinquishment of Federal Oil and Gas Lease to the United States Bureau of Ocean Energy Management (BOEM). At that time, the United States Bureau of Safety and Environmental Enforcement (BSEE) determined Signal Hill preemptively defaulted on its obligations to decommission the wells and facilities under the terms of the lease and the Department of the Interior regulations.

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 former lease holders filed an appeal with the United States Interior Board of Land Appeals (IBLA) disputing that they accrued the relevant decommissioning obligations under the applicable lease terms and regulations. The appeal was accepted, and the issues of ownership and decommissioning responsibilities of the lease assets are currently being litigated before the IBLA.

Pending a decision by the IBLA on the appeal of the Order, on November 29, 2020, BSEE, BOEM, and the Order Recipients executed a Partial Stay Agreement, effective upon execution and continuing until the Order Recipients' appeal(s) to the IBLA is or are fully and finally resolved (Appeal Resolution). The Partial Stay Agreement requires the former lease holders to perform certain maintenance and monitoring activities reasonably necessary to maintain safety and environmental protection and to preserve the lease assets for decommissioning while the appeal disputing their ultimate decommissioning responsibility is pending. The IBLA

approved the Partial Stay Agreement in February 2021. The parties now await the IBLA's decision.

The Partial Stay Agreement does not include implementation of a comprehensive well intervention program because the "owner or operator" of the Lease is under appeal. A comprehensive well intervention program is necessary to address the ongoing fugitive leaks due to the state of disrepair of the wells and associated piping. Repair of the fugitive leaks involves intrusive access and operation of the wells and its related equipment.

On November 6, 2020, ConocoPhillips Company notified Beacon West Energy Group, LLC they could begin as "maintenance and monitoring personnel" performing work under the Partial Stay Agreement. During the evaluation process, it was discovered that the platforms are significantly deteriorated causing safety concerns. Before the decommissioning process could begin, platform safety concerns needed to be addressed. Most of the significant facility upgrades at Platform Hogan to address worker health and safety have been completed.

In a June 5, 2023 letter from BSEE to the District, BSEE stated that ConocoPhillips Company and its contractors have invested extensive resources into the maintenance and restoration of the platform facilities under the Partial Stay Agreement, and the platform improvements have far exceeded the terms of the Partial Stay Agreement. In addition, BSEE believes they have entered into an advantageous agreement with the former lease holders to maintain and monitor the facilities until the Appeal Resolution. BSEE further stated additional decommissioning activities under the circumstances would be inconsistent with the Partial Stay Agreement.

In 2024, BSEE confirmed 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, under the Partial Stay Agreement the Petitioner does not have reasonable control of the facility to be able to conduct fugitive leak repair work until the Appeal Resolution. BSEE stated the Appeal Resolution timeframe is unknown and their last Appeal Resolution took 5 years to complete. 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, BSEE confirmed there are no other responsible parties available to conduct this fugitive leak repair work.

On July 3, 2024, Variance Order 2021-05-M4, was granted by the Hearing Board for relief from fugitive hydrocarbon component emission limits, operational limits, and leak and repair requirements at the Petitioner's facility in violation of District Rules 331.D, E, G.1 I, and 206, Part 70 Permit to Operate 9108-R4 Conditions 9.C.2.a, 9.C.2.b.i, and 9.C.2.b.ii from July 30, 2024 through July 29, 2025, or the date compliance is achieved, whichever occurs first.

Recent Activities:

During the variance period covered by Regular Variance 2021-05-M4 (July 2024 – July 2025), the following was accomplished:

- a. Removed the existing platform living quarters.
- b. Completed structural and deck refurbishments for installation of the new living quarters.
- c. Repaired the platform helideck and converted it to a medivac hoisting location for

- medical emergencies.
- d. Removed the Manitowoc crane from pedestal to eliminate obstructions and safety and environmental hazards.
- e. Flushed, purged and cleaned out former production vessels to remove residual hydrocarbons and potential emission sources.
- f. Completed the remaining firewater system repairs.
- g. Installed sanitation devices.
- h. Defined lighting requirements to support 24/7 operations.
- i. Completed ongoing refurbishment, maintenance and repairs to the emergency generator components and switch systems to support P&A.
- j. Continued deck, grating, stairway and railing repairs.

The parties are still awaiting the IBLA's decision on the legal liability for decommissioning of the facility, however, the former lease holders have committed to proceeding with the P&A activities. As a result, the Petitioner (DCOR, LLC) submitted a District permit application to be added as an operator for the P&A activities.

The P&A activities will commence once a rig and appropriate equipment have been installed and regulatory approvals are received (e.g., this variance request as well as agreement(s) and/or authorization(s) from BSEE and BOEM). In preparation for the P&A activities, new living quarters have been designed, fabricated and transported to the Platform for worker housing. Installation, electrical, plumbing and commissioning of working housing components are expected to be completed in quarter 3 of 2025 (July – September). Upon completion, the Platform will be able to accommodate workers for the well P&A program.

There are a total of 39 wells at the Petitioner's facility. Of the 39 wells, 14 wells have been identified as wells with fugitive emissions that are not able to be mitigated until a well rig is installed. The Petitioner will prioritize P&A work for wells with existing fugitive emissions as soon as reasonably practicable within the limits of technical, operational, and logistical constraints. The estimated completion of the entire P&A program at the Petitioner's facility is expected to be before the end of 2027. The Petitioner anticipates at least 50% of the leaking wells (7 of 14 wells) will be mitigated through the P&A process by the end of July 2026.

Variance History:

Variance Order 2021-05-R was granted by the Hearing Board on March 3, 2021. Variance Order 2021-05-M1, extending coverage for Variance Order 2021-05-R, was granted by the Hearing Board on January 5, 2022. Variance Order 2021-05-M2 was granted by the Hearing Board on December 7, 2022, and modified the conditions and final compliance deadline for Variance Order 2021-05-M1. Variance Order 2021-05-M3 was granted by the Hearing Board on June 5, 2023, and modified the conditions and final compliance deadline for Variance Order 2021-05-M2. Variance Order 2021-05-M4 was granted by the Hearing Board on July 3, 2024, and modified the conditions and final compliance deadline for Variance Order 2021-05-M3. On May 28, 2025, the Petitioner submitted a Petition request for Modification of Variance and Modification of Final Compliance Date of Regular Variance Order 2021-05-M4.

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

Variance Order 2021-05-R: District Rules 331.D - I, 359.D.2.b, and 206, Part 70 Permit to Operate 9108-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 2021-05-M1: District Rules 331.D - I, 359.D.2.b, and 206, Part 70 Permit to Operate 9108-R4, Conditions 9.C.1.b.v, 9.C.1.b.vi, 9.C.1.c.i for only the north crane (APCD Device ID 004849), 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, and 9.C.6.b.iv.

Variance Order 2021-05-M2: District Rules 331.D, E, G.1, I and 206, Part 70 Permit to Operate 9108-R4, Conditions 9.C.2.a and 9.C.2.b.

Variance Order 2021-05-M3: District Rules 331.D, E, G.1, I and 206, Part 70 Permit to Operate 9108-R4, Conditions 9.C.2.a, 9.C.2.b.i and 9.C.2.b.ii.

Variance Order 2021-05-M4: District Rules 331.D, E, G.1, I and 206, Part 70 Permit to Operate 9108-R5, Conditions 9.C.2.a, 9.C.2.b.i and 9.C.2.b.ii.

The previous variance requests included increments of progress that were dependent upon the Appeal Resolution. Because the platform will be capable of accepting a well rig as soon as the accommodations are complete, and the Petitioner is moving forward with the P&A activities, the increments of progress have been updated to reflect P&A actions to mitigate the leaking wells.

4.0 PERMITTING HISTORY: The Petitioner has undergone several permitting actions since 2020. These actions are described below.

- The facility operators submitted an application for transfer of owner operator for Part 70 Permit to Operate (PT 70/PTO) 9108-R4 on November 20, 2020. The transfer of owner operator application was deemed complete on November 30, 2020, and issued final on December 9, 2020.
- On December 6, 2021, the facility operators submitted a permit modification application to modify source test conditions for Part 70 Permit to Operate 9108-R4. The permit modification application (PTO Mod 9108-04) was deemed complete on December 7, 2021, and issued final on November 9, 2022.
- On April 1, 2022, the facility operators submitted a permit application to increase crew and supply boat carbon monoxide (CO) emission factors. The permit application (PTO 15893) was deemed complete on February 14, 2023, and was rolled into the re-evaluation permit PT 70/PTO 9108-R5, issued final on February 27, 2024.
- On July 12, 2022, the facility operators submitted an application (ATC 15928) to operate additional crew and supply boats. The application was deemed complete on December 22, 2022, and issued on June 7, 2023. PTO 15928 was eventually rolled into reevaluation PT 70/PTO 9108-R5.

- On September 9, 2022, the facility operators submitted an application (ATC 15962) to install a portable crane to be used at Platforms Hogan and Houchin. The application was deemed complete on October 7, 2022, and issued on April 4, 2023.
- On October 7, 2022, the facility operators submitted an application (ATC 15978) to replace the existing South crane engine. The application was deemed complete on December 22, 2022, and issued on June 1, 2023.
- On January 17, 2023, the facility operators submitted an application (PT-70 ADM 16048), to change the Responsible Official. The application was deemed complete on January 25, 2023, and was issued final on February 27, 2024, in PT 70/PTO 9108-R5.
- On January 31, 2023, the facility operators submitted an application (ATC 16054) to install a portable crane to be used between Platforms Hogan and Houchin. The application was deemed complete on February 24, 2023, and was issued final on May 23, 2023.
- On November 29, 2023, the facility submitted a permit application for PTO 16054 (see ATC 16054 above). The application was deemed complete on January 5, 2024 and was issued final on February 27, 2024, in PT 70/PTO 9108-R5.
- On February 27, 2024, PT 70/PTO 9108-R5 was issued final.
- On June 7, 2024, the facility operators submitted a permit application for PTO 15962 (see ATC 15962 above). Equipment installation is complete and operational; PTO issuance is pending District review.
- On September 10, 2024, the facility operators submitted a permit application for PTO 15978 (see ATC 15978 above). and the application was deemed complete on September 12, 2024. PTO 15978 is pending issuance.
- On May 8, 2025, the Petitioner submitted a permit application to add an additional operator, DCOR, LLC to PT 70/PTO 9108-R5. The permit was deemed complete on June 5, 2025 and issued final on June 11, 2025.

5.0 COMPLIANCE HISTORY: On May 8, 2023, Notice of Violation (NOV) 13314 was issued for failing to submit the source test results within 45 days of source test completion for the MV Alan T crew boat. This was a violation of District Rule 206, Condition 9.C.15.iv of PT 70/PTO 9108-R4.

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

- **Part 70 Permit to Operate 9108-R5, Condition 9.C.2.a, 9.C.2.b.i and 9.C.b.ii (Fugitive Hydrocarbon Emissions Components)**

C.2 **Fugitive Hydrocarbon Emissions Components.** 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>
004853	Components -- Controlled (4,332 component leak paths)
102663	Components -- Unsafe (268 component leak paths)
	<i>Gas/Light Liquid Service Components</i>
004854	Components -- Controlled (1,662 component leak paths)
105139	Components -- Unsafe (0 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 9108*)
- (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 Hogan 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.

- **District Rule 331.D, E, G.1, I – Fugitive Emissions Inspection and Maintenance (see Attachment 1 for District Rule 331)**

7.0 EMISSIONS ANALYSIS: The Petitioner reported quarterly excess emissions associated with leaks in the well bay, using the correlation equation to calculate the emissions. The reports included well head components that have been found leaking during Method 21 surveys. The Petitioner reported the excess emissions as follows:

Month	Excess Emissions (tons)
July 2024	0.42
August 2024	0.45
September 2024	0.45
October 2024	0.45
November 2024	0.45
December 2024	0.29
January 2025	0.29
February 2025	0.29
March 2025	0.34
April 2025	0.34
May 2025	0.34
Total	4.13 tons

The excess emissions associated with the granting of this variance are expected to decrease as the P&A process is implemented. The Petitioner anticipates at least 50% of the leaking wells will have P&A completed by July 2026, with the entire facility P&A completed by the end of December 2027.

8.0 *RESERVED*

9.0 OTHER FACTORS: None.

10.0 DISTRICT RECOMMENDATION: The District supports the Petitioner's Variance request. Due to the unique situation and limited District staff resources, it is recommended the Hearing Board approve the variance request for the entire duration of the P&A program at Platform Hogan. The Petitioner is finally in a position to start the P&A process with the overall outcome of mitigating the emissions at the platform. Due to the uniqueness of the situation, the District believes the Petitioner is achieving compliance as expeditiously as possible given the initial status of the platform when the Petitioner initially came to the Hearing Board to request coverage. The District commends the Hearing Board for their efforts in this difficult and unique situation.

11.0 ATTACHMENTS:

- Attachment 1 – District Rule 331 – Fugitive Emissions Inspection and Maintenance
- Attachment 2 – Variance Order 2021-05-M4 Monthly Updates
- Attachment 3 – Variance Order 2021-05-M5 Petition
- Attachment 4 – Draft Variance Order 2021-05-M5



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Compliance Division

June 20, 2025
Date