

H.B. Case No.:	<u>2021-04-M5</u>
Petitioner:	<u>DCOR, LLC</u>
Permit No.:	<u>PT 70/ PTO 9109</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 Houchin – 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. 9109-R5

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

DCOR requests a Regular Variance to continue significant repair work necessary to establish a safe working environment for Plug and Abandonment (P&A) activities on Platform Houchin, and to comply with the Partial Stay Agreement between certain previous 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 2021-04-M4. The remaining equipment subject to this petition is well bay fugitive components. These gas emissions from leaking wellhead components are described in Attachment A of the monthly Variance reports. Attempts are made to mitigate external emissions leaks where possible, but the sustained wellhead emissions reported cannot be repaired until a rig, living quarters, and well work equipment can be safely installed. As further detailed in Section 5B, the platform is not currently safe for installation of any significant equipment or regular operations required to execute P&A activities.

Petitioner, on behalf of one or more former Lease holders, intends to move forward with P&A operations as soon as reasonably practicable. Beacon West has been contracted to complete platform modifications, repairs and maintenance to facilitate future P&A activities, similar to the work that has been completed to date on Platform Hogan. The petitioner plans to have all required modifications and repairs completed prior to conclusion of P&A activities on Platform Hogan, so that the DCOR crew and contracted Weatherford rig, as well as new living quarters, can be relocated from Platform Hogan to Platform Houchin to perform P&A activities. The former Lease holders are committed to exploring options to resolve fugitive emissions ahead of full well P&A, based on learnings from Platform Hogan that will have a rig and appropriate equipment in place to manage any unexpected well events. If it is determined to be feasible to safely eliminate these fugitive emissions from Platform Houchin without a rig, ahead of P&A activities, the petitioner will attempt to do so. DCOR will be contracted and a rig has been secured via a subcontract with Weatherford to perform the P&A work for Platform Hogan scheduled to start during this variance period.

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 2021-04-M4 which expires July 30, 2025. We are requesting additional coverage.
- 2) Rule 331.D, E, G.1 and I; PTO 9109-R4 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 towards putting the platform in a condition to support the start of well work.

- Continued monitoring of well pressures and monitoring and repair of wellhead fugitive emissions where safe to do so with the limited onboard equipment.
- Quarterly Method 21 inspections to assess fugitive emission leak concentrations continued throughout the variance period
- All reasonable and safe repairs to minimize limited fugitive emissions have been completed and are ongoing as new sources emerge
- Portable Nautilus 280B crane installed and commissioned on pipe rack skid rails and now in service
- Flush, purge and cleanout of former production vessels to remove residual hydrocarbons and eliminate potential emission sources is ongoing
- Initiated repairs/upgrades to Firewater System / Fire Detection Systems.
- Removal of marine growth from jacket legs using divers and performance of underwater structural inspection on jacket to ensure integrity of infrastructure.
- Continued to address Level I repairs for platform decking, deck coating, grating, hatch covers, stairways and railings as possible with available equipment.
- Completed well remediation analysis and evaluation, and well monitoring is ongoing.
- Refurbished and repaired a section of the platform helideck, converting it to a medivac hoisting location for use in case of a medical emergency on the Platform.
- Removed the existing dilapidated and unsafe rig, BOP and substructure from the platform to make room for future equipment.

While a significant amount of work has been completed to date, Platform Houchin was initially in worse condition than Platform Hogan. The only access to the platforms is via swing rope, which was in need of repair. There were no working cranes, which are required to move everything on and off the platform such as bottles of water for the crew, large pieces of equipment and scrap materials / trash. Increasingly larger cranes had to be engineered and constructed from available materials to even initiate work on the platform. The platform is therefore not currently in a state to support installation of equipment required for a well intervention program. At a minimum, the following actions are necessary before a full P&A program could be safely executed:

- Complete firewater system / fire detection system repairs and upgrades.
- Complete critical Level I repairs for platform decking, coatings, grating replacement, hatch cover installation, stairway and railings in numerous locations on the platform.
- Remove the remaining components from the previous rig, including mud pumps and SCR house.
- Remove Manitowoc from pedestal to eliminate crane operations obstruction and safety/environmental hazards
- Complete the flushing, purging and cleaning of former production vessels and headers of residual hydrocarbons to eliminate potential emission source locations.
- Removal of production piping from the well bay to provide room for well intervention equipment and tools.
- Refurbishment and repairs to emergency generator components and switching systems.
- Installation of new potable water system.
- Installation of new marine sanitation system.
- Engineering, design and construction of structural, electrical and safety systems repairs / upgrades to support installation and operation of new living quarters (initial analysis indicates these to be more extensive than those needed on Platform Hogan).
- Removal of uninhabitable existing buildings to accommodate new living quarters. Based on experience at Platform Hogan, it is anticipated that conditions will be discovered as equipment is removed, requiring re-work of engineering, design, and construction plans.
- Define lighting requirements to support 24/7 operations and complete required repairs and upgrades

The former Lease holders will consider options to safely resolve fugitive emissions issues ahead of completion of a full P&A Program, in parallel to the required work above, which is expected to take at least the duration of the variance period based on current understanding of facility conditions . If completion of P&A activities is required to resolve all fugitive emissions issues, it is anticipated that this cannot safely be completed within the 1 year variance period. A P&A program the existing 35 wells is anticipated to take 1-2 years to complete.

Section B1 response:

- Neither the petitioner nor the former Lease holders are the current owner/operator of the platforms and therefore are 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 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 Order Recipients will pursue 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 down (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 continue work to enable the platform to support future P&A activities. Subject to all the foregoing, former Lease holders intend to move forward with P&A activities on platform Houchin once it is safe to do so and the equipment is available from platform Hogan, although there is no requirement for them to do so.

- 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.

It is not possible to immediately comply with the subject requirements because the platform is not in a condition to support well intervention equipment required to safely address fugitive emissions on well and wellhead components. The petitioner is not the owner/operator of the platform. The District permit could be revoked from the platform owner. The facility is already closed from a practical standpoint since it was abandoned by the previous Owner and Operator.

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(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 Order Recipients will pursue these items from BSEE-BOEM as the platform continues to be prepped for P&A activity. Denial of the petitioned variance potentially leads to unreasonable taking because it will result in administrative penalties from 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.

The platform is not operating and will not resume production. It is not possible to immediately comply with the subject requirements because the platform is not in a condition to support well intervention equipment required to safely address fugitive emissions on well and wellhead components. The platform is not currently capable of supporting a well intervention program. 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. The Order recipients have taken the proactive lead at the request of BSEE and contracted Beacon West to initiate significant work to improve safety and environmental risks by performing ongoing maintenance, repairs and refurbishments to the structure during 2024/25, as reported in monthly updates required by Variance Order 2021-04-M4.

Curtailing the ongoing progress to establishing 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 before a well intervention program is possible. Curtailing this 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 Houchin 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 being experienced. Well intervention also requires the development of detailed P&A requirements and standards, which the petitioner has prepared. A comprehensive work plan will be submitted to BSEE for review, as required by regulations and the petitioner is prepared to move forward with these plans if 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 and Houchin 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.
- Planned activities to prepare the platform for a well intervention program and further reduce excess emissions during the upcoming variance period include:
 - Complete firewater system / fire detection system repairs and upgrades.
 - Continue with Level I repairs for platform decking, coatings, grating replacement, hatch cover installation, stairway and railings in many more locations on the platform.

- Remove the remaining components from the previous dilapidated and unsafe rig including mud pumps and SCR house.
- Remove Manitowoc from pedestal at Platform Houchin to eliminate crane operations obstruction and safety/environmental hazards
- Complete the flush, purge and clean of former production vessels and headers of hydrocarbons to eliminate potential emission source locations.
- Removal of old production piping from the wellbay to provide room for well intervention equipment and tools.
- Refurbishment and repairs to emergency generator components and switching systems.
- Install new potable water system.
- Install new marine sanitation system.
- Prepare platform to receive new living quarters which includes removal of existing, uninhabitable buildings plus engineering, design and construction of structural, electrical and safety systems repairs / upgrades for new buildings.
- Define lighting requirements to support 24/7 operations and complete required repairs and upgrades
- Incorporate lessons learned from Hogan P&A in the development of detailed Houchin P&A plans, which will be developed during this variance period.

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)**

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