



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: **2021-04-M5**

DATE: **July 2, 2025**

1.0 GENERAL INFORMATION:

- 1.1 PETITIONER COMPANY NAME: DCOR, LLC
- 1.2 EQUIPMENT LOCATION: Platform Houchin, Offshore Lease Tract OCS-P-0166
- 1.3 PERMIT NUMBER(S): Part 70 Permit to Operate 9109-R5
- 1.4 FACILITY NAME/ID: Platform Houchin/FID 8002
- 1.5 FACILITY DESCRIPTION: Platform Houchin is a nine leg, 60 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 has the following equipment: cranes and associated engines, emergency generator, and an emergency firewater pump. The platform is located approximately 7 miles southeast from the City of Santa Barbara.

- 2.0 REASON FOR THE VARIANCE REQUEST:** When Platform Houchin 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 2021-04-R being granted by the Hearing Board.

At this time, the platform remains out of the compliance with District Rules 331.D, E, G.1, and I and 206, Part 70 Permit to Operate 9109-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 2021-04-M4, to perform certain maintenance and monitoring activities, maintain safety and environmental protection and to preserve the lease assets for decommissioning.

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 be able to intervene should the repair attempt worsen the condition of the wellheads. Potential attempts to repair the fugitive leaks could create a worse situation that may result in increased emissions without a well rig on site. The Petitioner will begin the P&A process on Platform Hogan, and will concurrently evaluate

alternatives to eliminate fugitive emissions ahead of completion of P&A activities. Any successful alternatives will be implemented on Platform Houchin to reduce fugitive emissions ahead of completion of P&A activities.

If granted, Variance Order 2021-04-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 Houchin 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. The significant facility upgrades at Platform Houchin to address worker health and safety as well as the inoperable rig substructure removal is still ongoing.

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 2021-04-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 9109-R5 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 2021-04-M4 (July 2024 – July 2025), the following was accomplished:

- a. Installed the Portable Nautilus 280 B crane and commissioned on pipe rack skid rails.
- b. Initiated flushing, purging and cleaning out former production vessels to remove residual hydrocarbons and potential emission sources.
- c. Initiated repairs/upgrades to the firewater and detection systems.
- d. Removed marine growth from jacket legs and conducted underwater structural inspection on jacket to ensure infrastructure integrity.

- e. Continued to address Level 1 repairs for decking, coating, grating replacements, hatch covers, stairways and railings as possible with available equipment.
- f. Completed well remediation analysis and evaluation.
- g. Repaired the platform helideck and converted it to a medivac hoisting location for medical emergencies.
- h. Removed the existing rig, BOP and substructure to make room for future equipment.

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 once the platform is physically capable of accepting a well rig. As a result, the Petitioner (DCOR, LLC) submitted a District permit application to be added as an operator for the P&A activities.

There are still significant repairs needed to ensure the platform is physically capable of accepting the well rig. As a result, the previous Petitioner, Beacon West Energy Group, LLC, will continue to complete the necessary platform modifications, repairs and maintenance activities. Once these repairs are completed, the new living quarters being used on Platform Hogan will be relocated to Platform Houchin upon completion of P&A at Platform Hogan. Even if Platform Houchin was physically capable of handling a well rig right now, the P&A operations could not be conducted simultaneously on Platforms Hogan and Houchin, due to the specialty equipment associated with the P&A process.

The P&A activities will commence once a well 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). Once the Platform is physically capable of accepting a well rig, the P&A of the existing 35 wells is anticipated to take 1 – 2 years to complete.

Variance History:

Variance Order 2021-04-R was granted by the Hearing Board on March 3, 2021. Variance Order 2021-04-M1, extending coverage for Variance Order 2021-04-R, was granted by the Hearing Board on January 5, 2022. Variance Order 2021-04-M2, was granted by the Hearing Board on December 7, 2022, and modified the conditions and final compliance deadline for Variance Order 2021-04-M1. Variance Order 2021-04-M3, was granted by the Hearing Board on July 5, 2023, and modified the conditions and final compliance deadline for Variance Order 2021-04-M2. Variance Order 2021-04-M4, was granted by the Hearing Board on July 3, 2024, and modified the conditions and final compliance deadline for Variance Order 2021-04-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 2021-04-M4.

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

Variance Order 2021-04-R: District Rules 325.E, 331.D - I, 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.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 2021-04-M1: District Rules 325.E, 331.D - I, 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.

Variance Order 2021-04-M2: 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.

Variance Order 2021-04-M3: District Rules 331.D, E, G.1, I, and 206, Part 70 Permit to Operate 9109-R5 Conditions 9.C.2.a, 9.C.2.b.i, and 9.C.2.b.ii.

Variance Order 2021-04-M4: District Rules 331.D, E, G.1, I, and 206, Part 70 Permit to Operate 9109-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 Petitioner has committed to complete the P&A at Platform Houchin after P&A is completed at Platform Hogan, the increments of progress are now focused on work to make Platform Houchin physically capable of accepting a well rig. Once the P&A is completed at Platform Hogan and Platform Houchin is capable of accepting a well rig, the living quarters and necessary P&A equipment will be relocated to Platform Houchin. At the present time, the platform is not physically capable of accepting a well rig to begin the well intervention program. The risk of conducting repairs in the well bay or on the well heads, without a suitable well rig available for intervention may create a worse situation and may result in increased emissions.

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

- The Petitioner submitted an application for transfer of owner operator for Part 70 Permit to Operate (PT 70/PTO) 9109-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 PT 70/PTO 9109-R4. The permit modification application (PTO Mod 9109-04) was deemed complete on December 7, 2021 and issued final on November 9, 2022.
- On April 1, 2022, the facility operators submitted an application to increase crew and supply boat carbon monoxide (CO) emission factors. The permit application (PTO 15894) was deemed complete on February 14, 2023, and was rolled into the re-evaluation permit PT 70/PTO 9109-R5, issued final on February 27, 2024
- On October 18, 2022, the facility operators submitted a permit exemption application to install a portable crane to remove and install stationary cranes for the platform south crane overhaul. The permit exemption was issued final on November 4, 2022.

- On January 17, 2023, the facility operators submitted an application (PT 70 ADM 16049), 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 9109-R5.
- On June 7, 2023, the facility operators submitted an application to operate additional crew and supply boats and the Authority to Construct 15929 permit was issued final on June 20, 2023.
- On August 25, 2023, the facility operators submitted a permit application for PTO 15977 (see ATC 15977 above, installation is complete and equipment is operational) and was rolled into the re-evaluation permit PTO 70/PTO 9109-R5, issued final on February 27, 2024.
- 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: No NOV's have been issued to the facility within the last three years.

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

- **Part 70 Permit to Operate 9109-R5, Condition 9.C.2.a, 9.C.2.b.i and 9.C.2.b.ii (Fugitive Hydrocarbon Emissions Components)**

C.2 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>
102718	Components -- Controlled (4,984 component leak paths)
102719	Components -- Unsafe (301 component leak paths)
	<i>Gas/Light Liquid Service Components</i>
102717	Components -- Controlled (1,317 component leak paths)
105826	Components -- Unsafe (116 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 9109*)
- (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 Houchin 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 – 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	0.19
August 2024	0.16
September 2024	0.16
October 2024	0.16
November 2024	0.16
December 2024	0.07
January 2025	0.07
February 2025	0.07
March 2025	0.12
April 2025	0.12
May 2025	0.12
Total	1.41 tons

8.0 RESERVED

9.0 OTHER FACTORS: None.

10.0 DISTRICT RECOMMENDATION: The District supports the Petitioner's variance request, with the potential for extensions in the future. 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 Houchin.

ATTACHMENTS:

- Attachment 1 – District Rule 331 – Fugitive Emissions Inspection and Maintenance
- Attachment 2 – Variance Order 2021-04-M4 Monthly Updates
- Attachment 3 – Variance Order 2021-04-M5 Petition
- Attachment 4 – Draft Variance Order 2021-04-M5



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Compliance Division

June 20, 2025

Date