



H.B. Case No.:	<u>2015-37-R</u>
Petitioner:	<u>Freeport McMoran</u>
Permit No.:	<u>5704</u>
Date Rec'd:	<u>11/02/15</u>
Time Rec'd:	<u>10:30</u>
Filing Fee Paid:	<u>\$574.00</u>

PETITION FOR VARIANCE

Type of Variance Requested:			
Emergency	<input type="checkbox"/>	Interim ¹	<input type="checkbox"/>
90-Day	<input type="checkbox"/>	Regular	<input checked="" type="checkbox"/>
Length of Variance Requested:	Start Date	<u>12/2/15</u>	
	End Date	<u>12/1/16</u>	
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: Freeport-McMoRan Oil & Gas, LLC
 Address: 201 South Broadway
Orcutt, CA 93455
 Phone Number: (805) 934-8200

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: Glenn A. Oliver
 Address: Freeport-McMoRan Oil & Gas, LLC
201 South Broadway
Orcutt, CA 93455
 Phone Number: (805) 934-8216

C. The Petitioner is (please check one):

- 1) An Individual ()
- 2) Partnership ()
- 3) Corporation ()
- 4) Public Agency ()
- 5) Other Entity (please describe) LLC (Limited Liability Company)

2. Location of equipment for which the variance is requested if different from response in 1.A.

Gaviota Oil Heating Facility (GOHF - Pt. Arguello Project)

3. List any District permits that are applicable to the equipment subject to this variance request.

PTO 5704

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

1. Quarterly accuracy tests of the flow meter on the SCR stack: Quarterly accuracy tests of the Cogeneration SCR stack flow meter are performed as part of our continuous emission monitoring (CEMS) compliance plan. These tests involve operating the cogeneration turbine for approximately 6 hours. Freeport-McMoRan Oil & Gas (FM O&G) is requesting variance relief from performing these tests during the period of Line 903 shutdown.
2. Time limit for turbine starting: In addition, without ongoing oil production, the cogeneration turbines are not operated because the heat energy that is normally used as a result of their operation is not needed while no oil is being produced. Without the turbines, all electrical power is provided by the public utility. Emergency startup of the turbine to provide power may take longer than allowed by PTO 5704; variance relief from the start-up time limit is being sought for emergency use during the pipeline shutdown.

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.

APCD Rule 206, PTO 5704 Condition 9C.1(b) and the APCD approved CEMS Plan.

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.

Tests of the SCR stack flow meter require operation of the cogeneration turbine. Since steam is not needed at the facility (no oil being shipped), the turbines have not been operated since the AAPL Segment 903 shutdown in May 2015. Running a turbine for the

6-hour test each quarter would require using approximately 170,000 scf of PUC gas, creating unnecessary NOx and CO emissions, and venting steam that was not used.

In addition, the stack flow meter has not failed the quarterly relative accuracy tests in the past 15 years.

PTO 5704 allows 30 minutes from turbine startup until the SCR operations and emissions are in compliance. Starting turbines when utility power has been interrupted requires additional safety measures. Testing has shown that safe start-up during power interruptions is not manageable within the allowed 30 minutes. A 45-minute limit is manageable allowing personnel to safely close breakers manually.

Being allowed to meet emission compliance within 45 minutes prevents multiple startup attempts (that actually cause higher emissions) and restores power to the facility vapor recovery system.

- 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.

Operating the turbine and SCR system just for the quarterly stack flow tests would add unnecessary wear and tear on the equipment (turbine, SCR system, RO system for making fresh water).

Turbine operation in emergencies will meet all emission compliance requirements within 45 minutes. No emergency turbine use would still meet the 30 minute startup compliance requirements.

- 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.

Complying with the requirement for the quarterly tests would create approximately 20 lbs NOx (majority during startup and shutdown) 20 lbs CO for each test period. Unused steam (water vapor only) would be vented as well.

Allowing a 45-minute startup window would actually reduce emissions from occurrences of multiple start attempts when the turbine is shutdown within the 30-minute window.

- E. Please describe what consideration you have given to curtailing of operations in lieu of obtaining a variance.

Oil shipping operations are not currently occurring due to the pipeline shutdown.

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

Variance relief would not create any excess emissions; it would actually reduce emissions.

- 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.

The turbine will only be operated during utility power interruptions or short periods of maintenance. The stack flow meter will still operate normally and emissions will be monitored in the normal manner.

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: _____ Time: _____

B. Breakdown number (as provided by the District):

C. Please provide a description of the "breakdown condition", including equipment involved and the cause to the extent it is known.

D. 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.

7. Will the operation of the equipment subject to this variance result in violation of District Rule 303, Nuisance?

No nuisance will result from operation under a variance

8. Please state whether or not any civil or criminal case involving the equipment subject to this variance is pending any court.

No cases are pending

The undersigned is authorized to submit the above Petition on behalf of the Petitioner and further states under penalty of perjury under the laws of the State of California, that the above Petition, including any attachments and the items therein set forth, are true and correct.

DATE: 11/2/15 SIGNATURE: 

TITLE: Sr. EH&S Advisor

PRINT NAME: Glenn A. Oliver

Variance Filing Fees: All variance Petitions must be accompanied by the requisite filing fee at the time of filing or include a letter from the Petitioner on company letterhead authorizing the District to debit the filing fee from the company's reimbursable account. You may also pay your filing fees by credit card using the attached form. Current variance filing fees may be found under Rule 210, schedule F, Sections 12a and 12b at <http://www.sbcapcd.org/fees.htm>.



Freeport-McMoRan Oil & Gas
201 S. Broadway
Orcutt, CA 93455

Telephone: 805-739-9111

November 2, 2015

Ms. Sara Hunt
Clerk of the Hearing Board
Santa Barbara County Air Pollution Control District
260 San Antonio Road, Suite A
Santa Barbara, CA 93110

Subject: Variance Petition for the Gaviota Oil Heating Facility

Dear Ms. Hunt:

Freeport-McMoRan Oil & Gas is submitting this petition for continued operation of the Gaviota Oil Heating Facility under a Regular Variance during the All American Pipeline Segment 903 shutdown. A completed petition is attached.

Please charge the Freeport-McMoRan Oil & Gas/Pt. Arguello Project reimbursable fund for the filing fees. If you have any questions, please contact me at (805) 934-8216.

Cordially,

A handwritten signature in cursive script, appearing to read 'Glenn A. Oliver'.

Glenn A. Oliver
Sr. EH&S Advisor

Attachment