



Platform Houchin  
Petition for Variance  
Findings  
July 5, 2023



# Platforms Hogan & Houchin – Discussion of Responsible Party

- **Oct 2020:** Signal Hill (100% interest owner) relinquished Federal Oil and Gas Lease to the Bureau of Ocean Energy Management. Signal Hill had preemptively defaulted on its obligations to decommission the platform wells and facilities.
- **Nov 2020:** Bureau of Safety and Environmental Enforcement (BSEE) ordered ConocoPhillips, Occidental, and Devon (Order Recipients) to decommission “all wells, pipelines, platforms, and other facilities” associated with the Lease for which they held an accrued obligation.
- **Jan 2021:** Order Recipients dispute legal obligation to decommission and appealed BSEE's orders to the IBLA. However, Order Recipients have agreed to voluntarily perform certain monitor and maintenance activities to preserve lease assets for decommissioning to protect human safety and the marine environment.
- **Legal liability for decommissioning the facilities remains unresolved at this time.**

## Partial Stay Agreement For Certain Maintenance and Monitoring Activities To Preserve Lease Assets For Decommissioning

- The agreement requires the prior lessees to perform certain **maintenance and monitoring** activities to maintain safety and environmental protection not to decommission.
- In cooperation with BSEE, order recipients have **voluntarily** been proactive in initiating significant work to improve platform safety and environmental concerns.
- A well intervention program to address fugitive emissions is beyond the scope and not an obligation under the Partial Stay Agreement.
- The prior lessees engaged Beacon West to perform ongoing maintenance, repairs and refurbishments.

## Facility & Equipment Status

- Platform Houchin is permanently shut down, wells shut-in, pipelines to shore isolated.
- Potable water and marine sanitary systems are out-of-service, new equipment and system repairs ongoing.
- Firewater system undergoing significant repairs.
- Refurbished Unit 500 crane currently in service, additional portable crane purchased, to arrive and be installed in Q3 2023.
- Gauge program completed (April 2023) to understand well pressures and repaired fugitive leaks where safe to do so with the limited onboard equipment.
- Completed well bay piping removal (March 2023) which significantly reduced well bay fugitive components and emissions.
- Significant platform decking, grating and structural repairs completed (to date):
  - 3,500 sq ft of platform decking replaced/installed;
  - 1,700 linear ft of handrails repaired or replaced;
  - 1,500 sq ft of platform grating replaced/installed;
  - 400,000 lbs (181 tons) waste and recyclable material removed;
  - Approximately 14,000 person hours resourced to Houchin;
- Platform flare system returned to service (June 30, 2023).



## Facility Status – Maintenance & Monitoring

- Safety of personnel is critical during necessary ongoing maintenance & monitoring activities. Access limited to essential personnel only.
- Managing air quality (APCD) and NPDES permit compliance.
- Inspections, maintenance and repairs for the preservation of platform.
- 2<sup>nd</sup> crane will be installed on Platform Houchin by end of 2023.

## Platform Houchin Fugitive Leaks

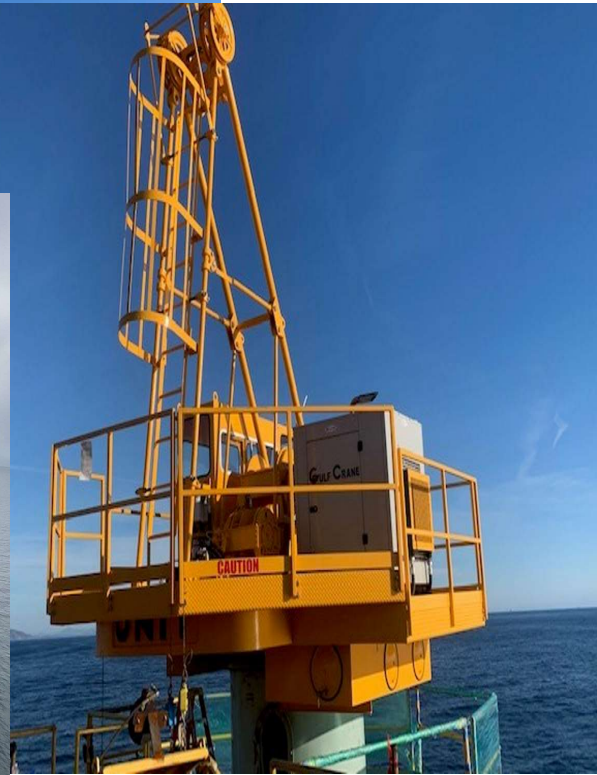
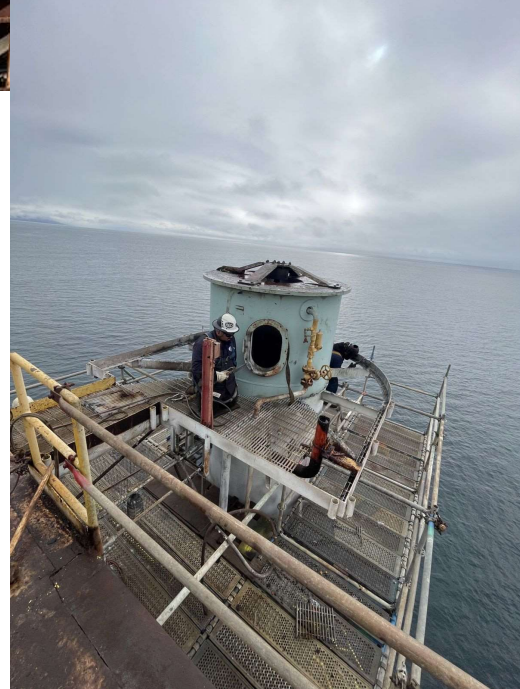
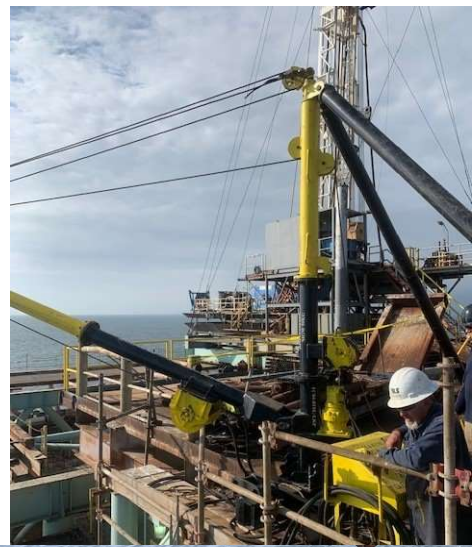
- Total emissions from fugitives on Platform Hogan are very small since fugitive leak paths are generally minute “openings” associated with flanges, valve stem packing, threaded connections, etc.
  - Far less emissions than flare stack venting
  - Emissions are undetected at parts per million (PPM) level by portable gas detection equipment
- Emissions from fugitive leaks are not quantifiable.

## Dec 2022 – June 2023 Completed Tasks

- **Removal of well-bay piping (flow lines) to remove fugitive emission components and improve safety.**
- Completed gauge installation on wells.
- Completed mechanical integrity inspection of flare header piping and scrubber, flare now returned to service.
- Completed demo of wellbay walkways and grating platforms.
- Procured 1-ton, 4-ton and 20-ton stiff leg cranes to remove Unit 500 crane and install previously refurbished Unit 500.
- Continuing Phase 2 Level 1 repairs, decking, stairs, handrails, etc.
- Prep work for pipe rack deck structural reinforcement to support portable crane installation/operations.
- Completed platform clutter, debris and hazardous materials removal.

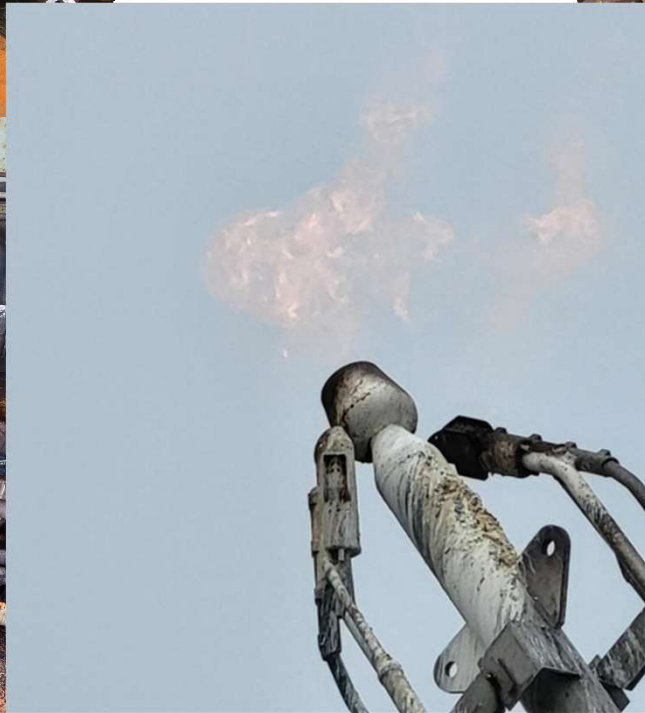


# Platform Houchin Crane Install



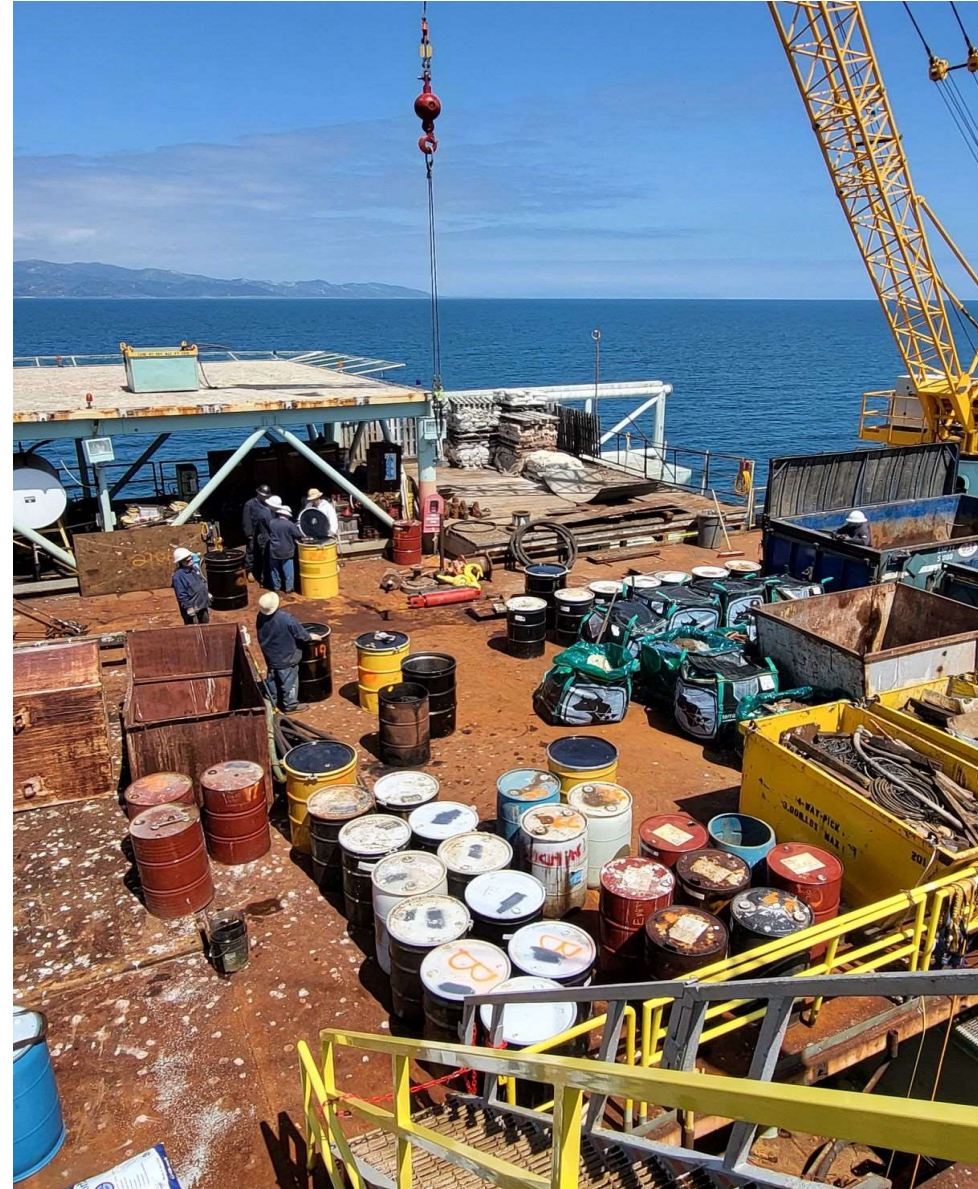


# Platform Houchin Well Bay, Gauge Program & Flare



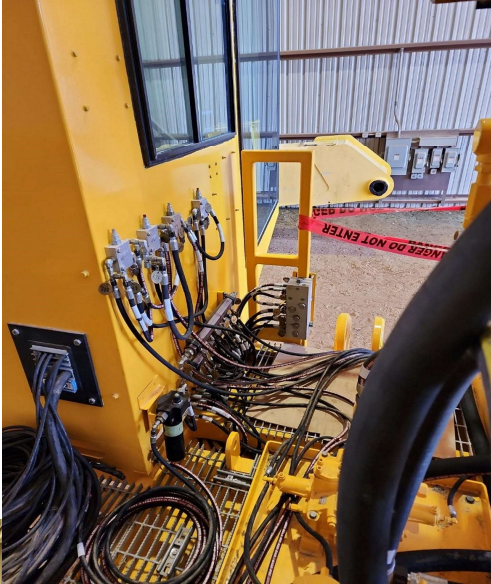


# Clutter & Debris Removal





# Hogan/Houchin Portable Cranes



## Houchin Summary

- No venting occurs. Flare system returned to service. All safe repairs to minimize limited fugitive emissions are completed.
- The only remaining compliance issue on Platform Houchin are fugitive leaks from well heads, which have been reduced since December 2022 Hearing Board review, through gauge program and well bay piping removal.
- Fugitive leaks in the well bay will not be addressed until a rig is in place to intervene. Entities responsible for wells intervention will not be determined until IBLA Appeal Resolution.
- Significant progress continues to be made on Platform Houchin Phase I & II level 1 repairs; repairs and maintenance activities will continue to ensure the preservation of the platform.

## Six Explicit Findings in Support of Variance

1. APPLICANT is unable to comply with district rule or HSC 41701 (Visible Emissions)
2. NONCOMPLIANCE due to CONDITIONS BEYOND APPLICANTS REASONABLE CONTROL and requiring compliance would result in UNREASONABLE TAKING OF PROPERTY or CLOSING OF BUSINESS.
3. SUCH TAKING is WITHOUT CORRESPONDING BENEFIT in reducing pollution.
4. APPLICANT confirms platforms are non- OPERATIONAL.
5. APPLICANT will REDUCE EMISSIONS to maximum extent feasible.
6. APPLICANT will MONITOR and REPORT emissions.



## Two Implicit Findings in support of Variance

1. Monitoring and maintenance activities under variance NOT a NUISANCE.
2. OTHER REQUIREMENTS to progress EXPEDITIOUS COMPLIANCE with emissions standards or increments of progress.

# Response to District Findings

**1. APPLICANT is not able to comply with district rule or HSC 41701 (Visible Emissions)**

- **District Rule 331.D, E and I (Fugitive Emissions Inspection and Maintenance)**
- Sec D Requirements – General
- Sec E Requirements – Repair
- Sec I Requirements – Compliance Schedule

Beacon West response:

Beacon West confirms it is unable to comply with these permit conditions due to the current inability to safely repair well fugitive leaks.

# Response to District Findings

## **1. APPLICANT is unable to comply with district rule or HSC 41701 (Visible Emissions)**

- **District Rule 206 (PTO 9109) & Permit Conditions**
  - 9.C.2.a, b(i) and b(ii) Fugitive Hydrocarbon Emissions Components
    - Emission Limits
    - Operational Limits

### **Beacon West response:**

Beacon West confirms it is unable to comply with these permit conditions due to the current inability to safely repair well fugitive leaks.

# Response to District Findings

## **2. NONCOMPLIANCE DUE TO CONDITIONS BEYOND APPLICANT'S REASONABLE CONTROL and requiring compliance would result in UNREASONABLE TAKING of PROPERTY or CLOSING of BUSINESS?**

Beacon West response (from its Petition):

Neither the petitioner nor the former holders of Outer Continental Shelf Lands Act Lease P-0166 (“Lease”) is the current owner/operator of the platforms. Fugitive emissions from the wells and well bay were pre-existing conditions when the petitioner assumed monitoring and maintenance activities after Signal Hill and POOL abandoned the platforms and relinquished the Lease.

- No safe repair can be attempted of the offshore wells to mitigate fugitive emissions 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 cannot unilaterally tamper with these assets belonging to another entity.
- The petitioner is not the owner/operator. There is no basis for a taking of property. The facility is already closed from a practical standpoint since it was abandoned by the previous Owner and Operator.

# Response to District Findings

### **3. SUCH TAKING is WITHOUT CORRESPONDING BENEFIT in reducing pollution.**

#### **Beacon West response:**

- Platform is no longer producing. All wells are shut-in pending well plug and abandonment.
- A taking would result in further deterioration of the Platform potentially increasing air pollution impacts and safety risks.
- This unreasonable taking would have no air pollution benefit.
- Without continued variance coverage, the petitioner would be forced to cease all maintenance and refurbishment activities, increasing the risk to safety and the environment.



# Response to District Findings

## **4. APPLICANT CONSIDERED CURTAILING OPERATIONS IN LIEU OF VARIANCE.**

### **Beacon West response:**

- Curtailing operations is not applicable in this instance as the facility is permanently shutdown and will not resume production.
- 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 2023, as reported in monthly updates required by Variance Order 2021-04-M2.
- All ongoing activities would be necessary as a precursor for any safe well plug and abandonment activities, and curtailing ongoing activities would have no air pollution benefit.
- The partial stay agreement does not oblige the former Lease holders to undertake any well intervention work.

# Response to District Findings

## 5. **APPLICANT will REDUCE EMISSIONS to maximum extent feasible.**

### **Beacon West response:**

- During the period the variance is in effect, emissions will continue to be reduced to the maximum extent feasible by removing, repairing, or replacing equipment as appropriate.
- The former Lease holders and their contractors have invested extensive resources into the maintenance and restoration of the Houchin facilities under this agreement, including repair, replacement, and upkeep of equipment designed to ensure safety and controls to minimize emissions.
- Although minor fugitive emissions remain, repairs in the well bay or on well heads without a suitable well rig on site for an intervention has significant risks and would violate industry safety practices.

# Response to District Findings

## **6. APPLICANT will MONITOR and REPORT emissions**

### **Beacon West response:**

- Monitoring and maintenance activities will continue to address compliance with District permitting procedures. Quarterly Method 21 monitoring will continue for fugitive leaks.
- Permitted emissions will continue to be reported semi-annually as required by PTO 9108

# Two Implicit Findings

## **1. Monitoring and Maintenance activity under variance NOT a NUISANCE.**

### **Beacon West response:**

Cessation of oil and gas production, limited equipment operation and remote offshore location ensures no nuisance potential.

## **2. OTHER REQUIREMENTS to progress EXPEDITIOUS COMPLIANCE with emissions standards or increments of progress.**

### **Beacon West response:**

- The former Lease holders and their contractors have invested and continue invest extensive resources into the maintenance and restoration of the Houchin facilities under the partial stay agreement, including repair, replacement, and upkeep of equipment designed to control and minimize emissions.
- Identify well rig(s) necessary for fugitive leak repair within 6 months of final resolution of IBLA Appeal process.
- Complete platform deck alterations necessary for the well rig(s) within 18 months of final resolution of IBLA Appeal process.
- Begin well bay fugitive leak repairs within 20 months of final resolution of IBLA Appeal process.
- Complete 100% of well bay fugitive leak repairs within 38 months of final resolution of IBLA Appeal process.

**Safety First**