


ATTACHMENT 4

Variance Order 2021-05-M2

July 5, 2023

Santa Barbara County Air Pollution Control District
Hearing Board

260 San Antonio Road, Suite A
Santa Barbara, California 93110

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2021-05-M2	12/07/2022
	Petitioner	Beacon West Energy Group, LLC	
	Permit #	9108-R4	
	Date Rec'd	11/07/2022	
	Time Rec'd	1537 hours	
FOR OFFICIAL USE ONLY			

**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

In the Matter of the Application of)
 Beacon West Energy Group, LLC for a)
 Modification of Regular Variance from)
 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.)

H.B. Case No. 2021-05-M2

VARIANCE FINDINGS

AND ORDER

Beacon West Energy Group, LLC filed a Petition for a Modification of Final Compliance Date and Modification of Conditions of Regular Variance 2021-05-M1 on November 7, 2022. A hearing of the Modification of Final Compliance Date and Modification of Conditions of Regular Variance was held on December 7, 2022, in accordance with Health and Safety Code section 40808. John Garnett and Keith Wenal represented the Petitioner, and Aimee Long represented the Santa Barbara County Air Pollution Control District (District).

This matter having been fully presented and duly considered, the Hearing Board makes the following findings and gives the following reasons for its decision.

HEARING

1. Notice of the Hearing was duly given in the manner and for the time required by law.
2. Sworn testimony and argument on behalf of the Petitioner and the Air Pollution Control Officer were made, received, and considered.
3. A nuisance as defined in District Rule 303 is not expected to occur as a result of this Variance.
4. If, due to reasons beyond the control of the Petitioner, successful repairs are not completed during this Variance period, additional relief will be sought.
5. District staff supports the Petition as conditioned below.

BACKGROUND

1. The Petitioner operates the equipment described in the Petition at Platform Hogan located on offshore lease tract OCS-P-0166, approximately 8 miles southeast from the City of Santa Barbara, California.
2. 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.
3. In September 2019, POOI notified the U.S Bureau of Safety and Environmental Enforcement (BSEE), the District, and other agencies they intended to cease all crude oil and natural gas production operations from platforms Hogan and Houchin. Shortly after, POOI stopped adequately maintaining and operating the platforms.
4. 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.
5. In response to the Order, the Order Recipients informed BSEE that they would appeal the Order to the Interior Board of Land Appeals (IBLA).
6. On November 6, 2020, ConocoPhillips notified Beacon West Energy Group, LLC (Petitioner) they could begin platform oversight.
7. Pending the appeal of the Order, on November 29, 2020, BSEE, the U.S. Bureau of Ocean Energy Management (BOEM), and the Order Recipients executed a Partial Stay Agreement for Certain Maintenance and Monitoring Activities to Preserve Lease Assets for Decommissioning (Partial Stay Agreement), requiring certain maintenance and monitoring work reasonably necessary to maintain safety and environmental protection and to preserve the assets for decommissioning. The Partial Stay Agreement was effective upon execution and continues until the Order Recipients' appeal(s) to the IBLA is or are fully and finally resolved (Appeal Resolution).
8. The Partial Stay Agreement identifies the Petitioner as the “maintenance and monitoring personnel” performing work under the Partial Stay Agreement.
9. During the evaluation process, the Petitioner discovered the platforms are significantly deteriorated causing safety concerns. Before the decommissioning process can begin, platform safety concerns need to be addressed.

10. Oil and gas production operations have permanently ceased on Platform Hogan. All wells on the platform are currently shut-in while the facility undergoes repairs and prepares for well plugging and abandonment and facility decommissioning.
11. On January 5, 2022, Variance Order 2021-05-M1, was granted by the Hearing Board for emission controls, monitoring, maintenance, and north crane source testing requirements at the Petitioner's facility in violation of 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 from January 5, 2022 through January 4, 2023, or the date compliance is achieved, whichever occurs first.
12. During the variance period covered by Regular Variance 2021-05-M1, the Petitioner continued the Level One repairs, which are almost complete, completed the handrail and grating repairs in the well bay, installed and removed the rubber tire crane, removed and refurbished the south crane unit for installation on Platform Houchin, and repaired and returned the flare to service. Since returning the flare to service, all gas venting will now be routed and controlled by the operational flare.
13. The Petitioner is not pursuing further variance coverage for District Rules 331.F, H G.2-5, I and 359.D.2.b, and eight permit conditions because they are now able to comply with these requirements. As a result, the Petitioner is requesting a Modification of Conditions of Regular Variance Order 2021-05-M1, per Health and Safety Code section 42356.
14. The District rules and permit conditions associated with the granting of this variance are related to repair timelines and recordkeeping for fugitive leaks in the well bay.
15. The Petitioner states that 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 intervene and commence the plugging and abandonment program because of the potential for the attempted repairs to create a worse situation that may result in increased emissions.
16. The District confirmed with BSEE that 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, the Petitioner is not responsible for conducting this fugitive leak repair work until the Appeal Resolution. BSEE stated that the Appeal Resolution timeframe is unknown, but the last Appeal Resolution BSEE was involved with took 5 years. 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, the District confirmed with BSEE that there are no other responsible parties to conduct this fugitive leak repair work.

17. At this time the platform remains out of compliance with the requirements listed herein. In accordance with Health and Safety Code section 42357, the Petitioner is requesting a Modification of the Final Compliance Date of Variance Order 2021-05-M1 to continue the safety repairs allowing for additional workers and equipment to be brought to the platform to continue their efforts to achieve compliance.

FINDINGS

1. Without Variance coverage, the Petitioner will be 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 and 9.C.2.b.
2. Due to conditions beyond the reasonable control of the Petitioner, requiring immediate compliance with the referenced permit conditions and Rules is not possible. The Petitioner has conducted several repairs to the platform, however, due to the extensive deterioration of the platform all of the repairs could not be made during the last variance period. The Petitioner does not have a rig on the platform and the timeline to get a rig on the platform and make the repairs will take time. Therefore, it is physically not possible for the Petitioner to immediately come into compliance.
3. The closing or taking would be without a corresponding benefit in reducing air contaminants. The platform is not operating and will not resume production. At this time, it is in a state of deterioration that, if not attended to, may lead to the failure of the platform and release of additional emissions. Furthermore, due to the deteriorated condition of the wellheads, requiring immediate repair of the ongoing fugitive leaks in the well bay without a well rig in place to intervene and commence the plugging and abandonment program if the attempted repairs create a worse situation, may result in increased emissions.
4. The Petitioner has considered curtailing operations; however, the facility is not currently operating and is pending platform decommissioning.
5. During the period the Variance is in effect, the Petitioner will reduce emissions to the maximum extent feasible. Compliance will be constantly assessed and modifications including removal and/or replacement of equipment will be done in compliance with established District permitting processes.
6. The Petitioner will conduct District Rule 331 inspections for fugitive leaks on a quarterly basis using a Method 21 approved device.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Modification of Final Compliance Date and Modification of Conditions of Regular Variance 2021-05-M1 be granted for the fugitive leak repair and recordkeeping 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 and 9.C.2.b from January 5, 2023 through July 30, 2023, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. The Petitioner shall meet the following Increments of Progress:
 - a. Identify well rig(s) necessary for fugitive leak repair within 6 months of the Appeal Resolution;
 - b. Complete platform deck alterations necessary for the well rig(s) within 18 months of the Appeal Resolution;
 - c. Begin well bay fugitive leak repairs within 20 months of the Appeal Resolution; and
 - d. Complete 100% of well bay fugitive leak repairs within 38 months of the Appeal Resolution.
2. The Petitioner shall submit monthly written reports to the Hearing Board and District, to variance@sbcapcd.org, starting on February 15, 2023, and on the 15th of every month thereafter for the duration of the variance period. The report shall include:
 - a. Status of actions taken on Increments of Progress (see Condition 1 above).
 - b. List of well bay fugitive leak repairs completed and date repaired.
 - c. List of outstanding well bay fugitive leak repairs.
 - d. Status of ongoing safety repairs to the platform, including those preventing compliance either by limiting access or acquiring materials for repair for conditions and rules subject to this variance.
 - e. Fugitive emissions inspection log records specified in District Rule 331.G.4 (Fugitive Emissions Inspection and Maintenance – Recordkeeping and Reporting section).
 - f. List of actions completed during the past month.
 - g. List of actions to be taken in the next month.

- h. Current status of the crane(s):
 - i. South crane
 - ii. Portable crane
 - iii. Any additional cranes
 - i. Monthly excess emissions, if any, calculated in lbs. and tons of ROCs.
 - j. Status of the Appeal Resolution.
3. Petitioner shall submit a written summary report to the Hearing Board and District, to variance@sbcapcd.org, by June 15, 2023, or within 30 days from the date compliance is achieved, whichever occurs first. This report shall include a summary of all monthly reports and the final state of Platform Hogan with respect to compliance with this variance and the District Operating Permit 9108-R4.
 4. The Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order.
 5. Failure to abide by all conditions of this Order shall subject the Petitioner receiving the variance to penalties set forth in Health and Safety Code section 42402.
 6. In accordance with District Fees Rule 210, Schedule F.12.e, the Petitioner shall pay excess emission fees for each additional ton of pollutant emissions or portion thereof allowed as the result of the issuance of this Variance.
 7. Each day during any portion of which a violation occurs is a separate offense.
 8. The Environmental Protection Agency does not recognize California's Variance Program; therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.
 9. Petitioner shall submit deviation reports to the District for all violations of federally-enforceable requirements.

DATED: Dec 8, 2022

Terence E Dressler
Terence E Dressler (Dec 8, 2022 19:04 PST)

Chair
Santa Barbara County Air Pollution Control District
Hearing Board