

Platform Hogan Petition for Variance Findings July 5, 2023



BEACON WEST
ENERGY GROUP

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 Hogan is currently shut down, all wells shut-in, not producing and pipelines to shore isolated.
- Manitowoc crane is in service and operating since 2021.
- Procurement completed; one additional portable crane is purchased and planned to arrive for installation on Hogan later this year.
- Installation of new potable water and marine sanitary systems in progress.
- Firewater system repairs ongoing.

Facility & Equipment Status (cont.)

- Gauge program completed to understand well pressures and repair well head fugitive leaks where safe to do so with the limited onboard equipment.
- Flare returned to service; stack venting eliminated (September 2022).
- Portable RT crane installed (May 2022). South Unit 500 crane dismantled and removed for overhaul (June 2022).
- Significant platform decking, grating and structural repairs completed:
 - 8,000 sqft of deck plating installed;
 - 2,400 linear ft of handrails;
 - 2,000 sqft of platform grating;
- 600,000 lbs (272 tons) of waste and recyclable material removed;
- Platform combustible gas detection system replaced;
- To date approximately 14,000 Beacon West person hours of field and office staff, and over 41,000 contractor hours since 2021;
- Implemented monthly Method 21 fugitive inspections to assess fugitive leak concentrations.

Platform Hogan 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.

December 2022 – June 2023 Completed Tasks

- **Removal of well-bay piping (flow lines) to remove fugitive emission components and improve safety**
- Ongoing Monitoring & Maintenance activities following improved status of Platform Hogan.
- Completed structural evaluation for reinforcements to Unit 500 crane pedestal
- Completed additional grating and handrail repairs on the +14-Level
- Completed removal and replacement of Firewater Pump #1
- Procurement of materials and completed engineering for structural reinforcement of pipe deck for portable crane installation
- Removed marine growth and performed underwater structural inspection of platform jacket





Hogan
Status



Hogan/Houchin Portable Cranes



Hogan 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 Hogan 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.
- Crane installations are on track for completion later this year.
- Phase I & II Level 1 repairs are completed; 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 unable to comply with district rule or HSC 41701 (Visible Emissions)**
 - **District Rule 331 (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 9108) & 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 APPLICANTS 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 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 absolutely zero 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 Hogan 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 to invest extensive resources into the maintenance and restoration of the Hogan 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