

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2024-02-R	04/03/2024
	Petitioner	Pacific Coast Energy Company LP	
	Permit #	PT 70/PTO 8240-R11	
	Date Rec'd	02/15/2024	
	Time Rec'd	1725 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)
 Pacific Coast Energy Company LP for)
 an Regular Variance from)
 District Rule 206, Part 70 Permit to)
 Operate 8240-R11, Condition 9.C.6.a.)

H.B. Case No. 2024-02-R

VARIANCE FINDINGS

AND ORDER

Pacific Coast Energy Company, LP (Petitioner) filed a Petition for Regular and Interim Variances on February 15, 2024. The request for Interim Variance 2024-01-I was heard on March 4, 2024, and granted by Hearing Board Member Terence Dressler. Interim Variance order 2024-01-I is in effect from February 16, 2024 through May 15, 2024 (not to exceed 90 days), or the date a decision is made on the Regular Variance, or the date compliance is achieved, whichever occurs first.

A hearing of the Regular Variance Petition was held on April 3, 2024 in accordance with Health and Safety Code §40808. Marianne Strange 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, compliance is not achieved 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 the Newlove Lease located approximately 2.5 miles South of the town Orcutt, an unincorporated town in Santa Barbara County, California.
2. The Petitioner operates seventy-eight wells at the Newlove Lease that produce oil, water and gas. Three steam generators are used to enhance oil production at the leases. Produced oil is gathered in tanks, then sent off-site via pipeline. Natural gas produced at the lease is sent to the Orcutt Hill Compressor Plant, where it is dehydrated and scrubbed. The treated natural gas is either used on-site for fuel or sold.
3. The Petitioner has three 62.5 MMBtu/hr steam generators. The Petitioner's permit requires that the steam generators undergo annual source testing.
4. Source testing on steam generator SG 100 (APCD Device ID 109530) was last conducted on February 16, 2023 with passing results achieved.
5. Shortly after the source test, the Petitioner began experiencing problems with the Program Logic Controller (PLC) for SG 100. As a result, SG 100 was shut down shortly after the February 16, 2023, source test.
6. Advanced Combustion, the Petitioner's third-party contractor, removed the panel to determine the cause of the problem. Advanced Combustion, determined the Honeywell Expanded Annunciator had failed and was preventing the SG 100 from operating.
7. The Petitioner ordered parts; however, they were on backorder until February 2024. The parts are expected to arrive at the end of March 2024. Repairs will commence as soon as the Allen Bradely Control Panel is delivered.
8. Source testing cannot be completed until the repairs are conducted. As a result, the Petitioner is requested variance coverage until the repairs and source testing can be completed.

FINDINGS

1. Without Variance coverage, the Petitioner will be in violation of District Rule 206, Part 70 Permit to Operate 8240-R11, Condition 9.C.6.a.
2. Due to conditions beyond the reasonable control of the Petitioner, requiring compliance would result in either (A) an arbitrary or unreasonable taking of property, or (B) the practical closing

and elimination of a lawful business. Immediate compliance is not possible because the equipment is not operable until the repairs are made. Requiring the Petitioner to source test the equipment would be an unreasonable taking of property, because it would mean the Petitioner would have to pay for a source test for equipment that cannot operate to be tested.

The panel for the SG 100 was removed for diagnostic purposes. Advanced Combustion, the Petitioner's third-party contractor, determined the Honeywell Expanded Annunciator had failed and will not operate until the repairs are made. The parts were ordered; however, they were on backorder until February 2024. Delivery is expected before the end of March 2024. Advanced Combustion will complete the repairs as soon as they are received.

3. The closing or taking would be without a corresponding benefit in reducing air contaminants. The steam generator, SG 100, is not operational and has not operated since shortly after the February 2023 source testing.
4. The Petitioner is currently curtailing operations. The steam generator, SG 100, is shut down until the repairs can be made and source testing can be completed.
5. During the period the Variance is in effect, the Petitioner will reduce emissions by not operating the equipment until the repairs are conducted and source testing is completed.
6. The Petitioner will monitor SG 100 using the SCADA system to verify that it is not operated until the PLC is installed. No excess emissions are expected with the granting of this Variance.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a Regular Variance be granted for relief from the source testing requirements for SG 100, which is in violation of District Rule 206, Part 70 Permit to Operate 8240-R11, Condition 9.C.6.a, until the repairs can be made and source testing can be conducted from April 3, 2024 through July 2, 2024, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. Petitioner shall submit a written report to the Hearing Board and District, to variance@sbcapcd.org, by July 22, 2024, or within 30 calendar days of achieving compliance, whichever comes first. The report shall include the date the repairs were completed, date the equipment returned to service, records of SG 100 hours of operation within the variance period, source testing date, and the source testing results.
2. Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order.
3. 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.

4. 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.
5. In accordance with District Fees Rule 210, Schedule F.12.a, the Petitioner shall pay an additional fee per month for Variance after three months.
6. Each day during any portion of which a violation occurs is a separate offense.
7. The Environmental Protection Agency does not recognize California's Variance Program; therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.
8. Petitioner shall submit deviation reports to the District for all violations of Federal requirements.

DATED: _____

Terence Dressler
Santa Barbara County Air Pollution Control District
Hearing Board