



air pollution control district
SANTA BARBARA COUNTY

HEARING BOARD STAFF REPORT

TYPE: REGULAR VARIANCE

CASE NO: 2024-02-R

DATE: April 3, 2024

1.0 GENERAL INFORMATION:

- 1.1 **PETITIONER COMPANY NAME:** Pacific Coast Energy Company, LP (PCEC)
- 1.2 **EQUIPMENT LOCATION:** Newlove Lease, 2.5 miles South of Orcutt
- 1.3 **PERMIT NUMBER(S):** Part 70 Permit to Operate 8240-R11
- 1.4 **FACILITY NAME/ID:** Newlove Lease/FID 3321
- 1.5 **FACILITY DESCRIPTION:** The Newlove Lease contains seventy-eight wells 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.

- 2.0 REASON FOR THE VARIANCE REQUEST:** The Petitioner operates three 62.5 MMBtu/hr steam generators. The Petitioner's permit requires that the steam generators undergo annual source testing. Source testing on steam generator SG 100 (APCD Device ID 109530) was last conducted on February 16, 2023 with passing results achieved.

The Petitioner began experiencing problems keeping the Program Logic Controller (PLC) for the SG 100 operating. As a result, SG 100 was shut down shortly after the February 16, 2023, source test. A third-party contractor, Advanced Combustion, removed the panel to diagnosis the cause of the problem. Advanced Combustion determined the Honeywell Expanded Annunciator component caused the panel to fail rendering the SG 100 inoperable.

The SG 100 steam generator remains inoperable until the repairs can be made. With the SG 100 inoperable, source testing cannot be completed by the timelines specified in the Petitioner's permit. As a result, Petitioner applied for Interim and Regular Variances.

Without coverage, the Petitioner will be in violation of District Rule 206, Part 70 Permit to Operate 8240-R11, Condition 9.C.6.a.

- 3.0 BACKGROUND:** A Petition for Interim and Regular Variances was submitted 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.

The request for Regular Variance 2024-02-R, if granted, would provide continued relief from the source testing requirements for SG 100, 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 comes first.

4.0 PERMITTING HISTORY: The initial permit to operate was issued to Unocal Corporation in 1992. The initial Part 70 permit for this facility was issued on May 22, 1999. Since then, there have been four transfers of owner/operator applications and one name change (see Owner/Operator History table below). On December 1, 2011, there was a name change from BreitBurn Energy to Pacific Coast Energy. The Petitioner’s main operating permit, Part 70 Permit to Operate 8240-R11, was issued on June 15, 2021. The reevaluation application for Part 70 Permit to Operate 8240-R11 was received on November 8, 2023 and deemed completed on January 31, 2024. On July 7, 2023, the Petitioner submitted an application (ATC 16121) to replace an existing 3,000 barrel wash tank. The equipment was replaced under the Interim Permit Approval Process (IPAP), which allows for the equipment to be install prior to ATC issuance. The equipment was installed and is pending permit application submittal.

Owner/Operator History

Date of Transfer	New Owner	New Operator
April 9, 1996	Nuevo Energy Company	Torch Operating Company
February 27, 2001	Nuevo Energy Company	Nuevo Energy Company
September 30, 2003	ERG Operating Company	ERG Operating Company
November 5, 2004	BreitBurn Energy	BreitBurn Energy
*December 1, 2011	Pacific Coast Energy	Pacific Coast Energy

*On December 1, 2011, BreitBurn Energy became Pacific Coast Energy

5.0 COMPLIANCE HISTORY: No Notices of Violation (NOV) have been issued in the past three years.

6.0 REGULATORY ANALYSIS: The Petitioner has requested the below permit condition to be included in the Variance Order.

- **Part 70 Permit to Operate 8240-R11, Condition 9.C.6.a (Source Testing)**

- a. The permittee shall conduct source testing of air emissions and process parameters listed in Table 5.6 of this permit. **Source testing shall be preformed annually using February as the source test anniversary date for Devices 109530 and 109458 and October as the source test anniversary date for Device 114798, respectively.** More frequent source testing may be required if the equipment does not comply with permitted limitations or if other compliance problems, as determined by the District, occur.

7.0 EMISSIONS ANALYSIS: No excess emissions are expected with the granting of Variance Order 2024-02-R.

8.0 RESERVED

9.0 OTHER FACTORS: None.

10.0 DISTRICT RECOMMENDATION: The District supports the Petitioner’s Variance request.

11.0 ATTACHMENTS:

- Attachment 1 – Variance 2024-02-R Petition
- Attachment 2 – DRAFT Variance Order 2024-02-R



Aimee Long, Air Quality Specialist
Compliance Division

March 18, 2024
Date