



Platform Houchin
Petition for Variance
Findings
July 3, 2024

Current Facility & Equipment Status

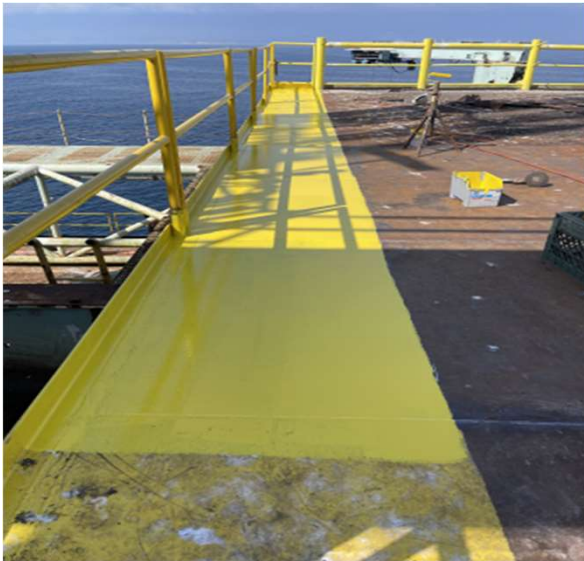
- Beacon West continues to perform maintenance and monitoring activities for the former lease holders.
- Platform Houchin is permanently shut down, all wells shut-in and no production.
- Pipelines to Hogan are isolated and filled with seawater.
- All oil and gas production equipment and piping is out of service, isolated, depressurized and flushed of oil and gas.
- All well bay piping has been removed eliminating fugitive emissions.
- Quarterly Method 21 fugitive inspections to assess fugitive leaks ongoing.
- Gauge program and well pressure monitoring continued this variance period

Facility & Equipment Status (cont.)

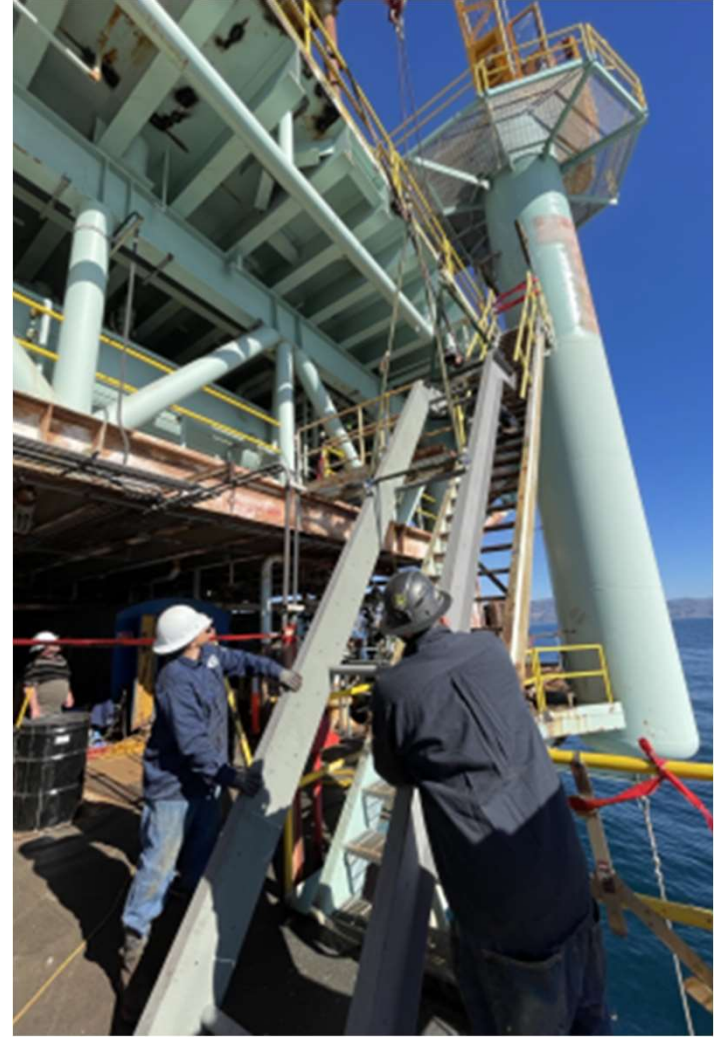
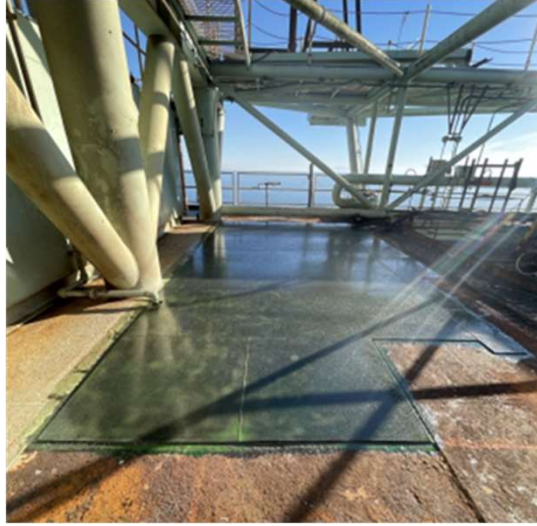
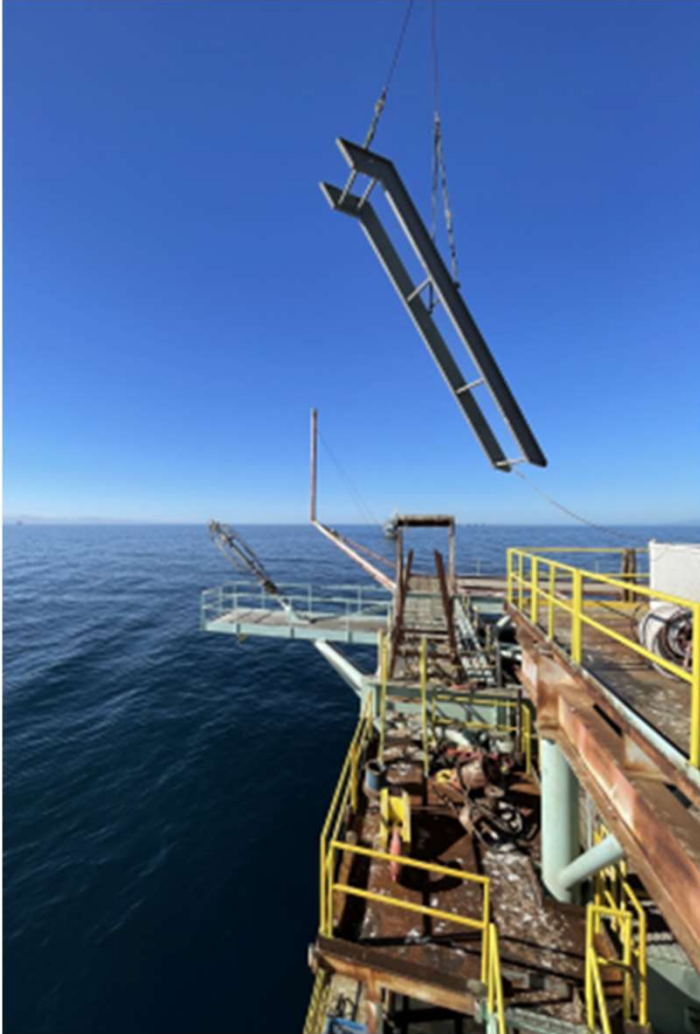
- Flare system in intermittent service. No venting.
- One platform stationary crane in service and operating.
- Ongoing Phase I & II Level 1 repairs repairs and maintenance activities to ensure the preservation of the platform for decommissioning.
 - Repair activities are limited due to only one operational crane on Houchin.
- Existing Platform Houchin well head fugitive emissions, if any, continue to be monitored and repaired (if possible) to minimize emissions.

Completed Tasks During the 2023 – 24 Variance Period

- Gauge program and well pressure monitoring continued this variance period, and continuation of monitoring and repair of wellhead fugitive emissions where safe to do so with the limited onboard equipment.
- Implementation of quarterly Method 21 fugitive emission inspections.
- Completed several structural repairs of damaged pipe deck.
- Completed structural upgrades to accommodate new portable crane.
- Completed flare piping repairs and flare returned to intermittent service (Oct 2023).
- Lowered dilapidated well rig mast to reduce risk and in preparation for rig removal.
- Ongoing repairs for platform decking, deck coating, grating, hatch covers, stairway and railing repairs.
- Completed well remediation analysis and evaluation, and well monitoring is ongoing.







Variance Order Compliance Status

- During the current variance period, Petitioner has complied with 100% of the variance conditions in Variance Order 2021-04-M3.
- Petitioner has complied with all conditions and increments of progress to date.
- “The remaining increments of progress identified in Variance Order 2021-04-M3, are dependent on the Appeal Resolution. As a result, the same increments of progress are identified in [the proposed] Variance Order 2021-04-M4.” (District Staff Report pp. 5-6.)

Petitioner has performed work that far exceeds the terms of the Partial Stay Agreement to address and repair fugitive leaks

- “The District confirmed with BSEE 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.” (District Staff Report page 4.)
- “[I]t has been well documented that the ongoing work has far exceeded the terms of the Partial Stay Agreement. A vital upgrade has been the replacement or refurbishment of the north and south cranes for both platforms, which took a significant amount of time, effort and ingenuity. Without their repair, most of the work conducted to date to help ensure worker safety would not have been possible.” (*Id.* at p. 5, quoting BSEE June 5, 2023 letter at p.2.)

Planned Activities for Next Variance Period

- Move from Hogan and install portable crane (Nautilus 280B) on Platform Houchin in Q3 2024.
- Refurbish a section of the platform helideck.
- Removal of marine growth from jacket legs using divers and perform underwater structural inspection.
- Fire water system repairs/replacement.
- Continue progress on Platform Houchin Phase I & II Level I repairs including platform decking, deck coating, grating, hatch covers, stairway and railings.
- Install new potable water system.
- Install new marine sanitation system.
- Remove the existing dilapidated and unsafe rig, BOP and substructure from the platform.
- Remove existing dilapidated platform living quarters and installation of new quarters buildings.

Future Well Rig Installation

- “At the present time, the platform in its current state, is not physically capable of receiving a well rig to begin the well intervention program.” (District Staff Report pp. 5-6.)
- “The risk of conducting repairs in the well bay or on the well heads, without a suitable well rig available for intervention may cause a worse situation and may result in increased emissions.” (*Id.* at p. 6.)

Facility Responsibility & Partial Stay Agreement

- The case of platform responsibility is unresolved until completion of the Dept. of Interior – Interior Board of Land Appeals (IBLA) process. Decision timing is unknown.
- The Stay Agreement requires the prior lessees to perform certain maintenance and monitoring activities to maintain platform safety and environmental protection and to preserve the facilities for decommissioning.
 - A well intervention program is beyond the scope and not an obligation under the Partial Stay Agreement.
- In cooperation with BSEE, order recipients have voluntarily been proactive in initiating significant work to improve platform safety and environmental risks.

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 emissions.

Response to District Findings

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

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 emissions.

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):

- Effective and safe mitigation of the well head fugitive emissions cannot be addressed until the platform is physically prepared and has the necessary safety and other ancillary systems to support a comprehensive well intervention program. The platform is not currently in a state to safely support a well intervention program.
- Neither the petitioner nor the former Lease holders of Outer Continental Shelf Lands Act Lease P-0166 (“Lease”) are the owner or operator of the Lease wells, and a well intervention program to address well head fugitive emissions is not part of the terms of the Partial Stay Agreement that the petitioner is currently performing for the former Lease holder Signal Hill.
- Neither the petitioner nor the former Lease holders is the current owner/operator of the platform. A taking of property (the permit) will only obstruct the continued progress to prepare the platform for a well intervention program.
- “BSEE has no control over the Appeal Resolution timeframe and there is no way for them or [Petitioners] to accelerate the process. Lastly, the District confirmed with BSEE there are no other responsible parties available to conduct this fugitive leak repair work.” (District Staff Report p. 4.)

Response to District Findings

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

Beacon West response:

- All platform oil & gas production has permanently ceased pending well plug and abandonment.
- Without continued variance coverage, the petitioner would be forced to cease all maintenance and refurbishment activities, increasing the risk to safety and pollution.
- A taking would have no air pollution benefit; yet, it will detrimentally impact the planned maintenance and refurbishment activities for the platform and may negate some or all the extensive completed repairs to the platform.
- Petitioners will proceed in a safe manner to protect worker 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.
- All platform pollution source operations and equipment have been permanently taken out of service or curtailed to the extent possible.
- All ongoing activities are solely to improve safety and mitigate environmental risks by performing maintenance, repairs and refurbishments to the platform in preparation of a well intervention program.

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 are committed to continuing to apply the necessary resources for the continued restoration, maintenance and repair of the Houchin facilities to ensure safety and minimize emissions to the extent feasible.
- Although fugitive emissions remain any attempted repairs on the well heads without a suitable well rig and well intervention program in place presents significant risks and a high potential to significantly increase emissions.
- Applicant will continue to comply with all variance conditions.

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 9109

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 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.

Conclusion

- Petitioner recognizes the legitimate concerns of the Hearing Board and District Staff, and takes those concerns very seriously. Petitioner intends to fully comply with all of the District's legal requirements.
- Petitioner has fully cooperated with District Staff.
- Petitioner has performed work that far exceeds the terms of the Partial Stay Agreement to address and repair fugitive leaks.
- Petitioner has complied with 100% of the conditions and increments of progress to date in the current operative Variance Order 2021-04-M3.
- Petitioner will proceed in a safe manner.

Q&A