

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2024-10-R	11/06/2024
	Petitioner	Cat Canyon Resources, LLC	
	Permit #	PTO 07149-R11	
	Date Rec'd	09/30/2024	
	Time Rec'd	0814 hours	
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**BEFORE THE HEARING BOARD
OF THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

In the Matter of the Application of)
 Cat Canyon Resources, LLC for a)
 Regular Variance from District Rules)
 361.F.2 and 206, Permit to Operate)
 7149-R11, Conditions 3.c and 6.a.)

H.B. Case No. 2024-10-R

VARIANCE FINDINGS

AND ORDER

Cat Canyon Resources, LLC (Petitioner) filed a Petition for Regular and Interim Variances on September 30, 2024. The request for Interim Variance 2024-09-I was heard on October 24, 2024 granted by Hearing Board Member Terence Dressler. Interim Variance Order 2024-09-I is in effect from October 1, 2024 through December 29, 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 above-entitled matter was held on November 6, 2024, in accordance with Health and Safety Code Section 40808. Jason Downing 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 Tognazzini Lease located in the Cat Canyon Oil Field in Santa Barbara County, California.
2. The Petitioner operates twenty-nine wells at the Tognazzini Lease that produce oil, water and gas. Produced fluids are routed to a central processing facility where they enter a wash tank to separate liquids from the gas. The separated oil-water emulsion is piped to a heater treater for dehydration. Dehydrated oil is piped from the heater treated to one of two crude oil storage tanks. The tank heater (boiler), APCD Device ID 391794, is used to provide heat to the crude oil storage tanks to facilitate the separation and loading of oil. Oil from the storage tanks is removed from the property via a loading rack. Casing gas, gathered by the gas gathering system, is treated for hydrogen sulfide and is used as fuel in the combustion equipment or is reinjected.
3. The 2.5 MMBtu/hr tank heater, APCD Device ID 391794, is required by the Petitioner's permit and District Rule 361 to undergo source testing not less than once every 24 months.
4. Source testing on the tank heater (APCD Device ID 391794) was last conducted on June 21, 2022, with passing results achieved.
5. The Petitioner obtained a source testing extension from the District for "good cause", extending the source test due date through September 30, 2024.
6. The Petitioner's facility ceased production operations in June 2024.
7. The tank heater (APCD Device ID 391794) fires on field gas. Source testing cannot be completed until the facility resumes production operations.
8. At this time, the Petitioner is unsure when production operations will resume. As a result, the Petitioner is requesting variance coverage.

FINDINGS

1. Without Variance coverage, the Petitioner will be in violation of District Rules 361.F.2 and 206, Permit to Operate 7149-R11, Conditions 3.c and 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 in operation. Requiring the Petitioner to source test the equipment would be an unreasonable taking of property, because it would mean the Petitioner would have to resume production only for source testing.
3. The closing or taking would be without a corresponding benefit in reducing air contaminants. The tank heater (APCD Device ID 391794) is not operational because the entire field has ceased production.
4. The Petitioner is currently curtailing operations. The tank heater is shut down until the facility resumes operations. At this time, the Petitioner is unsure when operations will resume.
5. During the period the Variance is in effect, the Petitioner will reduce emissions by not operating the equipment.
6. The Petitioner will monitor the tank heater once the facility resumes operations by conducting weekly portable analyzer monitoring using a District approved device until source testing can be completed. 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 the tank heater (APCD Device ID 391794) until source testing can be completed within the requested coverage, which is in violation of District Rules 361.F.2 and 206, Permit to Operate 7149-R11, Conditions 3.c and 6.a from October 24, 2024 through September 30, 2025, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. Source testing shall be completed within 45 days once production resumes at the Petitioner's facility and shall follow all source testing requirements in the Petitioner's permit.
2. Petitioner shall submit a written report to the Hearing Board and District, to variance@sbcapcd.org, by October 30, 2025, or within 30 calendar days of achieving compliance, whichever comes first. The report shall include the date the facility resumed operations, weekly portable analyzer monitoring, the date of the source test and source test results.
3. Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order.

4. 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.
5. In accordance with District Fees Rule 210, 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.
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