Santa Barbara County
Air Pollution Control District

Part 70 Minor Modification 12388
and
Permit to Operate 12388

EQUIPMENT OWNER:

Signal Hill Service, Inc. 205333

EQUIPMENT OPERATOR:

Pacific Operators Offshore, LLC.

EQUIPMENT LOCATION:

Pacific Operators - Carpinteria location

STATIONARY SOURCE/FACILITY:

Pacific Operators - Carpinteria SSID: 08001
Platform Houchin FID: 08002

EQUIPMENT DESCRIPTION:

The equipment subject to this permit is listed in the table at the end of this permit.

PROJECT/PROCESS DESCRIPTION:

A flare was installed under ATC 12388 principally to combust gas during MMS required biennial smart pigging of the gas to shore pipeline. The current permits allow for both planned and unplanned flaring. A flare metering system was required to ensure compliance with the flare volume limits. This permit addresses flare meter upgrades to ensure flare flow devices are properly ranged and located to accurately measure flare flows.

CONDITIONS:

9.A *Standard Administrative Conditions*

The following federally enforceable administrative permit conditions apply to the Platform Houchin:

A.1 **Condition Acceptance.** Acceptance of this operating permit by POO-LLC shall be considered as acceptance of all terms, conditions, and limits of this permit. [*Re: PTO 9109*]

A.2 **Grounds for Revocation.** Failure to abide by and faithfully comply with this permit shall constitute grounds for the APCO to petition for permit revocation pursuant to California Health & Safety Code Section 42307 et seq. [*Re: PTO 9109*]

A.3 **Defense of Permit.** POO-LLC agrees, as a condition of the issuance and use of this PTO, to defend at its sole expense any action brought against the District because of issuance of this permit. POO-LLC shall reimburse the District for any and all costs including, but not limited to, court costs and attorney's fees which the District may be required by a court to pay as a result of such action. The District may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve POO-LLC of its obligation under this condition. The District shall bear its own expenses for its participation in the action. [*Re: PTO 9109*]

A.4 **Reimbursement of Costs**. All reasonable expenses, as defined in District Rule 210, incurred by the District, District contractors, and legal counsel for all activities related to the implementation of Regulation XIII (*Part 70 Operating Permits*) that follow the issuance of this PTO permit, including but not limited to permit condition implementation, compliance verification and emergency response, directly and necessarily related to enforcement of the permit shall be reimbursed by POO-LLC as required by Rule 210. [*Re: PTO 9109, District Rule 210*]

A.5 **Access to Records and Facilities.** As to any condition that requires for its effective enforcement the inspection of records or facilities by the District or its agents, POO-LLC shall make such records available or provide access to such facilities upon notice from the District. Access shall mean access consistent with California Health and Safety Code Section 41510 and Clean Air Act Section 114A. [*Re: PTO 9109*]

A.6 **Compliance.** Nothing contained within this permit shall be construed to allow the violation of any local, State or Federal rule, regulation, ambient air quality standard or air quality increment. [*Re: PTO 9109*]

A.7 **Consistency with Analysis.** Operation under this permit shall be conducted consistent with all written data, specifications and assumptions included with the application and supplements thereof (as documented in the District's project file), and with the District's analyses under which this permit is issued. [*Re: PTO 9109*]

A.8 **Consistency with State and Local Permits.** Nothing in this permit shall relax any air pollution control requirement imposed on the Platform Houchin by the State of California or the California Coastal Commission in any consistency determination for the Project with the California Coastal Act. [*Re: PTO 9109*]

A.9 **Compliance with Department of Interior Permits.** POO-LLC shall comply with all air quality control requirements imposed by the Department of the Interior in the *Plan of Development* approved for Platform Houchin on October 27, 1967, and any subsequent modifications. Such requirements shall be enforceable by the District. [*Re: PTO 9109*]

A.10 **Compliance with Permit Conditions.**

(a) POO-LLC shall comply with all permit conditions.
(b) This permit does not convey property rights or exclusive privilege of any sort to POO-LLC.
(c) Noncompliance with any permit conditions is grounds for permit termination, revocation and re-issuance, modification, enforcement action, or for denial of permit renewal. Any permit non-compliance constitutes a violation of the Clean Air Act and its implementing regulations or of District Rules or both, as applicable.
(d) The permittee shall not use the "need to halt or reduce a permitted activity in order to maintain compliance" as a defense for noncompliance with any permit condition.
(e) A pending permit action or notification of anticipated noncompliance by Nuevo does not stay any permit condition.
(f) Within a reasonable time period, POO-LLC shall furnish any information requested by the Control Officer, in writing, for the purpose of determining:
    (i) compliance with the permit, or
    (ii) whether or not cause exists to modify, revoke and reissue, or terminate a permit or for an enforcement action.
(g) In the event that any condition herein is determined to be in conflict with any other condition contained herein, then, if principles of law do not provide to the contrary, the condition most protective of air quality and public health and safety shall prevail to the extent feasible.

[*Re: 40 CFR Part 70.6.(a)(6), District Rule 1303.D.1]*

A.11 **Emergency Provisions.** The permittee shall comply with the requirements of the District, Rule 505 (Upset/Breakdown rule) and/or District Rule 1303.F, whichever is applicable to the emergency situation. In order to maintain an affirmative defense under Rule 1303.F, the permittee shall provide the District, in writing, a "notice of emergency" within 2 working days of the emergency. The "notice of emergency" shall contain the information/documentation listed in Sections (1) through (5) of Rule 1303.F. [*Re: 40 CFR 70.6(g), District Rule 1303.F*]

A.12 **Compliance Plan.**

(a) The permittee shall comply with all federally enforceable requirements that become applicable during the permit term in a timely manner.
(b) For all applicable equipment, the permittee shall implement and comply with any specific compliance plan required under any federally-enforceable rules or standards.

[*Re: 40 CFR 70.6(c)(3), District Rule 1302.D.2*]

A.13 **Right of Entry.** The Regional Administrator of USEPA, the Control Officer, or their authorized representatives, upon the presentation of credentials, shall be permitted to enter upon the premises where a Part 70 Source is located or where records must be kept:

(a) To inspect the stationary source, including monitoring and control equipment, work practices, operations, and emission-related activity;
(b) To inspect and duplicate, at reasonable times, records required by this Permit to Operate;
(c) To sample substances or monitor emissions from the source or assess other parameters to assure compliance with the permit or applicable requirements, at reasonable times. Monitoring of emissions can include source testing.

[*Re: 40 CFR 70.6(c), District Rule 1303.D.2*]

A.14 **Permit Life.** The Part 70 permit shall become invalid three years from the date of issuance unless a timely and complete renewal application is submitted to the District. Any operation of the source to which this Part 70 permit is issued beyond the expiration date of this Part 70 permit and without a valid Part 70 operating permit (or a complete Part 70 permit renewal application) shall be a violation of the CAAA §502(a) and §503(d), and of the District rules.

The permittee shall submit an application for renewal of the Part 70 permit not later than 6 months before the date of the permit expiration. Upon submittal of a timely and complete renewal application, the Part 70 permit shall remain in effect until the Control Officer issues or denies the renewal application. [*Re: District Rule 1304.D.1*]

A.15 **Payment of Fees.** The permittee shall reimburse the District for all its Part 70 permit processing and compliance expenses for the stationary source on a timely basis. Failure to reimburse on a timely basis shall be a violation of this permit and of applicable requirements and can result in forfeiture of the Part 70 permit. Operation without a Part 70 permit subjects the source to potential enforcement action by the District and the USEPA pursuant to section 502(a) of the Clean Air Act. [*Re: District Rules 1303.D.1 and 1304.D.11, 40 CFR 70.6(a)(7)*]

A.16 **Prompt Reporting of Deviations.** The permittee shall submit a written report to the District documenting each and every deviation from the requirements of this permit or any applicable federal requirements within 7 days after discovery of the violation, but not later than 180 days after the date of occurrence. The report shall clearly document 1) the probable cause and extent of the deviation; 2) equipment involved; 3) the quantity of excess pollutant emissions, if any; and, 4) actions taken to correct the deviation. The requirements of this condition shall not apply to deviations reported to the District in accordance with Rule 505. *Breakdown Conditions,* or Rule 1303.F *Emergency Provisions*. [District Rule 1303.D.1, 40 CFR 70.6(a) (3)]

A.17 **Reporting Requirements/Compliance Certification.** The permittee shall submit compliance certification reports to the USEPA annually, i.e., along with the March 1 Annual Report; the reports shall be provided to the Control Officer every six months. These reports shall be submitted on District forms and shall identify each applicable requirement/ condition of the permit, the compliance status with each requirement/condition, the monitoring methods used to determine compliance, whether the compliance was continuous or intermittent, and include

detailed information on the occurrence and correction of any deviations (excluding emergency upsets) from permit requirement. The reporting periods shall be each half of the calendar year, e.g., January through June for the first half of the year. These reports shall be submitted by September 1 and March 1, respectively, each year. Supporting monitoring data shall be submitted in accordance with the "Semi-Annual Monitoring/Compliance Verification Report" condition in section 9.C. The permittee shall include a written statement from the responsible official, which certifies the truth, accuracy, and completeness of the reports. [*Re: District Rules 1303.D.1, 1302.D.3, 1303.2.c*]

A.18 **Federally-enforceable Conditions.** Each federally enforceable condition in this permit shall be enforceable by the USEPA and members of the public. None of the conditions in the District-only enforceable section of this permit are federally enforceable or subject to the public/USEPA review. [*Re: CAAA, § 502(b)(6), 40 CFR 70.6(b)*]

A.19 **Recordkeeping Requirements**. The permittee shall maintain records of required monitoring information that include the following:

(a) The date, place and time of sampling or measurements or maintenance activity;
(b) operating conditions at the time of sampling or measurement or maintenance activity;
(c) date, place, name of company or entity that performed the analyses or measurement or maintenance activity and the methods used; and
(d) results of the analyses or measurement or maintenance. Additionally, records must be kept that document the date of analysis and the analytical techniques or methods used.

The records (electronic or hard copy), as well as all supporting information including calibration and maintenance records, shall be maintained for a minimum of five (5) years from date of initial entry by the permittee and shall be made available to the District upon request. . [*Re: District Rule 1303.D.1.f, 40 CFR 70.6(a)(3)(ii)(A)*]

A.20 **Conditions for Permit Reopening.** The permit shall be reopened and revised for cause under any of the following circumstances:

(a) Additional Requirements: If additional applicable requirements (e.g., NSPS or MACT) become applicable to the source which has an unexpired permit term of three (3) or more years, the permit shall be reopened. Such a reopening shall be completed no later than 18 months after promulgation of the applicable requirement. However, no such reopening is required if the effective date of the requirement is later than the date on which the permit is due to expire, unless the original permit or any of its terms and conditions has been extended. All such re-openings shall be initiated only after a 30 day notice of intent to reopen the permit has been provided to the permittee, except that a shorter notice may be given in case of an emergency.

(b) Inaccurate Permit Provisions: If the District or the USEPA determines that the permit contains a material mistake or that inaccurate statements were made in establishing the

emission standards or other terms or conditions of the permit, the permit shall be reopened. Such re-openings shall be made as soon as practicable.

(c) Applicable Requirement: If the District or the USEPA determines that the permit must be revised or revoked to assure compliance with any applicable requirement including a federally enforceable requirement, the permit shall be reopened. Such re-openings shall be made as soon as practicable.

Administrative procedures to reopen a permit shall follow the same procedures as apply to initial permit issuance. Re-openings shall affect only those parts of the permit for which cause to reopen exists. If the permit is reopened, and revised, it will be reissued with the expiration date that was listed in the permit before the re-opening. [*Re: 40 CFR 70.7(f), 40 CFR 70.6(a)*]

A.21 **Indemnity and Separation Clauses.** The Permittee shall defend, indemnify and hold harmless the District or its agents, officers and employees from any claim, action or proceeding against the District or its agents, officers or employees, to attack, set aside, void, or annul, in whole or in part, the approval granted herein. In the event that the District fails promptly to notify the Permittee of any such claim, action or proceeding, or that the District fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no force or effect. In the event that any condition contained herein is determined to be invalid, then all remaining conditions shall remain in force. [*Re: 40 CFR 70.6(c), District Rules 103 and 1303.D.1*]

9.B Generic Conditions

The generic conditions listed below apply to all emission units, regardless of their category or emission rates. In case of a discrepancy between the wording of a condition and the applicable federal or District rule(s), the wording of the rule shall control.

B.1 **Circumvention (Rule 301).** A person shall not build, erect, install, or use any article, machine, equipment or other contrivance, the use of which, without resulting in a reduction in the total release of air contaminants to the atmosphere, reduces or conceals an emission which would otherwise constitute a violation of Division 26 (Air Resources) of the Health and Safety Code of the State of California or of these Rules and Regulations. This Rule shall not apply to cases in which the only violation involved is of Section 41700 of the Health and Safety Code of the State of California, or of District Rule 303. [*Re: District Rule 301*]

B.2 **Visible Emissions (Rule 302).** POO-LLC shall not discharge into the atmosphere from any single source of emission any air contaminants for a period or periods aggregating more than three minutes in any one hour which is:

(a) As dark or darker in shade as that designated as No. 1 on the Ringelmann Chart, as published by the United States Bureau of Mines, or
(b) Of such opacity as to obscure an observer's view to a degree equal to or greater than does smoke described in subsection B.2.(a) above.

B.3 **PM Concentration - South Zone (Rule 305).** POO-LLC shall not discharge into the atmosphere, from any source, particulate matter in excess of the concentrations listed in Table 305(a) of Rule 305. [*Re: District Rule 305*]

B.4 **Specific Contaminants (Rule 309).** POO-LLC shall not discharge into the atmosphere from any single source sulfur compounds, carbon monoxide and combustion contaminants in excess of the applicable standards listed in Sections A, E and G of Rule 309. [*Re: District Rule 309*].

B.5 **Odorous Organic Sulfides (Rule 310).** POO-LLC shall not discharge into atmosphere H_2S and organic sulfides that result in a ground level impact beyond the POO-LLC property boundary in excess of either 0.06 ppmv averaged over 3 minutes or 0.03 ppmv averaged over 1 hour. [*Re: District Rule 310*]

B.6 **Sulfur Content of Fuels (Rule 311).** POO-LLC shall not burn fuels with sulfur content in excess of 0.5% (by weight) for liquid fuels. Compliance with this condition shall be based on diesel fuel billing records or other data showing the certified sulfur content for each shipment. POO-LLC shall submit such statement *semi-annually* as a part of its semi-annual Part 70 compliance verification report to the District. [*Re: District Rule 311*]

B.7 **Organic Solvents (Rule 317).** POO-LLC shall comply with the emission standards listed in Section B of Rule 317. Compliance with this condition shall be based on POO-LLC's compliance with Condition C.7 of this permit. [*Re: District Rule 317*]

B.8 **Metal Surface Coating Thinner and Reducer (Rule 322).** The use of photochemically reactive solvents as thinners or reducers in metal surface coatings is prohibited. Compliance with this condition shall be based on POO-LLC's compliance with Condition C.7 of this permit and facility inspections. [*Re: District Rule 322*]

B.9 **Architectural Coatings (Rule 323).** POO-LLC shall comply with the coating ROC content and handling standards listed in Section D of Rule 323 as well as the Administrative requirements listed in Section F of Rule 323. Compliance with this condition shall be based on POO-LLC's compliance with Condition C.7 of this permit and facility inspections. [*Re: District Rules 323, 317, 322, 324*]

B.10 **Disposal and Evaporation of Solvents (Rule 324).** POO-LLC shall not dispose through atmospheric evaporation of more than one and a half gallons of any photochemically reactive solvent per day. Compliance with this condition shall be based on POO-LLC's compliance with Condition C.7 of this permit and facility inspections. [*Re: District Rule 324*]

B.11 **Emergency Episode Plan**. During emergency episodes, POO-LLC shall implement the Emergency Episode Plan as approved by the District in July 2002. [*Re: District Rule 1303, 40 CFR 70.6*]

B.12 **Adhesives and Sealants (Rule 353).** The permittee shall not use adhesives, adhesive bonding primers, adhesive primers, sealants, sealant primers, or any other primers, unless the permittee complies with the following:

A) Such materials used are purchased or supplied by the manufacturer or suppliers in containers of 16 fluid ounces or less; or alternately

B) When the permittee uses such materials from containers larger than 16 fluid ounces and the materials are not exempt by Rule 353, Section B.1, the total reactive organic compound emissions from the use of such material shall not exceed 200 pounds per year unless the substances used and the operational methods comply with Sections D, E, F, G, and H of Rule 353. Compliance shall be demonstrated by recordkeeping in accordance with Section B.2 and/or Section O of Rule 353.
[Re: District Rule 353]

B.13 **Emissions Of Oxides Of Nitrogen From Large Water Heaters and Small Boilers (Rule 360)**: This rule applies to any person who supplies, sells, offers for sale, installs, or solicits the installation of any new water heater, boiler, steam generator or process heater for use within the District with a rated heat input capacity greater than or equal to 75,000 Btu/hour up to and including 2,000,000 Btu/hour.

B.14 **Small Boilers, Steam Generators, and Process Heaters (Rule 361)**: The permittee shall comply with the requirements of District Rule 361: *Small Boilers, Steam Generators, and Process Heaters* whenever a new boiler, process heater or other external combustion device is added or an existing unit is replaced.

B.15 **Oil and Natural Gas Production MACT.** POO-LLC is exempt from this MACT under 40 CFR 63.760(e)(1) ['*Black Oil Exemption*']; however, it is subject to recordkeeping required under the General Standards of 40 CFR 63.10(b)(3). [*Re:* 40 CFR 63, Subpart HH]

9.C Equipment Specific Conditions

This section includes non-generic federally enforceable conditions, incorporating emissions and operations limits, and monitoring, recordkeeping and reporting requirements. This section may also contain other non-generic conditions.

C.1 **Combustion Equipment - Flare**. The permittee shall comply with the *Emission Limits*, *Operational Limits*, *Monitoring*, *Recordkeeping* and *Reporting* requirements of Condition 9.C.6 of PTO 9109-R3 for the flare system. The volumes of gas flared and volumes of purge and pilot gas shall be monitored by the use of the flare gas metering system equipment specified in this permit. The equipment shall be operated in accordance with the District-approved *Flare Process Monitor and Calibration Plan*, which is incorporated by reference as an enforceable part of this permit. The permittee must obtain an authority to construct permit prior to making any modifications to the flare gas metering system.

C.2 **Documents Incorporated by Reference.** The documents listed below, including any District-approved updates thereof, are incorporated herein by reference and shall have the full force and effect of a permit condition for this permit. These documents shall be implemented for the life of the Project and shall be made available to District inspection staff upon request.

a. *Flare Process Monitor and Calibration Plan* (Approved January 4, 2011).

9.D District-Only Conditions

The following section lists permit conditions that are not enforceable by the USEPA or the public. However, these conditions are enforceable by the District and the State of California. These conditions are issued pursuant to District Rule 206 (*Conditional Approval of Authority to Construct or Permit to Operate*), which states that the Control Officer may issue an operating permit subject to specified conditions. Permit conditions have been determined as being necessary for this permit to ensure that operation of Platform Houchin complies with all applicable local and state air quality rules, regulations and laws. Failure to comply with any condition specified pursuant to the provisions of Rule 206 shall be a violation of that rule, this permit, as well as any applicable section of the California Health & Safety Code and any applicable requirement.

D.1 **Permit Activation.** All aspects of this permit are enforceable by the District and the State of California upon the issuance date stamped below. The Part 70 aspects of this permit are not final until:

(a) The USEPA has provided written comments to the District and these comments require no modification to this permit. The District will issue a letter stating that this permit is a final Part 70 permit. The effective date that this permit will be considered a final Part 70 permit will be the date stamped on the District's letter.

(b) After the USEPA has provided the District written comments that require a modification to this permit, the District will modify this permit to address the USEPA's comments and issue the Part 70 permit as final. The re-issued permit will supersede this permit in its entirety.

AIR POLLUTION CONTROL OFFICER

MAY 16 2012

DATE

Attachments:

- Permit Equipment List(s)
- Permit Evaluation for Permit to Operate 12388

Notes:

- Reevaluation Due Date: April 1, 2013
- Stationary sources are subject to an annual emission fee (see Fee Schedule B-3 of Rule 210).
- This permit supersedes Authority to Construct 12388-01

PERMIT EQUIPMENT LIST - TABLE A

PTO 12388 / FID: 08002 Platform Houchin / SSID: 08001

A PERMITTED EQUIPMENT

1 Flare Gas Metering System

Device ID #	**111641**	***Device Name***	**Flare Gas Metering System**
Rated Heat Input		*Physical Size*	
Manufacturer	General Electric	*Operator ID*	
Model	Digital Flow GF868	*Serial Number*	2683
Location Note			
Device Description	Panametrics Ultrasonic Flare Gas Mass Flowmeter. Measures velocity, volumetric and mass flow rates using the Correlation Transit-Time technique and measuring instantaneous average molecular weight. Specifically designed for use in flare gas applications		

Santa Barbara County
Air Pollution Control District

PERMIT EVALUATION FOR
PART 70 MINOR MODIFICATION 12388 / PERMIT TO OPERATE 12388

1.0 BACKGROUND

1.1 General: Final Authority to Construct 12388 was issued August 7, 2008 for the installation of a new flare to replace the vent stack, as required by MMS, at Platform Houchin. The flare was installed in October of 2008, and smart pigging operations occurred in November of 2008. The smart pig malfunctioned several times, which caused the flare emissions related to the pigging operations to exceed the permitted limits. Given the circumstances and the fact that the flare was being operated in a source compliance demonstration period, the District exercised discretion and took no enforcement action. During subsequent discussions and site visits to their platforms, it was also determined that the flare metering system was improperly designed and not functioning properly. POO, LLC. applied to modify their permit to increase the permitted planned flaring volume and associated emissions in order to allow for unforeseen problems with future smart pigging operations. PPO, LLC. also applied to increase the permitted purge/pilot flaring volumes and associated emissions in order to accurately represent actual purge/pilot gas flow rates. These flare flow rate and associated emissions increases were permitted under ATC-PTO 13370, issued February 16, 2010. In addition, POO, LLC. applied to modify the flare metering system in order to ensure all flow to the flare is accurately measured, and to satisfy monitoring and recordkeeping requirements of ATC-PTO 13370. The modifications to the flare metering system were authorized by ATC-Mod 12388-01, issued April 5, 2010. This is the Permit to Operate and Part 70 Minor Modification for the flare metering system. The permittee requested another purge/pilot flaring volume increase in conjunction with this permit application, but that request could not be authorized as a part of this PTO issuance. Any increase in flaring volumes and associated emissions must be permitted under an ATC Modification permit.

1.2 Permit History:

PERMIT	FINAL ISSUED	PERMIT DESCRIPTION
PTO 09109	09/04/1994	Past due fees
PTO Mod 09109 01	05/02/1996	Past due fees
ATC 09555	06/20/1996	
PTO 09555	06/21/1996	Past due fees
Reeval 09109 R1	12/15/1999	Facility Reevaluation permit. The reevaluation due date

PERMIT	FINAL ISSUED	PERMIT DESCRIPTION
		of 9/97 was delayed pending resolution of source status as a Part 70 source. Part 70 status was resolved in 6/99.
ATC Mod 10358 02	10/09/2001	ATC reflecting modification of crane engines. Past due fees.
ATC 10713	10/12/2001	AWT tester modification. Past due fees.
PT-70/Reeval 09109 R1	04/24/2002	First reeval
PTO Mod 09109 03	07/28/2004	Application to eliminate the use of inaccurate fuel flow meters for the North Crane IC engine and allow the more conservatibe mode of hour meter use to estimate fuel flow.
PT-70/Reeval 09109 R2	05/19/2005	Offshore oil and gas platform.
PTO 11952	07/25/2006	One CAT D-330 firewater pump engine- 110 bhp. One CAT D-379 E/S generator- 510 bhp and a DDC 3-71, 99 bhp crane engine. PTO due to loss of Rule 202 exemption. Limited to 200 hr/yr M&T operations. See P70-R 11953. Reissued 7/25/06 (7/12 final replaced)
ATC 12388	08/07/2008	Installation of a John Zink model KMI 8-1 open pipe flare equipped with flare ionization monitoring system and an electronic ignition system.
ATC/PTO 13370	02/16/2010	Modification to revise flare gas volumes for the John Zink model KMI 8-1 open pipe flare.
ATC Mod 12388 01	04/05/2010	Modification to install the new GE Fuel Meter to the John Zink model KMI 8-1 open pipe flare.
PTO 13107	04/14/2010	Loss of exemption of well kill pump and well service rig engines.
PT-70/Reeval 09109 R3	04/14/2010	Permit Reevaluation
ATC 13671	10/10/2011	Replacement of the main and auxiliary engines on crew boat Matthew.

1.3 Compliance History:

VIOLATION TYPE	NUMBER	ISSUE DATE	DESCRIPTION OF VIOLATION
NOV	5109	04/28/1995	using an unpermitted cold solvent degreaser
NOV	5122	11/02/1995	not maintaining both valves on an open- ended line closed & the line leaking in excess of 10,000 ppm
NOV	5333	03/28/1996	3 leaking valves/two over limit
NOV	5344	12/12/1996	exceeding the number of leaks in "other" category
NTC	5741	05/24/1999	Late submittal of 1Q99 CVR report for Platform Houchin
NTC	5742	05/24/1999	Use of wrong emission factors in quarterly reports for platform Houchin

VIOLATION TYPE	NUMBER	ISSUE DATE	DESCRIPTION OF VIOLATION
NTC	5746	08/18/1999	Notice to Comply not an AIDOC. Response due by 8-31-99
NTC	7742	03/09/2004	Failed to submit annual s/t report 45 days after the s/t of the north crane ICE on Houchin.
NOV	7984	03/23/2004	Exceeded threshold limit for pump seal (other) leaking > 10,000 ppm during I&M inspection. Three pump seal found leaking, one more than allowed.
NTC	8005	11/30/2004	Failed to submit Deviation Report in the 1st half CVR 2004 documenting late submittal of s/t results on north crane.
NOV	8308	10/25/2005	I&M leak summary report for 3Q05 period revealed that two valves were not in compliance with Rule 331.D as required in condition 9.C.2(b) when monitored, recorded and reported.
NOV	8309	10/25/2005	POOI failed to submit Deviation Report for fugitive I&M violations noted in NOV #8308.
NTC	9244	12/23/2008	Failure to update one plan and submit another plan within 30 days of start of SCDP per the ATC
NOV	9606	07/29/2010	NOV 9606 also documents violations of Rule 206, Conditions 9.C.6 (c) (i) and 9.C.6 (d) (i) of Part 70 PTO 9109-R3 and Condition 1. c, d, f, g and h of ATC 12388-01.
NOV	9718	02/08/2012	failure to submit a Permit to Operate (PTO) application and the appropriate filing fee not more than 120 calendar days after the SCDP began pursuant to Rule 201.E.2 .

2.0 ENGINEERING ANALYSIS

2.1 Equipment/Processes: Gas from unplanned and planned flaring is combusted in a flare rather than vented directly to atmosphere. The planned flaring volume is based on worst-case gas volumes anticipated during MMS required smart pigging activities. This permit requires the use of an upgraded, District-approved flare monitoring system for monitoring the flare gas and pure and pilot gas volumes.

2.2 Emission Controls: The flare is an emission control system that combusts hydrocarbons that would otherwise be vented.

2.3 Emission Factors: See PTO 9109-R3 for this section.

2.4 Reasonable Worst Case Emission Scenario: See PTO 9109-R3 for this section.

2.5 Emission Calculations: See PTO 9109-R3 for this section.

2.6 Special Calculations: There are no special calculations.

2.7 BACT Analyses: Best Available Control Technology was not required for this project for the following reasons:

a. The flare installation project was required in order to control emissions of produced gas resulting from an MMS mandated smart pigging pipeline inspection.

b. Unplanned flaring is expected to be minimal.

c. The produced gas emissions were previously controlled by pipeline gas stacking, and the flare is replacing this control method due to safety issues.

2.8 Enforceable Operational Limits: See PTO 9109-R3 for this section.

2.9 Monitoring Requirements: This permit requires a the flare to be monitored according to the District-approved *Flare Process Monitor and Calibration Plan*, which ensures flare volumes are accurately monitored and reported. Also, see PTO 9109-R3 for additional monitoring requirements.

2.10 Recordkeeping and Reporting Requirements: See PTO 9109-R3 for this section.

3.0 REEVALUATION REVIEW (not applicable)

4.0 REGULATORY REVIEW

4.1 Partial List of Applicable Rules:

Rule 101	Compliance of Existing Facilities
Rule 201	Permits Required
Rule 202	Exemptions to Rule 201
Rule 205	Standards for Granting Permits
Rule 302	Visible Emissions
Rule 303	Nuisance
Rule 309	Specific Contaminants
Rule 310	Odorous Organic Sulfides
Rule 311	Sulfur Content of Fuels
Rule 331	Fugitive Emissions Inspection and Maintenance
Rule 505	Breakdown Procedures
Rule 801	New Source Review
Rule 802	Nonattainment Review
Rule 803	Prevention of Significant Deterioration
Rule 810	Federal Prevention of Significant Deterioration

4.2 Rules Requiring Review:

4.2.1 *Rule 325 Crude Oil Production and Separation*: Previously, gas produced during planned pigging operations was "stacked" in an out of service pipeline and then sent to shore after completion of the pigging. The stacking option is no longer available to the operator. In order to comply with District Rule 325 installation of a flare was necessary to avoid venting of produced gas directly to atmosphere.

4.2.2 *Rule 359 Flares and Thermal Oxidizers*

1. The emission standards in 359.D.5.c do not apply to this project because the flare is not a thermal oxidizer or a ground-level enclosed flare as defined in the rule.
2. A flare minimization plan is not required because operation of the flare is restricted to two limited scenarios, and the volume of gas assumed to be flared is well below 5% of the annual volume of gas processed by the platform. The District will reevaluate the requirements for a flare minimization plan after accurate flare volume data is collected over a sufficient period of time.
3. In order to demonstrate compliance with Rules 359.D.2.b and 359.G, the operator has submitted and obtained District approval of a *Flare Process Monitoring and Calibration Plan* to ensure a continuous pilot and that flare flow meters are properly located and accurate.

4.3 NEI Calculations: This permit modification does not change permitted emissions, and does not contribute to stationary source NEI.

5.0 AQIA

The project is not subject to the Air Quality Impact Analysis requirements of Regulation VIII.

6.0 OFFSETS/ERCs

6.1 Offsets: The emission offset thresholds of Regulation VIII are exceeded, however, California Health and Safety Code section 43201.2 prohibits offsets for emissions increases at a source that results from the installation, operation, or other implementation or technique used to comply with a District, State, or Federal emission control requirement, provided the capacity of the unit controlled does not increase. The flare installation was required to comply with Disrict Rule 325 to avoid venting of gas during smart pigging operations, and thus the emissions increases from the flare do not have to be offset.

6.2 ERCs: This source does not generate emission reduction credits.

7.0 AIR TOXICS

An air toxics health risk assessment was not performed for this permitting action.

8.0 CEQA / LEAD AGENCY

This project is exempt from CEQA pursuant to the Environmental Review Guidelines for the Santa Barbara County District (revised November 16, 2000). Appendix A (*District Projects Exempt from CEQA* and *Equipment or Operations Exempt from CEQA*} provides an exemption specifically for permits to operate and reevaluations thereof. No further action is necessary.

9.0 SCHOOL NOTIFICATION

A school notice pursuant to the requirements of H&SC §42301.6 was not required.

10.0 PUBLIC and AGENCY NOTFICATION PROCESS/COMMENTS ON DRAFT PERMIT

10.1 This project was not subject to public notice. A draft permit was not issued.

11.0 FEE DETERMINATION

Fees for the APCD's work efforts are assessed on a cost reimbursement basis. The Project Code for this permit is 205333 (*POO-LLC Platform Houchin*).

12.0 RECOMMENDATION

It is recommended that this permit be granted with the conditions as specified in the permit.

David Harris	5/15/2012		5-16-12
AQ Engineer/Technician	Date	Supervisor	Date

Santa Barbara County
Air Pollution Control District

MAY 16 2012

Certified Mail 7011 3500 0002 7298 3385
Return Receipt Requested

Clement Alberts
Pacific Operators Offshore, LLC.
1145 Eugenia Place, Suite 200
Carpinteria, CA 93013

FID: 08002
Permit: P 12388
SSID: 08001

Re: Final Permit to Operate 12388

Dear Mr. Alberts:

Enclosed is the final Permit to Operate (PTO) No. 12388 for a flare metering system at Platform Houchin.

Please carefully review the enclosed documents to ensure that they accurately describe your facility and that the conditions are acceptable to you. Note that your permitted emission limits may, in the future, be used to determine emission fees.

You should become familiar with all District rules pertaining to your facility. This permit does not relieve you of any requirements to obtain authority or permits from other governmental agencies.

This permit requires you to:

- Follow the conditions listed on your permit. Pay careful attention to the recordkeeping and reporting requirements.
- Ensure that a copy of the enclosed permit is posted or kept readily available near the permitted equipment.
- Promptly report changes in ownership, operator, or your mailing address to the District.

If you are not satisfied with the conditions of this permit, **you have thirty (30) days from the date of this issuance to appeal this permit to the Air Pollution Control District Hearing Board** (ref: California Health and Safety Code, §42302.1). Any contact with District staff to discuss the terms of this permit will not stop or alter the 30-day appeal period.

Please include the facility identification (FID) and permit numbers as shown at the top of this letter on all correspondence regarding this permit. If you have any questions, please contact Brian Kato of my staff at (805) 961-8898.

Sincerely,

Michael Goldman, Manager
Engineering & Compliance Division

enc: Final PTO 12388
Final Permit Evaluation
Air Toxics "Hot Spots" Fact Sheet District Form 12B

cc: Platform Houchin 08002 Project File
ECD Chron File
Ben Ellenberger (Cover letter only)
David Harris (Cover letter only)

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