



SEP 17 2010

Ms. Adean Valenzuela
Aera Energy, LLC
P.O. Box 11164
Bakersfield, CA 93389-1164

**Re: Proposed ATC / Certificate of Conformity (Significant Mod)
District Facility # S-1135
Project # S-1103951**

Dear Ms. Valenzuela:


Enclosed for your review is the District's analysis of an application for Authority to Construct for the facility identified above. The applicant is requesting that a Certificate of Conformity with the procedural requirements of 40 CFR Part 70 be issued with this project. Aera Energy, LLC proposes to remove a temperature indicator and temperature and throughput recordkeeping requirements for this tank equipped with vapor control.

After addressing any EPA comments made during the 45-day comment period, the Authority to Construct will be issued to the facility with a Certificate of Conformity. Prior to operating with modifications authorized by the Authority to Construct, the facility must submit an application to modify the Title V permit as an administrative amendment, in accordance with District Rule 2520, Section 11.5.

If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Thank you for your cooperation in this matter.

Sincerely,



David Warner
Director of Permit Services

DW: KR/cm

Enclosures

Sayed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT



SEP 17 2010

Gerardo C. Rios, Chief
Permits Office
Air Division
U.S. EPA - Region IX
75 Hawthorne St.
San Francisco, CA 94105

**Re: Proposed ATC / Certificate of Conformity (Significant Mod)
District Facility # S-1135
Project # S-1103951**

Dear Mr. Rios:

Enclosed for your review is the District's engineering evaluation of an application for Authority to Construct for Aera Energy, LLC in the Midway Sunset Oilfield, which has been issued a Title V permit. Aera Energy, LLC is requesting that a Certificate of Conformity, with the procedural requirements of 40 CFR Part 70, be issued with this project. Aera Energy, LLC proposes to remove a temperature indicator and temperature and throughput recordkeeping requirements for this tank equipped with vapor control.

Enclosed is the engineering evaluation of this application with a copy of the current Title V permit and proposed Authority to Construct # S-1135-72-8 with Certificate of Conformity. After demonstrating compliance with the Authority to Construct, the conditions will be incorporated into the facility's Title V permit through an administrative amendment.

Please submit your written comments on this project within the 45-day comment period that begins on the date you receive this letter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Thank you for your cooperation in this matter.

Sincerely,

David Warner
Director of Permit Services

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San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



SEP 17 2010

Mike Tollstrup, Chief
Project Assessment Branch
Air Resources Board
P O Box 2815
Sacramento, CA 95812-2815

**Re: Proposed ATC / Certificate of Conformity (Significant Mod)
District Facility # S-1135
Project # S-1103951**

Dear Mr. Tollstrup:

Enclosed for your review is the District's analysis of an application for Authority to Construct for the facility identified above. The applicant is requesting that a Certificate of Conformity with the procedural requirements of 40 CFR Part 70 be issued with this project. Aera Energy, LLC proposes to remove a temperature indicator and temperature and throughput recordkeeping requirements for this tank equipped with vapor control.

Enclosed is the engineering evaluation of this application with a copy of the current Title V permit and proposed Authority to Construct # S-1135-72-8 with Certificate of Conformity. After demonstrating compliance with the Authority to Construct, the conditions will be incorporated into the facility's Title V permit through an administrative amendment.

Please submit your written comments on this project within the 30-day comment period that begins on the date you receive this letter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Thank you for your cooperation in this matter.

Sincerely,

David Warner
Director of Permit Services

DW: KR/cm

Enclosures

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**NOTICE OF PRELIMINARY DECISION
FOR THE ISSUANCE OF AUTHORITY TO CONSTRUCT**

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Air Pollution Control District solicits public comment on the proposed modification of Aera Energy, LLC for its crude oil and natural gas production operation in the Midway Sunset Oilfield, California. Aera Energy, LLC proposes to remove a temperature indicator and temperature and throughput recordkeeping requirements for this tank equipped with vapor control.

The District's analysis of the legal and factual basis for this proposed action, project #S-1103951, is available for public inspection at the District office at the address below. This will be the public's only opportunity to comment on the specific conditions of the modification. If requested by the public, the District will hold a public hearing regarding issuance of this modification. For additional information, please contact Mr. Jim Swaney, Permit Services Manager, at (559) 230-5900. Written comments on the proposed initial permit must be submitted within 30 days of the publication date of this notice to DAVID WARNER, DIRECTOR OF PERMIT SERVICES, SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT, 34946 FLYOVER COURT, BAKERSFIELD, CA 93308.

San Joaquin Valley Air Pollution Control District
Authority to Construct Application Review
Modifications to a Crude Oil Storage Tank

Facility Name:	Aera Energy, LLC	Date:	September 7, 2010
Mailing Address:	P.O. Box 11164 Bakersfield, CA 93389-1164	Engineer:	Kris Rickards
Contact Person:	Adean Valenzuela	Lead Engineer:	Leonard Scandura <i>CS</i> <i>9/10</i>
Telephone:	661-665-5335		
Fax:	661-665-5202		
E-Mail:	alvalenzuela@aeraenergy.com		
Application #(s):	S-1135-72-8		
Project #:	S-1103951		
Deemed Complete:	August 19, 2010		

I. Proposal

Aera Energy, LLC (hereafter referred to as Aera) has requested an Authority to Construct (ATC) to modify a tank equipped with vapor recovery as follows:

- Remove requirement for tank to be equipped with temperature indicator (condition #4 on PTO)
- Remove recordkeeping requirement for throughput and storage temperature (condition #18 on PTO)
- Remove condition requiring vapor control system is functional and operating (condition #20 on PTO) as vapor control system is listed on permit unit S-1135-70

The removal of recordkeeping requirements is considered a relaxation in recordkeeping requirements and will result in a significant modification.

Aera received their Title V Permit on 8/31/02. This modification can be classified as a Title V significant modification pursuant to Rule 2520, Section 3.29, and can be processed with a Certificate of Conformity (COC). Since the facility has specifically requested that this project be processed in that manner, the 45-day EPA comment period will be satisfied prior to the issuance of the Authority to Construct. Aera must apply to administratively amend their Title V Operating Permit to include the requirements of the ATCs issued with this project.

II. Applicable Rules

Rule 2201	New and Modified Stationary Source Review Rule (6/10/10)
Rule 2520	Federally Mandated Operating Permits (6/21/01)
Rule 4001	New Source Performance Standards (4/14/99)
Rule 4002	National Emissions Standards for Hazardous Air Pollutants (5/20/04)
Rule 4101	Visible Emissions (2/17/05)

Rule 4102 Nuisance (12/17/92)
Rule 4623 Storage of Organic Liquids (5/19/05)
CH&SC 41700 Health Risk Assessment
CH&SC 42301.6 School Notice
Public Resources Code 21000-21177: California Environmental Quality Act (CEQA)
California Code of Regulations, Title 14, Division 6, Chapter 3, Sections 15000-15387: CEQA Guidelines

III. Project Location

The equipment will be located at the Metson Lease Tank Battery in the southern Midway Sunset Oilfield within Aera's Heavy Oil Western Stationary Source; SW ¼ of Section 24, Township 11N, Range 23W. The equipment is not located within 1,000 feet of the outer boundary of a K-12 school. Therefore, the public notification requirement of California Health and Safety Code 42301.6 is not applicable to this project.

IV. Process Description

The tanks and vessels at the Metson Lease Tank Battery receive production from the Midway Sunset Oilfield prior to transport. The 5,000 bbl tank in this project operates as a crude oil standby tank.

VOC emissions from the tank are controlled to 95% by a shared vapor control system listed on tank PTO # S-1135-70. The vapor control system collects vapors from the tanks, condenses out and separates condensed liquids, and routes the uncondensed vapors to appropriate disposal equipment.

V. Equipment Listing

Pre-Project Equipment Description:

S-1135-72-7: 210,000 GALLON FIXED ROOF STANDBY TANK T-120, WITH VAPOR RECOVERY SYSTEM (LISTED ON S-1135-70) - METSON LEASE TANK BATTERY

Proposed Modification:

S-1135-72-8: MODIFICATION OF 5,000 BBL FIXED ROOF STANDBY TANK T-120, WITH VAPOR RECOVERY SYSTEM (LISTED ON S-1135-70) - METSON LEASE TANK BATTERY: REMOVAL OF REQUIREMENTS FOR LIQUID TEMPERATURE INDICATOR AND RECORDKEEPING OF THROUGHPUT AND STORAGE TEMPERATURE

Post Project Equipment Description:

S-1135-72-8: 5,000 BBL FIXED ROOF STANDBY TANK T-120, WITH VAPOR RECOVERY SYSTEM (LISTED ON S-1135-70) - METSON LEASE TANK BATTERY

VI. Emission Control Technology Evaluation

The crude oil storage tank in this project has emissions of VOC only. There are no physical changes proposed for the permitted equipment. Therefore, a detailed evaluation of emission control equipment is not required.

VII. General Calculations

This project does not meet the criteria for a Rule 2201 Modification, as defined in Section 3.26, and is not subject to the requirements of Rule 2201. Therefore, formal calculations for Rule 2201 are not necessary and no further discussion is required.

VIII. Compliance

Rule 2201 New and Modified Stationary Source Review Rule

As noted in Section VII of this engineering evaluation, the proposed modification does not constitute an NSR modification; Pursuant to section 3.26 of District Rule 2201, a modification is defined as:

- 3.26.1.1 Any change in hours of operation, production rate, or method of operation of an existing emissions unit, which would necessitate a change in permit conditions.

The proposed modification does not result in a change in the hours of operation, production rate or method of operation which necessitates a change in permit conditions.

- 3.26.1.2 Any structural change or addition to an existing emissions unit which would necessitate a change in permit conditions. Routine replacement shall not be considered to be a structural change.

The proposed modification does not constitute a structural change or addition to an existing emissions unit which necessitates a change in permit conditions.

- 3.26.1.3 An increase in emissions from an emissions unit caused by a modification of the Stationary Source when the emissions unit is not subject to a daily emissions limitation.

The proposed modification does not result in an increase in emissions from any emissions unit.

- 3.26.1.4 Addition of any new emissions unit which is subject to District permitting requirements.

The proposed modification does not result in the addition of any new emissions units.

3.26.1.5 A change in a permit term or condition proposed by an applicant to obtain an exemption from an applicable requirement to which the source would otherwise be subject.

The proposed modification does not necessitate any change to permit conditions or description to obtain an exemption.

As discussed above, the modification proposed to unit S-1135-72 does not meet any of the criteria for a modification. Therefore, it is not subject to the requirements of District Rule 2201.

Rule 2520 Federally Mandated Operating Permits

This facility is subject to this Rule, and has received their Title V Operating Permit. Section 3.29 defines a significant permit modification as a “permit amendment that does not qualify as a minor permit modification or administrative amendment.”

Section 3.20.2 states that minor permit modifications “Do not relax monitoring, reporting, or recordkeeping requirements in the permit and are not significant changes in existing monitoring permit terms or conditions”. The removal of recordkeeping requirements are not needed for a tank equipped with vapor control but removing the requirement is considered a relaxation in recordkeeping and constitutes a Significant Modification to the Title V Permit pursuant to Section 3.29.

As discussed above, the facility has applied for a Certificate of Conformity (COC); therefore, the facility must apply to modify their Title V permit with an administrative amendment, prior to operating with the proposed modifications. Continued compliance with this rule is expected. The facility shall not implement the changes requested until the final permit is issued.

Rule 4001 New Source Performance Standards (NSPS)

This rule incorporates NSPS from Part 60, Chapter 1, Title 40, Code of Federal Regulations (CFR); and applies to all new sources of air pollution and modifications of existing sources of air pollution listed in 40 CFR Part 60.

40 CFR Part 60, Subpart Kb could potentially apply to the storage tanks located at this facility.

Pursuant to 60.110b (b), Subpart Kb does not apply to a vessel with a design capacity less than or equal to 1,589.874 cubic meters (10,000 barrels) used for petroleum storage at a production facility prior to custody transfer. Since these vessels have a capacity less than or equal to 1,589.874 cubic meters and are used at a production facility prior to custody transfer, Subpart Kb does not apply.

Therefore, the requirements of these subparts are not applicable to this project.

Rule 4002 National Emission Standards for Hazardous Air Pollutants (NESHAPs)

This rule incorporates NESHAPs from Part 61, Chapter I, Subchapter C, Title 40, CFR and the NESHAPs from Part 63, Chapter I, Subchapter C, Title 40, CFR; and applies to all sources of

hazardous air pollution listed in 40 CFR Part 61 or 40 CFR Part 63. However, no subparts of 40 CFR Part 61 or 40 CFR Part 63 apply to storage tank operations.

Rule 4101 Visible Emissions

Per Section 5.0, no person shall discharge into the atmosphere emissions of any air contaminant aggregating more than 3 minutes in any hour which is as dark as or darker than Ringelmann 1 (or 20% opacity).

As this equipment results in the emissions of fugitive VOC emissions only compliance with visible emissions limits is expected under normal operating conditions.

Rule 4102 Nuisance

Section 4.0 prohibits discharge of air contaminants which could cause injury, detriment, nuisance or annoyance to the public. Public nuisance conditions are not expected as a result of these operations, provided the equipment is well maintained. Therefore, compliance with this rule is expected.

California Health & Safety Code 41700 (Health Risk Assessment)

District Policy APR 1905 – Risk Management Policy for Permitting New and Modified Sources specifies that for an increase in emissions associated with a proposed new source or modification, the District perform an analysis to determine the possible impact to the nearest resident or worksite.

As indicated above, there are no increases in emissions associated with this project, therefore a health risk assessment is not necessary and no further risk analysis is required.

Rule 4623 Storage of Organic Liquids

The purpose of this rule is to limit volatile organic compound (VOC) emissions from the storage of organic liquids. This rule applies to any tank with a design capacity of 1,100 gallons or greater used to store organic liquid with a true vapor pressure (TVP) of 0.5 psia or greater.

Section 5.1.1 requires that an operator shall not place, hold, or store organic liquid in any tank unless such tank is equipped with a VOC control system identified in Table 1.

Table 1: General VOC Control System Requirements			
Tank Capacity (gal)	True Vapor Pressure (TVP) of Organic Liquid		
	0.5 psia to < 1.5 psia	1.5 psia to < 11 psia	≥11.0 psia
(Group A) 1,100 to 19,800	Pressure-vacuum relief valve, or internal floating roof, or external floating roof, or vapor recovery system	Pressure-vacuum relief valve, or internal floating roof, or external floating roof, or vapor recovery system	Pressure vessel or vapor recovery system
(Group B) >19,800 to 36,000	Pressure-vacuum relief valve, or internal floating roof, or external floating roof, or vapor recovery system	Internal floating roof, or external floating roof, or vapor recovery system	Pressure vessel or vapor recovery system
(Group C) >39,600	Internal floating roof, or external floating roof, or vapor recovery system	Internal floating roof, or external floating roof, or vapor recovery system	Pressure vessel or vapor recovery system

A vapor recovery system satisfies the general VOC control system requirements listed in Table 1. As stated in Section I of this application review, this tank will be connected to the vapor recovery system listed on permit S-1135-70. Section 5.6 lists the specifications for vapor control systems.

Section 5.6.1 requires that fixed roof tanks shall be fully enclosed and shall be maintained in a leak-free condition. An APCO-approved vapor recovery system shall consist of a closed vent system that collects all VOCs from the storage tank and a VOC control device. The vapor recovery system shall be maintained in a leak-free condition. The VOC control device shall be one of the following:

A condensation or vapor return system that connects to one of the following: a gas processing plant, a field gas pipeline, a pipeline distributing Public Utility Commission quality gas for sale, an injection well for disposal of vapors as approved by the California Department of Conservation, Division of Oil Gas, and Geothermal Resources, or:

A VOC destruction device that reduces the inlet VOC emissions by at least 95% by weight as determined by the test method specified in Section 6.4.6.

The collected vapors will be sent to the vapor control system listed on unit S-1135-10. The equipment description for this tank describes the vapor control system and destination (S-1135-70) of tank vapors. The following conditions will ensure compliance with this section:

- Operation shall include vapor recovery system described on the requirements for permit unit S-1135-70. [District NSR Rule]
- This tank shall only vent to a vapor recovery system. The vapor recovery system shall be an APCO-approved system consisting of a closed vent system that collects all VOCs from the storage tank and a VOC control device. The vapor recovery system shall be maintained in a leak-free condition. The VOC control device shall be either of the following: a vapor return or condensation system that connects to a gas pipeline distribution system, or an approved VOC destruction device

the reduces the inlet VOC emissions by at least 95% by weight as determined by the test method specified in Section 6.4 of District Rule 4623 (amended May 19, 2005). [District Rule 4623, 5.6.1]

Section 5.6.2 requires that any tank gauging or sampling device on a tank vented to the vapor recovery system shall be equipped with a leak-free cover which shall be closed at all times except during gauging or sampling. Therefore, the following condition will be listed on the ATCs to ensure compliance:

- Any tank gauging or sampling device on a tank vented to the vapor recovery system shall be equipped with a leak-free cover which shall be closed at all times except during gauging or sampling. [District Rule 4623, 5.6.2]

Section 5.6.3 requires that all piping, valves, and fittings shall be constructed and maintained in a leak-free condition. Therefore, the following condition will be listed on the ATCs to ensure compliance:

- The tank and all piping, valves, and fittings shall be constructed and maintained in a leak-free condition. [District Rule 4623, 5.6.3]

Section 5.7 allows Voluntary Tank Preventive Inspection and Maintenance, and Tank Interior Cleaning.

Operators who elect to participate in the voluntary tank preventive inspection and maintenance, and tank interior cleaning program shall be allowed to use the provisions specified in Tables 3 to 5 and Section 5.7.5. When using Tables 3 to 5 and Section 5.7.5 provisions, operators shall perform the procedures as expeditiously as practicable and minimize emissions to the maximum extent practicable. To participate in this program, the operator shall comply with the requirements of Sections 5.7.1 through 5.7.4. The following conditions will be listed on the ATC to ensure compliance with this allowance:

Inspection and Maintenance conditions:

- Operator shall visually inspect tank shell, hatches, seals, seams, cable seals, valves, flanges, connectors, and any other piping components directly affixed to the tank and within five feet of the tank at least once per year for liquid leaks, and with a portable hydrocarbon detection instrument conducted in accordance with EPA Method 21 for gas leaks. Operator shall also visually or ultrasonically inspect as appropriate, the external shells and roofs of uninsulated tanks for structural integrity annually. [District Rules 2520, 9.3.2 and 4623, Table 3]
- Upon detection of a liquid leak, defined as a leak rate of greater than or equal to 30 drops per minute, operator shall repair the leak within 8 hours. For leaks with a liquid leak rate of between 3 and 30 drops per minute, the leaking component shall be repaired within 24 hours after detection. [District Rule 4623, Table 3]
- Upon detection of a gas leak, defined as a VOC concentration of greater than 10,000 ppmv measured in accordance with EPA Method 21, operator shall take on of the following actions: 1) eliminate the leak within 8 hours after detection; or 2) if the leak cannot be eliminated, then minimize the leak to the lowest possible level within 8 hours after detection by using best maintenance practices, and eliminate the leak within 48 hours after minimization. In no event shall the total time to minimize and eliminate a leak exceed 56 hours after detection. [District Rule 4623, Table 3]

- Components found to be leaking either liquids or gases shall be immediately affixed with a tag showing the component to be leaking. Operator shall maintain records of the liquid or gas leak detection readings, date/time the leak was discovered, and date/time the component was repaired to a leak-free condition. [District Rules 2520, 9.3.2 and 4623, Table 3]
- Leaking components that have been discovered by the operator that have been immediately tagged and repaired within the timeframes specified in District Rule 4623, Table 3 shall not constitute a violation of District Rule 4623. Leaking components as defined by District Rule 4623 discovered by District staff that were not previously identified and/or tagged by the operator, and/or any leaks that were not repaired within the timeframes specified in District Rule 4623, Table 3 shall constitute a violation of District Rule 4623. [District Rule 4623, Table 3]
- If a component type for a given tank is found to leak during an annual inspection, operator shall conduct quarterly inspections of that component type on the tank or tank system for four consecutive quarters. If no components are found to leak after four consecutive quarters, the operator may revert to annual inspections. [District Rules 2520, 9.3.2 and 4623, Table 3]
- Any component found to be leaking on two consecutive annual inspections is in violation of District Rule 4623, even if covered under the voluntary inspection and maintenance program. [District Rule 4623, Table 3]

Tank Interior Cleaning:

No tank cleaning provisions are currently listed nor requested.

Section 6.1 applies to floating roof tanks. Since this is not a floating roof tank, the requirements of Section 6.1 are not applicable.

Section 6.2 applies to uncontrolled fixed roof tanks. Since this tank is controlled by a vapor recovery system, the requirements of Section 6.2 are not applicable.

Section 6.3.1 requires an operator whose tanks are subject to the requirements of this rule to keep an accurate record of each organic liquid stored in each tank, including its storage temperature, TVP, and API gravity. However, this requirement does not apply to fixed tanks equipped with a vapor recovery system that meet the requirements of this rule. Therefore, the requirements of Section 6.3.1 are not applicable.

Section 6.4.6 requires that the control efficiency of any VOC destruction device, measured and calculated as carbon, shall be determined by US EPA Method 25, except when the outlet concentration must be below 50 ppm in order to meet the standard, in which case US EPA Method 25a may be used. US EPA Method 18 may be used in lieu of US EPA Method 25 or US EPA Method 25A provided the identity and approximate concentrations of the analytes/compounds in the sample gas stream are known before analysis with the gas chromatograph and the gas chromatograph is calibrated for each of the known analytes/compounds to ensure that the VOC concentrations are neither under- or over-reported.

Section 6.4.8 requires that a gas-leak concentration shall be determined by EPA Method 21. Therefore, the following previously proposed condition will be listed on the ATC to ensure compliance:

- Operator shall visually inspect tank shell, hatches, seals, seams, cable seals, valves, flanges, connectors, and any other piping components directly affixed to the tank and within five feet of the tank at least once per year for liquid leaks, and with a portable hydrocarbon detection instrument conducted in accordance with EPA Method 21 for gas leaks. Operator shall also visually or ultrasonically inspect as appropriate, the external shells and roofs of uninsulated tanks for structural integrity annually. [District Rules 2520, 9.3.2 and 4623, Table 3]

California Health & Safety Code 42301.6 (School Notice)

The District has verified that this site is not located within 1,000 feet of a school. Therefore, pursuant to California Health and Safety Code 42301.6, a school notice is not required.

California Environmental Quality Act (CEQA)

Greenhouse Gas Significance Determination

The District's engineering evaluation (this document) demonstrates that the project would not result in an increase in project specific greenhouse gas emissions. The District therefore concludes that the project would have a less than cumulatively significant impact on global climate change.

District CEQA Findings

The California Environmental Quality Act (CEQA) requires each public agency to adopt objectives, criteria, and specific procedures consistent with CEQA Statutes and the CEQA Guidelines for administering its responsibilities under CEQA, including the orderly evaluation of projects and preparation of environmental documents. The San Joaquin Valley Unified Air Pollution Control District (District) adopted its *Environmental Review Guidelines* (ERG) in 2001. The basic purposes of CEQA are to:

- Inform governmental decision-makers and the public about the potential, significant environmental effects of proposed activities.
- Identify the ways that environmental damage can be avoided or significantly reduced.
- Prevent significant, avoidable damage to the environment by requiring changes in projects through the use of alternatives or mitigation measures when the governmental agency finds the changes to be feasible.
- Disclose to the public the reasons why a governmental agency approved the project in the manner the agency chose if significant environmental effects are involved.

The District performed an Engineering Evaluation (this document) for the proposed project and determined that the activity will occur at an existing facility and the project involves negligible expansion of the existing use. Furthermore, the District determined that the activity will not have a significant effect on the environment. The District finds that the activity is categorically exempt from the provisions of CEQA pursuant to CEQA Guideline § 15031 (Existing Facilities), and finds that the project is exempt per the general rule that CEQA applies only to projects

which have the potential for causing a significant effect on the environment (CEQA Guidelines §15061(b)(3)).

IX. Recommendation

Compliance with all applicable rules and regulations is expected. Pending a successful COC and public notice period issue Authority to Construct S-1135-72-8 subject to the permit conditions on the attached draft Authority to Construct in Appendix C.

X. Billing Information

Annual Permit Fees			
Permit Number	Fee Schedule	Fee Description	Annual Fee
S-1135-72-8	3020-05-E	210,000 gallons	\$246.00

Appendices

- A: Current Operating Permit
- B: Title V Compliance Certification Form
- C: Draft ATC

Appendix A

Current Operating Permit

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: S-1135-72-7

EXPIRATION DATE: 05/31/2007

SECTION: SW24 TOWNSHIP: 11N RANGE: 23W

EQUIPMENT DESCRIPTION:

210,000 GALLON FIXED ROOF STANDBY TANK T-120, WITH VAPOR RECOVERY SYSTEM (LISTED ON S-1135-70) - METSON LEASE TANK BATTERY

PERMIT UNIT REQUIREMENTS

1. Operation shall include vapor recovery system described on the requirements for permit unit S-1135-70. [District NSR Rule] Federally Enforceable Through Title V Permit
2. Operation shall include provisions for connecting tank to existing TEOR operation and Vapor Control System. [District NSR Rule] Federally Enforceable Through Title V Permit
3. The tank shall be equipped with a fixed roof with no holes or openings. [District NSR Rule] Federally Enforceable Through Title V Permit
4. Tank shall be equipped with stored liquid temperature indicator. [District NSR Rule] Federally Enforceable Through Title V Permit
5. All tanks and separators shall vent only to vapor control system. [District NSR Rule] Federally Enforceable Through Title V Permit
6. This tank shall only vent to a vapor recovery system. The vapor recovery system shall be an APCO-approved system consisting of a closed vent system that collects all VOCs from the storage tank and a VOC control device. The vapor recovery system shall be maintained in a leak-free condition. The VOC control device shall be either of the following: a vapor return or condensation system that connects to a gas pipeline distribution system, or an approved VOC destruction device that reduces the inlet VOC emissions by at least 95% by weight as determined by the test method specified in Section 6.4 of District Rule 4623 (amended May 19, 2005). [District Rule 4623, 5.6.1] Federally Enforceable Through Title V Permit
7. The tank and all piping, valves, and fittings shall be constructed and maintained in a leak-free condition. [District Rule 4623, 5.6.3] Federally Enforceable Through Title V Permit
8. A leak-free condition is a condition without a gas leak or a liquid leak. A gas leak is defined as a reading in excess of 10,000 ppmv, above background, as measured by a portable hydrocarbon detection instrument that is calibrated with methane in accordance with the procedures specified in EPA Test Method 21. A liquid leak is defined as the dripping of organic liquid at a rate of more than 3 drops per minute. [District Rule 4623, 3.17 and 6.4.8] Federally Enforceable Through Title V Permit
9. Any tank gauging or sampling device on a tank vented to the vapor recovery system shall be equipped with a leak-free cover which shall be closed at all times except during gauging or sampling. [District Rule 4623, 5.6.2] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE
These terms and conditions are part of the Facility-wide Permit to Operate.

10. Operator shall visually inspect tank shell, hatches, seals, seams, cable seals, valves, flanges, connectors, and any other piping components directly affixed to the tank and within five feet of the tank at least once per year for liquid leaks, and with a portable hydrocarbon detection instrument conducted in accordance with EPA Method 21 for gas leaks. Operator shall also visually or ultrasonically inspect as appropriate, the external shells and roofs of uninsulated tanks for structural integrity annually. [District Rules 2520, 9.3.2 and 4623, Table 3] Federally Enforceable Through Title V Permit
11. Upon detection of a liquid leak, defined as a leak rate of greater than or equal to 30 drops per minute, operator shall repair the leak within 8 hours. For leaks with a liquid leak rate of between 3 and 30 drops per minute, the leaking component shall be repaired within 24 hours after detection. [District Rule 4623, Table 3] Federally Enforceable Through Title V Permit
12. Upon detection of a gas leak, defined as a VOC concentration of greater than 10,000 ppmv measured in accordance with EPA Method 21, operator shall take one of the following actions: 1) eliminate the leak within 8 hours after detection; or 2) if the leak cannot be eliminated, then minimize the leak to the lowest possible level within 8 hours after detection by using best maintenance practices, and eliminate the leak within 48 hours after minimization. In no event shall the total time to minimize and eliminate a leak exceed 56 hours after detection. [District Rule 4623, Table 3] Federally Enforceable Through Title V Permit
13. Components found to be leaking either liquids or gases shall be immediately affixed with a tag showing the component to be leaking. Operator shall maintain records of the liquid or gas leak detection readings, date/time the leak was discovered, and date/time the component was repaired to a leak-free condition. [District Rules 2520, 9.3.2 and 4623, Table 3] Federally Enforceable Through Title V Permit
14. Leaking components that have been discovered by the operator that have been immediately tagged and repaired within the timeframes specified in District Rule 4623, Table 3 shall not constitute a violation of District Rule 4623. Leaking components as defined by District Rule 4623 discovered by District staff that were not previously identified and/or tagged by the operator, and/or any leaks that were not repaired within the timeframes specified in District Rule 4623, Table 3 shall constitute a violation of District Rule 4623. [District Rule 4623, Table 3] Federally Enforceable Through Title V Permit
15. If a component type for a given tank is found to leak during an annual inspection, operator shall conduct quarterly inspections of that component type on the tank or tank system for four consecutive quarters. If no components are found to leak after four consecutive quarters, the operator may revert to annual inspections. [District Rules 2520, 9.3.2 and 4623, Table 3] Federally Enforceable Through Title V Permit
16. Any component found to be leaking on two consecutive annual inspections is in violation of District Rule 4623, even if covered under the voluntary inspection and maintenance program. [District Rule 4623, Table 3] Federally Enforceable Through Title V Permit
17. Operator shall maintain an inspection log containing the following: 1) Date of all inspections; 2) Type and identification of leaking components; 3) Date of leak detection and method of detection; 4) Method used to minimize leak; and 5) Date and emission level of recheck after leak is repaired. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
18. Permittee shall keep accurate records of throughput and storage temperature of liquids stored in each tank and such records shall be made readily available for District inspection upon request. [District Rule 1070] Federally Enforceable Through Title V Permit
19. The permittee shall maintain, and make available for District inspection, all records of required monitoring data and support information for inspection at any time for a period of five years. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
20. The operator shall ensure that the vapor recovery system is functional and is operating as designed whenever organic liquids or organic liquid vapors are contained in this tank. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE
These terms and conditions are part of the Facility-wide Permit to Operate.

21. This unit has a storage capacity less than 420,000 gallons and is used for petroleum or condensate stored, processed and/or treated at a drilling and production facility prior to custody transfer. Therefore, the requirements of 40CFR 60 Subpart K, Ka and Kb do not apply to this source. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.

Appendix B

Title V Compliance Certification Form

RECEIVED

AUG 04 2010

SJVAPCD
Southern Region

San Joaquin Valley Unified Air Pollution Control District

TITLE V MODIFICATION - COMPLIANCE CERTIFICATION FORM

I. TYPE OF PERMIT ACTION (Check appropriate box)

SIGNIFICANT PERMIT MODIFICATION
 MINOR PERMIT MODIFICATION


ADMINISTRATIVE AMENDMENT

COMPANY NAME: Aera Energy LLC	FACILITY ID: S - 1135
1. Type of Organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Sole Ownership <input type="checkbox"/> Government <input type="checkbox"/> Partnership <input type="checkbox"/> Utility	
2. Owner's Name: Aera Energy LLC	
3. Agent to the Owner: N/A	

II. COMPLIANCE CERTIFICATION (Read each statement carefully and initial all circles for confirmation):

- Based on information and belief formed after reasonable inquiry, the emissions units identified in this application will continue to comply with the applicable federal requirement(s).
- Based on information and belief formed after reasonable inquiry, the emissions units identified in this application will comply with applicable federal requirement(s) that will become effective during the permit term, on a timely basis.
- Corrected information will be provided to the District when I become aware that incorrect or incomplete information has been submitted.
- Based on information and belief formed after reasonable inquiry, information and statements in the submitted application package, including all accompanying reports, and required certifications are true accurate and complete.

I declare, under penalty of perjury under the laws of the state of California, that the forgoing is correct and true:


Signature of Responsible Official

7-29-10
Date

SAM EVANS
Name of Responsible Official (please print)

Process Supervisor
Title of Responsible Official (please print)

Modify Title V permit S-1135-72-7.

Appendix C

Draft ATC

San Joaquin Valley
Air Pollution Control District

AUTHORITY TO CONSTRUCT

ISSUANCE DATE: DRAFT

PERMIT NO: S-1135-72-8

LEGAL OWNER OR OPERATOR: AERA ENERGY LLC
MAILING ADDRESS: PO BOX 11164
BAKERSFIELD, CA 93389-1164

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE
MIDWAY-SUNSET
KERN COUNTY, CA

SECTION: SW24 TOWNSHIP: 11N RANGE: 23W

EQUIPMENT DESCRIPTION:

MODIFICATION OF 5,000 BBL FIXED ROOF STANDBY TANK T-120, WITH VAPOR RECOVERY SYSTEM (LISTED ON S-1135-70) - METSON LEASE TANK BATTERY: REMOVAL OF REQUIREMENTS FOR LIQUID TEMPERATURE INDICATOR AND RECORDKEEPING OF THROUGHPUT AND STORAGE TEMPERATURE

CONDITIONS

1. {1830} This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District NSR Rule] Federally Enforceable Through Title V Permit
2. {1831} Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. Operation shall include vapor recovery system described on the requirements for permit unit S-1135-70. [District NSR Rule] Federally Enforceable Through Title V Permit
4. Operation shall include provisions for connecting tank to existing TEOR operation and Vapor Control System. [District NSR Rule] Federally Enforceable Through Title V Permit
5. The tank shall be equipped with a fixed roof with no holes or openings. [District NSR Rule] Federally Enforceable Through Title V Permit
6. All tanks and separators shall vent only to vapor control system. [District NSR Rule] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 392-5500 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director, APCO

DAVID WARNER, Director of Permit Services

S-1135-72-8: Sep 5 2010 8:21AM - RICKARDK : Joint Inspection NOT Required

7. This tank shall only vent to a vapor recovery system. The vapor recovery system shall be an APCO-approved system consisting of a closed vent system that collects all VOCs from the storage tank and a VOC control device. The vapor recovery system shall be maintained in a leak-free condition. The VOC control device shall be either of the following: a vapor return or condensation system that connects to a gas pipeline distribution system, or an approved VOC destruction device that reduces the inlet VOC emissions by at least 95% by weight as determined by the test method specified in Section 6.4 of District Rule 4623 (amended May 19, 2005). [District Rule 4623, 5.6.1] Federally Enforceable Through Title V Permit
8. The tank and all piping, valves, and fittings shall be constructed and maintained in a leak-free condition. [District Rule 4623, 5.6.3] Federally Enforceable Through Title V Permit
9. A leak-free condition is a condition without a gas leak or a liquid leak. A gas leak is defined as a reading in excess of 10,000 ppmv, above background, as measured by a portable hydrocarbon detection instrument that is calibrated with methane in accordance with the procedures specified in EPA Test Method 21. A liquid leak is defined as the dripping of organic liquid at a rate of more than 3 drops per minute. [District Rule 4623, 3.17 and 6.4.8] Federally Enforceable Through Title V Permit
10. Any tank gauging or sampling device on a tank vented to the vapor recovery system shall be equipped with a leak-free cover which shall be closed at all times except during gauging or sampling. [District Rule 4623, 5.6.2] Federally Enforceable Through Title V Permit
11. Operator shall visually inspect tank shell, hatches, seals, seams, cable seals, valves, flanges, connectors, and any other piping components directly affixed to the tank and within five feet of the tank at least once per year for liquid leaks, and with a portable hydrocarbon detection instrument conducted in accordance with EPA Method 21 for gas leaks. Operator shall also visually or ultrasonically inspect as appropriate, the external shells and roofs of uninsulated tanks for structural integrity annually. [District Rules 2520, 9.3.2 and 4623, Table 3] Federally Enforceable Through Title V Permit
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CONDITIONS CONTINUE ON NEXT PAGE

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19. {2426} The permittee shall maintain, and make available for District inspection, all records of required monitoring data and support information for inspection at any time for a period of five years. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
20. This unit has a storage capacity less than 420,000 gallons and is used for petroleum or condensate stored, processed and/or treated at a drilling and production facility prior to custody transfer. Therefore, the requirements of 40CFR 60 Subpart K, Ka and Kb do not apply to this source. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit

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