



JAN 30 2012

Sherry Hernandez
Chevron USA, Inc.
9525 Camino Media C1049C
Bakersfield, CA 93311

**RE: Notice of Final Action - Authority to Construct
Project Number: S-1113711**

Dear Ms. Hernandez:

The Air Pollution Control Officer has issued Authority to Construct permits to Chevron USA, Inc. for a 480 bhp diesel-fired emergency IC engine powering an electrical generator, at the Integrated Operations Decision Support Center / International heavy Oil Center (IODSC/IHOC) located at 1546 China Grade Loop in Bakersfield, CA. Enclosed are copies of the Authority to Construct permits and a copy of the notice of final action to be published approximately three days from the date of this letter.

Notice of the District's preliminary decision to issue this Authority to Construct was published on December 23, 2011. The District's analysis of the proposal was also sent to CARB on December 19, 2011. All comments received following the District's preliminary decision on this project were considered.

Comments received by the District during the public notice period resulted in additional discussion on the designation of IODSC/IHOC as a separate stationary source. These changes were minor and did not trigger additional public notification requirements, nor did they have any impact upon the Best Available Control Technology determination or on the amount of offsets required for project approval.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura at (661) 392-5500.

Sincerely,

David Warner
Director of Permit Services

DW: JAS/cm

Enclosures

Seyed 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



JAN 30 2012

Mike Tollstrup, Chief
Project Assessment Branch
Stationary Source Division
California Air Resources Board
PO Box 2815
Sacramento, CA 95812-2815

RE: Notice of Final Action - Authority to Construct
Project Number: S-1113711

Dear Mr. Tollstrup:

Thank you for your comments on the above project. Following are the District's specific responses to your comments:

Comment: Expand the discussion on the designation of Chevron USA's Integrated Operations Decision Support Center / International Heavy Oil Center (IODSC/IHOC) as a separate stationary source.

An expanded discussion on the designation of IODSC/IHOC as a separate stationary source was added as an appendix to the District's analysis of the project. The changes to the project analysis and the additional appendix have been enclosed for your review.

The Air Pollution Control Officer has issued Authority to Construct permits to Chevron USA, Inc. for a 480 bhp diesel-fired emergency IC engine powering an electrical generator, at the Integrated Operations Decision Support Center / International heavy Oil Center (IODSC/IHOC) located at 1546 China Grade Loop in Bakersfield, CA.

Enclosed are copies of the Authority to Construct permits and a copy of the notice of final action to be published approximately three days from the date of this letter.

We trust that the above response satisfies your concerns and appreciate your concurrence on this project. On the other hand, if you disagree with the District's position, we would appreciate your prompt response detailing your concerns.

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
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Ms. Mike Tollstrup
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If you have any questions, regarding the above response, or require additional clarification, please contact Mr. Leonard Scandura at (661) 392-5500.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Warner', with a long horizontal flourish extending to the right.

David Warner
Director of Permit Services

DW:jas

Enclosures

**NOTICE OF FINAL ACTION
FOR THE ISSUANCE OF AUTHORITY
TO CONSTRUCT PERMITS**

NOTICE IS HEREBY GIVEN that the Air Pollution Control Officer has issued Authority to Construct permits to Chevron USA, Inc. for a 480 bhp diesel-fired emergency IC engine powering an electrical generator, at the Integrated Operations Decision Support Center / International heavy Oil Center (IODSC/IHOC) located at 1546 China Grade Loop in Bakersfield, CA.

All comments received following the District's preliminary decision on this project were considered.

Comments received by the District during the public notice period resulted in additional discussion on the designation of IODSC/IHOC as a separate stationary source. These changes were minor and did not trigger additional public notification requirements, nor did they have any impact upon the Best Available Control Technology determination or on the amount of offsets required for project approval.

The application review for Project #S-1113711 is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and the **SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT, 34946 FLYOVER COURT, BAKERSFIELD, CA 93308.**

San Joaquin Valley Air Pollution Control District
Authority to Construct Application Review
Diesel-Fired Emergency Standby IC Engine

| | | | |
|-------------------|--|----------------|-------------------|
| Facility Name: | Chevron USA, Inc. | Date: | November 28, 2011 |
| Mailing Address: | 9525 Camino Media Bakersfield, CA 93311 | Engineer: | Jessica Seifert |
| Contact Person: | Sherry Hernandez | Lead Engineer: | Dan Klevann |
| Telephone: | (661) 331-0827 | | |
| E-Mail: | <u>SherryHernandez@chevron.com</u> | | |
| Application #(s): | S-8084-1-0 | | |
| Project #: | S-1113711 | | |
| Deemed Complete: | September 12, 2011 | | |

DK 11-30-11

I. Proposal

Chevron USA, Inc. (CUSA) is proposing to install a 480 bhp (intermittent) diesel-fired emergency standby internal combustion (IC) engine powering an electrical generator.

Although the proposed engine is located within CUSA's Heavy Oil stationary source, the engine will operate independently of the crude oil production operation. It will instead power a separate research facility, the Integrated Operations Decision Support Center / International Heavy Oil Center (IODSC/IHOC). Therefore, a new facility number (S-8084) has been assigned to this center and it will be treated as a separate stationary source. See Appendix H for a detailed stationary source determination.

II. Applicable Rules

Rule 2201 New and Modified Stationary Source Review Rule (4/21/11)
Rule 2520 Federally Mandated Operating Permits (6/21/01)
Rule 4001 New Source Performance Standards (4/14/99)
Rule 4002 National Emission Standards for Hazardous Air Pollutants (5/20/04)
Rule 4101 Visible Emissions (2/17/05)
Rule 4102 Nuisance (12/17/92)
Rule 4201 Particulate Matter Concentration (12/17/92)
Rule 4701 Stationary Internal Combustion Engines – Phase 1 (8/21/03)
Rule 4702 Stationary Internal Combustion Engines (8/18/11)
Rule 4801 Sulfur Compounds (12/17/92)
CH&SC 41700 Health Risk Assessment
CH&SC 42301.6 School Notice
Title 17 CCR, Section 93115 - Airborne Toxic Control Measure (ATCM) for Stationary Compression-Ignition (CI) Engines

APPENDIX H

Stationary Source Determination

Stationary Source Designation for Integrated Operations Decision Support Center / International Heavy Oil Center (IODSC/IHOC)

District Rule 2201, Section 3.39 defines a stationary source as follows:

“Any building, structure, facility, or installation which emits or may emit any affected pollutant directly or as a fugitive emission. Building, structure, facility or installation includes all pollutant emitting activities including emissions units which:

- 3.39.1 Are under the same or common ownership or operation, or which are owned or operated by entities which are under common control; and*
- 3.39.2 Belong to the same industrial grouping either by virtue of falling within the same two-digit standard industrial classification code or by virtue of being part of a common industrial process, manufacturing process, or connected process involving a common raw material; and*
- 3.39.3 Are located on one or more contiguous or adjacent properties; or*
- 3.39.4 Are located on one or more properties wholly within either the Western Kern County Oil Fields or the Central Kern County Oil Fields or Fresno County Oil Fields and are used for the production of light oil, heavy oil or gas. Notwithstanding the provisions of this definition, light oil production, heavy oil production, and gas production shall constitute separate Stationary Sources.”*

An oil or gas production operation is designated as a stationary source by meeting sections 3.39.1, 3.39.2, and 3.39.4 above. All other types of operations are designated as stationary sources by meeting sections 3.39.1, 3.39.2, and 3.39.3 above. The IODSC/IHOC is a research facility consisting of a set of buildings and is not involved in any crude oil or gas production. Therefore, the IODSC/IHOC and CUSA's crude oil production operation can only be considered part of the same stationary source if sections 3.39.1, 3.39.2, and 3.39.3 above are met.

- 3.39.1 The IODSC/IHOC and the crude oil production operation (facility S-1131) are both under the ownership of CUSA.
- 3.39.2 The IODSC/IHOC and the crude oil production facility do not belong to the same industrial grouping. They do not share a common raw material since the IODSC/IHOC consists only of office buildings and not any crude oil pumping units. Additionally, the two operations do not fall within the same two-digit standard industrial classification (SIC) code. The crude oil production operation belongs to SIC code 1311, Crude Petroleum and Natural Gas. None of the SIC codes in Major Group 13, Oil and Gas Extraction, apply to the IODSC/IHOC. SIC code 8711, Engineering Services, includes petroleum engineering services and is the most appropriate code for the IODSC/IHOC, which is a petroleum research facility.
- 3.39.3 The IODSC/IHOC is located on a property that is adjacent to the crude oil production facility.

As seen above, section 3.39.2 of the stationary source definition is not met. Therefore, the IODSC/IHOC and the crude oil production facility (S-1131) cannot be considered the same stationary source. A new facility number (S-8084) will be assigned to the IODSC/IHOC facility and it will be treated as its own stationary source.



AUTHORITY TO CONSTRUCT

PERMIT NO: S-8084-1-0

ISSUANCE DATE: 01/24/2012

LEGAL OWNER OR OPERATOR: CHEVRON USA
MAILING ADDRESS: 9525 CAMINO MEDIA C1049C
BAKERSFIELD, CA 93311

LOCATION: 1546 CHINA GRADE LOOP
BAKERSFIELD, CA

EQUIPMENT DESCRIPTION:

480 BHP (INTERMITTENT) CATERPILLAR MODEL C9 TIER 3 CERTIFIED DIESEL-FIRED EMERGENCY STANDBY IC ENGINE POWERING AN ELECTRICAL GENERATOR

CONDITIONS

1. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201]
2. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101]
3. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
4. The exhaust stack shall vent vertically upward. The vertical exhaust flow shall not be impeded by a rain cap (flapper ok), roof overhang, or any other obstruction. [District Rule 4102]
5. This engine shall be equipped with an operational non-resettable elapsed time meter or other APCO approved alternative. [District Rule 4702, 17 CCR 93115, and 40 CFR 60 Subpart IIII]
6. Only CARB certified diesel fuel containing not more than 0.0015% sulfur by weight is to be used. [District Rules 2201 and 4801, 17 CCR 93115, 40 CFR Part 60 Subpart IIII]
7. Emissions from this IC engine shall not exceed any of the following limits: 4.12 g-NOx/bhp-hr, 0.25 g-CO/bhp-hr, or 0.06 g-VOC/bhp-hr. [District Rule 2201, 17 CCR 93115, and 40 CFR Part 60 Subpart IIII]
8. Emissions from this IC engine shall not exceed 0.033 g-PM10/bhp-hr based on USEPA certification using ISO 8178 test procedure. [District Rules 2201 and 4102, 17 CCR 93115, and 40 CFR Part 60 Subpart IIII]
9. This engine shall be operated and maintained in proper operating condition as recommended by the engine manufacturer or emissions control system supplier. [District Rule 4702 and 40 CFR 60 Subpart IIII]

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-8084-1-0 Jan 24 2012 2:44PM - GEIFERTJ : Joint Inspection NOT Required

10. During periods of operation for maintenance, testing, and required regulatory purposes, the permittee shall monitor the operational characteristics of the engine as recommended by the manufacturer or emission control system supplier (for example: check engine fluid levels, battery, cables and connections; change engine oil and filters; replace engine coolant; and/or other operational characteristics as recommended by the manufacturer or supplier). [District Rule 4702]
11. An emergency situation is an unscheduled electrical power outage caused by sudden and reasonably unforeseen natural disasters or sudden and reasonably unforeseen events beyond the control of the permittee. [District Rule 4702]
12. This engine shall not be used to produce power for the electrical distribution system, as part of a voluntary utility demand reduction program, or for an interruptible power contract. [District Rule 4702]
13. The permittee shall maintain monthly records of emergency and non-emergency operation. Records shall include the number of hours of emergency operation, the date and number of hours of all testing and maintenance operations, the purpose of the operation (for example: load testing, weekly testing, rolling blackout, general area power outage, etc.) and records of operational characteristics monitoring. For units with automated testing systems, the operator may, as an alternative to keeping records of actual operation for testing purposes, maintain a readily accessible written record of the automated testing schedule. [District Rule 4702 and 17 CCR 93115]
14. This engine shall be operated only for testing and maintenance of the engine, required regulatory purposes, and during emergency situations. Operation of the engine for maintenance, testing, and required regulatory purposes shall not exceed 50 hours per calendar year. [District Rule 4702, 17 CCR 93115 and 40 CFR Part 60 Subpart IIII]
15. The permittee shall maintain monthly records of the type of fuel purchased. [District Rule 4702 and 17 CCR 93115]
16. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rule 4702 and 17 CCR 93115]