



AUG 13 2012

Donald J. Kelly
KelPetro
5555 San Felipe St, Suite 610
Houston, Tx, 77056

**RE: Notice of Final Action - Authority to Construct
Project Number: C-1120431**

Dear Mr. Kelly:

The Air Pollution Control Officer has issued Authority to Construct permits to KelPetro for the installation of one 250 bbl fixed roof crude oil tank and to limit the TVP of the crude oil stored in tank C-5870-1-2 to 5.0 psi, at the Dons-Cerini lease in Fresno County.

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 June 7, 2012. The District's analysis of the proposal was also sent to CARB on June 4, 2012. No comments were received following the District's preliminary decision on this project.

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:SDD/bw

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



AUG 13 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: C-1120431**

Dear Mr. Tollstrup:

The Air Pollution Control Officer has issued Authority to Construct permits to KelPetro for the installation of one 250 bbl fixed roof crude oil tank and to limit the TVP of the crude oil stored in tank C-5870-1-2 to 5.0 psi, at the Dons-Cerini lease in Fresno County.

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Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

Bakersfield Californian

**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 KelPetro for the installation of one 250 bbl fixed roof crude oil tank and to limit the TVP of the crude oil stored in tank C-5870-1-2 to 5.0 psi, at the Dons-Cerini lease in Fresno County.

No comments were received following the District's preliminary decision on this project.

The application review for Project #C-1120431 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.**



AUTHORITY TO CONSTRUCT

PERMIT NO: C-5870-13-0

ISSUANCE DATE: 08/07/2012

LEGAL OWNER OR OPERATOR: KELPETRO OPERATING INC.
MAILING ADDRESS: 5555 SAN FELIPE ST STE 610
HOUSTON, TX 77056

LOCATION: GAS PRODUCTION
FRESNO COUNTY, CA

SECTION: 22 TOWNSHIP: 17S RANGE: 19E

EQUIPMENT DESCRIPTION:
250 BBL FIXED ROOF WASH TANK EQUIPPED WITH PV VALVE (DONS-CERINI LEASE)

CONDITIONS

1. 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]
2. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants into the atmosphere. [District Rule 2201]
3. Permittee's crude oil production shall average less than 6,000 bbl/day from all operations within Fresno County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rules 2201 and 4623]
4. This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) not to exceed 5.0 psia under all storage conditions. [District Rules 2201 and 4623]
5. VOC emission rate from the tank shall not exceed 2.6 lb/day. [District Rule 2201 and 4623]
6. The tank shall be equipped with a fixed roof with no holes or openings. [District Rule 2201]
7. This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank, permanently labeled with the operating pressure settings, properly maintained in good operating order in accordance with the manufacturer's instructions, and shall remain in leak-free condition except when the operating pressure exceeds the valve's set pressure. [District Rule 2201 and 4623]

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (559) 230-5950 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

C-5870-13-0; Aug 7 2012 7:24AM - DAVIDSOS : Joint Inspection NOT Required

8. This tank shall be in a leak-free condition. A leak-free condition is defined as a condition without a gas 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 in accordance with the procedures specified in EPA Test Method 21. A reading in excess of 10,000 ppmv above background is a violation of this permit and Rule 4623. [District Rules 2201 and 4623]
9. All piping, fittings, and valves on this tank shall be inspected annually by the facility operator in accordance with EPA Method 21, with the instrument calibrated with methane, to ensure compliance with the leaking provisions of this permit. [District Rule 2201 and 4623]
10. Any component found to be leaking on two consecutive annual inspections is in violation of the District Rule 4623, even if it is under the voluntary inspection and maintenance program [District Rules 2201 and 4623]
11. Operator shall maintain an inspection log containing the following 1) Type of component leaking; 2) Date and time of leak detection, and method of detection; 3) Date and time of leak repair, and emission level of recheck after leak is repaired; 4) Method used to minimize the leak to lowest possible level within 8 hours after detection. [District Rules 2201 and 4623]
12. The TVP testing shall be conducted at actual storage temperature of the organic liquid in the tank. The permittee shall also conduct an API gravity testing. [District Rules 2201 and 4623]
13. For crude oil with an API gravity of 26 degrees or less, the TVP shall be determined using the latest version of the Lawrence Berkeley National Laboratory "test Method for Vapor pressure of Reactive Organic Compounds in Heavy Crude Oil Using Gas Chromatograph", as approved by ARB and EPA. [District Rules 2201 and 4623]
14. For crude oil with an API gravity greater than 26 degrees, the true vapor pressure (TVP) shall be measured using Reid vapor pressure ASTM Method D323, and converting the RVP to TVP at the tank's maximum organic liquid storage temperature. The conversion of RVP to TVP shall be done in accordance with the oil and gas section of the "California Air Resources Board's (ARB) Technical Guidance Document to the Criteria and Guidelines Regulations for AB 2588," dated August 1989. [District Rules 2201 and 4623]
15. The API gravity of crude oil or petroleum distillate shall be determined by using ASTM Method D 287 e1 "Standard Test Method for API Gravity of Crude Petroleum and Petroleum Products (Hydrometer Method). Sampling for API gravity shall be performed in accordance with ASTM Method D 4057 "Standard Practices for Manual Sampling of Petroleum and Petroleum Products." [District Rules 2201 and 4623]
16. Permittee shall conduct true vapor pressure (TVP) testing of the organic liquid stored in this tank at least once every 24 months during summer (July - September), and/or whenever there is a change in the source or type of organic liquid stored in this tank in order to maintain exemption from the rule. [District Rules 2201 and 4623]
17. Permittee shall maintain monthly records of average daily crude oil throughput and shall keep accurate records of each organic liquid stored in the tank, including its storage temperature, TVP, and API gravity. Inspection log and all other records shall be retained on-site for a minimum of five (5) years and made available for APCO upon request, except for certain records that need to be submitted as specified in this permit. [District Rules 2201 and 4623]
18. Permittee shall submit the records of TVP and API gravity testing to the APCO within 45 days after the date of testing. The records shall include the tank identification number, Permit to Operate number, type of stored organic liquid, TVP and API gravity of the organic liquid, test methods used, and a copy of the test results. [District Rules 2201 and 4623]



AUTHORITY TO CONSTRUCT

PERMIT NO: C-5870-1-2

ISSUANCE DATE: 08/07/2012

LEGAL OWNER OR OPERATOR: KELPETRO OPERATING INC.
MAILING ADDRESS: 5555 SAN FELIPE ST STE 610
HOUSTON, TX 77056

LOCATION: GAS PRODUCTION
FRESNO COUNTY, CA

SECTION: 22 **TOWNSHIP:** 17S **RANGE:** 19E

EQUIPMENT DESCRIPTION:
MODIFICATION OF A 500 BBL FIXED-ROOF CRUDE OIL STORAGE TANK - 21' D X 8' H. TANK ID# GOLDIN 1: LIMIT TVP TO 5.0 PSIA

CONDITIONS

1. 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]
2. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants into the atmosphere. [District Rule 2201]
3. Permittee's crude oil production shall average less than 6,000 bbl/day from all operations within Fresno County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rules 2201 and 4623]
4. Crude oil throughput shall not exceed 50 barrels per day based on a monthly average. [District Rules 2201 and 4623]
5. This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) not to exceed 5.0 psia under all storage conditions. [District Rules 2201]
6. VOC emission rate from the tank shall not exceed 7.1 lb/day. [District Rule 2201]
7. The tank shall be equipped with a fixed roof with no holes or openings. [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

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Seyed Sadredin, Executive Director / APCO

DAVID WARNER, Director of Permit Services

C-5870-1-2 : Aug 7 2012 7:24AM - DAVIDSOS : Joint Inspection NOT Required

8. This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank, permanently labeled with the operating pressure settings, properly maintained in good operating order in accordance with the manufacturer's instructions, and shall remain in leak-free condition except when the operating pressure exceeds the valve's set pressure. [District Rule 2201]
9. This tank shall be in a leak-free condition. A leak-free condition is defined as a condition without a gas 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 in accordance with the procedures specified in EPA Test Method 21. A reading in excess of 10,000 ppmv above background is a violation of this permit and Rule 4623. [District Rule 2201]
10. Operator shall maintain an inspection log containing the following 1) Type of component leaking; 2) Date and time of leak detection, and method of detection; 3) Date and time of leak repair, and emission level of recheck after leak is repaired; 4) Method used to minimize the leak to lowest possible level within 8 hours after detection. [District Rule 2201]
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12. For crude oil with an API gravity of 26 degrees or less, the TVP shall be determined using the latest version of the Lawrence Berkeley National Laboratory "test Method for Vapor pressure of Reactive Organic Compounds in Heavy Crude Oil Using Gas Chromatograph", as approved by ARB and EPA. [District Rule 4623]
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18. Formerly permit #C-1553-1-1.