



AUG 21 2012

Robert Loveless
Gray Development Company LLC
2701 Patton Way
Bakersfield, CA 93308

RE: Notice of Final Action - Authority to Construct
Project Number: S-1122054

Dear Mr. Loveless:

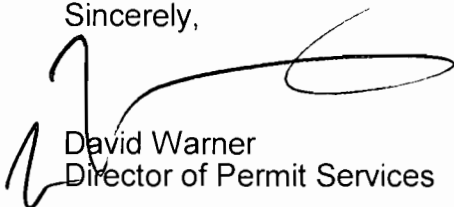
The Air Pollution Control Officer has issued Authority to Construct permits to Gray Development Company LLC for an increase in CO limit for steam generator S-3282-5, at various unspecified locations within Gray Development Company LLC's heavy oil central stationary source.

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 July 11, 2012. The District's analysis of the proposal was also sent to CARB on July 5, 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: RUE/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



AUG 21 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-1122054

Dear Mr. Tollstrup:

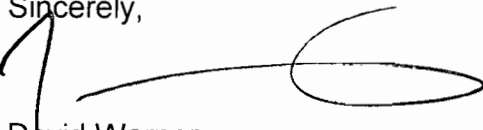
The Air Pollution Control Officer has issued Authority to Construct permits to Gray Development Company LLC for an increase in CO limit for steam generator S-3282-5, at various unspecified locations within Gray Development Company LLC's heavy oil central stationary source.

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 July 11, 2012. The District's analysis of the proposal was also sent to CARB on July 5, 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: RUE/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

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 Gray Development Company LLC for an increase in CO limit for steam generator S-3282-5, at various unspecified locations within Gray Development Company LLC's heavy oil central stationary source.

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

The application review for Project #S-1122054 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: S-3282-5-1

ISSUANCE DATE: 08/15/2012

LEGAL OWNER OR OPERATOR: GRAY DEVELOPMENT CO LLC

MAILING ADDRESS: 2701 PATTON WAY
BAKERSFIELD, CA 93308-5707

LOCATION: HEAVY OIL CENTRAL NE 1/4 SEC 2, T29S, R28E
KERN COUNTY, CA 93263

SECTION: NE02 **TOWNSHIP:** 29S **RANGE:** 28E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 25 MMBTU/HR NATCO MODEL DWG A-21610 NATURAL GAS/LPG/TEOR GAS-FIRED STEAM GENERATOR WITH GIDEON MODEL MGW-22R1 ULTRA LOW NOX BURNER, OXYGEN SENSOR, AND FLUE GAS RECIRCULATION - OPERATING AT VARIOUS UNSPECIFIED LOCATIONS WITHIN THE SAME STATIONARY SOURCE (FACILITY S-3282); INCREASE CO LIMIT TO 400 PPMV @ 3% O2

CONDITIONS

1. Permittee shall notify the District Compliance Division of each location at which the unit is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201]
2. Unit shall not be located within 1000 feet of any K-12 school. [CH&SC 42301.6]
3. 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]
4. 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]
5. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
6. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201]
7. This unit shall only be fired on PUC-regulated natural gas, liquefied petroleum gas (LPG), TEOR gas, or a combination thereof. [District Rule 2201]
8. Sulfur content of propane shall not exceed 15 grain per 100 scf. [District Rules 2201 and 4320]

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-3282-5-1 : Aug 15 2012 3:45PM - EDGEHILL : Joint Inspection NOT Required

9. Emissions from the gas-fired unit shall not exceed any of the following limits: 7 ppmv NO_x @ 3% O₂ or 0.0085 lb-NO_x/MMBtu, 0.00285 lb-SO_x/MMBtu, 0.0076 lb-PM₁₀/MMBtu, 400 ppmv CO @ 3% O₂ or 0.3 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, 4306, and 4320]
10. If the unit is fired on PUC-regulated natural gas, then the permittee shall maintain on file copies of all natural gas bills or fuel throughput records for a period of five years. [District Rules 2201 and 4320]
11. If the unit is not fired on PUC-regulated natural gas, the sulfur content of each fuel source shall be tested weekly except that if compliance with the fuel sulfur content limit has been demonstrated for 8 consecutive weeks for a fuel source, then the testing frequency shall be quarterly. If a test shows noncompliance with the sulfur content requirement, the source must return to weekly testing until eight consecutive weeks show compliance. [District Rules 2201 and 4320]
12. If the unit is not fired on PUC-regulated natural gas and compliance with SO_x emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072-80, D 3031-81, D 4084-82, D 3246-81 or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rules 2201 and 4320]
13. Source testing to measure NO_x and CO emissions from this unit while fired on natural gas, LPG, or TEOR gas shall be conducted within 60 days of initial start-up. [District Rules 2201, 4305, 4306, and 4320]
14. Source testing to measure NO_x and CO emissions from this unit while fired on natural gas, LPG, or TEOR gas shall be conducted at least once every twelve (12) months. After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months. If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 4305, 4306, and 4320]
15. Source testing shall be required to measure NO_x, and CO emissions when firing on LPG for a duration of over 100 hours during the 12-month period previous to the source test anniversary date. After demonstrating compliance on two (2) consecutive annual source tests when unit is fired on LPG, the unit shall be tested not less than once every thirty-six (36) months. If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 2201, 4305, 4306, and 4320]
16. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305, 4306, and 4320]
17. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081]
18. NO_x emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. [District Rules 4305, 4306, and 4320]
19. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. [District Rules 4305, 4306, and 4320]
20. Stack gas oxygen (O₂) shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305, 4306, and 4320]
21. For emissions source testing, the arithmetic average of three 30-consecutive-minute test runs shall apply. If two of three runs are above an applicable limit the test cannot be used to demonstrate compliance with an applicable limit. [District Rules 4305, 4306, and 4320]
22. All emissions measurements shall be made with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. No determination of compliance shall be established within two hours after a continuous period in which fuel flow to the unit is shut off for 30 minutes or longer, or within 30 minutes after a re-ignition as defined in Section 3.0 of District Rule 4306. [District Rules 4305, 4306, and 4320]
23. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081]

CONDITIONS CONTINUE ON NEXT PAGE

24. The permittee shall monitor and record the stack concentration of NOX, CO, and O2 at least once every month (in which a source test is not performed) using a portable analyzer that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305, 4306, and 4320]
25. If either the NOX or CO concentrations corrected to 3% O2, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of performing the notification and testing required by this condition. [District Rules 4305, 4306, and 4320]
26. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the permit-to-operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305, 4306, and 4320]
27. The permittee shall maintain records of: (1) the date and time of NOX, CO, and O2 measurements, (2) the O2 concentration in percent by volume and the measured NOX and CO concentrations corrected to 3% O2, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305, 4306, and 4320]
28. 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 Rules 1070, 4305, 4306, and 4320]
29. ATC shall be implemented concurrently with ATC S-3283-5-0. [District Rule 2201]