



NOV 28 2012

Mr. Melinda Hicks
Kern Oil & Refining Company
7724 E Panama Lane
Bakersfield, CA 93307

**Re: Final - Authority to Construct / COC (Significant Mod)
District Facility # S-37
Project # 1121674**

Dear Mr. Hicks:

The Air Pollution Control Officer has issued an Authority to Construct (S-37-111-6) with a Certificate of Conformity to Kern Oil & Refining Company 7724 E Panama Lane, Bakersfield, CA. The project authorizes an increase in Reid Vapor Pressure and daily throughput for an internal floating roof tank.

Enclosed is the Authority to Construct. The application and proposal were sent to US EPA Region IX on October 9, 2012. No comments were received following the District's preliminary decision on this project.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Prior to operating with modifications authorized by the Authority to Construct, you must submit an application to modify the Title V permit as an administrative amendment in accordance with District Rule 2520, Section 11.5.

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

Sincerely,



David Warner
Director of Permit Services

DW: RUE/cp

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



NOV 28 2012

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

**Re: Final - Authority to Construct / COC (Significant Mod)
District Facility # S-37
Project # 1121674**

Dear Mr. Rios:

The Air Pollution Control Officer has issued an Authority to Construct (S-37-111-6) with a Certificate of Conformity to Kern Oil & Refining Company 7724 E Panama Lane, Bakersfield, CA. The project authorizes an increase in Reid Vapor Pressure and daily throughput for an internal floating roof tank.

Enclosed is a copy of the Authority to Construct. The application and proposal were sent to US EPA Region IX on October 9, 2012. No comments were received following the District's preliminary decision on this project.

The notice of final decision for this project will be published approximately three days from the date of this letter.

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

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Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061
www.valleyair.org www.healthyairliving.com

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



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



NOV 28 2012

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

**Re: Final - Authority to Construct / COC (Significant Mod)
District Facility # S-37
Project # 1121674**

Dear Mr. Tollstrup:

The Air Pollution Control Officer has issued an Authority to Construct (S-37-111-6) with a Certificate of Conformity to Kern Oil & Refining Company 7724 E Panama Lane, Bakersfield, CA. The project authorizes an increase in Reid Vapor Pressure and daily throughput for an internal floating roof tank.

Enclosed is a copy of the Authority to Construct. The application and proposal were sent to US EPA Region IX on October 9, 2012. No comments were received following the District's preliminary decision on this project.

The notice of final decision for this project will be published approximately three days from the date of this letter.

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

Sincerely,

David Warner
Director of Permit Services

DW: RUE/cp

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**NOTICE OF FINAL DECISION
FOR THE ISSUANCE OF AUTHORITY TO CONSTRUCT AND
THE PROPOSED SIGNIFICANT MODIFICATION OF FEDERALLY
MANDATED OPERATING PERMIT**

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Air Pollution Control District has made its final decision to issue an Authority to Construct to Kern Oil & Refining Company for refinery internal floating roof tank located 7724 E Panama Lane, Bakersfield, CA, California. The project authorizes an increase in Reid Vapor Pressure and daily throughput for an internal floating roof tank.

The District's analysis of the legal and factual basis for this proposed action, project #1121674, is available for public inspection at the District office at the address below. For additional information regarding this matter, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500, or contact David Warner, Director of Permit Services, in writing at SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT, 1990 E. GETTYSBURG AVE, FRESNO, CA 93726-0244.



AUTHORITY TO CONSTRUCT

PERMIT NO: S-37-111-6

ISSUANCE DATE: 11/26/2012

LEGAL OWNER OR OPERATOR: KERN OIL & REFINING CO.
MAILING ADDRESS: 7724 E PANAMA LANE
BAKERSFIELD, CA 93307-9210

LOCATION: PANAMA LN & WEEDPATCH HWY
BAKERSFIELD, CA 93307-9210

SECTION: 25 TOWNSHIP: 30E RANGE: 28E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 55,000 BBL ORGANIC LIQUID INTERNAL FLOATING ROOF TANK (#55000), WELDED.
CONSTRUCTION WITH MECHANICAL SHOE PRIMARY SEAL AND RIM-MOUNTED SECONDARY SEAL: INCREASE THROUGHPUT LIMIT TO 30,000 BBL/DAY AND INCREASE RVP LIMIT TO 11.0 PSIA

CONDITIONS

1. 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 Rule 2201] Federally Enforceable Through Title V Permit
2. 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. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102].
4. Gaps between the tank shell and the primary seal shall not exceed 1 1/2 inches. [District Rule 4623, 5.4.1, 5.3.2.1.1] Federally Enforceable Through Title V Permit
5. The cumulative length of all primary seal gaps greater than 1/2 inch shall not exceed 10% of the circumference of the tank. [District Rule 4623, 5.4.1, 5.3.2.1.1] Federally Enforceable Through Title V Permit
6. The cumulative length of all primary seal gaps greater than 1/8 inch shall not exceed 30% of the circumference of the tank. [District Rule 4623, 5.4.1, 5.3.2.1.1] 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-37-111-6 : Nov 28 2012 7:53AM - EDGEHLR : Joint Inspection Required with EDGEHLR

7. No continuous gap greater than 1/8 inch wide shall exceed 10% of the tank circumference. [District Rule 4623, 5.4.1, 5.3.2.1.1] Federally Enforceable Through Title V Permit
8. No gap between the tank shell and the secondary seal shall exceed 1/2 inch. [District Rule 4623, 5.4.1, 5.3.2.1.2] Federally Enforceable Through Title V Permit
9. The cumulative length of all secondary seal gaps greater than 1/8 inch shall not exceed 5% of the tank circumference. [District Rule 4623, 5.4.1, 5.3.2.1.2] Federally Enforceable Through Title V Permit
10. The metallic shoe-type seal shall be installed so that one end of the shoe extends into the stored liquid and the other end extends a minimum vertical distance of 18 inches above the stored liquid surface. [District Rule 4623, 5.4.1, 5.3.2.1.3] Federally Enforceable Through Title V Permit
11. The maximum gap between the shoe and the tank shell shall be no greater than double the gap allowed by the seal gap criteria for a length of at least 18 inches in the vertical plane above the liquid. [District Rule 4623, 5.4.1, 5.3.2.1.4] Federally Enforceable Through Title V Permit
12. There shall be no tears, holes or openings in the secondary seal or in the primary seal envelope surrounding the annular vapor space enclosed by the roof edge, stored liquid surface, shoe, and seal fabric. [District Rule 4623, 5.4.1, 5.3.2.1.5] Federally Enforceable Through Title V Permit
13. The secondary seal shall allow easy insertion of probes of up to 1 1/2 inches in width in order to measure gaps in the primary seal. [District Rule 4623, 5.4.1, 5.3.2.1.6] Federally Enforceable Through Title V Permit
14. The secondary seal shall extend from the roof to the tank shell and shall not be attached to the primary seal. [District Rule 4623, 5.4.1, 5.3.2.1.7] Federally Enforceable Through Title V Permit
15. Pressure-vacuum valves shall be set to within ten (10) percent of the maximum allowable working pressure of the roof. [District Rule 4623] Federally Enforceable Through Title V Permit
16. All roof openings used for sampling and gauging, except pressure vacuum valves, shall be closed at all times, with no visible gaps and be leak free (as defined in Rule 4623), except when the roof opening is in use. [District Rule 4623] Federally Enforceable Through Title V Permit
17. Any roof drain shall be provided with a slotted membrane fabric cover, or equivalent, that covers at least 90% of the area of the opening. [District Rule 4623] Federally Enforceable Through Title V Permit
18. The permittee shall keep accurate records of Reid vapor pressure, storage temperature, daily tank throughput, and types of liquids stored, for a period of five years, and shall make such records available for District inspection upon request. [District Rules 2201 & 4623] Federally Enforceable Through Title V Permit
19. Daily tank throughput shall not exceed 30,000 bbl/day of fluid. [District Rule 2201] Federally Enforceable Through Title V Permit
20. Reid vapor pressure of the stored liquid shall not exceed 11 psia. [District Rules 2201 & 4623] Federally Enforceable Through Title V Permit
21. The internal floating roof shall rest or float on the liquid surface (but not necessarily in complete contact with it) inside a storage vessel that has a fixed roof. The internal roof shall be floating on the liquid surface except during initial fill and when the storage vessel is completely emptied or subsequently emptied and refilled. When the roof is resting on the leg supports, the process of filling, emptying, or refilling shall be continuous and shall be accomplished as rapidly as possible. [40 CFR 60.112b(a)(1)(i)] Federally Enforceable Through Title V Permit
22. Each opening in a noncontact internal floating roof except for automatic bleeder vents (vacuum breaker vents) and rim space vents is to provide a projection below the liquid surface. [40 CFR 60.112b(a)(1)(iii)] Federally Enforceable Through Title V Permit
23. Each opening in the internal floating roof except for leg sleeves, automatic bleeder vents, rim space vents, column wells, ladder wells, sample wells, and stub drains is to be equipped with a cover or lid which is to be maintained in a closed position at all times (i.e., no visible gap) except when the device is in actual use. The cover or lid shall be equipped with a gasket. Covers on each access hatch and automatic gauge float well shall be bolted except when they are in use. [40 CFR 60.112b(a)(1)(iv)] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

24. Automatic bleeder vents shall be equipped with a gasket and are to be closed at all times when the roof is floating except when the roof is being floated off or is being landed on the roof leg supports. [40 CFR 60.112b(a)(1)(v)] Federally Enforceable Through Title V Permit
25. Rim space vents shall be equipped with a gasket and are to be set to open only when the internal floating roof is not floating or at the manufacturer's recommended setting. [40 CFR 60.112b(a)(1)(vi)] Federally Enforceable Through Title V Permit
26. Each penetration of the internal floating roof for the purpose of sampling shall be a sample well. The sample well shall have a slit fabric cover that covers at least 90 percent of the opening. [40 CFR 60.112b(a)(1)(vii)] Federally Enforceable Through Title V Permit
27. Each penetration of the internal floating roof that allows for passage of a column supporting the fixed roof shall have a flexible fabric sleeve seal or a gasketed sliding cover. [40 CFR 60.112b(a)(1)(viii)] Federally Enforceable Through Title V Permit
28. Each penetration of the internal floating roof that allows for passage of a ladder shall have a gasketed sliding cover. [40 CFR 60.112b(a)(1)(ix)] Federally Enforceable Through Title V Permit
29. This tank must have two seals mounted one above the other so that each forms a continuous closure that completely covers the space between the wall of the storage vessel and the edge of the internal floating roof. The lower seal may be vapor-mounted, but both must be continuous. [40 CFR 60.112b(a)(1)(ii)(B)] Federally Enforceable Through Title V Permit
30. The operator shall visually inspect the internal floating roof, the primary seal and, the secondary seal prior to filling the storage vessel. If holes, tears, or other openings are found, they shall be repaired prior to filling the storage vessel. [40 CFR 60.113b(a)(1)] Federally Enforceable Through Title V Permit
31. The operator shall visually inspect the internal floating roof, the primary seal, the secondary seal (if one is in service), gaskets, slotted membranes and sleeve seals (if any) each time the storage vessel is emptied and degassed. If the internal floating roof has defects, the primary seal has holes, tears, or other openings in the seal or the seal fabric, or the secondary seal has holes, tears, or other openings in the seal or the seal fabric, or the gaskets no longer close off the liquid surfaces from the atmosphere, or the slotted membrane has more than 10 percent open area, the operator shall repair the items as necessary so that none of the conditions specified in this paragraph exist before refilling the storage vessel. In no event shall inspections conducted in accordance with this provision occur at intervals greater than 10 years. [40 CFR 60.113b(a)(4)] Federally Enforceable Through Title V Permit
32. Operator shall notify the APCO in writing 30 days prior to the filing or refilling of the vessel. If the inspection is not planned and the operator could not have known about the inspection 30 days in advance of refilling the tank, the operator shall make notification 7 days prior to refilling the tank. [40 CFR 60.113b(a)(5)] Federally Enforceable Through Title V Permit
33. Records of each inspection shall be maintained. Each record shall identify the storage vessel on which the inspection was performed and shall contain the date the vessel was inspected and the observed condition of each component of the control equipment. If any defects are detected during an inspection, operator shall provide the APCO with a report within 30 days of the inspection. The report shall identify the storage vessel, the nature of the defects, and the date the vessel was emptied or the nature of and date the repair was made. [40 CFR 60.115b(a)(2), (3) and (4)] Federally Enforceable Through Title V Permit
34. Operator shall maintain, for the life of the source, a record showing the dimension of the storage vessel and an analysis showing the capacity of the storage vessel. [40 CFR 60.116b(a) and (b)] Federally Enforceable Through Title V Permit
35. The operator shall keep readily available accessible records showing the dimension of the storage vessel and an analysis showing the capacity of the storage vessel. The operator shall also keep a record of the liquid stored, the period of storage, and the maximum true vapor pressure of the liquid during the respective storage period. [40 CFR 60.116b(b) and (c)] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

36. 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 inspect the external shells and roofs of uninsulated tanks for structural integrity annually. [District Rule 4326, Table 5]
37. 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 5]
38. 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 5]
39. 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 Rule 4623, Table 5]
40. 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 this rule. 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 5 shall constitute a violation of this rule. [District Rule 4623, Table 5]
41. 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 Rule 4623, Table 5]
42. Any component found to be leaking on two consecutive annual inspections is in violation of this rule, even if covered under the voluntary inspection and maintenance program. [District Rule 4623, Table 5]
43. All records required to be maintained by this permit shall be maintained for a period of at least five years and shall be made readily available for District inspection upon request. [District Rule 1070] Federally Enforceable Through Title V Permit
44. Prior to operating equipment under this Authority to Construct, permittee shall surrender emission reduction credits for the following quantities of emissions: 784 lb VOC/quarter. Offsets include the applicable offset ratio specified in Section 4.8 of Rule 2201 (as amended 4/21/11). [District Rule 2201] Federally Enforceable Through Title V Permit
45. ERC Certificate Number S-3866-1 (or certificate split from this certificates) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct. [District Rule 2201] Federally Enforceable Through Title V Permit