



MAR 26 2013

Chad Hathaway
Hathaway, LLC
PO Box 31385
Bakersfield, CA 93380

Re: Notice of Preliminary Decision - Authority to Construct
Facility Number: S-6509
Project Number: S-1130396

Dear Mr. Hathaway:

Enclosed for your review and comment is the District's analysis of Hathaway, LLC's application for an Authority to Construct for a new steam generator, at Hathaway's Central Kern County Field's stationary source.

The notice of preliminary decision for this project will be published approximately three days from the date of this letter. Please submit your written comments on this project within the 30-day public comment period which begins on the date of publication of the public notice.

Thank you for your cooperation in this matter. If you have any questions regarding this matter, please contact Mr. David Torii of Permit Services at (661) 392- 5620.

Sincerely,



David Warner
Director of Permit Services

DW:DBT/st

Enclosures

cc: Mike Tollstrup, CARB (w/ enclosure) via email
cc: Gerardo C. Rios, EPA (w/ enclosure) via email

Seyed Sadredin
Executive Director/Air Pollution Control Officer

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


NOTICE IS HEREBY GIVEN that the San Joaquin Valley Unified Air Pollution Control District solicits public comment on the proposed issuance of Authority to Construct to Hathaway, LLC for a new steam generator, at Hathaway's Central Kern County Field's stationary source.

The analysis of the regulatory basis for this proposed action, Project #S-1130396, is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and at any District office. For additional information, please contact the District at (661) 392-5620. Written comments on this project must be submitted by April 29, 2013 to **DAVID WARNER, DIRECTOR OF PERMIT SERVICES, 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
Steam Generator

Facility Name: Hathaway, LLC
Mailing Address: PO Box 31385
Bakersfield, CA 93380
Contact Person: Chad Hathaway
Telephone: 661-393-2004
Application #(s): S-6509-10-4 and '30-0'
Project #: 1130396
Deemed Complete: 3/4/13

Engineer: David Torii
Lead Engineer: Steve Leonard

 3/15/13

I. Proposal

Hathaway, LLC (Hathaway) requests Authorities to Construct (ATCs) for a new portable 22 MMBtu/hr steam generator and for reducing tank S-6509-30's throughput.

Disposition of Outstanding ATCs

ATC S-6509-10-3 serves as the base document. ATC S-6509-30-0 is included in Appendix B.

II. Applicable Rules

Rule 2201	New and Modified Stationary Source Review Rule (4/21/11)
Rule 2410	Prevention Of Significant Deterioration (11/26/12)
Rule 2520	Federally Mandated Operating Permits (6/21/01)
Rule 4001	New Source Performance Standards (4/14/99)
Rule 4101	Visible Emissions (2/17/05)
Rule 4102	Nuisance (12/17/92)
Rule 4201	Particulate Matter Concentration (12/17/92)
Rule 4301	Fuel Burning Equipment (12/17/92)
Rule 4305	Boilers, Steam Generators and Process Heaters – Phase II (8/21/03)
Rule 4306	Boilers, Steam Generators and Process Heaters – Phase III (3/17/05)
Rule 4320	Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr (10/16/08)
Rule 4623	Storage of Organic Liquids (5/19/05)
Rule 4801	Sulfur Compounds (12/17/92)
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 portable steam generator will be authorized to operate at the following locations:

Sections 9, 10 and 15 and 22 in T28S, R27E
Sections 19, 20 and 28 in T27S, R27E
Section 3 in T 28S, R27E
Section 36 in T29S, R30E
Section 19 in T30S, R29E

Tank S-6509-10 is located in the NW/4 section 15, T25S, R27E.

Facility S-6509 constitutes Hathaway's Heavy Oil Central stationary source:

The equipment is/will not be 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

Hathaway operates facilities for processing of crude oil.

In TEOR operations, steam generators are used to produce steam which is injected into the production zone to reduce the viscosity of the crude oil and pressurize the oil-bearing strata, thereby facilitating oil flow to producing wells. Produced fluids are then piped to surface facilities for processing and temporary storage.

Production from wells initially enters a gas/liquid separator. Liquid from the gas liquid separator enters wash tanks for separation into oil, gas and water. Separated oil is stored in stock tanks prior to custody transfer.

V. Equipment Listing

Pre-Project Equipment Description (see PTO in Appendix B):

Current PTO

S-6509-10-1: 42,000 GAL. BOLTED, FIXED ROOF SHIPPING/STOCK TANK -- (QUINN LEASE)

Base Document ATC (see ATC in Appendix B):

S-6509-10-3: MODIFICATION OF 42,000 GAL. BOLTED, FIXED ROOF SHIPPING/STOCK TANK -- (QUINN LEASE): LOWER THROUGHPUT FROM 875 BBL/DAY TO 825 BBL/DAY

Proposed ATCs:

S-6509-10-4: MODIFICATION OF 1000 BBL BOLTED, FIXED ROOF CRUDE OIL SHIPPING/STOCK TANK (QUINN LEASE): LOWER THROUGHPUT TO 765 BBL PER DAY

S-6509-30-0: 22 MMBTU/HR GAS/TEOR GAS FIRED STEAM GENERATOR WITH A COEN
QLN-II BURNER AND FGR AUTHORIZED TO OPERATE AT VARIOUS
SPECIFIED LOCATIONS

Post Project Equipment Description:

S-6509-10-4: 1000 BBL BOLTED, FIXED ROOF CRUDE OIL SHIPPING/STOCK TANK
(QUINN LEASE)

S-6509-30-0: 22 MMBTU/HR GAS/TEOR GAS FIRED STEAM GENERATOR WITH A COEN
QLN-II BURNER AND FGR AUTHORIZED TO OPERATE AT VARIOUS
SPECIFIED LOCATIONS

VI. Emission Control Technology Evaluation

Emissions from natural gas-fired steam generators include NO_x, CO, VOC, PM₁₀, and SO_x.

NO_x is the major pollutant of concern when burning natural gas. NO_x formation is either due to thermal fixation of atmospheric nitrogen in the combustion air (thermal NO_x) or due to conversion of chemically bound nitrogen in the fuel (fuel NO_x). Due to the low fuel nitrogen content of natural gas, nearly all NO_x emissions are thermal NO_x. Formation of thermal NO_x is affected by four furnace zone factors: (1) nitrogen concentration, (2) oxygen concentration, (3) peak temperature, and (4) time of exposure at peak temperature.

Low-NO_x burners reduce NO_x formation by producing lower flame temperatures (and longer flames) than conventional burners. Low-NO_x burners delay the mixing of fuel and air by introducing the fuel (or sometimes air) in multiple stages. In the first stage, the air-fuel mixture is fuel-rich in which the oxygen is consumed in reactions with the fuel, thereby limiting excess oxygen available to react with nitrogen to produce thermal NO_x.

The combustion zones in the secondary and tertiary stages are maintained in a fuel-lean environment. The excess air in these stages helps to reduce the flame temperature, which in turn minimizes the reaction between excess oxygen and nitrogen. The North American burner incorporates patented internal mixing elements that premix the fuel and air prior to combustion in the reaction zone. By completing a majority of the combustion in the burner reaction chamber, the low emissions of the burner are protected from process influences

Flue gas recirculation (FGR) reduces NO_x emissions by recirculating a percentage of the exhaust gas back into the windbox. This reduces the oxygen concentration in the air-fuel mixture and regulates the combustion process, lowering the combustion temperature. The lowered availability of oxygen in conjunction with lowered combustion temperature reduces the formation of NO_x.

The tank is equipped with a pressure-vacuum (PV) relief vent valve set to within 10% of the maximum allowable working pressure of the tank. The PV-valve reduces VOC wind-induced emissions from the tank vent.

VII. General Calculations

A. Assumptions

The maximum operating schedule is 24 hours per day, 8,760 hr/year

Steam Generator:

- Maximum heat input rating = 22 MMBtu/hr
- Unit is fired on natural gas
- F-Factor for Natural Gas @ 60°F: 8,578 dscf/MMBtu
- Gas Molar Vol 60 oF = 10.7316 psia ft³/lbmol R x 519.67 R/(14.696 psia/atm)
= 378.61 ft³/lbmol
- Natural Gas Heating Value: 1,000 Btu/scf

Tank Pre-Project:

- Fluid Throughput: 825 bbl/day (current PTO)
- Maximum TVP: 0.5 psi (current PTO)
- API gravity: <26 degrees (applicant)

Tank Post-Project:

- Fluid Throughput: 765 bbl/day (applicant)
- Maximum TVP: 0.5 psi (applicant)
- API gravity: <26 degrees (applicant)

B. Emission Factors

Both the daily and annual PE's for the tank will be based on the results from the District's Microsoft Excel spreadsheets for Tank Emissions - Fixed Roof Crude Oil less than 26° API. The spreadsheet for tanks was developed using the equations for fixed-roof tanks from EPA AP-42, Chapter 7.1. See calculations in Appendix C.

Pollutant	Steam Generator		Source
	Post-Project Emission Factors (EF2)		
NO _x	0.008 lb-NO _x /MMBtu	7 ppmvd NO _x (@ 3%O ₂)	Proposed
SO _x	0.00285 lb SO ₂ /MMBtu		Proposed
PM ₁₀	0.0076 lb-PM ₁₀ /MMBtu		Proposed & AP-42 (07/98) Table 1.4-2
CO	0.037 lb-CO/MMBtu	50 ppmv CO @3% O ₂	Proposed
VOC	0.0055 lb-VOC/MMBtu	13 ppmv VOC @3% O ₂	Proposed & AP-42 (07/98) Table 1.4-2
CO ₂ e	117 lb/MMBtu		CCAR document

C. Calculations

1. Pre-Project Potential to Emit (PE1)

Since the steam generator is a new emissions unit, PE1 = 0 for all pollutants.

S-6509-10-3	
VOC - Daily PE1 (lb/day)	VOC - Annual PE1 (lb/Year)
43.3	15,807

see emission calculations in Appendix C

2. Post Project Potential to Emit (PE2)

S-6509-10-4	
VOC - Daily PE2 (lb/day)	VOC - Annual PE2 (lb/Year)
40.3	14,712

see emission calculations in Appendix C

The potential to emit for the steam generator is calculated as follows, and summarized in the table below:

$$\begin{aligned}
 PE2_{NO_x} &= (0.008 \text{ lb/MMBtu}) * (22 \text{ MMBtu/hr}) * (24 \text{ hr/day}) \\
 &= 4.2 \text{ lb NO}_x/\text{day} \\
 &= (0.008 \text{ lb/MMBtu}) * (22 \text{ MMBtu/hr}) * (24 \text{ hr/day}) * (365 \text{ day/year}) \\
 &= 1542 \text{ lb NO}_x/\text{year}
 \end{aligned}$$

S-6509-30-0 PE2		
	Daily Emissions (lb/day)	Annual Emissions (lb/year)
NO _x	4.2	1542
SO _x	1.5	549
PM ₁₀	4.0	1465
CO	19.5	7131
VOC	2.9	1060
CO _{2e}		61,776

3. Pre-Project Stationary Source Potential to Emit (SSPE1)

Pursuant to District Rule 2201, the SSPE1 is the Potential to Emit (PE) from all units with valid Authorities to Construct (ATC) or Permits to Operate (PTO) at the Stationary Source and the quantity of Emission Reduction Credits (ERC) which have been banked since September 19, 1991 for Actual Emissions Reductions (AER) that have occurred at the source, and which have not been used on-site.

Facility emissions are already above the Offset and Major Source Thresholds for VOC emissions; therefore, VOC SSPE1 calculations are not necessary. Only permits and ERCs with emissions other than VOC, or in addition to VOC, are included in the SSPE1 calculation.

SSPE1 (lb/year)					
Permit Unit	NO _x	SO _x	PM ₁₀	CO	VOC
S-6509-14-1	1752	50	133	1472	
ERC S-2381-2	1905	0	0	0	
ERC S-2381-3	0	0	0	4	
ERC S-2381-4	0	0	377	0	
ERC S-2381-5	0	8082	0	0	
SSPE1	3657	8132	510	1476	

4. Post Project Stationary Source Potential to Emit (SSPE2)

Pursuant to District Rule 2201, the SSPE2 is the PE from all units with valid ATCs or PTOs at the Stationary Source and the quantity of ERCs which have been banked since September 19, 1991 for AER that have occurred at the source, and which have not been used on-site.

Facility emissions are already above the Offset and Major Source Thresholds for VOC emissions; therefore, VOC SSPE2 calculations are not necessary. Only permits and ERCs with emissions other than VOC, or in addition to VOC, are included in the SSPE2 calculation.

SSPE2 (lb/year)					
Permit Unit	NO _x	SO _x	PM ₁₀	CO	VOC
S-6509-14-1	1752	50	133	1472	
S-6509-30-0	1542	549	1465	7131	
ERC S-2381-2	1905	0	0	0	
ERC S-2381-3	0	0	0	4	
ERC S-2381-4	0	0	377	0	
ERC S-2381-5	0	8082	0	0	
SSPE2	5199	8681	1975	8607	

5. Major Source Determination

Rule 2201 Major Source Determination:

Pursuant to District Rule 2201, a Major Source is a stationary source with a SSPE2 equal to or exceeding one or more of the following threshold values. For the purposes of determining major source status the following shall not be included:

- any ERCs associated with the stationary source
- Emissions from non-road IC engines (i.e. IC engines at a particular site at the facility for less than 12 months)
- Fugitive emissions, except for the specific source categories specified in 40 CFR 51.165

Rule 2201 Major Source Determination (lb/year)					
	NO _x	SO _x	PM ₁₀	CO	VOC
Facility emissions pre-project	3657	8132	510	1476	>20,000
Facility emissions – post project	5199	8681	1975	8607	>20,000
Major Source Threshold	20,000	140,000	140,000	200,000	20,000
Major Source?	No	No	No	No	Yes

This source is an existing Major Source for VOC emissions and will remain a Major Source for VOC.

Rule 2410 Major Source Determination:

The facility or the equipment evaluated under this project is not listed as one of the categories specified in 40 CFR 52.21 (b)(1)(i). Therefore the following PSD Major Source thresholds are applicable.

PSD Major Source Determination (tons/year)							
	NO ₂	VOC	SO ₂	CO	PM	PM ₁₀	CO _{2e}
Estimated Facility PE before Project Increase	1.6	110	0.3	4.3	0.8	0.8	1025
PSD Major Source Thresholds	250	250	250	250	250	250	100,000
PSD Major Source ? (Y/N)	n	n	n	n	n	n	n

As shown above, the facility is not an existing major source for PSD for at least one pollutant. Therefore the facility is not an existing major source for PSD.

6. Baseline Emissions (BE)

The BE calculation (in lbs/year) is performed pollutant-by-pollutant for each unit within the project to calculate the QNEC, and if applicable, to determine the amount of offsets required.

Pursuant to District Rule 2201, BE = PE1 for:

- Any unit located at a non-Major Source,
- Any Highly-Utilized Emissions Unit, located at a Major Source,
- Any Fully-Offset Emissions Unit, located at a Major Source, or
- Any Clean Emissions Unit, located at a Major Source.

otherwise,

BE = Historic Actual Emissions (HAE), calculated pursuant to District Rule 2201.

S-6509-30-0:

Since this is a new emissions unit, BE = PE1 = 0 for all pollutants.

S-6509-10:

Pursuant to Rule 2201, a Clean Emissions Unit is defined as an emissions unit that is "equipped with an emissions control technology with a minimum control efficiency of at least 95% or is equipped with emission control technology that meets the requirements for achieved-in-practice BACT as accepted by the APCO during the five years immediately prior to the submission of the complete application.

Tank S-6509-10 is equipped with a PV vent, which meets the requirements for achieved-in-practice BACT. Therefore, it's BE = PE1..

7. SB 288 Major Modification

SB 288 Major Modification is defined in 40 CFR Part 51.165 as "any physical change in or change in the method of operation of a major stationary source that would result in a significant net emissions increase of any pollutant subject to regulation under the Act."

Since this facility is a major source for VOC, the project's PE2 is compared to the SB 288 Major Modification Thresholds in the following table in order to determine if the SB 288 Major Modification calculation is required.

SB 288 Major Modification Thresholds			
Pollutant	Project PE2 (lb/year)	Threshold (lb/year)	SB 288 Major Modification Calculation Required?
VOC	15,772	50,000	no

Since none of the SB 288 Major Modification Thresholds are surpassed with this project, this project does not constitute an SB 288 Major Modification.

8. Federal Major Modification

The determination of Federal Major Modification is based on a two-step test. For the first step, only the emission *increases* are counted. Emission decreases may not cancel out the increases for this determination.

Step 1

For new emissions units, the increase in emissions is equal to the PE2 for each new unit included in this project.

For existing emissions units, the increase in emissions is calculated as follows.

$$\text{Emission Increase} = \text{PAE} - \text{BAE} - \text{UBC}$$

Where: PAE = Projected Actual Emissions, and
 BAE = Baseline Actual Emissions
 UBC = Unused baseline capacity

If there is no increase in design capacity or potential to emit, the PAE is equal to the annual emission rate at which the unit is projected to emit in any one year, selected by the operator, within 5 years after the unit resumes normal operation (10 years for existing units with an increase in design capacity or potential to emit). If detailed PAE are not provided, the PAE is equal to the PE2 for each permit unit.

The BAE is calculated based on historical emissions and operating records for any 24 month period, selected by the operator, within the previous 10 year period (5 years for electric utility steam generating units). The BAE must be adjusted to exclude any non-compliant operation emissions and emissions that are no longer allowed due to lower applicable emission limits that were in effect when this application was deemed complete.

Since this project does not result in an increase in design capacity or potential to emit, and it does not impact the ability of the emission unit to operate at a higher utilization rate, the UBC is the portion of PAE that the emission units could have accommodated during the baseline period.

The applicant has provided the required historical and projected operation data (see Appendix D).

The project's combined total emission increases are calculated in Appendix D and compared to the Federal Major Modification Thresholds in the following table.

Federal Major Modification Thresholds for Emission Increases			
Pollutant	Total Emissions Increases (lb/yr)	Thresholds (lb/yr)	Federal Major Modification?
NO _x *	na**	0	No
VOC*	1061	0	Yes
PM ₁₀	na**	30,000	No
PM _{2.5}	na**	20,000	No
SO _x	na**	80,000	No

*If there is any emission increases in NO_x or VOC, this project is a Federal Major Modification and no further analysis is required.

**not a Major Source for this pollutant

Since there is an increase in VOC emissions, this project constitutes a Federal Major Modification, and no further analysis is required.

9. Rule 2410 – Prevention of Significant Deterioration (PSD) Applicability Determination

Rule 2410 applies to pollutants for which the District is in attainment or for unclassified, pollutants. The pollutants addressed in the PSD applicability determination are listed as follows:

- NO2 (as a primary pollutant)
- SO2 (as a primary pollutant)
- CO
- PM
- PM10
- Greenhouse gases (GHG): CO2, N2O, CH4, HFCs, PFCs, and SF6

The first step of this PSD evaluation consists of determining whether the facility is an existing PSD Major Source or not (See Section VII.C.5 of this document).

In the case the facility is an existing PSD Major Source, the second step of the PSD evaluation is to determine if the project results in a PSD significant increase.

In the case the facility is NOT an existing PSD Major Source but is an existing source, the second step of the PSD evaluation is to determine if the project, by itself, would be a PSD major source.

In the case the facility is new source, the second step of the PSD evaluation is to determine if this new facility will become a new PSD major Source as a result of the project and if so, to determine which pollutant will result in a PSD significant increase.

I. Significance of Project Emission Increase Determination

a. Potential to Emit of attainment/unclassified pollutant for New or Modified Emission Units vs PSD Significant Emission Increase Thresholds

As a screening tool, the project potential to emit from all new and modified units is compared to the PSD major source threshold, and if total project potential to emit from all new and modified units is below this threshold, no further analysis will be needed.

The facility or the equipment evaluated under this project is not listed as one of the categories specified in 40 CFR 52.21 (b)(1)(i). Therefore the following PSD Major Source thresholds are applicable.

PSD Major Source Determination: Potential to Emit (tons/year)							
	NO2	VOC	SO2	CO	PM	PM10	CO2e
Total PE from New and Modified Units	0.8	0.3	3.6	0.7	0.7	30.8	0.8
PSD Major Source threshold	250	250	250	250	250	250	100,000
New PSD Major Source?	n	n	n	n	n	n	n

As shown in the table above, the project potential to emit, by itself, does not exceed any of the PSD major source thresholds. Therefore Rule 2410 is not applicable and no further discussion is required.

10. Quarterly Net Emissions Change (QNEC)

The QNEC is calculated solely to establish emissions that are used to complete the District's PAS emissions profile screen. Detailed QNEC calculations are included in Appendix A.

VIII. Compliance

Rule 2201 New and Modified Stationary Source Review Rule

A. Best Available Control Technology (BACT)

1. BACT Applicability

BACT requirements are triggered on a pollutant-by-pollutant basis and on an emissions unit-by-emissions unit basis. Unless specifically exempted by Rule 2201, BACT shall be required for the following actions*:

- a. Any new emissions unit with a potential to emit exceeding two pounds per day,
- b. The relocation from one Stationary Source to another of an existing emissions unit with a potential to emit exceeding two pounds per day,
- c. Modifications to an existing emissions unit with a valid Permit to Operate resulting in an AIPE exceeding two pounds per day, and/or
- d. Any new or modified emissions unit, in a stationary source project, which results in an SB 288 Major Modification or a Federal Major Modification, as defined by the rule.

*Except for CO emissions from a new or modified emissions unit at a Stationary Source with an SSPE2 of less than 200,000 pounds per year of CO.

a. New emissions units – PE > 2 lb/day

As seen in Section VII.C.2 above, the applicant is proposing to install a new steam generator with a PE greater than 2 lb/day for NO_x, PM₁₀, CO, and VOC. BACT is triggered for NO_x, PM₁₀, and VOC only since the PEs are greater than 2 lbs/day. However BACT is not triggered for CO since the SSPE2 for CO is not greater than 200,000 lbs/year, as demonstrated in Section VII.C.5 above.

b. Relocation of emissions units – PE > 2 lb/day

As discussed in Section I above, there are no emissions units being relocated from one stationary source to another; therefore BACT is not triggered.

c. Modification of emissions units – AIPE > 2 lb/day

$$\text{AIPE} = \text{PE}_2 - \text{HAPE}$$

Where,

AIPE = Adjusted Increase in Permitted Emissions, (lb/day)

PE₂ = Post-Project Potential to Emit, (lb/day)

HAPE = Historically Adjusted Potential to Emit, (lb/day)

HAPE = PE₁ x (EF₂/EF₁)

Where,

PE₁ = The emissions unit's PE prior to modification or relocation, (lb/day)

EF2 = The emissions unit's permitted emission factor for the pollutant after modification or relocation. If EF2 is greater than EF1 then EF2/EF1 shall be set to 1

EF1 = The emissions unit's permitted emission factor for the pollutant before the modification or relocation

$$\text{AIPE} = \text{PE2} - (\text{PE1} * (\text{EF2} / \text{EF1}))$$

Tank S-6509-10-4:

This project will not result in a change in S-6509-10's EF; therefore,
AIPE = PE2 – PE1

$$\text{AIPE} = 40.3 - 43.3 = 0 \text{ lb-VOC/day}$$

As demonstrated above, the AIPE is not greater than 2.0 lb/day for the tank. Therefore BACT is not triggered.

d. SB 288/Federal Major Modification

As discussed in Section VII.C.7 above, this project does constitute an Federal Major Modification for VOC emissions. Therefore BACT is triggered for VOC for all emissions units in the project for which there is an emission increase.

2. BACT Guideline

The District adopted District Rule 4320 on October 16, 2008. The NO_x emission limit requirements in District Rule 4320 are lower than the limits contained within BACT Guideline 1.2.1 which has since been rescinded; therefore a project specific BACT analysis will be performed to determine BACT for this project. District Rule 4320 limits oilfield steam generators with heat input ratings greater than 20 MMBtu/hr to 7 ppmv @ 3% O₂. Since this emission limit is required by the rule, it will be considered the Achieved in Practice control technology for the BACT analysis. District Rule 4320 also contains an enhanced schedule option that allows applicants additional time to meet the requirements of the rule. The enhanced schedule NO_x emission limit requirement is 5 ppmv @ 3% O₂. Since this is an enhanced option in the rule, it will be considered the Technologically Feasible control technology for the BACT analysis. (See Appendix E)

3. Top-Down BACT Analysis

Per Permit Services Policies and Procedures for BACT, a Top-Down BACT analysis shall be performed as a part of the application review for each application subject to the BACT requirements pursuant to the District's NSR Rule.

Pursuant to the attached Top-Down BACT Analysis (see Appendix E), BACT has been satisfied with the following:

NO_x: 7 ppmvd @ 3% O₂ (0.008 lb/MMBtu)

PM₁₀: Natural gas fuel with a sulfur content not to exceed 5 gr-S/100 scf

VOC: Natural gas fuel

B. Offsets

1. Offset Applicability

Offset requirements shall be triggered on a pollutant by pollutant basis and shall be required if the SSPE2 equals to or exceeds the offset threshold levels in Table 4-1 of Rule 2201.

The SSPE2 is compared to the offset thresholds in the following table.

Offset Determination (lb/year)					
	NO _x	SO _x	PM ₁₀	CO	VOC
SSPE2	5199	8681	1975	8607	>20,000
Offset Thresholds	20,000	54,750	29,200	200,000	20,000
Offsets triggered?	No	No	No	No	Yes

2. Quantity of Offsets Required

As seen above, the facility is an existing Major Source for VOC and the SSPE2 is greater than the offset thresholds. Therefore offset calculations will be required for this project.

The quantity of offsets in pounds per year for VOC is calculated as follows for sources with an SSPE1 greater than the offset threshold levels before implementing the project being evaluated.

$$\text{Offsets Required (lb/year)} = (\Sigma[\text{PE2} - \text{BE}] + \text{ICCE}) \times \text{DOR, for all new or modified emissions units in the project,}$$

Where,

PE2 = Post Project Potential to Emit, (lb/year)

BE = Baseline Emissions, (lb/year)

ICCE = Increase in Cargo Carrier Emissions, (lb/year)

DOR = Distance Offset Ratio, determined pursuant to Section 4.8

BE = PE1 for:

- Any unit located at a non-Major Source,
 - Any Highly-Utilized Emissions Unit, located at a Major Source,
 - Any Fully-Offset Emissions Unit, located at a Major Source, or
 - Any Clean Emissions Unit, Located at a Major Source.
- otherwise,

BE = HAE

As calculated in Section VII.C.6 above, the BE for S-6509-10-3 is equal to the PE1 since the unit is a Clean Emissions Unit.

S-6509-30-0 is a new emissions unit; therefore BE = 0

Also, there are no increases in cargo carrier emissions. Therefore offsets can be determined as follows:

Offsets Required (lb/year) = $([PE2 - BE] + ICCE) \times DOR$

PE2 (VOC) = 15,772 lb/year
BE (VOC) = 15,807 lb/year
ICCE = 0 lb/year

Offsets Required (lb/year) = $15,772 - 15,807 = 0$ lb VOC/year

As demonstrated in the calculation above, the amount of offsets is zero. Therefore, offsets will not be required for this project.

C. Public Notification

1. Applicability

Public noticing is required for:

- a. New Major Sources, Federal Major Modifications, and SB 288 Major Modifications,
- b. Any new emissions unit with a Potential to Emit greater than 100 pounds during any one day for any one pollutant,
- c. Any project which results in the offset thresholds being surpassed, and/or
- d. Any project with an SSPE of greater than 20,000 lb/year for any pollutant.

a. New Major Sources, Federal Major Modifications, and SB 288 Major Modifications

New Major Sources are new facilities, which are also Major Sources. Since this is not a new facility, public noticing is not required for this project for New Major Source purposes.

As demonstrated in VII.C.7, this project is a Federal Major Modification. Therefore, public noticing for Federal Major Modification purposes is required.

b. PE > 100 lb/day

Applications which include a new emissions unit with a PE greater than 100 pounds during any one day for any pollutant will trigger public noticing requirements. As seen in Section VII.C.2 above, this project does not include a new emissions unit which has daily emissions greater than 100 lb/day for any pollutant, therefore public noticing for PE > 100 lb/day purposes is not required.

c. Offset Threshold

The SSPE1 and SSPE2 are compared to the offset thresholds in the following table.

Offset Thresholds				
Pollutant	SSPE1 (lb/year)	SSPE2 (lb/year)	Offset Threshold	Public Notice Required?
NO _x	3657	5199	20,000 lb/year	No
SO _x	8132	8082	54,750 lb/year	No
PM ₁₀	510	1975	29,200 lb/year	No
CO	1476	8607	200,000 lb/year	No
VOC	>20,000	>20,000	20,000 lb/year	No

As detailed above, there were no thresholds surpassed with this project; therefore public noticing is not required for offset purposes.

d. SSIPE > 20,000 lb/year

Public notification is required for any permitting action that results in a SSIPE of more than 20,000 lb/year of any affected pollutant. According to District policy, the SSIPE = SSPE2 – SSPE1. The SSIPE is compared to the SSIPE Public Notice thresholds in the following table.

SSIPE Public Notice Thresholds					
Pollutant	SSPE1 (lb/year)	SSPE2 (lb/year)	SSIPE (lb/year)	SSIPE Public Notice Threshold	Public Notice Required?
NO _x	3657	5199	1542	20,000 lb/year	No
SO _x	8132	8082	-50	20,000 lb/year	No
PM ₁₀	510	1975	1465	20,000 lb/year	No
CO	1476	8607	7131	20,000 lb/year	No
VOC	15,807	15,772	-35	20,000 lb/year	No

Project total VOC PE1 = 15,807

Project total VOC PE2 = 14,712 + 1060 = 15,772

As demonstrated above, the SSIPEs for all pollutants were less than 20,000 lb/year; therefore public noticing for SSIPE purposes is not required.

2. Public Notice Action

As discussed above, public noticing is required for this project for VOC emissions triggering Federal Major Modification. Therefore, public notice documents will be submitted to the California Air Resources Board (CARB) and a public notice will be published in a local newspaper of general circulation prior to the issuance of the ATC for this equipment.

D. Daily Emission Limits (DELs)

DELs and other enforceable conditions are required by Rule 2201 to restrict a unit's maximum daily emissions, to a level at or below the emissions associated with the maximum design capacity. The DEL must be contained in the latest ATC and contained in or enforced by the latest PTO and enforceable, in a practicable manner, on a daily basis. DELs are also required to enforce the applicability of BACT.

Proposed Rule 2201 (DEL) Conditions:

S-6509-10-4:

- Throughput shall not exceed 765 bbl/day. [District Rule 2201] N
- This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions. [District Rules 2201 and 4623] N

S-6509-30-0:

- Emission rates shall not exceed any of the following: NO_x (as NO_x): 7 ppmvd @ 3% O₂ or 0.008 lb/MMBtu; SO_x: 0.00285 lb/MMBtu; PM₁₀: 0.0076 lb/MMBtu; CO: 50 ppmvd @ 3% O₂ or 0.0370 lb-CO/MMBtu; or VOC: 0.0055 lb/MMBtu. [District Rules 2201 and 4320] N

E. Compliance Assurance

Pursuant to District Policy APR 1705, source testing is not required for S-6509-16 to demonstrate compliance with Rule 2201.

S-6509-30-0 is subject to District Rule 4305, *Boilers, Steam Generators and Process Heaters, Phase II*, District Rule 4306, *Boilers, Steam Generators and Process Heaters, Phase III*, and pending new Rule 4320, *Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr*. Source testing requirements, in accordance with District Rules 4305, 4306, and 4320 will be discussed in Section VIII, *District Rules 4305, 4306, 4320* of this evaluation.

2. Monitoring

As required by District Rule 4305, *Boilers, Steam Generators and Process Heaters, Phase II*, District Rule 4306, *Boilers, Steam Generators and Process Heaters, Phase III*, and pending new Rule 4320, *Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr*, the units are subject to monitoring requirements. Monitoring requirements, in accordance with District Rules 4305, 4306, and 4320 will be discussed in Section VIII, *District Rules 4305, 4306, and 4320* of this evaluation.

3. Recordkeeping

Recordkeeping is required to demonstrate compliance with the offset, public notification and daily emission limit requirements of Rule 2201. The following condition(s) are listed on the permit to operate:

S-6509-10-4:

- {2912} 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 Rule 4623] N

- The permittee shall keep accurate records of each organic liquid stored in the tank, including its storage temperature, TVP, and API gravity. [District Rule 4623] N
- {2490} 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 4623] N

S-6509-30-0:

- As required by District Rule 4305, *Boilers, Steam Generators and Process Heaters, Phase II*, District Rule 4306, *Boilers, Steam Generators and Process Heaters, Phase III*, and pending new Rule 4320, *Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr*, these units are subject to recordkeeping requirements. Recordkeeping requirements, in accordance with District Rules 4305, 4306, and 4320 will be discussed in Section VIII, *District Rules 4305, 4306, and 4320*, of this evaluation.

4. Reporting

No reporting is required to demonstrate compliance with Rule 2201.

F. Ambient Air Quality Analysis (AAQA)

An AAQA shall be conducted for the purpose of determining whether a new or modified Stationary Source will cause or make worse a violation of an air quality standard. The District's Technical Services Division conducted the required analysis. Refer to Appendix F of this document for the AAQA summary sheet.

The proposed location is in an attainment area for NO_x, CO, and SO_x. As shown by the AAQA summary sheet the proposed equipment will not cause a violation of an air quality standard for NO_x, CO, or SO_x.

The results from the Criteria Pollutant Modeling are as follows:

Criteria Pollutant Modeling Results*

Steam Generator	1 Hour	3 Hours	8 Hours	24 Hours	Annual
CO	Pass	X	Pass	X	X
NO _x	Pass	X	X	X	Pass
SO _x	Pass	Pass	X	Pass	Pass
PM ₁₀	X	X	X	Pass ³	Pass ³
PM _{2.5}	X	X	X	Pass ³	Pass ³

*Results were taken from the attached PSD spreadsheet.

¹The project was compared to the 1-hour NO₂ National Ambient Air Quality Standard that became effective on April 12, 2010 using the District's approved procedures. The criteria pollutant 1-hour value passed using TIER I NO₂ NAAQS modeling.

²The project was compared to the 1-hour SO₂ National Ambient Air Quality Standard that became effective on August 23, 2010 using the District's approved procedures.

³The maximum predicted concentration for emissions of these criteria pollutants from the proposed unit are below EPA's level of significance as found in 40 CFR Part 51.165 (b)(2).

The criteria modeling runs indicate the emissions from the project will not cause or significantly contribute to a violation of a State or National AAQS.

G. Compliance Certification

Section 4.15.2 of this Rule requires the owner of a new Major Source or a source undergoing a Title I Modification to demonstrate to the satisfaction of the District that all other Major Sources owned by such person and operating in California are in compliance or are on a schedule for compliance with all applicable emission limitations and standards. As discussed in Section VIII above, this facility is a new major source and this project does constitute a Title I modification, therefore this requirement is applicable. Corporation Hathaway's compliance certification is included in Appendix G.

H. Alternate Siting Analysis

The current project occurs at an existing facility. The applicant proposes to install a steam generator.

The project will provide steam to be used at the existing well locations. Alternative sites would involve the relocation and/or construction of various support structures on a much greater scale, and would therefore result in a much greater impact.

Rule 2520 Federally Mandated Operating Permits

Since this facility's emissions exceed the major source thresholds of District Rule 2201, this facility is a major source. However, this facility has elected to comply with Rule 2530, exempts it from the requirements of Rule 2520.

Rule 2530 Federally Enforceable Potential to Emit

The purpose of this rule is to restrict the emissions of a stationary source so that the source may elect to be exempt from the requirements of Rule 2520. Pursuant to Rule 2530, since this facility has elected exemption from the requirements of Rule 2520 by ensuring actual emissions from the stationary source in every 12-month periods to not exceed the following: ½ the major source thresholds for NO_x, VOCs, CO, and PM₁₀; 50 tons per year SO₂; 5 tons per year of a single HAP; 12.5 tons per year of any combination of HAPs; 50 percent of any lesser threshold for a single HAP as the EPA may establish by rule; and 50 percent of the major source threshold for any other regulated air pollutant not listed in Rule 2530.

Rule 4001 New Source Performance Standards (NSPS)

This rule incorporates the New Source Performance Standards from 40 CFR Part 60. 40 CFR Part 60, Subparts, K, Ka and Kb could potentially apply to the storage tanks located at this facility. However, pursuant to 40 CFR 60.110 (b), 60.110(a) (b), and 60.110(b) (b), these subparts do not apply to storage vessels less than 10,000 bbls, used for petroleum or condensate, that is stored, processed, and/or treated at a drilling and production facility prior to custody transfer. Therefore, the requirements of this subpart are not applicable to this project.

40 CFR Part 60, Subpart Dc Small Industrial-Commercial-Industrial Steam Generators between 10 MMBtu/hr and 100 MMBtu/hr (post-6/9/89 construction, modification or, reconstruction).

The subject steam generator has a rating of 22 MMBtu/hr and is gas fired. Subpart Dc has no standards for gas-fired steam generators. Therefore the subject steam generators are not affected facilities and subpart Dc does not apply.

Rule 4101 Visible Emissions

District Rule 4101, Section 5.0, indicates that 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 dark or darker than Ringlemann 1 or equivalent to 20% opacity.

Natural gas-fired equipment typically operates without visible emissions.

As long as the tank is properly maintained and operated, compliance with visible emissions limits is expected under normal operating conditions.

Compliance with District Rule 4101 is expected.

Rule 4102 Nuisance

Rule 4102 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.

An HRA is not required for a project with a total facility prioritization score of less than or equal to one. According to the Technical Services Memo for this project (**Appendix F**), the total facility prioritization score including this project was less than or equal to one. Therefore, no future analysis is required to determine the impact from this project and compliance with the District's Risk Management Policy is expected.

To ensure that human health risks will not exceed District allowable levels; the following permit conditions must be included for:

Unit 30.0

1. 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]
2. Steam Generator must be at least 50 feet from the property boundary.

Discussion of T-BACT

BACT for toxic emission control (T-BACT) is required if the cancer risk exceeds one in one million. As demonstrated above, T-BACT is not required for this project because the HRA indicates that the risk is not above the District's thresholds for triggering T-BACT requirements; therefore, compliance with the District's Risk Management Policy is expected.

Rule 4201 Particulate Matter Concentration

Section 3.1 prohibits discharge of dust, fumes, or total particulate matter into the atmosphere from any single source operation in excess of 0.1 grain per dry standard cubic foot.

F-Factor for NG: 8,578 dscf/MMBtu at 60 °F
 PM₁₀ Emission Factor: 0.0076 lb-PM₁₀/MMBtu
 Percentage of PM as PM₁₀ in Exhaust: 100%
 Exhaust Oxygen (O₂) Concentration: 3%
 Excess Air Correction to F Factor = $\frac{20.9}{(20.9 - 3)} = 1.17$

$$GL = \left(\frac{0.0076 \text{ lb-PM}}{\text{MMBtu}} \times \frac{7,000 \text{ grain}}{\text{lb-PM}} \right) / \left(\frac{8,578 \text{ ft}^3}{\text{MMBtu}} \times 1.17 \right)$$

GL = 0.0053 grain/dscf < 0.1 grain/dscf

Therefore, compliance with District Rule 4201 requirements is expected.

District Rule 4301 Fuel Burning Equipment

This rule specifies maximum emission rates in lb/hr for SO₂, NO₂, and combustion contaminants (defined as total PM in Rule 1020). This rule also limits combustion contaminants to ≤ 0.1 gr/scf. According to AP 42 (Table 1.4-2, footnote c), all PM emissions from natural gas combustion are less than 1 μm in diameter.

District Rule 4301 Limits			
Pollutant	NO ₂	Total PM	SO ₂
S-6509-30-0	0.2	0.2	0.06
Rule Limit (lb/hr)	140	10	200

The above table indicates compliance with the maximum lb/hr emissions in this rule; therefore, compliance is expected.

Rule 4305 Boilers, Steam Generators and Process Heaters – Phase 2

Pursuant to Rule 4305, Section 2.0, the proposed new unit will be subject to Rule 4305. Also, the proposed new unit will also be subject to Rule 4306. Since emissions limits of Rule 4306 and all other requirements are equivalent to or more stringent than Rule 4305 requirements, compliance with Rule 4320 requirements will satisfy requirements of Rule 4305.

Rule 4306 Boilers, Steam Generators and Process Heaters – Phase 3

Pursuant to Rule 4306, Section 2.0, the proposed unit will be subject to Rule 4306. Also, the proposed unit will also be subject to Rule 4320. Since emissions limits of Rule 4320 and all other requirements are equivalent to or more stringent than Rule 4306 requirements, compliance with Rule 4320 requirements will satisfy requirements of Rule 4306.

Rule 4320 Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr

This rule limits NO_x, CO, SO₂ and PM₁₀ emissions from boilers, steam generators and process heaters rated greater than 5 MMBtu/hr. This rule also provides a compliance option of payment of fees in proportion to the actual amount of NO_x emitted over the previous year.

The steam generator is rated at greater than 5 MMBtu/hr heat input. Therefore this rule applies.

Section 5.1 NO_x Emission Limits

Section 5.1 states that an operator of a unit(s) subject to this rule shall comply with all applicable requirements of the rule and one of the following, on a unit-by-unit basis:

- Operate the unit to comply with the emission limits specified in Sections 5.2 and 5.4; or
- Pay an annual emissions fee to the District as specified in Section 5.3 and comply with the control requirements specified in Section 5.4; or
- Comply with the applicable Low-use Unit requirements of Section 5.5.

Section 5.2.1 states that on and after the indicated Compliance Deadline units shall not be operated in a manner which exceeds the applicable NO_x limit specified in Table 1 of this rule.

The units have a maximum heat input of 22 MMBtu/hr; therefore, the applicable emission limit category Section 5.2, Table 1, Category C.2 from District Rule 4320 applies as follows:

C. Oilfield Steam Generators			
Category	NO_x Limit	Authority to Construct	Compliance Deadline
2. Units with a total rated heat input >20.0 MMBtu/hr	a) Standard Schedule 7 ppmv or 0.008 lb/MMBtu; or	July 1, 2009	July 1, 2010
	b) Staged Enhanced Schedule Initial Limit 9 ppmv or 0.011 lb/MMBtu; and	July 1, 2011	July 1, 2012
	Final Limit 5 ppmv or 0.0062 lb/MMBtu	January 1, 2013	January 1, 2014

Hathaway has proposed to comply with Rule 4320 by limiting the burner to 7 ppm-NO_x @ 3% O₂ (or 0.008 lb-NO_x/MMBtu). The following condition will be listed on the ATC to ensure compliance:

- Emission rates shall not exceed any of the following: NO_x (as NO_x): 7 ppmvd @ 3% O₂ or 0.008 lb/MMBtu; SO_x:0.00285 lb/MMBtu; PM₁₀: 0.0076 lb/MMBtu; CO: 50 ppmvd @ 3% O₂ or 0.0370 lb-CO/MMBtu; or VOC: 0.0055 lb/MMBtu. [District Rules 2201 and 4320] N

Section 5.4 Particulate Matter Control Requirements

5.4.1 To limit particulate matter emissions, an operator shall comply with one of the following requirements:

5.4.1.1 On and after the applicable NO_x Compliance Deadline specified in Section 5.2 Table 1, operators shall fire units exclusively on PUC-quality natural gas, commercial propane, butane, or liquefied petroleum gas, or a combination of such gases;

5.4.1.2 On and after the applicable NO_x Compliance Deadline specified in Section 5.2 Table 1, operators shall limit fuel sulfur content to no more than five (5) grains of total sulfur per one hundred (100) standard cubic feet; or

5.4.1.3 On and after the applicable NO_x Compliance Deadline specified in Section 5.2 Table 1, operators shall install and properly operate an emission control system that reduces SO₂ emissions by at least 95% by weight; or limit exhaust SO₂ to less than or equal to 9 ppmv corrected to 3.0% O₂.

5.4.1.4 Notwithstanding the compliance deadlines indicated in Sections 5.4.1.1 through 5.4.1.3, refinery units, which require modification of refinery equipment to reduce sulfur emissions, shall be in compliance with the applicable requirement in Section 5.4.1 no later than July 1, 2013.

Hathaway has addressed the particulate matter requirement by proposing to fire the unit on fuel with a sulfur content to no more than five (5) grains of total sulfur per one hundred (100) standard cubic feet.

- Emission rates shall not exceed any of the following: NO_x (as NO_x): 7 ppmvd @ 3% O₂ or 0.008 lb/MMBtu; SO_x: 0.00285 lb/MMBtu; PM₁₀: 0.0076 lb/MMBtu; CO: 50 ppmvd @ 3% O₂ or 0.0370 lb-CO/MMBtu; or VOC: 0.0055 lb/MMBtu. [District Rules 2201 and 4320] N

Compliance with section 5.4 is expected.

Section 5.6 Startup and Shutdown Provisions

Section 5.6 states that on and after the full compliance deadline specified in Section 5.0, the applicable emission limits of Sections 5.2 Table 1 and 5.5.2 shall not apply during start-up or shutdown provided an operator complies with the requirements specified in Sections 5.6.1 through 5.6.5.

Emissions during start-up and shutdown will not be subject to the emission limits in Sections 5.2 and 5.2.2. The following conditions will be listed on the ATC:

- Hathaway is not proposing low use status and does not request addition of startup or shutdown provisions.

Section 5.7 Monitoring Provisions

Section 5.7.1 requires that permit units subject to District Rule 4320, Section 5.2 shall both install and maintain an operational APCO approved Continuous Emission Monitoring System (CEMS) for NO_x, CO and O₂, or implement an APCO-approved alternate monitoring.

Hathaway proposes to use Alternate Monitoring Scheme A (pursuant to District Policy SSP-1105), which requires that monitoring of NO_x, CO, and O₂ exhaust concentrations shall be

conducted at least once per month (in which a source test is not performed) using a portable analyzer. The following conditions will be incorporated into the ATC to ensure compliance with the requirements of the proposed alternate monitoring plan:

- {4063} 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]
- {4064} 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]
- {4065} 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]
- {4066} 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]

Section 5.7.6 requires operators complying with Sections 5.4.1.1 or 5.4.1.2 to provide an annual fuel analysis to the District unless a more frequent sampling and reporting period is included in the Permit to Operate. Sulfur analysis shall be performed in accordance with the test methods in Section 6.2.

- When complying with sulfur emission limits by fuel analysis or by a combination of source testing and fuel analysis, permittee shall demonstrate compliance at least annually. [District Rule 4320]

The following condition will be listed on the ATC to ensure compliance with the reporting section of this requirement:

- 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]

Section 5.8 Compliance Determination

Section 5.8.1 requires that the operator of any unit shall have the option of complying with either the applicable heat input (lb/MMBtu), emission limits or the concentration (ppmv)

emission limits specified in Section 5.2. The emission limits selected to demonstrate compliance shall be specified in the source test proposal pursuant to Rule 1081 (Source Sampling).

Therefore, the following condition will be listed on the ATC as follows:

- {2976} The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305, 4306, and 4320]

Section 5.8.2 requires that 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.

Therefore, the following permit condition will be listed on the ATC as follows:

- {2972} 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. Unless otherwise 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. *For the purposes of permittee-performed alternate monitoring, emissions measurements may be performed at any time after the unit reaches conditions representative of normal operation.* [District Rules 4305, 4306, and 4320]

Section 5.8.4 requires that for emissions monitoring pursuant to Sections 5.7.1 and 6.3.1 using a portable NO_x analyzer as part of an APCO approved Alternate Emissions Monitoring System, emission readings 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.

Therefore, the following permit condition will be listed on the ATC as follows:

- {4065} 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]

Section 5.8.5 requires that for emissions source testing performed pursuant to Section 6.3.1 for the purpose of determining compliance with an applicable standard or numerical limitation of this rule, the arithmetic average of three (3) 30-consecutive-minute test runs shall apply. If two (2) of three (3) runs are above an applicable limit the test cannot be used to demonstrate compliance with an applicable limit. Therefore, the following permit condition will be listed on the permit as follows:

- {2980} 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]

Section 6.1 Recordkeeping

Section 6.1 requires that the records required by Sections 6.1.1 through 6.1.5 shall be maintained for five calendar years and shall be made available to the APCO and EPA upon request. Failure to maintain records or information contained in the records that demonstrate noncompliance with the applicable requirements of this rule shall constitute a violation of this rule.

A permit condition will be listed on the permit as follows:

- 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]

Section 6.2, Test Methods

Section 6.2 identifies the following test methods as District-approved source testing methods for the pollutants listed:

Pollutant	Units	Test Method Required
NO _x	ppmv	EPA Method 7E or ARB Method 100
NO _x	lb/MMBtu	EPA Method 19
CO	ppmv	EPA Method 10 or ARB Method 100
Stack Gas O ₂	%	EPA Method 3 or 3A, or ARB Method 100
Stack Gas Velocities	ft/min	EPA Method 2
Stack Gas Moisture Content	%	EPA Method 4
Oxides of sulfur		EPA Method 6C, EPA Method 8, or ARB Method 100
Total Sulfur as Hydrogen Sulfide (H ₂ S) Content		EPA Method 11 or EPA Method 15, as appropriate.
Sulfur Content of Liquid Fuel		ASTM D 6920-03 or ASTM D 5453-99

The following permit condition will be listed on the permit as follows:

- The following test methods shall be used: NO_x (ppmv) - EPA Method 7E or ARB Method 100, NO_x (lb/MMBtu) - EPA Method 19; CO (ppmv) - EPA Method 10 or ARB Method 100; Stack gas oxygen (O₂) - EPA Method 3 or 3A or ARB Method 100; stack gas velocities - EPA Method 2; Stack gas moisture content - EPA Method 4; SO_x - EPA Method 6C or 8 or ARB Method 100; fuel gas sulfur as H₂S content - EPA Method 11 or 15; and fuel hhv (MMBtu) - ASTM D 1826 or D 1945 in conjunction with ASTM D 3588. [District Rule 2201, 4305, 4306, 4320] N

Section 6.3, Compliance Testing

Section 6.3.1 requires that this unit be tested to determine compliance with the applicable requirements of section 5.1 and 5.2.3 not less than once every 12 months. Upon demonstrating compliance on two consecutive compliance source tests, the following source test may be deferred for up to thirty-six months.

The following permit conditions will be listed on the ATC:

- A source test to demonstrate compliance with NOx and CO emission limits shall be performed within 60 days of startup of this unit. [District Rules 220, 4305, 4306 and 4320]
- Source testing to measure natural gas-combustion NOx and CO emissions from this unit shall be conducted at least once every twelve (12) months (no more than 30 days before or after the required annual source test date). After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months (no more than 30 days before or after the required 36-month source test date). 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]
- The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081]

Section 7.0, Compliance Schedule

Section 7.0 identifies the dates by which the operator shall submit an application for an ATC and the date by which the owner shall demonstrate compliance with this rule.

The unit will be in compliance with the emissions limits listed in Table 1, Section 5.2 of this rule, and periodic monitoring and source testing as required by District Rule 4320. Therefore, requirements of the compliance schedule, as listed in Section 7.0 of District Rule 4320, are satisfied. No further discussion is required.

Conclusion

Conditions will be incorporated into the permit in order to ensure compliance with each section of this rule. Therefore, compliance with District Rule 4320 requirements is expected.

Rule 4351 Boilers, Steam Generators and Process Heaters – Phase 1

Pursuant to Rule 4351, Section 2.0, the proposed steam generator will be subject to Rule 4351. Also, the proposed new unit will also be subject to Rule 4320. Since emissions limits of Rule 4320 and all other requirements are equivalent to or more stringent than Rule 4351 requirements, compliance with Rule 4320 requirements will satisfy requirements of Rule 4351.

Rule 4623, Storage of Organic Liquids

This rule applies to any tank with a capacity of 1,100 gallons or greater in which any organic liquid is placed, held, or stored.

According to Section 4.4, tanks exclusively receiving and or storing organic liquids with a TVP less than 0.5 psia are exempt from this Rule except for complying with Sections 6.2, 6.3.6, 6.4 and 7.2. Therefore, the following condition shall be placed on the ATC:

- {2480} This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions. [District Rule 4623] N
- {2910} 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 Rule 4623] N

- {2482} 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 Rule 4623] N
- {2483} 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] N
- {2911} 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 Rule 4623] N
- Instead of testing each uncontrolled fixed roof tank, the permittee may conduct a TVP test of the organic liquid stored in a representative tank provided the requirements of Sections 6.2.1.1.1 through 6.2.1.1.5 of Rule 4623 are met. [District Rule 4623] N
- {2912} 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 Rule 4623] N
- {2913} The permittee shall keep accurate records of each organic liquid stored in the tank, including its storage temperature, TVP, and API gravity. [District Rule 4623] N
- {2490} 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 4623] N

Compliance with the requirements of this rule is expected.

Rule 4801 Sulfur Compounds

A person shall not discharge into the atmosphere sulfur compounds, which would exist as a liquid or gas at standard conditions, exceeding in concentration at the point of discharge: 0.2 % by volume calculated as SO₂, on a dry basis averaged over 15 consecutive minutes. As the combustion equipment associated with this project will be fired on natural gas, continued compliance with the requirements of this rule is expected.

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)

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 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; and
- 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.

Greenhouse Gas (GHG) Significance Determination

It is determined that no other agency has or will prepare an environmental review document for the project. Thus the District is the Lead Agency for this project. Project specific impacts on global climate change were evaluated consistent with the adopted District policy – *Addressing GHG Emission Impacts for Stationary Source Projects Under CEQA When Serving as the Lead Agency*. The District's engineering evaluation (this document – Appendix H) demonstrates that the project includes Best Performance Standards (BPS) for each class and category of greenhouse gas emissions unit. The District therefore concludes that the project would have a less than cumulatively significant impact on global climate change.

District CEQA Findings

The District is the Lead Agency for this project because there is no other agency with broader statutory authority over this project. 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 NSR Public Noticing period, issue ATC S-6509-10-4 and '30-0 subject to the permit conditions on the attached draft ATC in Appendix I.

X. Billing Information

Annual Permit Fees			
Permit Number	Fee Schedule	Fee Description	Annual Fee
S-6509-10-4	3020-05S-C	42,000 gallons	\$63
S-6509-30-0	3020-02-H	22 MMbtu/hr	\$1030

APPENDIX A
Quarterly Net Emissions Change (QNEC)

Permit #: S-6509-10-4	Last Updated
Facility: HATHAWAY LLC	03/14/2013 TORID

Equipment Pre-Baselined: NO

	<u>NOX</u>	<u>SOX</u>	<u>PM10</u>	<u>CO</u>	<u>VOC</u>
Potential to Emit (lb/Yr):	0.0	0.0	0.0	0.0	14712.0
Daily Emis. Limit (lb/Day)	0.0	0.0	0.0	0.0	40.3
Quarterly Net Emissions Change (lb/Qtr)					
Q1:					-274.0
Q2:					-274.0
Q3:					-274.0
Q4:					-274.0
Check if offsets are triggered but exemption applies	N	N	N	N	N
Offset Ratio					
Quarterly Offset Amounts (lb/Qtr)					
Q1:					
Q2:					
Q3:					
Q4:					

Permit #: S-6509-30-0	Last Updated
Facility: HATHAWAY LLC	03/14/2013 TORID

Equipment Pre-Baselined: NO

	<u>NOX</u>	<u>SOX</u>	<u>PM10</u>	<u>CO</u>	<u>VOC</u>
Potential to Emit (lb/Yr):	1542.0	549.0	1465.0	7131.0	1060.0
Daily Emis. Limit (lb/Day)	4.2	1.5	4.0	19.5	2.9
Quarterly Net Emissions Change (lb/Qtr)					
Q1:	386.0	137.0	366.0	1783.0	265.0
Q2:	386.0	137.0	366.0	1783.0	265.0
Q3:	386.0	137.0	366.0	1783.0	265.0
Q4:	386.0	137.0	366.0	1783.0	265.0
Check if offsets are triggered but exemption applies	N	N	N	N	N
Offset Ratio					
Quarterly Offset Amounts (lb/Qtr)					
Q1:					
Q2:					
Q3:					
Q4:					

Quarterly Net Emissions Change (QNEC)

The Quarterly Net Emissions Change is used to complete the emission profile screen for the District's PAS database. The QNEC shall be calculated as follows:

QNEC = PE2 - PE1, where:

QNEC = Quarterly Net Emissions Change for each emissions unit, lb/qtr.

PE2 = Post Project Potential to Emit for each emissions unit, lb/qtr.

PE1 = Pre-Project Potential to Emit for each emissions unit, lb/qtr.

Using the values in Sections VII.C.2 and VII.C.6 in the evaluation above, quarterly PE2 and quarterly PE1 can be calculated as follows:

S-6509-10-4 VOC Quarterly NEC [QNEC]				
PE2 (lb/yr)	PE2 (lb/qtr)	PE1 (lb/yr)	PE1 (lb/qtr)	QNEC (lb/qtr)
14,712	3678	15,807	3952	-274

S-6509-30-0 Quarterly NEC [QNEC]					
	PE2 (lb/yr)	PE2 (lb/qtr)	PE1 (lb/yr)	PE1 (lb/qtr)	QNEC (lb/qtr)
NO _x	1542	386	0	0	386
SO _x	549	137	0	0	137
PM ₁₀	1465	366	0	0	366
CO	7131	1783	0	0	1783
VOC	1060	265	0	0	265

APPENDIX B
Permits S-6509-10-1 and '10-3

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: S-6509-10-1

EXPIRATION DATE: 01/31/2015

SECTION: NW15 **TOWNSHIP:** 25S **RANGE:** 27E

EQUIPMENT DESCRIPTION:

42,000 GAL. BOLTED, FIXED ROOF SHIPPING/STOCK TANK -- (QUINN LEASE)

PERMIT UNIT REQUIREMENTS

1. To maintain status as a small producer, permittee's crude oil production shall average less than 6000 bbl/day from all operations within Kern County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rules 3020 & 4623]
2. Throughput shall not exceed 875 bbl/day. [District Rule 2201]
3. This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions. [District Rule 4623]
4. 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 Rule 4623]
5. 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 Rule 4623]
6. 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]
7. 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 Rule 4623]
8. Instead of testing each uncontrolled fixed roof tank, the permittee may conduct a TVP test of the organic liquid stored in a representative tank provided the requirements of Sections 6.2.1.1.1 through 6.2.1.1.5 of Rule 4623 are met. [District Rule 4623]
9. 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 Rule 4623]
10. 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. [District Rule 2201 and 4623]
11. 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 and 4623]

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



AUTHORITY TO CONSTRUCT

PERMIT NO: S-6509-10-3

ISSUANCE DATE: 11/15/2012

LEGAL OWNER OR OPERATOR: HATHAWAY LLC
MAILING ADDRESS: PO BOX 81385
BAKERSFIELD, CA 93380-1385

LOCATION: HEAVY OIL CENTRAL

SECTION: NW15 **TOWNSHIP:** 25S **RANGE:** 27E

EQUIPMENT DESCRIPTION:
MODIFICATION OF 42,000 GAL. BOLTED, FIXED ROOF SHIPPING/STOCK TANK -- (QUINN LEASE): LOWER THROUGHPUT FROM 875 BBL/DAY TO 825 BBL/DAY

CONDITIONS

1. To maintain status as a small producer, permittee's crude oil production shall average less than 6000 bbl/day from all operations within Kern County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rules 3020 & 4623]
2. Throughput shall not exceed 825 bbl/day. [District Rule 2201]
3. This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions. [District Rules 2201 and 4623]
4. 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 Rule 4623]
5. 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 Rule 4623]
6. 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]

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

7. 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 Rule 4623]
8. Instead of testing each uncontrolled fixed roof tank, the permittee may conduct a TVP test of the organic liquid stored in a representative tank provided the requirements of Sections 6.2.1.1.1 through 6.2.1.1.5 of Rule 4623 are met. [District Rule 4623]
9. Permittee shall submit the records of TVP and API gravity testing to the APCQ 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]
10. 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. [District Rule 2201 and 4623]
11. 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 and 4623]

APPENDIX C
Tank Emission Calculations

PRE-PROJECT TANK EMISSIONS (PE1)

Tank Input Data	
permit number (S-xxx-xx-xx)	S-6509-10-3
facility tank I.D.	Quinn Stock
nearest city (1: Bakersfield, 2: Fresno, 3: Stockton)	1
tank ROC vapor pressure (psia)	0.5
liquid bulk storage temperature, T _b (°F)	140
is this a constant-level tank? (yes, no)	no
will flashing losses occur in this tank (only if first-line tank)? (yes, no)	no
breather vent pressure setting range (psi)	0.06
diameter of tank (feet)	21.2
capacity of tank (bbbl)	1,000
conical or dome roof? (c, d)	c
shell height of tank (feet)	16
average liquid height (feet)	9
are the roof and shell the same color? (yes,no)	yes
For roof:	
color (1:Spec Al, 2:Diff Al, 3:Light, 4:Med, 5:Red, 6:White)	4
condition (1: Good, 2: Poor)	1
-----This row only used if shell is different color from roof-----	3
-----This row only used if shell is different color from roof-----	1

Liquid Input Data	A	B
maximum daily fluid throughput (bbbl)		825
maximum annual fluid throughput (bbbl)		301,125
-----This row only used if flashing losses occur in this tank-----		825
-----This row only used if flashing losses occur in this tank-----		301,125
molecular weight, Mw (lb/lb-mol)		100

Calculated Values	A	B
daily maximum ambient temperature, T _{ax} (°F)		77.65
daily minimum ambient temperature, T _{an} (°F)		53.15
daily total solar insolation factor, I (Btu/ft ² -day)		1648.9
atmospheric pressure, P _a (psia)		14.47
(psia)	121.4	0.9259
(psia)	110.6	0.6653
water vapor pressure at average liquid surface temperature (T _{la}), P _{va} (psia)	116.0	0.7903
roof outage, H _{ro} (feet)		0.2208
vapor space volume, V _v (cubic feet)		2548.88
paint factor, alpha		0.68
vapor density, W _v (lb/cubic foot)		0.0081
daily vapor temperature range, delta T _v (degrees Rankine)		49.04
vapor space expansion factor, K _e		0.0998

Results	lb/year	lb/day
Standing Storage Loss	751	2.06
Working Loss	15,056	41.25
Flashing Loss	N/A	N/A
Total Uncontrolled Tank VOC Emissions	15,807	43.3

Summary Table	
Permit Number	S-6509-10-3
Facility Tank I.D.	Quinn Stock
Tank capacity (bbbl)	1,000
Tank diameter (ft)	21.2
Tank shell height (ft)	16
Conical or Dome Roof	Conical
Maximum Daily Fluid Throughput (bbbl/day)	825
Maximum Annual Fluid Throughput (bbbl/year)	301,125
Maximum Daily Oil Throughput (bbbl/day)	825
Maximum Annual Oil Throughput (bbbl/year)	---
Total Uncontrolled Daily Tank VOC Emissions (lb/day)	43.3
Total Uncontrolled Annual Tank VOC Emissions (lb/year)	15,807

POST-PROJECT TANK EMISSIONS (PE2)

Tank Input Data	
permit number (S-xxxx-xx-xx)	S-6509-10-4
facility tank I.D.	Quinn Stock
nearest city {1: Bakersfield, 2: Fresno, 3: Stockton}	1
tank ROC vapor pressure (psia)	0.5
liquid bulk storage temperature, T _b (°F)	140
is this a constant-level tank? {yes, no}	no
will flashing losses occur in this tank (only if first-line tank)? {yes, no}	no
breather vent pressure setting range (psi)	0.06
diameter of tank (feet)	21.2
capacity of tank (bbi)	1,000
conical or dome roof? {c, d}	c
shell height of tank (feet)	16
average liquid height (feet)	9
are the roof and shell the same color? {yes,no}	yes
For roof: color {1:Spec Al, 2:Diff Al, 3:Light, 4:Med, 5:Red, 6:White}	4
condition {1: Good, 2: Poor}	1
-----This row only used if shell is different color from roof-----	3
-----This row only used if shell is different color from roof-----	1

Liquid Input Data	A	B
maximum daily fluid throughput (bbi)		765
maximum annual fluid throughput (bbi)		279,225
-----This row only used if flashing losses occur in this tank-----		765
-----This row only used if flashing losses occur in this tank-----		279,225
molecular weight, M _w (lb/lb-mol)		100

Calculated Values	A	B
daily maximum ambient temperature, T _{ax} (°F)		77.65
daily minimum ambient temperature, T _{an} (°F)		53.15
daily total solar insolation factor, I (Btu/ft ² -day)		1648.9
atmospheric pressure, P _a (psia)		14.47
(psia)	121.4	0.9259
(psia)	110.6	0.6653
water vapor pressure at average liquid surface temperature (T _{la} , P _{va} (psia)	116.0	0.7903
roof outage, H _{ro} (feet)		0.2208
vapor space volume, V _v (cubic feet)		2548.88
paint factor, alpha		0.68
vapor density, W _v (lb/cubic foot)		0.0081
daily vapor temperature range, delta T _v (degrees Rankine)		49.04
vapor space expansion factor, K _e		0.0998

Results	lb/year	lb/day
Standing Storage Loss	751	2.06
Working Loss	13,961	38.25
Flashing Loss	N/A	N/A
Total Uncontrolled Tank VOC Emissions	14,712	40.3

Summary Table	
Permit Number	S-6509-10-4
Facility Tank I.D.	Quinn Stock
Tank capacity (bbi)	1,000
Tank diameter (ft)	21.2
Tank shell height (ft)	16
Conical or Dome Roof	Conical
Maximum Daily Fluid Throughput (bbi/day)	765
Maximum Annual Fluid Throughput (bbi/year)	279,225
Maximum Daily Oil Throughput (bbi/day)	765
Maximum Annual Oil Throughput (bbi/year)	---
Total Uncontrolled Daily Tank VOC Emissions (lb/day)	40.3
Total Uncontrolled Annual Tank VOC Emissions (lb/year)	14,712

APPENDIX E
Top-Down BACT Analysis

TOP DOWN BACT ANALYSIS

I. BACT Analysis for Steam Generator S-6509-30-0:

For steam generator S-6509-30-0, BACT is required for NO_x, SO_x, PM₁₀, and VOC.

Top-Down BACT Determination for NO_x Emissions

a. Step 1 - Identify All Possible Control Technologies

The District adopted District Rule 4320 on October 16, 2008. The NO_x emission limits requirements in District Rule 4320 are lower than the limits in BACT Guideline 1.2.1 (Steam Generator ≥ 5 MMBtu/hr, Oilfield), which has been rescinded. Therefore, a project specific BACT analysis will be performed to determine BACT for this project. District Rule 4320 includes a compliance option that limits oilfield steam generators with heat input ratings > 20.0 MMBtu/hr to 7 ppm @ 3% O₂. This emission limit will be considered Achieved in Practice control technology for the BACT analysis. District Rule 4320 also contains an enhanced schedule with initial and final limit options that allows applicants additional time to meet the requirements of the rule. The enhanced schedule allows for an initial NO_x emission limit of 9 ppmv @ 3% O₂ and a final limit of 5 ppmv @ 3% O₂. Since this is an enhanced option in the rule, the final limit of 5 ppmv @ 3% O₂ will be considered the Technologically Feasible control technology for the BACT analysis.

The SJVUAPCD BACT Clearinghouse Guideline 1.2.1 has been rescinded. Therefore, a new BACT analysis is required. The following are possible control technologies:

- 5 ppmvd @ 3% O₂ – Technologically Feasible
- 7 ppmvd @ 3% O₂ – Achieved in Practice

Step 2 - Eliminate Technologically Infeasible Options

None of the above listed technologies are technologically infeasible.

Step 3 - Rank Remaining Control Technologies by Control Effectiveness

1. 5 ppmvd @ 3% O₂ – Technologically Feasible
2. 7 ppmvd @ 3% O₂ – Achieved in Practice

Step 4 - Cost Effectiveness Analysis

The applicant has proposed to limit the NO_x emissions of the steam generator in this project to 7 ppmv @ 3% O₂; therefore a cost effective analysis is required.

SCR Emission Reductions

Assumptions:

- District standard emissions is the NO_x emission rate of 7 ppmv @ 3% O₂ (0.0084 lb/MMBtu) in accordance with Rule 4320.
- Unit's maximum emissions are defined by the burner size multiplied by the emissions rate and a maximum annual operating schedule of 8,760 hours.

SCR Capital Cost

Obtained from PCL Construction for project S1111824 (finalized on 2/17/12): \$745,000.00 (includes all purchased equipment, taxes, freight and installation of SCR for an 85 MMBtu/hr unit).

This cost will be adjusted to reflect the expected cost for a 22 MMBtu/hr capacity steam generator using the "six-tenths" method (see reference below). This cost scaling method is typically applied to costs for the same type of equipment (i.e., steam generators) utilized in a similar process or operation (i.e., steam generating) with a different capacity. The scaled cost is calculated as follows:

$$\begin{aligned}\text{Cost Adjustment Factor}^1 &= (\text{Capacity}_{\text{New}}/\text{Capacity}_{\text{Old}})^{0.60} \\ &= [(22 \text{ MMBtu/hr})/(85 \text{ MMBtu/hr})]^{0.60} \\ &= 0.44\end{aligned}$$

$$\text{Adjusted SCR Cost} = (\$745,000)(0.44) = \$327,800$$

¹ *Estimating Equipment Costs by Scaling: Cost Estimation (Chapter 4; Table 6), Plant Design and Economics for Chemical Engineers, McGraw-Hill, 1968.*

Equivalent Annual Capital Cost (CC):

$$A = (P) \left[\frac{i(1+i)^n}{(1+i)^n - 1} \right] \text{ where,}$$

A: Equivalent annual capital cost of the control equipment

P: Present value of the control equipment

i: Interest rate (District policy is to use 10%)

n: Equipment life (District policy is to use 10 years)

$$A = (\$327,800) \left[\frac{(0.1)(1+0.1)^{10}}{(1+0.1)^{10} - 1} \right] = \frac{\$53,348}{\text{yr}}$$

Emission Calculations:

Industry standard assumed to be a NO_x emission rate of 15 ppmv @ 3% O₂ in accordance with District Rule 4306.

A unit's maximum emissions are defined by the burner size multiplied by the emissions factor and a maximum annual operating schedule of 8,760 hr/year.

Calculations:

Industry Standard NO_x Emissions = 22 MMBtu/hr x 0.018 lb/MMBtu x 8,760 hrs/year
= 3469 lb/year

Tech. Feasible NO_x Emissions = 22 MMBtu/hr x 0.006 lb/MMBtu x 8,760 hrs/year
= 1156 lb/year

NOx reduction due to SCR:

Total reduction = Emissions_(15 ppmv) – Emissions_(5 ppmv)

Total reduction = 3469 lb/yr – 1156 lb/yr = 2313 lb/yr = 1.16 ton/yr

Cost Effectiveness:

Cost effectiveness = \$53,348/1.16 ton

Cost effectiveness = \$45,990/ton

The cost effectiveness is greater than the \$24,500/ton cost effectiveness threshold specified in the District BACT policy. Therefore, the use of SCR with ammonia injection is not cost effective and is not required as BACT.

Step 5 - Select BACT

BACT for NOx emissions from the oilfield steam generator is 7 ppmvd @ 3% O2. The applicant has proposed to install a steam generator with a NOx limit of 7 ppmvd @ 3% O2; therefore, BACT for NOx emissions is satisfied.

Top Down BACT Analysis for PM₁₀ Emissions:

Step 1 - Identify all control technologies

The SJVUAPCD BACT Clearinghouse Guideline 1.2.1 (Oilfield Steam Generators \geq 5 MMBtu/hr) has been rescinded. The District adopted District Rule 4320 on October 16, 2008. Therefore, a project specific BACT analysis will be performed to determine BACT for this project.

Rule 4320 requires SO_x and PM₁₀ control by complying with SO_x limits. The rule specified that the sulfur content of the fuel be limited to no more than 5 grains/100 scf, or fire the unit with PUC-quality natural gas, commercial propane, butane, or liquefied petroleum gas, or a combination of such gases, or operate an emissions control system that reduces SO₂ emissions by at least 95% by weight or limit exhaust SO₂ to less than or equal to 9 ppmv corrected to 3.0% O₂. The following can be considered BACT and are technologically possible options:

- 1) PUC Natural gas, commercial propane, butane, or liquefied petroleum gas, or a combination of such gases. (Achieved in Practice).
- 2) Limit sulfur content of the fuel to no more than 5 grains/100 scf.
- 3) Operate an emissions control system that reduces SO₂ emissions by at least 95% by weight or limit exhaust SO₂ to less than or equal to 9 ppmv corrected to 3.0% O₂

Step 2 - Eliminate Technologically Infeasible Options

All control options are technologically feasible.

Step 3 - Rank Remaining Control Technologies by Control Effectiveness

- 1) PUC Natural gas, commercial propane, butane, or liquefied petroleum gas, or a combination of such gases. (Achieved in Practice).
- 2) Limit sulfur content of the fuel to no more than 5 grains/100 scf.
- 3) Operate an emissions control system that reduces SO₂ emissions by at least 95% by weight or limit exhaust SO₂ to less than or equal to 9 ppmv corrected to 3.0% O₂

Step 4 - Cost Effectiveness Analysis

The applicant has proposed to use natural gas fuel with a sulfur content no more than 5 grains/100 scf for the steam generator, which meets the most stringent emission requirements of BACT. Therefore, BACT is satisfied and a cost effective analysis does not need to be performed.

Step 5 - Select BACT

The applicant has proposed the use of natural gas as a primary fuel with a sulfur content not to exceed 1 gr-S/100 scf. This proposal is selected as BACT for SO_x and PM₁₀ emissions; therefore, BACT for SO_x and PM₁₀ emissions is satisfied.

Top Down BACT Analysis for VOC Emissions:

Step 1 - Identify All Possible VOC Control Technologies

The SJVUAPCD BACT Clearinghouse Guideline 1.2.1 (Oilfield Steam Generators \geq 5 MMBtu/hr) has been rescinded. The District adopted District Rule 4320 on October 16, 2008. Therefore, a project specific BACT analysis will be performed to determine BACT for this project.

The SJVAPCD BACT Clearinghouse Guideline 1.2.1 identifies the following technologies:

- 1) Natural gas fuel with LPG backup - Achieved-In-Practice

Step 2 - Eliminate Technologically Infeasible Options

None of the above listed technologies are technologically infeasible.

Step 3 - Rank Remaining Control Technologies by Control Effectiveness

- 1) Natural gas fuel with LPG backup - Achieved-In-Practice

Step 4 - Cost Effectiveness Analysis

The applicant has proposed the use of natural gas fuel for the steam generator in this project. Since the applicant has chosen the most effective control technology in step 3, a cost effectiveness analysis is not required.

Step 5 - Select BACT

BACT for VOC emissions from the steam generator in this project is natural gas fuel. The applicant has proposed natural gas fuel; therefore BACT for VOC emissions is satisfied.

APPENDIX F
HRA/AAQA

San Joaquin Valley Air Pollution Control District Risk Management Review

To: Steve Davidson – Permit Services
 From: Trevor Joy – Technical Services
 Date: March 11, 2013
 Facility Name: Hathaway, LLC
 Location: HOCSS
 Application #(s): S-6509-10-4
 Project #: 1130396

A. RMR SUMMARY

Categories	Steam Generator (Units 10-4)	Project Totals	Facility Totals
Prioritization Score	0.3	0.3	0.7
Acute Hazard Index	NA ¹	NA ¹	NA ¹
Chronic Hazard Index	NA ¹	NA ¹	NA ¹
Maximum Individual Cancer Risk (10⁻⁶)	NA ¹	NA ¹	NA ¹
T-BACT Required?	No		
Special Permit Conditions?	Yes		

¹The facility score was less than 1. No further analysis was required.

Proposed Permit Conditions

To ensure that human health risks will not exceed District allowable levels; the following permit conditions must be included for:

Unit 10-4

3. 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]
4. Steam Generator must be at least 50 feet from the property boundary.

B. RMR REPORT

I. Project Description

Technical Services received a request on March 7, 2013 to perform a Risk Management Review and AAQA for unit 10-4, a NG/Waste Gas steam generator.

II. Analysis

Toxic emissions for this proposed unit were calculated using 'Petroleum Steam Generators-Natural Gas & CVRG' emission factors. In accordance with the District's Risk Management Policy for Permitting New and Modified Sources (APR 1905, March 2, 2001), risks from the proposed unit's toxic emissions were prioritized using the procedure in the 1990 CAPCOA Facility Prioritization Guidelines and incorporated in the District's HEARTs database. The prioritization score for this proposed unit was less than 1 (see RMR Summary Table). Therefore, no further analysis was necessary.

The following parameters were used for the review:

Analysis Parameters Unit 10-4			
Source Type	Point	Location Type	Rural
Stack Height (m)	4.8	Closest Receptor (m)	15
Stack Diameter. (m)	0.61	Fuel Usage (MMBtu/hr)	22
Stack Exit Velocity (m/s)	11.48	Fuel Usage (MMBtu/yr)	192,720
Stack Exit Temp. (°K)	644	Fuel Type	NG/Waste Gas
Rain Cap/Pressure Plate	No	Exhaust Discharge	Vertical

AAQA:

Technical Services also performed modeling for criteria pollutants CO, NOx, Sox, PM₁₀, and PM_{2.5}; as well as the RMR. The emissions rates used for criteria pollutant modeling were:

Unit 10-4	NOx	Sox	CO	PM10	PM2.5
Lbs/hr	0.176	0.063	0.814	0.167	0.167
Lbs/yr	1542	549	7131	1465	1465

The results from the Criteria Pollutant Modeling are as follows:

Criteria Pollutant Modeling Results*

Steam Generator	1 Hour	3 Hours	8 Hours.	24 Hours	Annual
CO	Pass	X	Pass	X	X
NO _x	Pass ¹	X	X	X	Pass
SO _x	Pass ²	Pass	X	Pass	Pass
PM ₁₀	X	X	X	Pass ³	Pass ³
PM _{2.5}	X	X	X	Pass ³	Pass ³

*Results were taken from the attached PSD spreadsheet.

¹The project was compared to the 1-hour NO₂ National Ambient Air Quality Standard that became effective on April 12, 2010 using the District's approved procedures. The criteria pollutant 1-hour value passed using TIER I NO₂ NAAQS modeling

²The project was compared to the 1-hour SO₂ National Ambient Air Quality Standard that became effective on August 23, 2010 using the District's approved procedures.

³The maximum predicted concentration for emissions of these criteria pollutants from the proposed unit are below EPA's level of significance as found in 40 CFR Part 51.165 (b)(2).

III. Conclusion

The criteria modeling runs indicate the emissions from the project will not cause or significantly contribute to a violation of a State or National AAQS.

The prioritization score is less than 1.0. **In accordance with the District's Risk Management Policy, the project is approved without Toxic Best Available Control Technology (T-BACT).**

These conclusions are based on the data provided by the applicant and the project engineer. Therefore, this analysis is valid only as long as the proposed data and parameters do not change.

IV. Attachments

- A. RMR request from the project engineer
- B. Toxic emissions summary
- C. Prioritization score
- D. Facility Summary
- E. AAQA

APPENDIX G
Compliance Certification

RECEIVED

FEB 19 2013

SJVAPCD
Southern Region

February 14, 2013

Mr. Leonard Scandura
Permit Services Manager
San Joaquin Valley Unified
Air Pollution Control District
34946 Flyover Ct.
Bakersfield, CA 93308

Subject: Federal Major Modification Compliance Certification

(Hathaway, LLC) RWK 2-20-13

Dear Mr. Scandura:

I hereby certify that all major Stationary Sources owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in California, which are subject to emission limitations, are in compliance or on a schedule for compliance with all applicable emission limitations and standards.



Signature

Title

Member Manager

APPENDIX H

GHG Calculations

GHG Calculations

Basis and Assumptions

- The steam generator is fired with natural gas at a rate of 85 MMBtu/hour (HHV)
- The steam generator operates 8,760 hours per year and is in commercial/institutional service
- Emission factors are taken from 40 CFR Part 98, Subpart A, Table C-1 and C-2 and global warming potentials (GWP) are taken from 40 CFR Part 98, Subpart A, Table A-1:

CO₂ 117 lb/MMBtu
CH₄ 0.002 lb/MMBtu
N₂O 0.0002 lb/MMBtu

GWP for CH₄ = 21 lb-CO₂(eq) per lb-CH₄
GWP for N₂O = 310 lb-CO₂(eq) per lb-N₂O

Calculations

Hourly Emissions

CO₂ Emissions = 22 MMBtu/hr x 117 lb/MMBtu = 2574 lb-CO₂(eq)/hour
CH₄ Emissions = 22 MMBtu/hr x 0.002 lb/MMBtu x 21 lb-CO₂(eq) per lb-CH₄
= 0.9 lb-CO₂(eq)/hour
N₂O Emissions = 22 MMBtu/hr x 0.0002 lb/MMBtu x 310 lb-CO₂(eq) per lb-N₂O
= 1.4 lb-CO₂(eq)/hour

Total = 2574 + 0.9 + 1.4 = 2576 lb-CO₂(eq)/hour

Annual Emissions

2574 lb-CO₂(eq)/hour x 8,760 hr/year ÷ 2,000 lb/ton
= **11,274 short tons-CO₂e/year**

11,274 short tons-CO₂e/year x 0.9072 metric tons/short ton
= **10,228 metric tons-CO₂e/year**

This exceeds the District's threshold of 230 metric tons of CO₂ equivalent. To address the potential increase in GHG emissions, the applicant is proposing to comply with the best performance standard (BPS) developed by the District for steam generators.

The proposed steam generator will utilize high efficiency variable speed drive electric motors and a bare tube area exceeding 235 ft²/MMBtu/hr of heat input (the unit will have 20,450 ft² + 85 MMBtu/hr = 240 ft²/MMBtu/hr of heat input). BPS conditions will be included in the ATC to ensure compliance with the GHG requirements.

APPENDIX D
Federal Major Modification Calculations

S-6509-10-4:

Assumptions;

BAE = 169 lb-VOC/yr (per applicant)

PAE = 169 lb-VOC/yr (per applicant)

BAE = 0

Emission Increase = PAE - BAE - UBC

Emission Increase = 169-169 -0 = 0 lb-VOC/yr

S-6509-30-0:

Emission Increase = PE2

S-6509-30-0	
PE2	
	Emission Increase (lb/year)
VOC	1060

APPENDIX I

Draft ATCs

San Joaquin Valley
Air Pollution Control District

AUTHORITY TO CONSTRUCT

PERMIT NO: S-6509-10-4

ISSUANCE DATE: DRAFT

LEGAL OWNER OR OPERATOR: HATHAWAY LLC
MAILING ADDRESS: PO BOX 81385
BAKERSFIELD, CA 93380-1385

LOCATION: HEAVY OIL CENTRAL

SECTION: NW15 TOWNSHIP: 25S RANGE: 27E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 1000 BBL BOLTED, FIXED ROOF CRUDE OIL SHIPPING/STOCK TANK (QUINN LEASE): LOWER THROUGHPUT TO 765 BBL PER DAY

CONDITIONS

1. To maintain status as a small producer, permittee's crude oil production shall average less than 6000 bbl/day from all operations within Kern County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rules 3020 & 4623]
2. Throughput shall not exceed 765 bbl/day. [District Rule 2201]
3. This tank shall only store, place, or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions. [District Rules 2201 and 4623]
4. 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 Rule 4623]
5. 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 Rule 4623]
6. 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]

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

8-6509-10-4: Mar 14 2013 7:28AM - TORID : Joint Inspection NOT Required

Southern Regional Office • 34946 Flyover Court • Bakersfield, CA 93308 • (661) 392-5500 • Fax (661) 392-5585

7. 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 Rule 4623]
8. Instead of testing each uncontrolled fixed roof tank, the permittee may conduct a TVP test of the organic liquid stored in a representative tank provided the requirements of Sections 6.2.1.1.1 through 6.2.1.1.5 of Rule 4623 are met. [District Rule 4623]
9. 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]
10. 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. [District Rule 2201 and 4623]
11. 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 and 4623]
12. ATC S-6509-10-3 shall be implemented prior to or concurrently with this ATC. [District Rule 2201]

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San Joaquin Valley
Air Pollution Control District

AUTHORITY TO CONSTRUCT

ISSUANCE DATE: DRAFT
DRAFT

PERMIT NO: S-6509-30-0

LEGAL OWNER OR OPERATOR: HATHAWAY LLC
MAILING ADDRESS: PO BOX 81385
BAKERSFIELD, CA 93380-1385

LOCATION: HEAVY OIL CENTRAL

EQUIPMENT DESCRIPTION:

22 MMBTU/HR GAS/TEOR GAS FIRED STEAM GENERATOR WITH A COEN QLN-II BURNER AND FGR AUTHORIZED TO OPERATE AT VARIOUS SPECIFIED LOCATIONS

CONDITIONS

1. {3804} The permittee shall not emit more than one half of the major source threshold based on a rolling 12-month summary of actual emissions. [District Rule 2530, 6.1]
2. {3805} The permittee shall maintain a record of the rolling 12-month summary of actual emissions from permitted operations. This record shall be kept on site and made available to the District upon request. [District Rule 2530, 6.1]
3. This unit is authorized to operate in the following sections: Sections 9, 10 and 15 and 22 of T28S, R27E; Sections 19, 20 and 28 of T27S, R27E; Section 3 of T28S, R27E; Section 36 of T29S, R30E and Section 19 of T30S, R29E. [District Rule 4102]
4. Steam generator must be at least 50 feet from the property boundary. [District Rule 4102]
5. {1898} 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]
6. {4576} This unit shall be equipped with horizontal convection section with at least 235 square feet of bare tube surface area (or thermodynamically equivalent number of square feet of finned tube) per MMBtu/hr of heat input or a manufacturer's overall thermal efficiency rating of 88%. [Public Resources Code 21000-21177: California Environmental Quality Act]
7. {4577} This unit shall be equipped with variable frequency drive high efficiency electrical motors driving the air blower and water pump. Documentation showing this unit is so equipped shall be retained on site. [Public Resources Code 21000-21177: California Environmental Quality Act]

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

DRAFT

DAVID WARNER, Director of Permit Services

S-6509-30-0 : Mar 20 2013 10:21AM - TORID : Joint Inspection NOT Required

8. {4578} Documentation (manufacturer specification, District calculation, or other approved documentation) describing how this unit meets the California Environmental Quality Act (CEQA conditions listed on this permit) shall be retained on site. [Public Resources Code 21000-21177: California Environmental Quality Act]
9. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO₂, nor 10 lb/hr. [District Rules 4201, 4301, 5.1 and 5.2.3]
10. 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]
11. Emission rates shall not exceed any of the following: NO_x (as NO_x): 7 ppmvd @ 3% O₂ or 0.008 lb/MMBtu; SO_x: 0.00285 lb/MMBtu; PM₁₀: 0.0076 lb/MMBtu; CO: 50 ppmvd @ 3% O₂ or 0.0370 lb-CO/MMBtu; or VOC: 0.0055 lb/MMBtu. [District Rules 2201 and 4320]
12. Permittee shall maintain records of duration of each start-up and shutdown for a period of five years and make such records readily available for District inspection upon request. [District Rule 4320]
13. A source test to demonstrate compliance with NO_x and CO emission limits shall be performed within 60 days of startup of this unit. [District Rules 2201 and 4320]
14. Source testing to measure natural gas-combustion NO_x and CO emissions from this unit shall be conducted at least once every twelve (12) months (no more than 30 days before or after the required annual source test date). After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months (no more than 30 days before or after the required 36-month source test date). 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]
15. 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]
16. 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 2201, 4305, 4306 and 4320]
17. The following test methods shall be used: NO_x (ppmv) - EPA Method 7E or ARB Method 100, NO_x (lb/MMBtu) - EPA Method 19; CO (ppmv) - EPA Method 10 or ARB Method 100; Stack gas oxygen (O₂) - EPA Method 3 or 3A or ARB Method 100; stack gas velocities - EPA Method 2; Stack gas moisture content - EPA Method 4; SO_x - EPA Method 6C or 8 or ARB Method 100; fuel gas sulfur as H₂S content - EPA Method 11 or 15; and fuel hhv (MMBtu) - ASTM D 1826 or D 1945 in conjunction with ASTM D 3588. [District Rule 2201, 4305, 4306, 4320]
18. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305, 4306 and 4320]
19. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081]
20. The permittee shall monitor and record the stack concentration of NO_x, 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]
21. If the NO_x or CO concentrations corrected to 3%, as measured by the portable analyzer, exceed the applicable emission limit, 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 4102, 4305, 4306 and 4320]

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CONDITIONS CONTINUE ON NEXT PAGE

22. All NO_x, CO, and O₂ 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 NO_x, CO, and O₂ 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 sample 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 4102, 4305, 4306 and 4320]
23. The permittee shall maintain records of: (1) the date and time of NO_x, CO and O₂ measurements, (2) the O₂ concentration in percent by volume and the measured NO_x 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]
24. 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. Unless otherwise specified in the PTO, 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 4320. For the purposes of permittee-performed alternate monitoring, emissions measurements may be performed at any time after the unit reaches conditions representative of normal operation. [District Rules 4305, 4306 and 4320]
25. Shorter time periods for demonstration of compliance after startup or re-ignition may be approved by the APCO by submittal of appropriate technical justification upon implementation of this ATC. [District Rule 2201]
26. PUC quality natural gas is any gaseous fuel where the sulfur content is no more than one-fourth (0.25) grain of hydrogen sulfide per one hundred (100) standard cubic feet, no more than five (5) grains of total sulfur per one hundred (100) standard cubic feet, and at least 80% methane by volume. [District Rule 4320]
27. If the steam generator is not fired on PUC-regulated natural gas and compliance is achieved through fuel sulfur content limitations, then the sulfur content of the fuel shall be determined by testing sulfur content at a location after all fuel sources are combined prior to incineration, or by performing mass balance calculations based on monitoring the sulfur content and volume of each fuel source. The sulfur content of the fuel shall be determined using the test methods referenced in this permit. [District Rule 4320]
28. When complying with sulfur emission limits by fuel analysis or by a combination of source testing and fuel analysis, permittee shall demonstrate compliance at least annually. [District Rule 4320]
29. If the unit is fired on PUC-regulated natural gas, valid purchase contracts, supplier certifications, tariff sheets, or transportation contracts may be used to satisfy the fuel sulfur content analysis, provided they establish the fuel sulfur concentration and higher heating value. [District Rule 4320]
30. 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]
31. The permittee shall obtain written District approval for the use of any equivalent equipment not specifically approved by this ATC. Approval of the equivalent equipment shall be made in writing and only after the District's determination that the submitted design and performance of the proposed alternative equipment is equivalent to the authorized equipment. [District Rule 2010]
32. The permittee's request for approval of equivalent equipment shall include the make, model, manufacturer's maximum rating, manufacturer's guaranteed emissions rates, equipment drawing(s) and operational characteristics/parameters. [District Rule 2010]
33. ATC S-6509-10-3 shall be implemented prior to or concurrently with this ATC. [District Rule 2201]

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