



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT



HEALTHY AIR LIVING™

JUL 15 2013

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

**Re: Final - Authority to Construct / COC (Significant Mod)
District Facility # S-37
Project # 1130397**

Dear Mr. Hicks:

The Air Pollution Control Officer has issued Authorities to Construct (S-37-38-10 and '149-0) with Certificates of Conformity to Kern Oil & Refining Co at 7724 E Panama Lane, Bakersfield. The project authorizes a new LPG Recovery Unit and modifies Solvent Unit S-37-38. Enclosed are the Authorities to Construct and a copy of the notice of final action to be published approximately three days from the date of this letter.

Notice of the District's preliminary decision to issue the Authority to Construct permit was published on June 7, 2013. The District's analysis of the proposal was also sent to CARB and US EPA Region IX on June 4, 2013. No comments were received following the District's preliminary decision on this project.

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

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

Sincerely,

David Wamer
Director of Permit Services

DW:RE/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

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

Newspaper notice for publication in Bakersfield Californian and for posting on valleyair.org

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

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Air Pollution Control District has made its final decision to issue Authorities to Construct to Kern Oil & Refining Co at 7724 E Panama Lane, Bakersfield, California. The project authorizes a new LPG Recovery Unit and modifies Solvent Unit S-37-38.

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

The District's analysis of the legal and factual basis for this proposed action, project #1130397, is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm, the SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT, 34946 FLYOVER COURT, BAKERSFIELD, CA 93308, and at any other District office. For additional information, please contact the District at (661) 392-5500.



AUTHORITY TO CONSTRUCT

PERMIT NO: S-37-38-10

ISSUANCE DATE: 07/10/2013

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

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

SECTION: 25 **TOWNSHIP:** 30S **RANGE:** 28E

EQUIPMENT DESCRIPTION:

MODIFICATION OF SOLVENT UNIT INCLUDING: NAPHTHA FRACTIONATOR (V-1), LIGHT SOLVENT FRACTIONATOR (V-3), V M & P NAPHTHA FRACTIONATOR (V-5), MINERAL SPIRITS FRACTIONATOR (V-7), 4 REFLUX DRUMS (V-2, V-4, V-6 AND V-8) AND 3,750,000 BTU/HR GAS FIRED FIRE TUBE HEATER (H-1); DELETE NAPHTHA FRACTIONATOR (V-1), LIGHT SOLVENT FRACTIONATOR (V-3), V M & P NAPHTHA FRACTIONATOR (V-5), MINERAL SPIRITS FRACTIONATOR, V-2, V-4, V-6 REFLUX DRUMS FOR REUSE IN LPG RECOVERY UNIT S-37-149-0, DELETE RULE 4455 CONDITIONS (INCLUDED ON '0-0 PERMIT), CHANGE PERMIT NAME FROM SOLVENT UNIT TO SPLITTER UNIT

CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District Rule 2201] Federally Enforceable Through Title V Permit
2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. Heater shall be fired on purchased natural gas or refinery fuel gas only. [District NSR Rule] Federally Enforceable Through Title V Permit
4. Reflux drum V-8 shall vent only to vapor control system on permit S-37-8. [District NSR Rule] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 392-5500 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO

DAVID WARNER, Director of Permit Services

S-37-38-10, Jul 10 2013 9:55AM - EDGHELR Joint Inspection NOT Required

5. There shall be no pressure relief valves or vents designed to emit air contaminants to the atmosphere. [District NSR Rule] Federally Enforceable Through Title V Permit
6. There shall be no leaks of 10,000 ppmv or greater of any pressure relief devices installed as part of the unit. [District Rule 2201] Federally Enforceable Through Title V Permit
7. Sampling facilities for source testing shall be provided in accordance with the provisions of Rule 1081 (Source Sampling). [District Rule 1081] Federally Enforceable Through Title V Permit
8. Heater shall be equipped with fuel flowrate indicator. [District NSR Rule] Federally Enforceable Through Title V Permit
9. If splitter unit plant produces odoriferous wastewater, such wastewater shall not be transported in open system or disposed of in open air site(s). [District NSR Rule] Federally Enforceable Through Title V Permit
10. This permit to operate does not authorize steam production increase over S-37-6 permit limit. [District NSR Rule] Federally Enforceable Through Title V Permit
11. Fuel gas sulfur content (as H₂S) shall not exceed 0.10 gr/ dscf (160 ppmv) over a three hour rolling average and shall be continuously monitored and recorded. [40 CFR 60, Subpart J, 60.104] Federally Enforceable Through Title V Permit
12. Heater shall operate with no emissions in excess of 5% opacity or source testing shall be required to document emission rates. [District NSR Rule] Federally Enforceable Through Title V Permit
13. Heater shall not be fired at greater than 3.75 MMBtu/hr heat input rate. [District NSR Rule] Federally Enforceable Through Title V Permit
14. Emissions from fugitive emissions components shall not exceed 52.1 lb/day. [District Rule 2201] Federally Enforceable Through Title V Permit
15. Emission rates shall not exceed any of the following limits: PM₁₀: 0.06 lb/hr, SO_x (as SO₂): 1.89 lb/hr, NO_x (as NO₂): 0.55 lb/hr, VOC: 3.91 lb/hr or CO: 0.14 lb/hr. [District NSR Rule] Federally Enforceable Through Title V Permit
16. Particulate matter emissions shall not exceed 0.1 grain/dscf. Emissions of combustion contaminants shall not exceed 0.1 grain per cubic foot of gas calculated to 12% CO₂ at dry standard conditions. Emissions of combustion contaminants shall not exceed ten (10) pounds per hour. [District Rules 4201, 3.1 and 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
17. Emissions of sulfur compounds from this unit shall not exceed 200 lb per hour, calculated as SO₂. [District Rule 2520, 9.3.2; District Rule 4301, 5.2.1] Federally Enforceable Through Title V Permit
18. The concentration of sulfur compounds in the exhaust from this unit shall not exceed 0.2% by volume as measured on a dry basis over a 15 minute period. [District Rule 2520, 9.3.2; Kern County Rule 407; District Rule 4801] Federally Enforceable Through Title V Permit
19. Compliance with sulfur compound emission limits may be demonstrated by firing this unit either on PUC or FERC regulated natural gas or refinery gas with a sulfur content of no more than 0.1 grain-H₂S/dscf (160 ppmv) according to the continuous H₂S monitor installed downstream of the sulfur recovery unit. [District Rules 4301, 4801 and 2520, 9.3.2] Federally Enforceable Through Title V Permit
20. Operator shall report all rolling 3-hour periods during which the average concentration of H₂S as measured by the H₂S continuous monitoring system exceeds 0.10 gr/dscf (160 ppmv). [40 CFR Part 60, Subpart J, 60.105(e)(3)(ii)] Federally Enforceable Through Title V Permit
21. Operator shall determine compliance with the H₂S standard using EPA Method 11. [40 CFR Part 60, Subpart J, 60.106(e)] Federally Enforceable Through Title V Permit
22. The permittee shall comply with all applicable notification, recordkeeping and monitoring requirements of Rule 4001. [District Rule 4001] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



AUTHORITY TO CONSTRUCT

PERMIT NO: S-37-149-0

ISSUANCE DATE: 07/10/2013

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

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

EQUIPMENT DESCRIPTION:

4 MMSCF/DAY LPG RECOVERY UNIT INCLUDING CHARGE AND REFRIGERATION COMPRESSORS, 1ST AND 2ND STAGE MEMBRANES, SOLID PHASE DRYERS A AND B (MOLECULAR SIEVE), EVAPORATIVE COOLER, DEETHANIZER COLUMN (V-3) DEETHANIZER REFLUX DRUM (V-4) DEPROPANIZER COLUMN (V-5) DEPROPANIZER REFLUX DRUM (V-6), DEBUTANIZER COLUMN (V-1), AND DEBUTANIZER REFLUX DRUM (V-2)

CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District Rule 2201] Federally Enforceable Through Title V Permit
2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. The permittee shall obtain written District approval for the use of any equivalent equipment not specifically approved by this Authority to Construct. Approval of the equivalent equipment shall be made only after the District's determination that the submitted design and performance of the proposed alternate equipment is equivalent to the specifically authorized equipment. [District Rule 2201] Federally Enforceable Through Title V Permit
4. The permittee's request for approval of equivalent equipment shall include the make, model, manufacturer's maximum rating, manufacturer's guaranteed emission rates, equipment drawing(s), and operational characteristics/parameters. [District Rule 2010] Federally Enforceable Through Title V Permit
5. Alternate equipment shall be of the same class and category of source as the equipment authorized by the Authority to Construct. [District Rule 2201] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

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Seyed Sadredin, Executive Director / APCO


DAVID WARNER, Director of Permit Services
S-37-149-0; Jul 10 2013 8:55AM - EDGEHLR : Joint Inspection NOT Required

6. No emission factor and no emission shall be greater for the alternate equipment than for the proposed equipment. No changes in the hours of operation, operating rate, throughput, or firing rate may be authorized for any alternate equipment. [District Rule 2201] Federally Enforceable Through Title V Permit
7. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants into the atmosphere. [District NSR Rule] Federally Enforceable Through Title V Permit
8. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
9. LPG and pentane liquid products shall be sent to existing storage facilities. [District Rule 2201]
10. Total fugitive emissions rate from valves, pumps, flanges, others, and connectors from components in this permit unit shall be periodically calculated as described below using the California Implementation Guidelines for Estimating Mass Emissions of Fugitive Hydrocarbon Leaks at Petroleum Facilities (February 1999), Table IV-3a:CAPCOA-Revised 1995 EPA Correlation Equations and Factors for Refineries and Marketing Terminals (as described in the following conditions) and shall not exceed 27.7 lb/day. [District Rules 2201 and 4102] Federally Enforceable Through Title V Permit
11. A leak shall be defined as a reading of methane, in excess of 100 ppmv for valves and connectors and in excess of 500 ppmv for pump and compressor seals above background when measured per EPA Method 21 and an Inspection and Maintenance Program pursuant to District Rule 4455. [District Rule 2201] Federally Enforceable Through Title V Permit
12. Permit holder shall maintain accurate records of component counts and resultant emissions according to CAPCOA's "California Implementation Guidelines for Estimating Mass Emissions of Fugitive Hydrocarbon Leaks at Petroleum Facilities," Table IV-3a (Feb 1999), CAPCOA-Revised 1995 EPA Correlation Equations and Factors for Refineries and Marketing Terminals. Permit holder shall update such records when new components are installed. Components shall be screened and leak rate shall be measured at least once each quarter. If compliance with the daily emission limit is shown during each of five (5) consecutive quarterly inspections, the inspection frequency may be changed from quarterly to annual. If any annual inspection shows non-compliance with the daily emission limit, then quarterly inspections shall be resumed. [District Rule 2201] Federally Enforceable Through Title V Permit
13. All records shall be maintained and retained on-site for a period of at least 5 years and shall be made available for District inspection upon request. [District Rule 1070] Federally Enforceable Through Title V Permit
14. Prior to operating equipment under this Authority to Construct, permittee shall surrender VOC emission reduction credits for the following quantity of emissions: 1st quarter - 394 lb, 2nd quarter - 394 lb, 3rd quarter - 394 lb, and fourth quarter - 394 lb. These amounts include the applicable offset ratio specified in Rule 2201 Section 4.8 (as amended 4/21/11) for the ERC specified below. [District Rule 2201] Federally Enforceable Through Title V Permit
15. ERC Certificate Number S-3944-1 (or a certificate split from this certificate) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct. [District Rule 2201] Federally Enforceable Through Title V Permit