



SEP 15 2015

Howard Caywood
KMD Operating Company
5400 Rosedale Hwy
Bakersfield, CA 93308

RE: Notice of Final Action - Authority to Construct
Facility Number: C-7671
Project Number: C-1151821

Dear Mr. Caywood:

The Air Pollution Control Officer has issued the Authority to Construct permit to KMD Operating Company for modifications of a flare, in western, Fresno County. Enclosed are the Authority to Construct permit 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 July 22, 2015. The District's analysis of the proposal was also sent to CARB on July 17, 2015. No comments were received following the District's preliminary decision on this project.

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

Sincerely,

Arnaud Marjollet
Director of Permit Services

AM:rue/nc

Enclosures

cc: Mike Tollstrup, CARB (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



Facility # C-7671
KMD OPERATING COMPANY LLC
2170 BUCKTHORNE PL - STE 240
THE WOODLANDS, TX 77380

AUTHORITY TO CONSTRUCT (ATC)

QUICK START GUIDE

1. **Pay Invoice.** Please pay enclosed invoice before due date.
2. **Fully Understand ATC.** Make sure you understand ALL conditions in the ATC prior to construction, modification and/or operation.
3. **Follow ATC.** You must construct, modify and/or operate your equipment as specified on the ATC. Any unspecified changes may require a new ATC.
4. **Notify District.** You must notify the District's Compliance Department, at the telephone numbers below, upon start-up and/or operation under the ATC. Please record the date construction or modification commenced and the date the equipment began operation under the ATC. You may NOT operate your equipment until you have notified the District's Compliance Department. A startup inspection may be required prior to receiving your Permit to Operate.
5. **Source Test.** Schedule and perform any required source testing. See http://www.valleyair.org/busind/comply/source_testing.htm for source testing resources.
6. **Maintain Records.** Maintain all records required by ATC. Records are reviewed during every inspection (or upon request) and must be retained for 5 years.

By operating in compliance, you are doing your part to improve air quality for all Valley residents.

**For assistance, please contact District Compliance staff at
any of the telephone numbers listed below.**

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AUTHORITY TO CONSTRUCT

PERMIT NO: C-7671-16-1

ISSUANCE DATE: 09/08/2015

LEGAL OWNER OR OPERATOR: KMD OPERATING COMPANY LLC
MAILING ADDRESS: 2170 BUCKTHORNE PL - STE 240
THE WOODLANDS, TX 77380

LOCATION: GAS PROCESSING PLANT
KETTLEMAN, CA

EQUIPMENT DESCRIPTION:

MODIFICATION OF KANE MODEL KHE 7000 COANDA EFFECT FLARE: INCREASE DAILY AND ANNUAL FLARED GAS LIMITS FROM 1,198 MMBTU/DAY TO 3,672 MMBTU/YEAR AND FROM 107,640 MMBTU/DAY TO 260,000 MMBTU/YEAR

CONDITIONS

1. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants into the atmosphere. [District Rule 2201]
2. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
3. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201]
4. 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]
5. A flame shall be present at all times when combustible gases are vented through this flare. [District Rule 2201]
6. Sulfur compound concentration of gas combusted shall not exceed 1.0 gr S/100 scf (16.9 ppmv H2S). [District Rule 2201]
7. Flare shall not operate with visible emissions darker than 5% opacity or 1/4 Ringelmann for a period or periods aggregating more than three minutes in any one hour. [District Rule 2201]
8. Flare shall be equipped with total gas volume flow meter. [District Rule 2201]
9. Maximum amount of gas combusted shall not exceed 3,672 MMBtu/day. [District Rule 2201]
10. Maximum amount of gas combusted shall not exceed 260,000 MMBtu/yr. [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

YOU **MUST** NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (559) 230-5950 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO

Arnaud Marjollet, Director of Permit Services

C-7671-16-1 Sep 8 2015 2:15PM - EDGEHLR : Joint Inspection NDT Required

11. Emissions from the flare shall not exceed any of the following limits (based on total gas combusted): NO_x (as NO₂): 0.036 lb/MMBtu; PM₁₀: 0.008 lb/MMBtu; CO: 0.370 lb/MMBtu; or VOC: 0.063 lb/MMBtu. [District Rule 2201]
12. There shall be no leaks exceeding 10,000 ppmv from fugitive emissions components. [District Rule 2201]
13. Permittee shall maintain with the permit accurate fugitive component counts and resulting emissions calculated using California Implementation Guidelines for Estimating Mass Emissions of Fugitive Hydrocarbon Leaks at Petroleum Facilities < 10,000 ppmv screening value ranges emissions factors. [District Rule 2201]
14. VOC fugitive emissions from flare shall not exceed 0.4 lb/day. [District Rule 2201]
15. The sulfur content of the gas combusted shall be measured annually using a sample collected by a District witnessed, or authorized, ARB-certified testing laboratory. Such data shall be submitted to the District within 60 days of sample collection. [District Rules 1081 and 2201]
16. The sulfur content of the combusted gas shall be determined using ASTM test methods D-1072, D-3246, D-6228, or double GC for H₂S and Mercaptans. H₂S concentration (ppmv) of the gas shall be determined using ASTM test methods D-1072 or D-4084, using Draeger tube, or by gas supplier test data consistent with the natural gas fuel sulfur content test method listed in this permit. [District Rule 1081]
17. The higher heating value of the flared gas shall be monitored at least quarterly. [District Rules 1070 and 2201]
18. Measured heating value and quantity of gas flared shall be used to determine compliance with heat input limits. [District Rule 2201]
19. Permittee shall keep accurate records of daily and annual heat input to the flare in MMBtu/day and MMBtu/yr. [District Rule 2201]
20. Permittee shall comply with applicable monitoring, inspection, maintenance, recordkeeping, and reporting requirements of District Rule 4409 and 40 CFR Part 60 Subpart KKK. [District Rule 4409 and 40 CFR Part 60 Subpart KKK]
21. The operator shall maintain a copy of the latest APCO-approved Operator Management Plan (OMP) at the facility and make it available to the APCO, ARB, and US EPA upon request. [District Rule 4409]
22. By January 30 of each year, the operator shall submit to the APCO for approval, in writing, an annual report indicating any changes to the existing, approved OMP. [District Rule 4409]
23. In accordance with the approved OMP, the operator shall meet all applicable operating, inspection and re-inspection, maintenance, process pressure relief device (PRD), component identification, recordkeeping, and notification requirements of District Rule 4409 for all components containing or contacting VOCs at this facility except for those components specifically exempted in District Rule 4409. [District Rule 4409]
24. The operator shall maintain an inspection log that has been signed and dated by the facility operator responsible for the inspection, certifying the accuracy of the information recorded in the log. The inspection log shall contain, at a minimum, all of the following information: 1) The total number of components inspected, and the total number and percentage of leaking components found by component types; 2) The location, type, name or description of each leaking component and the description of any unit where the leaking component is found; 3) Date of the leak detection and method of the leak detection; 4) For gaseous leaks, record the leak concentration in ppmv, and for liquid leaks record whether the leak is a major liquid leak or a minor liquid leak; 5) The date of repair, replacement, or removal from operation of the leaking component(s); 6) The identification and location of essential components and critical components found leaking that cannot be repaired until the next process unit turnaround or not later than one year after leak detection, whichever comes first; 7) The method(s) used to minimize the leak from essential components and critical components found leaking that cannot be repaired until the next process unit turnaround or not later than one year after leak detection, whichever comes earlier; 8) The date of re-inspection and the leak concentration in ppmv after the component is repaired or is replaced; 9) The inspector's name, business mailing address, and business telephone number. [District Rule 4409]
25. Records of leaks detected during quarterly or annual operator inspections, and each subsequent repair and re-inspection, shall be submitted to the District, ARB, and EPA upon request. [District Rule 4409]

CONDITIONS CONTINUE ON NEXT PAGE

26. Records shall be maintained of each calibration of the portable hydrocarbon detection instrument utilized for inspecting components. The records shall include a copy of the current calibration gas certification from the vendor of the calibration gas cylinder, the date of calibration, the concentration of calibration gas, the instrument reading of calibration gas before adjustment, the instrument reading of calibration gas after adjustment, the calibration gas expiration date, and the calibration gas cylinder pressure at the time of calibration. [District Rule 4409]
27. Permittee shall keep accurate records of annual throughput, material usage, or other information necessary to demonstrate that facility emissions are less than 10 tons NO_x/yr and 10 tons VOC/yr for exemption from Rule 4311. [District Rule 4311]
28. All records required by this permit shall be maintained and retained on-site for a minimum of five (5) years and made available for District, ARB, and EPA inspection upon request. [District Rule 4409]