



SEP 20 2016

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

**Re: Final - Authority to Construct / Certificate of Conformity (Significant Mod)
District Facility # S-37
Project # 1161937**

Dear Mr. Hicks:

The Air Pollution Control Officer has issued an Authority to Construct (S-37-155-0) with a Certificate of Conformity to Kern Oil & Refining Company at 7724 E Panama Lane, Bakersfield, CA . The project authorizes an organic liquid transfer operation. Enclosed are the Authority 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 August 18, 2016. The District's analysis of the proposal was also sent to CARB and US EPA Region IX on August 12, 2016. No comments were received following the District's preliminary decision on this project.

Prior to operating with the 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. Application forms have been enclosed for your use. These forms may also be found on the District's website at www.valleyair.org.

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

Mr. Melinda Hicks
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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,



Arnaud Marjollet
Director of Permit Services

Enclosures

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



Facility # S-37
KERN OIL & REFINING CO.
7724 E PANAMA LANE
BAKERSFIELD, CA 93307-9210

AUTHORITY TO CONSTRUCT (ATC)

QUICK START GUIDE

1. **Pay Invoice:** Please pay enclosed invoice before due date.
2. **Modify Your Title V Permit.** Prior to operating the equipment authorized under this ATC, submit an application to modify your Title V permit. See application forms at <http://www.valleyair.org/busind/pto/ptoforms/1ptoformidx.htm>.
3. **Fully Understand ATC:** Make sure you understand ALL conditions in the ATC prior to construction, modification and/or operation.
4. **Follow ATC:** You must construct, modify and/or operate your equipment as specified on the ATC. Any unspecified changes may require a new ATC.
5. **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.
6. **Source Test:** Schedule and perform any required source testing. See http://www.valleyair.org/busind/comply/source_testing.htm for source testing resources.
7. **Maintain Records:** Maintain all records required by ATC. Records are reviewed during every inspection (or upon request) and must be retained for at least 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.**

Seyed Sadredin

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AUTHORITY TO CONSTRUCT

PERMIT NO: S-37-155-0

ISSUANCE DATE: 09/13/2016

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:
ORGANIC LIQUID TRANSFER RACK R

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. Prior to operating equipment under this Authority to Construct, permittee shall surrender VOC emission reduction credits for the following quantity of emissions: 1st quarter - 496 lb, 2nd quarter - 496 lb, 3rd quarter - 496 lb, and fourth quarter - 497 lb. Offsets include the applicable offset ratio specified in Section 4.8 of Rule 2201. [District Rule 2201] Federally Enforceable Through Title V Permit
4. ERC Certificate Number S-3693-1 (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
5. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102] 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

Arnaud Marjollet, Director of Permit Services

S-37-155-0, Sep 15 2016 2:48PM - EDGEHILR : Joint Inspection NOT Required

6. Transfer rack (unloading from trucks) shall be maintained and operated in accordance with the manufacturer's specifications, and operated such that there are no leaks or excess organic liquid drainage at disconnections as defined herein. [District Rule 4624] Federally Enforceable Through Title V Permit
7. This permit allows for leaks from components associated with the loadout operation (from facility to trucks) which is not subject to Rule 4624. [District Rules 2201 and 4724] Federally Enforceable Through Title V Permit
8. A leak is defined as the dripping of VOC-containing liquid at a rate of more than three (3) drops per minute; or for organic liquids other than gasoline, the detection of any gaseous or vapor emissions with a concentration of VOC greater than 1,000 ppmv above a background as methane when measured in accordance with the test method in Section 6.3.8; or for gasoline the detection of any gaseous or vapor emissions with a concentration of VOCs greater than 10,000 ppmv, as methane, above background when measured in accordance with the test method in Section 6.3.8. Any liquid or gas coming from a component undergoing repair or replacement, or during sampling of process fluid from equipment into a container is not considered a leak provided such activities are accomplished as expeditiously as possible and with minimal spillage of material and VOC emissions to the atmosphere. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit
9. Components associated with the loadout operation (from facility to trucks) shall be inspected quarterly and repaired within prescribed time frames under Rule 4624. [District Rules 2201 and 4624]
10. Excess Organic Liquid Drainage: more than (8) milliliters liquid drainage. Such liquid drainage for disconnect operations shall be determined by computing the average drainage from three consecutive disconnects at any one permit unit. [District Rules 2201 and 4624] Federally Enforceable Through Title V Permit
11. All liquids from the transfer operation (unloading from trucks) shall be routed to one of the following systems: a vapor collection and control system; a fixed roof container that meets the control requirements specified in Rule 4623 (Storage of Organic Liquids); a floating roof container that meets the control requirements specified in Rule 4623 (Storage of Organic Liquids); or a pressure vessel equipped with an APCO-approved vapor recovery system that meets the control requirements specified in Rule 4623 (Storage of Organic Liquids); or a closed VOC emission control system. [District Rules 4623 and 4624] Federally Enforceable Through Title V Permit
12. A floating roof container that meets the applicable control requirements of Section 5.0 of Rule 4623 (Storage of Organic Liquids) shall be considered not leaking when receiving unloaded liquids for compliance with Rule 4624. [District Rule 4624] Federally Enforceable Through Title V Permit
13. For this Class 1 organic liquid transfer operation (unloading from trucks), the emission of VOC from the transfer operation shall not exceed 0.08 pounds per 1,000 gallons of organic liquid transferred. [District Rule 4624] Federally Enforceable Through Title V Permit
14. TVP of liquids loaded out from Rack R (from facility to trucks) shall be less than 1.5 psia. [District Rule 4624] Federally Enforceable Through Title V Permit
15. Total number of disconnects shall not exceed 72 per day for unloading operations (from trucks to facility) and 3 per day for loading operation (from facility to trucks). [District Rule 2201] Federally Enforceable Through Title V Permit
16. VOC fugitive emissions from light liquid components shall not exceed 2.3 lb-VOC/day. [District Rule 2201] Federally Enforceable Through Title V Permit
17. Permittee shall maintain accurate component count and emissions calculated using CAPCOA Average Emission Factors for Marketing Terminals, from California Implementation Guidelines for Estimating Emissions of Fugitive Hydrocarbon Leaks at Marketing Terminals, Table IV-2b, February 1999. [District Rule 2201] Federally Enforceable Through Title V Permit
18. Permittee shall inspect the loading rack for leaks, during transfer at least once every calendar quarter using the test method prescribed in Section 6.3.8 of Rule 4624 or alternative method approved in writing by the APCO and EPA. [District Rule 4624] Federally Enforceable Through Title V Permit
19. An operator may apply for a written approval from the APCO to change the inspection frequency from quarterly to annually provided no leaks were found during the inspections required under provisions of Sections 5.9.1 and 5.9.2 of Rule 4624 during five consecutive quarterly inspections. Upon identification of any leak during an annual inspection the frequency shall revert back to quarterly and the operator shall contact the APCO in writing within 14 days. [District Rule 4624] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

20. Corrective steps shall be taken at any time the operator observes a leak or excess drainage at disconnect. All equipment found leaking shall be repaired or replaced within 72 hours. If the leaking component cannot be repaired or replaced within 72 hours, the component shall be taken out of service until such time the component is repaired or replaced. The repaired or replaced equipment shall be reinspected the first time the equipment is in operation after the repair or replacement. [District Rule 4624] Federally Enforceable Through Title V Permit
21. All inspections shall be documented with an inspection log. Inspection records shall include, at a minimum, 1) date of inspection, 2) location and description of any missing, loose, leaking, or damaged equipment and any malfunction requiring repair, 3) corrective steps taken to repair or replace the equipment, 4) test method and results for leak and drainage inspections, 5) location and description of any equipment to be inspected upon commencing operation after repair or replacement and 6) inspector name and signature. [District Rule 4624] Federally Enforceable Through Title V Permit
22. Permittee shall keep records of daily unloading rack (from trucks to facility) throughput and the results of any required leak inspections. [District Rule 4624] Federally Enforceable Through Title V Permit
23. Permittee shall keep records of daily number of truck loading and unloading (trucks to and from facility) disconnects. [District Rules 1070 and 2201] Federally Enforceable Through Title V Permit
24. The operator shall maintain daily records of the TVP of all material loaded out from Rack R (from facility to trucks). [District Rules 1070 and 4624] Federally Enforceable Through Title V Permit
25. Records shall be retained for a minimum of five years and shall be made readily available to the APCO, ARB, or EPA during normal business hours and submitted upon request to the APCO, ARB, or EPA. [District Rules 1070 and 4624] Federally Enforceable Through Title V Permit