

MAR 16 2020

Donald Kelly  
KelPetro Operating Company  
PO Box 3388  
Santa Monica, CA 90408

**RE: Notice of Final Action - Authority to Construct**  
**Facility Number: C-5870**  
**Project Number: C-1193168**

Dear Mr. Kelly:

The Air Pollution Control Officer has issued the Authority to Construct permits to KelPetro Operating Company for a new tank, in Fresno County. Enclosed are the Authority to Construct permits and a copy of the notice of final action that has been posted on the District's website ([www.valleyair.org](http://www.valleyair.org)).

Notice of the District's preliminary decision to issue the Authority to Construct permits was posted on January 22, 2020. The District's analysis of the proposal was also sent to CARB on January 22, 2020. No comments were received following the District's preliminary decision on this project.

Also enclosed is an invoice for the engineering evaluation fees pursuant to District Rule 3010. Please remit the amount owed, along with a copy of the attached invoice, within 60 days.

**Samir Sheikh**  
Executive Director/Air Pollution Control Officer

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**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. Donald Kelly  
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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

Enclosures

cc: Courtney Graham, CARB (w/ enclosure) via email



Facility # C-5870  
KELPETRO OPERATING INC.  
PO BOX 3388  
SANTA MONICA, CA 90408

## **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](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 at least 5 years. Sample record keeping forms can be found at [http://www.valleyair.org/busind/comply/compliance\\_forms.htm](http://www.valleyair.org/busind/comply/compliance_forms.htm).

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.**

**Samir Sheikh**  
Executive Director/Air Pollution Control Officer

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Tel: 661-392-5500 FAX: 661-392-5585



## AUTHORITY TO CONSTRUCT

PERMIT NO: C-5870-6-3

ISSUANCE DATE: 03/11/2020

LEGAL OWNER OR OPERATOR: KELPETRO OPERATING INC.  
MAILING ADDRESS: PO BOX 3388  
SANTA MONICA, CA 90408

LOCATION: GAS PRODUCTION  
FRESNO COUNTY, CA

SECTION: 26 TOWNSHIP: 17S RANGE: 19E

EQUIPMENT DESCRIPTION:  
MODIFICATION OF 500 BBL FIXED ROOF STOCK TANK - 15' D X 16' H: CHANGE TO WASH TANK (FONTES COURTNEY LEASE)

### CONDITIONS

1. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
2. This tank shall only store organic liquid with a true vapor pressure (TVP) of less than 5.0 psia under all storage conditions. [District Rule 2201]
3. Permittee's crude oil production shall average less than 6,000 bbl/day from all operations within Fresno County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rule 4623]
4. The tank shall be equipped with a fixed roof with no holes or openings. [District Rule 2201]
5. This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank, permanently labeled with the operating pressure settings, properly maintained in good operating order in accordance with the manufacturer's instructions, and shall remain in gas-tight condition except when the operating pressure exceeds the valve's set pressure. [District Rule 2201]
6. This tank shall be in a leak-free condition. A leak-free condition is defined as a condition without a gas leak. A leak-free condition is defined as a reading in excess of 10,000 ppmv, above background, as measured by a portable hydrocarbon detection instrument in accordance with the procedures specified in EPA Test Method 21. A reading in excess of 10,000 ppmv above background is a violation of this permit and Rule 4623. [District Rules 2201 and 4623]
7. Tank shall be operated at constant level. [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.

Samir Sheikh, Executive Director / APCO

Arnaud Marjollet, Director of Permit Services

C-5870-6-3 : Mar 11 2020 10:53AM - EDGEHLR : Joint Inspection NOT Required

8. Crude oil throughput shall not exceed 90 barrels per day based on a monthly average. [District Rule 4623]
9. VOC emission rate from the tank shall not exceed 2.4 lb/day. [District Rule 2201]
10. All piping, fittings, and valves on this tank shall be inspected annually by the facility operator in accordance with EPA Method 21, with the instrument calibrated with methane, to ensure compliance with the leaking provisions of this permit. [District Rule 4623]
11. Any component found to be leaking on two consecutive annual inspections is in violation of the District Rule 4623, even if it is under the voluntary inspection and maintenance program. [District Rule 4623, 5.7 (Table 3)]
12. 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 Rules 2201 and 4623]
13. 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]
14. For crude oil with an API Gravity greater than 26 degrees, the TVP of any organic liquid shall be determined by measuring the Reid Vapor Pressure (RVP) using ASTM D 323-94 (Test Method for Vapor Pressure for Petroleum Products), and converting the RVP to TVP at the tank's maximum organic liquid storage temperature. The conversion of RVP to TVP shall be done in accordance with the procedures in Appendix B of Rule 4623. Appendix B is an excerpt from the oil and gas section of "ARB Technical Guidance Document to the Criteria and Guidelines Regulation for AB 2588", dated August 1989. As an alternative to using ASTM D 323-94, the TVP of crude oil with an API gravity range of greater than 26 degrees up to 30 degrees may be determined by using other equivalent test methods approved by APCO, ARB and US EPA. [District Rule 4623]
15. 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]
16. 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]
17. 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]
18. Operator shall maintain an inspection log containing the following 1) Type of component leaking; 2) Date and time of leak detection, and method of detection; 3) Date and time of leak repair, and emission level of recheck after leak is repaired; 4) Method used to minimize the leak to lowest possible level within 8 hours after detection. [District Rule 2201]
19. 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 4623]
20. 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]



## AUTHORITY TO CONSTRUCT

PERMIT NO: C-5870-15-0

ISSUANCE DATE: 03/11/2020

LEGAL OWNER OR OPERATOR: KELPETRO OPERATING INC.

MAILING ADDRESS: PO BOX 3388  
SANTA MONICA, CA 90408

LOCATION: GAS PRODUCTION  
FRESNO COUNTY, CA

**EQUIPMENT DESCRIPTION:**

250 BBL FIXED ROOF STOCK TANK EQUIPPED WITH PV RELIEF VALVE (FONTES COURTNEY LEASE)

### CONDITIONS

1. PTO C-5870-5-0 shall be cancelled upon implementation of ATC. [District Rule 2201]
2. ATC shall be implemented concurrently with or subsequently to ATC C-5870-6-3. [District Rule 2201]
3. This tank shall only store organic liquid with a true vapor pressure (TVP) of less than 5.0 psia under all storage conditions. [District Rule 2201]
4. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
5. Permittee's crude oil production shall average less than 6,000 bbl/day from all operations within Fresno County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products. [District Rule 4623]
6. The tank shall be equipped with a fixed roof with no holes or openings. [District Rule 2201]
7. This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank, permanently labeled with the operating pressure settings, properly maintained in good operating order in accordance with the manufacturer's instructions, and shall remain in gas-tight condition except when the operating pressure exceeds the valve's set pressure. [District Rule 4623]
8. This tank shall be in a leak-free condition. A leak-free condition is defined as a condition without a gas leak. A leak-free condition is defined as a reading in excess of 10,000 ppmv, above background, as measured by a portable hydrocarbon detection instrument in accordance with the procedures specified in EPA Test Method 21. A reading in excess of 10,000 ppmv above background is a violation of this permit and Rule 4623. [District Rules 2201 and 4623]

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Samir Sheikh, Executive Director / APCO

Arnaud Marjollet, Director of Permit Services

C-5870-15-0; Mar 11 2020 10:54AM - EDGEHLR Joint Inspection NOT Required

9. Crude oil throughput shall not exceed 50 barrels per day based on a monthly average. [District Rule 4623]
10. VOC emission rate from the tank shall not exceed 5.7 lb/day. [District Rule 2201]
11. All piping, fittings, and valves on this tank shall be inspected annually by the facility operator in accordance with EPA Method 21, with the instrument calibrated with methane, to ensure compliance with the leaking provisions of this permit. [District Rule 4623]
12. Any component found to be leaking on two consecutive annual inspections is in violation of the District Rule 4623, even if it is under the voluntary inspection and maintenance program. [District Rule 4623, 5.7 (Table 3)]
13. 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 Rules 2201 and 4623]
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16. 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]
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20. 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]
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22. 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]