

Action Summary Minutes

CENTRAL REGION HEARING BOARD MEETING

Central Region Office Governing Board Room

1990 E. Gettysburg Ave., Fresno, CA 93726

And

Southern Region Office

34946 Flyover Court, Bakersfield, CA 93308

Wednesday, October 20, 2010, 10:00 a.m.

MINUTES

1. **CALL MEETING TO ORDER:**

The Chair, Jerry Boren, called the meeting to order at 10:01 a.m.

2. **ROLL CALL:**

Jerry Boren, Chair – Engineer	Present
Robert Schumacher – public	Present
Jim Waterman – attorney	Present
Gerry Mulligan – Public	Present
Dr. James Glaser, M.D. - medical	Present

Staff present – Central Region (Fresno): Patrick Houlihan, Senior Air Quality Specialist; Ryan Hayashi, Supervising Air Quality Specialist; Catherine Redmond, Legal Counsel; Lynn Sargenti, Senior Office Assistant

3. Approval of Minutes from September 17, 2010

4. **PUBLIC HEARING:**

The Chair asked the Clerk to verify that all items had been properly noticed. The Clerk responded that they had. All those present to testify were sworn in by the Chair. The Chair asked that the agenda packet and any addenda brought forth to be entered into the official record.

A. C-10-19R Compass Global Energy
 Coalinga Oil Field
 Coalinga, CA

Petitioners: Joe Selgrath, Nicholas Diercks

Mr. Houlihan presented the staff report which included a review of the cyclic steaming process. A correction was made to paragraph #2 of the staff report. This was changed from 20 days over the next six months to 20 days over the next year.

The manufacturer of the burner purchased by CGR guaranteed that it would meet the 7 ppmv NOx per Rule 4320. However, after the source test the NOx was at 15 ppmv.

Mr. Houlihan informed the Hearing Board that the calculation of 3,156 lbs of excess CO is the worst case scenario and is not anticipated to be that high.

A change was made to Condition #1, page 4. The date of March 20, 2011 was changed to read October 20, 2011 as the facility wants the full year in order to complete the source tests.

Mr. Mulligan asked Mr. Houlihan if the 20 days of operation over the next year stated in Finding #5 is a reduction or if normal.

Mr. Houlihan stated that this is the number of days the facility plans to operate the generator and the petitioner could clarify this.

Mr. Boren expressed concern as to whether the facility had ever operated within the rule limit of 7ppmv NOx.

Mr. Houlihan explained that the facility has not operated the steam generator since the rule change of July 1, 2010.

Mr. Hayashi explained that at the time the facility received their permit the new rule of operating at 7ppmv NOx was not in affect. Therefore, the facility was operating within the conditions of their permit. The facility purchased the new equipment in anticipation of the rule change and were told by the manufacturer that it would meet the requirements.

The petitioner, Mr. Selgrath, proceeded to clarify and answer the Board member's questions. He explained that the steam generator at the time of purchase was guaranteed by the manufacturer that it would meet the new rule regulation of 7ppmv NOx. When they had the official source test after installation, it did not meet this requirement.

At the time of installation, the vendor tested with a hand held portable analyzer which tested at 7ppmv NOx. However, the source test company tested at 15ppmv NOx. When the source test company compared their

analyzer with the vendor's, it showed the vendor's analyzer was only measuring half of the total NOx because of how it was configured. Mr. Selgrath explained that the facility has plans to fully develop the site further and therefore did not limit themselves to 20 days of operating the generator in the permit conditions. The 20 days of operation is during the variance period only.

Mr. Boren asked how recent the steam generator was installed and if the facility had been using it prior to the source test when it was discovered to be operating above the NOx limit. Mr. Houlihan explained that the facility did not start operation until July 2009. The rule at that time did not require the 7 ppmv NOx. The rule did not change until July 1 of 2010.

Mr. Boren was concerned about the findings that the facility had operated within the permit conditions prior to the rule change. Mr. Houlihan explained that the facility had not operated the generator since July 1, 2010.

Mr. Mulligan asked Mr. Boren if Finding #5 could be made. Mr. Boren then stated he could not make the findings on #1 & 2. On #3, he felt that if this doesn't move forward that there actually will be a reduction in emissions.

Mr. Boren expressed concern on making the findings for #1, 2 and 3. Mr. Boren stated he had a problem approving a variance for a year as open ended as this is and that there is no certainty of getting a PG&E line and if they do, there is no guarantee that it will correct the problem. He stated that even in their own application, they state it "may" correct the problem.

Mr. Mulligan asked staff if the Board denies the variance would they re-work this to come back with possibly a shorter time line or more definite answers.

Mr. Houlihan stated that the Board's concerns are reasonable and that they are right in feeling that there is no guarantee regarding the pipe line. He stated that the District has had asphalt plants that were run off propane and that when they did get to natural gas they were able to show compliance, but that this is no guarantee.

Mr. Houlihan explained that the facility is capable of producing 7 barrels of oil a day without using steam compared to 37 barrels a day using steam. He said it would be kind of like a taking of their property since they won't

be allowed to use the steam generator. If it doesn't start up and run at 7 ppmv they will receive an NOV from the District. They can run it, but in violation and will be subject them to monetary penalties.

As for finding #5, Mr. Houlihan said that perhaps the facility could suggest running it less than 20 days.

Mr. Hayashi explained that if they meet the emission requirement, they could run the generator as much as they want. By limiting themselves to 20 days, they are making a reduction in the potential emissions.

Ms. Redmond stated that if the Board is uncertain of the findings that it would be beneficial to state whether or not they believe they can make the findings as part of the motion.

The Board asked Mr. Houlihan to go through each of the findings. Mr. Houlihan stated that finding #1 will be made. Finding #2 was found to be beyond reasonable control since the facility was given a guarantee by the manufacturer that was not met. Finding #3, Mr. Houlihan stated the Board has to weigh if it is worth it to allow them to continue to operate versus if not allowing them to run the steam generator in regards to the amount of emissions they would put out. Finding #4, there are yearly NOx limits that they have to stay within. Finding #5, if the facility states that the 20 days will be their normal yearly operation, perhaps they can suggest something to reduce the excess emissions. Finding #6, they will record the run time of the steam generator during the variance and use that data based on the last source test to calculate the emissions and report that information to the District.

Mr. Selgrath commented that this is a heavy oil facility and without the use of the steam generator this is no longer a viable operation.

Mr. Schumacher asked what kind of loss in wages and employment this would cause.

Mr. Selgrath was uncertain of the job and wage loss since he is only a consultant to the company. He further explained how this has not been in their control due to the generator not meeting the standards the manufacturer guaranteed. They would like to give the manufacturer time to meet their contract. This may or may not happen as it is possible the natural gas may correct this.

Mr. Shumaucher asked why it would take a year in order to come into compliance. Mr. Selgrath explained that since this is a fairly new

operation, they currently have only one well and do not need to operate the steam generator all the time so they can't test it until they get another well drilled or are ready to steam the existing well. They are unable to test the generator while not under operation. This is the reason they need a year for the variance so that they can do the testing.

Mr. Selgrath then addressed reducing the excess emissions. He said they can operate at the lowest NOx possible during the testing phase. Not sure if can reduce the number of days as this may put too much strain on them. They will do the best they can to limit the emissions.

Mr. Hayashi stated that the emissions calculations were based on operating at 365 days, 24 hours a day. The facility operating the generator only 20 days is significantly less than the permit would allow for. They are being limited to the 20 days for the variance.

Mr. Boren still felt that Findings #1 & #3 could still not be made. There was further discussion between the Board and staff regarding these findings. Mr. Houlihan stated that at this time, the findings were worded in this way in order to prevent the facility needing to return for an extension.

Mr. Houlihan suggested that the Board could make a change in the findings to shorten the length of the variance but still give the facility time to test and if they are unable to achieve compliance they could return for an extension and go with the natural gas option. They could also state in the variance that they have only the first 3 days of operation to do a source test.

Discussion regarding granting an interim variance until they have had time to work on the generator. Other options were also discussed.

Ms. Redmond informed the Board that they can vote for a continuance if they felt they did not have enough information. This option and its purposes were discussed.

The Board decided to grant a continuance and have the facility return with better information and would also allow the District to re-work the findings.

The petitioner was agreeable to a continuance.

Mr. Boren felt the Board should move to grant a continuance.

Public Comment: No public comment

Moved: Mulligan
Second: Waterman

Ayes: Mulligan, Schumacher, Waterman, Boren, Glaser

The Hearing Board voted unanimously to grant a continuance until changes could be made to the findings that the Board could accept.

Mr. Houlihan reviewed with the Board the changes they are asking for. They will shorten the time frame. Further elaborate how it is beyond the reasonable control of the facility to comply and plans on how to further reduce the emissions.

B. C-10-23S Saint-Gobain Containers, Inc.
24441 Avenue 12
Madera, CA 93637

This item was on the agenda as a continuance. Mr. Boren asked for a motion to continue.

Moved: Waterman
Second: Mulligan

Ayes: Boren, Waterman, Mulligan, Schumacher, Glaser

The Hearing Board voted unanimously to grant the continuance.

5. The Central Region Hearing Board heard the following emergency variances:

A. Docket C-10-24E CertainTeed Corporation

On October 6, 2010, Hearing Board Chair Jerry Boren, acting for and on behalf of the Central Region Hearing Board, approved an emergency variance from October 6, 2010 until October 7, 2010. Said variance provided relief from specific requirements of District Rules 2010, 2070.7.0, 2201, 2520, 4101, 4201, 4202, 4354 and allowed the continued operation of the subject glass-melting furnace with excess visible and PM emissions and allow the exhaust from the glass-melting furnace to bypass the dry EP from operational conditioning chamber while CERTAINTEED removes the dry EP from operational service to clean the collection hopper. In addition, the variance shall allow for the operation of the glass furnace without the utilization of the CEMS/COMS.

B. Docket C-10-25E PPG Industries, Inc.

On October 12, 2010, Hearing Board Chair Jerry Boren, acting for and on behalf of the Central Region Hearing Board, approved an emergency variance from October 7, 2010, until November 6, 2010. Said variance provided relief from specific requirements of District Rules 1080, 1081, 2070.7.0, 2201, 2520, 4001, and 4354 and allowed the continued operation of the glass furnace and glass production with excess SO_x until the compliance source test can be initiated. In addition, it shall allow for the use of an uncertified CEMS until the RATA can be initiated.

6. **PUBLIC COMMENTS**: No public comments.
7. **HEARING BOARD COMMENTS**: None.
8. **NEW BUSINESS**: None
9. **NEXT SCHEDULED MEETING**: November 17, 2010. This meeting will be held in the Central Region Office (Fresno) in the Governing Board room.
10. **ADJOURNMENT**: The Chair adjourned the meeting at 10:50 a.m.