

researching which steam generator to install, they knew that the equipment would be subject to District Rule 4320 and it would have to meet a 7 ppm NO_x limit. They were given a guarantee by the steam generator manufacturer, Gideon, that the steam generator burner would comply with the NO_x emission limit. It was not until after they purchased, installed and began operating the steam generator that they discovered that it was not meeting the NO_x emission limit. On July 23, 2010, CGR conducted the required initial compliance source test and found that the NO_x emissions were at 15 ppmv.

Currently, the steam generator uses propane when fired and CGR does not believe they can ever achieve compliance while using propane as fuel.

CGR applied to PG&E to run a natural gas pipeline to the steam generator. At this time, PG&E has brought the line very close, but have not completed it as yet.

There will be excess emissions calculated at 120 lbs of excess NO_x. These were calculated to the last source test. If the source test fails, they will be issued an NOV.

Mr. Mulligan asked if there are other oil fields using steam generators on natural gas.

Mr. Houlihan responded stating those other facilities using steam generators are using natural or field gas rather than propane.

The petitioner, Mr. Diercks, stated he agreed with the staff report. He did state that the natural gas line was completed by PG&E the previous Friday. They plan to source test at the end of October.

Mr. Mulligan asked if when steam is injected into the well, does it vent back out or retained in the earth.

Mr. Diercks stated that the steam condenses into water and when the well is switched back over to production, they produce the water back. It does not vent anywhere else.

Public Comment: No public comment.

Having decided the petition has met the required findings, on motion of Mr. Mulligan, seconded by Dr. Goodwin, unanimously passed, the petitioner was granted an extended variance.

B. C-11-14S Shell Pipeline Company, LP
Panoche Pump Station
Panoche and I-5
Fresno County

Petitioner: Carlton Jordan

Mr. Houlihan presented the staff report. Shell Pipeline Company (SHELL) operates a 26 MMBtu per hour natural gas fired process heater that heats the crude oil flowing through the pipeline as it flows north to refineries in the Bay Area. If the oil was not heated to reduce the viscosity, the pipeline pumps would be incapable of moving the liquid, which would cause damage to the pumps.

Due to reduced heavy crude oil flow through the pipeline, the heater has been operating at a higher utilization rate than ever before. As soon as SHELL determined that the heater had exceeded the annual heat input, they submitted a permit modification application on June 30, 2011, to comply with the emission limits of Rule 4320 that now require a NO_x limit of 9 ppmv, down from their current Permit To Operate (PTO) limit of 30 ppmv. The application for a new Authority To Construct (ATC) to be in compliance with the new rule cannot be issued until the District adopts Best Performance Standards (BPS) for process heaters. SHELL anticipates they that they will need to start up the heater soon after October 9, 2011, and it is not expected that the new ATCs will be issued before then. SHELL will move forward with the retro-fitting of the heater once the ATCs are issued.

Mr. Houlihan noted a correction in his staff report where he had reported that after they had received a Notice of Violation (NOV) for exceeding the fuel usage, they shut down. It should be noted that they self-reported and found the violation themselves and then shut down the heater. They were given an NOV at that time. The heater has not operated since May 16th, 2011.

Mr. Carlton added to Mr. Houlihan's report stating that once SHELL upgrades the heater, they will actually go down to 6 ppm.

Mr. Waterman asked if SHELL accepts product from San Ardo or Southern Monterey County. Mr. Carlton stated he was not aware of this, but that since they are a common carrier they have to accept nominations from others who can legally utilize a common carrier pipeline. Stated they do not have any contracts from that area.

Public Comment: No public comment.

Petitioner: Nathaniel Rutterbush

Mr. Houlihan presented the staff report. Simplot has two NO_x gas analyzers that are old and require excessive man hours and maintenance costs to keep them operational. One is primary, and the other is kept online as a back-up, providing redundancy. In addition to replacing both NO_x analyzers, they will also replace the computer control. Simplot is planning on taking the plant off line soon for a turnaround and is going to replace the CEMS during this time. After the new CEMS is installed, each analyzer has to undergo a relative accuracy test audit (RATA) and 7-day calibration drift test before it is certified in accordance with Code of Federal Regulations. The certification can only be conducted while the plant is in operation.

Simplot has stated there will be zero excess emissions associated with this variance request.

Mr. Rutterbush had no comments to add to the staff report.

Public Comment: No public comment.

Having decided the petition has met the required findings, on motion of Mr. Waterman, seconded by Mr. Mulligan, unanimously passed, the petitioner was granted a short variance.

5. The Central Region Hearing Board had not heard nor granted any emergency variances since the September 21, 2011, meeting.
6. **PUBLIC COMMENTS:** No public comments.
7. **HEARING BOARD COMMENTS:** None.
8. **NEW BUSINESS:** None.
9. **NEXT SCHEDULED MEETING:** November 16, 2011. This meeting will be held in the Central Region Office (Fresno) in the Governing Board room.
10. **ADJOURNMENT:** The Chair, Mr. Boren, adjourned the meeting at 10:31 a.m.