



**Action Summary Minutes**

**SOUTHERN REGION HEARING BOARD MEETING**

Southern Region Office Video Teleconference (VTC) Room

34946 Flyover Court, Bakersfield, CA 93308

**Wednesday, March 10, 2010, 10:00 a.m.**

**Meeting held via teleconferencing (VTC) with the  
Central Region Office (Fresno) participating via VTC.**

**MINUTES**

1. CALL MEETING TO ORDER:

The Chair, Hollis Carlile, called the meeting to order at 10:05 a.m.

2. ROLL CALL:

Kimm Wolber - Medical	Present
Nancy Dunn – Public	Present
Hollis Carlile (chair) - Engineer	Present
Bill Bland, Public*	Present
John Stovall – Attorney	Present

\*Bill Bland attended in the central region.

Staff present - Southern Region (Bakersfield): Dave Baldwin

Central Region (Fresno): Patrick Houlihan, Sr. Air Quality Specialist; Ryan Hayashi, Supervising Air Quality Specialist; Catherine Redmond, Assistant District Counsel; and Michelle Banuelos, acting as Clerk to the Board.

3. APPROVE MINUTES OF FEBRUARY 10, 2010

The Chair, Hollis Carlile, asked if there were any comments regarding the Minutes of February 10, 2010. Hearing none, the Minutes for February 10, 2010, were approved as submitted.

4. PUBLIC HEARING:

The Chair asked the Clerk if all items had been properly noticed. The Clerk responded yes, they had been properly noticed. All those present to testify were sworn in by the Chair, and he requested that they sign in.

A. S-09-55M      Modification      Chevron USA, Inc.  
P. O. Box 1392  
Bakersfield, CA 93302

Petitioners:                                  John Gruber

Patrick Houlihan presented the report. Chevron USA, Inc. (CUSA) is requesting a modification of the previously granted Regular Variance for a period between January 1, 2010, and June 1, 2010, to allow the subject turbines a 90-day shakedown period, whereby emissions would be allowed to be higher than Rule 4703 limits and to work out any problems that might occur and to accommodate a curing period. In addition, the variance would allow the postponing of compliance source testing and CEMS certification beyond the rule compliance date of January 1, 2010. The variance also asks for NO<sub>x</sub> and CO daily and annual limits to not apply until after the source test has been completed.

Patrick Houlihan pointed out a correction on page five, Recommendation two (2), Rule 4401 should be 4001, and also pointed out a numerical discrepancy on page seven (7), D E F G H H should read, D E F G H I.

Petitioner, John Gruber, stated their petition was presented accurately and appreciated the corrections and again mentioned the various delays, such as difficulty meeting their deadlines, relying on Solar, etc., which is why they are requesting 90 days instead of the previously requested 60 days. Mr. Carlile asked if they expect to be finished by June and asked if they are at least 80 percent complete on their program. Mr. Gruber answered that although there's a lot of refurbishing to do, the June 1, 2010, deadline should not be an issue.

Public Comments:                          None

Motion: Stovall                              Second: Dunn

AYES:    Wolber, Dunn, Bland, Carlile, Stovall

NAYS:    None

RECUSED:                                    Stovall

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions in the staff report.

B. S-09-72S      Short                                  Chevron USA, Inc.  
29D OCP  
Midway Sunset Oil Field  
Taft, CA

This item was continued by Petitioners.

C. S-10-04S Short Chevron USA, Inc.  
2F & 31E Oil Cleaning Plants  
Midway Sunset Oil Field  
Kern County, CA

Petitioners: Martin Lundy  
Martin Quintero  
Will Lopez  
David Moore

Patrick Houlihan presented the report. Chevron USA, Inc., (CUSA) is seeking a short variance for a period between March 10, 2010, and June 7, 2010, to allow CUSA to continue to store VOC containing liquids in tanks without an operational VRS while the steam generators' scrubber's storage tank is replaced.

Petitioner, Martin Lundy, stated Patrick Houlihan accurately described their situation, but wished to clarify they are able to stop the casing gas flow, but it was estimated there would be a significant impact on production.

Hollis Carlile asked questions about steel tanks and the process of replacing older equipment. David Moore said they hope the concrete pad is in good shape. Martin Quintero stated the new tank will have a state-of-the-art coating with phenolic epoxy, which is extremely durable. Externally it will also be coated with this type of material.

Public Comments: None

Motion: Wolber Second: Bland

AYES: Wolber, Dunn, Bland, Carlile; Stovall

NAYS: None

RECUSED: Stovall

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

D. S-10-07S Short Chevron USA, Inc.  
P. O. Box 1392  
Bakersfield, CA 93302

Petitioners: Martin Lundy  
Martin Quintero  
Will Lopez  
David Moore

Patrick Houlihan presented the report. Chevron USA, Inc., (CUSA) is seeking a short variance period to occur between March 15, 2010, and May 10, 2010, to allow for the postponement of the RATA/RAA certification testing on the two subject cogeneration units.

Petitioner, Robert Beebout, thanked Patrick Houlihan for the accurate presentation. Mr. Beebout added that PG & E notified Aera they will be shutting off the power to do maintenance, which will affect multiple leases. To minimize down time, Aera will use this time to perform miscellaneous field maintenance that is best accomplished while all equipment is shut down.

Public Comments: None

Motion: Dunn Second: Wolber

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

E. S-10-11S Short Chevron USA, Inc.  
2F & 31E Oil Cleaning Plants  
Midway Sunset Oil Field  
Kern County, CA

Petitioners: Martin Lundy  
Martin Quintero  
Will Lopez  
David Moore

Patrick Houlihan presented the report. Chevron USA, Inc., (CUSA) is seeking a short variance for a consecutive seven day period sometime between March 15, 2010, and June 13, 2010, to allow CUSA to continue to store VOC containing liquids in tanks without an operational VRS while they conduct maintenance on a soft water tank and to allow wells with closed casing vents to produce into tanks that do not have a functional or operating VRS.

Patrick Houlihan noted a correction on page three (3) to Finding number three (3); CUSA will reduce production from 21,000 barrels per day to 4,550 barrels per day during the variance period. This would reduce losses from \$1,544,550 per day to \$334,652.50 per day. Additionally, on page 4, Recommendation number five (5) will now read, there will be zero excess emissions attributed to the subject equipment over the duration of the variance.

Petitioner, Martin Lundy, indicated Patrick Houlihan covered all of their issues. Mr. Lundy added this plant has been there since the 1980's. We'll be taking it out of service to revise the piping and put in a bigger tank. Soft water is needed because regular water contains calcium and magnesium, which can cause tube shrinkage in the steam generators.

Public Comments: None

Motion: Wolber Second: Stovall

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

F. S-09-12X Extension Big West of California, LLC  
6451 Rosedale Highway  
Bakersfield, CA 93308

Petitioners: Max Sims  
Melinda Hicks  
Mark Denis

Patrick Houlihan presented the report. Big West of California, LLC, (BWC) is seeking an extension of the Regular variance. The extension period would be from March 10, 2010, to March 9, 2011, to allow the continued operation of waste water treatment unit #83 without a functional or operating vapor recovery system, but would only provide relief during periods when the compressor is shut down due to overheating or pending overheating.

Patrick Houlihan noted that because this is an Extension, any variance that goes beyond a year is required to show increments of progress to show they are not just continually getting a variance. He noted Big West is anticipating an auction on March 23<sup>rd</sup>. The District requires an updated timeline as to what happens after that date. This is not just an open ended variance to continue with this problem. If the plant is sold, the District will work with the new operator, but a solution must be found and possibly replace or reevaluate the compressor. This may include getting a variance.

Hollis Carlile asked if there would be any changes to Recommendation 9. Patrick Houlihan answered it would stay as is. John Stovall wanted to confirm that the Staff Report did not need to be altered due to changes in the Petitioner's Request.

Patrick Houlihan requested a five minute recess to retrieve some notes to make sure this is exactly what the District is supporting. A recess was called at this time.

Patrick Houlihan returned to the meeting and provided the Hearing Board with a copy of the updated staff report. Mr. Houlihan added that due to a computer glitch, the changes did not get reflected on the original staff report.

Petitioner, Max Sims, stated they are continuing to have problems with this compressor. He requested the District leave in some of the provisions on Condition Six to allow them to give 24-hour notice to take the compressor offline if they see problems arising.

Patrick Houlihan suggested they call in and go through the breakdown relief. Big West has had a year to perform all the diagnoses of the problem and now should go through the breakdown relief cycle with any additional problems. This variance is only for shutting down to cool it down.

Max Sims requested clarification. Can Big West use breakdown relief if the breakdown is due to overheating? Melinda Hicks explained that because of the continued instances of overheating, it actually burned the starter contacts. When the compressor needed to cycle on, the contacts would no longer touch. The damage was directly related to the overheating events. Even if the breakage or damage is due to overheating, is it the District's desire to use Breakdown Relief for these instances. Patrick Houlihan answered the District would support a breakdown for this.

After checking with counsel, Catherine Redmond, it was decided the Board could approve based on the new staff report without making reference to all the changes.

Max Sims stated he agreed with the changes in the conditions and didn't see any problems or difficulty providing the progress report to the District as they move forward.

Public Comments: None

Motion: Stovall Second: Dunn

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

G. S-10-06R Regular Big West of California, LLC  
6451 Rosedale Highway  
Bakersfield, CA 93308

Petitioners: Max Sims  
Melinda Hicks  
Mark Denis

Patrick Houlihan presented the report. Big West of California, LLC (BWC) is seeking a regular variance for a period from March 10, 2010, to March 9, 2011, to allow the postponement of the current and upcoming RATA for the CEMS associated with the subject equipment. The variance would provide relief from upcoming source tests of the subject combustion equipment.

The following changes were noted to the staff report:

Page three, Required Finding 1, insert District Rule 4702;  
Page three, Required Finding 2, replace "process heater" with the word "boiler";  
Page four, Recommendation 1, replace "process heater" with the word "boiler";  
Page four, Recommendation 2, add Rule 4702;  
Page four, Recommendation 2, Condition L, add 13 in front of 20;  
Page six, Recommendation 15, replace "process heater" with the word "boiler".

Catherine Redmond pointed out that the maker of the motion could agree with changes as stated on the record.

Petitioner, Max Sims, thanked the District staff for assisting them. Melinda Hicks added Big West is hopeful and positive about some of the changes and look forward to the upcoming months.

Hollis Carlile asked if the plant is started up again, are there plans to upgrade or has consideration been given to changes during the time it has been shut down. Melinda Hicks answered that they have done their best to maintain the equipment in a state that would allow it to be most ready for start up. Max Sims said they anticipate having to come back in the new owner's name to work out a schedule to get all the required testing done.

Public Comments: None

Motion: Bland Second: Wolber

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

H. S-10-09S Short Kern River Cogeneration Company  
P. O. Box 80478  
Bakersfield, CA 93380

Petitioners: Daniel Beck

Patrick Houlihan presented the report. Kern River Cogeneration Company (KRCC) is seeking a short variance for a cumulative 24 hour period to occur sometime

between March 10, 2010, and June 8, 2010, to allow the operation of the subject turbine unit with excess NOx and CO emissions while KRCC conducts the necessary performance tests.

Petitioner, Daniel Beck, stated they have come before the Board numerous times and are looking into writing some type of conditions into their permit that will allow for the replacement of parts and testing of equipment. They will be working with District staff. Hopefully they won't have to keep asking for variances. But for now, it is in GE's hands.

Public Comments: None

Motion: Wolber Second: Stovall

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

I. S-10-10S Short Kern River Cogeneration Company  
P O Box 80478  
Bakersfield, CA 93380

Petitioners: Daniel Beck

Patrick Houlihan presented the report. Kern River Cogeneration Company (KRCC) is seeking a short variance for a cumulative 24-hour period to occur sometime between March 10, 2010, and June 8, 2010, to allow the operation of the subject turbine unit with excess NOx and CO emissions while KRCC conducts the necessary performance tests.

Petitioner, Daniel Beck, stated Unit three is under a short variance (S-09-73S). Units one and two are currently operating under base load and Units three and four are on standby mode. But by May 1, 2010, the contract requires that Units three and four be under base load and Units one and two be the standby units.

When the hardware is received and work begins on Unit three, it would close out the existing variance S-09-73S, which expires on April 12<sup>th</sup>. When we come back up, we would then be required to operate under this variance. KRCC wants to work on Unit one while its on base load. The first parts that come in will go into Unit three and the next parts will go into Unit one.

Public Comments: None

Motion: Dunn Second: Wolber

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None



Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

K. S-10-08S Short South Kern Industrial Center  
P O Box 265  
Taft, CA 93268

Petitioners: Doug McCormick  
Lorrie Loder

Patrick Houlihan presented the report. South Kern Industrial Center (SKIC) is requesting a short variance for a separate, consecutive two hour period to occur sometime between March 10, 2010, and April 9, 2010, to allow the associated system components (ASPs) and biofilters to be shut down in order to perform preventative maintenance.

Petitioner, Lorrie Loder, stated their request was stated correctly. She added that the flex connectors are four years old and need to be replaced. They are also going to be working with District staff on a permit modification to allow for some maintenance activities in the future.

Mr. Houlihan asked if the requested two hours would allow enough time. Ms. Loder answered she has been assured it will be plenty of time because they have three mechanics and they will only be bolting.

Public Comments: None

Motion: Dunn Second: Wolber

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

J. S-10-13i Interim Kawneer Company, Inc.  
P O Box 3148  
Visalia, CA 93291

Petitioners: Jill Sohl

Patrick Houlihan presented the report. Kawneer Company is requesting an interim variance from march 30, 2010, until April 14, 2010, to allow for the continued operation of the metal parts coating operation without a VOC control system in operation.

Petitioner, Jill Sohl, indicated they do not have any intention of going as long as the requested date, April 14, 2010. The new filter media is currently being manufactured and they are awaiting delivery.

Hollis Carlile expressed concern that nothing was mentioned about safety controls to keep this type of malfunction from happening again. Ms. Sohl pointed out Recommendation ten (10) covers these concerns.

Nancy Wolber inquired about the costs, \$3.75 per pound of VOCs, and asked if these costs would be passed down to the inventor. Ms. Sohl answered their company would probably have to absorb the costs as they have done in the past. Their lawyers will handle all the costs. They anticipate it will cost about \$1,100 to \$1,300 per day, but the loss is even greater if they do not operate.

John Stovall pointed out this would probably result in some unemployment.

Public Comments: None

Motion: Dunn Second: Wolber

AYES: Wolber, Dunn, Carlile, Bland, Stovall

NAYS: None

Having decided the petition has met the required findings, the Hearing Board voted to pass the Motion to grant the variance subject to the conditions and changes in the Staff Report.

5. The Southern Region Hearing Board heard one emergency variance since the last hearing.
6. PUBLIC COMMENTS: None
7. HEARING BOARD MEMBER COMMENTS: None.
8. NEW BUSINESS: Patrick Houlihan noted the Hearing Board's Petition to increase the pay stipend will be recommended to the Governing Board in the April meeting.
9. NEXT SCHEDULED MEETING: Wednesday, April 14, 2010, at 10:00 a.m.  
The meeting will be held via video conferencing (VTC) in the Southern Region Office (Bakersfield) with the Central Region Office (Fresno) participating via VTC
10. ADJOURNMENT: The Chair adjourned the meeting at 12:52 p.m.