



Action Summary Minutes

SOUTHERN REGION HEARING BOARD MEETING

Southern Region Office Video Teleconference (VTC) Room
34946 Flyover Court, Bakersfield, CA 93308

Wednesday, November 9, 2011, 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 10:01 a.m.

2. ROLL CALL:

Robert Moeller – Medical	Present – Arrived 10:03
Hollis Carlile (Chair) – Engineer	Present
John Stovall – Attorney	Present
Nancy Dunn – Public	Present
William Bland – Public	Present

Staff present - Southern Region (Bakersfield): Emily Gonzalez-Dumont, Office Services Manager, Mike Oldershaw, Compliance Manager

Central Region (Fresno): Patrick Houlihan, Sr. Air Quality Specialist; Ryan Hayashi, Supervising Air Quality Specialist, Catherine Redmond, Legal Counsel, Vicki Christie, acting as Deputy Clerk to the Board

3. APPROVE MINUTES OF OCTOBER 12, 2011

The Chair, Hollis Carlile, asked if there were any comments regarding the Minutes of October 12, 2011. Hearing no comments, the Chair declared the minutes were approved as submitted.

4. PUBLIC HEARING:

All those present to testify were sworn in by the Chair, and he requested they sign in.

- A. S-11-51S Short Shell Pipeline Company LP - Withdrawn
9739 1/2 Ashe Road
Bakersfield, CA 93313

B. S-11-53R Regular Chevron USA Inc.
McKittrick Cogeneration Plant
McKittrick Oil Field
Kern County, CA

Petitioners: David Bone, Mike Norton

CUSA has requested a regular variance from the requirements of District Rules 2010, 2070.7.0, 2201, 2520, and 4703, in addition to conditions of the applicable Authorities to Construct (ATCs) and Permits to Operate (PTOs). The requested variance period would be from January 1, 2012 until May 31, 2012. If granted, the variance would allow the two replacement turbines to enjoy a shakedown period, whereby emissions would be allowed to be higher than Rule 4703 limits. In addition, the variance would allow for the postponement of source testing beyond the rule compliance date of January 1, 2012. The requested variance also asks for NOx and CO daily and annual emission limits to not apply until compliance has been demonstrated. Lastly, it would allow the three existing units to continue to operate with NOx emissions above the Rule 4703 limits beyond January 1, 2012.

Mr. Bone thanked Mr. Houlihan for his accurate presentation of CUSA's petition. He also noted that although these excess NOx emission quantities seems high, CUSA has a net reduction of NOx emission throughout the R4703 implementation process, so the actual NOx emissions are in the negative when compared to what was done in the past. CUSA has also spent \$150 M to comply with R4703 and for these two co-gen units, CUSA has spent approx. \$40 M in capital costs to date.

Public Comments: None

Having decided the petition has met the required findings, on motion of Mr. Bland and seconded by Mr. Stovall, unanimously passed, the petitioner was granted a regular variance.

C. S-11-57S Short Chevron USA, Inc.
8Z NEMU
Sec 8 T30S R22E
McKittrick, CA 93224

Petitioners: David Bone, Hermann Ng

CUSA has requested a short variance from District Rules 2070.7.0, 2520, and 4623, in addition to applicable conditions of the subject Permits to Operate (PTOs). The requested variance would be for a non-consecutive 48-hour period to occur sometime between, and including November 9, 2011 and February 6, 2012. If granted, the variance would allow the continued storage of VOC containing liquids in storage tanks without a functional or operating VRS.

Mr. Bone thanked Mr. Houlihan for his accurate presentation of CUSA's petition. He added that with the installation of this back-up compressor, the need for a variance to conduct repairs will have been eliminated.

Public Comments: None

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

D.	S-11-59S	Short	San Joaquin Facilities Management Inc. Ten Section Gas Plant Sec 29 T30S R26E
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Petitioners: Scott Faulkenburg, Bill Oliver

SJFM has requested a short variance from District Rules 2070.7.0, and 2201 in addition to the applicable condition of the subject Permit to Operate (PTO). The requested variance would be from November 9, 2011 to December 31, 2011. If granted, the variance would allow SJFM to exceed the annual gas flow rate to the flare until Inergy, LP reopens the pipeline

Mr. Faulkenburg thanked Mr. Houlihan for his accurate report. He then asked if the variance could be made retroactive to October 18, 2011, which would include the date that SJFM exceeded their emission limit. After a lengthy discussion, Mr. Faulkenburg and Mr. Oliver withdrew their request to change the start date.

Public Comments: None

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

E.	S-11-60S	Short	SunnyGem, LLC 23145 Lerdo Hwy Buttunwillow, CA 93206
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Petitioners: Doug Shaffer, Larry Nixon, John Tompkins

SUNNYGEM has requested a short variance from District Rules 2010, 2070.6.0, 2201, 4305, 4306 and 4320 in addition to conditions of the applicable Authority to Construct (ATC). The requested variance period would be from November 5, 2011 until December 31, 2011. If granted, the variance would allow SUNNYGEM to start their seasonal operation without the SCR.

The Petitioners thanked Mr. Houlihan for his accurate report. They had no additional comments.

Public Comments: None

Having decided the petition has met the required findings, on motion of Mr. Stovall and seconded by Ms. Dunn, unanimously passed, the petitioner was granted a short variance. Mr. Bland abstained from voting on this variance because he does business with this company and it could be considered a conflict of interest.

F. S-11-63S Short Aera Energy, LLC
Metson Lease
Midway Sunset Oil Field

Petitioners: Philip Young, Robert Beebout

AERA has requested a short variance from District Rules 2070.7.0, 2201, 2520, and 4623, in addition to the conditions of the applicable Permits to Operate (PTOs). The requested short variance would be for a consecutive 96-hour period to occur sometime between, and including November 14, 2011 and February 11, 2012. If granted, the variance would allow the continued storage of VOC containing liquids in the subject tanks without a functional and operating VRS while PG&E shuts down the electrical power.

Mr. Beebout thanked Mr. Houlihan for his accurate staff report. He had nothing further to add.

Public Comments: None

Having decided the petition has met the required findings, on motion of Ms. Dunn and seconded by Dr. Moeller, unanimously passed, the petitioner was granted a short variance.

G. S-11-65S Short Aera Energy, LLC
MOCO, D&E Sands, and 25 Hill Leases
Midway Sunset Oil Field

Petitioners: Philip Young, Robert Beebout

AERA has requested a short variance from District Rules 2010, 2070.7.0, 2201, 2520, and 4623, in addition to the conditions of the applicable Authorities to Construct (ATCs) and Permits to Operate (PTO). The requested short variance would be for a consecutive 96-hour period to occur sometime between, and including November 14, 2011 and February 11, 2012. If granted, the variance would allow the continued storage of VOC containing liquids in the tanks without a functional and operating VRS while PG&E shuts down the electrical power.

Mr. Houlihan made note of two changes to strike "until PG&E restores the power" to conditions number one and number three. They should read as follows:

1. *The variance shall be effective for a consecutive 96-hour period to occur sometime between, and including, November 14, 2011, and February 11, 2012, or until AERA reactivates the VRS, whichever occurs first.*

3 The variance shall allow the continued storage of VOC containing liquids within the subject tanks without functional or operating VRS.

Mr. Beebout thanked Mr. Houlihan for making the changes on short notice. He had no further comments at this time.

Public Comments: None

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

H.	S-11-66S	Short	Chevron USA, Inc. 2F, 26C, & 31E Oil Cleaning Plants Midway Sunset Oil Field Taft, CA
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Petitioners: Martin Lundy, David Moore, Joe McNeely, Abdalla Ali

CUSA has requested a short variance from District Rules 2010, 2070.7.0, 2201, 2520, 4401, and 4623, in addition to the conditions of the applicable Authorities to Construct (ATCs) and Permits to Operate (PTOs). The requested short variance period would be effective for a consecutive 120-hour period to occur sometime between, and including November 9, 2011 and February 6, 2012. If granted, the variance would allow the continued storage of VOC containing liquids in tanks without a functional or operating VRS. In addition, it will allow wells with closed casing vents to produce into tanks that do not have a functional or operating VRS.

Mr. Lundy thanked Mr. Houlihan for the accurate summary. He also reiterated that the fuel line has no leaks at this time, but CUSA has identified problem areas.

Public Comments: None

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

I.	S-11-67S	Short	Chevron USA, Inc. 29D Oil Cleaning Plant Midway Sunset Oil Field Fellows, CA 93224
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Petitioners: Martin Lundy, David Moore, Joe McNeely, Abdalla Ali

CUSA has requested a short variance from District Rules 2070.7.0, 2201, 2520, and 4623, in addition to the applicable conditions of subject Permits to Operate (PTOs). The requested short variance period would be from November 9, 2011 until February

6, 2012. If granted, the variance would allow the continued storage of VOC containing liquids in the tanks without a functional and operating VRS.

Mr. Lundy stated Mr. Houlihan captured CUSA's request very well, but there have been two new developments. Occidental's compressor did come back on line on November 4, 2011, but the pressure didn't come down in the line until November 8, 2011. CUSA is running at normal right now but still needs to fix the leaks that were found. CUSA would still like to keep the 90 day variance in case other issues appear during the repairs.

Mr. Houlihan stated the District did not object to the request but a change to condition number one should read as follows:

1. *The variance shall be effective from November 9, 2011 until February 6, 2011, or until the vacuum line is repaired and the VRS is reactivated, whichever occurs first.*

Public Comments: None

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

5. The Southern Region Hearing Board granted three emergency variances since the October 12, 2011 Hearing Board meeting.
6. PUBLIC COMMENTS: None
7. HEARING BOARD MEMBER COMMENTS: None
8. NEW BUSINESS: The Hearing Board adopted new procedures.
9. NEXT SCHEDULED MEETING: Wednesday, December 14, 2011, 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 meeting was adjourned at 12:09 p.m.