

San Joaquin Valley Air Pollution Control District
SOUTHERN REGION HEARING BOARD MEETING

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

ACTION SUMMARY MINUTES

Wednesday, October 10, 2012

*Meeting held via teleconferencing with the
Central Region Office (Fresno) and the
Southern Region Office (Bakersfield)*

1. CALL MEETING TO ORDER

The Chair, Hollis Carlile, called the meeting to order at 10:04 a.m.

2. ROLL CALL

Dr. Dean Haddock - Medical	Present
Hollis Carlile (Chair) - Engineer	Present
John Stovall - Attorney	Present
Nancy Dunn - Public	Present
William Bland – Public	Present

Staff Present:

Southern Region (Bakersfield): Amelia Yuan, Supervising Air Quality Inspector

Central Region (Fresno): Patrick Houlihan, Senior Air Quality Specialist; Ryan Hayashi, Supervising Air Quality Specialist; Annette Ballatore-Williamson, Legal Counsel; Carol Flores, Operations and Program Support Supervisor

3. APPROVE MINUTES OF September 12, 2012

The Chair asked if there were any comments regarding the Minutes for September 12, 2012. Hearing no comments, the Chair declared the minutes were approved as submitted.

4. PUBLIC HEARING

The Chair swore in all those present to testify for all matters.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
A. S-11-76X2	Extension	Bowman Asphalt, Inc. Meridian Avenue and Case Street Bakersfield, CA 93308

Petitioners: Jim Williams

Patrick Houlihan presented the Staff Report.

Bowman has requested an extension of the previously granted variance extension from District Rules 1081, 2010, 2201, and 4309, in addition to conditions of the

applicable ATC. The requested variance period would be from September 1, 2012, until December 22, 2012. If granted, the variance would allow Bowman to postpone the start-up compliance source test until an order of sufficient quantity will allow for a source test.

Mr. Williams thanked Mr. Houlihan for the presentation of the petition. He had nothing else to add at this time.

Ms. Dunn asked who performs the source test. Mr. Houlihan explained Bowman has contracted Air X to perform the source test.

Public Comments: None

Having decided the petition has met the required findings, on motion of Mr. Stovall and seconded by Dr. Haddock, unanimously passed, the petitioner was granted an extension.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
B. S-12-21R	Regular	Santa Fe Aggregates, Inc. Kaweah Asphalt Plant 22400 Avenue 335 Woodlake, CA 93286

Petitioners: Doug Reynolds

Patrick Houlihan presented the Staff Report.

Santa Fe has requested a regular variance from District Rules 1081, 2010, 2201, and 4309 in addition to conditions of the applicable Permit to Operate (PTO). The requested variance period would be from August 27, 2012, until August 27, 2013. If granted, the variance would allow Santa Fe to postpone the compliance source test until a sufficient quantity of asphalt is produced in order to initiate the source test.

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 regular variance.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
C. S-12-48S	Short	Elk Hills Power, LLC 4026 Skyline Road Tupman, CA 93276

Petitioners: Raymond Rodriguez, John Dunnegan, and Raymond Cruz

Patrick Houlihan presented the Staff Report.

Elk Hills has requested a short variance from the requirements of District Rules 2070.7.0, 2201, 2520, and 4703, in addition to applicable conditions of the subject

PTOs. The requested short variance would provide relief for a consecutive 12 hour period to occur sometime between November 8, 2012, and December 8, 2012, inclusive. If granted, the variance would allow the CT unit #2 to be operated with excess NOx emissions while it undergoes performance testing.

Mr. Dunnegan thanked Mr. Houlihan for the accurate representation of their petition. They had nothing else to add at this time.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>	
D. S-12-50S	Short	Alon Bakersfield Refining 6451 Rosedale Highway Bakersfield, CA 93308	<i>withdrawn</i>

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
E. S-12-52S	Short	ExxonMobil Production Company Hill Property Belridge Oil Field

Petitioners: Jack Jones

Patrick Houlihan presented the Staff Report.

ExxonMobil has requested a short variance from District Rules 2070.7.0, 2201, and 4623, in addition to the applicable conditions of the PTOs. The requested variance period would be effective for a consecutive 21-day period to occur sometime between October 10, 2012, and January 7, 2013, inclusive. If granted, the variance would allow the draining, degassing, and cleaning of the subject tanks and their isolation from the VRS.

Mr. Jones thanked Mr. Houlihan for presenting the staff report; he had nothing else to add at this time.

Mr. Stovall requested clarification on the necessity for the variance regarding the Voluntary Tank Preventative Inspection and Maintenance, and Tank Interior Cleaning Program. Mr. Houlihan explained the petitioner is seeking variance relief that will allow them to follow the procedures in the program without actually being part of it.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
F. S-12-53S	Short	Plains Exploration & Production Co McKittrick Front Least Cymric Oil Field

Petitioners: Kenneth Bork

Patrick Houlihan presented the Staff Report.

PXP has requested a short variance from District Rules 2070.7.0, 2201, 2520, 4350, 4306, and 4320 in addition to conditions of the applicable PTOs. The requested short variance period would be effective from October 25, 2012, until November 30, 2012. If granted, the variance would allow the two subject steam generators to operate with excess PM₁₀ emissions. It would also provide protection until a follow up compliance source test can be initiated, if necessary.

Mr. Bork updated the Board and staff that an investigation had begun to determine the cause of excess PM₁₀. Mr. Carlile asked how long the nozzles were in use. Mr. Bork explained maintenance is performed every six months. Mr. Houlihan asked the petitioner if they would agree to extend the variance to December 31, 2012 to ensure sufficient time to perform a source test. Mr. Bork accepted the extra time.

Mr. Houlihan clarified the following conditions would be modified:

- Condition 1: The variance shall be effective from October 25, 2012, until December 31, 2012, or until the fuel metering system is fully repaired and operations or a source test can be initiated if necessary, whichever comes first.
- Condition 5: PM₁₀ emissions, in excess of the permit limits, shall not exceed 750 lbs. during the emergency + short variance period.
- Condition 9: By January 15, 2013, or 15 days after achieving compliance, whichever occurs first, PXP shall submit to the District a summary report.

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.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
G. S-12-58i	Interim	Mt. Poso Cogeneration Company, LLC 36157 Famoso Highway Bakersfield, CA 93380

Petitioners: Stuart Welch

Patrick Houlihan presented the Staff Report.

Mt. Poso has requested an interim variance, to be followed by a regular variance, from District Rules 2010, 2070.7.0, 2201, 2520, and 4352, in addition to conditions of the applicable Authority to Construct (ATC) and Permit to Operate (PTO). The

requested interim variance period would be from October 10, 2012, until December 12, 2012, or until the petition for the regular variance can be heard, whichever occurs first. If granted, the interim variance would allow Mt. Poso to exceed the NOx and CO pounds per hour emission limits during start-up and shut-down until the permit can be modified to allow for higher limits.

Mr. Welch clarified that when the operations and the fuel burn is stable, Mt. Poso is operating within the permit limits. Mr. Stovall asked where the biomass originates. Mr. Welch explained there are multiple vendors; it is both urban and agricultural wood waste.

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 an interim variance.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
H. S-12-51S	Short	Chevron USA, Inc. 17Z Gas Plant McKittrick, CA

Petitioners: Dave Bone, Bob Langner, and Kyle Rutherford

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from District Rules 2070.7.0, 2201, 4409, and 4623, in addition to the applicable Permit to Operate (PTO) conditions. The requested short variance period would be for a consecutive 10-day period to occur sometime between October 13, 2012, and November 12, 2012, inclusive. If granted, the variance would allow CUSA to bypass the gas plant while not following all the provisions of District Rule 4409 during the turnaround. It would also allow the continued storage of VOC containing liquids in the two drain tanks without an operating and functional VCS.

Dr. Haddock requested clarification on the types of complaints anticipated. Mr. Houlihan explained the Air Resource Board (ARB) requested all variances have language to the effect the petitioner will cease operations causing public nuisance. He also reviewed the District's process to review complaints received.

Mr. Bone requested the following conditions be modified:

- Condition 1: The variance shall be effective for a consecutive 15-day period to occur sometime between October 13, 2012, and November 17, 2012, inclusive, or until the gas plant turnaround is complete and the gas plant is returned to compliant operation, whichever occurs first.
- Condition 4: Excess VOC emissions shall not exceed 1,955.3 pounds during the variance period.
- Condition 8: When gas bypasses the Gas Plant, CUSA shall employ audio/visual methods to check approximately 25% of the fuel gas line

liquid knockout vessels in the Cymric Oil Field for leaks and shall record and immediately repair any leak.

- Condition 12: By December 2, 2012, or no later than 15 days after returning the gas plant to compliant operation, whichever occurs first, CUSA shall submit to the District a summary report.

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.

The Chair called a recess at 11:40a.m.

The Chair reconvened the hearing at 11:45 a.m.

	<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>	
I.	S-12-55S	Short	Chevron USA, Inc. 2F Oil Cleaning Plant Midway Sunset Oil Field	<i>withdrawn</i>

	<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
J.	S-12-60S	Short	Chevron USA, Inc. 26C Oil Cleaning Plant Midway Sunset Oil Field

Petitioners: Martin Lundy, Bo Bravo and Abdalla Ali

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from District Rules 2070.7.0, 2201, 2520, 4401, and 462, in addition to conditions of the applicable Permits to Operate (PTOs). The requested variance period would be effective for a consecutive 14-day period to occur sometime between October 10, 2012, and January 7, 2013, inclusive. If granted, the variance would allow CUSA to continue to store VOC containing liquids in the subject tanks without a functional or operating VRS while CUSA replaces the subject VRS piping. It would also allow wells with closed well vapor vents to produce into storage tanks that are not controlled by a VRS.

Mr. Lundy thanked Mr. Houlihan for the accurate representation of their petition. He had no further comment at this time.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
K. S-12-56S	Short	Chevron USA, Inc. 26C Casing Gas Collection System Midway Sunset Oil Field

Petitioners: Martin Lundy, Bo Bravo, Abdalla Ali, and Kirsten Paulson

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from District Rules 2070.7.0, 2201, 2520, and 4401, in addition to conditions of the applicable Permits to Operate (PTOs). The requested variance period would be effective for a consecutive 30-day period to occur sometime between October 12, 2012, and January 9, 2013, inclusive. If granted, the variance would allow CUSA to continue to store VOC containing liquids in the subject tanks without a VRS while CUSA performs maintenance. It would also allow wells with closed well vapor vents to produce into storage tanks that are not controlled by a VRS.

Mr. Lundy explained the tanks are not required to have a vapor recovery system because they were permitted prior to the requirement.

Ms. Dunn requested a definition for pigging. Mr. Bravo explained pigging means sending a bullet down the pipe to clean it out. Ms. Paulson added CUSA would attempt to unplug the line before replacing it.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
L. S-12-57i	Interim	Chevron USA, Inc. 2F Steam Plant 2F & 31E Casing Gas Collection System 2F, 29D, & 31E Oil Cleaning Plants Midway Sunset Oil Field

Petitioners: Martin Lundy, Bo Bravo, Abdalla Ali, and Kirsten Paulson

Patrick Houlihan presented the Staff Report.

CUSA has requested an interim variance, to be followed by a regular variance, from District Rules 2010, 2201, 2070.7.0, 2520, 4401, 4623, 4305, 4306, and 4320, in addition to conditions of the applicable ATCs and PTOs. The requested interim variance period would be effective from October 15, 2012, until December 12, 2012, or until the petition on the regular can be heard, whichever occurs first. If granted, the variance would allow CUSA to continue to store 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.

And finally, it will allow excess NOx and CO emissions from the exhausts of the subject steam generators while they undergo testing and tuning.

Mr. Lundy thanked Mr. Houlihan for his presentation of their petition. 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 Dr. Haddock, unanimously passed, the petitioner was granted an interim variance.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
M. S-12-61S	Short	Chevron USA, Inc. 2F, 29D, & 31E Oil Cleaning Plants 2F & 31E Casing Gas Collection System Midway Sunset Oil Field

Petitioners: Martin Lundy, Bo Bravo, Abdalla Ali, and Kirsten Paulson

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from District Rules 2010, 2201, 2070.7.0, 2520, 4401, and 4623, in addition to conditions of the applicable ATFCs and PTOs. The requested variance would be for a 21-day period to occur sometime between October 15, 2012, and January 12, 2013, inclusive. If granted, the variance would allow CUSA to continue to store 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 his presentation of their petition. He had no further comments at this time.

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. EMERGENCY VARIANCE

The Southern Region Hearing Board granted four emergency variances since the September 12, 2012, Hearing Board meeting.

6. PUBLIC COMMENTS

No public comment.

7. HEARING BOARD MEMBER COMMENTS

None

8. NEW BUSINESS

9. NEXT SCHEDULED MEETING

The next scheduled meeting is November 14, 2012. The meeting will be held via teleconferencing in the Northern Region Office (Modesto) with the Central Region Office (Fresno) participating via teleconferencing.

10. ADJOURN

The Chair adjourned the meeting at 12:23 p.m.