

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, April 10, 2013

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

1. CALL MEETING TO ORDER
The Chair, William Bland, called the meeting to order at 9:57 a.m.

2. ROLL CALL

Dr. Dean Haddock – Medical	Present
Nancy Dunn – Public	Present
William Bland – Public	Present
John Stovall – Attorney	Present
Daniel Padilla – Engineer	Present

Staff Present:

Mike Oldershaw, Compliance Manager

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 March 13, 2013
The Chair asked if there were any comments regarding the Minutes for March 13, 2013. Hearing no comments, the Chair declared the minutes were approved as submitted.

4. PUBLIC HEARING
The Vice Chair swore in all those present to testify for all matters.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
A. S-13-08R	Regular	Chevron USA, Inc. 29D & 31E Oil Cleaning Plants 31E Casing Gas Collection System Midway Sunset Oil Field

Petitioners: Kirsten Paulson and Martin Lundy

Patrick Houlihan presented the Staff Report.

CUSA has requested a regular variance from the applicable requirements of District Rules 2201, 2070.7.0, 2520, 4401, and 4623, in addition to conditions of the applicable permits. The requested

variance period would be effective for a non-consecutive 60-day period to occur sometime between April 16, 2013, and April 16, 2014, 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 reviewed the specifics for the reason for the variance request.

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 a regular variance.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
B. S-13-10S	Short	Chevron USA, Inc. Station 1-09 Oil Cleaning Plant Midway Sunset Oil Field

Petitioners: Martin Lundy and Steve Enns

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from District Rules 2010, 2070.7.0, 2201, 2520, and 4623 in addition to the applicable conditions on the subject Authorities to Construct (ATCs) and Permits to Operate (PTOs). The requested short variance period would be for a consecutive 20-day period to occur sometime between April 15, 2013, and July 13, 2013, inclusive. If granted, the short variance would allow for the continued storage of VOC containing liquids in the tanks and vessels without a functional or operating VRS while CUSA ties in the tank.

Mr. Houlihan noted modifications in the following recommendations:

1. The variance shall be effective for a consecutive 20-day period to occur sometime between April 11, 2013, and July 9, 2013, inclusive, or until the VRS is returned to compliant operation, whichever occurs first.
8. By July 24, 2013, or no later than 15 calendar days after returning the VRS to compliant operation, whichever occurs first, CUSA shall submit to the District a summary report.

Mr. Houlihan also reported the recommendations were incorrectly numbered, there are ten recommendations.

Mr. Lundy thanked Mr. Houlihan for the presentation. He had no further comments.

Public Comments: None

Having decided the petition has met the required findings, on motion of Dr. Haddock 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>
C. S-13-11S	Short	Chevron USA, Inc. 2F Oil Cleaning Plant Midway Sunset Oil Field

Petitioners: Martin Lundy and Steve Enns

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from the applicable requirements of District Rules 2201, 2070.7.0, 2520, and 4623, in addition to conditions of the applicable PTOs. The requested short variance period would be effective for a consecutive 96-

hour period to occur sometime between April 15, 2013, and July 13, 2013, inclusive. If granted, the variance would allow CUSA to continue to store VOC containing liquids in the subject tank without a functional or operating VRS while CUSA ties the subject tank into the VRS.

Mr. Lundy acknowledged Mr. Houlihan for his efforts.

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.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
D. S-13-12S	Short	ExxonMobil Production Company Hill Property Belridge Oil Field

Petitioners: Brian Smith and Jack Jones

Patrick Houlihan presented the Staff Report.

ExxonMobil has requested a short variance from the applicable requirements of District Rules 2070.7.0, 2201, and 4623, in addition to the applicable conditions of the PTO. The requested variance period would be effective for a consecutive 21-day period to occur sometime between April 10, 2013, and July 8, 2013, inclusive. If granted, the variance would allow the draining, degassing, and cleaning of the subject tank and its isolation from the VRS.

Mr. Bland asked how many facilities are voluntarily participating in the Voluntary Tank Preventative Inspection and Maintenance, and Tank Interior Cleaning Program. Mr. Houlihan stated there are quite a few facilities.

Ms. Dunn requested clarification on the benefits of participating in the Program. Mr. Houlihan explained Rule 4623 (Storage of Organic Liquids) details the program. Adding participation in the program allows the facility to clean the tank without submitting a petition for a variance. He noted participating in the program does require additional recordkeeping and inspections.

Public Comments: None

Having decided the petition has met the required finding, on motion of Mr. Padilla 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>
E. S-13-13S	Short	Sycamore Cogeneration Company Unit #4 1600 China Grade Loops Bakersfield, CA 93308

Petitioners: Cory Eagar, Alan Dartnell and Kelly Crowther

Patrick Houlihan presented the Staff Report.

Sycamore has requested a short variance from District Rules 2070.7.0, 2201, 2520, and 4703 in addition to conditions of the applicable PTOs. The requested short variance would be for a non-consecutive 40-hours period to occur sometime between April 25, 2013, and July 24, 2013, inclusive. If granted, the variance would allow the operation of the subject turbine unit with excess NO_x and CO emissions while Sycamore conducts the necessary tuning.

Mr. Houlihan noted modifications to the staff report including removing language associated with replacement, maintenance, tuning and testing of the combustion hardware due to the permit allowing for these processes. He reported the findings in the staff reports are modified:

2. The tuning is beyond the reasonable control of Sycamore as NERC requires it. Requiring compliance would prevent Sycamore from conducting the required tuning and would lead to the practical closing and elimination of a lawful business.
3. A closing or taking would be without a corresponding benefit in reducing air contaminants as the tuning is necessary per NERC requirements. Also the closing or taking would be without a corresponding benefit because Sycamore has contractual obligations to provide steam to the oil fields and electricity to the power grid and they'll lose the sales of power if they are required to shut off due to being unable to perform testing that is required of them.

Mr. Eagar thanked Mr. Houlihan for the presentation. Mr. Dartnell reviewed the specifics of the system including the benefits of replacing equipment.

Mr. Bland asked how many total units will need to be updated. Mr. Eagar explained there are eight total units over the course of approximately four years.

Public Comments: None

Having decided the petition has met the required finding, on motion of Mr. Stovall 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>	
F. S-13-14S	Short	Kern Cogeneration Company 1600 China Grade Loop Bakersfield, CA 93308	<i>Withdrawn</i>

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
G. S-13-15S	Short	Aera Energy LLC Alberta Shale/Finley, Lockwood, et al. Dehydration Facilities Midway Sunset Oil Field

Petitioners: Robert Beebout

Patrick Houlihan presented the Staff Report.

Aera has requested a short variance from District Rules 2010, 2070.7.0, 2201, 2520, and 4623, in addition to conditions of the applicable Authorities to Construct(ATCs) and Permits to Operate (PTOs). The requested short variance would be for a consecutive 144-hour period to occur sometime between, May 7, 2013, and June 7, 2013, inclusive. If granted, the short variance would allow for the continued storage of VOC containing liquids in the tanks without a functional or operating VRS while PG&E shuts down the electrical power.

Mr. Houlihan noted all reports and notifications shall be submitted to Ms. Ellyce Baldwin, Supervising Air Quality Inspector.

Mr. Beebout thanked Mr. Houlihan for the presentation.

Public Comments: None

Having decided the petition has met the required finding, 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>
H. S-13-13S	Short	Aera Energy, LLC Section 32 Gas Plant & SulFerOx Plant Belridge Oil Field

Petitioners: Brent Winn and Shane Henderson

Patrick Houlihan presented the Staff Report.

Aera has requested a short variance from the applicable requirements of District Rules 2070.7.0, 2201, 2520, 4320, and 4409 in addition to the applicable Permit to Operate (PTO) conditions. The requested short variance period would be for a consecutive 24-hour period to occur sometime between April 11, 2013, and July 10, 2013, inclusive. If granted, the variance would allow field gas greater than 10% VOC by weight and with excess H₂S to enter the fuel gas distribution system. In addition, it will allow 56 steam generators to exceed their SO_x output limit.

The petitioners introduced photos to illustrate the facility, server computer screens, electrical panel and the server being replaced.

Public Comments: None

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

5. EMERGENCY VARIANCE

The Southern Region Hearing Board granted two emergency variances since the March 13, 2013, Hearing Board meeting.

6. PUBLIC COMMENTS

No public comment.

7. HEARING BOARD MEMBER COMMENTS

Mr. Stovall acknowledged staff and assistant counsel for their efforts.

Mr. Padilla requested his position be corrected on the March 13, 2013 minutes as Engineer.

8. NEW BUSINESS

9. NEXT SCHEDULED MEETING

The next scheduled meeting is May 8, 2013. The meeting will be held via teleconferencing in the Southern Region Office (Bakersfield) with the Central Region Office (Fresno) participating via teleconferencing.

10. ADJOURN

The Chair adjourned the meeting at 11:07 a.m.