

**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, September 11, 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 10:00 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:

Southern Region (Bakersfield): Dave Baldwin, Supervising Air Quality Inspector

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

3. APPROVE MINUTES OF August 14, 2013

The Chair asked if there were any comments regarding the Minutes for August 14, 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-12-39X	Extension	Covanta Delano 31500 Pond Road Delano, CA 93216

Petitioners: Jeffrey Hahn, Kelly Champion and David Nelson

Patrick Houlihan presented the Staff Report.

Covanta has requested an extension of a previously granted regular variance from applicable sections of District Rules 2070.7.0, 2520, and 4352, in addition to applicable conditions of the subject permits. The requested variance period would be from September 1, 2013, until September 10, 2014. If granted the extension variance would allow Covanta to exceed the PSD NO<sub>x</sub> and CO emission limits until the current permits can be modified to allow for higher limits.

Mr. Padilla asked what the differences are between the federal and District limits. Mr. Houlihan explained the PSD conditions require a three-hour average for NO<sub>x</sub> and do not allow time for start up or shut down in regards to carbon monoxide. The District requires a 24-hour average for NO<sub>x</sub> which allows for more flexibility and also the District allows for a start-up/shut-down period for carbon monoxide. Mr. Padilla asked if the average hours for NO<sub>x</sub> are close in range between the federal and District limits. Mr. Hahn clarified Covanta Delano never burned coal. Mr. Hahn explained the District changed from 32lbs/hour for unit one of NO<sub>x</sub> to 40lbs/hour in 2002 through a complete BACT analysis. He added unit two also changed from 25.2lbs/hour to 32lbs/hour. He noted the PSD limits are a bit lower. He commented the owners of the facility are very happy the District took over the PSD permitting process. Mr. Hahn stated facility staff has developed a process to ensure the modifications are minor. He added if the increase is less than 40 tons/year of NO<sub>x</sub> then the modeling of 1-Hour NO<sub>2</sub> and SO<sub>2</sub> will be able to be foregone. Mr. Padilla asked how modeling is determined to be required. Mr. Hahn explained a facility undergoing a major modification must illustrate the facility will be in compliance with the new standards for the 1-Hour NO<sub>2</sub> and SO<sub>2</sub>.

Mr. Stovall stated EPA has given the District authority to change the PSD limits closer to those of the District which allow for more flexibility. He added the variance allows the facility to not exceed the limits during the process of the District changing the PSD limits. Mr. Houlihan responded the statement is correct. Mr. Stovall commented the consequence of current limits is the over injection of ammonia which creates visible emissions. Mr. Houlihan responded the statement is correct.

Mr. Hahn clarified the facility attempts to eliminate visible emissions by not only injecting limestone into the fluid beds but also injecting sodium bicarbonate for the bag house.

Mr. Padilla asked for the frequency of the unit's start up. Mr. Nelson explained there are three planned outages a year and unplanned outages range from 10-15 per year.

Ms. Dunn asked for the number of employees at the facility. Mr. Nelson responded 50 employees are employed at the facility.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>	
B. S-13-40S	Short	Aera Energy, LLC 25 Hill Leases Midway Sunset Oil Field	<i>withdrawn</i>

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
C. S-13-41S	Short	Aera Energy, LLC Area Wide Leases Midway Sunset Oil Field

Petitioners: Philip Young

Patrick Houlihan presented the Staff Report.

Aera has requested a short variance from District Rules 2070.7.0, 2201, 2520, and 4623, in addition to conditions of the applicable and Permits to Operate (PTOs). The requested short variance would be for a non-consecutive 144-hour period to occur sometime between, October 9, 2013, and January 6, 2014, 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. Young had no further comments.

Mr. Stovall asked for the number of employees at the facility. Mr. Young responded approximately 125 employees are employed.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
D. S-13-42S	Short	ExxonMobil Production Company Tulare Flare Hill Property South Belridge Oil Field

Petitioners: Jack Jones and Brian Smith

Patrick Houlihan presented the Staff Report.

ExxonMobil has requested a short variance from the applicable requirements of District Rules 2070.7.0, 2201, 2520, and 4623, in addition to the applicable conditions of the PTO. The requested variance period would be effective for a consecutive seven-day period to occur sometime between September 11, 2013, and December 9, 2013, inclusive. If granted, the variance would allow ExxonMobil to continue to store VOC containing liquids in the subject tanks without a functional or operating VRS while they relocate the flare.

Mr. Jones did not have any comments.

Public Comments: None

Having decided the petition had 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>
E. S-13-43S	Short	ExxonMobil Production Company Tank T-201 Hill Property South Belridge Oil Field

Petitioners: Jack Jones and Brian Smith

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 PTOs. The requested variance period would be effective for a consecutive 21-day period to occur sometime between September 11, 2013, and December 9, 2013, inclusive. If granted, the variance would allow the draining, degasing, and cleaning of the subject tank and its isolation from the VRS.

Dr. Haddock asked the destination of the water. Mr. Jones explained the water is drained and flows into the disposal system which is a disposal well into the ground.

Mr. Jones explained the facility will change from a 3,000 barrel tank to a 5,000 barrel tank which is welded instead of bolted.

Public Comments: None

Having decided the petition had met the required findings, on motion of Mr. Padilla 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-13-44S	Short	ExxonMobil Production Company K-1 & K-2 Compressors Hill Property South Belridge Oil Field

Petitioners: Jack Jones and Brian Smith

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 PTOs. The requested variance period would be effective for a consecutive seven-day period to occur sometime between September 11, 2013, and December 9, 2013, inclusive. If granted, the variance would allow ExxonMobil to continue to store VOC containing liquids in the subject tanks without a functional or operating VRS while the vapor lines are replaced.

Mr. Smith had no further comment.

Ms. Dunn asked the reason for the replacement. Mr. Jones explained deterioration. Ms. Dunn asked the age of the lines. Mr. Jones stated lines were installed approximately in 1986.

Mr. Padilla asked the material of the lines. Mr. Jones explained the material is carbon steel and will be replaced with carbon steel.

Public Comments: None

Having decided the petition had met the required findings, 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>
G. S-13-45S	Short	Chevron USA, Inc. 2F, 31E, & 29D Oil Cleaning Plant 2F, 31E & 1F Well Vent Systems Midway Sunset Oil Field

Petitioners: Ashley Dahlstrom and Steve Enns

Patrick Houlihan presented the Staff Report.

CUSA has requested a short variance from District Rules 2201, 2070.7.0, 2520, 4401, and 4623, in addition to conditions of the applicable PTOs. The requested variance would be for a non-consecutive 14-day period to occur sometime between September 11, 2013, and December 9, 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. Houlihan added modifications were made to the condition 2 on page 5:

- B. Condition 6,7,10, 14, 15, and 17 of PTO S-1128-125-22
  - C. Conditions 11, 12, 24, 25, 26, 27, 29, 31, and 32 of PTO S-1128-183-11
  - D. Conditions 12, 23, 24, and 25 of PTOs S-1128-230-4, -231-4, 232-4, -278-6, -605-5, -608-5, and 609-5
  - E. Conditions 1, 2, 6, 12, 16, and 21 of PTO S-1128-617-19
  - G. Condition 1 and 3 of PTO S-1128-954-5
  - H. Conditions 6, 9, 10, 11, 13, 14 and 16 of PTO S-1128-981-0
- New facility ID*
- B. Condition 3, 6 and 7 of PTO S-2010-0-2
  - C. Conditions 1,2,3,4,5, and 9 of PTO S-2010-8-4

D. Conditions 1,2,3,4,5, and 9 of PTO S-2010-9-4

Mr. Padilla requested clarification of condition 5 on page 6 regarding excess VOC emissions. Mr. Houlihan explained if the facility exceeds VOC emissions by one ton the facility has the option of either submitting emission reduction credits (ERC) or pay a fee. Mr. Padilla asked if the one ton is standard. Mr. Houlihan explained the condition is for items the District is not in attainment for such as NO<sub>x</sub> and the one ton is standard.

Ms. Dahlstrom had no further comments.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
H. S-13-46S	Short	Mt. Poso Cogeneration Company, LLC 36157 Famoso Highway Bakersfield, CA 93308

Petitioners: Stuart Welch

Patrick Houlihan presented the Staff Report.

Mt. Poso has requested a short variance from the applicable requirements of District Rules 1081, 2010, 2520, and 4352, in addition to conditions of the applicable ATC and PTO. The requested variance period would be from September 27, 2013 until December 10, 2013. If granted, the variance would allow Mt. Poso to postpone the annual compliance source test until after their fall outage.

Mr. Welch commented the necessity for the variance is primarily for the greater liability with the facility's Power Purchase Agreement with PG&E which runs through the end of September.

Mr. Welch explained there is a substantial impact to their generating output during a normal compliance source test.

Public Comments: None

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

5. EMERGENCY VARIANCE

The Southern Region Hearing Board granted three emergency variances since the August 14, 2013, Hearing Board meeting.

6. PUBLIC COMMENTS

No public comment.

7. HEARING BOARD MEMBER COMMENTS

Ms. Dunn acknowledged the day as a day of remembrance.

8. NEW BUSINESS

Mr. Hayashi explained the fees that are collected from the facilities that exceed VOC emissions go to incentive projects for reducing emissions.

Mr. Stovall asked what the mark-up is for the emission credits. Mr. Hayashi stated ERCs can go upwards of \$30,000 a ton.

9. NEXT SCHEDULED MEETING

The next scheduled meeting is October 9, 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 11:15 a.m.