

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 9 2014

*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 10:03 a.m.

2. Roll Call

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

Staff Present:

Southern Region (Bakersfield): Mike Oldershaw, Air Quality Compliance Manager

Central Region (Fresno): Michael Carrera, Air Quality Compliance Manager; Clay Bishop, Supervising Air Quality Specialist; Patrick Houlihan, Senior Air Quality Specialist; Shannon Moore, Air Quality Specialist; Annette Williamson, Legal Counsel; Carol Flores, Operations and Program Support Supervisor

3. Approve Minutes of March 12, 2014

The Chair asked if there were any comments regarding the Minutes for March 12, 2014. 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-14-10S	Short	Midway Sunset Cogeneration Company Aera Energy LLC 3466 West Crocker Springs Road Fellows, CA 93224

Petitioners: Dave Faiella, Ray Smith and Doug McCormick

Patrick Houlihan introduced Annette Williamson, Legal Counsel for the Hearing Board; Shannon Moore, Air Quality Specialist and Clay Bishop, Supervising Air Quality Specialist.

Mr. Houlihan presented the Staff Report.

Midway Sunset has requested a short variance from the applicable requirements of District Rules 2070.7.0, 2201, 2520, and 4703, in addition to the applicable conditions of the subject PTOs. The requested variance period would be for a consecutive 48-hour period to occur sometime between April 10, 2014, and April 20, 2014, inclusive. If granted, the variance would allow Midway Sunset to emit excess NO_x emissions while they remove the concrete steam line covers.

Mr. Houlihan noted modifications to the following Recommendations:

1. The variance shall be effective for a consecutive 48-hour period to occur sometime between April 10, 2014, and May 20, 2014, inclusive, or until MSCC has brought the NO_x emission into compliance, whichever occurs first.
7. By June 4, 2014, or no later than 15 calendar days after returning the NO_x emissions to compliance status, whichever occurs first, MSCC shall submit to the District a summary report.

No comments from petitioner.

Ms. Dunn requested clarification of the necessity for the removal of the concrete steam line covers. Mr. Faiella explained that due to condensation build up, a leak being discovered and the inability to start up the units; the start up steam line needs to be replaced to avoid catastrophic failure. He added although testing was being performed, the technology was not able to detect parts of the line were failing.

Dr. Haddock commented the loss of the supply of steam and power will be a great financial loss. Mr. Faiella agreed. Mr. Smith added Aera would need to file multiple variances because they would not have any power.

Public Comments: None

Having decided the petition had met the required findings, on motion of Dr. Haddock 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>
B. S-14-13S	Short	Chevron USA Inc. 17Z Gas Plant McKittrick, CA 93224

Petitioners: Dave Bone and Vernon McKnight

Mr. Houlihan presented the Staff Report.

Chevron has requested a short variance from the applicable requirements of District Rules 2010, 2070.7.0, 2201, 4409, and 4623, in addition to the applicable conditions of the subject permits. The requested short variance period would be from May 2, 2014, until May 30, 2014. If granted, the variance would allow Chevron 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.

Mr. Padilla expressed concern regarding the facility filing for two variances on the same facility which will result in extra excess emissions. Mr. Houlihan clarified the facilities are different noting one is a Gas Plant and one is an Oil Cleaning Plant. Mr. Padilla asked if the repair dates coincide. Mr. Bone explained the crude oil separation process is transferred through a pipeline to the gas plant. He added the pipeline was discovered to have a leak and cannot be repaired while the gas plant is in operation. He noted the repairs will take place during the gas plant turnaround.

Mr. Stovall requested clarification on the necessity of the turnaround. Mr. Bone explained the turnaround is not only for efficiency but also for safety. Mr. Stovall asked the number of employees employed at the facility. Mr. McKnight responded there are 16 employees daily and approximately 120 employees during the turnaround.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
C. S-14-17S	Short	Chevron USA Inc. 8Z North East McKittrick Unit 15Z Oil Cleaning Plant McKittrick Oil Field

Petitioners: Dave Bone and Vernon McKnight

Mr. Houlihan clarified the District requested the petitioner to submit two different variances due to the timing of completion. He noted if one project were to finish before the other it would create compliance issues.

Mr. Houlihan presented the Staff Report.

Chevron has requested a short variance from the applicable requirements of District Rules 2010, 2070.7.0, 2201, 2520, and 4623, in addition to the applicable conditions of the subject permits. The requested variance would be for a consecutive 168-hour period to occur sometime between May 2, 2014, and May 30, 2014, inclusive. If granted, the variance would allow the continued storage of VOC containing liquids in tanks without a functional or operating VRS.

Mr. Bone explained the excess emissions calculations are completed with contingencies of greater time to complete the project and a higher estimation of excess emissions.

Public Comments: None

Having decided the petition had met the required findings, on motion of Ms. Dunn and seconded by Mr. Stovall, with one abstention, the petitioner was granted a short variance.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
D. S-14-22S	Short	Chevron USA, Inc 31X Oil Cleaning Plant Cymric Oil Field

Petitioners: Dave Bone and Vernon McKnight

Mr. Houlihan presented the Staff Report.

Chevron has requested a short variance from the applicable requirements of District Rules 2201, 2070.7.0, 2520, and 4623, in addition to applicable conditions of the subject permits. The requested short variance period would be effective for a consecutive 48-hour period to occur sometime between April 10, 2014, and May 10, 2014, inclusive. If granted, the variance would allow Chevron to continue to store VOC containing liquids in the subject tanks without a functional and operational VRS while Chevron installs the isolation valve.

Mr. Stovall asked if the project will improve the system and therefore avoid the need for future variances. Mr. Houlihan responded affirmatively.

There were no comments from the petitioner.

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-14-14S	Short	Chevron USA Inc. 31E Oil Cleaning Plant Midway Sunset Oil Field

Petitioners: Ashley Dahlstrom and Steve Enns

Mr. Moore presented the Staff Report.

Chevron has requested a short variance from the applicable requirements of District Rules 2010, 2201, 2070.7.0, 2520, 4401, and 4623, in addition to applicable conditions of the permits. The requested variance would be for a non-consecutive

21-day period to occur sometime between April 9, 2014, and July 7, 2014, inclusive. If granted, the variance would allow Chevron to continue to store VOC containing liquids in tanks without a functional or operating VRS while Chevron installs the two new compressors. In addition, it will allow wells with closed casing vents to produce into tanks that do not have a functional or operating VRS.

Mr. Moore noted modifications to the Excess Emissions:

Because the API gravity of the oil is less than 26 degrees, uncontrolled tank VOC emissions have been calculated using the *Tank Emission – Fixed Roof Crude Oil* less than 26 API spreadsheet developed by the District to calculate emissions from heavy oil tanks. 95% of those calculated emissions are then counted as excess emissions. Using those guidelines, excess emissions are estimated to be 330 pounds over the duration of the variance period.

Mr. Houlihan noted modifications to the Recommendations:

2B. Conditions 1, 3 and 12 of PTO S-1128-617-21

2E. Conditions 4, 7, 8, 9, 11, 12 and 14 of PTO S-1128-981-0

Ms. Dahlstrom explained the reason for the change in estimated emissions are due to revised calculations to reflect the average throughput.

Dr. Haddock asked if the newly revised excess emissions estimations are acceptable to the District. Mr. Houlihan responded affirmatively.

Mr. Padilla noted the calculations do not leave room for contingencies. Ms. Dahlstrom responded affirmatively but considers the result are still an over estimation.

Public Comments: None

Having decided the petition had 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 left at 11:20 a.m. Mr. Stovall assumed the role of Chair.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
F. S-14-19S	Short	Chevron USA Inc. 26C Oil Cleaning Plant Midway Sunset Oil Field

Petitioners: Ashley Dahlstrom and Steve Enns

Mr. Houlihan presented the Staff Report.

Chevron has requested a short variance from the applicable requirements of District Rules 2070.7.0, 2201, 2520, 4401, and 4623, in addition to applicable conditions of the subject permits. The requested variance period would be for 120 non-consecutive hours to occur sometime between April 9, 2014, and July 7, 2014, inclusive. If granted, the variance would allow Chevron to continue to store VOC

containing liquids in the subject tanks without an operating or functional VRS while Chevron replaces the instrument air compressors. In addition, it will allow wells with closed casing gas vents to produce into tanks that do not have a functional or operating VRS.

Mr. Houlihan noted modifications to the following Recommendations:

2B. Conditions 3, 6, 9, 13, 14, 15, 16, 19, 26, 27, and 38 of PTO S-1128-118-19

Ms. Dahlstrom explained the replacement was not able to be completed previously due to additional maintenance issues discovered.

Public Comments: None

Having decided the petition had met the required findings, 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>
G. S-14-16S	Short	Vintage Production California, LLC Kern Front Oil Field

Petitioners: Doug Shaffer, Jerry Frost and Nicholas Diercks

Mr. Houlihan presented the Staff Report.

Vintage has requested a short variance from the applicable requirements of District Rules 2010, 2070.7.0, 2201, 2520, 4401, and 4623 in addition to applicable conditions of the subject permits. The requested short variance would be a consecutive 48-hour period to occur sometime between April 16, 2014, and May 16, 2014, inclusive. If granted, it would allow the continued storage of VOC containing liquids in the subject tanks without a functional or operating VRS until PG&E restores electrical power. It shall also provide that the collected vapors do not have to be incinerated in the steam generators.

Mr. Frost clarified PG&E indicated the power outage will be of a 4-hour duration but the facility cannot rely on that estimation. He added the facility will be operational before the 48-hour period requested.

Public Comments: None

Having decided the petition had met the required findings, 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>
H. S-14-18S	Short	Aera Energy LLC Gas Plant 32 Belridge Oil Field

Petitioners: Bren Winn and Jeff Rollans

Mr. Moore presented the Staff Report.

Aera has requested a short variance from the applicable requirements of District Rules 2070.7.0, 2201, 2520, and 4409 in addition to the applicable Permit to Operate (PTO) conditions. The requested short variance period would be for a consecutive 12-day period to occur sometime between April 9, 2014, and July 7, 2014, inclusive. If granted, the variance would allow Aera to exceed the daily total gas consumption limit at the Low Pressure Flare and, bypass the gas plant without following all the provisions of District Rule 4409 during the shutdown.

Mr. Moore noted a typographical error on the summary of the Nature of the Problem where the date July 7, 2013 was incorrect and should be July 7, 2014.

Mr. Winn stated the sulfur will be treated so there will be no excess sulfur emissions. Additionally he clarified the low pressure flare is combined with the two inlet turbines to total the limit of 1,301,176 sfc/day. He noted that although the turbines would be powered off and no excess emissions there will still be a submission of Title V deviation reports. Due to this there will need to be Recommendations added:

2D. Condition 5 of PTO S-1543-5-16

2E. Condition 5 of PTO S-1543-6-17

Public Comments: None

Having decided the petition had 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>
I.	S-14-21S	Short	Aera Energy LLC Lost Hills One Dehydration Facility Lost Hills Oil Field

Petitioners: John Furman and John Ludwick

Mr. Houlihan presented the Staff Report.

Aera has requested a short variance from the applicable requirements of District Rules 2201, 2070.7.0, 2520, and 4623, in addition to applicable conditions of the subject permits. The requested short variance period would be effective for a non-consecutive 120-hour period to occur sometime between April 21, 2014, and July 19, 2014, inclusive. If granted, the variance would allow Aera to continue to store VOC containing liquids in the subject tanks without a functional or operating VRS while the electrical power to the VRS is shut off.

No comments from petitioners.

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.

5. Emergency Variance

The Southern Region Hearing Board heard and granted two emergency variances since the March 12, 2014, Hearing Board meeting.

6. Public Comments

No public comment.

7. Hearing Board Member Comments

Mr. Stovall asked if there is any relationship between the estimated and actual excess emissions. Mr. Houlihan stated the actual excess emissions are normally much less than the estimated but it was difficult to determine any relationship due the differences in variances.

Mr. Padilla asked if the same calculations are the same throughout California. Mr. Houlihan stated he was unable to answer the question.

Mr. Bishop commented other industries have very good estimations of excess emissions and gave the examples of power plants.

Ms. Dunn left at 11:47 a.m.

8. New Business

None.

9. Next Scheduled Meeting

The next scheduled meeting is May 14 2014. The meeting will be held via video teleconferencing in the Southern Region Office (Bakersfield) with the Central Region Office (Fresno) participating via video teleconferencing.

10. Adjourn

The Chair adjourned the meeting at 11:48 a.m.