

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, May 13, 2015

*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
William Bland (Chair) – Public	Present
Nancy Dunn – Public	Present
Daniel Padilla – Engineer	Present
John Stovall – Attorney**	Present

**Mr. Stovall arrived at 10:07 a.m.

Staff Present:

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

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

3. Approve Minutes of April 8, 2015

The Chair asked if there were any comments regarding the Minutes for April 8, 2015. Having decided the Minutes were accurate, on motion of Dr. Haddock and seconded by Ms. Dunn, with one abstention, the Minutes were approved with no changes.

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-15-07R	Regular	Chevron USA Inc 26C Oil Cleaning Plant Midway Sunset Oil Field

Petitioners: Steve Enns and Johnny Gutierrez

Mr. Houlihan presented the Staff Report.

CUSA has requested a regular variance from the applicable conditions of the subject permits. The requested variance period would be for a non-consecutive 96-hour period to occur sometime between May 25, 2015, and February 22, 2016, inclusive. If granted, the variance would allow CUSA to continue to store VOC containing liquids in the subject tanks without an operating or functional VRS while CUSA conducts the maintenance. 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. Enns requested the start date of the variance period begin on May 13, 2015. Mr. Houlihan reported the following modification to Recommendation:

1. The variance shall be effective for non-consecutive 96-hour period to occur sometime between May 13, 2015, and February 22, 2016, inclusive, or until the proposed maintenance is completed and the VRS is returned to compliant operation, whichever occurs first.

Mr. Houlihan added no other modifications to the Recommendations were necessary because a regular variance can last up to one year.

Public Comments: None

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

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
B. S-15-23S	Short	Aera Energy LLC Dehydration Facility 20 Belridge Oil Field

Petitioners: Brent Winn and Agustin Lee

Mr. Houlihan presented the Staff Report.

Aera has requested a short variance from the applicable requirements of District Rules 2070, 2201, 2520, and 4623, in addition to applicable conditions of the subject permits. The requested short variance would be for a non-consecutive period of 96 hours to occur sometime between May 13, 2015, and August 10, 2015, 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 Aera revises the PLC and replaces the cooling fan on the VFD for one of the VRS compressors.

Mr. Houlihan reported the following modifications to Recommendations:

1. The variance shall be effective for a non-consecutive period of 96 hours to occur sometime between May 13, 2015, and August 10, 2015, inclusive, or until the subject work is completed and the VRS is returned to compliant operation, whichever occurs first.
7. Aera shall notify the District at least 24 hours, but no earlier than 96, each time prior to shutting down the VRS.

Mr. Padilla asked if the time period of the non-consecutive 96 hours included a buffer in case something went wrong. Mr. Lee explained the maintenance should

only take 24 hours to complete but just in case the variance request is for 96 hours. Mr. Winn explained each operation takes approximately 24 hours so there is a buffer of one day.

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>
C. S-15-25i	Interim	Chevron USA Inc P.O. Box 1392 Bakersfield, CA 93302

Petitioners: Dave Bone and Matt Schroeder

Mr. Houlihan presented the Staff Report.

Chevron has requested an interim variance, to be followed by a regular variance, from the applicable requirements of District Rules 2010, 2201, 2070, 2520, 4305, 4306, 4320, 4702, and 4703 in addition to applicable conditions of the subject permits. The requested interim variance period would be effective from May 13, 2015, until July 8, 2015, or until the petition on the regular can be heard, whichever occurs first. If granted, the variance would allow Chevron to continue to operate combustion equipment with excess SO_x emissions.

Dr. Haddock asked if the sulfur gas that is being released has an odor. Mr. Bone explained the gas is not hazardous.

Mr. Bone requested a correction to Recommendation:
2S. Conditions 4 and 8 of PTO S-1128-941-3

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 interim variance.

<u>Docket No.</u>	<u>Type</u>	<u>Company Name</u>
D. S-15-26i	Interim	Chevron USA Inc P.O. Box 1392 Bakersfield, CA 93302

Petitioners: Dave Bone and Matt Schroeder

Mr. Houlihan presented the Staff Report.

Chevron has requested an interim variance, to be followed by a regular variance, from the applicable requirements of District Rules 2010, 2201, 2070, 2201, and 4409

in addition to applicable conditions of the subject permits. The requested interim variance period would be effective from June 2, 2015, until July 8, 2015, or until the petition on the regular variance can be heard, whichever occurs first. If granted, the variance would allow Chevron to continue to operate without repairing the two leaking components within one year of when the leaks were discovered.

Mr. Padilla asked if the facility provided documentation to the District on their attempts to repair components. Mr. Houlihan responded affirmatively.

Mr. Bone stated he was not aware of the CARB requirement on interim variances and prepared the variance when he became aware the leaks were nearing their one year anniversary date. Mr. Schroeder explained the original plan was to have a shut down in the spring of 2015. And due to current economic conditions and capital project issues the decision was made to postpone the shutdown to October of 2015.

Mr. Stovall requested clarification of when the leaks must be fixed according to the conditions of the permit. Mr. Houlihan explained the facility must file an Operator Management Plan with the District which identified components that are critical to the operation of the facility and can only be repaired with a complete shutdown of the facility. These components were in the Plan and the facility has one year from the discovery date or until the next planned shutdown to repair those items.

Mr. Bland said the Hearing Board needs good cause to grant the interim variance and believes the petitioner will be able to meet the six findings in a subsequent variance.

Mr. Houlihan added the District does not want extra pollutants into the air but the options the petitioner has is to accept a Notice of Violation (NOV) due to excess emissions or shut down and release contaminants into the atmosphere and the latter is the worst option.

Mr. Padilla asked for more information on the critical components being discussed. Mr. Schroeder provided information on the critical components and added the actual parts and repairs are low-dollar, but the shutting down of the facility, ensuring systems are safe to perform maintenance and then starting the facility takes time and capital investment.

Mr. Padilla asked if the shutdown can be scheduled sooner. Mr. Schroeder explained the whole plant will be shut down and there will be some capital project work performed as well as maintenance to perform repairs. The coordination of outside contractors is involved so the scheduling cannot be modified. Mr. Padilla asked if there is anything that can be done to help with the leaks. Mr. Schroeder stated there is little to nothing that can be done at this time.

Mr. Padilla expressed concern with findings 3 and 4 for the subsequent regular variance. Mr. Bland requested a review of the findings for a regular variance. Ms. Williamson reviewed the six findings that the Hearing Board will need to find to approve the ensuing regular variance.

Mr. Stovall asked what the economic consequence would be if the variance is not granted. Mr. Bone stated the cost of 2 shut downs including loss of revenue and twice the emissions.

Public Comments: None

Mr. Padilla asked when the last shut down was. Mr. Schroeder stated May 2014 was the last shut down which is when the leak was discovered. Mr. Padilla asked the volume of emissions. Mr. Bone explained emission amounts are based on estimated factors and are listed in the staff report.

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 an interim variance.

5. Emergency Variance

The Southern Region Hearing Board heard and granted seven emergency variances since the April 8, 2015, Hearing Board meeting.

6. Public Comments

No public comment.

7. Hearing Board Member Comments

Mr. Padilla asked if emergency variances are available to the members of the public. Mr. Houlihan explained emergency variances do not need to be noticed to the public. However, they are available upon a Public Records Request. Mr. Bland added staff will contact him and ask if he's available to hear an emergency variance and later will hear the petition.

8. New Business

Mr. Houlihan reported Fresno staff will be in Bakersfield for the June 10, 2015, Southern Region Hearing Board because of scheduling conflicts with conference rooms. Mr. Bland reported he will not be available to attend the June 10th meeting and requested Mr. Stovall to act as Chair.

9. Next Scheduled Meeting

The next scheduled meeting is June 10, 2015. The meeting will be held in the Southern Region Office (Bakersfield).

10. Adjourn

The Chair adjourned the meeting at 11:06 a.m.