

 <b>SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT</b>  <b>ENGINEERING &amp; COMPLIANCE DIVISION</b>  APPLICATION PROCESSING AND CALCULATIONS	PAGES 12	PAGE 1
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**PERMIT TO CONSTRUCT**

COMPANY NAME: PARAMOUNT PETROLEUM CORP  
ID No. 800183

MAILING ADDRESS: 14700 Downey Ave  
Paramount, CA 90745

EQUIPMENT LOCATION: 14700 Downey Ave  
Paramount, CA 90745

CONTACT PERSON: June Christman  
(562) 748-4704

**EQUIPMENT DESCRIPTION**

Additions to the Facility Permit are noted in underlines and deletions are noted in ~~strikeouts~~.

SECTION H: PERMIT TO CONSTRUCT AND TEMPORARY PERMIT TO OPERATE

Equipment	ID No.	Connected To	RECLAIM Source Type/ Monitoring Unit	Emissions And Requirements	Conditions
<b>Process 2: HYDROTREATING</b>					
<b>System 2: HEATERS</b>					
HEATER, H-301, REFINERY GAS, UNIVERSAL OIL PRODUCT, RERUN TOWER REHEAT, WITH LOW NOX BURNER, 30 MMBTU/HR WITH A/N: 526349 Permit to Construct Issued:  BURNER, JOHN ZINK, MODEL PSFFG- 30M, 12LOW NOX BURNERS, WITH LOW NOX BURNER	D47	C77	NOX: LARGE SOURCE SOX: MAJOR SOURCE	CO: 400 PPMV (5)[ <b>RULE 1146, 11-17-2000</b> ]; CO: 2000 PPMV (5A)[ <b>RULE 407,4-2-1982</b> ]; NOX:38.475 PPMV (3)[ <b>RULE 2012, 5-6-2005</b> ]; PM: 0.1 GRAINS/ SCF (5) [ <b>RULE 409, 8-7-1981</b> ]; PM: (9)[ <b>RULE 404, 2-7-1986</b> ]	B61.2, D90.7, D328.1, H23.4

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## CONDITIONS

B61.2 The operator shall not use fuel gas containing the following specified compounds:

Compound	ppm by volume
H2S greater than	160

The H2S concentration limit shall be based on a rolling 3-hr averaging period.

**[40CFR60 Subpart J, 6-24-2008]**

[Devices subject to this condition: D27, D29, D30, D31, D44, D45, D46, D73, D74, D75, D76, C175]

D90.7 The operator shall continuously monitor the H2S concentration in the fuel gases before being burned in this device according to the following specifications:

The operator shall use an NSPS Subpart J approved instrument meeting the requirements of 40 CFR 60 Subpart J to monitor the parameter.

The operator shall also install and maintain a device to continuously record the parameter being monitored.

The operator may monitor the H2S concentration at a single location for fuel combustions devices, if monitoring at this location accurately represents the concentration of H2S in the fuel gas being burned in this device.

**[40CFR60 Subpart J, 6-24-2008]**

[Devices subject to this condition: D27, D44, D46, D73, D74, D75, D76, C175]

D328.1 The operator shall determine compliance with the CO emission limit(s) either: (a) conducting a source test at least once every five years using AQMD Method 100.1 or 10.1; or (b) conducting a test at least annually using a portable analyzer and AQMD-approved test method. The test shall be conducted when the equipment is operating under normal conditions to demonstrate compliance with the CO concentration limit(s). The operator shall comply with all general testing, reporting, and recordkeeping requirement in Sections E and K of this permit.

**[Rule 1146, 11-17-2000; Rule 3004(a)(4)-Periodic Monitoring, 12-12-1997; Rule 407, 4-2-1982]**

[Devices subject to this condition: D27, D31, D75, D76, D374]

H23.4 This equipment is subject to the applicable requirements of the following rules or

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regulations:

Contaminant	Rule	Rule/Subpart
H2S	40CFR60, Subpart	J

**[40CFR 60 Subpart J, 6-24-2008]**

[Devices subject to this condition: D27, D29, D30, D31, D44, D45, D46, D73, D74, D75, D76, C175, C531]

## **BACKGROUND**

Paramount Petroleum Corporation (Paramount) operates a petroleum refinery located at 14700 Downey Avenue in the city of Paramount in the southern portion of Los Angeles County. Paramount processes crude oil into marketable products including gasoline, diesel fuel, jet fuel and other products. Emission sources at the refinery include combustion sources (heaters, boilers, and IC engines), fugitive components (pumps, valves, flanges, compressors, drains, etc.), cooling towers, storage tanks, flares and loading/unloading facilities. The South Coast Air Quality Management District (AQMD) identification number for the facility is 800183.

There are six hydroheating heaters at the Paramount Refinery (H-101, H-102, H-501/H-502, H-301, and H-302). The subject of this application is Heater H-301, which is fired using refinery gas and provides heat for the Rerun Tower, W-301. Paramount is proposing to replace the existing convection section of Heater H-301 with a new more efficient unit.

AQMD received the application package on August 26, 2011 and supplemental information was received on January 10, 2012. Table 1 lists permit processing tracking information and fees. No additional fees are required for this permit application.

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**Table 1: PERMIT ADMINISTRATION & APPLICATION TRACKING INFORMATION**

<b>Application No.</b>	<b>526349</b>
Equipment Description	Heater
Date Received	8/26/2011
Deemed Complete Date	01/10/2012
Application Type	50: Permit to Construct
Application Status	20: Class I
Previous Application No.	225308, Active
B-CAT No.	019604, Schedule D
C-CAT No.	00
Schedule D Fee	\$4,636.58
Title V Revision Fee (A/N 512792)	\$ 1,747.19
Total Fees Required	\$ 4,933.07
Fees Submitted	\$ 4,933.07

**COMPLIANCE RECORD REVIEW**

A review of the AQMD Compliance Database showed 33 Notices of Violation (NOV) and Notices to Comply (NC) issued to Paramount in the past five years (06/01/07 - 06/01/12). All notices are either closed or in compliance status except for one that is not related to Heater H-301. The Stipulated Orders for Abatement (SOFA) are closed. Paramount is on a schedule to compliance on the Variance Cases.

**PERMIT HISTORY**

Heater H-301, Dev D47, A/N 526349

<i>Permit to Construct</i>		<i>Permit to Operate</i>		<i>Description of Permitting Activity</i>
<i>A/N</i>	<i>Issue Date</i>	<i>No</i>	<i>Issue Date</i>	
225308		D34929	21/31/1990	Increased duty from 18.75 MMBTU/hr to 30 MMBTU/hr and installed new Low NOx burner to comply with Rule 1109 and Rule 1146.

**FACILITY, EQUIPMENT AND NEAREST RECEPTOR LOCATION**

This project is located within the boundary of the Paramount Refinery which resides at 14700 Downey Avenue in the City of Paramount. The refinery is bounded by Contreras street on the north, Downey Avenue on the west, Somerset Boulevard on the south and Lakewood Boulevard

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on the east. The refinery occupies approximately a half of the total acreage of the area known as the Somerset Ranch Area in the 1990 Paramount General Plan. The area is designated as mixed use that includes a combination of residential, commercial, and industrial and public uses.

The refinery is bounded on the north by Wirtz Elementary School and Cinderella Mobil Home Community along Contreras Avenue. A single-family residential neighborhood is located along Castana Avenue. There an Albertsons supermarket and a Wal-Mart along Lakewood Boulevard. The Hazy 8 Motel, two trailer parks and a mix of commercial and light industrial uses are located to the east of the facility. Commercial businesses and single-family residences are located along Somerset Boulevard south of the site. The Southern Pacific railroad tracks and Departments of Water and Power easement separate the refinery from a commercial self-storage facility, the Somersatt Village condominiums and single-family neighborhood southwest of the site. The railroad tracks and electrical easement continue northwest across Downey Avenue and separate single and multiple-family residences located west of the site from Paramount High School on the northwest.

As described above, the nearest residential and commercial receptor locations are adjacent to the refinery. The subject permit unit for this project is located within 1000 feet from the outer boundaries of two schools – Wirtz Elementary and Paramount High School. The other schools located nearest to the refinery include the Albert Baxter Elementary School, Paramount High School (West Campus) and Park Elementary School. Refer to the application package submitted by Paramount for the exact location of Heater H-301 in the refinery.

### **PROCESS AND PROJECT DISCUSSION**

Hydrotreating process is used to remove impurities such as sulfur, nitrogen, oxygen, halides and trace metal impurities from liquid petroleum fractions. Hydrotreating also upgrades the quality of fractions by converting olefins and diolefins to paraffins for the purpose of reducing gum formation in fuels. The process utilizes catalysts in the presence of substantial amounts of hydrogen under high pressure and temperature to react the feedstocks and impurities with hydrogen.

The hydrotreating process requires large fired heaters to heat the product to the desired temperature. There are six hydroheating heaters at the Paramount Refinery (H-101, H-102, H-501/H-502, H-301, and H-302). The subject of this application is heater H-301, which is fired using refinery gas and provides heat for the Rerun Tower, W-301. Paramount is proposing to replace the existing convection section of Heater H-301 with a new more efficient unit.

As a result of this change, the stack height of the heater will increase nine feet, from 46 feet 9 inches to 55 feet 9 inches, both measured from the top of the foundation. No changes in burners or heat input rating are planned, so there will no change in criteria pollutant emissions with the proposed convection section replacement. Toxic emissions will also remain the same although

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the Maximum Individual Cancer Risk (MICR) will decrease because of the increase in stack height.

Since the description of convection section of a heater is not required in the Facility Permit, the equipment description of the heater under this application will remain the same as it is now, with only a change in application number.

## **EMISSIONS CALCULATION**

### **CRITERIA POLLUTANTS**

Criteria pollutant emissions are due to combustion in the Hydrotreating Heater. Since there is no change in the heater's rating, there will be no change to the "potential to emit" emissions. The baseline emissions from the previous application, A/N 225308, are carried over to this application and shown in Table 2 below.

**Table 2: COMBUSTION EMISSIONS SUMMARY**

<i>A/N</i>	<i>Device</i>	<i>CO</i> <i>(lbs/day)</i>	<i>NOx</i> <i>(lbs/day)</i>	<i>PM</i> <i>(lbs/day)</i>	<i>ROG</i> <i>(lbs/day)</i>	<i>SOx</i> <i>(lbs/day)</i>
526349	Heater H-301, Dev D47	2.271	36	11.634	3.878	9.363

**Note:** The reported RECLAIM emissions for both NOx and SOx for the last two years (2010 and 2011) are well below the calculated maximum emissions above.

### **RISK ASSESSMENT**

Paramount performed a Tier 2 assessment screening pursuant to the Risk Assessment Procedures for Rules 1401 and 212 for both pre- and post- modification emissions. MICR has been calculated for two cases: the existing case for H-301 as it stands at present and for H-301 after it has undergone the proposed modification with the **higher stack**. The heater is assumed to be in operation 24 hours/day, 365 days/year. The toxic emission factors utilized in this estimate were developed by the California Air Resources Board for use in AB2588 emissions inventories for natural gas fired external combustion equipment. The Lynwood station is used and the receptor distance is 100 meters. Results are shown in Table 3 below and documentation is included in the application package submitted by Paramount.

**Table 3: MICR CALCULATIONS SUMMARY**

	<i>Worker</i>	<i>Residential/Sensitive</i>
Pre-Modification MICR	2.65 x 10 <sup>-6</sup>	2.33 x 10 <sup>-5</sup>
Post-Modification MICR	1.05 x 10 <sup>-6</sup>	9.29 x 10 <sup>-6</sup>
Reduction	Yes	Yes

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## **RULES EVALUATION**

### **PART 1: SCAQMD REGULATIONS**

#### **Rule 212      Standards for Approving and Issuing Public Notice (Amended Nov. 14, 1997)**

- 212 (a)            The applicant is required to show that the equipment, the use of which may cause the issuance of air contaminants or the use of which may eliminate, reduce, or control the issuance of air contaminants, is so designed, controlled, or equipped with such air pollution control equipment that it may be expected to operate without emitting air contaminants in violation of provisions of Division 26 of the State Health and Safety Code of these rules. The operation of the heater is expected to comply with this requirement.
- 212(c)(1)        Public notification is required if any new or modified permit unit, source under Regulation XX, or equipment under Regulation XXX may emit air contaminants located within 1000 feet from the outer boundary of a school. However, this subdivision shall not apply to a modification resulting in a reduction of emissions and no increase in health risk at any receptor location. The subject heater is within 1000 feet of a school but since there is no increase in emissions with the operation of the proposed project, public notification is therefore not required.
- 212(c)(2)        Public notification is required if any new or modified facility has on-site increases exceeding any of the daily maximums specified in subdivision (g) of this rule. Since there is no increase in emissions with the operation of the proposed project, public notification is therefore not required.
- 212(c)(3)        Public notification is required if the increase in maximum individual cancer risk (MICR), based on Rule 1401, exceeds one in a million ( $1 \times 10^{-6}$ ), due to a project's new construction or proposed modification. Since there is a decrease in MICR with the operation of the proposed project as shown in Table 3, public notification is therefore not required.
- 212(g)            This subdivision sets forth the process for federal public notification and distribution and specifies the daily maximum emissions increase as follows:

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<u>Air Contaminant</u>	<u>Daily Maximum in lbs/day</u>
Volatile Organic Compounds	30
Nitrogen Oxides	40
PM10	30
Sulfur Dioxide	60
Carbon Monoxide	220
Lead	3

Since there is no increase in emissions with the operation of the proposed project, federal public notification is not required.

**Rule 401**     Visible Emissions (Amended November 9, 2001)  
 Operation of the heater is not expected to result in visible emissions. Therefore, continued compliance with this rule is expected.

**Rule 402**     Nuisance (Adopted May 7, 1976)  
 Operation of the heater is not expected to result in a public nuisance. Therefore, continued compliance with this rule is expected.

**Rule 404**     Particulate Matter (Amended February 7, 1986)  
 This rule requires particulate matter discharged into the atmosphere be less than the standard listed in Table 404(a) of this rule. Operation of the heater does not increase PM emissions. Therefore, continued compliance is expected.

**Rule 407**     Liquid and Gaseous Contaminants (Amended April 2, 1982)

407(a)(1)     CO emissions from the heater are expected to be well under the 2,000 ppmv limit specified in this rule. Continued compliance is expected.

407(a)(2)     Since Paramount is a NO<sub>x</sub>/SO<sub>x</sub> RECLAIM facility, the SO<sub>x</sub> emission limits of this rule do not apply to the subject heater.

**Rule 409**     Combustion Contaminants (Amended August 7, 1981)  
 This rule limits particulate emissions from combustion to 0.1 grains per cubic foot @ 12% CO<sub>2</sub>. Continued compliance is expected.

**Reg IX**        Standards of Performance for New Stationary Sources (NSPS)

40 CFR 60, Subpart J: Standards of Performance for Petroleum Refineries  
 The proposed modification will not have an emissions increase from the heater. However, the heater is already subject to this regulation, as imposed by Conditions B61.2, D90.7 and H23.4 to address the requirements. Section 60.104 limits the H<sub>2</sub>S concentration in fuel burned to 0.1 grains/dscf (equal to 160 ppm).

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Records submitted by Paramount consistently show H<sub>2</sub>S readings below 160 ppm, thus, continued compliance is expected.

**Reg XIII**     New Source Review (NSR)

Rule 1303: Requirements (Amended Dec. 6, 2002)

This rule allows the Executive Officer to deny a Permit to Construct for any new, modified or relocated source which results in an emission increase of any non-attainment air contaminant, any ozone depleting compound, or ammonia, unless BACT is used. This rule also requires modeling and offset (among other requirements) if there is a net increase in any non-attainment air contaminants for any new or modified source. Since the proposed change does not result in a net emissions increase of any nonattainment air contaminant, all the requirements of this regulation do not apply.

**Reg XIV**     Toxics and Other Non-Criteria Pollutants

Rule 1401: New Source Review of Toxic Air Contaminants (Amended March 4, 2005)

This rule specifies that a project not result in an increase in maximum individual cancer risk (MICR) greater than  $1 \times 10^{-6}$ , or  $10 \times 10^{-6}$  if T-BACT is used, that the noncancer acute and chronic hazard index (HI) not exceed 1.0 and that the cancer burden not exceed 0.5 from new permit units, relocations or modifications to existing permit units which emit toxic air contaminants listed in Table 1 of this rule.

1401(g)(1)(B) Exemptions – Modification with No Increase in Risk

The requirements of this rule shall not apply to a modification of a permit unit that causes a reduction or no increase in the cancer burden, MICR or acute or chronic HI at any receptor location. Since the proposed modification will cause a decrease in MICR, as shown in Table 3, it is exempt from the requirements of this rule.

**Reg XVII**     Prevention of Significant Deterioration (PSD)

This regulation sets forth preconstruction review requirements for stationary sources to ensure that air quality in clean air areas does not significantly deteriorate while maintaining a margin for future industrial growth.

The SCAQMD is presently considered in attainment for the following criteria pollutants: NO<sub>2</sub>, SO<sub>2</sub>, CO and Lead; thus these pollutants are subject to PSD regulations.

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According to the guidance provided in Mohsen Nazemi's email dated August 14, 2007, the AQMD has signed a new Limited PSD Delegation agreement with EPA effective July 25, 2007. Therefore, effective July 25, 2007, the AQMD has PSD responsibility for all new PSD sources and all modifications to existing PSD sources where the applicant is requesting to use the existing Regulation XVII to determine PSD applicability for a modification and not the recent calculation methodology adopted by the EPA as part of the NSR Reform.

The requirements of this regulation are not applicable for the proposed modification covered in this engineering evaluation since there is no net increase in annual emissions of any of the attainment air contaminant.

**Reg XX** Regional Clean Air Incentives Market (RECLAIM)

Rule 2005: New Source Review for RECLAIM

Paramount is a NOx and SOx RECLAIM facility. It is therefore subject to Reg XX.

2005(c) Requirements for Existing RECLAIM facilities  
 This subdivision requires BACT, modeling and proof of sufficient RECLAIM Trading Credits (RTC) for an application for a Facility Permit amendment that results in any increase in NOx and SOx emissions. These applications will not increase NOx or SOx emissions; therefore this subdivision does not apply.

2005(g) Additional Federal Requirements for Major Stationary Sources  
 This subdivision lists additional requirements for application for a Facility Permit or an Amendment to a Facility Permit for a new, relocated or modified major stationary source, as defined in the Clean Air Act, 42, U.S.C. Section 7511a(e). Section 7511a(e)(2) defines modification as any change at a major stationary source which results in any increase in emissions. These applications will not increase NOx or SOx emissions; therefore this subdivision does not apply.

Rule 2012: Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions (Amended May 6, 2005)

The hydroheating heater H-301 is a large NOx/major SOx source subject to the requirements of RECLAIM. The facility complies with the monitoring, reporting and recordkeeping requirements pursuant to Sections F and G of the Title V permit. Continued compliance is expected.

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**Reg XXX     Title V Permits**

Rule 3001(a): Applicability (Amended November 14, 1997)

The Title V Permit system is the air pollution control permit system required to implement the federal Operating Permit Program as required by Title V of the federal Clean Air Act as amended in 1990. Paramount has been designated as a Phase One Title V facility and has submitted A/N 337522 for their initial Title V permit on February 5, 1998. The final initial Title V permit was issued on March 19, 2009.

Rule 3005: Permit Revisions (Amended March 16, 2001)

The permits for this project will be issued as a minor revision of the Title V permit since the revision meets all of the requirements of Rule 3000(b)(12) and will be sent to the EPA for a 45-day review per Rule 3005(c)(2)(B). Public Notice is not required per Rule 3006(b).

Rule 3006: Public Participation (Amended November 14, 1997)

Since the permit for this project will be issued as a minor revision of the Title V permit, Public Notice is not required per Rule 3006(b).

**PART 2: STATE REGULATIONS**

**CEQA     California Environmental Quality Act**

CEQA requires that the environmental impacts of proposed projects be evaluated and that feasible methods to reduce, avoid or eliminate identified significant adverse impacts of these projects be considered. The CEQA Applicability Form (400-CEQA) submitted by Paramount indicates that the project does not have any impacts which trigger the preparation of a CEQA document; therefore a CEQA analysis is not required.

**PART 3: FEDERAL REGULATIONS**

**40 CFR 63     Subpart CC: National Emission Standards for Hazardous Air Pollutants (NESHAP) for Petroleum Refineries**

Paramount has provided data to the District to show that Paramount Refinery is not a major HAP source which is defined as a source emitting 10 tons/year of any single HAP or 25 tons/year of all HAPs combined. Therefore, this subpart is not applicable because the refinery does not meet the criterion specified by paragraph (a)(1) of this section.

**Note:** Compliance to Federal Rule 40CFR60 Subpart J is evaluated under District Regulation IX above.

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**CONCLUSION AND RECOMMENDATION**

The operation of the hydrotreating heater H-301 is expected to comply with all applicable District, State and Federal Rules and Regulations. Therefore, issuance of Permit to Construct is recommended.