



AUG 06 2010

Kenneth Bork
Plains Exploration & Production Company
1200 Discovery Drive, Suite 500
Bakersfield, CA 93309-7038

**Re: Notice of Minor Title V Permit Modification
District Facility # S-1372
Project # S-1074773**

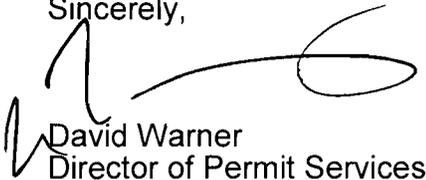
Dear Mr. Bork:

Enclosed is the District's analysis of your application for minor Title V permit modification for the facility identified above. You proposed a Title V minor permit modification to incorporate recently issued Authorities to Construct S-1372-372-1 and -373-1 into the Title V operating permit. The modifications will consist of the installation of North American Model 4131 G Ultra Low NOx burners, oxygen analyzer/controllers, and a flue gas recirculation (FGR) system. In addition, TVR (tank vapor recovery) waste gas is added as a secondary fuel for both steam generators.

Enclosed is the engineering evaluation with the following attachments: proposed modified Title V permit, recently issued Authorities to Construct S-1372-372-1 and -373-1, application, and previous Title V permit. This project will be subject to a 45-day EPA commenting period prior to the District taking final action.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Jim Swaney at (559) 230-5900.

Sincerely,



David Warner
Director of Permit Services

Enclosures

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
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Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
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AUG 06 2010

Gerardo C. Rios, Chief
Permits Office
Air Division
U.S. EPA - Region IX
75 Hawthorne St
San Francisco, CA 94105

Re: **Notice of Minor Title V Permit Modification**
District Facility # S-1372
Project # S-1074773

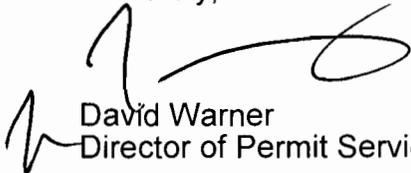
Dear Mr. Rios:

Enclosed for you to review is an application for minor Title V permit modification for the facility identified above. Plains Exploration & Production Company is proposing a Title V minor permit modification to incorporate the recently issued Authorities to Construct S-1372-372-1 and -373-1 into the Title V operating permit. The modifications will consist of the installation of North American Model 4131 G Ultra Low NOx burners, oxygen analyzer/controllers, and a flue gas recirculation (FGR) system. In addition, TVR (tank vapor recovery) waste gas is added as a secondary fuel for both steam generators.

Enclosed is the engineering evaluation with the following attachments: proposed modified Title V permit, recently issued Authorities to Construct S-1372-372-1 and -373-1, application, and previous Title V permit. Please submit your written comments on this project within the 45-day comment period that begins on the date you receive this letter.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Jim Swaney at (559) 230-5900.

Sincerely,


David Warner
Director of Permit Services

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TITLE V APPLICATION REVIEW

Minor Modification
Project #: S-1074773

Engineer: Derek Fukuda
Date: August 3, 2010

Facility Number: S-1372
Facility Name: Plains Exploration & Production Company
Mailing Address: 1200 Discovery Drive, Suite 500
Bakersfield, CA 93309-7038

Contact Name: Kenneth Bork
Phone: (661) 395-5458

Responsible Official: Steven P. Rusch
Title: Vice President - EH&S & Government Affairs

I. PROPOSAL

Plains Exploration and Production Company is proposing a Title V minor permit modification to incorporate the recently issued Authorities to Construct (ATC's) S-1372-372-1 and -373-1 into the Title V operating permit. The modifications will consist of the installation of North American Model 4131 G Ultra Low NOx burners, oxygen analyzer/controllers, and a flue gas recirculation (FGR) system, add TVR (tank vapor recovery) waste gas is added as a secondary fuel for both steam generators, and authorize the use of these steam generators at additional locations.

The purpose of this evaluation is to identify all applicable requirements, determine if the facility will comply with the applicable requirements and to provide the legal and factual basis for the proposed revisions.

II. FACILITY LOCATION

Western Kern County, Heavy Oil Stationary Source
NW/4 Section 3 Township 31S Range 22E

III. EQUIPMENT DESCRIPTION

S-1372-372-5: 62.5 MMBTU/HR NATURAL/TEOR/TVR GAS-FIRED (TVR SYSTEM GAS ALLOWED AT REARDON LEASE ONLY) STEAM GENERATOR #64 WITH A NORTH AMERICAN 4131 G LOW NOX BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, FLUE GAS RECIRCULATION (FGR) SYSTEM, AND PCL DIFFUSER PLATE

S-1372-373-5: 62.5 MMBTU/HR C.E. NATCO NATURAL GAS FIRED STEAM GENERATOR (#65 DIS# 28623-82) WITH A NORTH AMERICAN GLE ULTRA LOW NOX BURNER AND FLUE GAS RECIRCULATION SYSTEM

IV. SCOPE OF EPA AND PUBLIC REVIEW

This change to a Title V permit is considered to be a minor modification and, as such, requires no public review.

V. APPLICABLE REQUIREMENTS

District Rule 2520, Federally Mandated Operating Permits (Adopted June 21, 2001)

VI. DESCRIPTION OF PROPOSED MODIFICATIONS

PXP is proposing to install North American Model 4131 G Ultra Low NOx burners, oxygen analyzer/controllers, and a flue gas recirculation (FGR) system to two existing steam generators, add TVR (tank vapor recovery) waste gas is added as a secondary fuel for both steam generators, and authorize the use of these steam generators at additional locations.

The requirements from ATC's S-1372-372-2, -373-2, and -373-4 will be incorporated into the new permits. These ATC's were converted into the facility's Title V permit, as PTO's S-1372-372-3 and -373-3, in District project S-1075637, and as S-1372-373-4, in District project S-1100411. During the conversion of these ATC's, the modifications proposed in ATC's S-1372-372-1 and -373-1 were included in the permit requirements of current PTO's S-1372-372-3, and -373-4. All offsetting requirements in ATC's S-1372-372-1 and -373-1 have been satisfied in District ERC withdrawal project S-1075653. The new Title V permits, S-1372-372-5 and -373-5, will have the identical permit requirements as current Title V permits S-1372-372-3 and -373-4.

This evaluation shall satisfy all applicable TV permitting requirements and the modifications performed in this project shall be considered minor modifications.

VII. COMPLIANCE

In accordance with Rule 2520, 3.20, these modifications:

1. Do not violate requirements of any applicable federally enforceable local or federal requirement;
2. Do not relax monitoring, reporting, or recordkeeping requirements in the permit and are not significant changes in existing monitoring permit terms or conditions;
3. Do not require or change a case-by-case determination of an emission limitation or other standard, or a source-specific determination for temporary sources of ambient impacts, or a visibility or increment analysis;
4. Do not seek to establish or change a permit term or condition for which there is no corresponding underlying applicable requirement and that the source has assumed to avoid an applicable requirement to which the source would otherwise be subject. Such terms and conditions include:
 - a. A federally enforceable emission cap assumed to avoid classification as a modification under any provisions of Title I of the Federal Clean Air Act; and
 - b. An alternative emissions limit approved pursuant to regulations promulgated under section 112(i)(5) of the Federal Clean Air Act; and
5. Are not Title I modifications as defined in District Rule 2520 or modifications as defined in section 111 or 112 of the Federal Clean Air Act; and
6. Do not seek to consolidate overlapping applicable requirements.

In accordance with Rule 2520, the application meets the procedural requirements of section 11.4 by including;

1. A description of the change, the emissions resulting from the change, and any new applicable requirements that will apply if the change occurs;
2. The source's suggested draft permit; and
3. Certification by a responsible official that the proposed modification meets the criteria for use of minor permit modification procedures and a request that such procedures be used.

VIII. ATTACHMENTS

- A. Proposed Modified Title V Operating Permit No. S-1372-372-5 and -373-5
- B. Authorities to Construct No.'s S-1372-372-1 and -373-1
- C. Application
- D. Previous Title V Operating Permit No.'s S-1372-372-3 and -373-4

ATTACHMENT A

Proposed Modified Title V Operating Permit No.
(S-1372-372-5 and -373-5)

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: S-1372-372-5

EXPIRATION DATE: 05/31/2007

SECTION: NW 3 TOWNSHIP: 31S RANGE: 22E

EQUIPMENT DESCRIPTION:

62.5 MMBTU/HR NATURAL/TEOR/TVR GAS-FIRED (TVR SYSTEM GAS ALLOWED AT REARDON LEASE ONLY) STEAM GENERATOR #64 WITH A NORTH AMERICAN 4131 G LOW NOX BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, FLUE GAS RECIRCULATION (FGR) SYSTEM, AND PCL DIFFUSER PLATE

PERMIT UNIT REQUIREMENTS

1. When PUC quality natural gas fired, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.001 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138 ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306, 5.1.1] Federally Enforceable Through Title V Permit
2. When fired on a blend of PUC quality natural gas and scrubbed TVC (tank vapor control) system gas, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.0730 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306, 5.1.1] Federally Enforceable Through Title V Permit
3. TVC system gas sulfur content shall be scrubbed to 95% control prior to the fuel inlet in the sulfur removing media system associated with S-1372-387, and shall be combusted only at W1/2 Section 3, Township 31S, Range 22E (Reardon Lease). [District Rule 2201] Federally Enforceable Through Title V Permit
4. Sulfur content of blended PUC quality and scrubbed TVC system gas combusted by the steam generator shall not exceed 1750 ppm H2S. The heating value of the TVC system gas shall not exceed 460 MMBtu/MMscf. [District Rule 2201] Federally Enforceable Through Title V Permit
5. The TVC system gas fuel rate to the steam generator shall not exceed 367 mcf/day as measured by a fuel flow meter. [District Rule 2201] Federally Enforceable Through Title V Permit
6. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
7. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants to the atmosphere. [District Rule 2201] Federally Enforceable Through Title V Permit
8. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO2, nor 10 lb/hr. [District Rule 4201 and District Rule 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
9. Nitrogen oxide (NOx) emissions shall not exceed 140 lb/hr. [District Rule 4301, 5.2.2] Federally Enforceable Through Title V Permit
10. Operator shall ensure that all required source testing conforms to the compliance testing procedures described in District Rule 1081. [District Rule 1081] Federally Enforceable Through Title V Permit
11. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

12. The permittee shall notify the District of date of initiation of construction no later than 30 days after such date, date of anticipated startup not more than 60 days nor less than 30 days prior to such date, and date of actual startup within 15 days after such date. [District Rule 4001, 40 CFR 60 Subpart Db] Federally Enforceable Through Title V Permit
13. Permittee shall maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the facility, or any malfunction of the air pollution control equipment. [District Rule 4001, 40 CFR 60 Subpart Db] Federally Enforceable Through Title V Permit
14. Approved locations for this equipment: NW/SW Section 3, Township 31S, Range 22E (Reardon Lease), SW Section 10, Township 31S, Range 22E (Midway Sunset Oilfield, E&M Lease near Derby Acres) and NE Section 19, Township 30S, Range 21E (McKittrick Oilfield, McKittrick 19Z Fee near Reward Road). [District Rules 2010 and 4102] Federally Enforceable Through Title V Permit
15. The permittee shall notify the District Compliance Division of each location at which the operation is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201] Federally Enforceable Through Title V Permit
16. When operated at permitted locations other than NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired exclusively on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit
17. When operated at NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas, or the natural gas may be blended with TVC gas resulting from any combination of tanks S-1372-388 through -392, that has been scrubbed to 95% control prior to the steam generator inlet, and with an H₂S concentration of no greater than 1750 ppmv at the steam generator inlet. [District Rule 2201] Federally Enforceable Through Title V Permit
18. Except during periods of steam generator startup or shutdown, the steam generator shall not be operated unless the flue gas recirculation system is operating. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
19. All wells producing from strata steamed by this unit shall be connected to a District approved emissions control system, have District approved closed casing vents, or be District approved uncontrolled cyclic wells. [District Rule 2201] Federally Enforceable Through Title V Permit
20. The permittee shall monitor and record the stack concentration of NO_x, CO, and O₂ at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305 and 4306, 5.4.2] Federally Enforceable Through Title V Permit
21. If either the NO_x or CO concentrations corrected to 3% O₂, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305 and 4306, 5.4.2] Federally Enforceable Through Title V Permit

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PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

22. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305 and 4306, 5.5.2] Federally Enforceable Through Title V Permit
23. The permittee shall maintain records of: (1) the date and time of NO_x, CO, and O₂ measurements, (2) the O₂ concentration in percent and the measured NO_x and CO concentrations corrected to 3% O₂, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305 and 4306, 5.4.2] Federally Enforceable Through Title V Permit
24. All emissions measurements shall be made with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. No determination of compliance shall be established within two hours after a continuous period in which fuel flow to the unit is shut off for 30 minutes or longer, or within 30 minutes after a re-ignition as defined in Section 3.0 of District Rule 4306. [District Rules 4305 and 4306, 5.5.2] Federally Enforceable Through Title V Permit
25. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit
26. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305 and 4306, 5.5.1] Federally Enforceable Through Title V Permit
27. This unit shall be tested for compliance with the NO_x and CO emissions limits at least once every twelve (12) months. After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months. If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 4305 and 4306, 6.3.1] Federally Enforceable Through Title V Permit
28. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit
29. Emissions of sulfur compounds from this unit shall not exceed 200 lb per hour, calculated as SO₂. Compliance with this requirement may be demonstrated by firing the unit only on PUC or FERC regulated natural gas; or by testing the sulfur content of each fuel and determining the maximum hourly emissions of sulfur compounds by multiplying the sulfur content of each fuel in lb/MMBtu by the maximum heat input rating of the unit; or by source testing in combination with fuel analysis. [District Rule 2520, 9.3.2 and District Rule 4301, 5.2.1] Federally Enforceable Through Title V Permit
30. If the unit is fired on non-PUC quality fuel, and compliance with SO_x emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 3246, D 4084, or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
31. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by: ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rule 2520, 9.3.2; 4305, 6.2.1; and 4306, 6.2.1] Federally Enforceable Through Title V Permit
32. The concentration of sulfur compounds in the exhaust from this unit shall not exceed 0.2% by volume as measured on a dry basis over a 15 minute period. To demonstrate compliance with this requirement the operator shall do one of the following: fire the unit only on PUC or FERC regulated natural gas; or test the sulfur content of each fuel source and demonstrate the sulfur content does not exceed 3.3% by weight for gaseous fuels; or determine that the concentration of sulfur compounds in the exhaust does not exceed the concentration limit by a combination of source testing and fuel analysis. [District Rule 2520, 9.3.2 and Kern County Rule 407] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

33. NO_x emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. [District Rules 4305 and 4306, 6.2] Federally Enforceable Through Title V Permit
34. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. [District Rules 4305 and 4306, 6.2] Federally Enforceable Through Title V Permit
35. Stack gas oxygen (O₂) shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305 and 4306, 6.2] Federally Enforceable Through Title V Permit
36. PM₁₀ emissions for source test purposes shall be determined using EPA methods 201 and 202, or EPA methods 201 and 202, or CARB method 501 in conjunction with CARB method 5. [District Rule 2201] Federally Enforceable Through Title V Permit
37. SO_x emissions for source test purposes shall be determined using EPA Method 6B or Method 8. [District Rule 2201] Federally Enforceable Through Title V Permit
38. When the steam generator is fired on PUC quality natural gas, compliance with fuel gas sulfur content shall be demonstrated within 60 days of initial operation and annually thereafter. [District Rules 2201 and 4801] Federally Enforceable Through Title V Permit
39. When the steam generator is fired on TVC system gas or TVC system gas blended with PUC quality natural gas, the TVC system gas shall be tested weekly for sulfur content and higher heating value. If compliance with the fuel sulfur content limit and sulfur emission limits has been demonstrated for 8 consecutive weeks then the fuel testing frequency shall be quarterly. If a quarterly fuel content source test fails to show compliance, weekly testing shall resume. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
40. Compliance demonstration (source testing) shall be by District witnessed, or authorized, sample collection by an ARB certified testing laboratory. [District Rule 1081] Federally Enforceable Through Title V Permit
41. Permittee shall maintain records of volume of PUC quality gas burned and TVC system gas incinerated, PUC quality gas and TVC system gas sulfur content, and PUC quality gas and TVC system gas higher heating value. [District Rule 1070] Federally Enforceable Through Title V Permit
42. The Specific Limiting Condition (SLC) includes steam generators S1372-372 and -373 when operated at any permitted location, and the flare associated with permit S1372-388. [District Rule 2201] Federally Enforceable Through Title V Permit
43. Emissions from one steam generator shall not exceed any of the following: 9,308 lb/yr NO_x, 39,968 lb/yr SO_x, 2,738 lb/yr PM₁₀, 55,845 lb/yr CO, 3,011 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
44. Emissions from the flare alone shall not exceed any of the following: 1,408 lb/yr NO_x, 13,294 lb/yr SO_x, 166 lb/yr PM₁₀, 7,659 lb/yr CO, 1,304 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
45. Emissions from the flare and one steam generator shall not exceed any of the following: 13,562 lb/yr NO_x, 53,262 lb/yr SO_x, 3,238 lb/yr PM₁₀, 78,992 lb/yr CO, 6,952 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
46. Emissions from two steam generators shall not exceed any of the following : 18,616 lb/yr NO_x, 79,936 lb/yr SO_x, 5,476 lb/yr PM₁₀, 111,690 lb/yr CO, 6,022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
47. Total emissions from all permit units in the SLC shall not exceed any of the following : 18,616 lb/yr NO_x, 79,936 lb/yr SO_x, 5,476 lb/yr PM₁₀, 111,690 lb/yr CO, 6,022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
48. When both steam generators are operating and the flare is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
49. When one steam generator and the flare are operating and one steam generator is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

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50. When the flare is operating and both steam generators are not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
51. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District quarterly, if no SLC violations occurred in the previous six months. [District Rule 2201] Federally Enforceable Through Title V Permit
52. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District monthly, if SLC violations occurred in the previous six months. [District Rule 2201] Federally Enforceable Through Title V Permit
53. Reports of daily emissions and fuel usage, as required by this permit for units in the SLC, shall be submitted within 30 days after the end of the reporting period. [District Rule 2201] Federally Enforceable Through Title V Permit
54. The operator shall apply to revise each Permit to Operate subject to the SLC when any unit subject to the SLC has a District-authorized change in daily emission rate, or Permit to Operate is surrendered or sold. [District Rule 2201] Federally Enforceable Through Title V Permit
55. Emissions assessed to the SLC plan for the flare shall not exceed any of the following: 23.0 lb/day NO_x, 216.8 lb/day SO_x, 2.7 lb/day PM₁₀, 124.9 lb/day CO, 21.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
56. Emissions assessed to the SLC plan for each steam generator shall not exceed any of the following: 25.5 lb/day NO_x, 109.5 lb/day SO_x, 7.5 lb/day PM₁₀, 153.0 lb/day CO, 8.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
57. Total combined emissions from all permit units in the SLC plan shall not exceed any of the following: 51.0 lb/day NO_x, 219.0 lb/day SO_x, 15.0 lb/day PM₁₀, 306.0 lb/day CO, 16.6 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
58. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 2201, 4305, and 4306, 6.1] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.

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San Joaquin Valley Air Pollution Control District

PERMIT UNIT: S-1372-373-5

EXPIRATION DATE: 05/31/2007

SECTION: NW3 TOWNSHIP: 31S RANGE: 22E

EQUIPMENT DESCRIPTION:

62.5 MMBTU/HR C.E. NATCO NATURAL GAS FIRED STEAM GENERATOR (#65 DIS# 28623-82) WITH A NORTH AMERICAN GLE ULTRA LOW NOX BURNER AND FLUE GAS RECIRCULATION SYSTEM

PERMIT UNIT REQUIREMENTS

1. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
2. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants to the atmosphere. [District Rule 2201] Federally Enforceable Through Title V Permit
3. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO₂, nor 10 lb/hr. [District Rule 4201 and District Rule 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
4. Emissions shall not exceed any of the following: 27 lb NO_x/day, 4,380 lb NO_x/year. [District Rule 2201] Federally Enforceable Through Title V Permit
5. Duration of start-up and shutdown shall not exceed 2 hours each per occurrence. [District Rules 2201 and 4320] Federally Enforceable Through Title V Permit
6. Permittee shall maintain records of duration of each start-up and shutdown, for a period of five years and make such records readily available for District inspection upon request. [District Rule 1070 and 4320] Federally Enforceable Through Title V Permit
7. Except during startup and shutdown when PUC quality natural gas fired, emission rates shall not exceed any of the following: 7 ppmv NO_x @ 3% O₂ or 0.008 lb-NO_x/MMBtu, 0.0730 lb-SO_x/MMBtu, 0.005 lb-PM₁₀/MMBtu, 138 ppmv CO @ 3% O₂ or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
8. All vapor recovery gas burned in this device shall first be treated by the sulfur removal system listed on S-1372-387 so that at least 95% by weight of the sulfur is removed. [District Rules 2201, 4301, 4320, 4406, and 4801] Federally Enforceable Through Title V Permit
9. Compliance with 95% by weight sulfur removal efficiency requirement shall be conducted within 60 days of startup and annually thereafter. [District Rule 4320] Federally Enforceable Through Title V Permit
10. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit
11. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

12. This unit shall be tested for compliance with the NO_x and CO emissions limits within 60 days of startup and at least once every 12 months thereafter. After demonstrating compliance on two consecutive annual source tests, the unit shall be tested not less than once every thirty-six months. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
13. NO_x emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. NO_x emissions during the source test shall be calculated as the arithmetic average of three 30-consecutive-minute test runs. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
14. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. CO emissions during the source test shall be calculated as the arithmetic average of three 30-consecutive-minute test runs. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
15. Stack gas oxygen shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
16. The permittee shall monitor and record the stack concentration of NO_x, CO, and O₂ at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
17. If either the NO_x or CO concentrations corrected to 3% O₂, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
18. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
19. The permittee shall maintain records of: (1) the date and time of NO_x, CO, and O₂ measurements, (2) the O₂ concentration in percent and the measured NO_x and CO concentrations corrected to 3% O₂, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
20. TVC system gas sulfur content shall be scrubbed to 95% control prior to the fuel inlet in sulfur removing media system associated with S-1372-387, and shall be combusted only at W1/2 Section 3, Township 31S, Range 22E (Reardon Lease) [District Rule 2201] Federally Enforceable Through Title V Permit
21. Sulfur content of blended PUC quality and scrubbed TVC system gas combusted by the steam generator shall not exceed 1750 ppm H₂S. The heating value of the TVC system gas shall not exceed 460 MMBtu/MMscf. [District Rule 2201] Federally Enforceable Through Title V Permit
22. The TVC system gas fuel rate to the steam generator shall not exceed 367 mcf/day as measured by a fuel flow meter. [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

23. Operator shall ensure that all required source testing conforms to the compliance testing procedures described in District Rule 1081. [District Rule 1081, and County Rules 108 (Kings), 108.1 (Fresno, Merced, San Joaquin, Tulare, Kern, and Stanislaus), and 110 (Madera)] Federally Enforceable Through Title V Permit
24. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
25. The permittee shall notify the District of date of initiation of construction no later than 30 days after such date, date of anticipated startup not more than 60 days nor less than 30 days prior to such date, and date of actual startup within 15 days after such date. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
26. Permittee shall maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the facility, or any malfunction of the air pollution control equipment. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
27. Approved locations for this equipment: NW/SW Section 3, Township 31S, Range 22E (Reardon Lease), SW Section 10, Township 31S, Range 22E (Midway Sunset Oilfield, E&M Lease near Derby Acres) and NE Section 19, Township 30S, Range 21E (McKittrick Oilfield, McKittrick 19Z Fee near Reward Road). [District Rule 4102] Federally Enforceable Through Title V Permit
28. The permittee shall notify the District Compliance Division of each location at which the operation is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201] Federally Enforceable Through Title V Permit
29. When operated at permitted locations other than NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired exclusively on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit
30. When operated at NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas, or the natural gas may be blended with TVC gas resulting from any combination of tanks S-1372-388 through -392, that has been scrubbed to 95% control prior to the steam generator inlet, and with an H2S concentration of no greater than 1750 ppmv at the steam generator inlet. [District Rule 2201] Federally Enforceable Through Title V Permit
31. Except during periods of steam generator startup or shutdown, the steam generator shall not be operated unless the flue gas recirculation system is operating. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
32. All wells producing from strata steamed by this unit shall be connected to a District approved emissions control system, have District approved closed casing vents, or be District approved uncontrolled cyclic wells. [District NSR Rule] Federally Enforceable Through Title V Permit
33. If the unit is fired on non-PUC quality fuel, and compliance with SOx emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 3031, D 4084, D 3246 or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
34. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by: ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rule 2520, 9.4.2; 4305, 6.2.1; and 4320] Federally Enforceable Through Title V Permit
35. Permittee shall maintain records of volume of fuel gas burned and TEOR gas incinerated, fuel gas and TEOR gas sulfur content, and such records shall be retained on site for a period of at least five years and shall be made readily available for District inspection upon request. [District Rule 1070] Federally Enforceable Through Title V Permit
36. Compliance demonstration (source testing) shall be by District witnessed, or authorized, sample collection by ARB certified testing laboratory. [District Rule 1081] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

37. The SLC includes steam generators S1372-372 and -373 when operated at any permitted location, and the flare associated with permit S1372-388. [District Rule 2201] Federally Enforceable Through Title V Permit
38. Emissions from one steam generator shall not exceed any of the following: 9308 lb/yr NO_x, 39968 lb/yr SO_x, 2738 lb/yr PM₁₀, 55845 lb/yr CO, 3011 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
39. Emissions from the flare alone shall not exceed any of the following: 1408 lb/yr NO_x, 13294 lb/yr SO_x, 166 lb/yr PM₁₀, 7659 lb/yr CO, 1304 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
40. Emissions from the flare and one steam generator shall not exceed any of the following: 13562 lb/yr NO_x, 53262 lb/yr SO_x, 3238 lb/yr PM₁₀, 78992 lb/yr CO, 6952 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
41. Emissions from two steam generators shall not exceed any of the following : 18616 lb/yr NO_x, 79936 lb/yr SO_x, 5476 lb/yr PM₁₀, 111690 lb/yr CO, 6022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
42. Total emissions from all permit units in the SLC shall not exceed any of the following : 18616 lb/yr NO_x, 79936 lb/yr SO_x, 5476 lb/yr PM₁₀, 111690 lb/yr CO, 6022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
43. When both steam generators are operating and the flare is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
44. When one steam generator and the flare are operating and one steam generator is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
45. When the flare is operating and both steam generators are not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
46. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District quarterly, if no SLC violations occurred in the previous six months. [District NSR Rule] Federally Enforceable Through Title V Permit
47. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District monthly, if SLC violations occurred in the previous six months. [District NSR Rule] Federally Enforceable Through Title V Permit
48. Reports of daily emissions and fuel usage, as required by this permit for units in the SLC, shall be submitted within 30 days after the end of the reporting period. [District NSR Rule] Federally Enforceable Through Title V Permit
49. The operator shall apply to revise each Permit to Operate subject to the SLC when any unit subject to the SLC has a District-authorized change in daily emission rate, or Permit to Operate is surrendered or sold. [District NSR Rule] Federally Enforceable Through Title V Permit
50. Emissions assessed to the SLC plan for the flare shall not exceed any of the following: 23.0 lb/day NO_x, 216.8 lb/day SO_x, 2.7 lb/day PM₁₀, 124.9 lb/day CO, 21.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
51. Emissions assessed to the SLC plan for each steam generator shall not exceed any of the following: 25.5 lb/day NO_x, 109.5 lb/day SO_x, 7.5 lb/day PM₁₀, 153.0 lb/day CO, 8.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
52. Total combined emissions from all permit units in the SLC plan shall not exceed any of the following: 51.0 lb/day NO_x, 219.0 lb/day SO_x, 15.0 lb/day PM₁₀, 306.0 lb/day CO, 16.6 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
53. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 2201, 4305, and 4306] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.

DRAFT

ATTACHMENT B

Authorities to Construct No.'s
(S-1372-372-1 and -373-1)



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

AUTHORITY TO CONSTRUCT

PERMIT NO: S-1372-372-1

ISSUANCE DATE: 08/20/2007

LEGAL OWNER OR OPERATOR: PLAINS EXPLORATION & PRODUCTION COMPANY

MAILING ADDRESS: 1200 DISCOVERY DRIVE, SUITE 500
BAKERSFIELD, CA 93309

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE
CA

SECTION: NW 3 TOWNSHIP: 31S RANGE: 22E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 62.5 MMBTU/HR NATURAL GAS-FIRED STEAM GENERATOR #64: AUTHORIZE USE OF A NORTH AMERICAN G-LE MAGNA FLAME ULTRA LOW NOX BURNER, OXYGEN (O2) ANALYZER/ CONTROLLER, AND FLUE GAS RECIRCULATION, OR A NORTH AMERICAN 4131 G BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, FLUE GAS RECIRCULATION, AND PCL DIFFUSER PLATE; AUTHORIZE OPERATION AT SW10, T31S, R22E (E&M LEASE), NE S19, T30S, R21E (19Z LEASE), AND NW AND SW S3, T31S, R22E (REARDON LEASE), AND AUTHORIZE COMBUSTION OF TVR GAS FROM ANY COMBINATION OF TANKS S1372-388 TO '392 WHEN LOCATED AT NW AND SW S3, T31S, R22E (REARDON LEASE)

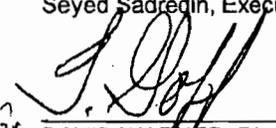
CONDITIONS

1. The facility shall submit an application to modify the Title V permit in accordance with the timeframes and procedures of District Rule 2520. [District Rule 2520] Federally Enforceable Through Title V Permit
2. When PUC quality natural gas fired, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.001 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 25 ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306] Federally Enforceable Through Title V Permit
3. When fired on a blend of PUC quality natural gas and scrubbed TVR gas, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.0730 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138 ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 326-6900 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO


DAVID WARNER, Director of Permit Services

4. During a "shakedown" period not to exceed 60 calendar days from initial operation of the modifications authorized by this ATC, NOx emission rate shall not exceed 30 ppmvd @ 3% O₂ or 0.036 lb/MMBtu. The shakedown period shall be concluded prior to the applicable Rule 4306 compliance deadline selected for this unit. Permittee shall maintain a record of the date of initial operation and shall make such records readily available for District inspection upon request. [District Rule 4306] Federally Enforceable Through Title V Permit
5. TVR gas sulfur content shall be scrubbed to 95% control prior to the fuel inlet, and shall be combusted only at W1/2 Section 3, Township 31S, Range 22E (Reardon Lease) [District Rule 2201]
6. Sulfur content of blended PUC quality and scrubbed TVR gas combusted by the steam generator shall not exceed 1750 ppm H₂S. [District Rule 2201]
7. The TVR gas fuel rate to the steam generator shall not exceed 367 mcf/day as measured by a fuel flow meter. [District Rule 2201]
8. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
9. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101] Federally Enforceable Through Title V Permit
10. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
11. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants to the atmosphere. [District Rule 2201] Federally Enforceable Through Title V Permit
12. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO₂; nor 10 lb/hr. [District Rule 4201 and District Rule 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
13. Nitrogen oxide (NO_x) emissions shall not exceed 140 lb/hr. [District Rule 4301, 5.2.2] Federally Enforceable Through Title V Permit
14. Operator shall ensure that all required source testing conforms to the compliance testing procedures described in District Rule 1081. [District Rule 1081, and County Rules 108 (Kings), 108.1 (Fresno, Merced, San Joaquin, Tulare, Kern, and Stanislaus), and 110 (Madera)] Federally Enforceable Through Title V Permit
15. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
16. The permittee shall notify the District of date of initiation of construction no later than 30 days after such date, date of anticipated startup not more than 60 days nor less than 30 days prior to such date, and date of actual startup within 15 days after such date. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
17. Permittee shall maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the facility, or any malfunction of the air pollution control equipment. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
18. Approved locations for this equipment: NW/SW Section 3, Township 31S, Range 22E (Reardon Lease), SW Section 10, Township 31S, Range 22E (Midway Sunset Oilfield, E&M Lease near Derby Acres) and NE Section 19, Township 30S, Range 21E (McKittrick Oilfield, McKittrick 19Z Fee near Reward Road). [District Rule 4102] Federally Enforceable Through Title V Permit
19. The permittee shall notify the District Compliance Division of each location at which the operation is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201] Federally Enforceable Through Title V Permit
20. When operated at permitted locations other than NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired exclusively on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit

21. When operated at NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas, or the natural gas may be blended with TVR gas resulting from any combination of tanks S-1372-388 through -392, that has been scrubbed to 95% control prior to the steam generator inlet, and with an H₂S concentration of no greater than 1750 ppmv at the steam generator inlet. [District Rule 2201] Federally Enforceable Through Title V Permit
22. Except during periods of steam generator startup or shutdown, the steam generator shall not be operated unless the flue gas recirculation system is operating. [District Rule 4305] Federally Enforceable Through Title V Permit
23. All wells producing from strata steamed by this unit shall be connected to a District approved emissions control system, have District approved closed casing vents, or be District approved uncontrolled cyclic wells. [District NSR Rule] Federally Enforceable Through Title V Permit
24. The permittee shall monitor and record the stack concentration of NO_x, CO, and O₂ at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305 and 4306]
25. If either the NO_x or CO concentrations corrected to 3% O₂, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305 and 4306]
26. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305 and 4306]
27. The permittee shall maintain records of: (1) the date and time of NO_x, CO, and O₂ measurements, (2) the O₂ concentration in percent and the measured NO_x and CO concentrations corrected to 3% O₂, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305 and 4306]
28. All emissions measurements shall be made with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. No determination of compliance shall be established within two hours after a continuous period in which fuel flow to the unit is shut off for 30 minutes or longer, or within 30 minutes after a re-ignition as defined in Section 3.0 of District Rule 4306. [District Rules 4305 and 4306]
29. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit
30. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305 and 4306]
31. This unit shall be tested for compliance with the NO_x and CO emissions limits at least once every twelve (12) months. After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months. If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 4305, and 4306]

Conditions for S-1372-372-1 (continued)

Page 4 of 5

32. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit
33. Emissions of sulfur compounds from this unit shall not exceed 200 lb per hour, calculated as SO₂. Compliance with this requirement may be demonstrated by firing the unit only on PUC or FERC regulated natural gas; or by testing the sulfur content of each fuel and determining the maximum hourly emissions of sulfur compounds by multiplying the sulfur content of each fuel in lb/MMBtu by the maximum heat input rating of the unit; or by source testing in combination with fuel analysis. [District Rule 2520, 9.4.2 and District Rule 4301, 5.2.1] Federally Enforceable Through Title V Permit
34. If the unit is fired on noncertified gaseous fuel and compliance with SO_x emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 3031, D 4084, D 3246 or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
35. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by: ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rule 2520, 9.4.2; 4305, 6.2.1; and 4351, 6.2.1] Federally Enforceable Through Title V Permit
36. The concentration of sulfur compounds in the exhaust from this unit shall not exceed 0.2% by volume as measured on a dry basis over a 15 minute period. To demonstrate compliance with this requirement the operator shall do one of the following: fire the unit only on PUC or FERC regulated natural gas; or test the sulfur content of each fuel source and demonstrate the sulfur content does not exceed 3.3% by weight for gaseous fuels; or determine that the concentration of sulfur compounds in the exhaust does not exceed the concentration limit by a combination of source testing and fuel analysis. [District Rule 2520, 9.4.2 and 407 (Kern)] Federally Enforceable Through Title V Permit
37. NO_x emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. [District Rules 4305 and 4306]
38. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. [District Rules 4305 and 4306]
39. Stack gas oxygen (O₂) shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305 and 4306]
40. PM₁₀ emissions for source test purposes shall be determined using EPA methods 201 and 202, or EPA methods 201 and 202, or CARB method 501 in conjunction with CARB method 5. [District Rule 2201] Federally Enforceable Through Title V Permit
41. SO_x emissions for source test purposes shall be determined using EPA Method 6B or Method 8. [District Rule 2201] Federally Enforceable Through Title V Permit
42. When the steam generator is fired on PUC quality natural gas, compliance with fuel gas sulfur content shall be demonstrated within 60 days of initial operation and annually thereafter. [District Rule 2201 and 4801] Federally Enforceable Through Title V Permit
43. When the steam generator is fired on TVR gas or TVR gas blended with PUC quality natural gas, the TVR gas shall be tested weekly for sulfur content and higher heating value. If compliance with the fuel sulfur content limit and sulfur emission limits has been demonstrated for 8 consecutive weeks then the fuel testing frequency shall be quarterly. If a quarterly fuel content source test fails to show compliance, weekly testing shall resume. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
44. Compliance demonstration (source testing) shall be by District witnessed, or authorized, sample collection by ARB certified testing laboratory. [District Rule 1081] Federally Enforceable Through Title V Permit
45. Permittee shall maintain records of volume of fuel gas burned and TVR gas incinerated, fuel gas and TVR gas sulfur content, and fuel gas and TVR gas higher heating value. [District Rule 1070] Federally Enforceable Through Title V Permit
46. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 4305, and 4306]

CONDITIONS CONTINUE ON NEXT PAGE

Conditions for S-1372-372-1 (continued)

Page 5 of 5

47. Prior to operating equipment under this Authority to Construct, permittee shall surrender emission reduction credits for the following quantities of emissions: SOx, 1st quarter - 9720 lb, 2nd quarter - 9828 lb, 3rd quarter - 9936 lb, and fourth quarter - 9936 lb; Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 9/21/06). [District Rule 2201] Federally Enforceable Through Title V Permit
48. ERC Certificate Numbers N-627-5 and S-2498-5 (or certificates split from these certificates) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct [District Rule 2201] Federally Enforceable Through Title V Permit



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

AUTHORITY TO CONSTRUCT

PERMIT NO: S-1372-373-1

ISSUANCE DATE: 08/20/2007

LEGAL OWNER OR OPERATOR: PLAINS EXPLORATION & PRODUCTION COMPANY
MAILING ADDRESS: 1200 DISCOVERY DRIVE, SUITE 500
BAKERSFIELD, CA 93309

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE
CA

SECTION: NW 3 **TOWNSHIP:** 31S **RANGE:** 22E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 62.5 MMBTU/HR NATURAL GAS-FIRED STEAM GENERATOR #65: AUTHORIZE USE OF A NORTH AMERICAN G-LE MAGNA FLAME ULTRA LOW NOX BURNER, OXYGEN (O2) ANALYZER/ CONTROLLER, AND FLUE GAS RECIRCULATION, OR A NORTH AMERICAN 4131 G BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, FLUE GAS RECIRCULATION, AND PCL DIFFUSER PLATE; AUTHORIZE OPERATION AT SW10, T31S, R22E (E&M LEASE), NE S19, T30S, R21E (19Z LEASE), AND NW AND SW S3, T31S, R22E (REARDON LEASE), AND AUTHORIZE COMBUSTION OF TVR GAS FROM ANY COMBINATION OF TANKS S1372-388 TO '392 WHEN LOCATED AT NW AND SW S3, T31S, R22E (REARDON LEASE)

CONDITIONS

1. The facility shall submit an application to modify the Title V permit in accordance with the timeframes and procedures of District Rule 2520. [District Rule 2520] Federally Enforceable Through Title V Permit
2. When PUC quality natural gas fired, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.001 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138 ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306] Federally Enforceable Through Title V Permit
3. When fired on a blend of PUC quality natural gas and scrubbed TVR gas, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.0730 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 326-6900 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO

DAVID WARNER, Director of Permit Services

APCO 08/20/07 11:24AM - ADAMRM - Joint Inspection NOT Required

4. During a "shakedown" period not to exceed 60 calendar days from initial operation of the modifications authorized by this ATC, NOx emission rate shall not exceed 30 ppmvd @ 3% O2 or 0.036 lb/MMBtu. The shakedown period shall be concluded prior to the applicable Rule 4306 compliance deadline selected for this unit. Permittee shall maintain a record of the date of initial operation and shall make such records readily available for District inspection upon request. [District Rule 4306] Federally Enforceable Through Title V Permit
5. TVR gas sulfur content shall be scrubbed to 95% control prior to the fuel inlet, and shall be combusted only at W1/2 Section 3, Township 31S, Range 22E (Reardon Lease) [District Rule 2201]
6. Sulfur content of blended PUC quality natural gas and scrubbed TVR gas combusted by the steam generator shall not exceed 1750 ppm H2S. [District Rule 2201]
7. The TVR gas fuel rate to the steam generator shall not exceed 367 mcf/day as measured by a fuel flow meter. [District Rule 2201]
8. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
9. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101] Federally Enforceable Through Title V Permit
10. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
11. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants to the atmosphere. [District Rule 2201] Federally Enforceable Through Title V Permit
12. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO2, nor 10 lb/hr. [District Rule 4201 and District Rule 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
13. Nitrogen oxide (NOx) emissions shall not exceed 140 lb/hr. [District Rule 4301, 5.2.2] Federally Enforceable Through Title V Permit
14. Operator shall ensure that all required source testing conforms to the compliance testing procedures described in District Rule 1081. [District Rule 1081, and County Rules 108 (Kings), 108.1 (Fresno, Merced, San Joaquin, Tulare, Kern, and Stanislaus), and 110 (Madera)] Federally Enforceable Through Title V Permit
15. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
16. The permittee shall notify the District of date of initiation of construction no later than 30 days after such date, date of anticipated startup not more than 60 days nor less than 30 days prior to such date, and date of actual startup within 15 days after such date. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
17. Permittee shall maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the facility, or any malfunction of the air pollution control equipment. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
18. Approved locations for this equipment: NW/SW Section 3, Township 31S, Range 22E (Reardon Lease), SW Section 10, Township 31S, Range 22E (Midway Sunset Oilfield, E&M Lease near Derby Acres) and NE Section 19, Township 30S, Range 21E (McKittrick Oilfield, McKittrick 19Z Fee near Reward Road). [District Rule 4102] Federally Enforceable Through Title V Permit
19. The permittee shall notify the District Compliance Division of each location at which the operation is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201] Federally Enforceable Through Title V Permit
20. When operated at permitted locations other than NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired exclusively on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit

21. When operated at NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas, or the natural gas may be blended with TVR gas resulting from any combination of tanks S-1372-388 through -392, that has been scrubbed to 95% control prior to the steam generator inlet, and with an H₂S concentration of no greater than 1750 ppmv at the steam generator inlet. [District Rule 2201] Federally Enforceable Through Title V Permit
22. Except during periods of steam generator startup or shutdown, the steam generator shall not be operated unless the flue gas recirculation system is operating. [District Rule 4305] Federally Enforceable Through Title V Permit
23. All wells producing from strata steamed by this unit shall be connected to a District approved emissions control system, have District approved closed casing vents, or be District approved uncontrolled cyclic wells. [District NSR Rule] Federally Enforceable Through Title V Permit
24. The permittee shall monitor and record the stack concentration of NO_x, CO, and O₂ at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305 and 4306]
25. If either the NO_x or CO concentrations corrected to 3% O₂, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305 and 4306]
26. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305 and 4306]
27. The permittee shall maintain records of: (1) the date and time of NO_x, CO, and O₂ measurements, (2) the O₂ concentration in percent and the measured NO_x and CO concentrations corrected to 3% O₂, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305 and 4306]
28. All emissions measurements shall be made with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. No determination of compliance shall be established within two hours after a continuous period in which fuel flow to the unit is shut off for 30 minutes or longer, or within 30 minutes after a re-ignition as defined in Section 3.0 of District Rule 4306. [District Rules 4305 and 4306]
29. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit
30. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305 and 4306]
31. This unit shall be tested for compliance with the NO_x and CO emissions limits at least once every twelve (12) months. After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months. If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 4305, and 4306]

32. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit
33. Emissions of sulfur compounds from this unit shall not exceed 200 lb per hour, calculated as SO₂. Compliance with this requirement may be demonstrated by firing the unit only on PUC or FERC regulated natural gas; or by testing the sulfur content of each fuel and determining the maximum hourly emissions of sulfur compounds by multiplying the sulfur content of each fuel in lb/MMBtu by the maximum heat input rating of the unit; or by source testing in combination with fuel analysis. [District Rule 2520, 9.4.2 and District Rule 4301, 5.2.1] Federally Enforceable Through Title V Permit
34. If the unit is fired on noncertified gaseous fuel and compliance with SO_x emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 3031, D 4084, D 3246 or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
35. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by: ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rule 2520, 9.4.2; 4305, 6.2.1; and 4351, 6.2.1] Federally Enforceable Through Title V Permit
36. The concentration of sulfur compounds in the exhaust from this unit shall not exceed 0.2% by volume as measured on a dry basis over a 15 minute period. To demonstrate compliance with this requirement the operator shall do one of the following: fire the unit only on PUC or FERC regulated natural gas; or test the sulfur content of each fuel source and demonstrate the sulfur content does not exceed 3.3% by weight for gaseous fuels; or determine that the concentration of sulfur compounds in the exhaust does not exceed the concentration limit by a combination of source testing and fuel analysis. [District Rule 2520, 9.4.2 and 407 (Kern)] Federally Enforceable Through Title V Permit
37. NO_x emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. [District Rules 4305 and 4306]
38. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. [District Rules 4305 and 4306]
39. Stack gas oxygen (O₂) shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305 and 4306]
40. PM₁₀ emissions for source test purposes shall be determined using EPA methods 201 and 202, or EPA methods 201 and 202, or CARB method 501 in conjunction with CARB method 5. [District Rule 2201] Federally Enforceable Through Title V Permit
41. SO_x emissions for source test purposes shall be determined using EPA Method 6B or Method 8. [District Rule 2201] Federally Enforceable Through Title V Permit
42. When the steam generator is fired on PUC quality natural gas, compliance with fuel gas sulfur content shall be demonstrated within 60 days of initial operation and annually thereafter. [District Rule 2201 and 4801] Federally Enforceable Through Title V Permit
43. When the steam generator is fired on TVR gas or TVR gas blended with PUC quality natural gas, the TVR gas shall be tested weekly for sulfur content and higher heating value. If compliance with the fuel sulfur content limit and sulfur emission limits has been demonstrated for 8 consecutive weeks then the fuel testing frequency shall be quarterly. If a quarterly fuel content source test fails to show compliance, weekly testing shall resume. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
44. Compliance demonstration (source testing) shall be by District witnessed, or authorized, sample collection by ARB certified testing laboratory. [District Rule 1081] Federally Enforceable Through Title V Permit
45. Permittee shall maintain records of volume of fuel gas burned and TVR gas incinerated, fuel gas and TVR gas sulfur content, and fuel gas and TVR gas higher heating value. [District Rule 1070] Federally Enforceable Through Title V Permit
46. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 4305, and 4306]

47. Prior to operating equipment under this Authority to Construct, permittee shall surrender emission reduction credits for the following quantities of emissions: SO_x, 1st quarter - 9720 lb, 2nd quarter - 9828 lb, 3rd quarter - 9936 lb, and fourth quarter - 9936 lb; Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 9/21/06). [District Rule 2201] Federally Enforceable Through Title V Permit
48. ERC Certificate Numbers N-627-5 and S-2498-5 (or certificates split from these certificates) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct [District Rule 2201] Federally Enforceable Through Title V Permit

ATTACHMENT C

Application

San Joaquin Valley Air Pollution Control District

www.valleyair.org

Permit Application For:

[] ADMINISTRATIVE AMENDMENT [X] MINOR MODIFICATION [] SIGNIFICANT MODIFICATION

1. PERMIT TO BE ISSUED TO: Plains Exploration & Production Company		
2. MAILING ADDRESS:		
STREET/P.O. BOX: <u>1200 Discovery Drive, Suite 500</u>		
CITY: <u>Bakersfield</u>	STATE: <u>California</u>	9-DIGIT ZIP CODE: <u>93309-7038</u>
3. LOCATION WHERE THE EQUIPMENT WILL BE OPERATED:		INSTALLATION DATE:
STREET: <u>Western Kern County, Heavy Oil Stationary Source</u>		
CITY: _____	TOWNSHIP: <u>31S</u>	RANGE: <u>22E</u>
<u>NW</u> ¼ SECTION	<u>3</u>	
4. GENERAL NATURE OF BUSINESS: Oil and Gas Production		
5. DESCRIPTION OF EQUIPMENT OR MODIFICATION FOR WHICH APPLICATION IS MADE (include Permit #'s if known, and use additional sheets if necessary) S-1372-373-1		
MODIFICATION OF 62.5 MMBTU/HR NATURAL GAS-FIRED STEAM GENERATOR #65: AUTHORIZE USE OF A NORTH AMERICAN G-LE MAGNA FLAME ULTRA LOW NOX BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, AND FLUE GAS RECIRCULATION, OR A NORTH AMERICAN 4131 G BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, FLUE GAS RECIRCULATION, AND PCL DIFFUSER PLATE; AUTHORIZE OPERATION AT SW 10, T31S, R22E, (E&M LEASE), NE S19, T30S, R21E (19Z LEASE), AND NW AND SW S3, T31S, R22E (REARDON LEASE), AND AUTHORIZE COMBUSTION OF TVR GAS FROM ANY COMBINATION OF TANKS S-1372-388 TO -392 WHEN LOCATED AT NW AND SW S3, T31S, R22E (REARDON LEASE).		
6. TYPE OR PRINT NAME OF APPLICANT: Kenneth R. Bork		TITLE OF APPLICANT: Senior Environmental Specialist
7. SIGNATURE OF APPLICANT: 	DATE: 9/6/07	PHONE: (661) 395-5458 FAX: (661) 395-5298 EMAIL: kbork@plainsxp.com

For APCD Use Only:

DATE STAMP:	FILING FEE RECEIVED: \$ _____ CHECK#: _____ DATE PAID: _____ PROJECT NO: <u>S-1674773</u> FACILITY ID: <u>S-1372</u>
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Rev. 1/03

San Joaquin Valley Unified Air Pollution Control District

TITLE V MODIFICATION - COMPLIANCE CERTIFICATION FORM

I. TYPE OF PERMIT ACTION (Check appropriate box)

SIGNIFICANT PERMIT MODIFICATION
 MINOR PERMIT MODIFICATION

ADMINISTRATIVE
AMENDMENT

COMPANY NAME: Plains Exploration & Production Company	FACILITY ID: S - 1372
1. Type of Organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Sole Ownership <input type="checkbox"/> Government <input type="checkbox"/> Partnership <input type="checkbox"/> Utility	
2. Owner's Name: Plains Exploration & Production Company	
3. Agent to the Owner: Steven P. Rusch	

II. COMPLIANCE CERTIFICATION (Read each statement carefully and initial all circles for confirmation):

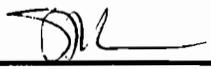
Based on information and belief formed after reasonable inquiry, the source identified in this application will continue to comply with the applicable federal requirement(s).

Based on information and belief formed after reasonable inquiry, the source identified in this application will comply with applicable federal requirement(s) that will become effective during the permit term, on a timely basis.

Corrected information will be provided to the District when I become aware that incorrect or incomplete information has been submitted.

Based on information and belief formed after reasonable inquiry, information and statements in the submitted application package, including all accompanying reports, and required certifications are true accurate and complete.

I declare, under penalty of perjury under the laws of the state of California, that the foregoing is correct and true:



Signature of Responsible Official

9.13.07

Date

Steven P. Rusch

Name of Responsible Official (please print)

Vice President-EH&S & Governmental Affairs

Title of Responsible Official (please print)

ATTACHMENT D

Previous Title V Operating Permit No.'s
(S-1372-372-3 and -373-4)

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: S-1372-372-3

EXPIRATION DATE: 05/31/2007

SECTION: NW 3 **TOWNSHIP:** 31S **RANGE:** 22E

EQUIPMENT DESCRIPTION:

62.5 MMBTU/HR NATURAL GAS/TVC SYSTEM GAS-FIRED (TVC SYSTEM GAS ALLOWED AT REARDON LEASE ONLY) STEAM GENERATOR #64 WITH A NORTH AMERICAN G-LE MAGNA FLAME ULTRA LOW NOX BURNER, OXYGEN (O2) ANALYZER/ CONTROLLER, AND FLUE GAS RECIRCULATION, OR A NORTH AMERICAN 4131 G BURNER, OXYGEN (O2) ANALYZER/CONTROLLER, FLUE GAS RECIRCULATION, AND PCL DIFFUSER PLATE

PERMIT UNIT REQUIREMENTS

1. When PUC quality natural gas fired, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.001 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138 ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306, 5.1.1] Federally Enforceable Through Title V Permit
2. When fired on a blend of PUC quality natural gas and scrubbed TVC (tank vapor control) system gas, emission rates shall not exceed any of the following: 14 ppmv NOx @ 3% O2 or 0.017 lb-NOx/MMBtu, 0.0730 lb-SOx/MMBtu, 0.005 lb-PM10/MMBtu, 138ppmv CO @ 3% O2 or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, and 4306, 5.1.1] Federally Enforceable Through Title V Permit
3. TVC system gas sulfur content shall be scrubbed to 95% control prior to the fuel inlet in the sulfur removing media system associated with S-1372-387, and shall be combusted only at W1/2 Section 3, Township 31S, Range 22E (Reardon Lease). [District Rule 2201] Federally Enforceable Through Title V Permit
4. Sulfur content of blended PUC quality and scrubbed TVC system gas combusted by the steam generator shall not exceed 1750 ppm H2S. The heating value of the TVC system gas shall not exceed 460 MMBtu/MMscf. [District Rule 2201] Federally Enforceable Through Title V Permit
5. The TVC system gas fuel rate to the steam generator shall not exceed 367 mcf/day as measured by a fuel flow meter. [District Rule 2201] Federally Enforceable Through Title V Permit
6. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
7. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants to the atmosphere. [District Rule 2201] Federally Enforceable Through Title V Permit
8. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO2, nor 10 lb/hr. [District Rule 4201 and District Rule 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
9. Nitrogen oxide (NOx) emissions shall not exceed 140 lb/hr. [District Rule 4301, 5.2.2] Federally Enforceable Through Title V Permit
10. Operator shall ensure that all required source testing conforms to the compliance testing procedures described in District Rule 1081. [District Rule 1081] Federally Enforceable Through Title V Permit
11. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

12. The permittee shall notify the District of date of initiation of construction no later than 30 days after such date, date of anticipated startup not more than 60 days nor less than 30 days prior to such date, and date of actual startup within 15 days after such date. [District Rule 4001, 40 CFR 60 Subpart Db] Federally Enforceable Through Title V Permit
13. Permittee shall maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the facility, or any malfunction of the air pollution control equipment. [District Rule 4001, 40 CFR 60 Subpart Db] Federally Enforceable Through Title V Permit
14. Approved locations for this equipment: NW/SW Section 3, Township 31S, Range 22E (Reardon Lease), SW Section 10, Township 31S, Range 22E (Midway Sunset Oilfield, E&M Lease near Derby Acres) and NE Section 19, Township 30S, Range 21E (McKittrick Oilfield, McKittrick 19Z Fee near Reward Road). [District Rules 2010 and 4102] Federally Enforceable Through Title V Permit
15. The permittee shall notify the District Compliance Division of each location at which the operation is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201] Federally Enforceable Through Title V Permit
16. When operated at permitted locations other than NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired exclusively on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit
17. When operated at NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas, or the natural gas may be blended with TVC gas resulting from any combination of tanks S-1372-388 through -392, that has been scrubbed to 95% control prior to the steam generator inlet, and with an H₂S concentration of no greater than 1750 ppmv at the steam generator inlet. [District Rule 2201] Federally Enforceable Through Title V Permit
18. Except during periods of steam generator startup or shutdown, the steam generator shall not be operated unless the flue gas recirculation system is operating. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
19. All wells producing from strata steamed by this unit shall be connected to a District approved emissions control system, have District approved closed casing vents, or be District approved uncontrolled cyclic wells. [District Rule 2201] Federally Enforceable Through Title V Permit
20. The permittee shall monitor and record the stack concentration of NO_x, CO, and O₂ at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305 and 4306, 5.4.2] Federally Enforceable Through Title V Permit
21. If either the NO_x or CO concentrations corrected to 3% O₂, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305 and 4306, 5.4.2] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

22. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305 and 4306, 5.5.2] Federally Enforceable Through Title V Permit
23. The permittee shall maintain records of: (1) the date and time of NO_x, CO, and O₂ measurements, (2) the O₂ concentration in percent and the measured NO_x and CO concentrations corrected to 3% O₂, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305 and 4306, 5.4.2] Federally Enforceable Through Title V Permit
24. All emissions measurements shall be made with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. No determination of compliance shall be established within two hours after a continuous period in which fuel flow to the unit is shut off for 30 minutes or longer, or within 30 minutes after a re-ignition as defined in Section 3.0 of District Rule 4306. [District Rules 4305 and 4306, 5.5.2] Federally Enforceable Through Title V Permit
25. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit
26. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305 and 4306, 5.5.1] Federally Enforceable Through Title V Permit
27. This unit shall be tested for compliance with the NO_x and CO emissions limits at least once every twelve (12) months. After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months. If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 4305 and 4306, 6.3.1] Federally Enforceable Through Title V Permit
28. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit
29. Emissions of sulfur compounds from this unit shall not exceed 200 lb per hour, calculated as SO₂. Compliance with this requirement may be demonstrated by firing the unit only on PUC or FERC regulated natural gas; or by testing the sulfur content of each fuel and determining the maximum hourly emissions of sulfur compounds by multiplying the sulfur content of each fuel in lb/MMBtu by the maximum heat input rating of the unit; or by source testing in combination with fuel analysis. [District Rule 2520, 9.3.2 and District Rule 4301, 5.2.1] Federally Enforceable Through Title V Permit
30. If the unit is fired on non-PUC quality fuel, and compliance with SO_x emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 3246, D 4084, or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
31. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by: ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rule 2520, 9.3.2; 4305, 6.2.1; and 4306, 6.2.1] Federally Enforceable Through Title V Permit
32. The concentration of sulfur compounds in the exhaust from this unit shall not exceed 0.2% by volume as measured on a dry basis over a 15 minute period. To demonstrate compliance with this requirement the operator shall do one of the following: fire the unit only on PUC or FERC regulated natural gas; or test the sulfur content of each fuel source and demonstrate the sulfur content does not exceed 3.3% by weight for gaseous fuels; or determine that the concentration of sulfur compounds in the exhaust does not exceed the concentration limit by a combination of source testing and fuel analysis. [District Rule 2520, 9.3.2 and Kern County Rule 407] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

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33. NOx emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. [District Rules 4305 and 4306, 6.2] Federally Enforceable Through Title V Permit
34. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. [District Rules 4305 and 4306, 6.2] Federally Enforceable Through Title V Permit
35. Stack gas oxygen (O2) shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305 and 4306, 6.2] Federally Enforceable Through Title V Permit
36. PM10 emissions for source test purposes shall be determined using EPA methods 201 and 202, or EPA methods 201 and 202, or CARB method 501 in conjunction with CARB method 5. [District Rule 2201] Federally Enforceable Through Title V Permit
37. SOx emissions for source test purposes shall be determined using EPA Method 6B or Method 8. [District Rule 2201] Federally Enforceable Through Title V Permit
38. When the steam generator is fired on PUC quality natural gas, compliance with fuel gas sulfur content shall be demonstrated within 60 days of initial operation and annually thereafter. [District Rules 2201 and 4801] Federally Enforceable Through Title V Permit
39. When the steam generator is fired on TVC system gas or TVC system gas blended with PUC quality natural gas, the TVC system gas shall be tested weekly for sulfur content and higher heating value. If compliance with the fuel sulfur content limit and sulfur emission limits has been demonstrated for 8 consecutive weeks then the fuel testing frequency shall be quarterly. If a quarterly fuel content source test fails to show compliance, weekly testing shall resume. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
40. Compliance demonstration (source testing) shall be by District witnessed, or authorized, sample collection by an ARB certified testing laboratory. [District Rule 1081] Federally Enforceable Through Title V Permit
41. Permittee shall maintain records of volume of PUC quality gas burned and TVC system gas incinerated, PUC quality gas and TVC system gas sulfur content, and PUC quality gas and TVC system gas higher heating value. [District Rule 1070] Federally Enforceable Through Title V Permit
42. The Specific Limiting Condition (SLC) includes steam generators S1372-372 and -373 when operated at any permitted location, and the flare associated with permit S1372-388. [District Rule 2201] Federally Enforceable Through Title V Permit
43. Emissions from one steam generator shall not exceed any of the following: 9,308 lb/yr NOx, 39,968 lb/yr SOx, 2,738 lb/yr PM10, 55,845 lb/yr CO, 3,011 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
44. Emissions from the flare alone shall not exceed any of the following: 1,408 lb/yr NOx, 13,294 lb/yr SOx, 166 lb/yr PM10, 7,659 lb/yr CO, 1,304 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
45. Emissions from the flare and one steam generator shall not exceed any of the following: 13,562 lb/yr NOx, 53,262 lb/yr SOx, 3,238 lb/yr PM10, 78,992 lb/yr CO, 6,952 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
46. Emissions from two steam generators shall not exceed any of the following : 18,616 lb/yr NOx, 79,936 lb/yr SOx, 5,476 lb/yr PM10, 111,690 lb/yr CO, 6,022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
47. Total emissions from all permit units in the SLC shall not exceed any of the following : 18,616 lb/yr NOx, 79,936 lb/yr SOx, 5,476 lb/yr PM10, 111,690 lb/yr CO, 6,022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
48. When both steam generators are operating and the flare is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
49. When one steam generator and the flare are operating and one steam generator is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

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50. When the flare is operating and both steam generators are not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
51. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District quarterly, if no SLC violations occurred in the previous six months. [District Rule 2201] Federally Enforceable Through Title V Permit
52. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District monthly, if SLC violations occurred in the previous six months. [District Rule 2201] Federally Enforceable Through Title V Permit
53. Reports of daily emissions and fuel usage, as required by this permit for units in the SLC, shall be submitted within 30 days after the end of the reporting period. [District Rule 2201] Federally Enforceable Through Title V Permit
54. The operator shall apply to revise each Permit to Operate subject to the SLC when any unit subject to the SLC has a District-authorized change in daily emission rate, or Permit to Operate is surrendered or sold. [District Rule 2201] Federally Enforceable Through Title V Permit
55. Emissions assessed to the SLC plan for the flare shall not exceed any of the following: 23.0 lb/day NO_x, 216.8 lb/day SO_x, 2.7 lb/day PM₁₀, 124.9 lb/day CO, 21.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
56. Emissions assessed to the SLC plan for each steam generator shall not exceed any of the following: 25.5 lb/day NO_x, 109.5 lb/day SO_x, 7.5 lb/day PM₁₀, 153.0 lb/day CO, 8.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
57. Total combined emissions from all permit units in the SLC plan shall not exceed any of the following: 51.0 lb/day NO_x, 219.0 lb/day SO_x, 15.0 lb/day PM₁₀, 306.0 lb/day CO, 16.6 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
58. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 2201, 4305, and 4306, 6.1] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.

San Joaquin Valley Air Pollution Control District

PERMIT UNIT: S-1372-373-4

EXPIRATION DATE: 05/31/2007

SECTION: NW3 **TOWNSHIP:** 31S **RANGE:** 22E

EQUIPMENT DESCRIPTION:

62.5 MMBTU/HR C.E. NATCO NATURAL GAS FIRED STEAM GENERATOR (#65 DIS# 28623-82) WITH A NORTH AMERICAN GLE ULTRA LOW NOX BURNER AND FLUE GAS RECIRCULATION SYSTEM

PERMIT UNIT REQUIREMENTS

1. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102] Federally Enforceable Through Title V Permit
2. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101] Federally Enforceable Through Title V Permit
3. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201] Federally Enforceable Through Title V Permit
4. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants to the atmosphere. [District Rule 2201] Federally Enforceable Through Title V Permit
5. Particulate matter emissions shall not exceed 0.1 grain/dscf at operating conditions, nor 0.1 grain/dscf calculated to 12% CO₂, nor 10 lb/hr. [District Rule 4201 and District Rule 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
6. Emissions shall not exceed any of the following: 27 lb NO_x/day, 4,380 lb NO_x/year. [District Rule 2201] Federally Enforceable Through Title V Permit
7. Duration of start-up and shutdown shall not exceed 2 hours each per occurrence. [District Rules 2201 and 4320] Federally Enforceable Through Title V Permit
8. Permittee shall maintain records of duration of each start-up and shutdown, for a period of five years and make such records readily available for District inspection upon request. [District Rule 1070 and 4320] Federally Enforceable Through Title V Permit
9. Except during startup and shutdown when PUC quality natural gas fired, emission rates shall not exceed any of the following: 7 ppmv NO_x @ 3% O₂ or 0.008 lb-NO_x/MMBtu, 0.0730 lb-SO_x/MMBtu, 0.005 lb-PM₁₀/MMBtu, 138 ppmv CO @ 3% O₂ or 0.102 lb-CO/MMBtu, or 0.0055 lb-VOC/MMBtu. [District Rules 2201, 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
10. All vapor recovery gas burned in this device shall first be treated by the sulfur removal system listed on S-1372-387 so that at least 95% by weight of the sulfur is removed. [District Rules 2201, 4301, 4320, 4406, and 4801] Federally Enforceable Through Title V Permit
11. Compliance with 95% by weight sulfur removal efficiency requirement shall be conducted within 60 days of startup and annually thereafter. [District Rule 4320] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

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12. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit
13. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit
14. This unit shall be tested for compliance with the NO_x and CO emissions limits within 60 days of startup and at least once every 12 months thereafter. After demonstrating compliance on two consecutive annual source tests, the unit shall be tested not less than once every thirty-six months. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
15. NO_x emissions for source test purposes shall be determined using EPA Method 7E or ARB Method 100 on a ppmv basis, or EPA Method 19 on a heat input basis. NO_x emissions during the source test shall be calculated as the arithmetic average of three 30-consecutive-minute test runs. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
16. CO emissions for source test purposes shall be determined using EPA Method 10 or ARB Method 100. CO emissions during the source test shall be calculated as the arithmetic average of three 30-consecutive-minute test runs. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
17. Stack gas oxygen shall be determined using EPA Method 3 or 3A or ARB Method 100. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
18. The permittee shall monitor and record the stack concentration of NO_x, CO, and O₂ at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
19. If either the NO_x or CO concentrations corrected to 3% O₂, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
20. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
21. The permittee shall maintain records of: (1) the date and time of NO_x, CO, and O₂ measurements, (2) the O₂ concentration in percent and the measured NO_x and CO concentrations corrected to 3% O₂, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
22. TVC system gas sulfur content shall be scrubbed to 95% control prior to the fuel inlet in sulfur removing media system associated with S-1372-387, and shall be combusted only at W1/2 Section 3, Township 31S, Range 22E (Reardon Lease) [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

23. Sulfur content of blended PUC quality and scrubbed TVC system gas combusted by the steam generator shall not exceed 1750 ppm H₂S. The heating value of the TVC system gas shall not exceed 460 MMBtu/MMscf. [District Rule 2201] Federally Enforceable Through Title V Permit
24. The TVC system gas fuel rate to the steam generator shall not exceed 367 mcf/day as measured by a fuel flow meter. [District Rule 2201] Federally Enforceable Through Title V Permit
25. Operator shall ensure that all required source testing conforms to the compliance testing procedures described in District Rule 1081. [District Rule 1081, and County Rules 108 (Kings), 108.1 (Fresno, Merced, San Joaquin, Tulare, Kern, and Stanislaus), and 110 (Madera)] Federally Enforceable Through Title V Permit
26. Operator shall maintain copies of fuel invoices and supplier certifications. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
27. The permittee shall notify the District of date of initiation of construction no later than 30 days after such date, date of anticipated startup not more than 60 days nor less than 30 days prior to such date, and date of actual startup within 15 days after such date. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
28. Permittee shall maintain records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the facility, or any malfunction of the air pollution control equipment. [District Rule 4001, 40CFR60 Subpart Db] Federally Enforceable Through Title V Permit
29. Approved locations for this equipment: NW/SW Section 3, Township 31S, Range 22E (Reardon Lease), SW Section 10, Township 31S, Range 22E (Midway Sunset Oilfield, E&M Lease near Derby Acres) and NE Section 19, Township 30S, Range 21E (McKittrick Oilfield, McKittrick 19Z Fee near Reward Road). [District Rule 4102] Federally Enforceable Through Title V Permit
30. The permittee shall notify the District Compliance Division of each location at which the operation is located in excess of 24 hours. Such notification shall be made no later than 48 hours after starting operation at the location. [District Rule 2201] Federally Enforceable Through Title V Permit
31. When operated at permitted locations other than NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired exclusively on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit
32. When operated at NW/SW Section 3, T31S, R22E (Reardon Lease), the steam generator shall be fired on natural gas, consisting primarily of methane and ethane, with a sulfur content no greater than 0.4 grains of sulfur compounds (as S) per 100 dry scf of natural gas, or the natural gas may be blended with TVC gas resulting from any combination of tanks S-1372-388 through -392, that has been scrubbed to 95% control prior to the steam generator inlet, and with an H₂S concentration of no greater than 1750 ppmv at the steam generator inlet. [District Rule 2201] Federally Enforceable Through Title V Permit
33. Except during periods of steam generator startup or shutdown, the steam generator shall not be operated unless the flue gas recirculation system is operating. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
34. All wells producing from strata steamed by this unit shall be connected to a District approved emissions control system, have District approved closed casing vents, or be District approved uncontrolled cyclic wells. [District NSR Rule] Federally Enforceable Through Title V Permit
35. If the unit is fired on non-PUC quality fuel, and compliance with SO_x emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 3031, D 4084, D 3246 or grab sample analysis by GC-FPD/TCD performed in the laboratory. [District Rule 2520, 9.4.2] Federally Enforceable Through Title V Permit
36. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by: ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rule 2520, 9.4.2; 4305, 6.2.1; and 4320] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

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37. Permittee shall maintain records of volume of fuel gas burned and TEOR gas incinerated, fuel gas and TEOR gas sulfur content, and such records shall be retained on site for a period of at least five years and shall be made readily available for District inspection upon request. [District Rule 1070] Federally Enforceable Through Title V Permit
38. Compliance demonstration (source testing) shall be by District witnessed, or authorized, sample collection by ARB certified testing laboratory. [District Rule 1081] Federally Enforceable Through Title V Permit
39. The SLC includes steam generators S1372-372 and -373 when operated at any permitted location, and the flare associated with permit S1372-388. [District Rule 2201] Federally Enforceable Through Title V Permit
40. Emissions from one steam generator shall not exceed any of the following: 9308 lb/yr NOx, 39968 lb/yr SOx, 2738 lb/yr PM10, 55845 lb/yr CO, 3011 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
41. Emissions from the flare alone shall not exceed any of the following: 1408 lb/yr NOx, 13294 lb/yr SOx, 166 lb/yr PM10, 7659 lb/yr CO, 1304 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
42. Emissions from the flare and one steam generator shall not exceed any of the following: 13562 lb/yr NOx, 53262 lb/yr SOx, 3238 lb/yr PM10, 78992 lb/yr CO, 6952 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
43. Emissions from two steam generators shall not exceed any of the following : 18616 lb/yr NOx, 79936 lb/yr SOx, 5476 lb/yr PM10, 111690 lb/yr CO, 6022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
44. Total emissions from all permit units in the SLC shall not exceed any of the following : 18616 lb/yr NOx, 79936 lb/yr SOx, 5476 lb/yr PM10, 111690 lb/yr CO, 6022 lb/yr VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
45. When both steam generators are operating and the flare is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
46. When one steam generator and the flare are operating and one steam generator is not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
47. When the flare is operating and both steam generators are not operating, total TVC system gas use shall not exceed 0.734 MMscf/day. [District Rule 2201] Federally Enforceable Through Title V Permit
48. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District quarterly, if no SLC violations occurred in the previous six months. [District NSR Rule] Federally Enforceable Through Title V Permit
49. Total daily emissions of each air contaminant, and total daily fuel used, for each unit subject to the SLC and for each day of the month, shall be submitted to the District monthly, if SLC violations occurred in the previous six months. [District NSR Rule] Federally Enforceable Through Title V Permit
50. Reports of daily emissions and fuel usage, as required by this permit for units in the SLC, shall be submitted within 30 days after the end of the reporting period. [District NSR Rule] Federally Enforceable Through Title V Permit
51. The operator shall apply to revise each Permit to Operate subject to the SLC when any unit subject to the SLC has a District-authorized change in daily emission rate, or Permit to Operate is surrendered or sold. [District NSR Rule] Federally Enforceable Through Title V Permit
52. Emissions assessed to the SLC plan for the flare shall not exceed any of the following: 23.0 lb/day NOx, 216.8 lb/day SOx, 2.7 lb/day PM10, 124.9 lb/day CO, 21.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
53. Emissions assessed to the SLC plan for each steam generator shall not exceed any of the following: 25.5 lb/day NOx, 109.5 lb/day SOx, 7.5 lb/day PM10, 153.0 lb/day CO, 8.3 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit
54. Total combined emissions from all permit units in the SLC plan shall not exceed any of the following: 51.0 lb/day NOx, 219.0 lb/day SOx, 15.0 lb/day PM10, 306.0 lb/day CO, 16.6 lb/day VOC. [District Rule 2201] Federally Enforceable Through Title V Permit

PERMIT UNIT REQUIREMENTS CONTINUE ON NEXT PAGE

These terms and conditions are part of the Facility-wide Permit to Operate.

55. All records shall be maintained and retained on-site for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 2201, 4305, and 4306] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.