



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

NOV 27 2012

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

**Re: Final - Authority to Construct / Certificate of Conformity (Minor Mod)
Project # S-1123497**

Dear Mr. Rios:

The Air Pollution Control Officer has issued an Authority to Construct (S-1135-12-39) with a Certificate of Conformity to Aera Energy, LLC. This modification limits sulfur emissions for Rule 4320 compliance and revises source testing and monitoring requirements.

Enclosed are copies of the Authority to Construct. The application and proposal were sent to US EPA Region IX on November 14, 2012. No comments were received following the District's preliminary decision on this project.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Sincerely,

David Warner
David Warner
Director of Permit Services

Enclosures
ktr

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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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

NOV 27 2012

Mr. Robert Beebout
Aera Energy, LLC
PO Box 11164
Bakersfield, CA 93389-1164

**Re: Final - Authority to Construct / Certificate of Conformity (Minor Mod)
Project # S-1123497**

Dear Mr. Beebout:

The Air Pollution Control Officer has issued an Authority to Construct (S-1135-12-39) with a Certificate of Conformity to Aera Energy, LLC. This modification limits sulfur emissions for Rule 4320 compliance and revises source testing and monitoring requirements.

Enclosed is the Authority to Construct and invoice. The application and proposal were sent to US EPA Region IX on November 14, 2012. No comments were received following the District's preliminary decision on this project.

Prior to operating with modifications authorized by the Authority to Construct, you must submit an application to modify the Title V permit as an administrative amendment in accordance with District Rule 2520, Section 11.5.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Sincerely,

David Warner
Director of Permit Services

Enclosures
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AUTHORITY TO CONSTRUCT

PERMIT NO: S-1135-12-39

ISSUANCE DATE: 11/26/2012

LEGAL OWNER OR OPERATOR: AERA ENERGY LLC
MAILING ADDRESS: PO BOX 11164
BAKERSFIELD, CA 93389-1164

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE
MIDWAY-SUNSET
KERN COUNTY, CA

SECTION: 35 **TOWNSHIP:** 32S **RANGE:** 23E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 62.5 MMBTU/HR NATURAL/VAPOR RECOVERY GAS FIRED STEAM GENERATOR #45 WITH A COEN ULN LOW-NOX BURNER WITH OPTIONAL-USE FGR AND OPTIONAL SO2 SCRUBBER (KENDON LEASE); ADD SULFUR LIMIT FOR RULE 4320 COMPLIANCE AND REVISE SOURCE TESTING AND ALTERNATE MONITORING PROCEDURES

CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District Rule 2201] Federally Enforceable Through Title V Permit
2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. All required source testing shall conform to the compliance testing procedures described in District Rule 1081 (Amended December 16, 1993). [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
4. Copies of all fuel invoices showing quantity and delivery points of gas delivered and copies of quality terms of gas delivery contracts shall be maintained. The operator shall record daily amount and type(s) of fuel(s) combusted and all dates on which unit is fired on any noncertified fuel and record specific type of noncertified fuel used. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 392-5500 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

S-1135-12-39 - Nov 26 2012 4:29PM - RICKARDK : Joint Inspection NOT Required

5. When complying with sulfur emission limits by fuel analysis or by a combination of source testing and fuel analysis, each fuel source 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 for a fuel source, then the fuel testing frequency shall be semi-annually. If a semi-annual fuel content source test fails to show compliance, weekly testing shall resume. [District NSR Rule and District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
6. When complying with SO_x emission limits by testing of stack emissions, testing shall be performed not less than once every 12 months using EPA Method 6 or CARB Method 100; or, for units using gaseous fuel scrubbed for sulfur pre-combustion, a grab sample analysis by double GC for H₂S and mercaptans performed in the laboratory and EPA Method 19 to calculated emissions. Gaseous fuel fired units demonstrating compliance on two consecutive annual source tests shall be tested not less than once every thirty-six months; however, annual source testing shall resume if any test fails to show compliance. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
7. 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 double GC for H₂S and mercaptans performed in the laboratory and EPA Method 19 to calculated emissions. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
8. 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
9. Whenever the unit is switched to scrubbed operation, compliance source testing for SO_x shall be conducted within 60 days of initial scrubbing date unless source testing under scrubbed operation has occurred within the previous 12 months. [District Rule 1070]
10. Compliance with permit conditions in the Title V permit shall be deemed compliance with the following requirements: SJVUAPCD Rules 4201 (Amended December 17, 1992), 4301 (Amended December 17, 1992), 4406 (Amended December 17, 1992, and Rule 4801 (Amended December 17, 1992). A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
11. This unit commenced construction, modification, or reconstruction prior to June 19, 1984. This unit has not been used to produce electricity for sale in 1985 or on or after November 15, 1990. Therefore, the requirements of 40 CFR 72.6(b) and 40 CFR 60.40c do not apply to this source. A permit shield is granted from this requirement. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
12. Scrubber shall be located on site. Duct work to steam generators may be blinded off or removed. [District Rule 2080] Federally Enforceable Through Title V Permit
13. Scrubber recirculation liquid pH shall be maintained only by the addition of caustic unless prior approval for an alternative pH maintenance method is received from the District. [District Rule 2201] Federally Enforceable Through Title V Permit
14. Scrubber liquor pH shall be maintained above 6.15 and shall be continuously monitored. [District Rule 2201] Federally Enforceable Through Title V Permit
15. When scrubber is in operation, steam generator firebox convection section, scrubber bypass valve, and all flue gas ductwork shall be maintained with no detectable leaks. [District Rule 2201] Federally Enforceable Through Title V Permit
16. Whenever non-PUC/FERC gas is burned in this unit, the scrubber shall operate and shall reduce SO₂ emissions by 95% by weight, or shall limit exhaust SO₂ to less than or equal to 9 ppmv corrected to 3.0% oxygen. [District Rules 2201 and 4320] Federally Enforceable Through Title V Permit
17. PUC-quality gas shall be combusted in this unit when scrubber is not in operation. [District Rules 2201 and 4320] Federally Enforceable Through Title V Permit
18. Maximum annual heat input of the unit shall not exceed 438,000 MMBtu per calendar year. [District Rule 2201] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

19. A non-resettable, totalizing mass or volumetric fuel flow meter to measure the amount of natural gas/vapor recovery gas combusted in the unit shall be installed, utilized and maintained. Use of an alternate system consisting of calibrated orifice plates, transmitters, and a programmable logic controller (PLC) may be used to meet this requirement. [District Rules 2201] Federally Enforceable Through Title V Permit
20. Records of monthly and annual heat input of the unit shall be maintained. [District Rule 2201] Federally Enforceable Through Title V Permit
21. Emission rate shall not exceed 0.080 lb-PM10/MMBtu. [District Rules 2201, 2520, 4201, and 4301] Federally Enforceable Through Title V Permit
22. Emission rates, except during startup and shutdown and refractory curing, shall not exceed any of the following: NO_x (as NO₂): 15 ppmv @ 3% O₂, VOC: 0.007 lb/MMBtu, or CO: 50 ppmv @ 3% O₂. [District Rules 2201, 2520, 4301, 4305, 4306, and 4351] Federally Enforceable Through Title V Permit
23. Emission rates during refractory curing shall not exceed any of the following: particulate matter - 10 pounds per hour, or 0.1 grains/dscf calculated to 12% CO₂; sulfur - 200 pounds of SO₂ per hour, or 2000 ppmv as SO₂, or 0.11 pounds sulfur (as S) per MMBtu on average-wide basis for all units in Rule 4406 plan ; NO₂ - 140 pounds per hour or 0.14 pounds per MMBtu. [District Rules 2201, 4201, 4301, 4405, 4406 and 4801] Federally Enforceable Through Title V Permit
24. Duration of start-up and shutdown shall not exceed 2 hours each per occurrence. [District Rule 4306] Federally Enforceable Through Title V Permit
25. Duration of refractory curing shall not exceed 30 hours each per occurrence. Permittee shall notify the District in writing prior to refractory curing. [District Rule 2080] Federally Enforceable Through Title V Permit
26. Permittee shall maintain records of duration of each start-up, shutdown and refractory curing, per a period of five years and make such records readily available for District inspection upon request. [District Rules 2080, 4306, and 4320] Federally Enforceable Through Title V Permit
27. 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. Measurement shall be made with the FGR system in the mode of operation (closed or open) in which it was used in the preceding 30 days. 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 2520, 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
28. If periodic monitoring of NO_x, CO, and O₂ concentrations is utilized and the NO_x and/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 performing the notification and testing required by this condition. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
29. 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

CONDITIONS CONTINUE ON NEXT PAGE

30. The permittee shall maintain records of: (1) the date and time of NOX, CO, and O2 measurements, (2) the O2 concentration in percent and the measured NOX 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
31. 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. Unless otherwise 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. For the purposes of permittee-performed alternate monitoring, emissions measurements may be performed at any time after the unit reaches conditions representative of normal operation. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
32. Source testing to measure NOx and CO emissions from this unit shall be conducted at least once every twelve (12) months (no more than 30 days before or after the required annual source test date). After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months (no more than 30 days before or after the required annual source test date). 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, 4306, and 4320] Federally Enforceable Through Title V Permit
33. If the unit is equipped with flue gas recirculation (FGR), whenever the unit is switched to operate with the FGR system in the closed position, compliance source testing for NOx and CO shall be conducted within 60 days of cessation of FGR operation date unless source testing with FGR system in the closed position has occurred within the previous 12 months. [District Rule 1070] Federally Enforceable Through Title V Permit
34. 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. 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
35. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
36. The following test methods shall be used: NOx (ppmv) - EPA Method 7E or ARB Method 100, NOx (lb/MMBtu) - EPA Method 19, CO (ppmv) - EPA Method 10 or 10B or ARB Method 100, stack gas oxygen - EPA Method 3 or 3A or ARB Method 100, SOx (lb/MMBtu) - ARB Method 8 or 100 or EPA Method 6, 6B or 8 or fuel gas sulfur content analysis and EPA Method 19, fuel gas sulfur content - ASTM D1072, D4468, D3246, D4084 or double GC for H2S and mercaptans performed in laboratory, fuel gas hhv - ASTM D1826 or D1945 in conjunction with ASTM D3588. [District Rules 4305, 4306, and 4320] Federally Enforceable Through Title V Permit
37. For emissions source testing, the arithmetic average of three 30-consecutive-minute test runs shall apply. If two of three runs are above an applicable limit the test cannot be used to demonstrate compliance with an applicable limit. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
38. 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, 4306, and 4320] Federally Enforceable Through Title V Permit
39. Pursuant to Rule 4320, beginning in 2010 the operator shall pay an annual emission fee to the District for NOx emissions from this unit for the previous calendar year. Payments are due by July 1 of each year. Payments shall continue annually until either the unit is permanently removed from service in the District or the operator demonstrates compliance with the applicable NOx emission limit listed in Rule 4320. [District Rule 4320] Federally Enforceable Through Title V Permit
40. Permittee shall maintain records of annual heat input (MMBtu) for this unit on a calendar year basis. Such 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 and Rule 4320] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

41. On and after July 1, 2010, the permittee shall submit an analysis showing the fuel's sulfur content at least once every year. Valid purchase contracts, supplier certifications, tariff sheets, or transportation contracts may be used to satisfy this requirement, provided they establish the fuel parameters mentioned above. [District Rule 4320] Federally Enforceable Through Title V Permit