San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

SEP 09 2015

Jerry Frost
California Resources Production Company
9600 Ming Ave., Suite 300
Bakersfield, CA 93311

RE: Final – Authority to Construct/Certificate of Conformity (Minor Mod)
Facility Number: S-1327
Project Number: S-1150616

Dear Mr. Frost:

The Air Pollution Control Officer has issued the Authority to Construct permit to California Resources Production Company for a thermally enhanced oil recovery operation consisting of twenty cyclically steamed wells with open casing vents with vapors being routed to steam generators S1327-208, '-210, '-219, a portable rental well test flare, or permit exempt equipment for incineration, at Section 32, T11N, R22W, Kern county.

Enclosed is the Authority to Construct permit. The District's analysis of the proposal was sent to US EPA Region IX on August 4, 2015. No comments were received following the District's preliminary decision on this project.

Prior to operating with the 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. These forms may be found on the District's website at www.valleyair.org.

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

Sincerely,

for Arnaud Marjollet
Director of Permit Services

AM:SDD

Enclosures

cc: Gerardo C. Rios, EPA (w/enclosure) via email

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

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AUTHORITY TO CONSTRUCT

PERMIT NO: S-1327-227-0 **ISSUANCE DATE:** 09/02/2015

LEGAL OWNER OR OPERATOR: CALIFORNIA RESOURCES PRODUCTION CORP
MAILING ADDRESS: 9600 MING AVE., SUITE 300
BAKERSFIELD, CA 93311

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE
CA

SECTION: 32 **TOWNSHIP:** 11N **RANGE:** 22W

EQUIPMENT DESCRIPTION:
TWENTY CYCLICALLY STEAM ENHANCED OIL WELLS WITH OPEN CASING VENT VAPORS ROUTED TO STEAM GENERATORS S-1327-208, '210, '-219, A PORTABLE RENTAL WELL TEST FLARE, OR PERMIT-EXEMPT EQUIPMENT

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. Prior to operating equipment under this Authority to Construct, permittee shall surrender VOC emission reduction credits for the following quantity of emissions: 1st quarter - 260 lb, 2nd quarter - 260 lb, 3rd quarter - 260 lb, and fourth quarter - 261 lb. These amounts include the applicable offset ratio specified in Rule 2201 Section 4.8 (as amended 4/21/11) for the ERC specified below. [District Rule 2201] Federally Enforceable Through Title V Permit
4. ERC Certificate Number S-4145-1 (or a certificate split from this certificate) 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]
5. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]

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

Arnaud Marjollet, Director of Permit Services
S-1327-227-0 : Sep 2 2015 11:42AM – DAVIDSOS : Joint Inspection NOT Required

6. Well vapors shall discharge only to steam generators S-1327-208, '-209, and '210, a portable well test flare or permit-exempt equipment. [District Rule 2201] Federally Enforceable Through Title V Permit

7. Any portable well test flare used in conjunction with this operation shall only be used during the well testing phase of well development. [District Rule 2201] Federally Enforceable Through Title V Permit

8. Permittee shall maintain a current list of all cyclic wells authorized by this permit and shall update the list whenever a well is added, replaced, or deleted. [District Rule 2201] Federally Enforceable Through Title V Permit

9. All piping, flanges, valves and all other openings and fittings shall be maintained in a leak-free condition. [District Rule 2201] Federally Enforceable Through Title V Permit

10. A leak-free condition is defined as a condition without a gas leak. A gas leak is defined as a reading in excess of 10,000 ppmv, above background, as measured by a portable hydrocarbon detection instrument in accordance with the procedures specified in EPA Test Method 21. A reading in excess of 10,000 ppmv above background is a violation of this permit and shall be reported as a deviation. [District Rule 2201] Federally Enforceable Through Title V Permit

11. Fugitive emissions from all components in vapor service associated with this cyclic well operation shall not exceed 1.9 lb VOC/ day. [District Rule 2201] Federally Enforceable Through Title V Permit

12. Permittee shall maintain accurate records of number of fugitive emissions components and calculated emissions using California Implementation Guidelines for Estimating Mass Emissions of fugitive Hydrocarbon Leaks at Petroleum Facilities, CAPCOA/CARB, February 1999, emissions in this project are calculated using revised screening emissions factors. [District Rule 2201] Federally Enforceable Through Title V Permit

13. Gas and liquid leaks are as defined in Section 3.20 of Rule 4401. [District Rule 4401 3.20] Federally Enforceable Through Title V Permit

14. An operator shall not operate a steam-enhanced crude oil production well unless either of the following two conditions are met: 1) The steam-enhanced crude oil production well vent is closed and the front line production equipment downstream of the wells that carry produced fluids is connected to a VOC collection and control system as defined in Section 3.0 of this Rule or 2) the steam-enhanced crude oil production well vent is open and the well vent is connected to a VOC collection and control system as defined in Section 3.0. [District Rule 4401] Federally Enforceable Through Title V Permit

15. During the time any steam-enhanced crude oil production well is undergoing service or repair while the well is not producing, it shall be exempt from the requirements of District Rule 4401. [District Rule 4401] Federally Enforceable Through Title V Permit

16. An operator shall be in violation of this rule if any District inspection demonstrates or if any operator inspection conducted pursuant to Section 5.4 of Rule 4401 demonstrates the existence of an open-ended line or a valve located at the end of the line that is not sealed with a blind flange, plug, cap, or a second closed valve that is not closed at all times, except during attended operations as defined by Section 5.2.2.1 of Rule 4401 requiring process fluid flow through the open-ended lines, a component with a major liquid leak, or a component with a gas leak greater than 50,000 ppmv. [District Rule 4401 5.2.2] Federally Enforceable Through Title V Permit

17. An operator shall be in violation of this rule if any District inspection demonstrates or if any operator inspection conducted pursuant to Section 5.4 of Rule 4401 demonstrates the existence of any combination of components with minor liquid leaks, minor gas leaks, or a gas leaks greater than 10,000 ppmv up to 50,000 ppmv that totals more than number of leaks allowed by Table 2 of Rule 4401. [District Rule 4401 5.22] Federally Enforceable Through Title V Permit

18. An operator shall not use any component with a leak as defined in Section 3.0 of Rule 4401, or that is found to be in violation of the provisions of Section 5.2.2 of Rule 4401. However, components that were found leaking may be used provided such leaking components have been identified with a tag for repair, are repaired, or awaiting re-inspection after being repaired within the applicable time frame specified in Section 5.5 of Rule 4401. [District Rule 4401 5.3.1] Federally Enforceable Through Title V Permit

19. Each hatch shall be closed at all times except during sampling or adding of process material through the hatch, or during attended repair, replacement, or maintenance operations, provided such activities are done as expeditiously as possible with minimal spillage of material and VOC emissions to the atmosphere. [District Rule 4401 5.3.2] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

20. An operator shall comply with the requirements of Section 6.7 of Rule 4401 if there is any change in the description of major components or critical components. [District Rule 4401 5.3.3] Federally Enforceable Through Title V Permit

21. Except for pipes and unsafe-to-monitor components, an operator shall inspect all other components pursuant to the requirements of Section 6.3.3 of Rule 4401 at least once every year. [District Rule 4401 5.4.1] Federally Enforceable Through Title V Permit

22. An operator shall visually inspect all pipes at least once every year. Any visual inspection of pipes that indicates a leak that cannot be immediately repaired to meet the leak standards of this rule shall be inspected within 24 hours after detecting the leak. If a leak is found, the leak shall be repaired as soon as practicable but not later than the time frame specified in Table 3 of Rule 4401 [District Rule 4401 5.4.2] Federally Enforceable Through Title V Permit

23. In addition to the inspections required by Section 5.4.1 of Rule 4401, an operator shall inspect for leaks all accessible operating pumps, compressors, and PRDs in service as follows: An operator shall audio-visually (by hearing and by sight) inspect for leaks all accessible operating pumps, compressors, and PRDs in service at least once each calendar week. Any audio-visual inspection of an accessible operating pump, compressor, and PRD performed by an operator that indicates a leak that cannot be immediately repaired to meet the leak standards of this rule shall be inspected not later than 24 hours after conducting the audio-visual inspection. If a leak is found, the leak shall be repaired as soon as practicable but not later than the time frame specified in Table 3 of Rule 4401. [District Rule 4401 5.4.3] Federally Enforceable Through Title V Permit

24. In addition to the inspections required by Sections 5.4.1, 5.4.2 and 5.4.3 of Rule 4401, operator shall perform the following: initially inspect a PRD that releases to the atmosphere as soon as practicable but not later than 24 hours after the discovery of the release, re-inspect the PRD not earlier than 24 hours after the initial inspection but not later than 15 calendar days after the initial inspection, inspect all new, replaced, or repaired fittings, flanges, and threaded connections within 72 hours of placing the component in service. Except for PRDs subject to the requirements of Section 5.4.4.1 of Rule 4401, an operator shall inspect a component that has been repaired or replaced not later than 15 calendar days after the component was repaired or replaced [District Rule 4401 5.4.4] Federally Enforceable Through Title V Permit

25. An operator shall inspect all unsafe-to-monitor components during each turnaround. [District Rule 4401 5.4.5] Federally Enforceable Through Title V Permit

26. District inspection in no way fulfills any of the mandatory inspection requirements that are placed upon operators and cannot be used or counted as an inspection required of an operator. [District Rule 4401 5.4.6] Federally Enforceable Through Title V Permit

27. An operator shall affix a readily visible weatherproof tag to a leaking component upon detection of the leak and shall include the following information on the tag: date and time of leak detection, date and time of leak measurement, for a gaseous leak, the leak concentration in ppmv, for a liquid leak, whether it is a major liquid leak or a minor liquid leak, whether the component is an essential component, an unsafe-to monitor component, or a critical component. [District Rule 4401 5.5.1] Federally Enforceable Through Title V Permit

28. An operator shall keep the tag affixed to the component until an operator has met all of the following conditions: repaired or replaced the leaking component, re-inspected the component using the test method in Section 6.3.3, and 5.5.2.3 of Rule 4401, or the component is found to be in compliance with the requirements of this rule. [District Rule 4401 5.5.2] Federally Enforceable Through Title V Permit

29. An operator shall minimize a component leak in order to stop or reduce leakage to the atmosphere immediately to the extent possible, but not later than one (1) hour after detection of the leak. [District Rule 4401 5.5.3] Federally Enforceable Through Title V Permit

30. Except for leaking critical components or leaking essential components subject to the requirements of Section 5.5.7 of Rule 4401, if an operator has minimized a leak but the leak still exceeds the applicable leak limits as defined in Section 3.0 of Rule 4401, an operator shall comply with at least one of the following requirements as soon as practicable but not later than the time period specified in Table 3 of Rule 4401: Repair or replace the leaking component; or vent the leaking component to a VOC collection and control system as defined in Section 3.0 of Rule 4401, or remove the leaking component from operation. [District Rule 4401 5.5.4] Federally Enforceable Through Title V Permit

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31. The repair period in calendar days shall not exceed 14 days for minor gas leaks, 5 days for major gas leaks less than or equal to 50,000 ppmv, 2 days for gas leak greater than 50,000 ppmv, 3 days for minor liquid leaks, 2 days for major liquid leaks. [District Rule 4401 5.5.4] Federally Enforceable Through Title V Permit

32. The leak rate measured after leak minimization has been performed shall be the leak rate used to determine the applicable repair period specified in Table 3 of Rule 4401. [District Rule 4401 5.5.5] Federally Enforceable Through Title V Permit

33. The time of the initial leak detection shall be the start of the repair period specified in Table 3 of Rule 4401. [District Rule 4401 5.5.6] Federally Enforceable Through Title V Permit

34. If the leaking component is an essential component or a critical component that cannot be immediately shut down for repairs, and if the leak has been minimized but the leak still exceeds the applicable leak standard of this rule, the operator shall repair or replace the essential component or critical component to eliminate the leak during the next process unit turnaround, but in no case later than one year from the date of the original leak detection, whichever comes earlier. [District Rule 4401 5.5.7] Federally Enforceable Through Title V Permit

35. The operator of any steam-enhanced crude oil production well shall maintain records of the date and well identification where steam injection or well stimulation occurs. [District Rule 4401 6.1.1] Federally Enforceable Through Title V Permit

36. An operator of any steam-enhanced crude oil production well shall keep source test records which demonstrate compliance with the control efficiency requirements of the VOC collection and control system as defined in Section 3.0 of Rule 4401. [District Rule 4401 6.1.3] Federally Enforceable Through Title V Permit

37. Operator of any steam-enhanced crude oil production well shall keep an inspection log maintained pursuant to Section 6.4 of Rule 4401. [District Rule 4401 6.1.4] Federally Enforceable Through Title V Permit

38. Records of each calibration of the portable hydrocarbon detection instrument utilized for inspecting components, including a copy of current calibration gas certification from the vendor of said calibration gas cylinder, the date of calibration, concentration of calibration gas, instrument reading of calibration gas before adjustment, instrument reading of calibration gas after adjustment, calibration gas expiration date, and calibration gas cylinder pressure at the time of calibration shall be maintained. [District Rule 4401 6.1.5] Federally Enforceable Through Title V Permit

39. An operator shall maintain copies at the facility of the training records of the training program operated pursuant to Section 6.5 of Rule 4401. [District Rule 4401 6.1.6] Federally Enforceable Through Title V Permit

40. Operator shall keep a copy of the APCO-approved Operator Management Plan at the facility. [District Rule 4401 6.1.7] Federally Enforceable Through Title V Permit

41. Operator shall keep a list of all gauge tanks, as defined in Section 3.0 of Rule 4401. The list shall contain the size, identification number, the location of each gauge tank and specify whether the gauge tank is upstream of all front line production equipment. [District Rule 4401 6.1.8] Federally Enforceable Through Title V Permit

42. The results of gauge tank TVP testing conducted pursuant to Section 6.2.3 shall be submitted to the APCO within 60 days after the completion of the testing [District Rule 4401 6.1.9] Federally Enforceable Through Title V Permit

43. An operator that discovers that a PRD has released shall record the date that the release was discovered, and the identity and location of the PRD that released. An operator shall submit such information recorded during the calendar year to the APCO no later than 60 days after the end of the calendar year. [District Rule 4401 6.1.10] Federally Enforceable Through Title V Permit

44. An operator shall source test annually all vapor collection and control systems used to control emissions from steam-enhanced crude oil production well vents to determine the control efficiency of the device(s) used for destruction or removal of VOC. Compliance testing shall be performed annually by source testers certified by ARB. Testing shall be performed during June, July, August, or September of each year if the system's control efficiency is dependent upon ambient air temperature. A process system as defined in Section 3.30 of Rule 4401 is not subject to compliance source testing requirements. [District Rule 4401 6.2.1] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

45. If approved by the APCO, an operator need not comply with the annual testing requirement of Section 6.2.1 if all uncondensed VOC emissions collected by a vapor collection are controlled by an internal combustion engine subject to Rule 4702, a combustion device subject to Rule 4320, 4307 or 4308, or a flare subject to Rule 4311 [District Rule 4401 6.2.2] Federally Enforceable Through Title V Permit

46. An operator shall comply with the following requirements for each gauge tank, as defined in Section 3.17 of Rule 4401: Conduct an initial TVP testing of the produced fluid in each gauge tank not later than June 14, 2007. Thereafter, an operator shall conduct periodic TVP testing of each gauge tank at least once every 24 months during summer (July - September), and whenever there is a change in the source or type of produced fluid in the gauge tank. The TVP testing shall be conducted at the actual storage temperature of the produced fluid in the gauge tank using the applicable TVP test method specified in Section 6.4 of Rule 4623 (Storage of Organic Liquids). The operator shall submit the TVP testing results to the APCO as specified in Section 6.1.10 of Rule 4401 [District Rule 4401 6.2.3] Federally Enforceable Through Title V Permit

47. The control efficiency of any VOC control device, measured and calculated as carbon, shall be determined by EPA Method 25, except when the outlet concentration must be below 50 ppm in order to meet the standard, in which case EPA Method 25a may be used. EPA Method 18 may be used in lieu of EPA Method 25 or EPA Method 25a provided the identity and approximate concentrations of the analytes/compounds in the sample gas stream are known before analysis with the gas chromatograph and the gas chromatograph is calibrated for each of those known analyte/compound to ensure that the VOC concentrations are neither under- or over-reported. [District Rule 4401 6.3.1] Federally Enforceable Through Title V Permit

48. VOC content shall be analyzed by using the latest revision of ASTM Method E168, E169, or E260 as applicable. Analysis of halogenated exempt compounds shall be performed by using ARB Method 432. [District Rule 4401 6.3.2] Federally Enforceable Through Title V Permit

49. Leak inspection, other than audio-visual, and measurements of gaseous leak concentrations shall be conducted according to EPA Method 21 using an appropriate portable hydrocarbon detection instrument calibrated with methane. The instrument shall be calibrated in accordance with the procedures specified in EPA Method 21 or the manufacturer's instruction, as appropriate, not more than 30 days prior to its use. The operator shall record the calibration date of the instrument. Where safety is a concern, such as measuring leaks from compressor seals or pump seals when the shaft is rotating, a person shall measure leaks by placing the instrument probe inlet at a distance of one (1) centimeter or less from the surface of the component interface. [District Rule 4401 6.3.3] Federally Enforceable Through Title V Permit

50. The VOC content by weight percent (wt.%) shall be determined using American Society of Testing and Materials (ASTM) D1945 for gases and South Coast Air Quality Management District (SCAQMD) Method 304-91 or the latest revision of ASTM Method E168, E169 or E260 for liquids. [District Rule 4401 6.3.4] Federally Enforceable Through Title V Permit

51. Operator shall maintain an inspection log in which an operator records, at a minimum, all of the following information for each inspection performed: The total number of components inspected, total number and percentage of leaking components found by component type, location, type, and name or description of each leaking component and description of any unit where the leaking component is found, date of leak detection and the method of leak detection. For gaseous leaks, the leak concentration in ppmv, and for liquid leaks record whether the leak is a major liquid leak or a minor liquid leak. the date of repair, replacement, or removal from operation of leaking components, identify and location of essential components and critical components found leaking that cannot be repaired until the next process unit turnaround or not later than one year after leak detection, whichever comes earlier, methods used to minimize the leak from essential components and critical components found leaking that cannot be repaired until the next process unit turnaround or not later than one year after leak detection, whichever comes earlier, the date of re-inspection and the leak concentration in ppmv after the component is repaired or is replaced, the inspector's name, business mailing address, and business telephone number, date and signature of the facility operator responsible for the inspection and repair program certifying the accuracy of the information recorded in the log. [District Rule 4401 6.4] Federally Enforceable Through Title V Permit

52. The operator shall maintain records of the date and well identification where steam injection or well stimulation occurs. [District Rule 2201] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

53. All records shall be maintained and made readily available for District inspection upon request for a period of five years. [District Rule 2201] Federally Enforceable Through Title V Permit