JAN 17 2014

Rod Eson
Foothill Energy, LLC
1 Riverway, Suite 610
Houston, TX 77056-2401

RE: Notice of Final Action - Authority to Construct
Facility Number: S-6858
Project Number: S-1133723

Dear Mr. Eson:

The Air Pollution Control Officer has issued the Authority to Construct permit to Foothill Energy, LLC for the installation of a flare operated solely as an emergency device, at Foothill Energy, LLC's Canfield Lease. Enclosed are the Authority to Construct permit and a copy of the notice of final action to be published approximately three days from the date of this letter.

Notice of the District's preliminary decision to issue the Authority to Construct permit was published on December 2, 2013. The District's analysis of the proposal was also sent to CARB on November 25, 2013. 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 at (661) 392-5500.

Sincerely,

David Warner
Director of Permit Services

DW:KTR/st
Enclosures

cc: Mike Tollstrup, CARB (w/enclosure) via email

Seyed Sadreddin
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
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6081

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

www.valleyair.org www.healthyairliving.com
AUTHORITY TO CONSTRUCT

PERMIT NO: S-6858-31-0
ISSUANCE DATE: 01/09/2014

LEGAL OWNER OR OPERATOR: FOOTHILL ENERGY, LLC
MAILING ADDRESS: 1 RIVERWAY STE 610
HOUSTON, TX 77056

LOCATION: LIGHT OIL CENTRAL
BAKERSFIELD, CA 93307-9217

EQUIPMENT DESCRIPTION:
438 MMBTU/HR AIR ASSIST PACIFIC PROCESS SYSTEMS EMERGENCY FLARE WITH AUTOMATIC IGNITION
SYSTEM AND GAS FLOW METER OPERATED AT VARIOUS UNSPECIFIED LOCATIONS WITHIN FOOTHILL
ENERGY'S LIGHT OIL CENTRAL STATIONARY SOURCE

CONDITIONS

1. 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]
2. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
3. The exhaust stack shall vent vertically upward. The vertical exhaust flow shall not be impeded by a rain cap (flapper
   ok), roof overhang, or any other obstruction. [District Rule 4102]
4. Particulate matter emissions shall not exceed 0.1 grains/dscf in concentration. [District Rule 4201]
5. The equipment shall not be located within 1000 ft. of any K-12 school. [CH&SC 42301.6]
6. Flare shall operate a minimum of 134 meters from all property boundaries. [District Rule 4102]
7. 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]
8. The flare shall be operated according to the manufacturer's specifications, a copy of which shall be maintained on site.
   [District Rule 2201]

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
9. Flare air-assist blower shall be maintained and operated for smokeless combustion, i.e. no visible emissions in excess of 5% opacity or 1/4 Ringelmann except for periods not to exceed a total of 5 minutes during any 2 consecutive hours. [District Rule 2201]

10. Except for the pilot flame, this unit shall not be operated for maintenance or testing. [District Rule 2201]

11. Flare shall only be operated for emergency purposes. An emergency is any situation or a condition arising from a sudden and reasonably unforeseeable and unpreventable event beyond the control of the operator. Examples include, but are not limited to, non preventable equipment failure, natural disaster, act of war or terrorism, or external power curtailment, excluding a power curtailment due to an interruptible power service agreement from a utility. A flaring event due to improperly designed equipment, lack of preventative maintenance, careless or improper operation, operator error or willful misconduct does not quality as an emergency. An emergency situation requires immediate corrective action to restore safe operation. A planned flaring event shall not be considered as an emergency. [District Rule 2201]

12. Flare shall be equipped with automatic re-ignition provisions. [District Rule 2201]

13. Gas line to flare shall be equipped with operational, volumetric flow rate indicator. [District Rule 2201]

14. Only propane shall be used as pilot fuel. [District Rule 2201]

15. Daily amount of gas flared shall not exceed 8.0 MMscf/day. [District Rule 2201]

16. Sulfur compound concentration of gas combusted shall not exceed 10.0 gr/100 scf. [District Rules 2201 and 4801]

17. Emission rates from this unit shall not exceed any of the following limits: 0.068 lb-NOx/MBtu; 0.008 lb-PM10/MBtu; 0.37 lb-CO/MBtu; or 0.063 lb-VOC/MBtu. [District Rule 2201]

18. To show compliance with sulfur emission limits (ppmv as H2S), the gas being flared shall be tested weekly for sulfur content and upon each new location of flare operation. If compliance with the fuel sulfur content limit and sulfur emissions limit has been demonstrated for 8 consecutive weeks for the flared gas, then the compliance testing frequency shall be semi-annually. If the semi-annual sulfur content test fails to show compliance, weekly testing shall resume. [District Rule 2201]

19. The sulfur content of the gas being flared 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 Rules 1070 and 2201]

20. Permittee shall maintain accurate records of flared gas concentration of H2S. [District Rules 1070 and 2201]

21. The permittee shall maintain all records of emergency operations. Records shall include the location, date, number of hours of each emergency flaring operation, and the amount of gas burned. [District Rule 2201]

22. All records required by this permit shall be retained on-site for a minimum of five years and shall be made available to the APCO, ARB, and EPA upon request. [District Rule 2201]

23. If facility-wide annual emissions exceed 20,000 lb/year for either VOC or NOx emissions, then the operator shall submit an Authority to Construct application to bring this flare into full compliance with the applicable requirements of Rule 4311. [District Rule 4311]