NOV 23 2010

Mr. Timothy Alburger
Seneca Resources
P.O. Box 9279
Bakersfield, CA 93389-9279

Re: Notice of Preliminary Decision - ATC / Certificate of Conformity
Facility # S-1114
Project # S-1103507

Dear Mr. Alburger:

Enclosed for your review and comment is the District’s analysis of an application for Authority to Construct for Seneca Resources heavy oil western stationary source, CA. This project will reduce waste gas flow from a 20 MM Btul/hr flare to no more than 4.9 MM Btul/hr for a flare minimization plan exemption from Rule 4311.

After addressing all comments made during the 30-day public notice and the 45-day EPA comment periods, the Authority to Construct will be issued to the facility with a Certificate of Conformity. Prior to operating with modifications authorized by the Authority to Construct, the facility must submit an application to modify the Title V permit as an administrative amendment, in accordance with District Rule 2520, Section 11.5.

The public notice will be published approximately three days from the date of this letter. Please submit your written comments within the 30-day public comment period which begins on the date of publication of the public notice.

If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Thank you for your cooperation in this matter.

Sincerely,

David Warner
Director of Permit Services

DW: RR/cm

Enclosures
Re: Notice of Preliminary Decision - ATC / Certificate of Conformity
Facility # S-1114
Project # S-1103507

Dear Mr. Rios:

Enclosed for your review is the District's engineering evaluation of an application for Authority to Construct for Seneca Resources heavy oil western stationary source, CA, which has been issued a Title V permit. Seneca Resources is requesting that a Certificate of Conformity, with the procedural requirements of 40 CFR Part 70, be issued with this project. This project will reduce waste gas flow from a 20 MM Btu/hr flare to no more than 4.9 MM Btu/hr for a flare minimization plan exemption from Rule 4311.

Enclosed is the engineering evaluation of this application, along with the current Title V permit, and proposed Authority to Construct # S-1114-73-5 with Certificate of Conformity. After demonstrating compliance with the Authority to Construct, the conditions will be incorporated into the facility's Title V permit through an administrative amendment.

Please submit your written comments on this project within the 45-day comment period that begins on the date you receive this letter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Thank you for your cooperation in this matter.

Sincerely,

[Signature]

David Warner
Director of Permit Services

DW: RR/cm

Enclosures
Mike Tollstrup, Chief
Project Assessment Branch
Air Resources Board
P O Box 2815
Sacramento, CA 95812-2815

Re: Notice of Preliminary Decision - ATC / Certificate of Conformity
Facility # S-1114
Project # S-1103507

Dear Mr. Tollstrup:

Enclosed for your review and comment is the District’s analysis of an application for Authority to Construct for Seneca Resources heavy oil western stationary source, CA. This project will reduce waste gas flow from a 20 MM Btu/hr flare to no more than 4.9 MM Btu/hr for a flare minimization plan exemption from Rule 4311.

The public notice will be published approximately three days from the date of this letter. Please submit your written comments within the 30-day public comment period which begins on the date of publication of the public notice.

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.

Thank you for your cooperation in this matter.

Sincerely,

David Warner
Director of Permit Services

DW: RR/cm

Enclosures
NOTICE OF PRELIMINARY DECISION
FOR THE PROPOSED ISSUANCE OF
AUTHORITY TO CONSTRUCT

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Air Pollution Control District solicits public comment on the proposed issuance of Authority To Construct to Seneca Resources for its heavy oil production operations, Kern County, California. This project will reduce waste gas flow from a 20 MM Btu/hr flare to no more than 4.9 MM Btu/hr for a flare minimization plan exemption from Rule 4311.

The analysis of the regulatory basis for these proposed actions, Project #S-1103507, is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and the District office at the address below. Written comments on the proposed initial permit must be submitted within 30 days of the publication date of this notice to DAVID WARNER, DIRECTOR OF PERMIT SERVICES, SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT, 34946 FLYOVER CT., BAKERSFIELD, CA 93308.
Authority to Construct
Application Review

Facility Name: Seneca Resources
Mailing Address: P.O. Box 9279
Bakersfield, CA 93389-9279
Date: November 8, 2010
Engineer: Robert Rinaldi
Lead Engineer: Richard Karrs
Contact Person: Timothy Alburger
Telephone: (661) 399-4270
Application #(s): S-1114-73-5
Project #: 1103507
Deemed Complete: August 19, 2010

I. Proposal

Seneca Resources has requested an Authority to Construct permit to modify a flare by rerating the flare to 4.9 MMBtu/hr for exemption from Rule 4311’s flare minimization plan provisions. Currently the flare is rated for 20.0 MMBtu/hr.

Seneca Resources received their Title V Permit on May 30, 2006. This modification can be classified as a Title V minor modification pursuant to Rule 2520, Section 3.20, and can be processed with a Certificate of Conformity (COC). Since the facility has specifically requested that this project be processed in that manner, the 45-day EPA comment period will be satisfied prior to the issuance of the Authority to Construct. Seneca must apply to administratively amend their Title V Operating Permit to include the requirements of the ATC(s) issued with this project.

II. Applicable Rules

Rule 2201 New and Modified Stationary Source Review Rule (12/18/08)
Rule 2520 Federally Mandated Operating Permits (6/21/01)
Rule 4101 Visible Emissions (2/17/05)
Rule 4102 Nuisance (12/17/92)
Rule 4311 Flares (6/18/09)
Rule 4801 Sulfur Compounds (12/17/92)
CH&SC 41700 Health Risk Assessment
CH&SC 42301.6 School Notice
III. Project Location

The existing flare is located in Seneca’s existing Western Heavy Oil Production Operations (NE 1/4, Sec. 24, T26W, R20E). No schools are located within 1000 ft. of this location.

IV. Process Description

Steam generators produce steam which is injected into the formation to lower the viscosity of the oil thereby facilitating extraction of the oil. Both the steam generator and flare are authorized to burn natural gas and TEOR (produced) gas.

Seneca Resources plans to limit the flow to the flare to no more than 4.9 MMBtu/hr by utilizing existing orifice flow meters and installing upstream flow-control valves. Monthly, a third-party will sample and analyze the gas to determine the gross Btu value. The Btu value will be used to calculate the maximum allowed flow rate to flow 4.9 MMBtu/hr. The calculated flow rate will be programmed into the PCL for controlling the flow-control valve (FCV). The FCV will open and divert gas from the flare back to the suction of the compressor system, thereby preventing the maximum allowable rate from being exceeded. See Attachment II for a schematic of the process.

The following conditions were placed on the permit to ensure that the applicant limits the flow to the flare so that the rating does not exceed 4.9 MMBtu/hr.

3. Capacity of flare shall not exceed 4.9 MM Btu/hr. [District Rules 2201 and 4311] Y

4. Except for the pilot, each gas inlet to flare shall be equipped with recording flow rate meter. [District Rules 2201 and 4311] Y

5. Operator shall demonstrate the heat input capacity of the flare daily by calculation, using the metered volume of the gas delivered to the flare and the most current measured heating value of the gas stream. Except for the pilot, heating value for the gas stream shall be determined at least once every six months by sample analysis. [District Rule 2201 and 4311] Y
V. Equipment Listing

Pre-Project Equipment Description:

**S-1114-73-4:** 20 MMBTU/HR FLARE, 3 IN DIA X 12 FT TALL, SERVING PRIMARY PRODUCTION WELL VENT VAPOR CONTROL SYSTEM, TANK BATTERY '54 VAPOR CONTROL SYSTEM, & TEOR WELL VENT VAPOR CONTROL SYSTEM '100 (STAR LEASE)

Proposed Modification:

**S-1114-73-5:** MODIFICATION OF 20 MMBTU/HR FLARE, 3 IN DIA X 12 FT TALL, SERVING PRIMARY PRODUCTION WELL VENT VAPOR CONTROL SYSTEM, TANK BATTERY '54 VAPOR CONTROL SYSTEM, & TEOR WELL VENT VAPOR CONTROL SYSTEM '100 (STAR LEASE): REDUCE WASTE GAS FLOW TO NO MORE THAN 4.9 MM BTU/HR FOR FLARE MINIMIZATION PLAN EXEMPTION FROM RULE 4311

Post Project Equipment Description:

**S-1114-73-5:** 20 MMBTU/HR FLARE, 3 IN DIA X 12 FT TALL, WITH REDUCED WASTE GAS FLOW TO NO MORE THAN 4.9 MM BTU/HR, SERVING PRIMARY PRODUCTION WELL VENT VAPOR CONTROL SYSTEM, TANK BATTERY '54 VAPOR CONTROL SYSTEM, & TEOR WELL VENT VAPOR CONTROL SYSTEM '100 (STAR LEASE)

VI. Emission Control Technology Evaluation

According to EPA's OAQPS Control Cost Manual, gaseous fuels with a heating value of at least 300 Btu/scf do not require auxiliary fuel (generally natural gas). Auxiliary fuel is needed only to increase the Btu content of gases which have heating values of less than 300 Btu/scf. According to gas analysis submitted with a prior project net heating value of process gas is in 500-600 Btu/scf. The flare has been authorized to use auxiliary fuel in the event of low Btu process gas, so that the net heating value of the gas mixture is over 300 Btu/scf for complete combustion.

VII. General Calculations

A. Assumptions

- The potential to emit from the proposed flare is based on the consumption of pilot gas and waste gas for 24 hours per day, 365 days per year.
- Waste gas incineration flow not to exceed 4.9 MM Btu/hr. (Applicant)
- Higher heating value of Historical flared gas = 690 Btu/scf (Applicant – prior project)
- Higher heating value of sweet gas = 961 Btu/scf (Applicant – prior project)
- Limited to 42,924 MMBtu/yr (4.9 MMBtu/yr x 24 hr/day x 365 days/yr) (Applicant)
- Existing limit 155,000 MMBtu/yr. (Existing PTO)
B. Emission Factors

These emission factors are listed on the existing PTO S-1114-73-4.

<table>
<thead>
<tr>
<th>Emission Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
</tr>
<tr>
<td>VOC</td>
</tr>
<tr>
<td>PM10</td>
</tr>
<tr>
<td>CO</td>
</tr>
<tr>
<td>SOx</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flare</th>
<th>NOx</th>
<th>VOC</th>
<th>PM10</th>
<th>CO</th>
<th>SOx</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.068 lb/MMBtu</td>
<td>0.0210 lb/MMBtu</td>
<td>0.0202 lb/MMBtu</td>
<td>0.3700 lb/MMBtu</td>
<td>303.7 gr/100 scf</td>
</tr>
</tbody>
</table>

1 - AP-42 Table 13.5.1 (9/91)
2 - Santa Barbara Flare Study Table 3.1.1
3 - Based on Historic sulfur content flared gas. 303.7 gr/100 scf x
4 - VOC EF is from AP-42 Table 13.5.1 (9/91) multiplied by percent of VOC compounds VOC EF = 0.1400 lb/MMBtu x 15% = 0.0210 lb/MMBtu. Based on 15% VOC from gas analysis.

For sweet gas:

\[
\frac{303.7 \text{ gr } S}{100 \text{ ft}^3} \times \frac{64 \text{ lb } SO_x}{32 \text{ lb } S} \times \frac{1 \text{ lb}}{7000 \text{ gr}} \times \frac{1000 \text{ ft}^3}{0.96 \text{ MMBtu}} = 0.9 \text{ lb SO}_x \text{ MMBtu}
\]

For historical gas:

\[
\frac{303.7 \text{ gr } S}{100 \text{ ft}^3} \times \frac{64 \text{ lb } SO_x}{32 \text{ lb } S} \times \frac{1 \text{ lb}}{7000 \text{ gr}} \times \frac{1000 \text{ ft}^3}{0.69 \text{ MMBtu}} = 1.25 \text{ lb SO}_x \text{ MMBtu}
\]
C. Calculations

1. Pre-Project Potential to Emit (PEI)

<table>
<thead>
<tr>
<th></th>
<th>Daily Emissions (lb/day)</th>
<th>Annual Emissions (lb/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>32.6</td>
<td>10,540</td>
</tr>
<tr>
<td>SOx</td>
<td>600</td>
<td>193,750</td>
</tr>
<tr>
<td>PM10</td>
<td>9.6</td>
<td>3,131</td>
</tr>
<tr>
<td>CO</td>
<td>177.6</td>
<td>57,350</td>
</tr>
<tr>
<td>VOC</td>
<td>10.1</td>
<td>3,255</td>
</tr>
</tbody>
</table>

Pre-project from PTO S-1114-73-4
2. Post Project Potential to Emit (PE2)

<table>
<thead>
<tr>
<th></th>
<th>Daily Emissions (lb/day)</th>
<th>Annual Emissions (lb/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>0.068 lb/MBtu x 4.9 MBtu/hr x 24 hr/day = 8.0 lb/day</td>
<td></td>
</tr>
<tr>
<td>VOC</td>
<td>0.0210 lb/MBtu x 4.9 MBtu/hr x 24 hr/day = 2.4 lb/day</td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>0.37 lb/MBtu x 4.9 MBtu/hr x 24 hr/day = 43.5 lb/day</td>
<td></td>
</tr>
<tr>
<td>PM10</td>
<td>0.0202 lb/MBtu x 4.9 MBtu/hr x 24 hr/day = 2.3 lb/day</td>
<td></td>
</tr>
<tr>
<td>SOx</td>
<td>1.25 lb/MBtu x 4.9 MBtu/hr x 24 hr/day = 147.0 lb/day</td>
<td></td>
</tr>
</tbody>
</table>

Post Project for ATC S-1114-73-5

<table>
<thead>
<tr>
<th></th>
<th>Daily Emissions (lb/day)</th>
<th>Annual Emissions (lb/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>0.068 lb/MBtu x 42,924 MBtu/yr. = 2,919 lb/yr.</td>
<td></td>
</tr>
<tr>
<td>VOC</td>
<td>0.0210 lb/MBtu x 42,924 MBtu/yr. = 901 lb/yr.</td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>0.37 lb/MBtu x 42,924 MBtu/yr. = 15,881 lb/yr.</td>
<td></td>
</tr>
<tr>
<td>PM10</td>
<td>0.0202 lb/MBtu x 42,924 MBtu/yr. = 867 lb/yr.</td>
<td></td>
</tr>
<tr>
<td>SOx</td>
<td>1.25 lb/MBtu x 42,924 MBtu/yr. = 53,655 lb/yr.</td>
<td></td>
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</tbody>
</table>
3. Pre-Project Stationary Source Potential to Emit (SSPE1)

SSPE1 calculations are necessary to aid the following determinations:

- If the facility is becoming a new Major Source, or
- An offset threshold will be surpassed, or
- A Stationary Source Increase in Permitted Emissions (SSIPE) public notice is triggered

Pursuant to Section 4.9 of District Rule 2201, the Pre-Project Stationary Source Potential to Emit (SSPE1) is the Potential to Emit (PE) from all units with valid Authorities to Construct (ATC) or Permits to Operate (PTO) at the Stationary Source and the quantity of emission reduction credits (ERC) which have been banked since September 19, 1991 for Actual Emissions Reductions that have occurred at the source, and which have not been used on-site.

The Pre-Project Stationary Source Potential to Emit (SSPE1) is summarized below (see Appendix V for details).

| Pre-Project Stationary Source Potential to Emit [SSPE1] (lb/year) |
|---------------------|-----|-----|------|-----|
|                     | NOx | SOx | PM_{10} | CO  |
| Pre-Project SSPE (SSPE1) | 108,679 | 482,703 | 94,836 | 299,109 | 136,002 |

4. Post Project Stationary Source Potential to Emit (SSPE2)

SSPE2 calculations are necessary to aid the following determinations:

- If the facility is becoming a new Major Source,
- An offset threshold will be surpassed, or
- An SSIPE public notice is triggered

Pursuant to Section 4.10 of District Rule 2201, the Post-Project Stationary Source Potential to Emit (SSPE2) is the Potential to Emit (PE) from all units with valid Authorities to Construct (ATC) or Permits to Operate (PTO) at the Stationary Source and the quantity of emission reduction credits (ERC) which have been banked since September 19, 1991 for Actual Emissions Reductions that have occurred at the source, and which have not been used on-site.

The Post Project Stationary Source Potential to Emit (SSPE2) is summarized below (see Appendix V for details).

| Post Project Stationary Source Potential to Emit [SSPE2] (lb/year) |
|---------------------|-----|-----|------|-----|
|                     | NOx  | SOx       | PM_{10} | CO  |
| Post Project SSPE (SSPE2) | 101,130 | 342,608 | 92,572 | 257,640 | 133,648 |
5. Major Source Determination

Pursuant to Section 3.24 of District Rule 2201, a major source is a stationary source a Post-Project Stationary Source Potential to Emit (SSPE2), equal to or exceeding one or more of the Major Source threshold values (excluding ERCs banked onsite that have not been used onsite).

<table>
<thead>
<tr>
<th>Major Source Determination (lb/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Pre-Project SSPE (SSPE1)</td>
</tr>
<tr>
<td>Post Project SSPE (SSPE2)</td>
</tr>
<tr>
<td>Major Source Threshold</td>
</tr>
<tr>
<td>Major Source?</td>
</tr>
</tbody>
</table>

This source is an existing Major Source for NO\textsubscript{X}, SO\textsubscript{X}, CO, and VOC only and will remain so. No change in Major Source status is proposed or expected as a result of this project.

6. Baseline Emissions (BE)

The BE calculation (in lbs/year) is performed pollutant-by-pollutant for each unit within the project, to calculate the QNEC and if applicable, to determine the amount of offsets required.

Pursuant to Section 3.7 of District Rule 2201, BE = Pre-project Potential to Emit for:

- Any unit located at a non-Major Source,
- Any Highly-Utilized Emissions Unit, located at a Major Source,
- Any Fully-Offset Emissions Unit, located at a Major Source, or
- Any Clean Emissions Unit, located at a Major Source.

otherwise,

BE = Historic Actual Emissions (HAE), calculated pursuant to Section 3.22 of District Rule 2201.

This flare is part of a vapor recovery system that meets the BACT requirements. Therefore baseline emissions will be equal to pre-project emissions.
7. **SB 288 Major Modification**

This facility is an existing major source for NOx, SOx, CO & VOC.

District Rule 2201 references the definition of major modification provided in 40 CFR 51.165 (v)(A) in effect on December 19, 2002, where major modification means any physical change in or change in the method of operation of a major stationary source that would result in a significant net emissions increase of any pollutant subject to regulation under the Act.

Significant is defined under Part 51.165(x) as a net emissions increase in the potential of a source to emit any affected pollutant equal to or exceeding any applicable thresholds. For existing major sources in the San Joaquin Valley Air Basin, which is non-attainment for Ozone and PM10, a major modification occurs if the Net Emissions Increases (NEI) is equal to or greater than one or more of the following threshold values when calculated on actual to PE basis:

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Project PE (lb/year)</th>
<th>Threshold (lb/year)</th>
<th>Major Modification?</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>&lt;50,000</td>
<td>50,000</td>
<td>No²</td>
</tr>
<tr>
<td>SOx</td>
<td>&gt;80,000</td>
<td>80,000</td>
<td>Yes¹</td>
</tr>
<tr>
<td>PM_{10}</td>
<td>&gt;30,000</td>
<td>30,000</td>
<td>No²</td>
</tr>
<tr>
<td>VOC</td>
<td>&lt;50,000</td>
<td>50,000</td>
<td>No²</td>
</tr>
</tbody>
</table>

Therefore, this project is a SB 288 major modification and public notice is required.

¹ Seneca's stationary source project for Rule 4311 compliance for the Heavy Oil Western Source for facilities S-1114 and S-3755, includes two flares. Considering that flares typically have utilization rates below their permitted capacities, it is presumed that a major modification threshold for SOx will be crossed. Based on this presumption, the applicant stipulates that a SB 288 modification has occurred.

² Not a major source for PM_{10}, NOx & VOC
8. Federal Major Modification

Pursuant to Rule 2201 Section 3.17 to determine if a project is a Federal major modification, the calculation procedure in 40 CFR 51.165(a)(2)(ii) shall be used.

This calculation procedure states that if the sum of the differences between the projected actual emissions and the baseline actual emissions (for existing emission units) or the sum of the potentials to emit (for new emission units) is significant, i.e. greater than the values listed in Rule 2201 Table 3-1, the project is a Federal major modification.

This project is decreasing the design capacity of an existing flare. The projected actual emissions (PAE) are equal to the emission rate at which the unit is projected to emit in any one year selected by the operator within 5 years after the unit resumes normal operation (10 years for existing units with an increase in design capacity). This projection is made by the operator and must be based on all relevant information, e.g. expected business activity.

For emission units (other than electric utility steam generating units) the baseline actual emissions (BAE) are calculated based on any 24 month period selected by the operator within the previous 10 year period. These emissions must not include any non-compliant operation.

In calculating the emission increase (PAE – BAE), the portion of the emissions after the project that the unit could have actually emitted (during the same period used to determine BAE) that are unrelated to the particular project and emissions due to increased product demand are excluded.

For rule compliance projects, the difference between the PAE and the BAE (excluding emissions that the unit could have emitted during the baseline period) for pollutants targeted by the subject rule will be a negative value.

Pursuant to the District’s “Implementation of Rule 2201 for SB288 Major Modifications and Federal Major Modifications” – Case 2

Emission Increase = PAE – BAE – unused baseline capacity

Emissions are directly proportional to equipment rating therefore equipment rating will be used to demonstrate that the Emissions Increase will be less than zero.
Let:

\[ PAE = 4.9 \text{ MMBtu/hr (new flare rating per applicant)} \]
\[ BAE = 0.0 \text{ (worst case scenario for generating an increase)} \]
\[ \text{unused baseline capacity} = 20 \text{ MMBtu/hr} - 4.9 \text{ MMBtu/hr} = 15.1 \text{ MMBtu/hr} \]

Therefore:

\[ \text{Emission Increase} = 4.9 - 0.0 - 15.1 = 0 \]

The emissions increase is zero therefore this project is not a Federal major modification.
VIII. Compliance

Rule 2201 New and Modified Stationary Source Review Rule

A. Best Available Control Technology (BACT)

1. BACT Applicability

4.2.3 For existing facilities, the installation or modification of an emission control technique performed solely for the purpose of compliance with the requirements of District, State or Federal air pollution control laws, regulations, or orders, as approved by the APCO, shall be exempt from Best Available Control Technology for all air pollutants, provided all of the following conditions are met:

4.2.3.1 There shall be no increase in the physical or operational design of the existing facility, except for those changes to the design needed for the installation or modification of the emission control technique itself;

4.2.3.2 There shall be no increase in the permitted rating or permitted operating schedule of the permitted unit;

4.2.3.3 There shall be no increase in emissions from the stationary source that will cause or contribute to any violation of a National Ambient Air Quality Standard, Prevention of Significant Deterioration increment, or Air Quality Related Value in Class I areas; and

4.2.3.4 The project shall not result in an increase in permitted emissions or potential to emit of more than 25 tons per year of NOx, or 25 tons per year of VOC, or 15 tons per year of SOx, or 15 tons per year of PM-10, or 50 tons per year of CO.

4.2.3.5 The project shall not constitute a federal major modification.

Lowering the rating of the flare to enjoy an exemption from Rule 4311 will meet the criteria for the BACT exemption outlined in subsection 4.2.3. Therefore BACT is not required.
B. Offsets

1. Offset Applicability

4.6.8 For existing facilities, the installation or modification of an emission control technique performed solely for the purpose of compliance with the requirements of District, State or Federal air pollution control laws, regulations, or orders, as approved by the APCO, shall be exempt from offset requirements for all air pollutants provided all of the following conditions are met:

4.6.8.1 There shall be no increase in the physical or operational design of the existing facility, except for those changes to the design needed for the installation or modification of the emission control technique itself;

4.6.8.2 There shall be no increase in the permitted rating or permitted operating schedule of the permitted unit;

4.6.8.3 There shall be no increase in emissions from the stationary source that will cause or contribute to any violation of a National Ambient Air Quality Standard, Prevention of Significant Deterioration increment, or Air Quality Related Value in Class I areas; and

4.6.8.4 The project shall not result in an increase in permitted emissions or potential to emit of more than 25 tons per year of NOx, or 25 tons per year of VOC, or 15 tons per year of SOx, or 15 tons per year of PM-10, or 50 tons per year of CO.

Lowering the rating of the flare to enjoy an exemption from Rule 4311 will meet the criteria for the Offsets exemptions outlined in subsection 4.6.8. Therefore offsets are not required.
C. Public Notification

1. Applicability

Public noticing is required for:

a. Any new Major Source, Federal Major Modification and SB288 major modifications
b. Any new emissions unit with a Potential to Emit greater than 100 pounds during any one day for any one pollutant,
c. Any project which results in the offset thresholds being surpassed, and/or
d. New stationary source with SSPE greater than the emissions offset threshold
e. Any project with an SSIPE of greater than 20,000 lb/year for any pollutant.

a. New Major Source, Federal Major Modification or SB288 Major Modification

As explained above, this project is a SB 288 major modification and public notice is required.

b. PE > 100 lb/day

Applications which include a new emissions unit with a Potential to Emit greater than 100 pounds during any one day for any pollutant will trigger public noticing requirements. As seen in Section VII.C.2 above, this project does not include a new emissions unit which has daily emissions greater than 100 lb/day for any pollutant, therefore public noticing for PE > 100 lb/day purposes is not required.

c. Offset Threshold

As detailed above, this project is exempt from offsets.

d. New stationary source with SSPE greater than the emissions offset threshold

This facility is not a new stationary source.

e. SSIPE > 20,000 lb/year

Public notification is required for any permitting action that results in a Stationary Source Increase in Permitted Emissions (SSIPE) of more than 20,000 lb/year of any affected pollutant. According to District policy, the SSIPE is calculated as the Post Project Stationary Source Potential to Emit (SSPE2) minus the Pre-Project Stationary Source Potential to Emit (SSPE1), i.e. SSIPE = SSPE2 – SSPE1. PE2 – PE1 is less than zero as the existing flare is being derated. Therefore the SSIPE will also be less than zero, the SSIPEs for all pollutants are less than 20,000 lb/year; therefore public noticing for SSIPE purposes is not required.
2. Public Notice Action

As explained above, this project is a SB 288 major modification and public notice is required.

D. Daily Emission Limits (DELs)

Daily Emissions Limitations (DELs) and other enforceable conditions are required by Section 3.17 to restrict a unit's maximum daily emissions, to a level at or below the emissions associated with the maximum design capacity. Per Sections 3.17.1 and 3.17.2, the DEL must be contained in the latest ATC and contained in or enforced by the latest PTO and enforceable, in a practicable manner, on a daily basis. DELs are also required to enforce the applicability of BACT.

**Existing Rule 2201 (DEL) Conditions:**

- Capacity of flare shall not exceed 4.9 MM Btu/hr. [District Rules 2201 and 4311] Y
- Emission rates shall not exceed the following: PM10: 0.0202 lb/MMBtu, NOx (as NO2): 0.068 lb/MMBtu, VOC: 0.0210 lb/MMBtu, and CO: 0.37 lb/MMBtu. [District NSR Rule] Y
- Sulfur content of gases burned in flare shall not exceed 303.7 gr/100 Scf as total sulfur. [District NSR Rule] Y

E. Compliance Assurance

1. Source Testing

Existing PTO S-1114-73-4 has the existing source test condition.

- The flare shall be inspected quarterly during operation for visible emissions, using EPA Method 22. If visible emissions are observed, corrective action shall be taken. If visible emissions cannot be eliminated, an EPA Method 9 test shall be conducted within 24 hours. [2520, 9.3.2] Y

2. Monitoring

Existing PTO S-1114-73-4 has the existing monitoring condition.

- Gas sulfur content and higher heating value shall be measured quarterly using gas chromatographic analysis to calculate SOx emission rate. Test reports of measured fuel sulfur content and higher heating value shall be maintained. The calculated SOx emission rate shall be recorded in format approved by the District. If compliance with the SOx emission rate has been demonstrated for 8 consecutive quarters for a fuel source, then the testing frequency shall be annually. If an annual fuel sulfur content and higher heating value testing fails to show compliance, quarterly testing shall resume [District Rule 1070 and 2520, 9.3.2] Y
3. Recordkeeping

Existing PTO S-1114-73-4 has the existing recordkeeping condition.

- The permittee shall keep accurate daily records of volume of gas flared for a period of five years, and shall make such records available for District inspection upon request. [District Rule 1070 and 2520, 9.4.2] Y

4. Reporting

There are no new reporting requirements.

Rule 2520   Federally Mandated Operating Permits

This facility is subject to this Rule, and has received their Title V Operating Permit. The proposed modification is a Minor Modification to the Title V Permit pursuant to Section 3.20 of this rule:

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.

As discussed above, the facility has applied for a Certificate of Conformity (COC); therefore, the facility must apply to modify their Title V permit with an administrative amendment, prior to operating with the proposed modifications. Continued compliance with this rule is expected. The facility may construct/operate under the ATC upon submittal of the the Title V administrative amendment/minor modification application.
Rule 4101  Visible Emissions

Per Section 5.0, no person shall discharge into the atmosphere emissions of any air contaminant aggregating more than 3 minutes in any hour which is as dark as or darker than Ringelmann 1 (or 20% opacity).

The flare is currently in compliance with this rule. Therefore, continued compliance with this rule is expected.

Rule 4102  Nuisance

The modification proposed in this project is not expected to affect compliance with the rule. Continued compliance with this Rule is expected.

California H&S Code, Section 41700

The District's Risk Management Policy requires an evaluation of the risk associated with increases in hazardous air pollutants. Pursuant to the definition of Section V.A. of this policy, a hazardous pollutant is “...a substance included in lists prepared by the California Air Resources Board pursuant to Section 44321 of the California Health and Safety Code that have OEHHA approved health risk values and all pollutants listed in section 112(b) of the Federal Clean Air Act...”

No increase in emissions from the stationary source has been proposed; therefore, a health risk evaluation is not required.

Rule 4201  Particulate Matter Concentration

Section 3.1 prohibits discharge of dust, fumes, or total particulate matter into the atmosphere from any single source operation in excess of 0.1 grain per dry standard cubic foot. There is a decrease in PM10 emissions expected from the project. Continued compliance is expected.

Rule 4311  Flares

Rule 4311 applies to all operations involving the use of flares. The purpose of the Rule is to limit VOCs, NOx and SOx emissions from the operation of flares.

Section 5.1 states that flares that are permitted to operate only during an emergency are not subject to the requirements of Sections 5.6 and 5.7.

This is not an emergency flare, therefore the flare is subject to sections 5.6 and 5.7.
Section 5.2 states that the flame shall be present at all times when combustible gases are vented through the flare. The following is an existing condition on the PTO and continued compliance is expected:

10. The flame shall be present at all times when combustible gases are vented through the flare. [District Rule 4311, 5.2] Y

Section 5.3 states that the flare outlet shall be equipped with an automatic ignition system, or, shall operate with a pilot flame present at all times when combustible gases are vented through the flare, except during purge periods for automatic-ignition equipped flares. The following is an existing condition on the PTO and continued compliance is expected:

11. The outlet shall be equipped with an automatic ignition system, or, shall operate with a pilot flame present at all times when combustible gases are vented through the flare, except during purge periods for automatic-ignition equipped flares. [District Rule 4311, 5.3] Y

Section 5.4 states that except for flares equipped with a flow-sensing ignition system, a heat sensing device such as a thermocouple, ultraviolet beam sensor, infrared sensor, or an alternative equivalent device, capable of continuously detecting at least one pilot flame or the flare flame is present shall be installed and operated. The following is an existing condition on the PTO and continued compliance is expected:

12. Except for flares equipped with a flow-sensing ignition system, a heat sensing device such as a thermocouple, ultraviolet beam sensor, infrared sensor, or an equivalent device, capable of continuously detecting at least one pilot flame or the flare flame is present shall be installed and operated. [District Rule 4311, 5.4] Y

Section 5.5 states that flares that use flow-sensing automatic ignition systems and which do not use a continuous flame pilot shall use purge gas for purging. The following is an existing condition on the PTO and continued compliance is expected:

13. Flares that use flow-sensing automatic ignition systems and which do not use a continuous flame pilot shall use purge gas for purging. [District Rule 4311, 5.5] Y

Section 5.6 states that open flares (air-assisted, steam-assisted, or non-assisted) in which the flare gas pressure is less than 5 psig shall be operated in such a manner that meets the provisions of 40 CFR 60.18. The requirements of this section shall not apply to Coanda effect flares.

The applicant stated that the flare operates with a gas pressure of greater than 5 psig. Continued compliance with Section 5.6 is expected.
Section 5.7 states that ground-level enclosed flares meet the defined emission standards.

The flare is not a ground-level enclosed flare and are not subject to the defined emission standards. Continued compliance with Section 5.7 is expected.

Section 5.8 states that Effective on and after July 1, 2011, flaring is prohibited unless it is consistent with an approved flare minimization plan (FMP), pursuant to Section 6.5, and all commitments listed in that plan have been met. Subsection 6.5.1 states that by July 1, 2010, the operator of a petroleum refinery flare or any flare that has a flaring capacity of greater than or equal to 5.0 MMBtu per hour shall submit a flare minimization plan (FMP) to the APCO for approval.

This project is reducing the flaring capacity to 4.9 MMBtu/hr. and it is now not required for the Seneca to include permit unit S-1114-73 in the flare minimization plan. Compliance with Section 5.8 is expected.

Section 5.9 sites Petroleum Refinery SO2 Performance Targets. The flares do not serve a petroleum refinery.

Section 5.10 states that Effective on and after July 1, 2011, the operator of a flare subject to flare minimization requirements pursuant to Section 5.8 shall monitor the vent gas flow to the flare with a flow measuring device or other parameters as specified in the Permit to Operate.

The flare is not subject to 5.8 and is therefore not subject to section 5.10.

Section 5.11 states that effective on and after July 1, 2011, the operator of a petroleum refinery or a flare with a flaring capacity equal to or greater than 50 MMBtu/hr shall monitor the flare pursuant to Sections 6.6, 6.7, 6.8, 6.9, and 6.10.

The flare is not part of petroleum refinery nor is the flaring capacity greater than 50 MMBtu/hr.

The flare complies with all applicable sections of Rule 4311 including recordkeeping and administrative requirements.
Rule 4801  Sulfur Compounds

The project authorizes an increase in H₂S concentration of the produced (TEOR) gas combusted by the flare and steam generator. The post project emissions factor when converted to SO₂ exhaust concentration is

\[ 10^6 \times 1.25 \text{ lb SO}_2/\text{MMBtu}/[(8578 \text{ dscf/MMBtu}^*)(64 \text{ lb SO}_2/\text{lbmol})(\text{lbmol}/379 \text{ dscf})] = 900 \text{ ppmv} \ @ 0\% O_2 < 2000 \text{ ppmv} \]

Compliance is expected.

\[ * \text{Corrected F-factor} = \left( \frac{8,710 \text{ dscf}}{\text{MMBtu}} \right) \times \left( \frac{60^\circ F + 459.6}{68^\circ F + 459.6} \right) = 8,578 \frac{\text{dscf}}{\text{MMBtu}} \text{ at } 60^\circ F \]

California H&S Code, Section 42301.6

The equipment covered by this application is located more than 1,000 feet from any school; therefore, this project is not subject to the notification requirements of this section.

IX. Recommendation

Compliance with all applicable rules and regulations is expected. Issue Authorities to Construct S-1114-73-5 subject to the permit conditions on the attached draft Authorities to Construct in Attachment III.

X. Billing Information

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Attachments
I:  Current PTO(s)
II:  Process Flow Diagram
III:  Draft ATCs
IV:   Title V Modification – Compliance Certification Form
V:    SSPE1 & SSPE2 Calculation
Attachment I
Current PTOs
PERMIT UNIT REQUIREMENTS

1. Amount of gas flared shall not exceed 155,000 MMBtu (based on higher heating value of flared gas) in any one year. [District NSR Rule] Federally Enforceable Through Title V Permit

2. Emission rates shall not exceed the following: PM10: 0.0202 lb/MMBtu, NOx (as NO2): 0.068 lb/MMBtu, VOC: 0.0210 lb/MMBtu, and CO: 0.37 lb/MMBtu. [District NSR Rule] Federally Enforceable Through Title V Permit

3. Gas inlet to flare shall be equipped with recording flow rate meter. [District NSR Rule] Federally Enforceable Through Title V Permit

4. Sulfur content of gases burned in flare shall not exceed 303.7 gr/100 Scf as total sulfur. [District NSR Rule] Federally Enforceable Through Title V Permit

5. Gas sulfur content and higher heating value shall be measured quarterly using gas chromatographic analysis to calculate SOx emission rate. Test reports of measured fuel sulfur content and higher heating value shall be maintained. The calculated SOx emission rate shall be recorded in format approved by the District. If compliance with the SOx emission rate has been demonstrated for 8 consecutive quarters for a fuel source, then the testing frequency shall be annually. If an annual fuel sulfur content and higher heating value testing fails to show compliance, quarterly testing shall resume. [District Rule 1070 and 2520, 9.3.2] Federally Enforceable Through Title V Permit

6. The permittee shall keep accurate daily records of volume of gas flared for a period of five years, and shall make such records available for District inspection upon request. [District Rule 1070 and 2520, 9.4.2] Federally Enforceable Through Title V Permit

7. Flares shall be designed for and operated with no visible emissions except for periods not to exceed a total of three (3) minutes in any one (1) hour. [District Rule 4101, 5.1] Federally Enforceable Through Title V Permit

8. The flare shall be inspected quarterly during operation for visible emissions, using EPA Method 22. If visible emissions are observed, corrective action shall be taken. If visible emissions cannot be eliminated, an EPA Method 9 test shall be conducted within 24 hours. [2520, 9.3.2] Federally Enforceable Through Title V Permit

9. The flame shall be present at all times when combustible gases are vented through the flare. [District Rule 4311, 5.2] Federally Enforceable Through Title V Permit

10. The outlet shall be equipped with an automatic ignition system, or, shall operate with a pilot flame present at all times when combustible gases are vented through the flare, except during purge periods for automatic-ignition equipped flares. [District Rule 4311, 5.3] Federally Enforceable Through Title V Permit

Facility Name: SENECA RESOURCES
Location: HEAVY OIL WESTERN.CA
6-1114-73-4: Sep 17 2010 11:43AM - RMLCIR

These terms and conditions are part of the Facility-wide Permit to Operate.
11. Except for flares equipped with a flow-sensing ignition system, a heat sensing device such as a thermocouple, ultraviolet beam sensor, infrared sensor, or an equivalent device, capable of continuously detecting at least one pilot flame or the flare flame is present shall be installed and operated. [District Rule 4311, 5.4] Federally Enforceable Through Title V Permit

12. Flares that use flow-sensing automatic ignition systems and which do not use a continuous flame pilot shall use purge gas for purging. [District Rule 4311, 5.5] Federally Enforceable Through Title V Permit

13. The flare shall be operated according to the manufacturer's specifications, a copy of which shall be maintained on site. [2520, 9.3.2] Federally Enforceable Through Title V Permit

14. The requirements of SJVAPCD District Rule 4101 (Amended November 15, 2001) are addressed in a previous permit condition. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit

15. The requirements of SJVAPCD District Rule 4311 (Adopted June 20, 2002) are addressed in this permit. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit

These terms and conditions are part of the Facility-wide Permit to Operate.
Attachment II
Process Flow Diagrams
Proposed change to maintain flow to flare at ≤ 4.9 MMBTU/HR.
Attachment III
Draft ATCs
AUTHORITY TO CONSTRUCT

PERMIT NO: S-1114-73-5

LEGAL OWNER OR OPERATOR: SENECA RESOURCES
MAILING ADDRESS: 2131 MARS COURT
BAKERSFIELD, CA 93308-6830

LOCATION:
HEAVY OIL WESTERN
CA

SECTION: NE24 TOWNSHIP: 26S RANGE: 20E

EQUIPMENT DESCRIPTION:
MODIFICATION OF 20 MM BTU/HR FLARE, 3 IN DIA X 12 FT TALL, SERVING PRIMARY PRODUCTION WELL VENT VAPOR CONTROL SYSTEM, TANK BATTERY '54 VAPOR CONTROL SYSTEM, & TEOR WELL VENT VAPOR CONTROL SYSTEM '100 (STAR LEASE): LIMIT HEAT INPUT CAPACITY TO 4.9 MM BTU/HR FOR FLARE MINIMIZATION PLAN EXEMPTION FROM RULE 4311

CONDITIONS

1. (1830) 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 NSR Rule] Federally Enforceable Through Title V Permit

2. (1831) 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. Capacity of flare shall not exceed 4.9 MM Btu/hr. [District Rules 2201 and 4311]

4. Except for the pilot, each gas inlet to flare shall be equipped with recording flow rate meter. [District Rules 2201 and 4311]

5. Operator shall demonstrate the heat input capacity of the flare daily by calculation, using the metered volume of the gas delivered to the flare and the most current measured heating value of the gas stream. Except for the pilot, heating value for the gas stream shall be determined at least once every six months by sample analysis. [District Rule 2201 and 4311]

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
Southern Regional Office • 34946 Flyover Court • Bakersfield, CA 93308 • (661) 392-5500 • Fax (661) 392-5585
6. Emission rates shall not exceed the following:
   PM10: 0.0202 lb/MMBtu, NOx (as NO2): 0.068 lb/MMBtu, VOC: 0.0210 lb/MMBtu, and CO: 0.37 lb/MMBtu. [District NSR Rule] Federally Enforceable Through Title V Permit

7. Sulfur content of gases burned in flare shall not exceed 303.7 gr/100 Scf as total sulfur. [District NSR Rule] Federally Enforceable Through Title V Permit

8. Gas sulfur content and higher heating value shall be measured quarterly using gas chromatographic analysis to calculate SOx emission rate. Test reports of measured fuel sulfur content and higher heating value shall be maintained. The calculated SOx emission rate shall be recorded in format approved by the District. If compliance with the SOx emission rate has been demonstrated for 8 consecutive quarters for a fuel source, then the testing frequency shall be annually. If an annual fuel sulfur content and higher heating value testing fails to show compliance, quarterly testing shall resume [District Rule 1070 and 2520, 9.3.2] Federally Enforceable Through Title V Permit

9. The permittee shall keep accurate daily records of volume of gas flared for a period of five years, and shall make such records available for District inspection upon request. [District Rule 1070 and 2520, 9.4.2] Federally Enforceable Through Title V Permit

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14. Except for flares equipped with a flow-sensing ignition system, a heat sensing device such as a thermocouple, ultraviolet beam sensor, infrared sensor, or an equivalent device, capable of continuously detecting at least one pilot flame or the flare flame is present shall be installed and operated. [District Rule 4311, 5.4] Federally Enforceable Through Title V Permit

15. Flares that use flow-sensing automatic ignition systems and which do not use a continuous flame pilot shall use purge gas for purging. [District Rule 4311, 5.5] Federally Enforceable Through Title V Permit

16. The requirements of SJVAPCD District Rule 4101 (Amended November 15, 2001) are addressed in a previous permit condition. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit

17. The requirements of SJVAPCD District Rule 4311 (as amended June 18, 2009) are addressed in this permit. A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
Attachment IV
Title V Modification – Compliance Certification Form
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
[ ] ADMINISTRATIVE AMENDMENT

[ ] MINOR PERMIT MODIFICATION

RECEIVED
JUN 30 2010

SJVAPCD
Southern Region

COMPANY NAME: Seneca Resources / Western Minerals
FACILITY ID: S-1114 / 3755

1. Type of Organization: [ ] Corporation
   [ ] Sole Ownership [ ] Government [ ] Partnership [ ] Utility

2. Owner's Name:

3. Agent to the Owner:

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

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

[ ] Based on information and belief formed after reasonable inquiry, the equipment 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 forgoing is correct and true:

Signature of Responsible Official

Name of Responsible Official (please print)

Title of Responsible Official (please print)

Mailing Address: Central Regional Office * 1990 E. Gettysburg Avenue * Fresno, California 93726-0244 * (559) 230-5900 * FAX (559) 230-6061

TVFORM-009 Rev: July 2003
Attachment V
SSPE1 & SSPE2 Calculation
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*These values were taken from Project S-1032306

**Total Sulfur includes SLC from units S-1114-10, '-74, and '-107 of 264,490 lb/yr
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**Total Sulfur includes SLC from units S-1114-10, '-74, and '-107 of 264,490 lb/yr