DEC 17 2012

Dean Leal
Onyx
9530 Hageman Rd. Suite 93312
Bakersfield, CA 93312

RE: Notice of Final Action - Authority to Construct
Project Number: S-1123391

Dear Mr. Leal:

The Air Pollution Control Officer has issued Authority to Construct permits to Onyx for a 62.5 MMBtu/hr well test flaring operation, at various unspecified locations within SJVAPCD.

Enclosed are copies of the Authority to Construct permits 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 this Authority to Construct was published on November 5, 2012. The District’s analysis of the proposal was also sent to CARB on November 6, 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 at (661) 392-5500.

Sincerely,

David Warner
Director of Permit Services

DW: SDD/cp

Enclosures
DEC 17 2012

Mike Tollstrup, Chief
Project Assessment Branch
Stationary Source Division
California Air Resources Board
PO Box 2815
Sacramento, CA 95812-2815

RE: Notice of Final Action - Authority to Construct
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Sincerely,

David Warner
Director of Permit Services

DW: SDD,cp

Enclosures
NOTICE OF FINAL ACTION
FOR THE ISSUANCE OF AUTHORITY
TO CONSTRUCT PERMITS

NOTICE IS HEREBY GIVEN that the Air Pollution Control Officer has issued Authority to Construct permits to Onyx for a 62.5 MMBtu/hr well test flaring operation, at various unspecified locations within SJVAPCD.

No comments were received following the District's preliminary decision on this project.

The application review for Project #S-1123391 is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and the SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT, 34946 FLYOVER COURT, BAKERSFIELD, CA 93308.
AUTHORITY TO CONSTRUCT

PERMIT NO: S-8220-1-0

LEGAL OWNER OR OPERATOR: ONYX OIL SERVICE
MAILING ADDRESS: 9530 HAGEMAN ROAD, SUITE B #398
BAKERSFIELD, CA 93312

LOCATION: VARIOUS LOCATIONS
BAKERSFIELD, CA

EQUIPMENT DESCRIPTION:
62.5 MMBTU/HR AIR ASSISTED MACTRONIC WELL TEST/DRILLING OPERATIONS (MITIGATE GAS KICKS DURING DRILLING) FLARE WITH 316SS FLARE TIP, CONTINUOUS PILOT AND SOLAR POWERED IGNITION SYSTEM, OPERATED AT VARIOUS UNSPECIFIED LOCATIONS, SJVAPCD

CONDITIONS

1. The flare shall not be located within 1000 ft. of any K-12 school. [CH&SC 42301.6]
2. The flare shall not be located within 25 meters of the facility fenceline. [District Rules 2201 and 4102]
3. Flare shall only be used to combust gas released during well testing. [District Rule 2201]
4. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
5. 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]
6. Operation at any specific location by this unit shall not exceed 1 year. [District Rule 4102]
7. The unit must not be located and operated at an existing facility or operation such that it becomes part of an existing stationary source as defined by District Rule 2201. [District Rule 2201]
8. 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 5% opacity. [District Rules 2201 and 4101]
9. Flare shall be equipped with operational automatic re-ignition provisions. [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
10. Gas line to flare shall be equipped with operational, volumetric flow rate indicator. [District Rule 2201]

11. Daily and annual amounts of gas flared shall not exceed 1.5 MMscf/day nor 294.1 MMscf/yr. [District Rules 2201 and 4102]

12. Sulfur compound concentration of gas flared shall not exceed 59.2 gr/100 scf. [District Rules 2201 and 4801]

13. Emission rates shall not exceed any of the following: 0.068 lb-NOx/MMBtu (as NO2), 0.008 lb-PM10/MMBtu, 0.37 lb-CO/MMBtu, or 0.063 lb-VOC/MMBtu. [District Rules 2201, 4201, and 4801]

14. The flare shall be operated according to the manufacturer's specifications, a copy of which shall be maintained on site. [District Rule 2201]

15. Permittee shall inspect the flare in operation for visible emissions no less frequently than once every two weeks. If visible emissions are observed, corrective action shall be taken. If visible emissions persist, an EPA Method 9 test shall be performed within 72 hours. [District Rule 2201]

16. Permittee shall document compliance with well gas sulfur compound concentration limit by performing sulfur content analysis of well gas upon startup at each new location of operation of flare. [District Rule 2201]

17. The following test methods shall be used for well gas sulfur content: ASTM D3246 or double GC for H2S and mercaptan. [District Rule 1081]

18. Permittee shall maintain accurate daily records indicating flare location, flared gas sulfur content at each location, and daily and annual rates of gas flared; and such records shall be made readily available for District inspection upon request for a minimum of 5 years. [District Rules 2201 and 4311]