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|  air pollution control district<br>SANTA BARBARA COUNTY | <b>Case No / Date</b> | <b>2023-04-E</b>              | <b>11/09/2023</b> |
|  | <b>Petitioner</b>     | <b>Sierra Resources, Inc.</b> |                   |
|  | <b>Permit #</b>       | <b>7744-R12</b>               |                   |
|  | <b>Date Rec'd</b>     | <b>11/06/2023</b>             |                   |
|  | <b>Time Rec'd</b>     | <b>1357 hours</b>             |                   |
| <b>FOR OFFICIAL USE ONLY</b>   |                       |                               |                   |

**BEFORE THE HEARING BOARD  
OF THE SANTA BARBARA COUNTY  
AIR POLLUTION CONTROL DISTRICT**

In the Matter of the Application of )  
 Sierra Resources, Inc. for an )  
 Emergency Variance from District )  
 Rules 325.D.1.a, 325.E.1.c, 326.D.1.b, )  
 326.E.3 and 206, Permit to Operate )  
 7744-R12, Conditions 1, 2.f, 7, and 9.

**H.B. Case No. 2023-04-E**

**VARIANCE FINDINGS**

**AND ORDER**

Sierra Resources, Inc. filed a Petition for an Emergency Variance on November 6, 2023. A hearing of the Emergency Variance Petition was held on November 9, 2023. Marianne Strange represented the Petitioner, Aimee Long represented the Santa Barbara County Air Pollution Control District (District) and Terence Dressler represented the Hearing Board for this Emergency Variance Hearing.

This matter having been fully presented and duly considered, the Hearing Board makes the following findings and gives the following reasons for its decision.

**HEARING**

1. Notice of the Hearing was duly given in the manner and for the time required by law.
2. Sworn testimony and argument on behalf of the Petitioner and the Air Pollution Control Officer were made, received, and considered.
3. A nuisance as defined in District Rule 303 is not expected to occur as a result of this Variance.
4. Pursuant to Health and Safety Code section 42359.5, “good cause” exists for the granting of the Petitioner’s request for an Emergency Variance.
5. If, due to reasons beyond the control of the Petitioner, compliance is not achieved during this Variance period, additional relief will be sought.

6. District staff supports the Petition as conditioned below.

### **BACKGROUND AND FINDINGS**

1. The Petitioner operates the equipment described in the Petition at the Soladino Lease located in Casmalia, California.
2. Oil, water and gas are produced and separated at the Petitioner's facility. Crude oil is trucked from the lease. Produced gas collected by the vapor recovery system and the gas collection system is scrubbed to remove hydrogen sulfide, condensate, and water, and is combusted in a 4.8 MMBtu/hr boiler (APCD Device ID 1841) that heats the crude storage tanks.
3. The boiler (APCD Device ID 1841) is the control device for vapors collected by the vapor recovery system. The boiler controls vapors from four 2,000 bbl crude tanks (APCD Device IDs 106307, 107311, 05262, and 05325), one wash tank (APCD Device ID 108103), one diluent tank (APCD Device ID 110970), one produced water tank (APCD Device ID 110971), and two free water knock out vessels (APCD Device ID 1112503 and 104067).
4. Vapors are combusted in the boiler at low fire.
5. The boiler started to experience operational problems at high fire. As a result, the Petitioner hired a contractor, Cal Boiler, to maintain the boiler and do all the repairs. For the past two months Cal Boiler has been onsite, sometimes weekly, to keep the boiler operational.
6. The Petitioner has determined the mesh failed and caused an air fuel ratio problem, resulting in the boiler shutting down at low and high fire.
7. On November 6, 2023, the Petitioner submitted a breakdown report (breakdown 11893) for the equipment failure.
8. With limited tank capacity, the Petitioner anticipates the field to be shut in by November 8, 2023.
9. In order to achieve compliance before the expiration date of this Variance request, the Petitioner plans to install two temporary 2 MMBtu/hr steam boilers to control the vapors collected by the vapor recovery system. The Petitioner will submit an application for a written determination of exemption for District Rule 202.D.5.b prior to installing and operating the temporary steam boilers. If compliance is unable to be achieved, additional coverage will be requested. The long term solution is also underway: the Petitioner purchased a new 4.5 MMBtu/hr boiler in July 2023, with an expected delivery date of December 18th, 2023. On October 31, 2023, the District received an Authority to Construct permit application for the new boiler, and the application is currently under review.

10. Without Variance coverage, the Petitioner will be in violation of District Rules 325.D.1.a, 325.E.1.c, 326.D.1.b, 326.E.3, and 206, Permit to Operate 7744-R12, Conditions 1, 2.f, 7, and 9.
11. Excess emissions shall be calculated using the District-approved tank emission calculation spreadsheets. Once the facility is shut in, excess emissions shall only be based on breathing losses.

**DISTRICT RULE 506 FINDINGS**

1. The occurrence described in the Petition constitutes a breakdown condition. In accordance with District Rule 505, a breakdown condition means an unforeseeable failure or malfunction of 1) any air pollution control equipment or related operating equipment which causes a violation of an emission limitation or restriction prescribed by these Rules and Regulations, or by State law, or 2) any in-stack continuous monitoring equipment, provided such failure or malfunction:
  - a. Is not the result of neglect or disregard of any air pollution control law or rule or regulation;
  - b. Is not the result of an intentional or negligent act or omission on the part of the owner or operator;
  - c. Is not the result of improper maintenance;
  - d. Does not constitute a nuisance as defined in Section 41700 of the Health and Safety Code;
  - e. Is not a recurrent breakdown of the same equipment.

District staff have reviewed the breakdown report for the equipment failure (breakdown 11893) and have determined it constitutes a breakdown condition based on the information submitted on November 6, 2023. A final determination will be made upon review the final breakdown report, which has not yet been submitted.

2. Continued operations are not likely to create an immediate threat or hazard to public health or safety.
3. The requirements for Variance set forth in Health and Safety Code Sections 42353 have been met.
4. The continued operation in a breakdown condition will not interfere with the attainment or maintenance of the national primary ambient air quality standard.

**THEREFORE, THE HEARING BOARD ORDERS,** as follows:

That an Emergency Variance be granted for continued operation without a vapor control device for four 2,000 bbl crude tanks (APCD Device IDs 106307, 107311, 05262, and 05325), one wash tank (APCD Device ID 108103), one diluent tank (APCD Device ID 110970), one produced water tank (APCD Device ID 110971) and two freewater knock out vessels (APCD Device ID 1112503 and 104067) in violation of District Rules 325.D.1, 325.E.1, 326.D.1, 326.E.3, and 206, Permit to Operate 7744-R12, Conditions 1, 2.f, 7, and 9, from November 6, 2023 through November 20, 2023, or the date compliance is achieved, whichever occurs first, with the following conditions:

1. Petitioner shall submit a written report to the Hearing Board and District, to [variance@sbcapcd.org](mailto:variance@sbcapcd.org), by December 20, 2023. The report shall include the date and time when the field was shut in; excess emission calculation spreadsheets including total daily excess emissions (lbs/day) and total excess emissions for the duration of the Variance (tons); and the date compliance was achieved (i.e. the temporary boilers were installed and began controlling vapors from the vapor recovery system).
2. Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order. This Order does not cover the installation and operation of temporary or permanent boiler replacements. Replacement boilers are required to comply with all applicable District requirements.
3. Failure to abide by all conditions of this Order shall subject the Petitioner receiving the variance to penalties set forth in Health and Safety Code section 42402.
4. In accordance with District Fees Rule 210, Schedule F.12.e, the Petitioner shall pay excess emission fees for each additional ton of pollutant emissions, or portion thereof, allowed as the result of the issuance of this Variance.
5. Each day during any portion of which a violation occurs is a separate offense.

DATED: Nov 9, 2023

Terence E. Dressler  
Terence E. Dressler (Nov 9, 2023 14:15 PST)

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Terence Dressler  
Santa Barbara County Air Pollution Control District  
Hearing Board