



air pollution control district
SANTA BARBARA COUNTY

HEARING BOARD STAFF REPORT

TYPE: REGULAR VARIANCE

CASE NO: 2024-10-R

DATE: November 6, 2024

1.0 GENERAL INFORMATION:

- 1.1 **PETITIONER COMPANY NAME:** Cat Canyon Resources, LLC
- 1.2 **EQUIPMENT LOCATION:** Tognazzini Lease, Cat Canyon Oil Field
- 1.3 **PERMIT NUMBER(S):** Permit to Operate 7149-R11
- 1.4 **FACILITY NAME/ID:** Tognazzini Lease/FID 3200
- 1.5 **FACILITY DESCRIPTION:** The Tognazzini Lease contains twenty-nine wells at the that produce oil, water and gas. Produced fluids are routed to a central processing facility where they enter a wash tank to separate liquids from the gas. The separated oil-water emulsion is piped to a heater treater for dehydration. Dehydrated oil is piped from the heater treated to one of two crude oil storage tanks. The tank heater (boiler), APCD Device ID 391794, is used to provide heat to the crude oil storage tanks to facilitate the separation and loading of oil. Oil from the storage tanks is removed from the property via a loading rack. Casing gas, gathered by the gas gathering system, is treated for hydrogen sulfide and is used as fuel in the combustion equipment or is reinjected.

- 2.0 **REASON FOR THE VARIANCE REQUEST:** The Petitioner operates a 2.5 MMBtu/hr tank heater (boiler), APCD Device ID 391794, to provide heat to the crude oil storage tanks to facilitate the separation and loading of oil. The Petitioner's permit and District Rules requires the tank heater undergo source testing not less than once every 24 months. Source testing on the tank heater (APCD Device ID 391794) was last conducted on June 21, 2022, with passing results achieved.

The Petitioner ceased production operations in June 2024. Because the tank heater fires on field gas, the equipment is unable to operate until the facility resumes operations. As a result, the Petitioner is unable to complete the required source testing by the timelines specified in the Petitioner's permit. Therefore, the Petitioner applied for Interim and Regular Variances.

Without coverage, the Petitioner will be in violation of District Rules 361.F.2 and 206, Permit to Operate 7149-R11, Conditions 3.c and 6.a.

- 3.0 **BACKGROUND:** A Petition for Interim and Regular Variances was submitted on September 30, 2024. The request for Interim Variance 2024-09-I was heard on October 24, 2024, by Terence Dressler. This Staff Report was prepared prior to the October 24, 2024 hearing. As a result, the decision of the 2024-09-I hearing is not included in this Staff Report. However, if Interim Variance 2024-09-I is approved, coverage would be granted from October 1, 2024 through December 29, 2024 (not to exceed 90 days), or the date a decision is made on the Regular Variance, or the date compliance is achieved, whichever occurs first.

The request for Regular Variance 2024-10-R, if granted, would provide continued relief from the source testing requirements for the tank heater (APCD Device ID 391794), in violation of

District Rules 361.F.2 and 206, Permit to Operate 7149-R11, Conditions 3.c and 6.a, until the facility resumes operations and source testing can be conducted from October 24, 2024 through September 30, 2025, or the date compliance is achieved, whichever comes first.

4.0 PERMITTING HISTORY: The initial permit to operate was issued to Gato Corporation on April 30, 1991. Since then, there have been three transfers of owner/operator applications (see Owner/Operator History table below). The Petitioner’s main operating permit, Permit to Operate 7149-R11, was issued on September 27, 2024. On January 7, 2015, the Petitioner submitted an application (ATC Mod 14135-01) to extend the expiration of ATC 14135 to install a portable trailer-mounted vapor recovery unit with a 30 hp motor and a small moisture scrubber vessel to be used at the Petitioner’s stationary sources. On October 8, 2020, the Petitioner submitted an application (ATC 15610) to replace the existing 3,000 BBL wash tank. The equipment was installed and is pending permit application submittal.

Owner/Operator History

Date of Transfer	New Owner/Operator
January 10, 2008	Catco Energy, LLC
February 3, 2011	ERG Resources, LLC
August 16, 2019	Terracore Operating Company, LLC

5.0 COMPLIANCE HISTORY: Notice of Violation (NOV) 13804 was issued on September 6, 2024, for storing crude oil in a tank battery without a leak-free, properly installed, maintained and operated vapor recovery system.

6.0 REGULATORY ANALYSIS: The Petitioner has requested the below permit condition to be included in the Variance Order.

- **Permit to Operate 7149-R11, Condition 3.c**

c. *Compliance Determination for New/Modified Units Rated Between 2.000 - 5.000 MMBtu/hr Not Fired on Utility Natural Gas.* Any owner or operator of any unit not fired exclusively on utility natural gas shall perform District-approved source testing not less than once every 24 months using the source test methods listed in Section J of Rule 361. After the third required compliance source test, the District may, at its discretion, allow the owner or operator of the unit to perform tune-ups in lieu of source testing per the requirements of Section I.
- **Permit to Operate 7149-R11, Condition 6.a**

a. Source testing of the boiler (Device #391794) shall be performed on a schedule identified in Table 4, using June as the anniversary date. The permittee shall conduct source testing of air emissions and process parameters listed in Table 5 of this permit. More frequent source testing may be required if the equipment does not comply with permitted limitations or if other compliance problems, as determined by the District, occur.
- **District Rule 361.F.2**
 - Except for units subject to the Section D.2 low-use exemption, any owner or operator of any unit fired on fuels other than natural gas shall perform District-approved source testing not less than once every 24 months using the source test methods listed in Section H. After the third required compliance source test, the

District may, at its discretion, allow the owner or operator of the unit to perform tune-ups in lieu of source testing per the requirements of Section G.

7.0 **EMISSIONS ANALYSIS:** No excess emissions are expected with the granting of Variance Order 2024-10-R.

8.0 ***RESERVED***

9.0 **OTHER FACTORS:** None.

10.0 **DISTRICT RECOMMENDATION:** The District supports the Petitioner's Variance request.

11.0 **ATTACHMENTS:**

- Attachment 1 – Variance 2024-10-R Petition
- Attachment 2 – DRAFT Variance Order 2024-10-R



Aimee Long, Air Quality Specialist
Compliance Division

October 22, 2024
Date