



April 16, 2020

Variance Staff
Santa Barbara County
Air Pollution Control District
260 North San Antonio Road
Santa Barbara, CA 93110

Subject: Petition for Variance – GWP Facility CHF Heater Replacement

To Whom it May Concern:

Please find attached a Petition for Variance (APCD ENF 74) for our GWP Level 1 Facility CHF Heater Replacement Project. Due to the uncertainty of the recent COVID-19 Pandemic, has caused Terracore to delay the construction of the heat exchanger system due to the reduction in construction crews to comply with State and County shelter in place orders and protect our employees and contractors from the virus (social distancing).

Because of the unknown duration of the COVID-19 Pandemic, the Variance request is for the continued operations of the two (2) existing CHF heaters from a period June 20, 2020 (AB 617 retirement deadline) through December 15, 2020.

Please let me know if you have any questions or if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Rich Field".

Rich Field
EHSR&C Manager
Terracore Operating Company, LLC
6085 Cat Canyon Road
Santa Maria, CA 93454
Office #: (805) 361-7110
Cell #: (805) 868-1630
rfield@terracore.co

Attachments: APCD Form ENF-74 – Petition for Variance
 Copy of Email dated 3/16/2020 to David Harris – GWP – CHF Heaters
 Check in the amount of \$1,377.00
 Estimated Emissions of NOx - Continuing Operation of the CHF Heaters



H.B. Case No.:	<u>2020-08-R</u>
Petitioner:	<u>Terracore Operating Company, LLC</u>
Permit No.:	<u>8171-R10</u>
Date Rec'd:	<u>4/22/2020</u>
Time Rec'd:	<u>1012 hours</u>
Filing Fee Paid:	<u>\$1,377.00</u>

PETITION FOR VARIANCE

Type of Variance Requested:	
Emergency _____	Interim ¹ _____
90- Day _____	Regular <u> X </u>
Length of Variance Requested:	Start Date <u> June 20, 2020 </u>
	End Date <u> June 19, 2021 </u>
¹ A 90-Day or Regular Variance must be filed concurrently with an Interim Variance	

1. PETITIONER INFORMATION

A. Please provide the name, address and phone number of the Petitioner.

Name: Richard Field - Terracore Operating Company
 Address: 6085 Cat Canyon Road
Santa Maria, California 93454
 Phone Number: (805) 361-7110

B. Please provide the name, address and phone number of the person authorized to receive correspondence regarding this Petition if different from response in 1.A.

Name: Same
 Address: _____

 Phone Number: _____

C. The Petitioner is (please check one):

- 1) An Individual ()
- 2) Partnership ()
- 3) Corporation ()
- 4) Public Agency ()
- 5) Other Entity (please describe)

Limited Liability Corporation

2. Location of equipment for which the variance is requested if different from response in 1.A.

**6085 Cat Canyon Road
Santa Maria, CA 93454
GWP Oil and Gas Lease
FID: 03007
SSID: 02560**

3. List any District permits that are applicable to the equipment subject to this variance request. **Authority to Construct Number - 15467 - Completeness Determination Letter - January, 13, 2020 Interim Permit Approval Letter - Received January 15, 2020**

4. Briefly describe the equipment that is the subject of this Petition.

Terracore Operating Company, LLC submitted an ATC application to install a new heat exchanger vessel/ system at the GWP Dehydration Facility, Level 1. The heat exchanger system was designed to replace the two (2) existing CHF heaters (Device ID#s 001634 and #001636 - under PTO 08171-R10)

5. **FINDINGS REQUIRED FOR THE GRANTING OF A VARIANCE**

In order for the Hearing Board to grant a variance to a Petitioner authorizing the operation of a source in violation of any rule, regulation or order of the District, the Hearing Board is required to make “findings” in accordance with the requirements specified in California Health and Safety Code §42352, et. seq. and District rules and regulations. The Hearing Board’s variance decision will take into consideration information you provide in this Petition. Please ensure your responses are complete and thorough. Please use additional pages as necessary.

A. Please state 1) what District rule, regulation or order you either are or will be in violation of, and 2) the date said violation will or did occur. Include as appropriate the applicable permit conditions for which variance relief is being sought.

District Rule 361 - AB 617 Industrial Units Compliance Schedule - On or before June 20, 2020, the owner of any AB 617 industrial unit shall operate in compliance with the emissions standards in Section D.3 of Rule 361.

District Rule 206, Condition 2e of PTO 8171-R10

District Rule 361, Sections D.4 and L.2

B. Please describe how compliance with the District rule, regulation or order listed in Section A above is beyond your reasonable control. In addition to any other relevant factors, please include in your discussion 1) what actions you have taken to comply or seek a variance, which were timely and reasonable under the circumstances.

The outbreak of the COVID-19 has caused Terracore to delay the construction project which entails a construction crew of 16 persons (welders, pipe fitters, laborers, etc.). To comply with the current social distancing and shelter in place directives put in place by Santa Barbara County and the State, Terracore has had to reduce the size and scheduling of construction crews causing a significant impairment in Terracore's ability to progress this project as planned. Progress details were outlined in an email to the District dated 3/31/2020 (see attached). Because of the uncertainty of the duration of the Pandemic Terracore is seeking a 1 year variance from the Hearing Board.

C. Please describe how you would be impacted if you were required to immediately comply with the District rule, regulation or order the subject of this variance request. In addition to any other relevant factors, please discuss why such impacts would result in 1) an arbitrary or unreasonable taking of property, or 2) the practical closing and elimination of a lawful business.

Because of the heavy nature of the crude oil at Cat Canyon, the GWP dehydration facility requires heat generated by the current CHF heaters to maintain viscosity to sell the oil to market via tanker truck. The GWP facility represents the bulk of Terracore's crude oil production (+/- 92%). The inability to heat our production would prohibit us from processing, and selling our oil causing us to shut in operations.

D. If you were required to immediately comply with the District rule, regulation or order the subject of this variance request, please describe what impact, if any, that would have on air contaminants.

The CHF heaters (emissions source) would be taken out of service resulting in no impact on air contaminants from a combustion standpoint. If the GWP Facility were to be shut in completely, emissions of ROCs from oil and gas components stemming from residual oil and gas left in the system (tanks, pipelines, etc.) could have an impact on air contaminants since the facility's vapor recovery system would be non-operational.

E. Please describe what consideration you have given to curtailing operations in lieu of obtaining a variance.

Terracore has given consideration to curtailing our operations, however this is not a viable course of action given the crippling impact it would have on our business viability and the subsequent impact to its employees, service providers, and the respective family's wellbeing.

F. Please describe what steps and measures you will take to reduce excess pollutant emissions the maximum extent feasible during the requested variance period.

The CHF Heaters will be not be operated above the Heat Input Limits as described in Table 3 of Permit to Operate 08171-R10; 115,200 MMBTU/day = 42,048.00 MMBTU/yr. The CHF Heaters operate as a lead/lag system to ensure that the desired tank temperature stays at or above 170⁰ F, lowering the viscosity of the crude oil for sales. The estimated emissions are based on 2019 emissions included in our annual emissions inventory submittal to the District.

G. If requested to do so by the District, please describe how you will monitor or otherwise quantify and report to the District any pollutant emissions associated with the granting of your variance.

The volume(s) of natural gas burned in the heaters will be measured using the existing dedicated district approved calibrated hour meters. Fuel usage will be calculated based on the actual hours of operation (hours/year) x the heat input rating of the heaters (BTU/hr) divided by the District approved heating value of the fuel (BTU/scf). The estimated emissions are included as an attachment to this request .

6. SUPPLEMENTAL FINDINGS IF APPLYING FOR AN EMERGENCY VARIANCE PURSUANT TO RULE 506 (EMERGENCY VARIANCE FOR BREAKDOWNS)

A. Please provide the date and time the breakdown was reported to the District

Date: _____ Time: _____

B. Breakdown number (as provided by the District):

C. Please provide a description of the “breakdown condition”, including equipment involved and the cause to the extent it is known.

D. Please describe why the continued operation of your facility in a “breakdown condition” is not likely to cause an immediate threat or hazard to public health or safety and will not interfere with the attainment or maintenance of any primary national ambient air quality standard.

7. Will the operation of the equipment subject to this variance result in violation of District Rule 303, Nuisance?

No


8. Please state whether or not any civil or criminal case involving the equipment subject to this variance is pending any court.

No Civil or criminal case involving the equipment is pending in court

The undersigned is authorized to submit the above Petition on behalf of the Petitioner and further states under penalty of perjury that the above Petition, including any attachments and the items therein set forth, are true and correct.

DATE: 04/16/2020

SIGNATURE: _____



TITLE: _____

EHSR&C Manager - Terracore Operating Company

PRINT NAME: _____

Richard Field

Variance Filing Fees: All variance Petitions must be accompanied by the requisite filing fee at the time of filing or include a letter from the Petitioner on company letterhead authorizing the District to debit the filing fee from the company’s reimbursable account. You may also pay your filing fees by credit card using the attached form. Current variance filing fees may be found under Rule 210, schedule F, Sections 12a and 12b at <http://www.sbcapcd.org/fees.htm>

Credit Card Payment: The Variance Filing Fee may be paid with a credit card. Please use APCD Form -01C to pay via credit card. The form may be downloaded at: <http://www.sbcapcd.org/eng/dl/dl01.htm>

From: Rich Field <rfield@terracore.co>
Sent: Monday, March 16, 2020 11:06 AM
To: David I. Harris <HarrisD@sbcapcd.org>
Cc: Michael F. Goldman <goldmanm@sbcapcd.org>
Subject: GWP Facility - CHF Heaters

Hi David,

I left a message on your office voice mail this morning. We recently received an Interim Permit Approval (IPAP) letter for ATC 15467 to install a heat exchanger/sparger system at our GWP Facility (Level 1) at Cat Canyon. The heat exchanger/sparger system has been designed to replace/retire the two existing CHF heaters (Device ID#s 001634 and 001635, under PTO 0871-R10) by a prescribed deadline of June 16th.

However the current outbreak of the COVID-19 virus has caused Terracore to delay the construction project which entails a construction crew of 16 persons (welders, pipe fitters, laborers, etc.) that we have asked to stay home until further notice to protect the crews from the virus. That being said we are seeking some relief from the deadline to retire the CHF heaters until we can safely bring the crews back on site once the pandemic has subsided.

The following is a brief summary of the progress we have made to date and what is remaining to complete the project:

1. Construction crews started working on the project mid-November 2019;
 - a. Sparger has been fabricated and is on site, scheduled to install supports for sparger this week **(Week of 3/16/2020)**;
 - b. Heat exchanger is built. Associated on plot piping has been fabricated and is currently in process of being bolted together and mounted to skid off site **(Scheduled for delivery to Terracore week of 3/23/2020)**;
 - c. Pipe supports are currently 90% complete and just need the facility supports and sparger supports installed to complete supporting package. Expected to finish this week **(Week of 3/16/2020)**;
 - d. Pipe line portion of this project is currently underway and requires approximately 1,800 ft. of 3" piping to be welded on support racks. **(Pipeline portion of this project scheduled to be completed the week ending 4/3/2020)**;
 - e. Instrumentation has been ordered and is scheduled to arrive in approximately 6-8 weeks **(Week of 5/4/2020)**;
 - f. Tie in's to existing facility to make Sparger operational due to take place around the end of April, to the beginning of May. **(This is contingent on A – thru – D)**;
2. As the project sits at this point, we are planning on being operational with the **Sparger the first part of May** and the **Heat Exchanger around the end of May early June**, once the CHF heaters have taken out of service. During this time we will begin performing Test and Tunes on the system so that we can be fully operational and independent from the current CHF heaters by the June Dead line. Once the system has proven its self and is functional, we will begin Phase 2 of the project which consist of removing the CHF heaters and installing the new Heat Exchanger.

At this point we do not know how long the COVID-19 pandemic will last and we are unsure as to the possible impacts and delays the virus will have on our vendors and our ability to secure the necessary materials (instrumentation, valves, etc.) and work force to complete the work in the event that transportation is halted or factories shut down.

I look forward to your response to this email and continuing the conversation to address the current situation.

Please let me know what we can do to get relief and extend the deadline to retire the CHF heaters.

Regards,

Rich

Rich Field

Environmental Health Safety Regulatory & Compliance Manager

TERRACORE

California Field Office

6085 Cat Canyon Road

Santa Maria, California 93454

805-937-7216 (Main)

805-361-7110 (Direct)

805-868-1630 (Mobile)

rfield@terracore.co

TERRACORE

OPERATING COMPANY

May 1, 2020

Mr. David Harris
 Santa Barbara County
 Air Pollution Control District
 Engineering Division
 260 North San Antonio Road, Suite A
 Santa Barbara CA 93110

Subject: GWP 4.8 MMBTU/hr Process (CHF) Heaters, SSID 02560, FID 03007
 NOx Calculations for Variance Petition

Dear Mr. Harris:

Terracore Operating Company (TOC) is providing an estimation of the excess NOx emissions that will occur if the two GWP CHF Heaters, Device ID#s 001634 and 001636, are to remain in operation in their current configuration from June 20, 2020 to June 19, 2021.

The emissions calculations below are based on actual metered gas use for both heaters in 2019. The NOx emission factor of 0.0980 lb NOx/MMBTU from PTO 8171-R10 was used, along with a fuel gas HHV of 1050 BTU/scf. Although the fuel use for the 12-month period from June 2020 to June 2021 is expected to be similar to the 12-month period in 2019, a contingency factor of 20% was added. The allowable emissions under the Rule 361 D.3. limit of 9 ppm NOx were then subtracted from the currently permitted emissions to obtain an estimate of the excess emissions that may occur if the variance was granted.

CHF 1	2019 NOx	0.97	tons/year
CHF 2	2019 NOx	0.43	tons/year
	Total	1.4	tons/year
	1.2xTotal	1.68	tons/year
		9.21	lbs/day
CHF 1	9 ppm NOx	0.11	tons/year
CHF 2	9 ppm NOx	0.05	tons/year
	Total	0.15	tons/year
	1.2xTotal	0.18	tons/year
		1.01	lbs/day
Estimated Excess Emissions			
	1.50	tons/year	
	8.19	lbs/day	

Please contact me at 805-361-7110 or rfield@terracore.co with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Field' with a stylized flourish at the end.

Rich Field
Terracore Operating Company, LLC
EHSR&C Manager