

	Case No / Date	2022-07-N	07/06/2022
	Petitioner	Sierra Resources, Inc.	
	Permit #	7744-R12	
	Date Rec'd	05/10/2022	
	Time Rec'd	0939 hours	
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BEFORE THE HEARING BOARD OF THE SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT

In the Matter of the Application of)
 Sierra Resources, Inc. for a 90-Day)
 Variance from District Rules 361.F.2)
 and 206, Permit to Operate 7744-R14,)
 Conditions 3.d.i and 6.a.)

H.B. Case No. 2022-07-N

VARIANCE FINDINGS

AND ORDER

Sierra Resources, Inc. filed a Petition for 90-Day and Interim Variances on May 10, 2022. Interim Variance Order 2022-06-I was granted on June 22, 2022, by Hearing Board Member Terence Dressler, which provides relief from May 11, 2022 through August 8, 2022, or the date a decision is made on the 90-Day Variance, or the date compliance is achieved, whichever comes first.

A hearing of the above-entitled matter was held on July 6, 2022. Marianne Strange represented the Petitioner and Aimee Long represented the Santa Barbara County Air Pollution Control District (District).

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. If, due to reasons beyond the control of the Petitioner, compliance is not achieved during this Variance period, additional relief will be sought.

5. District staff supports the Petition as conditioned below.

BACKGROUND

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 boiler (APCD Device ID 1841) that heats the crude storage tanks. Excess gas is re-injected into the producing formation.
3. The Petitioner's permit requires biennial source testing of the boiler (APCD Device ID 1841) using February 21st as the anniversary date. Furthermore, the District allows source tests to be conducted within 30 days of the anniversary date. The Petitioner made arrangements to conduct the biennial source testing by March 23, 2022 (within 30 days of the anniversary date), however, there was an equipment failure on March 6, 2022.
4. On March 23, 2022, the District granted a 60-day source test extension. Source testing was then initiated on April 29, 2022 however, during the initial test run, the fuel regulator failed and the testing could not be completed. The source test was rescheduled for May 10, 2022, which is beyond the 60-day source test extension. At the Petitioner's request, the District allowed an additional 4 days to source test the boiler. However, on May 10, 2022, the boiler experienced operational problems and the source test was not conducted. As a result, the Petitioner is seeking variance coverage.

FINDINGS

1. Without Variance coverage, the Petitioner will be in violation of District Rules 361.F.2 and 206, Permit to Operate 7744-R12, Conditions 3.d.i and 6.a.
2. Due to conditions beyond the reasonable control of the Petitioner, requiring immediate compliance with the referenced permit conditions and Rules is not possible. The boiler is required to be operated at the maximum attainable firing rate approved by the source test plan, but until it is repaired, the boiler can only operate intermittently on low fire. Necessary replacement parts were ordered the week of March 7, but supply chain issues have delayed the delivery and repair.
3. The closing or taking would be without a corresponding benefit in reducing air contaminants. The Petitioner is unable to conduct source testing until the repairs are made. The boiler is only

operating intermittently on low fire. With the boiler operating in this manner, less heat is generated, and more time is needed to adequately heat the oil tanks to be able to load the oil for sales. To accommodate for the additional holding time in the tanks, the daily oil production has been reduced by approximately 25%.

4. The Petitioner has considered curtailing operations; however, the this would result in a temporary loss of jobs.
5. During the period the Variance is in effect, the Petitioner will reduce emissions. However, there are no excess emissions associated with the granting of this Variance.
6. The Petitioner will monitor boiler usage.
7. If, due to reasons beyond the control of the Petitioner, compliance cannot be achieved during this Variance period, additional relief will be sought.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That a 90-Day Variance be granted for continued operation of the boiler without conducting the biennial source test in violation of District Rules 361.F.2 and 206, Permit to Operate 7744-R12, Conditions 3.d.i and 6.a from June 22, 2022 (date Interim Variance 2022-06-I was granted) through August 8, 2022, 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, by August 15, 2022. The report shall include the date, time and duration of all intermittent low firing of the boiler, the date of boiler part delivery, the date of boiler repair, the date of the source test, if passing results were achieved, calculated excess emissions in lbs/day and totaled for the duration of the Variance.
2. Petitioner shall retain the obligation to comply with all other local, state, and federal regulations not specifically referenced in the Order.
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.

6. The Environmental Protection Agency does not recognize California's Variance Program; therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.
7. Petitioner shall submit deviation reports to the District for all violations of Federal requirements.

DATED: July 6, 2022

Terence E. Dressler

[Terence E. Dressler \(Jul 7, 2022 15:14 PDT\)](#)

Terence Dressler
Santa Barbara County Air Pollution Control District
Hearing Board