ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
AIR PERMITS PROGRAM

TECHNICAL ANALYSIS REPORT

For Air Quality Control Minor Permit No. AQ0267MSS02

ConocoPhillips Alaska Inc.
Kuparuk River Unit Drill Sites 1E and 1J

REVISIONS TO PERMIT No. AQ0267MSS01 Revision 1

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1.0 Introduction

This Technical Analysis Report (TAR) provides the Alaska Department of Environmental Conservation's (the department's) basis for issuing a minor Source air quality control permit (AQ0267MSS01) to ConocoPhillips Alaska, Inc. (CPAI) for the Kuparuk West Sak Drill Sites 1E and 1J (DS1E and DS1J).

The department received CPAI's permit application on June 20, 2006 for a minor permit under 18 AAC 50.508(6) to revise permit terms and conditions of Permit No. AQ0267MSS01 Revision 1. This TAR explains the department's decision regarding CPAI's request for changes to DS1E and DS1J.

The proposed permit terms and conditions are not precluded in the existing operating permit for the Central Processing Facility (CPF-1). Therefore, CPAI may immediately start operating under this minor permit upon issuance.

1.1. Permit History

A history of previous permits issued to the stationary source is listed in the Technical Analysis Report for Permit No. AQ0267MSS01. The most recent permit issued to CPAI was Permit No. AQ0267MSS01 issued on August 5, 2005 for the CPF-1. The permit allowed operational flexibility to include generic drill rig emission units at DS1E and DS1J and permanent emission units while protecting ambient and avoid the CPF-1 classification as a major stationary source. The department administratively revised the permit and issued Permit No. AQ0267MSS01 Revision 1.

CPF-1 currently operates under Minor Permit No. AQ0267MSS01 Revision 1 issued on March 24, 2006 and Operating Permit No.AQ0267TVP01, issued on April 28, 2003 and revised on September 3, 2003.

2.0 Requested Revisions

2.1. Drill Rig Engines Fuel Use Reporting

Currently, CPAI is required to monitor the daily fuel use in the drill rig engines and report daily values. CPAI has proposed to report only the maximum value for each month. This will avoid a colossal amount of data generated with little benefit to air quality.

The department agrees to revise the permit as requested. Reporting only the maximum value for each month will be sufficient for compliance. If CPAI exceeds the daily limit, more than once in a month, they will be required to report under excess emissions and permit deviations. Therefore the department will revise the permit as requested.

2.2. Drill Rig Engines Fuel Use Limits

CPAI also requested that the department add a footnote to separate the drill rig engines fuel use limit in Condition 8, for the first 24 months from the limit in Condition 9 for the months after the

first 24 months. The 3,159,000 gallons limit in Condition 8 is to protect ambient standards and the 316,000 gallons limit in Condition 9 is to protect increment standards.

The department realizes that CPAI would go from compliance with the 3,159,000 gallons annual limit (in Condition 8) to out of compliance with the 316,000 gallon annual limit (in Condition 9) immediately following the 24 month period after commencing drill rig operations. As such, the department added the footnote requested by CPAI to separate the two limits. These limits will satisfy the 12 month rolling limit for the first 24 months of drill rig operations and long term operations.

2.3. Administrative Revisions

CPAI requested that Chevron Texaco listed among the owners of the source be deleted from the cover page. The department will revise as requested, since a change in ownership does not change any permit term or condition.

3.0 Permit Administration

This section contains a summary of the rationale for permit conditions and summarizes minor permitting procedures.

3.1. Permit Conditions

The stationary source operates under Operating Permit No. 267TVP01. This minor permit contains terms and conditions under which CPAI are authorized to install and operate the emission units at DS1E and DS1J.

Standard conditions applicable to operating and minor permits are already listed in the Operating Permit 267TVP01 for this source. This project does not trigger any changes to these conditions so they are not included in this minor permit.