

**Alaska Department of Environmental Conservation
Air Permits Program**

**Union Oil Company of California
Granite Point Tank Farm**

**STATEMENT OF BASIS
of the terms and conditions for
Permit No. AQ0326TVP02**

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Public Comment Draft -

INTRODUCTION

This document sets forth the statement of basis for the terms and conditions of Operating Permit No. AQ0326TVP02.

STATIONARY SOURCE IDENTIFICATION

Section 1 of Operating Permit No. AQ0326TVP02 contains information on the stationary source as provided in the Title V permit application.

The stationary source is owned by Mobile Exploration & Producing U.S. Inc. and Union Oil Company of California. The stationary source is operated by Union Oil Company of California. Mobile Exploration & Producing U.S. Inc. and Union Oil Company of California are the Permittee for the stationary source's operating permit. The SIC code for this stationary source is 1311 - Crude Petroleum and Natural Gas.

The stationary source is an oil and gas transfer, processing, and storage facility. Equipment at the Granite Point Tank Farm includes oil-gas-water separators, storage and separation tanks, line heaters, dehydrators, and gas compressors. The Granite Point Tank Farm processes oil, gas, and water produced from wells on the Anna, Bruce, and Granite Point Platforms. Oil, gas, and water delivered to the Granite Point Tank Farm via pipelines from these platforms.

Product from the platforms enters the tank farm as an emulsion of water and oil. This emulsion is sent through the line heater and then separated via a coalescer or a heat treater. The oil is then sent to storage tanks until sold. The water is shipped to the water handling facility and discharged.

Gas is gathered at the Tank Farm and then processed through scrubbers, compressors, and dehydrators. The liquids from these processes are either recycled or added to the oil/water emulsion. The oil storage tank vents are piped to a Vapor Recovery Unit where the vapors and gases are compressed and added to the gas system.

EMISSION UNIT INVENTORY AND DESCRIPTION

Under 18 AAC 50.326(a), the Department requires operating permit applications to include identification of all emissions-related information, as described under 40 C.F.R. 71.5(c)(3).

The emission units at the Granite Point Tank Farm that are classified and have specific monitoring, recordkeeping, and reporting requirements are listed in Table A of Operating Permit No. AQ0326TVP02.

Table A of Operating Permit No. AQ0326TVP02 contains information on the emission units regulated by this permit as provided in the application. The table is provided for informational and identification purposes only. Specifically, the source rating/size provided in the table is not intended to create an enforceable limit.

This table reflects the significant combustion units that are subject to specific monitoring, recordkeeping, and reporting requirements. This table does not reflect the complete list of emission units at the Granite Point Tank Farm. Granite Point Tank Farm is a PSD major source because the potential to emit of VOCs are greater than 250 TPY. However, the source has not

been required to undergo PSD review because it has not undergone any major PSD modifications.

TEG dehydration units are now affected sources under the area source provisions of 40 C.F.R. Part 63, Subpart HH, which was adopted on January 3, 2007. As such, an existing TEG dehydration unit has been added to the list of regulated equipment in Table A during this permit review. The unit is identified as EU ID 6 in Table A. Except for specified monitoring, record keeping and reporting, the TEG at this stationary source (EU ID 6) is otherwise exempt from the requirements of Subpart HH, including the area source requirements, pursuant to 40 C.F.R. 63.760(e)(2) because it has actual annual average natural gas throughputs less than 18.4 thousand standard cubic meters per day and a source-wide actual annual average hydrocarbon liquid throughput less than 39,700 liters per day.

EMISSIONS

A summary of the potential to emit (PTE)¹ and assessable PTE as indicated in the application and verified by the Department from the Granite Point Tank Farm is shown in the table below.

Table C - Emissions Summary, in Tons Per Year (TPY)

Pollutant	NOx	CO	PM-10	SO ₂	VOC	HAPs	Total
PTE	56.7	18.4	2.5	10.8	480.0	0 ⁽¹⁾⁽²⁾	568.4
Assessable PTE	56.7	18.4	0	10.8	480.0	0 ⁽¹⁾⁽²⁾	565.9

⁽¹⁾ HAP emissions are included in the VOC emissions column, thus the Total PTE does not include the HAP emissions as this would double count the HAP emissions in the total.

⁽²⁾ This existing stationary source is not a major source for HAPs.

The assessable PTE listed under Condition 10.1 is the sum of the emissions of each individual regulated air pollutant for which the stationary source has the potential to emit quantities greater than 10 TPY. The emissions listed in Table A are estimates that are for informational use only. The listing of the emissions does not create an enforceable limit to the stationary source.

Potential criteria and hazardous air pollutant emissions were estimated in the permit renewal application. Calculations were based on 8,760 hours of operation per year unless equipment permit limitations where applicable. Criteria air pollutant calculations based on AP-42 emission factors, manufacturer's data, U.S. EPA TANKS, and mass balances. HAP emissions were calculated using U.S. EPA TANKs or GRI-HAPCalc®3.01.

BASIS FOR REQUIRING AN OPERATING PERMIT

¹ *Potential to Emit or PTE means the maximum capacity of a stationary source to emit a pollutant under its physical or operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation or the effect it would have on emissions is federally enforceable. Secondary emissions do not count in determining the potential to emit of a stationary source, as defined in AS 46.14.990(23), effective 12/3/05.*

In accordance with AS 46.14.130(b), an owner or operator of a Title V source² must obtain a Title V permit consistent with 40 C.F.R. Part 71, as adopted by reference in 18 AAC 50.040.

Except for sources exempted or deferred by AS 46.14.120(e) or (f), AS 46.14.130(b) lists three categories of sources that require an operating permit:

- (1) A major source;
- (2) A stationary source subject to federal new source performance standards or national emission standards;
- (3) Another stationary source designated by the federal administrator by regulation.

This stationary source requires an operating permit because it is classified under 18 AAC 50.326(a) and 40 C.F.R. 71.3(a) as

- a) Directly emitting, or has the potential to emit, 100 tpy or more of any air pollutant; and
- b) Contains a source, including an area source, subject to a standard or other requirement under Section 112 of the Act (National Emission Standards for Hazardous Air Pollutants, NESHAP) not exempted or deferred under AS 46.14.120(e) or (f),

Note: The Granite Point Tank Farm has a potential to emit of more than 100 tpy of VOC emissions. Therefore, this stationary source is a major stationary source and requires an operating permit. This stationary source is also subject to specific MR&R requirements of 40 C.F.R. 63, Subpart HH and is therefore required to obtain an operating permit. The TEG dehydration unit (EU ID 6) is exempt from the requirements of NESHAP Subpart HH. However, the Permittee is required to comply with the monitoring, record keeping and reporting requirements of 40 C.F.R. 63.772(b)(1) or (b)(2), 40 C.F.R. 63.764(a) and (b), 40 C.F.R. 63.774(d)(1)(i) and (ii), and 40 C.F.R. 63.775(a), to demonstrate that this unit meets the exemption requirements specified in 40 C.F.R. 63.760(e)(2).

AIR QUALITY PERMITS

Previous Air Quality Permit to Operate

No previous air quality control permit-to-operate exists for this stationary source.

Title I (Construction and Minor) Permits

No previous Title I (Construction or Minor) Permits were issued for this stationary source.

Title V Operating Permit Application, Revisions and Renewal History

The Department issued Operating Permit No. AQ0326TVP01 effective on August 1, 2001. Administrative Revision No. 1 for this permit was issued on February 26, 2003.

The owner or operator submitted a permit renewal application on January 31, 2006.

The owner or operator amended this application on November 3, 2008 and May 29, 2009. The November 3, 2008 amendment included additional applicable requirements and information

² "Title V source" means a stationary source classified as needing a permit under AS 14.130(b) [ref. 18 AAC 50.990(111)].

related to requested permit shields. The May 29, 2009 amendment included a revision to the emissions calculations for the volatile organic liquid (VOL) storage tanks and a request for a permit shields for 40 C.F.R. 63, Subparts BBBB and CCCCC.

COMPLIANCE HISTORY

The stationary source has operated at its current location since 1967. Review of the permit files for this stationary source, which includes the past inspection reports and compliance evaluations indicate a stationary source generally operating in compliance with its operating permit.

APPLICABLE REQUIREMENTS FROM PRE-CONSTRUCTION PERMITS

Incorporated by reference at 18 AAC 50.326(j), 40 C.F.R. Part 71.6 defines “applicable requirement” to include the terms and conditions of any pre-construction permit issued under rules approved in Alaska’s State Implementation plan.

Alaska’s State Implementation Plan included the following types of pre-construction permits:

- Permit-to-operate issued before January 18, 1997 (these permits cover both construction and operations);
- Construction Permits issued after January 17, 1997; and
- Minor permits issued after October 1, 2004.

Pre-construction permit terms and conditions include both source-specific conditions and conditions derived from regulatory applicable requirements such as standard conditions, generally applicable conditions and conditions that quote or paraphrase requirements in regulation.

These requirements include, but not limited to, each source-specific requirement established in these permits issued under 18 AAC 50 that are still in effect at the time of this operating permit issuance. Table D below lists the requirements carried over from Operating Permit No. AQ0326TVP01 into Operating Permit No. AQ0326TVP02 to ensure compliance with the applicable requirements.

Table D - Comparison of Operating Permit No. AQ0326TVP01 Conditions to Operating Permit No. AQ0326TVP02 Conditions³

Permit No. AQ0326TVP01 Condition Number	Description of Requirement	Permit No. AQ0326TVP02 Condition Number	How condition was revised
Condition 1	General Assessable Emissions	Condition 10	The stationary source assessable emissions were updated.

³ This table does not include all standard and general conditions.

Permit No. AQ0326TVP01 Condition Number	Description of Requirement	Permit No. AQ0326TVP02 Condition Number	How condition was revised
Table 1	Emission Unit Inventory	Table A	Added EU ID 6. This TEG dehydration unit was previously an unregulated source under 40 C.F.R. 63, Subpart HH. The Permittee is now required to demonstrate through monitoring, recordkeeping, and reporting an exemption to this subpart.
Condition 5	Sulfur Compound Emissions	Condition 3	Same requirement, different format.
Condition 5.2	Sulfur Compound Emissions	Condition 3.1b	The acceptable methods for analyzing sulfur emissions were revised.
None	40 C.F.R. 63, Subpart HH monitoring, recordkeeping, and reporting to demonstrate exemption to rule	Condition 5	This TEG dehydration unit was previously an unregulated source under 40 C.F.R. 63, Subpart HH. The Permittee is now required to demonstrate through monitoring, recordkeeping, and reporting an exemption to this subpart.
Condition 17	Open Burning	Condition 22	This condition was revised because Union Oil Company of California has certified that open burning is not performed at this stationary source.
Condition 20	Permit Renewal	Condition 44	The date that the Permittee must submit a permit renewal application has been revised.
Table 2, Inapplicable Requirements	Permit Shields Granted	Table B	Additional permit shields and reasons for permit shield decisions were added.

NON-APPLICABLE REQUIREMENTS

Each permit is required to contain a discussion of all applicable requirements as set forth in 40 C.F.R. 71.6(a) adopted in 18 AAC 50.040(j). This section discusses standard conditions that have been removed from the permit or are not included for specific reasons.

Open Burning: The Permittee certifies that they do not open burn at this source, therefore the provisions of 18 AAC 50.065 have been removed. The Permittee shall certify annually that they do not open burn at the stationary source. The Permittee may open burn by first obtaining a separate open burn permit in accordance with Department guidelines.

STATEMENT OF BASIS FOR THE PERMIT CONDITIONS

The state and federal regulations for each condition are cited in Operating Permit No. AQ0326TVP02. The Statement of Basis provides the legal and factual basis for each term and condition as set forth in 40 C.F.R. 71.6(a)(1)(i).

Condition 1, Visible Emissions Standard and MR&R

Legal Basis: These conditions ensure compliance with the applicable requirements in 18 AAC 50.050(a) and 18 AAC 50.055(a).

- 18 AAC 50.055(a) applies to the operation of fuel-burning equipment and industrial processes. EU IDs 1-5 are fuel-burning equipment or industrial processes.

U.S. EPA incorporated these standards as revised in 2002 into the State Implementation Plan effective September 13, 2007.

Factual Basis: Condition 1 prohibits the Permittee from causing or allowing visible emissions in excess of 18 AAC 50.055(a)(1).

Beyond as noted above, the Department has previously determined that the standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate the unit-specific or stationary-source-specific conditions would better meet the requirements. Therefore, the Department concludes that the standard conditions meet the requirements of 40 C.F.R. 71.6(a)(3).

Gas-Fired Fuel-Burning Equipment:

Monitoring – The monitoring of gas-fired sources for visible emissions is waived, i.e. no source testing will be required. The Department has found that natural gas-fired equipment inherently has negligible PM emissions. However, the Department can request a source test for PM emissions from any smoking equipment.

Reporting – As provided for in Condition 1, the Permittee must annually certify that only gaseous fuels are used in the equipment.

Condition 2, Particulate Matter (PM) Standard

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.055(b). This requirement applies to operation of all industrial processes and fuel-burning equipment in Alaska.

- EU IDs 1-5 are fuel-burning equipment or industrial processed.

These PM standards also apply because they are contained in the federally approved SIP effective September 13, 2007.

Factual Basis: Condition 2 prohibits emissions in excess of the state PM (also called grain loading) standard applicable to fuel-burning equipment and industrial processes. The Permittee shall not cause or allow fuel-burning equipment nor industrial processes to violate this standard.

Gas-Fired:

For gas-fired emission units, MR&R conditions are Standard Condition VIII adopted into regulation pursuant to AS 46.14.010(d). The Department determined that these standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of 40 C.F.R. 71.6(a)(3).

Although periodic PM monitoring of gas-fired units is waived, the Department has the discretion to request a source test for PM emissions from any fuel-burning equipment under 18 AAC 50.220(a) and 345(l).

Condition 3, Sulfur Compound Emissions

Legal Basis: This condition requires the Permittee to comply with the sulfur compound emission standard for all fuel-burning equipment and industrial processes in the State of Alaska.

- EU IDs 1-5 are fuel-burning equipment and industrial processes.

These sulfur compound standards also apply because they are contained in the federally approved SIP effective September 13, 2007.

Factual Basis: The condition requires the Permittee to comply with the sulfur compound emission standard applicable to fuel-burning equipment. The Permittee may not cause or allow the affected equipment to violate this standard.

Sulfur dioxide comes from the sulfur in the fuel (e.g. coal, natural gas, fuel oils).

Gaseous Fuels: Fuel gas sulfur is measured as hydrogen sulfide (H₂S) concentration in ppm by volume (ppmv). Calculations⁴ show that fuel gas containing no more than 4000 ppm H₂S will comply with this emission standard at stoichiometric or excess air combustion conditions. This is true for all fuel gases.

Note: In accordance with Condition 3.1, the Permittee is required to monitor fuel gas sulfur, measured as H₂S, on an annual basis rather than semi-annually because the Permittee has indicated that the H₂S concentration in fuel gas at this stationary source has consistently below 10 ppm, which is significantly less than 4000 ppm.

Equations to calculate the exhaust gas SO₂ concentrations resulting from the combustion of fuel gas were not included in this permit. Fuel gas with an H₂S concentration of even 10 percent of 4000 ppm is currently not available in Alaska and is not projected to be available during the life of this permit. The Permittee is required to record the fuel gas H₂S concentration of the fuel gas. The Permittee is required to report as State excess emissions whenever the fuel combusted causes sulfur compound emissions to exceed the standards in this condition. The Permittee is required to include copies of the records mentioned in the previous paragraph with the stationary source operating report.

Condition 4, Insignificant Emission Units

⁴ See ADEC Air Permits Web Site at <http://www.dec.state.ak.us/air/ap/docs/sulfgas.pdf>, under "Stoichiometric Mass Balance Calculations of Exhaust Gas SO₂ Concentration."

Legal Basis: The Permittee is required to meet state emission standards set out in 18 AAC 50.055 for all industrial processes fuel-burning equipment, and incinerators regardless of size.

Factual Basis: The conditions re-iterate the emission standards and require compliance for insignificant emission units. The Permittee may not cause or allow their equipment to violate these standards. Insignificant emission units are not listed in the permit unless specific monitoring, recordkeeping and reporting are necessary to ensure compliance.

The Department finds that the insignificant units at this stationary source do not require specific monitoring, recordkeeping and reporting to ensure compliance under these conditions.

Condition 5, National Emission Standards for Hazardous Air Pollutants, Subpart HH, From Oil and Natural Gas Production Facilities, EU ID 6 (Triethylene glycol (TEG) dehydration unit)

Legal Basis: NESHAP Subpart HH applies to area source triethylene glycol (TEG) dehydration units located at oil and natural gas production facilities that process, upgrade, or store hydrocarbon liquids prior to the point of custody transfer.

Factual Basis: The actual annual average flowrate of natural gas to the glycol dehydration unit is less than 85 thousand standard cubic meters per day and the actual average emissions of benzene from the glycol dehydration unit process vents to the atmosphere are less than 0.90 megagrams per year. Under NESHAP Subpart HH, the Granite Point Tank Farm is required keep records of the annual average flowrate and/or actual average emission. They are required to submit an initial notification, Notification of Compliance and notify the Department if any process changes are made. The Granite Point Tank Farm is not located in a designated Urban area and is not required to prepare a startup, shutdown, and malfunction plan. No additional requirements are applicable as long as either the annual average flowrate or the actual average emission rate is below the threshold listed above.

Conditions 6 - 8, Standard Terms and Conditions

Legal Basis: These are standard conditions required under 18 AAC 50.345(a) and (e)-(g) for all operating permits. This provision is incorporated in the federally approved Alaska operating permit program of November 30, 2001, as updated effective November 9, 2008.

Factual Basis: These are standard conditions that apply to all permits.

Conditions 9, Administration Fees

Legal basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.400-405 as derived from AS 46.14.130. This condition requires the Permittee, owner, or operator to pay administration fees as set out in regulation. Paying administration fees is required as part of obtaining and holding a permit with the Department or as a fee for a Department action.

Factual Basis: The owner or operator of a stationary source who is required to apply for a permit under AS 46.14.130 shall pay to the Department all assessed permit administration fees. The regulations in 18 AAC 50.400-405 specify the amount, payment period, and the frequency of fees applicable to a permit action.

Conditions 10 - 11, Emission Fees

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.410-420. The regulations require all permits to include due dates for the payment of fees and any method the Permittee may use to re-compute assessable emissions.

Factual Basis: These emission fee conditions are Standard Condition I under 18 AAC 50.346(b) adopted pursuant to AS 46.14.010(d). The Department determined that these standard conditions adequately meet the requirements of AS 46.14.250. No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of AS 46.14.250.

These standard conditions require the Permittee to pay fees in accordance with the Department's billing regulations. The billing regulations set the due dates for payment of fees based on the billing date.

The default assessable emissions are generally potential emissions of each air pollutant in excess of 10 tons per year authorized by the permit (AS 46.14.250(h)(1)(A)).

The conditions allow the Permittee to calculate actual annual assessable emissions based on previous actual annual emissions. According to AS 46.14.250(h)(1)(B), assessable emissions are based on each air pollutant. Therefore, fees based on actual emissions shall be paid on any pollutant emitted whether or not the permit contains any limitation of that pollutant.

This standard condition specifies that, unless otherwise approved by the Department, calculations of assessable emission based on actual emissions use the most recent previous calendar year's emissions. Since each current year's assessable emission are based on the previous year, the Department will not give refunds or make additional billings at the end of the current year if the estimated emissions and current year actual emissions do not match.

The Department modified the standard condition to correct Condition 54.2 such that it referenced "submitted" (i.e., postmarked) rather than "received" in accordance with the timeframe of Condition 11.1.

Condition 12, Dilution

Legal Basis: This condition prohibits the Permittee from using dilution as an emission control strategy as set out in 18 AAC 50.045(a). This state regulation applies to the Permittee because the Permittee is subject to emission standards in 18 AAC 50.

Factual Basis: The condition prohibits the Permittee from diluting emissions as a means of compliance with any standard in 18 AAC 50.

Condition 13, Reasonable Precautions to Prevent Fugitive Dust

Legal Basis: This condition requires the Permittee to use reasonable precautions when handling, storing or transporting bulk materials or engaging in an industrial activity in accordance with the applicable requirement in 18 AAC 50.045(d). Bulk material handling requirements apply to the Permittee because the Permittee will engage in bulk material handling, transporting, or storing; or will engage in industrial activity at the stationary source.

This condition applies to stationary source operating permits that do not have an approved dust control plan, and contain one of the following sources: coal-fired boilers; coal handling

facilities; construction of gravel pads or roads that are part of a permitted stationary source or other construction that has the potential to generate fugitive dust that reaches ambient air; commercial/industrial/municipal solid waste, air curtain, and medical waste incinerators; sewage sludge incinerators not using wet methods to handle that ash; mines; urea manufacturing; soil remediation units; or dirt roads under the control of the operator with frequent vehicle traffic.

Factual Basis: The condition requires the Permittee to comply with 18 AAC 50.045(d), and take reasonable action to prevent particulate matter (PM) from being emitted into the ambient air.

The Department adopted this standard condition as Standard Operating Permit Condition X under 18 AAC 50.346(c) pursuant to AS 46.14.010(d). The Department determined that this standard condition adequately meets the requirements of 40 C.F.R. 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard condition meet the requirements of 40 C.F.R. 71.6(a)(3).

Condition 14, Stack Injection

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.055(g). It prohibits the Permittee from releasing materials other than process emissions, products of combustion, or materials introduced to control pollutant emissions from a stack (i.e. disposing of material by injecting it into a stack). Stack injection requirements apply to the stationary source because the stationary source contains a stack or source constructed or modified after November 1, 1982.

Factual Basis: No specific monitoring for this condition is practical. Compliance is ensured by inspections, because the source or stack would need to be modified to accommodate stack injection.

Condition 15, Air Pollution Prohibited

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.110. The condition prohibits the Permittee from causing any emission which is injurious to human health or welfare, animal or plant life, or property, or which would unreasonably interfere with the enjoyment of life or property. Air Pollution Prohibited requirements apply to the stationary source because the stationary source will have emissions.

Factual Basis: While the other permit conditions and emissions limitation should ensure compliance with this condition, unforeseen emission impacts can cause violations of this standard. These violations would go undetected except for complaints from affected persons. Therefore, to monitor compliance, the Permittee must monitor and respond to complaints.

ADEC adopted this standard condition into 18 AAC 50.346(a) pursuant to AS 46.14.010(d). The Department determined that this condition adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard condition meets the requirements of 40 C.F.R. 71.6(a)(3).

The Permittee is required to report any complaints and injurious emissions. The Permittee must keep records of the date, time, and nature of all complaints received and summary of the investigation and corrective actions undertaken for these complaints, and to submit copies of these records upon request of the Department.

Condition 16, Technology-Based Emission Standard

Legal Basis: The Permittee is required to take reasonable steps to minimize emissions if certain activity causes an exceedance of any technology-based emission standard in this permit. This condition ensures compliance with the applicable requirement in 18 AAC 50.235. Technology Based Emission Standard requirements apply to the stationary source because the stationary source contains equipment subject to a technology-based emission standard, such as BACT, MACT, LAER, NSPS or other “technologically feasible” determinations.

Factual Basis: The conditions of this permit list applicable technology-based emission standards and require excess emission reporting for each standard in accordance with Condition 36. Excess emission reporting under Condition 36 requires information on the steps taken to minimize emissions. Monitoring of compliance for this condition consists of the report required under Condition 36.

Condition 17, Asbestos NESHAP

Legal Basis: The condition requires the Permittee to comply with asbestos demolition or renovation requirements in 40 C.F.R. 61, Subpart M. This condition ensures compliance with the applicable requirement in 18 AAC 50.040(b)(1) and (2)(F). The asbestos demolition and renovation requirements apply if the Permittee engages in asbestos demolition or renovation.

Factual Basis: Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with these federal regulations.

Condition 18, Refrigerant Recycling and Disposal

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.040(d) and applies if the Permittee engages in the recycling or disposal of certain refrigerants. The condition requires the Permittee to comply with the standards for recycling and emission reduction of refrigerants set forth in 40 C.F.R. 82, Subpart F, that will apply if the Permittee uses certain refrigerants and engages in the recycling or disposal of certain refrigerants.

Factual Basis: Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with this federal regulation.

Condition 19, NESHAPS Applicability Determinations

Legal Basis: This condition requires the Permittee to keep and make available to the Department copies of the major stationary source determination and applicability of specific federal regulations that may apply to its stationary sources.

Factual Basis: The Permittee has conducted an analysis of the stationary source and determined that it is not a major HAPs stationary source based on emissions. This condition requires the Permittee to keep and make available to the Department copies of the major stationary source determination.

Note: This condition deviates slightly from the standard permit language because it was revised to be consistent with approved language in other Union Oil Company of California permits.

Conditions 20 - 21, Halon Prohibitions

Legal Basis: These prohibitions apply to all stationary sources that use halon for extinguishing fires and inert gas to reduce explosion risk. The condition prohibits the Permittee from causing or allowing violations of these prohibitions. The Granite Point Tank Farm uses halon and is therefore subject to the federal regulations contained in 40 C.F.R. 82.

Factual Basis: These conditions incorporate applicable 40 C.F.R. 82 requirements. The Permittee may not cause or allow violations of these prohibitions.

Condition 22, Open Burning

Legal Basis: The condition requires the Permittee to comply with the regulatory requirements when conducting open burning at the stationary source. This condition ensures compliance with the applicable requirement in 18 AAC 50.065. The open burning state regulation in 18 AAC 50.065 applies to the Permittee if the Permittee conducts open burning at the stationary source.

Factual Basis: No specific monitoring is required for this condition. More extensive monitoring and recordkeeping is not warranted because the Permittee does not conduct open burning as a routine part of their business.

Condition 23, Requested Source Tests

Legal Basis: The Permittee is required to conduct source tests as requested by the Department. The Department adopted this condition under 18 AAC 50.345(k) as part of its operating permit program approved by EPA November 30, 2001.

Factual Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.220(a) and applies because this is a standard condition to be included in all operating permits. Monitoring consists of conducting the requested source test.

Conditions 24 - 26, Operating Conditions, Reference Test Methods, Excess Air Requirements

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.220(b) and apply because the Permittee is required to conduct source tests by this permit. The Permittee is required to conduct source tests as set out in Conditions 24 through 26.

Factual Basis: These conditions supplement the specific monitoring requirements stated elsewhere in this permit. Compliance monitoring with Conditions 24 through 26 consist of the test reports required by Condition 31.

Condition 27, Test Exemption

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.345(a) and applies when the source exhaust is observed for visible emissions.

Factual Basis: As provided in 18 AAC 50.345(a), amended November 9, 2008, the requirements for test plans, notifications and reports do not apply to visible emissions observations by smoke readers, except in connection with required particulate matter testing.

Conditions 28 - 31, Test Deadline Extension, Test Plans, Notifications and Reports

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.345(l)-(o) and apply because the Permittee is required to conduct source test by this permit.

Factual Basis: Standard Conditions 18 AAC 50.345(l) - (o) are incorporated through these conditions. These standard conditions supplement specific monitoring requirements stated elsewhere in this permit. The source test itself monitors compliance with this condition.

Condition 32, Recordkeeping Requirements

Legal Basis: Applies because the Permittee is required by the permit to keep records.

Factual Basis: The condition restates the regulatory requirements for recordkeeping, and supplements the recordkeeping defined for specific conditions in the permit. The records being kept provide an evidence of compliance with this requirement.

Condition 33, Certification

Legal Basis: This condition requires the Permittee to comply with the certification requirement in 18 AAC 50.205 and applies to all Permittees under EPA's approved operating permit program of November 30, 2001.

Factual Basis: This standard condition is required in all operating permits under 18 AAC 50.345(j).

This condition requires the Permittee to certify any permit application, report, affirmation, or compliance certification submitted to the Department. To ease the certification burden on the Permittee, the condition allows the excess emission reports to be **certified** with the stationary source report, even though it must still be **submitted** more frequently than the stationary source operating report. This condition supplements the reporting requirements of this permit.

Condition 34, Submittals

Legal Basis: This condition requires the Permittee to comply with standardized reporting requirement in 18 AAC 50.326(j) and applies because the Permittee is required to send reports to the Department.

Factual Basis: This condition lists the Department's appropriate address for reports and written notices. Receipt of the submittal at the correct Department office is sufficient monitoring for this condition. This condition supplements the standard reporting and notification requirements of this permit.

Condition 35, Information Requests

Legal Basis: This condition requires the Permittee to submit requested information to the Department. This is a standard condition from 18 AAC 50.345(i) of the state approved operating permit program effective November 30, 2001.

Factual Basis: This condition requires the Permittee to submit information requested by the Department. Monitoring consists of receipt of the requested information.

Condition 36, Excess Emission and Permit Deviation Reports

Legal Basis: This condition requires the Permittee to comply with the applicable requirement in 18 AAC 50.235(a)(2) and 18 AAC 50.240. Also, the Permittee is required to notify the Department when emissions or operations deviate from the requirements of the permit.

Factual Basis: This condition satisfies two state regulations related to excess emissions - the technology-based emission standard regulation and the excess emission regulation. Although there are some differences between the regulations, the condition satisfies the requirements of each regulation.

The Department adopted this condition as Standard Operating Permit Condition III under 18 AAC 50.346(c) pursuant to AS 46.14.010(d). The Department determined that this standard condition adequately meet the requirements of 40 C.F.R. 71.6(a)(3). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of 40 C.F.R. 71.6(a)(3). The Department made a correction to the Standard Operating Permit Condition III to allow identical reporting methodology for both Excess Emissions and Permit Deviations reports which use identical forms and should have identical submissions methods.

Section 12, Notification Form

The Department modified the notification form contained in Standard Permit Condition IV in a revised rulemaking dated August 20, 2008 to more adequately meet the requirements of Chapter 50, Air Quality Control. The modification consisted of correcting typos and moving failure to monitor/report and recordkeeping to the permit deviations Section 2.

Condition 37, Operating Reports

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.346(b)(6) and applies to all permits.

Factual Basis: The condition restates the requirements for reports listed in regulation. The condition supplements the specific reporting requirements elsewhere in the permit. The reports themselves provide monitoring for compliance with this condition.

The Department used the Standard Permit Condition VII as adopted into regulation on August 20, 2008. For reporting, MR&R conditions are Standard Permit Condition VII adopted into regulation pursuant to AS 46.14.010(d). The Department determined that these standard conditions adequately meet the requirements of 40 C.F.R. 71.6(a)(3)(iii)(A). No emission unit or stationary source operational or compliance factors indicate that unit-specific or stationary-source specific conditions would better meet these requirements. Therefore, the Department concluded that the standard conditions meet the requirements of 40 C.F.R. 71.6(a)(3).

Condition 38, Annual Compliance Certification

Legal Basis: This condition ensures compliance with the applicable requirement in 18 AAC 50.040(j)(4) and applies to all Permittees.

Factual Basis: This condition specifies the periodic compliance certification requirements, and specifies a due date for the annual compliance certification. Each annual certification provides monitoring records for compliance with this condition.

Condition 38.2 provides clarification of transition periods between an expiring permit and a renewal permit to ensure that the Permittee certifies compliance with the permit terms and conditions of the permit that was in effect during those partial date periods involved in the transition. No format is specified: the Permittee may provide one report certifying compliance with each permit term or condition and the effective permit at that time, or may chose to provide two reports – one certifying compliance with permit terms and conditions from January 1 until the date of expiration of the old permit, and a second report certifying compliance with terms and conditions in effect from the effective date of the renewal permit until December 31.

The Permittee may submit one of the required copies electronically at their discretion. This change more adequately meets the requirements of 18 AAC 50 and agency needs, as the Department can more efficiently distribute the electronic copy to staff in other locations.

Condition 39, NSPS and NESHAP Reports

Legal Basis: The Permittee is required to provide the Federal Administrator and Department a copy of each emission unit report for units subject to NSPS or NESHAP federal regulations under 18 AAC 50.326(j)(4). 40 C.F.R. 70, Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: The condition supplements the specific reporting requirements in 40 C.F.R. 60, 40 C.F.R. 61, and 40 C.F.R. 63. The reports themselves provide monitoring for compliance with this condition.

Condition 40, Permit Applications and Submittals

Legal Basis: The Permittee may need to submit permit applications and related correspondence.

Factual Basis: Standard Condition XIV directs the applicant to send copies of all application materials required to be submitted to the Department directly to the EPA, in electronic format if practicable. This condition shifts the burden of compliance from the Department to ensure that copies of application materials are submitted to EPA by transferring that responsibility to the Permittee.

Conditions 41 - 43, Permit changes and revisions requirements

Legal Basis: The Permittee is obligated to notify the Department of certain off-permit source changes and operational changes under 18 AAC 50.326(j)(4). 40 C.F.R. 71.6(a)(10), (12), and (13) incorporated by reference under 18 AAC 50.040(j) require these provisions within this permit. 40 C.F.R. 70, Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: These are conditions required in 40 C.F.R. 71.6 for all operating permits to allow changes within a permitted stationary source without requiring a permit revision.

The Permittee did not request trading of emission increases and decreases as described in 71.6(a)(13)(iii).

Condition 44, Permit Renewal

Legal Basis: The Permittee must submit a timely and complete operating permit renewal application if the Permittee intends to continue source operations in accord with the operating permit program under 18 AAC 50.326(j)(3). The obligations for a timely and complete operating permit application are set out in 40 C.F.R. 71.5 incorporated by reference in 18 AAC 50.040(j)(3). 40 C.F.R. 70 Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: In accordance with AS 46.14.230(a), this operating permit is issued for a fixed term of five years after the date of issuance, unless a shorter term is requested by the permit applicant. The Permittee is required to submit an application for permit renewal by the specific dates applicable to Granite Point Tank Farm as listed in this condition. As stated in 40 C.F.R. 71.5(a)(1)(iii), submission for a permit renewal application is considered timely if it is submitted at least six months but no more than eighteen months prior to expiration of the operating permit. According to 71.5(a)(2), a complete renewal application is one that provides all information required pursuant to 40 C.F.R. 71.5(c) and must remit payment of fees owed under the fee schedule established pursuant to 18 AAC 50.400. 40 C.F.R. 71.7(b) states that if a source submits a timely and complete application for permit issuance (including renewal), the source's failure to have a permit is not a violation until the permitting authority takes final action on the permit application.

Therefore, for as long as an application has been submitted within the timeframe allowed under 40 C.F.R. 71.5(a)(1)(iii), and is complete before the expiration date of the existing permit, then the expiration of the existing permit is extended and the Permittee has the right to operate under that permit until the effective date of the new permit. However, this protection shall cease to apply if, subsequent to the completeness determination, the applicant fails to submit by the deadline specified in writing by the Department any additional information needed to process the application. Monitoring, recordkeeping, and reporting for this condition consist of the application submittal.

Conditions 45 - 46, Permit Applications

Legal Basis: These conditions set out the protocol the Permittee must follow to submit amendment, modification and renewal applications to the Department under 18 AAC 50.326(j)(3) and to the Federal Administrator under 40 C.F.R. 71.5, 71.7 and 71.10.

Factual Basis: These conditions direct the Permittee to submit application materials to the Department's Anchorage office. The current address at time of permit issuance is provided in a footnote because it may change during the life of this permit. The current address can be obtained by contacting the Department, checking the website, or by other reasonable means. The Permittee may submit copies of application materials in electronic formats compatible with ADEC software as the Department can more efficiently distribute the electronic copy to staff in other locations. Condition 46 directs the applicant to send copies of all application materials directly to the EPA, in electronic format if practicable.

Conditions 47 - 51, General Compliance Requirements and Schedule

Legal Basis: These conditions ensure compliance with the applicable requirement in 18 AAC 50.326(j)(3). The Permittee is required to comply with these standard conditions set out in 18 AAC 50.345 included in all operating permits. 40 C.F.R. 70, Appendix A documents that EPA fully approved the Alaska operating permit program effective November 30, 2001.

Factual Basis: These are standard conditions for compliance required for all operating permits.

Conditions 52 - 53, Permit Shield

Legal Basis These conditions ensure compliance with the applicable requirement in 18 AAC 50.326(j) and applies because the Permittee has requested that the Department shield the source from the applicable requirements listed under this condition under the Federally approved State operating program effective November 30, 2001.

Factual Basis: Table B of Operating Permit No. AQ0326TVP02 shows the permit shield that the Department granted to the Permittee. The permit conditions set forth the requirements that the Department determined were not applicable to the stationary source. The Department based the determinations on the permit application, past operating permit, likelihood for the source to become subject during the life of the permit, Title I permits and inspection reports.