

**BEFORE THE ADMINISTRATOR
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

In the Matter of:

Chevron USA, Inc. – 7Z Steam Plant, McKittrick Oil Field
Project # 1144548
Proposed Authority to Construct / Certificate of Conformity

Issued by the San Joaquin Valley Air Pollution Control District

**PETITION TO OBJECT TO ISSUANCE OF AUTHORITY TO CONSTRUCT /
CERTIFICATE OF CONFORMITY FOR THE CHEVRON USA INC.
STEAM GENERATOR PROJECT**

Pursuant to section 505 of the Clean Air Act, 42 U.S.C. § 7661d(b)(2), 40 C.F.R. §§ 70.7 and 70.8(d), and San Joaquin Valley Air Pollution Control District (“Air District”) Rule 2201, the Climate Change Law Foundation, Association of Irrigated Residents, Center for Biological Diversity, and Sierra Club (collectively, “Petitioners”) hereby petition the Administrator of the U.S. Environmental Protection Agency (“Administrator” or “EPA”) to object to the San Joaquin Valley Air Pollution Control District’s proposed issuance of an Authority to Construct / Certificate of Conformity (the “Permit”) for the Chevron USA Inc., 7z Steam Plant in the McKittrick Oil Field, Facility # S-1128, Project # 1144548, Application #’s S-1128-1006-0 through ‘1013-0.

The Administrator must object to the Permit because it relies on invalid emissions reduction credits for emissions increases.

INTRODUCTION

The Chevron USA Inc., 7Z Steam Plant in the McKittrick Oil Field, proposes to construct eight new 85 MMBtu/hr natural gas fired steam generators (“Chevron USA facility” or “Project”). The generators will result in emissions of NO_x, CO, VOC, PM₁₀, and SO_x. Unfortunately, these emissions will significantly increase harmful air pollution that will only exacerbate existing unhealthy air quality that already places San Joaquin Valley residents at risk for chronic respiratory illnesses, emergency room visits, missed school days, medical bills, and potentially premature death, as well as contribute to climate change impacts. In particular, construction and operation of the Project would impermissibly allow for significant emissions of volatile organic compounds (“VOCs”), which result in the formation of ozone. As detailed below, the Authority to Construct relies on invalid emissions reduction credits (“ERCs”) for VOCs.

PETITIONERS

Petitioner Climate Change Law Foundation (“CCLF”) is a California non-profit corporation based in San Francisco. The CCLF’s core mission is to address climate change and related environmental problems through legal advocacy. The organization engages in legal and policy matters that include climate change, alternative energy, air quality, and environmental and natural resources law. CCLF has members who reside in and regularly use, and intend to continue to use, areas in Kern County and surrounding regions that will be affected by the Project and emissions of pollution it will generate.

Petitioner Association of Irrigated Residents is a California non-profit corporation based in Kern County. AIR formed in 2001 to advocate for clean air and environmental justice in San Joaquin Valley communities. AIR has several dozen members who reside in Kern, Tulare, Kings, Fresno, and Stanislaus Counties. AIR members, through themselves, their families, and friends, have direct experience with the many health impacts that arise from the type of pollution emissions associated with this Project.

Petitioner Center for Biological Diversity is a non-profit corporation with offices in San Francisco, Los Angeles, and elsewhere throughout California and the United States. The Center is actively involved in environmental protection issues throughout California and North America and has over 47,000 members, including many throughout California and in Kern County. The Center’s mission includes protecting and restoring habitat and populations of imperiled species, reducing greenhouse gas pollution to preserve a safe climate, and protecting air quality, water quality, and public health. The Center’s members and staff include individuals who regularly live, work, recreate and visit Kern County.

Petitioner Sierra Club is a national nonprofit organization of approximately 630,000 members. Sierra Club is dedicated to exploring, enjoying, and protecting the wild places of the earth; to practicing and promoting the responsible use of the earth’s ecosystems and resources; to educating and encouraging humanity to protect and restore the quality of the natural and human environment; and to using all lawful means to carry out these objectives. Sierra Club and its members are greatly concerned about the effect of air pollution on human health and the environment. Sierra Club has approximately 600 members in Kern County.

PROCEDURAL BACKGROUND

Chevron USA Inc. has applied to the Air District for an Authority to Construct Permit and Certificate of Conformity to construct eight new 85 MMBtu/hr natural gas fired steam generators under a Title V Permit originally issued on April 25, 2001. The Air District deemed the application complete on January 15, 2015, and published notice of its preliminary decision on the project on May 6, 2016, triggering a 30-day comment period on the preliminary decision. Public comments were due on June 10, 2016. (See Authority to Construct Application Review, PDF 1 (Attachment A).) The Air District transmitted the preliminary decision to EPA via e-mail on May 6, 2016, triggering a 45-day review period by EPA, ending on June 20, 2016. (See Attachment A.) EPA did not object to the issuance of the Permit or otherwise submit substantive

comments to the Air District. This petition is timely because it is filed within 60 days of the expiration of EPA's 45-day review period, as required by section 505(b)2 of the Clean Air Act, 42 U.S.C. § 7661d(b)(2), and Air District Rule 2201 § 5.9.1.7. The Administrator must grant or deny this petition within 60 days after it is filed. (*Id.*) In compliance with section 505(b)2 of the Clean Air Act, 42 U.S.C. § 7661d(b)(2), and Air District Rule 2201 § 5.9.1.7., this petition is based on objections that were raised by Petitioners during the public comment period. Petitioners' comment letter to the Air District is attached as Attachment B.

GROUNDNS FOR OBJECTION

Petitioners request that the Administrator object to the Permit because it relies on invalid emissions reduction credits for emissions increases in violation of 40 C.F.R. § 51.165(a)(3)(ii)(C)(1)(i), which requires that for an emissions reduction for shutting down an existing unit or curtailing production to be creditable, it must be "surplus, permanent, quantifiable, and federally enforceable." In particular, the Permit relies on invalid emissions reduction credits ("ERCs") for volatile organic compounds ("VOCs"), which result in the formation of ozone.

I. Emission Reduction Credit Certificate S-3869-1 is Invalid

ERC S-3869-1, for VOC reduction, states that it was issued for "steam drive well casing collection systems installed prior to April 25, 1983 (ERC project 920255)."¹ This credit certificate originated from the 1980 control of steam drive well casing gases at a series of production wells operated by Chevron U.S.A.² At the time these credits, which include application Nos. S-0037-1 through '0038-1 and S-0056-1 through '0068-1, were issued, EPA commented that the credits were "clearly not surplus" of federal requirements, that they were "not legal" and that EPA would "not be able to allow their use."³ Chevron claimed credit for reducing steam drive well casing gases by 99 percent. However, as EPA stated, by the time the credits were awarded, this level of reduction was required as reasonably available control technology ("RACT"), and Air District "Rule 4401.5.3 [already required] a 99% control efficiency of VOC emissions."⁴ Therefore, EPA concluded, none of the proposed credits were surplus.⁵ EPA also stated that there was no proof that the emissions had been accounted for in the 1987 emissions inventory.⁶

¹ See Air District ERC Ethane/Acetone Segregation Review for Chevron USA Inc., Project No. 970236, Lead Engineer Allan Phillips, March 20, 1997, at 3. (Attachment B, Exhibit 1.)

² See, e.g., Kern County Air Pollution Control District Permits to Operate Nos. 4008313, 4008316, 4008316A, and 4008323A. (Attachment B, Exhibit 2a-d)

³ See Letter from Ken Bigos, Chief, Stationary Source Branch Air and Toxics Division, EPA, to Sayed Sadredin, Director of Permit Services, Air District, August 11, 1993. (Attachment B, Exhibit 3.)

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* See also Letter from Ken Bigos, Chief, Stationary Source Branch Air and Toxics Division, EPA, to Sayed Sadredin, Director of Permit Services, Air District, August 18, 1993 (stating that the Air District failed to provide "a demonstration that these reductions are surplus," that "only

Despite these clear deficiencies, the Air District proceeded to issue the credits. However, the Air District explicitly warned the ERC applicant that “EPA may challenge any project which uses these credits to gain approval.”⁷ Because ERC S-3869-1 is invalid or “not legal” the Administrator must object to the Permit.

CONCLUSION

For the foregoing reasons, the proposed Permit does not comply with the Clean Air Act and applicable regulations. We respectfully request that the Administrator object to the issuance of the Permit.

Dated: July 7, 2016

Respectfully Submitted



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prior reductions which have been explicitly included ‘as current existing emissions’ in the inventory can be considered for offsets,” and that the Air District “failed to demonstrate that [these] emission reductions which occurred before 1990 have been included in the emissions inventory.”) (Attachment B, Exhibit 4.)

⁷ Letter from Seyed Sadredin, Director of Permit Services, Air District, to W.A. Brommelsiek, Chevron U.S.A., Dec. 21, 1993. (Attachment B, Exhibit 5.)

PROOF OF SERVICE

I, the undersigned, am over the age of 18 years and not a party to this case. I am a resident of or employed in the county where the mailing occurred and my business address is: 638 Pier Ave, Apt. A, Santa Monica, CA 90405.

On the date shown below, I caused to be served the following documents:

- **PETITION TO OBJECT TO ISSUANCE OF AUTHORITY TO CONSTRUCT/CERTIFICATE OF CONFORMITY FOR THE CHEVRON USA INC. STEAM GENERATOR PROJECT (Project # 1144548)**

by having copies of the same enclosed in sealed envelopes addressed to each of the entities shown below and deposited in the U.S. mail with the postage fully prepaid.

Name and address of federal EPA offices to whom documents were mailed:

Gina McCarthy, Administrator
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Alexis Strauss, Acting Regional
Administrator
U.S. Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, California 94105

Name and address of others to whom documents were mailed: See attached distribution list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: July 7, 2016

By: 
Noah Garrison

Distribution List

Federal

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