



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 - www.aqmd.gov

May 6, 2015

Mr. Tim Parker
AllenCo Energy, Inc.
2109 Gundry Avenue
Signal Hill, CA 90755

Subject: AllenCo Energy, Inc., Permit Application No. 563649

Dear Mr. Parker:

This is in reference to the above application submitted to the South Coast Air Quality Management District (SCAQMD) on May 7, 2014 by AllenCo Energy, Inc. (AllenCo) for permit modifications to the Crude Oil/Gas/Water Separation System located at 814 West 23rd Street, Los Angeles, CA 90007.

Please note that the SCAQMD has completed processing of your application and has approved the issuance of a revised Permit to Operate. Attached please find the Revised Permit to Operate, which will replace your previous Permit to Operate (Permit No. G11396) issued by SCAQMD. As noted in the attached, the Revised Permit to Operate includes significant changes to the previous Permit to Operate to ensure all of the improvements that AllenCo has made to the equipment are maintained as a permanent requirement by incorporating them into the permit description and by including additional mitigation measures as conditions of operation in the Revised Permit to Operate, resulting in a total of 17 permit conditions, compared to the previous Permit to Operate, which had five permit conditions.

Also please note that SCAQMD's issuance of the attached Permit to Operate does not relieve AllenCo from having to comply with all other oversight agencies' requirements.

If you have any questions, please contact me at (909)396-2662, or
mnazemi1@aqmd.gov.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mohsen Nazemi', with a stylized flourish at the end.

Mohsen Nazemi, P.E.
Deputy Executive Officer
Engineering & Compliance

Enclosure

cc: Barry Wallerstein, Executive Officer, SCAQMD
Kurt Wiese, General Counsel, SCAQMD
Kathleen Johnson, U.S. EPA
Daniel Dudak, Department of Conservation, DOGGR
Jojo Comandante, LA County Fire Department
Dan Wright, LA District Attorney's Office
Paula Rasmussen, LA Regional Water Quality Control Board
Cyrus Rangan, LA County Department of Public Health
Bob Gorham, CALFIRE
Patty Bilgin, LA City Attorney's Office



PERMIT TO OPERATE

This initial permit must be renewed ANNUALLY unless the equipment is moved, or changes ownership.
If the billing for the annual renewal fee (Rule 301.f) is not received by the expiration date, contact the District.

**Legal Owner
or Operator:**

ALLENCO ENERGY INC.
2109 GUNDRY AVE
SIGNAL HILL, CA 90755

ID 161814

Equipment Location: 814 W 23RD ST, LOS ANGELES, CA 90007

Equipment Description :

CRUDE OIL / GAS / WATER SEPARATION SYSTEM CONSISTING OF:

1. FREE WATER KNOCKOUT PRESSURE VESSEL NO. V-01, 10' - 10 "DIA. X 44'-2" L, 21,000 GALLON CAPACITY, CONNECTED TO T-02 AND T-05, VENTED TO VAPOR RECOVERY SYSTEM.
2. CRUDE OIL SHIPPING TANK NO.T-02, 10' - 0 " W X 35'-0" L X 8'-0" H., 21,000 GALLON CAPACITY, FIXED ROOF, CONNECTED TO V-01,T-01, T-03, T-04, T-05, P-02, P-03, AND V-04, VENTED TO A VAPOR RECOVERY SYSTEM.
3. STANDBY CRUDE OIL SHIPPING TANK NO.T-03, 10' - 0 " W X 10'-0" L X 8'-0" H., 6,000 GALLON CAPACITY, FIXED ROOF, CONNECTED TO T-01, T-02, T-04, T-05, AND V-04, VENTED TO A VAPOR RECOVERY SYSTEM.
4. STANDBY CRUDE OIL SHIPPING TANK NO.T-04, 10' - 0 " W X 20'-0" L X 8'-0" H., 11,970 GALLON CAPACITY, FIXED ROOF, CONNECTED TO T-01, T-02, T-03,T-05, AND V-04, VENTED TO A VAPOR RECOVERY SYSTEM.
5. WASTEWATER TANK NO. T-01, 10' - 0" W X 20'-0" L X 8'-0" H., 11,970 GALLON CAPACITY, FIXED ROOF, CONNECTED TO T-02, T-03, T-04, T-05, P-06 , P-04A, P-04B, AND V-04, VENTED TO A VAPOR RECOVERY SYSTEM.
6. WASTEWATER TANK NO. T-05, 10' - 0" W X 30'-0" L X 8'-0" H., 17,976 GALLON CAPACITY, FIXED ROOF, CONNECTED TO V-01, T-01, T-02, T-03, T-04, P-06 , SUMP PUMP, AND V-04, VENTED TO A VAPOR RECOVERY SYSTEM.
7. LEASE AUTOMATIC TRANSFER (LACT) UNIT CONSISTING OF:
 - A). LACT OIL SHIPPING PUMP NO. P-01, CENTRIFUGAL WITH MECHANICAL SEAL, 15 H.P.,
 - B). STANDBY CHARGE PUMP NO. P-02, CENTRIFUGAL WITH MECHANICAL SEAL, 25 H.P.,
 - C). CHARGE PUMP NO. P-03, CENTRIFUGAL WITH MECHANICAL SEAL, 40 H.P.,

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- D). LACT SAMPLE PUMP, CENTRIFUGAL WITH MECHANICAL SEAL.
8. WATER INJECTION UNIT CONSISTING OF:
- A). TWO CHARGE PUMP NO. P-04A AND P-04B, EACH CENTRIFUGAL WITH MECHANICAL SEAL, 25 H.P.,
 - B). WATER INJECTION PUMP NO. P-05, CENTRIFUGAL WITH MECHANICAL SEAL, 150 H.P.,
 - C). TRANSFER PUMP NO. P-06, CENTRIFUGAL WITH MECHANICAL SEAL, 10 H.P.,
9. VAPOR RECOVERY SYSTEM CONSISTING OF:
- A). VAPOR RECOVERY COMPRESSOR NO. K-01, 10 H.P.,
 - B). STANDBY VAPOR RECOVERY COMPRESSOR NO. K-02, 10 H.P.,
 - C). KNOCKOUT NO. V-02, 1'-8" DIA., X 9'-0" L.,
 - D). KNOCKOUT NO. V-03, 2'-0" DIA., X 7'-6" L.,
10. WASTEWATER/OIL SYSTEM CONSISTING OF:
- A). WASTEWATER/OIL LATERAL TRUNK LINE NO. V-04, 1'-4" DIA., COLLECTING OIL AND PROCESSED WASTEWATER FROM THE BOTTOMS OF TANKS T-01, T-02, T-03, T-04 AND T-05.
 - B). PUMP, WASTEWATER, NO. P-07, 10 H.P.,
 - C). TWO SUMP PUMPS.

Conditions :

1. Operation of this equipment shall be conducted in accordance with all data and specifications submitted with the application under which this permit is issued unless otherwise noted below.
2. This equipment shall be properly maintained and kept in good operating condition at all times.
3. The operator shall comply with all applicable air quality rules and regulations including, but not limited to, all applicable provisions and requirements of SCAQMD Rules 203, 401, 402, 463, 1148.1, 1148.2, 1173 and 1176.
4. Equipment 1 through 6 listed in the equipment description of this permit (Tanks V-01 and T-01 through T-05) shall at all times be vented to the vapor recovery system which is in full use, whenever any product is stored, processed or handled in this equipment. No vapors shall be discharged or vented into the atmosphere from any of these equipment or their associated pipes, valves or vents.

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5. Vapors collected or vented to the vapory recovery system shall only be routed to and combusted in equipment which have either valid SCAQMD permits or Rule 222 fillings, whichever is applicable, or delivered into pipeline for sale or treated and/or processed for other uses, provided the operator has obtained all required and necessary permits from the SCAQMD, as applicable.
6. Produced gas shall not be discharged or vented into the atmosphere under any circumstances.
7. All produced liquid, including crude oil or waste water, shall be discharged into closed tanks, vessels or containers and no produced liquid shall be discharged such that the produced liquids are exposed to the atmosphere.
8. A non-resettable, totalizing gas meter shall be installed and operated to electronically record and store the total daily amount of produced gas.
9. The operator shall conduct a gas composition analysis of the produced gas at least annually to measure the sulfur content of the produced gas. Records shall be maintained and made available to the Executive Officer upon request.
10. All tank gauging and sampling hatches shall be closed at all times except during gauging and sampling operations.
11. No more than ten (10) days and no less than 24 hours prior to the start of drilling, well completion, or rework, repair, or maintenance of well, including production or water injection wells, the operator shall notify the district via phone at 1-800-cut-smog of the following:
 - A. Facility name and facility SCAQMD identification number
 - B. Rule 1148.2 event Id number
 - C. Contact person's name, title, and phone number(s)
 - D. The actual start date and time of the drilling, well completion, or rework of a well
12. The operator shall notify the District via phone at 1-800-cut-smog no less than 24 hours of any change in the start date reported activity involving drilling, well completion or rework, repair, or maintenance of a well, including production or water injection wells. The notification shall include the following:
 - A. Facility name and facility SCAQMD identification number
 - B. Rule 1148.2 event Id number
 - C. Contact person's name, title and phone number(s)
 - D. Previous start date and time and the new start date and time.
13. During drilling, well completion, or rework, repair, or maintenance of any well, including production or water injection wells, the operator shall implement the following procedures:
 - A. Prior to opening the well for service, the operator shall flush the well with clean water, which is free of hydrocarbons, to rinse off residual oil and gas. In addition, the inside of the casing shall be flushed clean during this process.

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- B. During the well circulation process, the operator shall measure the pressure of the well and ensure the flow out of the well is equal to or less than the flow into the well.
 - C. During the circulating process fluid samples shall be collected to ensure that there is no residual oil or gas.
 - D. Prior to pulling any piping or rods from a well, the operator shall utilize a pipe stripping rubber designed for drill piping to ensure piping is removed through the rubber grommet that is properly sealed around the pipe to remove liquid from outside of the piping. all gas tests.
14. The SCAQMD shall be promptly notified of any air-quality related complaints received by the operator as a result of drilling, well completion, or rework, repair, or maintenance of any well, within two hours after receipt of each complaint by calling 1-800-cut-smog to report each complaint and the action taken by the operator to mitigate the source of the complaints.
15. The operator shall provide access and any necessary utility to the SCAQMD if SCAQMD decides to install a wind speed and direction monitoring system at a site on the facility property as approved by the executive officer which is representative of the wind speed and direction of the area(s) where well drilling, well completion, or rework, repair, or maintenance of a well, including water injection wells will occur.
16. Vacuum trucks used at this facility shall be equipped with a SCAQMD permitted carbon canister as a control device to mitigate potential odors from materials being handled. A written record of vacuum trucks used shall be kept at the facility including the following information:
- A. Vacuum truck company/operator name
 - B. Carbon canister SCAQMD permit number
 - C. Date vacuum truck used
 - D. Job duration (hours)
 - E. Material handled and quantity
 - F. Final disposal description
17. Records shall be kept and maintained in a manner approved by the executive officer to demonstrate compliance with the above conditions. The records shall be kept for at least two years and be made available to the SCAQMD upon request.

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PERMIT TO OPERATE

NOTICE

In accordance with Rule 206, this Permit to Operate or copy shall be posted on or within 8 meters of the equipment.

This permit does not authorize the emission of air contaminants in excess of those allowed by Division 26 of the Health and Safety Code of the State of California or the applicable Rules and Regulations of the South Coast Air Quality Management District (SCAQMD). This permit cannot be considered as permission to violate existing laws, ordinances, regulations or statutes of other government agencies.

Executive Officer

A handwritten signature in black ink, appearing to read "Mohsen Nazemi".

By Mohsen Nazemi/CL02
5/6/2015

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SCAQMD Community Meeting Follow-up Allenco Energy, Inc.

The South Coast Air Quality Management District (SCAQMD) held a community meeting regarding AllenCo Energy, Inc. (AllenCo) at Mount St. Mary University, Doheny Campus, on February 25, 2015 to discuss the status of SCAQMD's continued oversight of AllenCo's operations, the ambient monitoring results and status update of equipment improvements and status of permit revisions for AllenCo. At the conclusion of this community meeting, and in response to community inquiries about the status and requirements of other agencies prior to restart of operations at AllenCo, SCAQMD committed to contact the other regulatory agencies and provide a status update of all agencies to the interested parties.

Attached please find a status update summary of several agencies' requirements prior to restart of operations at AllenCo. Along with this status update, attached please also find a copy of the cover letter and Revised Permit that SCAQMD issued to AllenCo. Also please note that based on the information provided by other agencies, prior to restart, AllenCo specifically must comply with all orders and requirements of the Department of Conservation, Division of Oil, Gas & Geothermal Resources (DOGGR) and U.S. Environmental Protection Agency, and other agency requirements as shown in the attached. Also the Los Angeles County Department of Public Health (LACDPH) has indicated that although a formal permit is not required from the agency prior to restart, they expect AllenCo to provide additional information, as shown in the attached summary, to all agencies prior to restart. SCAQMD has passed LACDPH's request along to AllenCo.

The SCAQMD intends to continue its oversight and ambient monitoring at AllenCo during the period they are shutdown and after restart. Also the SCAQMD is in the final stages of amending its Rule 1148.1 – Oil and Gas Production Wells to require additional notification, monitoring and mitigation measures for oil and gas production facilities in the South Coast region. Proposed Amendment to Rule 1148.1 is scheduled for consideration for adoption by the SCAQMD Governing Board at a public hearing to be held on June 5, 2015 Governing Board meeting starting at 9:00 a.m. at the SCAQMD headquarters in Diamond Bar.

STATUS OF VARIOUS AGENCIES' REQUIREMENTS FOR ALLENCO'S RESTART

(May 6, 2015)

Agency Name	Is a Permit or Approval (please specify which one) required for restart	Status of the Permit or Approval	Date Permit or Approval issued or expected decision date	Comments
South Coast Air Quality Management District (SCAQMD)	Yes, a Permit is required	Revised Permit issued	May 6, 2015 (copy attached)	Also a Community Meeting held at St. Mary's University on February 25, 2015 and agency status updates are provided
U.S. Environmental Protection Agency (EPA)	No affirmative action by EPA required for restart	NA	NA	Allenco must certify compliance with requirements of EPA Administrative Order 15 days prior to restart. We have not, as yet, received a certification.
Dept. of Conservation, Division of Oil, Gas & Geothermal Resources (DOC-DOGGR)	Yes, approval of Division is required prior to restart. Separate permit and project approval required to operate injection well.	Operator not in full compliance with all terms of Division's Order. Required submittals for injection permit application have been received and Division's Project Approval Letter (PAL) is pending.	Injection permit issued in April 2015. Injection PAL expected to be issued in May 2015. Remainder of required compliance items dependent on operator.	DOGGR issued an Order on April 28, 2014 (Order No. 1047) which included 18 required actions by Allenco. DOGGR issued a letter on March 20, 2015 providing the status update of the 18 action items. DOGGR is presently reviewing several of the items which include substantive changes to facility hardware, required testing or submittal of technical documents or applications. DOGGR will also need to inspect safety systems and witness/approve tests (with LAFD) prior to approval to restart.
Regional Water Quality Control Board (RWQCB)	No	Permitted under the General Permit for Stormwater Discharges Associated with Industrial Activities	January 11, 2010	Permit ID No. 4 191022473
Los Angeles County District Attorney (LADA)	None Specified	None Specified	None Specified	None Specified

Los Angeles County Fire Department – Health HazMat Division	No, a permit or approval is not required for startup	Not applicable	Not applicable	AllenCo has an active haz waste generator permit. We have no startup requirements when we are not involved in the closure.
Los Angeles County Department of Public Health (LADPH)	No	Not applicable	Not applicable	A formal permit is not required from LA County Department of Public Health. However, LADPH has been engaged with this community regarding health concerns and exposure to air emissions. All agencies have been in full agreement that the public’s health is the foremost priority in consideration of the re-opening of AllenCo. It is LADPH’s expectation that AllenCo will provide all of agencies with a detailed report regarding its efforts to limit these toxic releases into the community. Further, it is LADPH’s expectation that AllenCo has considered every possible intervention to limit these odors, with a detailed description of each remediation, and its expected benefits. Once this appraisal has been submitted, LADPH will review and provide comments. In addition to these expectations before re-opening, LAPDH would like to ensure that all agencies will cooperate to develop an appropriate post-mitigation monitoring plan, to measure the effectiveness of the interventions that have taken place.
City of Los Angeles	None Specified	None Specified	None Specified	Please see DOGGR’s comments above regarding joint inspection of safety systems and witnessing/approval tests with Los Angeles Fire Department prior to approval to restart.