

STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

April 3, 2014

Dennis O'Keefe
General Manager
Golden Gate/S.E.T. Petroleum Partners of Nevada
16580 Wedge Parkway, #300
Reno, Nevada 89511

**RE: Notice of Alleged Air Quality Violation and Order No. 2484
Class II Air Quality Operating Permit AP5171-2546 (FIN A0573)**

Dear Mr. O'Keefe:

The Nevada Division Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) alleges that Golden Gate/S.E.T. Petroleum Partners of Nevada (Golden Gate) has violated a condition of their Class II Air Quality Operating Permit AP5171-2546 (FIN A0573).

On March 26, 2014, the NDEP-BAPC held an enforcement conference with Golden Gate to discuss the supporting information regarding the Draft Notice of Alleged Violation and Order (NOAV) dated March 6, 2014. Based on the information presented during the conference, the NDEP-BAPC has determined that issuance of NOAV No. 2484 is warranted. Exceeding the annual emission and throughput limits as specified in the air quality operating permit constitutes violations of **Nevada Administrative Code (NAC) 445B.275 Violations: Acts constituting; notice** (see below).

NAC 445B.275 Violations: Acts constituting; notice states, in part, that: "1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

(c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

The attached NOAV No. 2484 constitutes major violations as defined by Section 2 of **NAC445B.281 Violations: Classification; administrative fines**. NOAV No. 2484 is the first NOAV issued to Golden Gate in the past 60 months.

As was discussed during the conference held on March 26, 2014, the NDEP-BAPC makes recommendations to the Nevada State Environmental Commission (SEC) as to what an appropriate penalty may be for major air quality violations. The NDEP will be recommending a penalty of \$1,200 for NOAV No. 2484.



Golden Gate/S.E.T. Petroleum Partners of Nevada

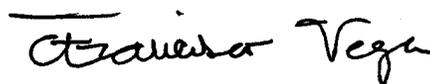
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An appeal of NOAV No. 2484 may be requested pursuant to **Nevada Revised Statutes (NRS) 445B.360** and SEC administrative rules. A copy of SEC Appeal Form #3 is enclosed. Appeals must be received within 10 days of receipt of this notice, pursuant to **NRS 445B.340**. Appeals are processed through Valerie King, the Executive Secretary for the SEC, at 901 South Stewart Street, Suite 4001, Carson City, Nevada, 89701-5249. Ms. King can be reached at 775-687-9374, or by fax at 775-687-5856. Please provide me with a copy of any correspondence your company may have with the SEC.

If you have any questions regarding the alleged violations or the enforcement conference, please call Mark Talavera at (775) 687-9470 or myself at (775) 687-9343.

Sincerely,



Francisco Vega, P.E.
Supervisor, Compliance and Enforcement Branch
Bureau of Air Pollution Control

FV/mt

enc.: 1. Notice of Alleged Air Quality Violation and Order No. 2484
2. SEC Appeal Form #3

cc (w/enc. 1): Valerie King, SEC
Storey County Board of Commissioners
Francisco Vega, NDEP
FIN A0573 (Certified Copy)

E-Copy: Dennis O'Keefe, Golden Gate
Don Kellenbarger, Golden Gate
Scott D. Keeseey, Broadbent

Certified Mail No.: 9171 9690 0935 0012 7167 05

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
BUREAU OF AIR POLLUTION CONTROL
901 SOUTH STEWART ST., SUITE 4001
CARSON CITY, NEVADA 89701-5249

NO. 2484

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: Dennis O'Keefe (General Manager)

Company Name: Golden Gate/S.E.T. Petroleum Partners of Nevada

Address: 16580 Wedge Parkway #300, Reno, Nevada 89511

Permit Number: AP5171-2546 **FIN:** A0573

Site of Alleged Violation: 500 Ireland Drive, Sparks, Nevada 89434

Date of Observation: N/A **Arrival:** N/A **Departure:** N/A

Ambient Temperature: N/A °F **Clear:** N/A **Cloudy:** N/A **Rain:** N/A **Snow:** N/A

Wind Speed: N/A mph **Wind Direction:** N/A

It is alleged that the following regulation was violated by the person named in this notice:

NAC 445B.275 Violations: Acts constituting; notice. 1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

(c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

It is alleged that the following act or practice constitutes the violation:

Exceeded the annual emission and throughput limits as specified in the air quality operating permit.

Evidence:

The Golden Gate/S.E.T. Petroleum Partners of Nevada (Golden Gate) facility is located in Storey County, Nevada and currently operates under Class II Air Quality Operating Permit AP5171-2546, issued on June 16, 2009.

On September 13, 2013, the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) sent Golden Gate a letter regarding potential permit limit exceedances for System 02a Facility Fuel Loading Rack System (PF1.003a) in their air quality operating permit, based on Golden Gate's Actual Production/Emissions Report for calendar year 2012. According to Golden Gate's emissions report, they exceeded the 0.11 tons/year Volatile Organic Compounds permit limit, reporting an actual emission of 0.24153 tons/year. Golden Gate also reported a fuel throughput quantity of 13,619,205 gallons/year, which exceeds the 11,037,600 gallons/year permit limit. Golden Gate responded with a letter, sent to the NDEP on October 9, 2013, confirming that System 02a did indeed exceed the annual permitted emission and throughput limits. Golden Gate also explained in the letter that the exceedances were mainly due to previous management mistaking System 02 for System 02a and that they would like to correct the problem by taking appropriate actions to permit the facility appropriately. According to Golden Gate's Actual Production/Emissions Report for calendar year 2013, it appears as if the facility is still operating in exceedance of the permit limits, reporting an actual emission of 0.19 tons/year and fuel throughput quantity of 13,037,272.4 gallons/year. No permit revision applications were ever sent to the NDEP since the first reported exceedances that occurred calendar year 2012. The information provided indicates that Golden Gate has been operating in excess of the permitted limits for at least a period of 2 years.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2484

Evidence (cont.)

On March 26, 2014, the NDEP-BAPC held an enforcement conference with Golden Gate to discuss the information regarding Notice of Alleged Violation (NOAV) No. 2484. The enforcement conference represented Golden Gate's opportunity to provide any evidence that would lead the NDEP-BAPC into determining that NOAV No. 2484 should not be issued. During the enforcement conference Golden Gate was unable to provide any evidence that violations associated with NOAV No. 2484 did not occur and should not be issued. Golden Gate did not have any questions and understood that NOAV No. 2484 would be formally issued.

In accordance with **NAC 445B.281 Violations: Classification; administrative fines**, exceeding the annual emission and throughput limits as specified in the air quality operating permit constitutes a major violation. This NOAV No. 2484 represents Golden Gate's first air quality violation in the past 60 months.

ORDER

Under the authority of NRS 445B.100 to 445B.640, inclusive, the person named in this notice is ordered:

_____ To pay the following administrative fine in accordance with 445B.281.1: \$ _____

To take corrective action: Comply with all permitted operational limitations established in Class II Air Quality Operating Permit AP5171-2546

_____ To appear for a hearing before the Environmental Commission at:
Date: _____ Time: _____

_____ To appear for an enforcement conference at:
Date: _____ Time: _____

_____ This notice is a warning.

Signature Francisco Vega
Issued by: Francisco Vega, P.E.
Supervisor, Compliance and Enforcement Branch
Bureau of Air Pollution Control

Phone: 775-687-9343 Date: April 3, 2014

FV/mt
Certified Mail No.: 9171 9690 0935 0012 7167 05

This order becomes final unless appealed within ten (10) days after receipt of this notice or ten (10) days after a required enforcement conference. The person named in this order may appeal this notice by submitting a written request for a hearing to the Chairman of the Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. An administrative fine may be levied by the Environmental Commission of not more than \$10,000 per day of violation.