

OHIO E.P.A.
OCT 2 2001
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BEFORE THE
OHIO ENVIRONMENTAL PROTECTION AGENCY

In the Matter of:

Premcor Refining Group, Inc.	:	<u>Director's Final</u>
1150 South Metcalf Street	:	<u>Findings and Orders</u>
Lima, Ohio 45804	:	

PREAMBLE

It is hereby agreed that:

I. JURISDICTION

These Director's Final Findings of Fact and Orders are issued to Premcor Refining Group, Inc. (Premcor), pursuant to the authority vested in the Director of the Ohio Environmental Protection Agency (Ohio EPA) under Sections 3704.03 and 3745.01 of the Ohio Revised Code (ORC).

II. PARTIES BOUND

These Orders shall apply to and be binding upon Premcor and its assigns and successors in interest.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Findings of Fact and Orders shall have the same meaning as used in ORC Chapter 3704 and the regulations promulgated thereunder.

IV. FINDINGS OF FACT

The Director of Ohio EPA has determined the following findings of fact:

1. Premcor is a corporation duly organized under the laws of the State of Ohio, with offices located in Lima, Ohio, which owns and operates a petroleum refinery at 1150 South Metcalf Street in Lima, Allen County, Ohio (premise #0302020012).
2. At this facility, a broad range of products, including gasoline, diesel fuel, jet fuel, kerosene, liquid petroleum gas, petroleum coke, and benzene are manufactured through separation, conversion, purification and blending. These final products are then piped through the refinery's oil movement and storage system to tanks prior to shipment.
3. Premcor has a potential to emit more than 25 tons per year of hazardous air pollutants and

more than 100 tons per year of volatile organic compounds and is subject to the requirements of Ohio Administrative Code (OAC) Chapter 3745-77.

4. Premcor is regulated under 40 CFR 61, Subpart FF - National Emission Standards for Benzene Waste Operations. Under this rule, any facility that has a total benzene quantity greater than 10 megagrams per year from controlled waste streams must follow the standards outlined in 40 CFR 61.342. In accordance with the standards in 40 CFR 61.342, Premcor, having a total annual benzene quantity greater than 10 megagrams per year and electing to manage such waste in accordance with 40CFR 61.342(e)(2), must not exceed 6.0 megagrams of total annual benzene quantity from uncontrolled waste streams.

5. PTI #03-7545 was issued to Premcor on July 7, 1994, and the terms and conditions of this permit require that the total annual benzene quantity not exceed 6.0 megagrams per year, pursuant to 40 CFR 61, Subpart FF.

6. On an annual basis, pursuant to PTI # 03-7545, Premcor is required to report the total amount of benzene contained in facility waste streams including, storage tank draws, process streams, sample valves, laboratory waste, control valves, pump drains, maintenance turnarounds, storage tank turnarounds and malfunctions.

7. Routine sampling in November of 1999 ^{indicated GOS} ~~indicated~~ ^{9/21/01} that benzene contaminated groundwater was seeping into the Refinery's open (uncontrolled) sewer. Premcor initiated investigative activities to determine the source of this contamination. Additionally, Premcor mitigated the benzene emissions from the open sewer by covering the manways with tarps and pumping the open sewer wastewater into the Refinery's controlled sewer system.

8. On November 19, 1999, Premcor submitted the total annual benzene report, which indicated that the total annual benzene quantity from uncontrolled sources for the previous twelve months was 9.607 megagrams, in violation of the terms and conditions of PTI # 03-7545, ORC 3704.05, and 40 CFR 61.342(e)(2). The exceedence was attributed to a ruptured tank seam on May 22, 1999, that led to the release of benzene contaminated water (2.7 tons contained in the water), and the annual maintenance turnaround.

9. In January 2000, Premcor traced the contamination to a leak in an underground product recovery system for the Aromatics Unit (referred to as the Aromatics Closed Drain System). Premcor clamped the leak and initiated a project to replace portions of the Aromatics Closed Drain System

10. NWDO issued Premcor a notice of violation (NOV) for the NESHAP violation on December 22, 1999.

11. On January 20, 2000, Premcor submitted a response to the NOV. The letter addressed the causes of the annual exceedence for benzene, and outlined Premcor's proposals for reducing the

uncontrolled benzene quantities during turnaround, including the installation of additional pumpout systems to recover more oil, and the use of a chemical cleaning process to recover the residual hydrocarbons. Additionally, Premcor proposed to expand their Environmental Awareness Training Program. The corrective actions outlined in the letter were implemented in the March 2001 maintenance turnaround, and will be used during future maintenance turnarounds.

12. Upon review of the quarterly Continuous Emission Monitoring System (CEMS) data reports for hydrogen sulfide (H₂S) and sulfur dioxide (SO₂) for the third and fourth quarters of 1998, the second and fourth quarters of 1999, and the third quarter for 2000, NWDO determined that the CEMS downtimes were in excess of 5% of the source operational time for each calendar quarter. Noncontinuous operation of the CEMS is a violation of the terms and conditions of the permits to operate, and a violation of R.C. 3704.05.

13. Table One below provides a summary of the hydrogen sulfide and sulfur dioxide CEMS downtimes, and indicates, by emissions unit, the quarters in which the CEMS downtimes were in excess of 5% of the source operation time.

Table One: CEMS Downtimes

Emissions Unit	Quarter	% of source operational time during which the CEMS was not available.
B022	3rd Quarter 1998	6.75 (H ₂ S)
B023	3rd Quarter 1998	6.75 (H ₂ S)
B024	3rd Quarter 1998	6.75 (H ₂ S)
P010	4 th Quarter 1998	7.97 (SO ₂)
P002	2 nd Quarter 1999	15.59 (SO ₂)
P011	2 nd Quarter 1999	15.59 (SO ₂)
P015	2 nd Quarter 1999	15.59 (SO ₂)
P002	4 th Quarter 1999	6.07 (SO ₂)
P011	4 th Quarter 1999	6.07 (SO ₂)
P015	4 th Quarter 1999	6.07 (SO ₂)
P010	1 st Quarter 2000	10.08 (SO ₂)
P002	3rd Quarter 2000	5.67 (H ₂ S)
P011	3rd Quarter 2000	5.67 (H ₂ S)

P015	3rd Quarter 2000	5.67 (H2S)
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14. On February 3, 2000, Premcor submitted a Preventative Maintenance and Malfunction Abatement Plan (PMMAP) to NWDO that addressed the 1999 excessive CEMS downtime for the Sulfur Recovery Unit (SRU) and is intended to ensure compliance with the 95 percent data capture requirement. The PMMAP includes a comprehensive preventive maintenance program, operator training, and improved monitoring and surveillance procedures.

15. On February 24, 2000, May 16, 2000, June 27, 2000, and June 28, 2000, Premcor met with NWDO to discuss the progress of the replacement project.

16. On December 8, 2000, Premcor submitted the total annual benzene report which indicated that the total annual benzene quantity from the uncontrolled sources for the previous twelve months equaled 13.0 megagrams. ^{GRS 9/21/01} Of this total, 2.7 megagrams ^{GRS 9/21/01} represented the discernible process streams from identified sources. The remaining 10.3 megagrams represented non-discernible, non-process waste streams due to leaks in the Aromatics Closed Drain System. In accordance with verbal instructions from the NWDO, Premcor reported the 10.3 megagrams ~~was~~ a malfunction.

17. On January 29, 2001, Premcor met with NWDO to discuss the progress of the replacement project. Additionally, Premcor initiated a project to convert the open sewer associated with the Tetra Unit to a controlled system by installing covers on the existing manways throughout the unit and routing the wastewater to the NESHAP oil/water separator. ^{GRS 9/21/01}

18. On February 1, 2001, Premcor met the Central Office to review the NESHAP issues relating to the Refinery. ^{GRS 9/21/01}

19. On March 10, 2001, Premcor completed the conversion of the Tetra open sewer to a NESHAP controlled sewer. The total cost of this project was \$270,000.00.

20. On June 14, 2001, Premcor completed the replacement of the leaking Aromatics Closed Drain System. The total cost of this project was \$1.0 million dollars.

21. The Director has given consideration to, and based his determination on evidence relating to the technical feasibility and economic reasonableness of complying with the following Orders and their benefits to the people of the State to be derived from such compliance.

V. ORDERS

The Director hereby issues the following Orders:

1. Premcor shall provide, as part of each quarterly excess emissions report, an explanation for each period of CEMS downtime, when the CEMS downtime is in excess of 5 percent (5%) of the emissions unit operational time for the quarter.
2. Premcor shall comply with all the terms and conditions of PTI # 03-7545.
3. Within fourteen (14) days from the effective date of these Orders, Premcor shall pay to Ohio EPA the amount of one hundred twenty thousand dollars (\$120,000) in settlement of Ohio EPA's claim for civil penalties which may be assessed pursuant to ORC Chapter 3704. Within fourteen (14) days after the effective date of these Orders, Premcor shall pay to Ohio EPA the amount of ninety six thousand dollars (\$96,000) of the total penalty amount. Payment shall be made by certified check made payable to "Treasurer, State of Ohio" and sent to the following address:

Vicki Galilei
Fiscal Administration
Ohio Environmental Protection Agency
P.O. Box 1049
Columbus, OH 43216-1049

A copy of the check shall be sent to Jim Orlemann at the following address:

Division of Air Pollution Control
Ohio Environmental Protection Agency
P.O. Box 1049
Columbus, OH 43216-1049

The remaining twenty four thousand dollars (\$24,000) shall be paid to fund a supplemental environmentally beneficial project. Specifically, within thirty (30) days after the effective date of these Orders, Premcor shall deliver a certified check in this amount and made payable to the Ohio Department of Natural Resources, Division of Forestry, State Forest Fund for the purpose of funding urban tree-planting projects in Ohio. This check shall specify that such monies are to be deposited into Fund No. 509. The check shall be sent to John Dorka, Deputy Chief, or his successor, at the following address:

Division of Forestry
Ohio Department of Natural Resources
1855 Fountain Square Court, H-1
Columbus, Ohio 43224-1327

VI. OTHER APPLICABLE LAWS

All actions required to be taken pursuant to these Orders shall be undertaken in accordance with the requirements of all applicable local, state and federal laws and regulations. These Orders do not waive or compromise the applicability and enforcement of any other statutes or regulations applicable to Premcor's Lima facility.

VII. NOTICE

All documents required by these Orders, unless otherwise specified in writing, shall be submitted to:

Ohio Environmental Protection Agency
Northwest District Office
Division of Air Pollution Control
347 North Dunbridge Rd.
Bowling Green, OH 43402
Attn: Jeffrey Skebba

and to:

Ohio Environmental Protection Agency
Division of Air Pollution Control
P.O. Box 1049
Columbus, OH 43216-1049
Attn: Paul Cree

VIII. RESERVATION OF RIGHTS

Nothing contained herein prevents Ohio EPA from seeking legal or equitable relief to enforce the terms of these Orders or from taking other administrative, legal, or equitable action as deemed appropriate and necessary, including seeking penalties against Premcor for noncompliance with these Orders. Nothing contained herein prevents Ohio EPA from exercising its lawful authority to require Premcor to perform additional activities at the facility pursuant to ORC Chapter 3704 or any other applicable law in the future. Nothing herein restricts the right of Premcor to raise any administrative, legal or equitable claim or defense with respect to such further actions that Ohio EPA may seek to require of Premcor.

IX. SIGNATORIES

Each undersigned representative of a party to these Orders certifies that she or he is fully authorized to enter into these Orders and to legally bind such party to this document.

X. WAIVER

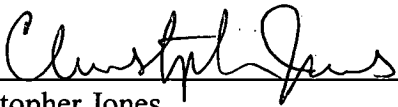
In order to resolve disputed claims, without admission of fact, violation or liability, Premcor agrees to comply with these Orders. Compliance with these Orders shall be a full accord and

satisfaction for Premcor's civil liability for the specific findings of facts cited herein. Premcor hereby waives the right to appeal the issuance, terms and service of these Orders and it hereby waives any and all rights it might have to seek administrative or judicial review of these Orders either in law or equity.

Notwithstanding the preceding, Ohio EPA and Premcor agree that if these Orders are appealed by any other party to the Environmental Review Appeals Commission, or any court, Premcor retains the right to intervene and participate in such an appeal. In such event, Premcor shall continue to comply with these Orders unless these Orders are stayed, vacated, or modified.

IT IS ORDERED AND AGREED:

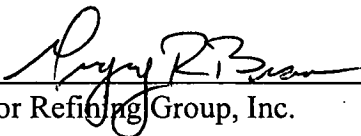
Ohio Environmental Protection Agency



Christopher Jones
Director

10-1-01
Date

IT IS AGREED:



Premcor Refining Group, Inc.

9/21/01
Date

Refinery Manager

Title