

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



<b>IN THE MATTER OF</b>	§	<b>BEFORE THE</b>
<b>PREMCOR REFINING GROUP, INC.</b>	§	
<b>ACCOUNT NO. JE-0042B</b>	§	<b>TEXAS COMMISSION ON</b>
<b>CUSTOMER NO. 601420748</b>	§	
<b>REGULATED ENTITY NO. 102584026</b>	§	<b>ENVIRONMENTAL QUALITY</b>

**DOCKET NO. 2004-0844-SIP**

## **AGREED ORDER**

The Texas Commission on Environmental Quality (the Commission or TCEQ) and Premcor Refining Group, Inc. (the Company) enter into this Agreed Order for the purpose of achieving reductions and improved monitoring of emissions, and to make those reductions and monitoring requirements enforceable by TCEQ and the United States Environmental Protection Agency (EPA) in the Beaumont/Port Arthur ozone nonattainment area (BPA). The Commission and the Company agree that these reductions and improved monitoring of emissions by the Company will improve air quality in BPA and will help maintain the BPA one-hour classification at or below the Serious level. As part of this continuing local effort, the Company has voluntarily agreed to reduce emissions as agreed herein.

The Commission hereby orders the Company to comply with the requirements herein regarding control of emissions from the facilities referenced below, pursuant to §§ 382.011, 382.012, 382.016, 382.023, 382.024, and 382.025 of Texas Health & Safety Code, Chapter 382 (the Texas Clean Air Act [TCAA]), and §§ 101, 110 and 112 of the Federal Clean Air Act, 42 U.S.C. § 7401 et. seq., (FCAA) for the purpose of revising the Texas SIP.

## I. STIPULATIONS

For the purpose of this Agreed Order, the parties have agreed and stipulated as follows:

1. Section 101 of the FCAA states that the one of the purposes of the FCAA is to protect and enhance the quality of the Nation's air resources, and a primary goal of the FCAA is to encourage or otherwise promote reasonable Federal, State and local governmental actions, consistent with the provisions of the FCAA, for pollution prevention. Section 110 of the FCAA requires Texas to submit SIP revisions to the United States Environmental Protection Agency (EPA) for approval and to demonstrate that such SIP revisions provide for protection of the National Ambient Air Quality Standards (NAAQS). Section 112 of the FCAA provides for the control of hazardous air pollutants, and if NAAQS emissions or precursor emissions are affected by a section 112 action, they may be submitted for approval into a SIP.

2. Sections 382.011 and 382.012 of the TCAA provide authority for the Commission to control the quality of the state's air and prepare and develop a general, comprehensive plan for the proper control of the state's air; § 382.016 of the TCAA provides the Commission's authority for measuring and monitoring the emission of air contaminants; and §§ 382.023, 382.024, and 382.025 of the TCAA provide the Commission's authority to issue orders. The issuance of this Order is in compliance with the TCAA.

3. The Commission and the Company agree that the Commission has jurisdiction to enter this Agreed Order, and the Company is subject to the Commission's jurisdiction.

4. In order to better safeguard the air resources of this state, the Company agrees to comply with the terms of this Order.

5. The Commission and the Company acknowledge that the Company has entered into this Order voluntarily. Nothing in this Order shall be interpreted as evidence that the Company is causing or contributing to a violation of the NAAQS or is in any respect non-compliant with any federal, state or local law and nothing in this Order shall impair the Company's compliance history. The Company is subject to enforcement action by the TCEQ for failure to comply with this Order. Violations of this Order shall be subject to the Commission's rules regarding Compliance History in 30 Tex. Admin. Code Chapter 60.

6. The parties agree that this Order will be submitted to the EPA as a revision to the Texas SIP within 60 days of its final execution and approval by the Commission. The parties agree that the emissions reductions achieved pursuant to this Order are not otherwise required by federal or state law and will not be used for the purpose of offsetting or banking future emissions.

7. Nothing in this Order supercedes any requirement of the TCAA or the rules and requirements of the Commission.

8. The Company owns and operates a petroleum refinery, located at 1801 S. Gulfway Drive, Port Arthur, Jefferson County, Texas (the plant).

9. The plant consists of one or more sources as defined in § 382.003(12) of the TCAA.

10. Monitoring, recordkeeping, reporting, and testing necessary to demonstrate compliance with this Order shall be conducted as specified in the commission's rules and requirements, or where applicable in any commission authorization, in addition to any requirement contained in this Order to demonstrate compliance with stipulations 14-20, except that records shall be maintained until the latter of five years from the date of this Order or five years from the dates of compliance in paragraphs 14-20 below. The Company shall make records available upon request by the TCEQ or

any other air pollution control agency with jurisdiction. No shut-down shall be deemed in compliance with this Order unless operation of the facility is precluded by physically disconnecting the facility from both the process and all utilities and support equipment, and permanently removed from service. For the shut-down of units which occur after the date of this Order, the Company shall notify the TCEQ in writing no later than thirty days after the date of shut-down. The notification shall include documentation of the method used to shut down the facility. The Company understands that TCEQ shall remove the shutdown facilities from the TCEQ inventory of BPA.

11. This Order does not authorize or prohibit any modification of the Plant listed above. Within 60 days of its final execution and approval by the Commission, the Company is ordered to submit the appropriate application or registration documentation to the TCEQ's Office of Permitting, Remediation and Registration for any authorization necessary to implement the requirements of this Order, including revision of its existing federal operating permit or application to include the applicable requirements of this Order.

12. Notwithstanding any other provision of this Order, any delays in or failure of performance by the Company, its contractors or any entity controlled by the Company under this Order caused by an act of God, war, strike, riot, or other catastrophe beyond the control of the Company (Force Majeure), despite the Company's best efforts to anticipate and address the potential Force Majeure event such that the delay or failure of performance is minimized to the extent possible, shall not constitute a violation of this Order. The Company has the burden of establishing that such an event has occurred. In the event the Company's performance under this Order is prevented by the Force Majeure condition, the Company shall notify the TCEQ within seven (7) business days of the causes, all measures taken to avoid and minimize the event and estimated

duration of such condition, and shall keep TCEQ advised of the progress in eliminating such condition, and proceed with compliance with this Order as expeditiously as practicable.

13. All notifications required by this Order (unless otherwise specified herein) shall be sent to:

TCEQ Region 10 Office  
3870 Eastex Freeway  
Beaumont, Texas 77703-1892

Notifications required by this Order shall not substitute for any other notification requirement of the Commission or the TCAA.

14. On or before December 31, 2004, the Company will replace all of the existing fuel gas burners with a combined rated duty of approximately 600 million British Thermal Units per hour (mmBTU/hr) in five process heaters in catalytic reforming unit #1344, with Low-NOx burners. The Company will file its application to reduce the allowable cap in TCEQ Air Quality flexible permit #6825A by 109 tons per year (tpy) of NOx no later than October 31, 2004.

15. On or before December 31, 2004, the Company will install a sulfur degassing system designed to remove hydrogen sulfide (H<sub>2</sub>S) from sulfur prior to its loading into trucks from all of the in-ground tanks at Sulfur Recovery Units 543 and 544 to achieve a reduction in emissions of H<sub>2</sub>S. The Company will file its application to reduce the allowable cap in TCEQ Air Quality flexible permit #6825A by 1.6 tpy of H<sub>2</sub>S no later than September 30, 2004.

16. On or before June 30 2004, the Company will install and configure for use Ops Environmental™ Software to integrate a multi-media environmental data management system linked to 60 existing boiler and process heater continuous emissions monitoring systems (CEMS) and the Refinery process information system. The software is intended to improve tracking of actual

emissions, operator response and corrective action by the Company. The Company may, if necessary, replace or upgrade the software with that of equivalent or greater capabilities.

17. By November 30, 2003, the Company made modifications designed to improve the regenerative thermal oxidizer (RTO) for wastewater treatment unit #8742 to reduce emissions events due to RTO shutdowns. The Company will maintain the following modifications on the RTO:

- Redundant flame detectors with 100% voting logic to minimize false signals that can cause unwarranted shutdowns and instrument air purge to flame scanner path. The improved flame detector design will also allow on-stream cleaning.
- Fiber optics control communications wiring that will be less susceptible to lightning induced voltage spikes.
- New motor actuated combustion air and fuel flow control valves that do not use mechanical linkages which for combustion control.
- Modified seal drum level control design.
- Deletion of damper fault shutdown (kept alarm active).
- Reduction of Induced Draft fan vibration and bearing temperature shutdowns (kept alarm active).
- Replacement of all damper actuators.
- Replacement of both hydraulic pumps.
- Adjustment of burner minimum fire to lowest possible setting.

18. By June 30, 2005, the Company will make modifications designed to improve the RTO for wastewater treatment unit #8742, specifically consisting of an upgrade to the master electronic control system. The Company will make the following modifications on the RTO:

- Replace the new master Programmable Logic Controller.
- The logic programming will be reviewed and revised to simplify its function while maintaining necessary fail safe operational integrity.
- Certain RTO control loops will be moved to the existing distributed Control System to allow for better control and tuning.

19. By April 30, 2005, the Company will install a wet gas scrubber, which uses caustic and water solution sprays to scrub sulfur and particulates from the regenerator flue gas, at the outlet of the regenerator on the fluid catalytic cracking unit #1241. The Company will file its application to

reduce the allowable cap in TCEQ Air Quality flexible permit #6825A by 1100 tpy of SO<sub>2</sub> no later than February 28, 2005.

20. By April 30, 2005, the Company will operate the existing fluid catalytic cracking unit #1241 regenerator in a full burn mode to control carbon monoxide (CO). A flue gas cooler will be installed by April 30, 2005 to recover the sensible heat of the combustion products. By April 30, 2005, the Company will remove the CO boiler (EPN E-01-ESP) from service. The Company understands that TCEQ will remove the CO boiler from the emissions inventory of BPA. The Company will file its application to reduce the allowable cap in TCEQ Air Quality flexible permit #6825A by 40 tons per year (tpy) of CO and 60 tpy of NO<sub>x</sub> no later than February 28, 2005.

## **II. ORDER**

It is therefore ordered by the Texas Commission on Environmental Quality that Premcor Refining Group, Inc., shall, from and after the date of this Agreed Order, limit its emissions as specified in paragraphs 14-20 above, and maintain compliance with this Order.

The provisions of this Agreed Order shall apply to and be binding upon Premcor Refining Group, Inc., its successors, assigns and upon those persons in active concert or participation with them. The Authorized Representative of the Company signing this document represents that it is duly authorized to execute this Order and is duly authorized to bind the Company, its officers, directors, employees, agents, servants, authorized representatives, successors, subsequent purchasers and assigns to this Order. Premcor Refining Group, Inc. is hereby ordered to give notice of this Agreed Order to any successor in interest prior to transfer of ownership of all or any part of its plant, located at 1801 S. Gulfway Drive, Port Arthur, Jefferson County, Texas and within ten days of any

such transfer, provide the Texas Commission on Environmental Quality with written notice via certified mail that such notice of transfer has been given.

No extensions of the deadlines in this Order shall be granted.

The Chief Clerk shall provide a copy of this Order to each of the parties.

**PASSED AND APPROVED** at the regular meeting of the Texas Commission on  
Environmental Quality on DEC 15 2004.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

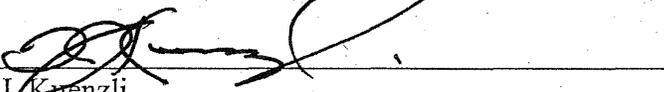
  
\_\_\_\_\_  
For the Commission

I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below  
my signature, and do hereby agree to the terms and conditions specified therein.



Lydia González-Gromatzky  
Deputy Director, Office of Legal Services  
Texas Commission on Environmental Quality

8/6/04  
Date



Don J. Krenzli  
Authorized Representative of  
Premcor Refining Group, Inc.

7-12-04  
Date