



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

JUL 13 2011

Mr. Jim Mahoney
Executive Vice President, Operations Excellence & Compliance
Koch Industries, Inc.
4111 East 37th Street North
Wichita, Kansas 67220

Re: Flint Hills Resources, LP (FHR) – Flexible Permits

Dear Mr. ^{J.M.}~~Mahoney~~:

On October 21, 2010, I sent a letter to you to accept your proposal to transition FHR's four Texas Subchapter G flexible air permits to Subchapter B New Source Review (NSR) State Implementation Plan-approved (SIP-approved) permits. In the letter I acknowledged the hard work of you and your staff, and I expressed my commitment that my staff and I would work with you and the Texas Commission on Environmental Quality (TCEQ) as you implemented the transition process for your Texas facilities.

In the letter, I also wrote how the transition process would address concerns raised in our December 4, 2009, objection letter to a proposed minor revision of Title V permit no. O1445 for FHR's (Corpus Christi, Texas) East Refinery, namely, that this transition process would ultimately resolve the concerns raised in the objection letter. I did not, however, discuss how the transition process would impact any Environmental Protection Agency (EPA) concerns with the three other FHR facilities with Texas Subchapter G flexible air permits, specifically FHR's 1) Corpus Christi West Refinery, 2) Longview Facility, and 3) Port Arthur Chemicals Facility.

As I wrote last October, by completing the transition process, you will address our concern about FHR's flexible permits. Accordingly, as long as FHR continues in good faith to complete the steps outlined in your October 20, 2010 letter and in the transition document attached to that letter, EPA will not object to the minor Title V permit modifications or the later action to incorporate new Subchapter B NSR terms into FHR's Title V permits on the grounds that FHR's facilities hold underlying flexible permits. We want you to fix your permits quickly and in an appropriate manner, and we believe that the process you have developed achieves those goals. However, EPA reserves its rights to object if the transition process is not completed, or if other grounds for objection arise. Further, both of our organizations have reserved all rights in the event that noncompliance is identified during this process.

1. The Corpus Christi West Refinery

On March 26, 2010, EPA objected to a proposed minor revision of Title V permit no. O1272 for FHR's Corpus Christi West Refinery. In the objection letter, EPA noted objections to the 1) incorporation of a flexible permit, 2) incorporation by reference of underlying permits, 3) incorporation of a qualified facility, 4) compliance certification requirements, 5) factual and legal basis for the use of a permit shield, 6) identification of specific applicable requirements, and 7) identification of stationary vents in the Title V permit. On June 24, 2010, TCEQ submitted a response to the objection and a proposed revised Title V permit. The information submitted by TCEQ on June 24, 2010 addresses EPA's objections to items 4 and 5. This transition process from a Subchapter G flexible permit to a Subchapter B permit addresses EPA's objections to items 1, 2, 3, 6, and 7. Therefore, when TCEQ approves FHR's minor Title V permit modification (provided it is consistent with Step One of the transition process), the issues raised in EPA's March 26, 2010, objection letter will be fully resolved.

2. The Longview Facility

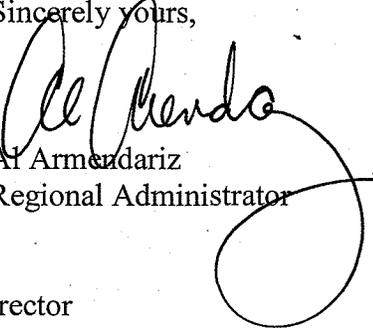
On January 8, 2010, EPA objected to a proposed renewal of Title V permit no. O1282 for FHR's Longview Facility. In the objection letter, EPA noted objections to the 1) incorporation of a flexible permit, 2) incorporation of a qualified facility, 3) identification of stationary vents, and 4) compliance certification requirements in the Title V permit. On June 30, 2010, TCEQ submitted a response to the objection and a proposed revised Title V permit. The information submitted by TCEQ on June 30, 2010, resolves EPA's objections to items 3 and 4. This transition process from a Subchapter G flexible permit to a Subchapter B permit addresses EPA's objections to items 1 and 2. Therefore, when TCEQ approves FHR's minor Title V permit modification (provided it is consistent with Step One of the transition process), the issues raised in EPA's January 8, 2010, objection letter will be fully resolved.

3. The Port Arthur Chemicals Facility

EPA has not issued an objection letter regarding Title V permit no. 01317 for the Port Arthur Chemicals facility. EPA believes that if FHR abides by the general approach outlined to resolve the objections for its other facilities, including following the transition process we accepted on October 21, 2010, to resolve concerns regarding the flexible permit and incorporation of a qualified facility that are incorporated by reference into the permit, this will resolve any concerns we may have with this facility's Title V permit.

I hope this letter provides clarification of what we believe is necessary to address any of the EPA concerns regarding the FHR's four facilities with Texas Subchapter G flexible air permits. If you have further questions, please contact me at (214) 665-2100.

Sincerely yours,



Al Armendariz
Regional Administrator

cc: Mr. Mark Vickery, P.E., Executive Director
Texas Commission on Environmental Quality

Mr. Richard Hyde
Texas Commission on Environmental Quality

Mr. Steve Hagle
Texas Commission on Environmental Quality

