



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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AUG 20 2008

Ref: ENF-AT

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank G. Semancik
Refinery Manager
Salt Lake City Refinery
Chevron Products Company
2351 North 1100 West
Salt Lake City, UT 84116

Re: Notice of Violation
Chevron Products Company
Salt Lake City, Utah

Dear Mr. Semancik:

The United States Environmental Protection Agency ("EPA") is issuing the enclosed Notice of Violation ("NOV") to Chevron Products Company ("Chevron") pursuant to Sections 113(a)(1) and (a)(3) of the Clean Air Act ("Act"), as amended, 42 U.S.C. § 7413(a)(1) and § 7413(a)(3). We find that you are violating the regulations at your Salt Lake City, Utah facility for Prevention of Significant Deterioration of Air Quality ("PSD"), and emission limit and offset requirements of the Utah Particulate Matter ("PM10") State Implementation Plan ("SIP") and Ozone Maintenance SIP.

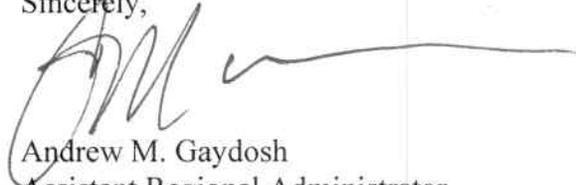
Section 113 of the Act gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial civil or criminal action. The option(s) we select may depend on, among other things, the length of time you take to achieve and demonstrate continuous compliance with the requirements cited in the NOV.

We are offering you an opportunity to confer with us about the violations alleged in the NOV. If you choose to have such a conference, you may present information on the specific findings of violation, any efforts you have taken to comply, and the steps you will take to prevent future violations.

If you request a conference, please plan for your facility's technical and management personnel to attend to discuss compliance measures and commitments. You may have an attorney represent you at this conference if you choose.

The contacts in this matter are Laurie Ostrand, Environmental Scientist, and Marc Weiner, Enforcement Attorney. You may call Marc Weiner at (303) 312-6913 to request a conference. You should make the request as soon as possible, but no later than 10 calendar days after you receive this letter. We should hold any conference within 30 calendar days of your receipt of this letter.

Sincerely,



Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance and
Environmental Justice

cc: Cheryl Heying, Director
Utah Division of Air Quality
P.O. Box 144820
Salt Lake City, Utah 84114-4820

Rusty Ruby, Manager
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cracking process. Emissions from the unit are routed through cyclones and an electrostatic precipitator and then discharged to the atmosphere through a stack.

2. Respondent is a “person” as defined in Section 302(e) of the Clean Air Act, 42 U.S.C. §7602(e), and the federal and state regulations promulgated pursuant to the Clean Air Act.

3. The Salt Lake City petroleum refinery emits or has the potential to emit at least 100 tons per year (“TPY”) of sulfur dioxide (“SO₂”), nitrogen oxides (“NO_x”), particulate matter (“PM”), and particulate matter with an aerodynamic diameter less than or equal to a nominal 10 micrometers (“PM₁₀”) and is a major stationary source under the Act for Prevention of Significant Deterioration (“PSD”).

STATUTORY AND REGULATORY BACKGROUND

4. The Clean Air Act establishes a regulatory scheme designed to protect and enhance the quality of the nation’s air so as to promote the public health and welfare and the productive capacity of its population. Section 101(b)(1) of the Clean Air Act, 42 U.S.C. § 7401(b)(1).

Prevention of Significant Deterioration

5. Section 109 of the Clean Air Act, 42 U.S.C. § 7409, requires the Administrator of EPA to promulgate regulations establishing primary and secondary national ambient air quality standards (“NAAQS” or “ambient air quality standards”) for certain criteria air pollutants. The primary NAAQS are to protect the public health, and the secondary NAAQS are to protect the public welfare, from any known or anticipated adverse effects associated with the presence of air pollution in the ambient air.

6. Section 110 of the Clean Air Act, 42 U.S.C. § 7410, requires each state to adopt and submit to EPA for approval a State Implementation Plan (“SIP”) that provides for the attainment and maintenance of the NAAQS.

7. Under Section 107(d) of the Clean Air Act, 42 U.S.C. § 7407(d), each state is required to designate those areas within its boundaries where the air quality is better or worse than the NAAQS for each criteria pollutant, or where the air quality cannot be classified due to insufficient data. These designations have been approved by EPA and are codified at 40 C.F.R. Part 81. An area that meets the NAAQS for a particular pollutant is designated as an “attainment” area; one that does not is designated as a “non-attainment” area; and where there are insufficient data, an area is designated as “unclassifiable.”

8. Part C of Subchapter I of the Clean Air Act, sections 161-169B, 42 U.S.C. §§ 7471-7492, sets forth requirements for the prevention of significant deterioration of air quality in those areas designated as attainment or unclassifiable. These requirements are designed to protect

public health and welfare, to assure that economic growth will occur in a manner consistent with the preservation of existing clean air resources and to assure that any decision to permit increased air pollution is made only after careful evaluation of all the consequences of such a decision and after public participation in the decision-making process. These provisions are referred to herein as the “PSD program.”

9. Section 165(a) of the Clean Air Act, 42 U.S.C. § 7475(a), prohibits the construction and subsequent operation of a major emitting facility in an area designated as attainment or unclassifiable, unless a PSD permit has been issued and air pollution control equipment is installed and operated. Section 169(1) of the Clean Air Act, 42 U.S.C. § 7479(1), defines “major emitting facility” for certain listed stationary sources, such as “petroleum refineries,” as a source with the potential to emit (“PTE”) 100 TPY or more of any criteria air pollutant.

10. Section 161 of the Clean Air Act, 42 U.S.C. § 7471, requires SIPs to contain emission limitations and such other measures as may be necessary, as determined under the regulations promulgated pursuant to these provisions, to prevent significant deterioration of air quality in attainment or unclassifiable areas.

11. A state may comply with Section 161 of the Clean Air Act either by being authorized by EPA to enforce the federal PSD regulations set forth at 40 C.F.R. § 52.21, or by having its own PSD regulations approved as part of its SIP by EPA, which regulations must be at least as stringent as those set forth at 40 C.F.R. § 51.166. The Utah PSD regulations were originally approved by EPA as part of the Utah State Implementation Plan (“Utah SIP”) on February 12, 1982 (47 FR 6427). Currently the SIP-approved Utah PSD provisions can be found in the UAC rules 307-101 “General Requirements;” “R307-405 “Permit: Prevention of Significant Deterioration of Air Quality (PSD);” and R307-1-3 “Control of Installations,” Subsection 3.1 “Notice of Intent and Approval Orders,” and Subsection 3.7 “Air Quality Models.” Since these regulations are approved as part of the Utah SIP they are federally enforceable.

12. As set forth at 40 C.F.R. § 52.166(j), the SIP-approved PSD program must generally require a new major stationary source or major modification in an attainment area to install and operate best available control technology (“BACT”) for each pollutant subject to regulation under the Clean Air Act that it would have the potential to emit in significant amounts.

13. The Utah SIP defines a “major source” as any source within one of 28 source categories which emits, or has the potential to emit, 100 tons per year or more of any air pollutant subject to regulation under the Act. Petroleum refineries are included among the 28 source categories. See UAC rule R307-405 “Permits: Prevention of Significant Deterioration of Air Quality (PSD),” definition of “major source” in R307-405-1, approved by EPA on February 14, 2006 (71 FR 7679). See also prior codification of the definition of “major source” in rule R307-1-1 “Foreword and Definitions,” approved by EPA on July 8, 1994 (59 FR 30539).

14. The Utah SIP defines a “major modification” as any physical change in or change in the method of operation of a major stationary source that would result in a significant net emissions increase of any pollutant subject to regulation under the Act. See UAC rule R307-405 “Permits: Prevention of Significant Deterioration of Air Quality (PSD),” definition of “major modification” in R307-405-1, approved by EPA on August 19, 2004 (69 FR 51368).

15. The Utah SIP defines “net emissions increase” as the amount by which the sum of the following exceeds zero:

(a) Any increase in actual emissions from a particular physical change or change in method of operation at a source; and

(b) Any other increases and decreases in actual emissions at the source that are contemporaneous with the particular change and are otherwise creditable. See UAC rule R307-101, “General Requirements,” definition of “net emissions increase” in R307-101-2, approved by EPA on February 14, 2006 (71 FR 7679). See also prior codification of the definition of “net emissions increase” in rule R307-1-1 “Foreword and Definitions,” approved by EPA on November 3, 1995 (60 FR 55792).

16. The Utah SIP defines “actual emissions,” and states, in general, actual emissions as of a particular date shall equal the average rate, in tons per year, at which the unit actually emitted the pollutant during a two-year period which precedes the particular date and which is representative of normal source operations. The definitions also state that for any emissions unit that has not begun normal operations on the particular date, actual emissions shall equal the PTE of the unit on that date. See UAC rule R307-101, “General Requirements,” definition of “actual emissions” in R307-101-2, approved by EPA on August 19, 2004 (69 FR 51368).

17. The Utah SIP defines “significant” and states that in reference to NO_x significant net emissions increase means an emissions rate that would equal or exceed 40 TPY or more of NO_x; in reference to SO₂ significant net emissions increase means an emissions rate that would equal or exceed 40 TPY or more of SO₂; in reference to PM significant net emissions increase means an emissions rate that would equal or exceed 25 TPY of PM; and in reference to PM₁₀ significant net emissions increase means an emissions rate that would equal or exceed 15 TPY or more of PM₁₀. See UAC rule 307-101, “General Requirements,” definition of “significant” in R307-101-2, approved by EPA in February 21, 2002 (67 FR 7961).

18. The Utah SIP provides that any person planning to construct a new installation which will or might reasonably be expected to become a source or an indirect source of air pollution or to make modifications or relocate an existing installation which will or might reasonably be expected to increase the amount or change the effect of, or the character of, air contaminants discharged, so that such installation may be expected to become a source or indirect source of air pollution, or any person planning to install an air cleaning device or other equipment intended to control emissions of air contaminants from a stationary source, shall submit to the Executive Secretary a notice of intent and receive an approval order prior to initiation of construction, modification or relocation. See UAC rules R307-1-3 “Control of Installations,” Subsection 3.1

“Notice of Intent and Approval Orders,” paragraph 3.1.1 approved by EPA on July 8, 1994 (59 FR 35036).

19. The Utah SIP provides that the Executive Secretary shall issue an approval order if he determines through plan review that the degree of pollution control for emissions, to include fugitive emissions and fugitive dust, is a least best available control technology except as otherwise provided in the regulations. See UAC rule R307-1-3 “Control of Installations,” Subsection 3.1 “Notice of Intent and Approval Orders,” paragraph 3.1.8 approved by EPA on May 5, 1995 (60 FR 22277).

The Utah Particulate Matter (“PM10”) SIP

20. On November 15, 1991, Utah submitted a PM10 SIP for the Salt Lake and Utah Counties PM10 nonattainment areas. The SIP was designed to assure attainment and maintenance of the PM10 NAAQS. EPA approved the PM10 SIP on July 8, 1994 (59 FR 35036). Among other things, the SIP contains the following NO_x, SO₂, and PM10 emission limits on Chevron’s FCCU CO Boiler and Catalyst regenerator: 58.56 lbs of NO_x/hour; 256.5 TPY of NO_x, and 477 parts per million by volume (“ppmv”) NO_x; 145.3 lbs of SO₂/hour, 636.5 TPY of SO₂, and 850 ppmv SO₂; and 8.96 lbs of PM10/hour, 0.0662 grains/dry standard cubic foot (“gr/dscf”) PM10, and 39.2 TPY. In addition, the SIP establishes annual emission limits for this source (the entire refinery) at 1,022 TPY of NO_x, 2,578 TPY of SO₂, and 175 TPY of PM10. The emission limits are contained in Appendix A, Emission Limitations and Operating Practices (Dated September 24, 1990 and updated June 28, 1991), to Section 9, Part A – Fine Particulate Matter (PM10) of the Utah State Implementation Plan.

The Utah Ozone Maintenance SIP

21. On February 19, 1997, Utah submitted an Ozone Maintenance SIP for the Salt Lake and Davis Counties maintenance area. The SIP was designed to assure maintenance of the 1-hour Ozone NAAQS. EPA approved the Ozone Maintenance SIP on July 17, 1997 (62 FR 38213). Among other things, the SIP indicates that emission offset requirements will continue to apply in Salt Lake and Davis Counties after they are redesignated [to attainment]. The emission offset rule requires new sources and modifications to existing sources to meet an emission offset ratio of at least 1.15 to 1 for volatile organic compounds and NO_x. The emission offset requirements are contained in UAC rule R307-403 and the requirements specific to ozone are contained in UAC rule R307-403-6. At the time the Ozone Maintenance SIP was approved the emission offset requirements were contained in UAC rule R307-1-3.3 and the requirements specific to ozone were contained in UAC rule R307-1-3.3.3.C.

Violations

22. Respondent’s petroleum refinery is a “petroleum refinery” in accordance with Section 169(1) of the Clean Air Act, 42 U.S.C. § 7479(1), which defines a “major emitting

facility” for certain listed stationary sources as a source with the PTE 100 TPY or more of any criteria air pollutant. Respondent’s petroleum refinery is a major emitting facility with the PTE in excess of 100 TPY of SO₂, NO_x, PM, and PM₁₀ which are listed criteria air pollutants.

23. Respondent’s petroleum refinery was and is located in an area that was and is designated as “Class II” under Section 162(b) of the Clean Air Act, 42 U.S.C. § 7472(b), and that is designated attainment or unclassifiable for the Ozone, SO₂, NO_x, and PM₁₀ NAAQS, under Section 107(d) of the Clean Air Act, 42 U.S.C. § 7407(d).

24. Respondent made the following physical changes and changes in the method of operation:

- a. The fresh catalyst (cat) and CO Promoter addition system was installed and on-line on June 26, 2006. Chevron operated the addition system in a way that caused NO_x emissions to increase.
- b. Equilibrium catalyst (E-Cat) was purchased and added to the FCCU in May 2006. The purchased E-Cat was significantly higher in platinum content than the E-Cat that it replaced.
- c. E-Cat was purchased and added to the FCCU in September 2006. The purchased E-Cat was significantly higher in platinum content than the E-Cat that it replaced
- d. An oxygen enrichment system was installed on the FCCU around 2007.
- e. In 2006, a gas-oil hydrotreater was installed and SO₂ reduction additives were added to the FCCU reducing SO₂ emissions. The SO₂ emissions decrease caused the electrostatic precipitator (“ESP”) to be less efficient resulting in an increase in PM and PM₁₀ emissions.
- f. In February 2005, Chevron operated the FCCU/CO boiler and catalyst regenerator in a way that caused SO₂ emissions to increase.

25. As a result of each of the physical changes and changes in the method of operation identified in paragraph #24.a, b., c. and d., above, the net emissions increase of NO_x from the Chevron refinery was more than 40 TPY. As a result of the installation of oxygen enrichment, the net emissions increase of SO₂ was greater than 40 TPY. As a result of the installation of the gas-oil hydrotreater and the use of SO₂ reduction additives the net emissions increase of PM was more than 25 TPY and of PM₁₀ was more than 15 TPY.

26. Respondent failed to receive a PSD approval order and failed to install BACT before commencing construction of major modifications for each change and each pollutant identified in paragraphs 24 and 25 above as required by the Utah SIP. See UAC rules R307-1-3 “Control of

Installations,” Subsection 3.1 “Notice of Intent and Approval Orders,” paragraph 3.1.1 approved by EPA on July 8, 1994 (59 FR 35036) and Subsection 3.1 “Notice of Intent and Approval Orders,” paragraph 3.1.8 approved by EPA on May 5, 1995 (60 FR 22277).

27. Respondent failed to meet the emission offset ratio of at least 1.15 to 1 for NOx as required by UAC rule 307-403 approved by EPA on February 14, 2006 (71 FR 7679). The prior codification of UAC R307-403-6, Offsets: Ozone Nonattainment Areas and Davis and Salt Lake Counties, was codified at UAC R307-1-3.3.3.(C), Ozone Nonattainment Areas and Davis and Salt Lake Counties, was approved by EPA on July 17, 1997 (62 FR 38213).

28. Respondent’s petroleum refinery is subject to the Utah PM10 SIP for Salt Lake and Utah County approved by EPA on July 8, 1994 (59 FR 35036).

29. On several occasions Respondent exceeded the following emission limits on Chevron’s FCCU CO Boiler and Catalyst regenerator:

- beginning on or about May 9, 2006, and ending on or about May 10, 2007, the following NOx emission limit was exceeded: 477 ppmv NOx;
- beginning on or about July 21, 2004, and ending on or about May 2, 2007, the following NOx emission limit was exceeded: 58.56 lbs of NOx/hour;
- beginning on or about February 2007, and ending on or about August 2007, the following NOx emission limit was exceeded: 256.5 TPY;
- beginning on or about February 8, 2006 and continuing to date, the following PM10 emission limit was exceeded: 8.96 lbs of PM10/hour;
- beginning on or about May 2006, and continuing to date, the following PM10 emission limit was exceeded: 39.2 TPY; and
- beginning on or about February 11, 2005, and ending on or about February 25, 2005, the following SO₂ emission limit was exceeded: 145.3 lbs of SO₂/hour;
- beginning on or about February 12, 2005, and ending on or about February 23, 2005, the following SO₂ emission limit was exceeded: 850 ppmv SO₂.

ENFORCEMENT

Section 113(a)(1) of the Act, 42 U.S.C. § 7413(a)(1), provides that at any time after the expiration of 30 days following the date of the issuance of this NOV, the Regional Administrator may, without regard to the period of violation, issue an order requiring compliance with the requirements of the state implementation plan or permit, and/or bring a civil action pursuant to Section 113(b) for injunctive relief and/or civil penalties of not more than \$27,500 per day for each violation after January 30, 1997, but before March 15, 2004, and no more than \$32,500 after March 15, 2004, per day for each violation. Section 113(c) of the Act, 42 U.S.C. § 7413(c), provides that criminal sanctions may also be imposed, to redress knowing violations of the Act. Section 306 of the Act, 42 U.S.C. § 7606, allows that any facility found in violation of the Act may be barred from federal grants, loans, or contracts.

OPPORTUNITY FOR CONFERENCE

Respondent may, upon request, confer with EPA. The conference will enable Respondent to present evidence bearing on the findings of violations, on the nature of the violations, and on any efforts Respondent may have taken or proposes to take to achieve compliance. Respondent has the right to be represented by counsel. A request for a conference must be made within 10 calendar days of receipt of this NOV, and the request for a conference or other inquiries concerning the NOV should be made in writing to:

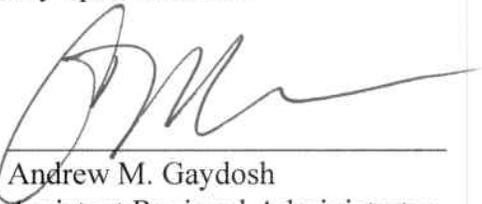
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By offering the opportunity for a conference or participating in one, EPA does not waive or limit its right to any remedy available under the Act.

EFFECTIVE DATE

This NOV shall be effective immediately upon issuance.

Date Issued: 8/20, 2008.


Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance and
Environmental Justice