Enclosure

AQMD RESPONSE TO EPA COMMENTS ON PROPOSED TITLE V PERMIT FOR PARAMOUNT PETROLEUM CORPORATION

1) Notices of Violation, Variances and Stipulated Order of Abatement

***EPA Comments*:** For facilities that are not in compliance with all applicable requirements at the time of permit issuance, 40 CFR 70.6(c)(3) and District Rule 3004(a)(10)(C) requires that the permit contain 1) a schedule of compliance that contains an enforceable sequence of actions with milestones leading to compliance, and 2) a schedule for submission of semi-annual certified reports to document progress toward achieving compliance.

a) Please ensure that any NOVs, variances or stipulated orders that have not been resolved through an enforcement process are identified in the statement of basis. According to the District's website, the refinery has two outstanding notices of violation (P39617 and P45644) and two hearing board cases (# 2914-92 and # 2914-93) that may pertain to federal applicable requirements but are not discussed in the statement of basis.

   The District indicated to EPA that they will update the FIND website to indicate that there is only one outstanding NOV, #P39617. The District submitted Case # 2914-91, which corresponds to Notice #P39617, for EPA's review. The District has also indicated that the stipulated order of abatement resulting from case #2914-91 is the only order or variance with outstanding actions leading to compliance. However, the descriptions of the variance and other orders in the statement of basis all indicate that there are future actions required by these agreements, and therefore, by the permit. Please clarify in the statement of basis the compliance status of the facility at the time of permit issuance.

   District Response: Since discussing NOV P45644 with EPA on November 14, 2008, the compliance status has been changed from 'in compliance' to 'variance'. I1.5 condition has been tagged to the affected equipment to indicate it is operating under variance, case no. 2914-93. These two outstanding notices of violation are further discussed in the Statement of Basis (SOB).

   Hearing Board case no. 2914-92 is a petition filed by Paramount to appeal the 40 ppm BACT limit for Total Reduced Sulfur (TRS) in the permit under condition B61.6 that is tagged to device D46. Subsequent review of the 40 ppmv limit showed that the appropriate limit for the fuel gas used by this device should be 100 ppmv. Thus, condition B61.6 was revised to show 100 ppmv TRS limit and has been incorporated in Section H of the initial Title V permit.

In addition to the above stipulated order of abatement (SOA) and variance, two other SOAs and two variances are on a schedule of compliance pursuant to 40 CFR 70.6(c)(3). They are described in the SOB and listed below:

Hearing Board Case No.	NOV(s)
2914-87	None
2914-72	P12019, P12047, P12049, P12050
2914-90	None
2914-95	None

The updated compliance status of this facility is included in Section 9 of the SOB.

b) For each outstanding or unresolved NOV, the District should either include any necessary compliance schedules in the permit or explain in the Statement of Basis why one is not necessary.

It is our understanding that the District intends to meet the requirement for a compliance schedule by incorporating the variance and stipulated orders of abatement into the permit by reference in conditions I1.1, I1.2, I1.3 and I1.4. Please indicate requirement for a compliance schedule is fulfilled by these permit conditions in the compliance section of the statement of basis.

Since one purpose of the requirement to include a compliance schedule in the permit is to ensure federal enforceability of the milestones, alterations to the dates or other requirements of the variance or the stipulated order of abatement may necessitate a permit revision.

District Response: The SCAQMD has incorporated language in Section 9 of the Statement of Basis to indicate that requirement for a compliance schedule, pursuant to 40 CFR 70.6(c)(3) and District Rule 3004(a)(10)(C), is being fulfilled by permit condition I.x. The following language has also been incorporated in the I1.x conditions to facilitate federal or citizen enforceability of milestones, activities or compliance in the event alterations to dates or other requirements of the variance or stipulated order of abatement are granted by the Hearing Board:

> *The operator shall comply with all the requirements of the [Variance/Stipulated Order of Abatement, Case No. _____, dated _____,] in accordance with the Findings and Decisions of the Hearing Board* ***<u>or as subsequently modified by the Hearing Board</u>****. The operator shall submit progress reports at least semi-annually, or more frequently if specified in the Findings and Decisions. The progress reports shall contain dates for achieving activities, milestones or compliance required in the schedule of compliance and dates when such activities, milestones or compliance were achieved; and an explanation of why any dates in the schedule of compliance were not, or will not be met, and any preventative or corrective measures adopted.*

2) Notices of Violation and Notices to Comply

***EPA Comments*:** The FIND database lists ten notices of violation since August 1, 2005, whereas the statement of basis states that there were nine during this time period. Please correct this discrepancy in the statement of basis.

Also, the FIND database lists twelve notices to comply since August 1, 2005, whereas the statement of basis states that there were eleven during this time period. Please correct this discrepancy in the statement of basis.

The District will update the statement of basis to indicate the correct numbers of notices of violation and notices to comply.

District Response: The Statement of Basis has been corrected to reflect ten (10) notices of violation instead of nine (9) and twelve (12) notices to comply instead of eleven (11) since August 1, 2005.

3) Compliance Assurance Monitoring

EPA Comments: The statement of basis for the permit states that the Title V permit application for the Paramount refinery was submitted prior to April 20, 1998 but does not specify whether the District determined application completeness before that date. Please specify whether the District determined that the Title V application was complete before April 20, 1998. If the application was determined complete after this date, Paramount must submit a CAM plan to the District for approval and the permit must contain the requirements of the approved CAM plan.

The CAM regulations require that facilities with large pollutant-specific emissions units (PSEU), as defined in 40 CFR § 64.1, submit CAM plans for these units as part of an application for an initial part 70 or 71 permit if the application had not been filed or was not yet determined to be complete by the permitting authority on or before April 20, 1998. Applications determined to be complete before April 20, 1998 are not required to submit CAM plans until the time of Title V permit renewal.

The District indicated in their response on November 21 that they will add language to the statement of basis indicating that the title V application was deemed complete on March 24, 1998.

District Response: The SCAQMD has incorporated language in the Statement of Basis to indicate the Title V permit application was deemed complete on March 24, 1998 and the requirement for CAM plans is not necessary at this time.

4) NESHAP Applicability

EPA Comments: The statement of basis states that "Paramount has determined that this facility is not a major source of HAPs and has provided an inventory of HAP emissions that supports this determination." However, neither the permit, nor the statement of basis, contains a determination of the potential-to-emit (PTE) estimates for hazardous air pollutants (HAPs) as defined in the Clean Air Act (Act). The 40 CFR 63.2 defines major source of HAPs as any stationary source or group of stationary sources that would emit or have a PTE of 10 tons per year of any HAP, or 25 tpy of any combination of HAPs. Therefore, a determination of the HAP PTE is necessary to determine whether the refinery is subject to a NESHAP.

According to a conference call on December 4, 2008 between EPA and the District, the District will include the HAP PTE for the Paramount refinery for total and single HAPs in the statement of basis.

District Response: The SCAQMD has included HAP PTE for the Paramount refinery for total and single HAPs in Section 8 of the Statement of Basis to demonstrate the facility is not a major source of HAPs.

5) <u>NSPS Subpart J</u>

EPA Comments:

a) Stipulated order of abatement case number 2914-00 requires the refinery to reroute refinery gas streams from the tail gas incinerator to the front of the sulfur recovery unit (SRU). Please include a determination in the statement of basis of whether or not the SRU is subject to NSPS J or NSPS Ja due to this modification.

   District Response: The SCAQMD has incorporated NSPS determination for the SRU in Section 4 of the Statement of Basis.

b) Emission units D691, D692, and D693 are the furnace and heaters in the sulfur recovery plant and unit D776 is the heater in the tail gas unit. The permit or statement of basis must clarify whether these emission units are subject to NSPS Subpart J and why.

   The District indicated that the requirements for fuel gas combustion devices in NSPS Subpart J are not applicable to these furnaces due to the definition of fuel gas combustion device in 40 CFR § 60.101. Please include this explanation in the description of units that are not subject to NSPS Subpart J in the statement of basis.

   District Response: These furnace and heaters have been included in the negative determination analysis of NSPS applicability for Subpart J in Table 4.1 of the Statement of Basis.

c) Condition B61.2 limits H2S in the fuel used for units D26, D27, D28, D44, D46, D47, D73, D74, D75 and D76. While condition D90.7 describes the monitoring

of H2S in the fuel for D26, D28, D47, D73, D74 and D76, condition D90.3 describes the monitoring of total sulfur in the fuel for units D27, D44 and D46. Please clarify how condition D90.3 is a compliance option for these units under NSPS Subpart J: 60.105(a)(4).

The District indicated in their response on November 21 that they will add condition D90.7 to devices D27, D44 and D46 before permit issuance. The district also indicated that they will correct the underlying requirement of condition B61.4 to indicate that it is a BACT requirement rather than NSPS Subpart J.

District Response: Condition D90.7 has been tagged to D27, D44 and D46. The underlying rule for condition B61.4 has been changed from NSPS Subpart J to Rule 2005 (BACT).

6) <u>NSPS Subpart GGG and GGGa</u>

EPA Comment: The permit or statement of basis must clarify whether the emission units in the table below are subject to NSPS Subpart GGG or GGGa. The documents do not discuss whether these emission units are subject to the regulation. If NSPS Subpart GGG or GGGa applies to any of the units listed below, the permit must specify that the units are subject to the regulation.

Emission Unit	Device No.	Process Name	Process	System	PTC date
Fugitive	D816	Asphalt Production	4	1	8/31/2006
Fugitive	D817	Asphalt Production	4	2	8/29/2006
Fugitive	D818	Asphalt Production	4	~~2~~ 3	8/29/2006
Fugitive	D819	Asphalt Production	4	~~4~~	8/29/2006
Fugitive	D820	Treating/Stripping	6	3	--
Fugitive	D821	Loading/Unloading	8	3	--
Fugitive	D822	Loading/Unloading	8	4	--
Fugitive	D823	Loading/Unloading	8	5	--
Fugitive	D824	Loading/Unloading	8	6	--
Fugitive	D825	Loading/Unloading	8	7	--
Fugitive	D826	Loading/Unloading	8	8	--
Fugitive	D827	Loading/Unloading	8	9	8/27/1999
Fugitive	D828	Loading/Unloading	8	11	8/27/1999
Fugitive	D829	Loading/Unloading	8	13	8/27/1999
Fugitive	D831	Loading/Unloading	8	23	8/27/1999
Compressor	D14	Crude Distillation	1	1	--
Compressor	D15	Crude Distillation	1	1	--
Compressor	D41	Hydrotreating	2	1, 4	7/25/2008
		Catalytic Reforming	3	1	
Compressor	D42	Hydrotreating	2	1, 4	7/25/2008
		Catalytic Reforming	3	1	
Compressor	D54	Hydrotreating	2	1, 3, 4	7/25/2008

Compressor	D64	Hydrotreating	2	3, 4	--
Compressor	D65	Hydrotreating	2	3, 4	--

The District indicated in their November 21 response that they will determine which of the above units are subject to NSPS Subparts GGG and GGGa before the permit is issued. If a unit is found to be subject to NSPS Subpart GGG and GGGa, either condition H23.23 or H23.24 will apply, and a unit is not subject it will be included in Table 4.3 of the statement of basis. These revisions to the permit and/or statement of basis will be completed before permit issuance.

District Response: A determination has been made by SCAQMD (with input from the facility) for applicability of NSPS Subpart GGG or GGGa to the above devices. Negative determination has been included in Table 4.3 of the Statement of Basis and devices subject to NSPS Subpart GGG or GGGa are tagged with condition H23.23 or H23.24, respectively.

7) <u>NSPS Subpart UU</u>

EPA Comment: The permit or statement of basis must clarify whether the emission units in the table below are subject to NSPS Subpart UU. The documents do not discuss whether these emission units are subject to the regulation. If NSPS Subpart UU applies to any of the units listed below, the permit must specify that the units are subject to the regulation and must include the applicable requirements that apply to the units.

Emission Unit	Device No.	Process Name	Process	System	PTC date
Scrubber	C81	Asphalt production	4	1	8/31/2006
Receiver Vessel	D82	Asphalt production	4	1,2,3,4	8/31/2006
Scrubber	~~D~~C86	Asphalt production	4	2	8/29/2006
Scrubber	C88	Asphalt production	4	3	8/29/2006
Scrubber	C90	Asphalt production	4	4	8/29/2006
Receiver Vessel	D752	Asphalt production	4	1,2,3,4	8/31/2006
Receiver Vessel	D753	Asphalt production	4	1,2,3,4	8/31/2006
Blower	D754	Asphalt production	4	1,2,3,4	8/31/2006
Blower	D755	Asphalt production	4	1,2,3,4	8/31/2006
Blower	D756	Asphalt production	4	1,2,3,4	8/31/2006
Blower	D757	Asphalt production	4	1,2,3,4	8/31/2006

The District agreed that all devices under Systems 1, 2, 3, and 4 of Process 4 are subject to NSPS Subpart UU. The District has agreed to add system-wide conditions to the permit to denote applicability of NSPS Subpart UU to units in these systems before permit issuance.

District Response: System condition S13.9 has been tagged to Process 4, Systems 1, 2, 3 and 4 to denote the applicability of NSPS Subpart UU for all the above devices.

8) NESHAP LLLLL

EPA Comment: According to the statement of basis, Paramount produces a full line of asphalt products utilized in the production of roofing materials and paved roadways. Also the facility is subject to NSPS UU, Standards of Performance for Asphalt Processing and Asphalt Roofing Manufacture and several asphalt operations are performed at the Paramount facility, including asphalt oxidation, melting, heating, loading (emulsified and cutback asphalt), and storage.

The District agreed to perform an applicability determination when they receive the PTE of HAPs from the source, and to include the results of the determination in the statement of basis.

District Response: The SCAQMD has included a tabulated summary of HAPs PTE emissions in Table 8.2 of the Statement of Basis to demonstrate that the Paramount facility is not a Major Source of HAPs. NESHAP LLLLL is not applicable to Area Sources and this negative determination has been included in the list of non-applicable NESHAPs in Section 4 of the Statement of Basis.