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Nation's Second Largest Refinery to Pay More Than \$5.3 Million Penalty for Clean Air Act Violations / Smog- and asthma-causing emissions to be cut by 8,500 tons per year

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WASHINGTON—The U.S. Environmental Protection Agency (EPA) and the U.S. Department of Justice announced today that Hovensa LLC, owner of the second largest petroleum refinery in the United States, has agreed to pay a civil penalty of more than \$5.3 million and spend more than \$700 million in new pollution controls that will help protect public health and resolve Clean Air Act violations at its St. Croix, U.S. Virgin Islands refinery. The settlement requires new and upgraded pollution controls, more stringent emission limits, and aggressive monitoring, leak-detection and repair practices to reduce emissions from refinery equipment and process units.

"This settlement will produce significant benefits for the environment and for the people of the Virgin Islands," said Cynthia Giles, assistant administrator of EPA's Office of Enforcement and Compliance Assurance. "The commitments made by Hovensa to install state-of-the-art pollution controls will mean cleaner air for years to come."

"This important settlement with the second largest refinery in the United States will result in significant improvements to human health and the environment of the United States Virgin Islands," said Ignacia S. Moreno, assistant attorney general for the Environment and Natural Resources Division of the Department of Justice. "Because of this settlement, Hovensa will install advanced pollution control and monitoring technology, will adopt more stringent emissions limits, and will also create a fund dedicated to local environmental projects. This is another major step in our efforts, alongside EPA, to bring the petroleum refining sector into compliance with our nation's environmental laws."

The government's complaint, filed concurrently with today's settlement, alleged that the company made modifications to its refinery that increased emissions without first obtaining pre-construction permits and installing required pollution control equipment. The Clean Air Act requires major sources of air pollution to obtain such permits before making changes that would result in a significant emissions increase of any pollutant.

Once fully implemented, the pollution controls required by the settlement are estimated to reduce emissions of nitrogen oxides (NOx) by more than 5,000 tons per year and sulfur dioxide (SO₂) by nearly 3,500 tons per year. The settlement will also result in additional reductions of volatile organic compounds, particulate matter, carbon monoxide and other pollutants that affect air quality. Additional pollution-reducing projects at the refinery's coking unit under the settlement will also reduce greenhouse gas emissions by over 6,100 tons per year.

High concentrations of SO₂ and NOx, two key pollutants emitted from refineries, can have adverse impacts on human health, and are significant contributors to acid rain, smog, and haze.

The government of the U.S. Virgin Islands has joined in the settlement and will receive a portion of the civil penalty. In addition, the company will set aside nearly \$4.9 million for projects to benefit the environment of the U.S. Virgin Islands. The projects will be identified jointly by the U.S. Virgin Islands government and Hovensa, in consultation with EPA.

The settlement with Hovensa is the 28th under an EPA initiative to improve compliance among petroleum refiners and to reduce significant amounts of air pollution from refineries nationwide through comprehensive, company-wide enforcement settlements. The first of EPA's settlements was reached in 2000, and with today's settlement, 105 refineries operating in 32 states and territories – more than 90 percent of the total refining capacity in the United States – are under judicially enforceable agreements to significantly reduce emissions of pollutants. As a result of the settlement agreements, refiners have agreed to invest about \$6 billion in new pollution controls designed to reduce emissions of sulfur dioxide, nitrogen dioxide and other pollutants by over 360,000 tons per year.

Hovensa is one of the 10 largest refineries in the world and has the capacity to refine more than 525,000 barrels of crude oil per day.

The consent decree, lodged in the District Court of the Virgin Islands, is subject to a 30-day public comment period and court approval.

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More information on the Hovensa settlement:

www.epa.gov/compliance/resources/cases/civil/caa/hovensa.html

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