



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

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

July 23, 2012

CERTIFIED MAIL – RETURN RECEIPT REQUESTED: 7001 0360 0003 6675 0882

Mr. Harry D. Wright, Jr.
Vice President and General Manager
Valero Three Rivers Refinery
P.O. Box 490
Three Rivers, TX 78071-0490

Re: United States of America, et al v. Valero Refining Company, et al
Civil Action No. SA-05-CA-0569
Valero Three Rivers Refinery
March 11, 2012 Tail Gas Incident

Dear Mr. Wright:

This letter is in response to your tail gas incident report dated May 11, 2012, per Paragraph 242 of the Consent Decree dated November 23, 2005, between the United States and Valero Refining Company (Valero). The Root Cause Failure Analysis of the March 11, 2012, flaring incident at the Valero Three Rivers Refinery identified the root cause as “switching of the feed from the #2 Sulfur Recovery Unit (SRU) to the #1 SRU, tuning issues on the pressure controller caused a disturbance in the upstream amine pressure controllers resulting in unstable flow. With the unstable acid gas flow, the combustion air controllers were unable to maintain the proper air ratio to completely recover the sulfur.” The poisoning of the TGTU amine solution as a result of the excess combustion air, and a malfunction of a rear chamber flow instrument were identified as contributing causes. The reported emissions from the tail gas flaring incident were 0.4 tons of sulfur dioxide over a 23-hour period.

Valero implemented the following corrective actions: The #1 and #2 SRU operating procedure was updated to ensure the sour water stripper acid gas header pressure and amine acid gas header pressure control valves are operated in manual mode at 100% open when operating a single SRU. The #1 and #2 SRU operating procedure was updated to ensure the amine strength is at the upper end of the amine strength target range before shifting the load to one SRU.

After reviewing the acid gas flaring incident report and operating procedure modifications, the Environmental Protection Agency (EPA) acknowledges the corrective actions. EPA determined that the excess emissions were caused by a failure of equipment or a system due to a failure by Valero Three Rivers Refinery to operate or maintain the equipment or system in a manner consistent with good engineering practices [Consent Decree, Paragraph 250(c)].

Re: Valero Three Rivers Refinery
March 11, 2012 Tail Gas Incident

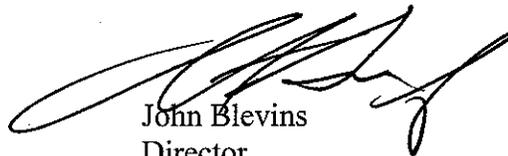
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EPA notes this is the first tail gas incident in a rolling 12-month period. A penalty of \$300.00 is being assessed per Paragraph 260(a) based on the reported excess emissions (0.4 tons) and the duration of the emissions (23 hours) [0.4 tons X \$750/ton]. The total stipulated penalty amount assessed for the incident is \$300.00 with 50% (\$150.00) to be paid to the state of Texas and 50% (\$150.00) to be paid to the United States within sixty (60) days of receipt of this demand, in accordance with Paragraph 321 of the Consent Decree.

To expedite the processing of the payment of stipulated penalties, please clearly identify the incident date and amount of the penalty both on the check, if paying by check, and in the letter accompanying payment by check or wire transfer. If Valero Three Rivers Refinery wishes to pay stipulated penalties for multiple incidents with one check or wire transfer, please identify each separate incident date and the penalty amount within the letter. Please also send a copy of the letter accompanying the payment to braby.sharon@epa.gov.

If you have any questions regarding this matter, please contact Daniel Hoyt of my staff at (214) 665-7326.

Sincerely,



John Blevins
Director
Compliance Assurance and
Enforcement Division

cc: Nathaniel Douglas, Acting Assistant Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Phillip Brooks, Director
Air Enforcement Division (2242A)
Office of Civil Enforcement
U.S. Environmental Protection Agency

Steve Thompson, Acting Associate Director
Air/Toxics and Inspection Coordination Branch (6EN-A)
Compliance Assurance and Enforcement Division
U.S. Environmental Protection Agency, Region 6

Re: Valero Three Rivers Refinery 3
March 11, 2012 Tail Gas Incident

Ramiro Garcia, Jr., Deputy Director
Office of Compliance and Enforcement
Texas Commission on Environmental Quality

Office of the Attorney General of the State of Texas
Natural Resources Division
ATTN: Karen Kornell

Kirk Saffell, Vice President
Environmental & Safety Affairs
Valero Energy Corporation

Richard Walsh, Esquire
Valero Energy Corporation

Bart E. Cassidy, Esquire
Manko, Gold, Katcher & Fox, LLP

Via electronic mail:

Sharon Braby, U.S. EPA, Region 6
Pam Elder-Schweers, U.S. EPA, Region 6
Gregory Fried, U.S. EPA, HQ
Kim White, U.S. EPA, Cincinnati
Molly Williams, U.S. EPA, Cincinnati
Claire Sullivan, Matrix Engineering