

Enclosure – EPA Comments on the Ultramar Proposed Permit

1. Condition B61.1 specifies a BACT limit of 100 ppm for the sulfur content of the fuel gas used in devices D3, D6, D8, D9, D12, D22, D59, D60, D73, D98, D429, D430, and D768. The permit does not contain a condition which requires monitoring or testing to demonstrate compliance with this limit specifically.

EPA provided this comment to the District on September 18. The District's October 8 response stated that the District relies on Administrative condition # 6 in Section E of the permit to assure compliance with this requirement. Condition 6 states:

The operator shall maintain records to demonstrate compliance with rules or permit conditions that limit equipment operating parameters, or the type or quantity of material processed. These records shall be made available to AQMD personnel upon request and be maintained for at least...[f]ive years for a facility subject to Title V.

While this condition requires the operator to maintain records, it is not specific about what records are necessary. Standards such as the one in Condition B61.1 warrant more detailed permit conditions because they may require monitoring devices, specific test methods, or other complex compliance procedures. Administrative condition 6 is especially inadequate for source-specific limits such as this one since the compliance requirements are not otherwise established in a rule or regulation.

To address this issue, the District could add more detailed monitoring and recordkeeping requirements to the permit to assure compliance with the BACT limit. We note that condition D90.3 requires the Permittee to continuously monitor the fuel gas H₂S concentration for the devices listed above and several others. The District might consider whether this monitor or a similar monitoring approach are appropriate.

2. Pursuant to the offset requirements of SIP Rule 1303(b)(2), condition B22.9 states that the operator shall not use materials in device D261 having a vapor pressure of 5.15 psia or greater under actual operating conditions. To demonstrate compliance with this requirement, the condition requires monthly testing of the vapor pressure. However, the permit contains several other conditions with vapor pressure limits but with no testing requirements. For example, see conditions B22.1 through B22.8. In most cases, the basis for the limits in these conditions is also SIP Rule 1303(b)(2).

EPA provided this comment to the District on September 18. The District's October 8 draft response stated that device D261 is a storage tank that was recently modified and that for all new modifications and new construction, the District's practice is to now specify how the operator will demonstrate compliance with the vapor pressure limit requirement. The District further stated that Conditions B22.1 through B22.8 apply to storage tanks which have not been recently modified and that when these

tanks are modified, the District will accordingly specify how the operator will demonstrate compliance with the requirement. Thus, while the District agrees that specific monitoring and recordkeeping requirements are necessary, the District is proposing to defer these requirements until some future point in time. EPA disagrees with the proposed approach because it would result in a title V permit that does not contain adequate monitoring to assure compliance with all applicable requirements. Therefore, EPA recommends that the District add monitoring and recordkeeping provisions sufficient to assure compliance with all applicable requirements.

3. Pursuant to the offset requirements of SIP Rule 1303(b)(2), condition C1.12 limits the throughput of devices D268, D269, and D270 to no more than 20.26 MM barrels per calendar year. The condition specifies detailed throughput measurement procedures which include the use of an automatic tank level gauge to continuously record the vertical movement of the roof. However, other devices also have large throughput limits pursuant to SIP Rule 1303(b)(2) but the permit contains no monitoring requirements to assure compliance with the limits. For example, see conditions C1.5, C1.8, C1.9, and C1.11.

EPA provided this comment to the District on September 18. The District's October 8 draft response stated that devices D268, D269, and D270 are recently modified storage tanks, and that the District's practice is to specify how the throughput is measured for all new modifications and new construction. The District further stated that conditions C1.5, C1.8, C1.9, and C1.11 are tagged to storage tanks that have not been recently modified and that the District will specify how the throughput is measured when the operator modifies these storage tanks. Thus, while the District agrees that specific monitoring and recordkeeping requirements are necessary, the District is proposing to defer these requirements until some future point in time. EPA disagrees with the proposed approach because it would result in a title V permit that does not contain adequate monitoring to assure compliance with all applicable requirements. Therefore, EPA recommends that the District add monitoring and recordkeeping provisions sufficient to assure compliance with all applicable requirements.

4. According to the District's website, the refinery has several outstanding notices of violation that may pertain to federal applicable requirements (see table below). 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)(1)(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. 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.

Notice No.	Violation Date	Violation Description
P12134	1/1/06	SOx emissions from the beginning of the 2007 compliance year through the end of the last quarter exceeded the annual SOx emissions allocation in effect at the end of the reconciliation period for that quarter.
P45960	9/27/07	Failure to operate one drain subject to 40 CFR Subparts QQQ and FF with a water seal control; failure to operate in a manner that ensures proper operation of the equipment.
P45963	9/26/07	Operating individual drain system water draw boxes with greater than 500 ppm emissions; failure to operate in a manner that ensures proper operation of the equipment.
P45961	9/26/2007	Failure to operate 52 drains subject to 40 CFR Subparts QQQ and FF with water seal controls; failure to operate in a manner that ensures proper operation of the equipment.
P45964	9/27/2007	Operating individual drain system water draw boxes with greater than 500 ppm emissions; failure to operate in a manner that ensures proper operation of the equipment.

5. The proposed permit should include emission limits and monitoring requirements for device D1550 to assure compliance with NSPS Subpart Db (condition H23.28 includes only a high-level reference to the subpart). EPA provided this comment to the District on September 18. The District's October 8 draft response stated that the District is checking to determine if the boiler is subject to the NOx emission limits of the NSPS.

Prior to issuance of the final permit, the District should make this determination and, if the boiler is subject to the NSPS, include the applicable limits and monitoring requirements in the permit with a level of detail adequate to assure compliance.

6. NSPS Subpart GGG (Standards of Performance for Equipment Leaks in Petroleum Refineries) applies to affected facilities (compressors and other equipment within a process unit (as defined in Section 60.591)) constructed or modified after January 4, 1983. The devices in the following table are potentially subject to the NSPS but the permit does not identify Subpart GGG as an applicable requirement. EPA provided this comment to the District on September 18. The District's October 8 draft response stated that the District is checking with the refinery to determine whether these units are subject to the regulation.

Prior to issuance of the final permit, the District must make such a determination for each device listed below. For units that are subject to the regulation, the District should revise the permit accordingly. For units that are not subject to the regulation, the District should explain why in the Statement of Basis.

Emission Unit	Device No.	Process Name	Process	System	PTC issued?
Fugitives	D1339	Gas Production	8	4	PTC issued 12/16/2004
Fugitives	D1343	Treating/Stripping	10	2	Not specified
Fugitives	D1346	Treating/Stripping	10	5	Not specified
Fugitives	D1347	Treating/Stripping	10	6	Not specified
Fugitives	D1349	Sulfur Production	11	1	PTC issued 4/29/2005
Fugitives	D1350	Sulfur Production	11	2	PTC issued 4/29/2005
Fugitives	D1352	Sulfur Production	11	39	Not specified
Compressor	D553	Hydrotreating	4	1	PTC issued 8/22/2006
Compressor	D57	Hydrotreating	4	3	Not specified
Compressor	D58	Hydrotreating	4	3	Not specified
Compressor	D593	Hydrotreating	4	7	PTC issued 12/16/2004
Compressor	D594	Hydrotreating	4	7	PTC issued 12/16/2004
Compressor	D555	Catalytic Reforming and Isomerization	5	1	PTC issued 11/22/2005
Compressor	D556	Catalytic Reforming and Isomerization	5	1	PTC issued 11/22/2005
Compressor	D945	Catalytic Reforming and Isomerization	5	1	PTC issued 11/22/2005
Compressor	D1336	Akylation and Isomerization	7	3	Not specified
Compressor	D557	Akylation and Isomerization	7	3	PTC issued 12/16/2004
Compressor	D125	Akylation and Isomerization	7	3	PTC issued 12/16/2004
Compressor	D126	Akylation and	7	3	PTC issued

		Isomerization			12/16/2004
Compressor	D963	GasProduction	8	2	Not specified
Compressor	D125	GasProduction	8	4	Not specified
Compressor	D126	GasProduction	8	4	Not specified

7. The Statement of Basis states that the Ultramar refinery is generally subject to NSPS Subpart GGGa. However, the permit does not contain any NSPS Subpart GGGa requirements. EPA provided this comment to the District on September 18. The District’s October 8 draft response stated that the District is checking to determine whether any processes are subject to the NSPS and that it will modify the permit and Statement of Basis accordingly.

Prior to the issuance of the final permit, the District must make this determination. If any devices are subject to the regulation, the District should revise the permit accordingly. If the District determines that no devices are subject to the regulation, the District should explain the basis for that determination in the Statement of Basis.

8. The Statement of Basis states that Ultramar operates a Marine Terminal (facility ID 800198), a Marine Tank Farm (facility ID 127648), and the Olympic Tank Farm (facility ID 127749). It also states that raw, intermediate, and finished materials are transferred between Ultramar’s Marine Terminal and Marine Tank Farm via a pipeline, and, although currently not utilized, Ultramar expects to use the Olympic Tank Farm in lieu of the Marine Tank Farm by early 2011. Based on this information, the Marine Terminal, Marine Tank Farm, and Olympic Tank Farm facilities may potentially be either part of the same stationary source as the Ultramar refinery or support facilities of the refinery.

The District should determine whether the Marine Terminal, Marine Tank Farm, and Olympic Tank Farm facilities are either part of the same stationary source and/or support facilities of the Ultramar refinery.

The facilities would be considered as part of the refinery if any or all of the facilities are (1) located on one or more contiguous or adjacent properties with the refinery, (2) under the control of Ultramar, and (3) have the same Standard Industrial Classification (SIC) code as the refinery.

Even if the Marine Terminal, Marine Tank Farm, and Olympic Tank Farm are not considered to be part of the refinery itself, they may still be considered support facilities of the Ultramar refinery. Support facilities are typically those that convey, store, or otherwise assist in the production of the principal product or group of products produced or distributed, or services rendered. (See 45 FR 52695, August 7, 1980.) EPA considers a “support facility” as part of the primary facility, even if the support facility operates under a different SIC code. A support facility should be considered to be part of the primary activity that relies most

heavily on its support. (See *Id.*; 62 FR 30289, June 3, 1997, discussing EPA's intent to apply the NSR approach to source determinations under 40 C.F.R. Part 70).

EPA's September 18 draft comments raised this issue. The District's October 8 draft response stated that the District will make support facility determinations for each of the three facilities and communicate the results to EPA by July 31, 2009. The District also noted that the Marine Terminal and Olympic Tank Farm have submitted initial Title V applications.

9. Ultramar (a subsidiary of Valero) is subject to a federal Consent Decree,¹ which contains several emission limitations and standards for heaters, boilers, fluidized catalytic cracking units (FCCUs) and FCCU regenerators. It also includes standards for program enhancements for the benzene waste operations NESHAP (BWON), leak detection and repair (LDAR), and NSPS requirements for sulfur recovery plants and flaring. The Consent Decree requires Ultramar to submit applications to the appropriate permitting authority to incorporate the emission limits and standards in the Consent Decree into federally enforceable minor or major NSR permits (other than Title V permits) that will ensure the underlying emission limits or standards survive the termination of the Consent Decree. (See paragraphs 291 and 292.) The Consent Decree also requires that upon issuance of such permits, Ultramar must file any applications necessary to incorporate the requirements into the Title V permit.

For the requirements that became effective as of the date of entry of the Consent Decree, the permit applications were due December 31, 2005. For Consent Decree requirements that become effective after the date of entry, the permit applications are due no later than 90 days after the effective date or establishment of any emission limits and standards in the Consent Decree.

In the event that the refinery has yet to submit permit applications or fulfill other requirements of the Consent Decree, the District should include a compliance schedule in the permit, which requires the refinery to satisfy the requirements by a specific date.

EPA's September 18 draft comments raised this issue. The District's October 8 draft response stated that the District will include a facility-wide condition in the permit that requires Ultramar to comply with all conditions in the Consent Decree. The District also agreed to add a condition to the permit requiring the refinery to submit semi-annual updates of the specific requirements in the table. However, the District did not address our comment requesting a compliance schedule.

10. All citations to the requirements of NSPS Subpart J in the permit cite to a date of October 4, 1991. However, NSPS Subpart J has been modified several times since

¹ Available at <http://www.epa.gov/compliance/resources/cases/civil/caa/valero.html>

then – most recently on June 24, 2008 (73 FR 35837). The permit should reflect, and require compliance with, the most recently promulgated version of NSPS Subpart J. Please update all citations, including citations in Section D, Section H, and Section K prior to finalizing this permit.

11. Devices C400 and C401 are flares that combust refinery fuel gas. According to the Statement of Basis, all heaters, boilers, flares, SRUs and FCCU which were not already considered subject to Subpart J became subject pursuant to EPA's consent decree with Valero. Further, according to the Statement of Basis, the requirements of NSPS Subpart J have been included in the refinery's proposed title V permit for these units. However, Subpart J is not included in the proposed permit as an applicable requirement for these flares.

EPA's September 18 draft comments raised this issue. The District's October 8 draft response stated that the District agrees that C400 is subject to NSPS Subpart J and stated that it will include the NSPS in the permit as an applicable requirement for this device. The District further stated that it does believe C401 is subject to Subpart J based on a review of the Consent Decree and the corresponding Appendix N, and that it will verify Appendix N is correct.

12. The proposed permit does not identify any emission limits or control requirements for devices D399 and D409, which the permit describes as knock out pot flares.

EPA's September 18 draft comments raised this issue. The District's October 8 draft response clarified that D399 is a knock out pot for device C400 (LPG Flare) and that D409 is a knockout pot for the acid gas flare.

The District should revise the permit to indicate that D399 and D409 are connected to C400 and the acid gas flare, respectively.

13. Condition S13.11 appears to allow the SO₂ limit for the thermal oxidizer of the Claus sulfur recovery unit (pursuant to 40CFR 60.104(a)(2)), to be subsumed by the limit for H₂S content of fuel for fuel gas combustion devices at 40CFR 60.104(a)(1) when both standards apply.

EPA September 18 draft comments raised this issue. The District's October 8 draft response stated that it would evaluate the limits for the thermal oxidizer at a later date. The District should conduct such an evaluation prior to permit issuance.

14. Please correct the typographic error in Condition 6 on page 10 of section J of the proposed permit. The reference to § 63.1562(e)(5) should be § 63.1562(f)(5).

15. Condition 7 on page 10 of section J of the proposed permit lists the inorganic HAP standard from NESHAP UUU (§ 63.1567) that the facility's CRU process vents must comply with. The District should explain why this condition

- references an exemption from the organic HAP standard from NESHAP UUU (§ 63.1566(a)(4)) or remove the exemption from the permit.
16. Please correct Condition 7 on page 10 of section J of the proposed permit so that it refers to the inorganic HAP standard from NESHAP UUU as “reduce uncontrolled emissions of HCl by 97% by weight or to a concentration of 10 ppmvd corrected to 3% O₂.”
 17. Please add 40 CFR 63 Subpart A to the table of applicable requirements in section K of the permit.
 18. Please explain in the Statement of Basis that the references in Section K of the permit to 40 CFR 63 Subpart UUU #1, 40 CFR 63 Subpart UUU #2 and 40 CFR 63 Subpart UUU #3 refer to the Subpart UUU templates in Section J of the permit..