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INFORMATION

Newsroom

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DNREC and Premcor Reach Global Settlement of Compliance, Operations Issues at Refinery in Delaware City; Settlement worth \$1.75 million in penalties and environmental projects, \$4.5 million in upgrades, will improve equipment reliability and monitoring, reduce emissions

The Delaware Department of Natural Resources and Environmental Control has entered into a global settlement with The Premcor Refining Group Inc. for alleged air pollution, hazardous waste and water pollution violations at its refinery in Delaware City. The settlement resolves all outstanding instances of potential noncompliance with DNREC laws and regulations by Premcor at the refinery between May 1, 2004 and Sept. 30, 2006.

Under the agreement, Premcor will pay an administrative penalty of \$425,000 related to alleged air violations and \$30,000 related to alleged hazardous waste violations.

The company anticipates spending an additional \$4.5 million to improve the burner management systems at its two carbon monoxide boilers, and to conduct enhanced monitoring of oxides of nitrogen (NOx) emissions from two process heaters.

The agreement also includes \$1.3 million in environmental improvement projects including: \$1.2 million to reroute Premcor's hydrogen sulfide sulfur pit vapors from its sulfur recovery plants and to recover these vapors as elemental sulfur; \$60,000 for power generation at Fort Delaware; \$30,000 to establish community yard waste sites; and \$10,000 to enhance fish habitat as part of the Delaware Reef Program.

DNREC and Premcor expect the following environmental benefits as a result of the agreement:

- Better reliability in the operation of the two carbon monoxide boilers at the fluid catalytic cracking and coking units, which in turn will translate into less frequent durations of operation with pollution control devices being bypassed.
- Enhanced monitoring of NOx emissions from the hydrotreater heaters.
- Reduction of 137 tons per year of sulfur dioxide emissions.

"The environmental benefits we anticipate reflect the great care, cooperation and technical expertise of our staff and Premcor personnel who worked together to resolve highly complex issues," said DNREC Secretary John A. Hughes. "All Delawareans will benefit from the upgrades and other improvements in operations at the refinery."

Premcor acquired ownership of the Delaware City Refinery from Motiva Enterprises on May 1, 2004. DNREC and Premcor then worked cooperatively to investigate and identify potential areas of noncompliance with DNREC laws, regulations and permit requirements.

DNREC and Premcor's review covered alleged air quality violations between May 1, 2004 through Sept. 30, 2006 including: causing conditions of air pollution attributable to trips or outages of the two

carbon monoxide boilers at the fluid catalytic cracking unit and fluid coking unit; operating the crude unit in a manner that extended the duration of violation caused by the previous owner; causing conditions of air pollution by failing stack tests on two heaters; and failing to obtain a proper permit prior to modifying a storage tank.

The review also included alleged hazardous waste violations discovered during an inspection in 2005 and alleged water resource violations related to Premcor's National Pollutant Discharge Elimination System (NPDES) permit.

The Administrative Order on Consent is available for review on DNREC's web site at: www.dnrec.delaware.gov.

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