Valero Energy Agrees to $232 Million in Clean Air Act Pollution Controls

Release date: 08/16/2007

Contact Information: DOJ at 202-514-2007 or EPA at 202-564-4355

WASHINGTON - The Department of Justice and the U.S. Environmental Protection Agency have reached an agreement with Valero Energy Corp. that provides for a $4.25 million penalty and $232 million in new and upgraded pollution controls at refineries in Tennessee, Ohio and Texas that were formerly owned by Premcor Inc. The state of Ohio and Memphis-Shelby County, Tenn. have also joined in today’s consent decree and will receive a portion of the civil penalty.

The agreement requires new pollution controls to be installed at refineries in Port Arthur, Texas; Memphis, Tenn.; and Lima, Ohio, that, when fully implemented, will reduce annual emissions of nitrogen oxide by more than 1,870 tons per year and sulfur dioxide by more than 1,810 tons per year. The new controls will also result in additional reductions of carbon monoxide, volatile organic compounds and particulate matter from each of the refineries. These pollutants can cause serious respiratory problems and exacerbate cases of childhood asthma.

"This Consent Decrees continues the commitment of the Department of Justice to assure that all refineries in the United States are in compliance with the Clean Air Act, said John C. Cruden, Deputy Assistant Attorney General for the Justice Department’s Environment and Natural Resources Division. "This settlement, which was done in conjunction with state and local governments, requires new pollution abatement equipment, reduces air pollutants by a significant amount, obtains a meaningful penalty, and secures important environmental projects for the impacted communities."

"Valero committed to spend more than $200 million on upgrades, which will reduce emissions of harmful air pollutants by several thousand tons per year," said Granta Nakayama, assistant administrator for EPA’s Office of Enforcement and Compliance Assurance. "Today’s settlement is good news for people living near these refineries; local residents will be able to breathe easier knowing that the air in their communities will be cleaner."

The settlement requires an additional $1.6 million to be spent on the following projects serving the Port Arthur, Texas community:
* $1 million to support a local health center serving under and un-insured residents of the Port Arthur area, for the diagnosis and treatment of asthma and other respiratory illnesses that may be caused or exacerbated by air pollution.
* A mobile air monitoring van for the Local Emergency Response Commission.
* “Shelter-in-place” air control systems at the Booker T. Washington Elementary and Memorial 9th Grade Center schools to detect, isolate and filter air pollution that may result from emissions in the Port Arthur area.
* A project to replace existing high-emitting water heaters with new low-emission water heaters in low-income residences in the Port Arthur area.

Additional supplemental projects will be performed in the communities near the Lima and Memphis refineries, such as the installation of equipment on municipal diesel trucks and buses to reduce particulate and ozone-forming emissions, and the installation of new equipment to control wastewater treatment plant odors. Projects to further reduce “fugitive” and unregulated emissions from refinery equipment are also being undertaken at each of the three refineries covered by today’s agreement.

This settlement is part of the EPA’s national effort to reduce air emissions from refineries. Through federal settlements such as the one reached today, approximately 84 percent of domestic refining capacity is now operating under pollution reduction agreements. Including the settlement with Valero, 89 refineries located in 26 states across the nation are now under agreements to address environmental problems and to invest over $4.7 billion in new pollution control technologies.

The three refineries covered by today’s settlement produce more than 650,000 barrels of oil per day, representing nearly four percent of domestic refining capacity in the United States.

The refineries were previously owned by Premcor and purchased by Valero in late 2005. In June 2005, before Valero acquired Premcor, a similar settlement was reached with Valero that addressed the refineries it owned at that time. Under that agreement, Valero committed to spend at least $700 million at 14 refineries nationwide.

Today’s agreement was lodged in the U.S. District Court for the Western District of Texas and is subject to a 30-day public comment period and final court approval. A copy of the consent decree is available on the Department of Justice Web site.

http://www.epa.gov/cgi-bin/epaprintonly.cgi

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