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October 7, 1993

FACT SHEET**UPDATE ON EPA ORDER TO CEASE CONSTRUCTION****TO CHEVRON EL SEGUNDO REFINERY**

On September 29, 1993, the U.S. Environmental Protection Agency issued a Finding of Noncompliance to the California Air Resources Board and the South Coast Air Quality Management District (SCAQMD), and an order to Chevron USA, Inc. (Chevron) to cease its construction activities at the El Segundo Refinery, located within the South Coast Air Basin. The timing of the cease construction, originally set for October 1, has been extended 2:00 p.m. PDT on October 8, 1993. The Finding and Order were issued pursuant to Section 113(a)(5) of the Clean Air Act. Chevron has noticed the clerk of the 9th Circuit that they intend to file a motion for an emergency stay of the order when it goes into effect on October 8.

Today, Region IX's air division director is scheduled to meet with Chevron regarding the Section 113(a)(5) order.

Notice of Violation Issued 9/22/93

On September 22, 1993, EPA Region IX issued a Notice of Violation (NOV) to Chevron for construction activities at the El Segundo refinery associated with Phase I of a three-phase reformulated gasoline project. The NOV cites Chevron for failing to obtain Permit to Construct from SCAQMD prior to commencing construction activities.

Purpose of Permit to Construct

Under Part D of the Act, SCAQMD must perform a "preconstruction review" of all new or modified facilities proposed to be built in the South Coast Air Basin which may emit air contaminants. This review process allows the South Coast to determine the appropriate air pollution control equipment for a facility prior to that facility being constructed or modified.

Relationship to the Reformulated Gasoline Project

Chevron must produce reformulated gasoline to comply with federal and state Clean Air Act requirements. Automobiles that burn reformulated gasoline will emit less air pollution than automobiles that do not.

Why has EPA found California in Noncompliance?

This project requires Chevron to make major equipment changes to the company's El Segundo refinery. These changes could potentially result in large increases in air contaminant emissions from the refinery. Therefore, under the Act,

- 2 -

California and SCAQMD, the local permitting authority, must determine what appropriate air pollution controls are required at the refinery prior to Chevron beginning the construction activities. However, SCAQMD's Executive Officer sent Chevron a letter dated July 7, 1993, which purported to allow Chevron to commence construction prior to final issuance of the Permit to Construct. Facts now indicate that Chevron may have commenced construction as early as March, 1993.

Has EPA singled out Chevron for enforcement?

Arco and Ultramar have received Permits to Construct from SCAQMD for reformulated gasoline projects and are constructing equipment at their refineries. Unocal, Texaco, and Mobil are awaiting the required permits from SCAQMD before they commence construction on reformulated gasoline projects, although Unocal has recently requested a letter from SCAQMD allowing construction to commence prior to receiving its final permit. By constructing equipment at the El Segundo refinery without the required permits, Chevron gains an unfair advantage over other companies that are complying with the law.

Timing of Chevron's Permit to Construct

The SCAQMD has informed EPA Region IX that they plan to issue Chevron's final permit on Thursday, October 14, 1993.

Next Steps

Region IX has drafted an anticipatory motion in opposition to Chevron's emergency stay request, which the Region will file as soon as Chevron files its motion.

We believe that Chevron intends to cease construction at the site until it obtains its final Permit to Construct. However, if Chevron continues construction activities at the El Segundo refinery without first obtaining such permit from SCAQMD, EPA may file a complaint in federal district court requesting that the court order Chevron to cease construction immediately at the site. EPA would also seek penalties from Chevron for its violations of the Act.

Upon the receipt of a valid Permit to Construct, Chevron may continue construction. EPA will then file a civil action against Chevron for the past violations, seeking penalties to recover the economic benefit gained by Chevron due to its construction prior to obtaining a valid permit.