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HEARING BOARD
BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

MARY ROMAIDS
CLERK

HEARING BOARD
BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

**BEFORE THE HEARING BOARD OF THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA**

In the Matter of the Application of:)	Docket No. 3421
)	
TESORO REFINING AND MARKETING)	<u>ORDER GRANTING</u>
)	<u>VARIANCE</u>
)	
For a Variance from District Regulation 8, Rule 18, Section 303)	
)	

The above-entitled matter, being an Application for Variance from the provisions of District Regulation 8-18-303, came on regularly for hearing on March 20, 2003.

BRUCE C. PALTENGLI, ESQ. of GORDON, DeFRAGA, WATROUS & PEZZAGLIA appeared for Applicant, TESORO REFINING AND MARKETING and TOBY SHERWOOD, Assistant District Counsel, appeared for the AIR POLLUTION CONTROL OFFICER (APCO); the Hearing Board having heard all persons wishing to be heard on the Application; and the matter having been considered by the Hearing Board:

THE HEARING BOARD STATES as the reasons for its decisions and FINDS as to those matters in which findings are required:

1. Notice of the hearing on the Application for Variance has been given for the time and in the manner required by law, and the hearing was conducted in accordance with the terms of the Health & Safety Code.

2. On February 3, 2003, Applicant requested Emergency Variance relief from the provisions of District Regulations 8-18-303 and 8-18-306. On February 6, 2003 the request was denied on the basis that the information presented to the Hearing Board was insufficient to justify granting a variance without a hearing.

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3. Applicant's "Application for Variance", which was deemed filed on February 3, 2003, pursuant to Hearing Board Rule 2.5e, sought variance relief from District Regulation 8-18-303 for the period February 3, 2003 through February 8, 2003. At the hearing on March 20, 2003, on Applicant's motion, unopposed by the APCO, the Application was amended to request variance relief for the period February 3, 2003 through February 5, 2003.

4. Testimony and argument on behalf of the Applicant and argument on behalf of the APCO were received and included in the records of this matter in accordance with the requirements of Health & Safety Code. The APCO did not oppose the granting of this variance. Based on the evidence presented by the witness and documentary evidence, Applicant met all the findings required for the grant of variance as stated in Health and Safety Code Section 42352.

5. The public was given an opportunity to testify at the hearing, but no one testified.

6. Applicant is the owner of an oil refinery located at 150 Solano Way, Martinez, California. The subject matter of this Application is compressor M-1 (Source No. S-952), located in Applicant's No. 1 Gas Plant at the refinery.

7. Applicant's No. 1 Gas Plant contains compressors M-1, M-2, and M-3 which operate to compress hydrocarbon vapors into refinery fuel gas. The hydrocarbon vapors are processed from Applicant's wharf ship loading vapor recovery activities, the LPG truck and rack loading activities and from refinery storage tank recovery systems. Typically, two compressors operate at all times to maintain the vapor recovery system.

8. On or about January 29, 2003, during a Fugitive Emission Inspection, the District Enforcement Inspector and Applicant discovered that M-1 was leaking fugitive hydrocarbon emissions in excess of District Regulation 8-18-303, which limits leaks from compressors to 500 ppm. Due to this leak during the variance period, Applicant operated M-1 at approximately 3000 ppm. M-2 had been experiencing tripping off problems occurring intermittently over the prior 7-10 days causing it to be unreliable for continuous

operations. The location of the leak at M-1 was determined to be in the seal packing assembly.

9. Due to unreliability from the tripping off problems at M-2, Applicant had to continue to operate M-1, along with M-3 to provide the capacity for its vapor recovery system. On February 4, 2003 Applicant corrected the problems at M-2 by installing a new low lube oil pressure switch.

10. On February 4, 2003, Applicant corrected the seal packing leak at M-1. On February 5, 2003, Applicant restarted M-1, but discovered a gasket leak, which necessitated shutting down M-1 to remove the seal packing assembly and replace the gasket. The replacement was performed on February 6, 2003 with startup on February 7, 2003, after which M-1 has been operated in compliance with District Regulation 8-18-303.

11. Due to conditions beyond Applicant's reasonable control, Applicant experienced a seal packing assembly and gasket leak at M-1 and a low lube oil switch at M-2. Applicant made efforts to expedite the repairs and performed as much work as possible on overtime for both compressors.

12. Compressors M-1, M-2 and M-3 are subject to regular equipment maintenance and inspections. In these regards, Applicant visually inspects each compressor four times per day, performs monthly preventative maintenance which includes a general survey of each compressor and also performs a semi-annual lube oil analysis. The compressors are subject to specific work orders for repair or correction work. In addition, each compressor is inspected quarterly for VOC emissions, the last inspection being done on December 18, 2002, with all compressors being in compliance. In the last six years, there have been no excess VOC emissions from any of the compressors.

13. Applicant gave consideration to not using or to curtailing M-1, but had to leave M-1 operating to maintain its vapor recovery system.

14. During the variance period, Applicant was in violation of District Regulation 8-18-303 when it operated compressor M-1.

15. Applicant is required to comply with the provision of District Regulation 8-18-303 but, due to conditions beyond Applicant's reasonable control was unable to do so.

16. To require Applicant to comply with District Regulation 8-18-303 would be an arbitrary and unreasonable taking of property or the practical closing and elimination of a lawful business without the corresponding benefit or advantage to the public in reducing air contaminants. Applicant would have experienced pollution control hardships if it had not operated M-1 during the variance period in the form of the potential venting of storage tanks causing on-site and off-site odors. Applicant would have also experienced operational hardships in the form of decreased refinery gasoline production, cancellation of wharf or pipeline shipments and discontinued LPG rack activities if it had been unable to operate M-1 during the variance period.

17. The failure of Applicant to be in compliance with District Regulation 8-18-303 will not significantly interfere with the attainment or maintenance of Federal or state air quality standards.

18. During the variance period, Applicant reduced excess emissions to the maximum extent feasible by limiting the loads to the vapor recovery system, by modifying LPG rack activities and storage tank movement to the maximum extent practical to avoid generating additional vapors going to the compressors, by rescheduling LPG loading activities to the night shift when it is cooler and, by delaying the loading of a ship of gasoline product by 10 days to reduce compressor loads.

19. By agreement with the District, the excess emissions were agreed to be 5.0 lbs. VOC for the entire variance period.

20. This variance will not cause injury, detriment, nuisance or annoyance to any considerable number of persons or to the public or endanger the comfort, repose, health or safety of any such person or the public or have a natural tendency to cause injury or damage to business or property.

THEREFORE, THE HEARING BOARD ORDERS:

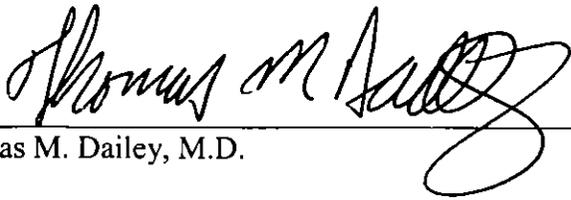
That a Variance be granted to Applicant from District Regulation 8-18-303 for the period February 3 through February 5, 2003 for a seal packing leak and gasket leak at Applicant's Compressor M-1, subject to Applicant's payment of the excess emissions fee for 5.0 lbs. VOC pursuant to District Regulation 3.

Moved by: Christian Colline, P.E.

Seconded by: Terry A. Trumbull, Esq.

Ayes: Christian Colline, P.E., Julio A. Magalhães, Ph.D., Allan R. Saxe, Esq., Terry A. Trumbull, Esq., and Thomas M. Dailey, M.D.

Noes: None



Thomas M. Dailey, M.D.

Dated: 4-3, 2003