



NEWS

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Air District Approves Multi-Million Dollar Upgrade at Tesoro's Golden Eagle Refinery *Martinez Project Will Improve Air Quality*

The Bay Area Air Quality Management District (Air District) has issued a permit to Tesoro Refining & Marketing Co. (Tesoro) for a major equipment upgrade at Tesoro's Golden Eagle Refinery that will significantly reduce air pollution. Tesoro will replace the refinery's coker, a unit that processes heavy petroleum feedstocks into lighter refined products. The existing unit, known as a fluid coker, will be replaced with a delayed coker, which utilizes a newer technology. Tesoro has stated that the project will cost over \$300 million and will be completed by July of 2008.

The project is being undertaken under an Abatement Order issued by the Air District's Hearing Board requiring Tesoro to fix repeated malfunctions at the existing coker unit. The Air District sought the Abatement Order after the most recent incident, in January 2005, in which the Coker spewed sooty particulate pollution into the atmosphere for 19 days, causing black fallout in the surrounding community. Tesoro ultimately agreed to the terms of the Abatement Order, which requires the company to upgrade the Coker unit, eliminating the source of the sooty particulate pollution. In addition to obtaining the Abatement Order, the Air District collected over \$1 million dollars in fines for the incident in conjunction with the Contra Costa County District Attorney.

"We felt that it was Tesoro's environmental responsibility to do something about this pollution problem," said Jack P. Broadbent, the Air District's Executive Officer. "We are encouraged to see how they have stepped up to the plate with this response."

In addition to addressing the repeated problems with sooty particulate pollution during malfunctions, the coker modification project will significantly reduce other pollutants on a routine basis as well, according to an analysis of the potential environmental impacts of the project that the Air District undertook to ensure that the permit will comply with the California Environmental Quality Act (CEQA). That analysis found that a new delayed coker will result in cleaner air. Each year, over 3,000 tons less sulfur dioxide (SO₂); nearly 700 tons less ammonia (NH₃); nearly 300 tons less nitrogen oxides (NO_x); and approximately 50 tons less carbon monoxide (CO) and particulate matter (PM) pollution will be emitted from the refinery. The project will also replace the current use of anhydrous ammonia with aqueous ammonia, a safer form of the chemical. "This project will make a real difference in the emissions from the facility," Broadbent added.

The project will also have substantial benefits for the refinery's operation. While there will be no increase in the overall capacity of the refinery, the new delayed coker will give Tesoro more flexibility in the types of crude oil it can process, which will allow Tesoro to purchase the most cost-effective crude mix available on the market at any given time. "This project shows how investing in less polluting equipment can also help a company's bottom line. It is going to be a win-win situation for both Tesoro and the community at large," said Broadbent.

Press releases about the Abatement Order and the settlement documents are available online at:

http://www.baaqmd.gov/pio/news/2005/abatement_050511_tesoro.pdf;

http://www.baaqmd.gov/pio/news/2005/abatement_050223_tesoro.pdf;

http://www.baaqmd.gov/pio/news/2006/settle_060214.tesoro.pdf

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