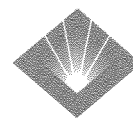


March 2, 2012



**TESORO**

Tesoro Refining and Marketing Company  
Golden Eagle Refinery  
150 Solano Way  
Martinez, CA 94553-1487  
925 228 1220

**VIA EMAIL**

Ms. Carol Lee  
Bay Area Air Quality Management District  
939 Ellis St.  
San Francisco, CA 94109

**Re: Preliminary Comments on the Proposed Amendments to Regulation 2,  
Rules 1, 2, 4 & 6**

Dear Ms. Lee:

The Bay Area Air Quality Management District (BAAQMD) has proposed significant amendments to its New Source Review and Title V permitting programs set forth at BAAQMD Regulation 2 (Permits), Rules 1, 2, 4 and 6. Tesoro Refining and Marketing Company (hereinafter "Tesoro") is providing these preliminary comments on the proposed amendments to Regulation 2.

Tesoro owns and operates the Golden Eagle Refinery (GER), which is located in the BAAQMD's jurisdiction and will be directly affected by these proposed amendments. Accordingly, Tesoro has participated in the District's February 22, 2012 workshop concerning these amendments and the subsequent technical workgroup meeting held on February 28, 2012.

Tesoro is a member of the Western States Petroleum Association (WSPA) and has contributed to, and hereby incorporates by reference, the preliminary comments on the amendments submitted by WSPA in a letter dated March 2, 2012. Tesoro appreciates the District's extension of the public comment period for the proposed amendments until March 27, 2012 and offers these additional preliminary comments, consistent with the District's request to receive, by March 2, 2012, comments on major policy issues that will inform the District's direction in further development of the amendments. We anticipate offering detailed comments by the close of the public comment period, after we have had a better chance to assess and understand the proposed amendments and their impact on Tesoro and our operations.

Tesoro is still considering the potential benefits and shortcomings of the District's proposal to implement the prevention of significant deterioration (PSD) program as part of the District's State Implementation Plan (SIP) approved permitting program. Tesoro echoes WSPA's concern that, unless the District incorporates important elements of the U.S. Environmental Protection Agency's (EPA's) nonattainment new source review and PSD programs known as "NSR reform",

**Preliminary Comments on the Proposed Amendments to Regulation 2, Rules 1, 2, 4 & 6**

Ms. Carol Lee, BAAQMD

March 2, 2012

Page 2

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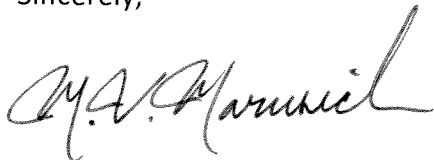
the District's adoption of its own PSD program could trigger PSD review for many energy efficiency and other environmentally beneficial projects, that would not be subject to PSD review under the federal program. This could serve as an obstacle to accomplishment of those beneficial projects, forgoing the important emissions reductions and efficiency benefits to be gained by them.

As suggested by WSPA, Senate Bill (SB) 288 provides no basis for the District to preclude application of NSR reform calculation methodologies to pollutants such as greenhouse gases (GHG) and fine particulate matter (PM2.5), neither of which is currently regulated by the District's permitting program. Moreover, the District should not uncritically assume that SB 288 precludes adoption of NSR reform calculation methods. This is particularly true, given Sacramento Metropolitan Air Quality Management District's successful adoption of a SIP-approved PSD permitting program that incorporates by reference the requirements of the federal PSD program. Tesoro will provide the District with additional information in this respect in our forthcoming comments.

We appreciated the discussion at the last technical workgroup meeting concerning the District's intention with respect to the proposed amendments of the definitions, including "Modify" and "Alter", and the standards and look forward to further discussion on the proposed amended rules.

Thank you for your consideration of these comments. If you have any questions or require additional information, please contact me at 925.335.3452, or by email (Matthew.V.Marusich@tsocorp.com).

Sincerely,



Matthew V. Marusich

Environmental Manager

Tesoro Refining and Marketing Company

MVM/WJD/CHM/sap

