

November 20, 2006

Ms. Deborah Jordan, Director
Air Management Division
United States Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105

Dear Ms. Jordan:

The requirements for public and EPA review of the following proposed reopening to a Major Facility Review Permit pursuant to Applications 12433 and 12601 have been completed:

ALAMEDA COUNTY

Tom Bates
Scott Haggerty
Janet Lockhart
Nate Miley

CONTRA COSTA COUNTY

Mark DeSaulnier
Mark Ross
(Vice-Chair)
Michael Shimansky
Gayle B. Uilkema
(Chair)

MARIN COUNTY

Harold C. Brown, Jr.

NAPA COUNTY

Brad Wagenknecht

SAN FRANCISCO COUNTY

Chris Daly
Jake McGoldrick
Gavin Newsom

SAN MATEO COUNTY

Jerry Hill
(Secretary)
Carol Klatt

SANTA CLARA COUNTY

Erin Garner
Yoriko Kishimoto
Liz Kniss
Patrick Kwok

SOLANO COUNTY

John F. Silva

SONOMA COUNTY

Tim Smith
Pamela Torliatt

Jack P. Broadbent
**EXECUTIVE
OFFICER/APCO**

| Facility # | Facility Name | Address, City | Type of Operation |
|------------|---|--|--------------------|
| A0016 | ConocoPhillips – San Francisco Refinery | 1380 San Pablo Ave. Rodeo, CA 94572 | Petroleum Refinery |

The District sent formal notices of reopening pursuant to BAAQMD Regulation 2-6-415 on December 16, 2004 and May 12, 2005. The regulation requires at least 30 days' notice for any reopening.

Public notices were published on April 21, 2005 and August 9, 2005. The public notice period for Application 12433 ended on May 24, 2005; the public notice period for Application 12601 ended on September 8, 2005. Comments were received from the facility and EPA.

The permit was proposed to EPA on June 1, 2006. The review period ended on July 15, 2006. On July 17, EPA sent a letter to the District stating that " ..all issues from our petition order and comments have been satisfactorily resolved."

The District has decided to issue the permit. The following additional minor corrections have been made to the permit:

- The revision date for BAAQMD Regulation 8, Rule 2, has been updated.
- The notes about a future effective date for Tables IV-O, IV-U, VII-A.1, VII-A.2, and VII-A.13 have been deleted because the changes approved pursuant to Application 5814 have been finalized. Most of these changes were made in the permit that was issued on March 2, 2006.
- A correction was made in Table IV-AB to the source number for the hydrogen plant in the following citation: "NSPS, Subpart GGG, applies to the S350 crude unit, S370 isomerization unit, S437 hydrogen plant."

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Final Issuance Letter for ConocoPhillips Applications 12433 and 12601

- BAAQMD Condition 22121, part 2, has been corrected so that it accurately reflects the changes approved in Application 14112.
- The title of the citation for 40 CFR 60.13 has been changed from "Circumstances" to "Circumvention."

The discussion of the flares has been expanded in the Statement of Basis for Application 12601.

Enclosed are copies of the final permit, the comments, the responses to comments, and the final Statement of Basis for Application 12601. If you have any questions regarding this project, please call Barry Young, Air Quality Engineering Manager, at (415) 749-4721

Sincerely,

Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

BGY:BFC:vch

Enclosures: Title V permit for ConocoPhillips
ConocoPhillips comments
Response to Conoco comments
Final Statement of Basis for Application 12601

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RESPONSES TO CONOCO COMMENTS

Following are the responses to ConocoPhillips comments on Application 12433 submitted on May 24, 2005:

Comment 1: Allow use of oxidative reduction potential (ORP) monitoring at cooling towers instead of chlorine monitoring.

Response: ConocoPhillips submitted this comment on May 24, 2005, regarding Application 12433, and again on September 8, 2005, regarding Application 12601. ConocoPhillips included this issue in Application 14112, submitted on December 27, 2005. The proposal was not approvable because ConocoPhillips did not show a correlation between ORP and chlorine content. In addition, the District understands that ORP changes seasonally and may change if the source of water (city water, well water, surface water) changes. Instead, a reduction in frequency of chlorine monitoring was approved on April 28, 2006. This change was included in the proposal of Applications 12433 and 12601 to EPA on June 1, 2006.

Comment 2: Revise applicability of BAAQMD Regulation 8, Rule 8, Oil-Water Separators and 40 CFR 60, Subpart QQQ for storage tanks.

Response: This change was not proposed pursuant to this reopening (Revision 3, Application 12601); therefore, it cannot be considered in this action. See responses below to Comments 6a, 6b, and 6c for Application 12601.

Following are the responses to ConocoPhillips comments on Application 12601 submitted on September 8, 2005:

Comment 1: Make changes to the description of the requirements in 40 CFR 60, Subpart J, Section 104(a)(1) consistent with the consent decree between ConocoPhillips and EPA. The proposed change is to state that:

"Flares are exempt [from the Subpart J H₂S limit] since ConocoPhillips operates and maintains a flare gas recovery system to control continuous or routine combustion in the flares.'

in the references for the flares, S296 and S398.

Response: See amended discussion of flares starting on page 6 of the final Statement of Basis dated September 2006.

Comment 2: Delete the requirement to monitor visible emissions on a monthly basis at the Sulfur Plants, S1001, S1002, and S1003 (SRUs).

Response: The visible emissions monitoring has been imposed in response to EPA's Order of March 15, 2005. On page 14 of the order, EPA states that the District must reopen the permit to include periodic monitoring for BAAQMD Regulation 6-301 (opacity standard) or explain why such monitoring is not necessary. While the District has imposed monitoring in response to EPA's order, it is possible that after a reasonable period of monthly monitoring, ConocoPhillips may have the basis to demonstrate that such monitoring is not necessary. However, based on verbal statements from Conoco

staff that there are never visible emissions from the SRUs, an alternate visible emissions monitoring strategy has been proposed. The revised conditions require a monthly visible emissions "check" that can be performed by any person. If visible emissions are detected, the owner/operator must have the emissions evaluated in accordance with EPA Method 9 or the CARB method "Visible Emissions Evaluation" within 3 days. This monitoring strategy is appropriate if visible emissions are rarely seen at the SRUs.

Comment 3: Change the averaging time for S352, S353, and S354, Turbines.

Response: No changes to the turbines were proposed pursuant to this reopening (Revision 3, Application 12601); therefore, it cannot be considered in this action. ConocoPhillips may apply for this change in a separate application.

Comment 4: Approve an alternative monitoring plan for H₂S in the fuel burned by S352, S353, and S354, Turbines; S355, S356, and S357, Duct Burners; and Furnace, S438.

Response: No changes to the H₂S monitoring were proposed pursuant to this reopening (Revision 3, Application 12601); therefore, it cannot be considered in this action. ConocoPhillips may apply for this change in a separate application.

Comment 5: Approve an alternative monitoring plan (AMP) for H₂S in the fuel burned by S36 and S461, Heaters.

Response: The alternative monitoring plan for H₂S in the fuel burned by S36 and S461, Heaters, was the subject of Application 11626. An AMP was approved pursuant to that application on January 5, 2006.

Comment 6a: Delete BAAQMD Regulation 8-8-304 and replace with 8-8-305 for Tanks, S195, S196, and Sludge Treatment, S388.

Response: These changes were made pursuant to Application 10622, on January 5, 2006.

Comment 6b: Delete BAAQMD Regulation 8-8-304 and replace with 8-8-305 for MOSC Storage Tank, S433.

Response: This change was not proposed pursuant to this reopening (Revision 3, Application 12601); therefore, it cannot be considered in this action.

Comment 6c: Remove references to 40 CFR 60, Subpart QQQ for Tanks, S195, S196, S433; Tanks exempt from District permits #235, #236, and #237; and Sludge Treatment, S388.

Response: These changes were not proposed pursuant to this reopening (Revision 3, Application 12601); therefore, they cannot be considered in this action.

Comment 7: Combine capacity of Cooling Towers, S453 and S454, because they are actually one cooling tower.

Response: The combined capacity will be assigned to S453, which will be the source number for this cooling tower; S454 will be deleted from the permit.

Comment 8a: Allow use of oxidative reduction potential (ORP) monitoring at cooling towers instead of chlorine monitoring.

Response: See response to Comment 1 for Application 12433 submitted on May 24, 2005.

Comment 8b: Amend Condition 22121, part 4, to allow ConocoPhillips to submit a proposed method to the District for the measurement of dissolved solids.

Response: ConocoPhillips may submit monitoring proposals for consideration to the District at any time through an application. Modification of monitoring in District and Title V permits requires a formal process.

Comment 8c: Delete the following two sentences in Condition 22121, part 6, which require ConocoPhillips to apply for a permit for an exempt cooling tower if it determines that the VOC emissions have exceeded 5 tons per year on the assertion that an episodic leak would not trigger permitting requirements:

If a hydrocarbon leak occurs at Sources S452, S457, S458, or S500, the owner/operator shall use the VOC estimates to confirm that no more than 5 tons VOC per year was emitted at any source. If more than 5 tons VOC per year is emitted at S452, S457, S458, or S500, the facility shall submit an application for a District permit within 90 days of determining that the source is subject to District permits.

Response: The District declines to make this change. As provided in BAAQMD Regulation 2-1-319.1 any source that emits more than 5 tons VOC in one year is required to obtain a permit:

- 2-1-319 Source Expressly Subject to Permitting Requirements:** Notwithstanding any exemption contained in Section 2-1-103 or Section 114 through 128, any source meeting any of the following criteria shall be subject to the requirements of Section 2-1-302:
- 319.1 The emission rate of any regulated air pollutant from the source is greater than 5 tons per year, after abatement.

Comment 8d: Delete requirement to maintain logs of monitored items in Condition 22121.

Response: Keeping logs of monitored items is standard practice. These records will enable ConocoPhillips to demonstrate compliance, will help District inspectors to determine compliance, and will enable ConocoPhillips to gather data to improve monitoring strategies. For example, keeping logs of visual inspections, chlorine usage, chlorine levels, indications of hydrocarbon leaks, dissolved solids, and any analyses of VOC content in water for several months may enable ConocoPhillips to develop parameter levels for ORP that correspond to chlorine content or VOC levels and, therefore, substitute automatic monitoring for periodic monitoring. ConocoPhillips will also be able to determine "normal" levels for chlorine levels or ORP, which will make it easier to know when there is a hydrocarbon leak that must be repaired. ConocoPhillips does not have to submit the logs to the District, but they must be made available for inspection by District staff.

Comment 9a: Amend Condition 22121, part 4, to allow ConocoPhillips to submit a proposed method to the District for the measurement of dissolved solids.

Response: See response to Comment 8b.

Comment 9b: Delete the following two sentences in Condition 22122, part 4, which require ConocoPhillips to apply for a permit for an exempt cooling tower if ConocoPhillips determines that the VOC emissions have exceeded 5 tons per year on the assertion that an episodic leak would not trigger permitting requirements.

Response: See 8c above.

Comment 10: Delete all requirements based on Regulation 8, Rule 2. BAAQMD has determined that this requirement does not apply to cooling towers but has inadvertently left the requirement in the permit for this one cooling tower.

Response: The inclusion of BAAQMD Regulation 8, Rule 2 for S500 was not inadvertent. Regulation 8, Rule 2, Section 114 provides an exemption for cooling towers that use best modern practices. Page 12 of the evaluation for Application 10349, on which this revision was based, states: 'The facility does not use one of the components of "best modern practices" at S456.' This component was use of chlorine and determination of chlorine levels twice daily. The statement of basis mistakenly generalizes that Regulation 8, Rule 2 does not apply to this particular cooling tower. This mistake was corrected before formal proposal to EPA. Application of Regulation 8, Rule 2 to this cooling tower should not pose any problems, however. Visual monitoring for VOC has been imposed; the margin of compliance is high; and the source is small. Regulation 8, Rule 2, will not add any additional monitoring.

Comment 11: In Table II-A, change the throughput limit to 271 long ton/day (combined capacity for S301, S302, and S303 and also for S1001, S1002, and S1003.

Response: This change has been in the permit as a future effective limit that would be allowed after execution of Application 5814. This application was finalized on January 25, 2006, and the change was included in the permit that was issued on March 2, 2006.

Comment 12: Delete the throughput limit of 2.8 E6 bbl/yr for S425 and S426, Marine Terminal in Table VII-S because it is a clerical error. It refers to BAAQMD Condition 20989, but S425 and S426 are not subject to this condition.

Response: This error has been corrected as an administrative amendment that can be proposed in this action. Please note, however, that in the case of a conflict between Section VII and the other parts of the permit, the other parts govern. Section VII is simply a summary of limits and monitoring.