

ORDER NO. 2007-A-0025
ADMINISTRATIVE ORDER ON CONSENT

This Administrative Order on Consent (“AOC”) is made and entered into as of the date of the last signature below, (the “Effective Date”), by and between The Premcor Refining Group Inc. (“Premcor”) and the State of Delaware Department of Natural Resources and Environmental Control (“DNREC”) (collectively the “Parties”) to resolve certain compliance matters associated with operations at the petroleum refinery located in Delaware City, Delaware (the “Refinery”) from May 1, 2004, through September 30, 2006.

WHEREAS, Premcor currently owns and operates the Refinery;

WHEREAS, Premcor acquired the assets generally comprising the Refinery from the previous owner and operator of the Refinery, Motiva Enterprises LLC (“Motiva”) on May 1, 2004;

WHEREAS, Valero Energy Corporation (“Valero”) acquired Premcor and its subsidiaries via the September 1, 2005, merger of Premcor’s parent corporation, Premcor, Inc., with and into Valero, with Valero being the surviving corporation of the merger, and with Valero becoming the ultimate parent of Premcor and Premcor continuing as the owner and operator of the Delaware City Refinery;

WHEREAS, consistent with the Parties’ mutual objective to resolve outstanding allegations of noncompliance by Premcor with the Delaware Environmental Control Statute, 7 Del. C. Chapter 60, and the regulations promulgated thereunder, DNREC reviewed all information available to DNREC concerning instances of potential noncompliance by Premcor at the Refinery between May 1, 2004, and September 30, 2006, and identified the matters addressed in this AOC as compliance issues warranting the assessment of an administrative penalty and/or specific response actions by Premcor;

WHEREAS, Premcor and DNREC have worked cooperatively in a good faith attempt to identify any alleged noncompliance by Premcor under the Clean Air Act, 42 U.S.C. §§ 7401 et seq. (the “CAA”) and/or Delaware Environmental Control Statute, 7 Del. C. Chapter 60, and regulations promulgated under either statute, associated with operations at the Refinery between May 1, 2004, and September 30, 2006 (“Compliance Matters”). The Compliance Matters identified by the Parties through this good faith effort are listed on Appendix “A” to this AOC;

WHEREAS, following inspections at the Refinery by DNREC on June 28-29, 2004, and September 12, 13 and 20, 2005, DNREC alleged violations by Premcor of applicable Delaware statutes, including the Delaware Environmental Control Statute, 7 Del. C. Chapter 60 and the Delaware Hazardous Waste Management Act, 7 Del. C. Chapter 63, and regulations promulgated thereunder, governing the generation and accumulation of hazardous waste (the “Hazardous Waste Matters”). The Hazardous Waste Matters are listed on Appendix “B” to this AOC;

WHEREAS, certain of the Compliance Matters concern allegations by DNREC of exceedances of the Delaware ambient air quality standards (“AAQS”) for total suspended particulate (“TSP”), recorded by an ambient monitoring station in the vicinity of the Refinery. Other Compliance Matters concern reports of observations of visible emissions from the power plant located at the Refinery, from coke storage silo #1, from the Coker silo, from the Coker baghouse, or from the coke storage pile. These Compliance Matters have been attributed to the coke storage and handling practices at the Refinery (and are hereinafter referred to as the “Coke Storage Matters”);

WHEREAS, the Parties have previously executed a separate agreement, effective April 1, 2006 (the “Coke Storage Agreement”), that imposes upon Premcor certain obligations to pursue

improvements to the coke storage and handling system at the Refinery, and to resolve DNREC's claims concerning the Coke Storage Matters;

WHEREAS, in resolution of the Hazardous Waste Matters, Premcor has agreed to pay an administrative penalty;

WHEREAS, in resolution of the Compliance Matters, Premcor has agreed to pay an administrative penalty, undertake certain remedial measures and enhancements to air pollution management practices at the Refinery, and undertake or provide funding for certain Environmental Improvement Projects ("EIPs"), and the parties desire to reflect these commitments through this AOC;

WHEREAS, the Parties commit to work cooperatively and communicate regularly to effectuate the purposes of this AOC and pursue timely and efficient performance of the actions identified in this AOC;

WHEREAS, the Parties agree that the performance of the actions identified in this AOC will achieve improvements in Delaware's land, water, underwater and air resources; and

WHEREAS, the Parties have agreed that settlement of the Compliance Matters and Hazardous Waste Matters addressed by this AOC is in the best interest of the Parties and in the public interest, and that entry of this AOC without further litigation is the most appropriate means of resolving the Compliance Matters and Hazardous Waste Matters.

NOW THEREFORE, without any admission of fact or law and without any admission of potential violations of Delaware law or regulations, it is hereby stipulated and agreed as follows:

I. APPLICATION AND SCOPE

1. The provisions of this AOC shall apply to and be binding upon the State of Delaware DNREC and Premcor, including Premcor's parent corporations, its and their officers, employees, agents, successors and assigns for the term of this AOC. In the event

Premcor proposes to sell or transfer the Refinery, it shall advise in writing such proposed purchaser or successor-in-interest of the existence of this AOC and provide a copy of the AOC, and shall send a copy of such written notification by certified mail, return receipt requested, to DNREC before such sale or transfer, if possible, but no later than the closing date of such sale or transfer.

II. ADMINISTRATIVE PENALTY

2. Within 30 days of the Effective Date, Premcor shall pay an administrative penalty of \$425,000 to the State of Delaware DNREC related to the Compliance Matters under the State of Delaware Regulations Governing the Control of Air Pollution.

3. Within 30 days of the Effective Date, Premcor shall pay an administrative penalty of \$30,000 to the State of Delaware DNREC related to the Hazardous Waste Matters under the State of Delaware Regulations Governing Hazardous Waste.

4. Premcor shall make the payments to DNREC listed in paragraphs 2 and 3 (and paragraph 33, if applicable) by submitting corporate checks, payable to the State of Delaware, to:

Valerie S. Csizmadia
Deputy Attorney General
Delaware Office of the Attorney General
Environmental Unit - Third Floor
102 W. Water Street
Dover, Delaware 19904

5. The payments listed in paragraphs 2 and 3 (and paragraph 33, if applicable) above are the only administrative or civil penalty payments required under this AOC for the Compliance Matters and Hazardous Waste Matters subject to this AOC.

III. ADDITIONAL EMISSION CONTROL MEASURES

6. Premcor will pursue the measures listed in this Section III of this AOC (the “Actions”) consistent with any schedules detailed in each paragraph.

Carbon Monoxide Boilers

7. Certain Compliance Matters concern instances when the Carbon Monoxide Boiler (“CO Boiler”) for either the Fluid Coking Unit (“Coker”) or the Fluid Catalytic Cracking Unit (“FCCU”) malfunctioned, or “tripped” (collectively “CO Boiler Trips”), which resulted in the emissions from the Coker or FCCU being directed to the incinerator stack or a bypass stack. DNREC contends that these CO Boiler Trips resulted in unpermitted releases of air contaminants to the atmosphere that constituted conditions of air pollution.

8. Premcor performed an analysis of the probable causes of the CO Boiler Trips, in an effort to identify available measures that may reasonably reduce the probability of future CO Boiler Trips. Premcor’s analysis of the CO Boiler Trips has identified varied causes. Based upon available information, Premcor has determined that the operation of an effective Burner Management System (“BMS”) at each CO Boiler is reasonably likely to reduce the probability and/or frequency of future CO Boiler trips. For purposes of this AOC, a BMS consists of a control system dedicated to combustion safety and operator assistance in the starting and stopping of fuel preparation and burning equipment, including emergency shutdowns upon determination of critical failures, and for preventing misoperation of and damage to fuel preparation and burning equipment and to minimize premature shutdowns. Accordingly, Premcor has installed a BMS at the Coker CO Boiler and will upgrade the existing BMS at the FCCO CO Boiler in accordance with the following provisions.

a. Premcor has installed a BMS on the CO Boiler for the Coker.

- b. No later than the next scheduled turnaround for the FCCU, anticipated to occur by May of 2009, Premcor shall upgrade the existing BMS on the CO Boiler for the FCCU.

Crude Unit Overhead Heat Exchanger

9. In September and October 2001, Motiva reportedly completed a maintenance turnaround on the Refinery's Crude Unit that included work on its Crude Unit Atmospheric Column and overhead heat exchangers (the "Motiva Crude Unit Project"). Although neither the Crude Unit Atmospheric Column nor the overhead heat exchangers emit regulated pollutants to the atmosphere, DNREC contends that the Motiva Crude Unit Project resulted in an increase of 70.6 tons per year of oxides of nitrogen ("NOx"), in the aggregate, from sources affected by, although not modified within, the Motiva Crude Unit Project. DNREC reports that it did not receive from Motiva an application for an air quality construction permit for the Motiva Crude Unit Project.

10. In June 2002, Motiva submitted a letter to Region 3 of the United States Environmental Protection Agency ("EPA") and DNREC concerning the Motiva Crude Unit Project. The June letter stated that Motiva submitted the letter pursuant to EPA's policy statement entitled, "Incentives for Self-Policing: Discovery, Disclosure and Prevention of Violations," and reported that the Motiva Crude Unit Project had not undergone internal pre-construction review, and further that the project may have resulted in increased emissions of criteria pollutants.

11. In August 2002, Motiva submitted to EPA documentation identified by Motiva as constituting an analysis and demonstration that the Motiva Crude Unit Project did

not require a preconstruction permit in accordance with Delaware Air Quality Regulation No. 2 (Regulation No. 1102 and its predecessor Regulation No. 2 are hereinafter collectively referred to as “Regulation No. 2”) and/or the emission offset provisions of Delaware Air Quality Regulation No. 25 (Regulation No. 1125 and its predecessor Regulation No. 25 are hereinafter collectively referred to as “Regulation No. 25”).

12. In July 2003, DNREC issued a Notice of Violation to Motiva related to the Motiva Crude Unit Project. DNREC has alleged that, pursuant to Regulation No. 2, Motiva was required to obtain a construction permit before commencing the Motiva Crude Unit Project, and further that, pursuant to Regulation No. 25, Motiva was required to secure 91.8 tons per year of NO_x emission reduction credits (“ERCs”) reflecting an offset ratio of 1.3 to 1 for the alleged emission increase associated with the Motiva Crude Unit Project.

13. DNREC further alleged that Premcor’s continued operation of the Crude Unit, subsequent to Premcor’s acquisition of the Refinery on May 1, 2004, in a manner that has been generally consistent with Motiva’s operation of the Crude Unit subsequent to the Motiva Crude Unit Project constituted a continuing violation by Premcor of Regulation No. 2 and/or Regulation No. 25.

14. Subsequent to Premcor’s acquisition of the Refinery, Premcor secured from DNREC an air quality construction permit for the Crude Unit as part of the Pollution Control Upgrade Project (“PCUP”) for the Refinery. In addition, following completion of the PCUP, Premcor retained greater than 91.8 tpy of creditable emission reductions (“CERs”) of NO_x for the Refinery, and did not rely on such CERs for any other purpose (the “Available NO_x CERs”).

15. Premcor represents under this AOC that it: (1) has not relied upon the Available NOx CERs in any permitting action or otherwise in any netting transaction, including to avoid applicability of Regulation No. 1125; (2) has not preserved, nor will in the future propose to preserve, the Available NOx CERs as emission offsets through application to DNREC; and (3) will not propose to utilize the Available NOx CERs subsequent to the Effective Date in any permitting or other netting action for the Refinery.

Heaters 25-H-401 and 25-H-402

16. On March 25, 2005, Premcor conducted a performance test of Heater 25-H-401. The report for the Performance Test reflected an emission rate for NOx from Heater 25-H-401 in excess of the corresponding NOx emission limitation specified in the applicable permit for the source. Based upon these stack test results, DNREC issued to Premcor a Notice of Violation on September 6, 2005. DNREC subsequently requested that Premcor install a continuous emission monitoring system (“CEMS”) for NOx emissions from Heater 25-H-401. Premcor has disputed the propriety of a CEMS for Heater 25-H-401 based on its relative size, emission rate and prior performance test results. Further, Premcor has identified Heater 25-H-401 and/or Heater 25-H-402 for possible shutdown within the next two years.

17. In resolution of claims available to the Department concerning NOx emissions from Heater 25-H-401 and Heater 25-H-402 from May 1, 2004, through implementation of the provisions of this Paragraph 17, Premcor will institute the following actions in accordance with the corresponding schedule:

- a. Within 30 days of the Effective Date, Premcor will submit to DNREC a protocol for conducting stack testing of Heater 25-H-401 and Heater 25-

H-402. The purpose of such stack testing shall be to establish a relationship between oxygen concentration in the combustion chamber and the NOx emission rate. This test protocol will identify alternative operating modes and an appropriate number of test runs to establish the parametric relationship. Premcor and DNREC will work cooperatively to address and resolve any comments raised by DNREC concerning Premcor's proposed test protocol until Premcor's test protocol is approvable by DNREC.

- b. Subject to coordination with DNREC, within 45 days of receiving DNREC's approval of the protocol submitted under subparagraph 17.a., or on such other date as the Parties may agree, Premcor will schedule and perform stack testing for Heater 25-H-401 and Heater 25-H-402.
- c. Within 60 days of completion of the stack testing referenced in paragraph 17.b., Premcor will submit to DNREC the proposed range of oxygen concentrations corresponding to compliant NOx emission rates for Heater 25-H-401 and Heater 25-H-402. Premcor and DNREC will work cooperatively to address and resolve any comments raised by DNREC concerning Premcor's proposed ranges of oxygen concentrations for each of the two heaters until Premcor's proposal is approvable by DNREC.
- d. Upon receiving DNREC's approval of the proposed operating range(s) for oxygen concentration, Premcor will initiate training of the operators of Heater 25-H-401 and 25-H-402 concerning the applicable operating

range(s) and good practices to ensure efficient combustion and compliant operation. In addition, Premcor will configure one or more displays in the Refinery's DCS/Galaxy software to enable the operators to monitor oxygen concentration in Heater 25-H-401 and Heater 25-H 402.

- e. Unless and until Premcor satisfies paragraph 18 through installation of a CEMS, Premcor's compliance with NOx emission limits for Heater 25-H-401 and Heater 25-H-402 will be based upon compliance with the oxygen concentrations identified pursuant to subparagraph 17.c. and stack testing conducted pursuant to subparagraph 17.f.
 - f. In addition to paragraph 17.e. above, beginning with the date 6 months after receipt of DNREC's approval of the operating range(s) for oxygen concentration for Heater 25-H-401 and Heater 25-H-402, and until Premcor either shuts down the relevant heater or satisfies the provisions of paragraph 18.b., Premcor will conduct stack testing for NOx emissions from Heater 25-H-401 and Heater 25-H-402 on an approximately semi-annual basis in accordance with the protocol approved by DNREC pursuant to subparagraph 17.a. Premcor may request DNREC to agree to less frequent testing if operating data support such request.
18. a. No later than June 30, 2008, Premcor will notify DNREC as to whether Heater 25-H-401 and/or Heater 25-H-402 will be decommissioned on or before June 30, 2009.

- b. Unless Premcor notifies DNREC by June 30, 2008, that the relevant heater will be decommissioned by June 30, 2009, Premcor must either (i) install a CEMS for NO_x on the relevant heater on or before November 1, 2008, or (ii) submit to DNREC, by June 30, 2008, a request to continue implementation of the parametric monitoring program described in paragraph 17.f. in lieu of installation of the CEMS.

19. If Premcor submits to DNREC a request for Heater 25-H-401 and for Heater 25-H-402 to continue implementation of parametric monitoring pursuant to Paragraph 18.b.(ii), then: (a) if DNREC approves such request, Premcor shall continue to implement parametric monitoring and semiannual stack testing of such heater(s) for NO_x in accordance with paragraph 17.f. as described above; (b) if DNREC denies such request, Premcor shall install a CEMS for NO_x for the relevant heater within 180 days of receiving DNREC's written determination denying the request.

Tank 322

20. Tank 322 at the Refinery is currently in service as a spent acid storage tank. Under the terms of a unilateral order issued by the United States Environmental Protection Agency ("EPA") to Motiva on May 28, 2003 (Docket No. CAA-03-2003-0199-DA and DC), Motiva committed to install secondary containment for Tank 322 by November 1, 2004.

21. Subsequent to its acquisition of the Refinery on May 1, 2004, Premcor identified an alternative method for achieving secondary containment of Tank 322 by installing an internal tank liner within the existing Tank 322, thereby using the existing shell of Tank 322 to provide secondary containment and slightly reducing the storage capacity of

Tank 322 (the “Alternative Secondary Containment Design”). Premcor discussed with DNREC Premcor’s proposal for the Alternative Secondary Containment Design.

22. On September 30, 2004, Premcor submitted to DNREC an application for an air quality construction permit, pursuant to Regulation No. 2, concerning the Alternative Secondary Containment Design asking to begin construction on October 4, 2004. While the application for the air quality permit remained pending before DNREC, Premcor concluded that implementation of the Alternative Secondary Containment Design would not constitute construction of a new source or modification of an existing source subject to permitting under Regulation No. 2. Premcor withdrew its permit application on October 15, 2004. Premcor thereafter commenced implementation of the Alternative Secondary Containment Design, and returned Tank 322 to service in November 2004.

23. The Department contends that Premcor reconstructed Tank 322 without obtaining a Regulation No. 2 permit and began utilizing it in November of 2004. On September 16, 2005, DNREC issued a Notice of Violation to Premcor. The Notice of Violation asserted DNREC’s belief that the Alternative Secondary Containment Design project for Tank 322 constituted the construction of a new tank within an existing shell and was not a “replacement in kind”. Further, the Notice of Violation indicated that 40 CFR Part 60, subpart Kb was an applicable requirement, and that the construction violated 7 Del. C. § 6003 and Regulation No. 2 of the Delaware Regulations Governing the Control of Air Pollution.

24. In resolution of the Department’s allegations concerning Tank 322, Premcor shall submit, within 10 days of the Effective Date, a substantially complete application for an

air quality construction permit that encompasses the work completed as part of the Tank 322 Project (the “Tank 322 Application”). At Premcor’s election, the Tank 322 Application may also address any other additional work Premcor wishes to complete with respect to Tank 322 that would otherwise require a construction permit under Regulation No. 1102.

25. Nothing in this AOC shall limit or affect the rights of Premcor to contest, appeal or otherwise challenge any permit issued by DNREC related to Tank 322, and/or any other Order or permit issued by the Secretary related to any permit issued by DNREC related to Tank 322.

IV. ENVIRONMENTAL IMPROVEMENT PROJECTS

26. Within 60 days of the Effective Date, Premcor shall transmit to the State of Delaware DNREC a payment in the amount of \$60,000 to support an Environmental Improvement Project involving power generation at Fort Delaware. The State of Delaware DNREC shall use such funds towards purchasing equipment to replace the diesel generator currently in operation at Fort Delaware.

27. Within 60 days of the Effective Date, Premcor shall transmit to the State of Delaware DNREC a payment in the amount of \$30,000 to partially finance a State project to establish pilot community yard waste sites in Delaware, as another Environmental Improvement Project. The objective of this yard waste program is to establish sites for residents to drop off yard waste for conversion to mulch for subsequent use by residents.

28. Within 60 days of the Effective Date, Premcor shall transmit to the State of Delaware DNREC \$10,000 to partially finance State projects administered by the Delaware Reef Program, as an additional Environmental Improvement Project. The objective of the

Delaware Reef Program is to enhance fisheries habitat, benefit structure-oriented fish, and provide fishing opportunities for anglers.

29. Premcor shall make the payments to DNREC listed in paragraphs 26 through 28 by submitting corporate checks, payable to the State of Delaware, to:

Valerie S. Csizmadia
Deputy Attorney General
Delaware Office of the Attorney General
Environmental Unit - Third Floor
102 W. Water Street
Dover, DE 19904

30. In an effort to further control emissions from the sulfur pit associated with the Sulfur Recovery Unit (“SRU”) at the Refinery, Premcor shall submit, within 90 days of the Effective Date, a substantially complete application for an air quality construction permit to install equipment designed to reroute the sulfur pit emissions to the front of the SRU (the “SRU Project”). Subject to paragraphs 32 and 33, following Premcor’s receipt of all necessary approvals for implementation of the SRU Project, Premcor will proceed with the SRU Project in accordance with the schedule included in the permit application. The schedule shall provide for installation and operation of the SRU Project no later than December 31, 2008. In the event that Premcor or any other person contests, appeals or otherwise challenges the SRU Permit and/or any other Order or permit issued by the Secretary related to the SRU Permit (an “SRU Appeal”), Premcor shall not be required to proceed with the SRU Project while the SRU Appeal is pending, and after the SRU Appeal is resolved, Premcor may elect to postpone implementation of the SRU Project until the completion of the SRU turnaround subsequent to the originally scheduled SRU turnaround

except that such installation must occur before January 31, 2010, regardless of the state of any appeal.

31. DNREC shall provide Premcor with a draft permit reflecting the terms and conditions that DNREC proposes to include within the construction permit for the SRU Project (the "SRU Permit"). Premcor and DNREC shall work cooperatively in an attempt to promptly resolve any disagreements concerning specific terms and conditions for inclusion in the SRU Permit.

32. Nothing in this AOC shall limit or affect the rights of Premcor to contest, appeal or otherwise challenge the SRU Permit, and/or any other Order or permit issued by the Secretary related to the SRU Permit, provided, however, that Premcor shall not contest, appeal or otherwise challenge the SRU Permit or Secretary's Order unless Premcor, in good faith, identifies specific objectionable provisions therein. In the event that Premcor contests, appeals or otherwise challenges the SRU Permit and/or any other Order or permit issued by the Secretary related to any permit contemplated by this AOC, then the Parties agree to attempt to cooperatively resolve any differences concerning the permit and/or request expedited review of such appeal or challenge before the EAB.

33. Notwithstanding any provision of this AOC to the contrary, Premcor may elect not to proceed with the SRU Project, and instead satisfy the requirements of this paragraph 33. If Premcor elects not to proceed with the SRU Project, then Premcor shall notify DNREC of this election and, within 60 days thereafter, in accordance with the procedures described in paragraph 4, transmit to the State of Delaware DNREC, \$450,000 as an additional administrative penalty.

**V. GENERAL RECORDKEEPING,
RECORD RETENTION AND REPORTING**

34. Premcor shall retain records demonstrating compliance with Sections II, III and IV of this AOC for a minimum period of 5 years or until termination of the AOC, whichever is later, unless applicable regulations require the relevant record to be maintained longer.

VI. STIPULATED PENALTIES

35. Subject to the provisions of Sections IX and X, Premcor shall pay stipulated penalties to DNREC for violations of the terms of this AOC according to the provisions of this Section VI. For each referenced violation, the amounts identified below shall apply on the first day of violation, and shall be calculated for each incremental period of violation (or portion thereof).

- a. Requirements for the implementation of Injunctive Relief related to the Carbon Monoxide Boilers.
 - i. Failure to timely install a BMS on the CO Boiler for the FCCU pursuant to paragraph 8: \$50,000 per quarter;

- b. Requirements for the implementation of Injunctive Relief related to Heaters 25-H-401 and 25-H-402.
 - i. Failure to timely submit a protocol for conducting stack testing of each heater pursuant to paragraph 17.a.: \$1,000 per week;
 - ii. Failure to timely perform stack testing of each heater pursuant to paragraph 17.b.: \$ 2,500 per week;

- iii. Failure to timely submit a proposed range of oxygen concentrations corresponding to compliant NOx emission rates for each heater pursuant to paragraph 17.c.: \$1,000 per week;
 - iv. As applicable, failure to timely decommission Heater 25-H-401 and/or 25-H-402 or install CEMS for NOx on Heater 25-H-401 and/or 25-H-402 pursuant to paragraph 18: \$15,000 per month;
- c. Requirements for the implementation of Injunctive Relief related to Tank 322.
- i. Failure to timely submit the Tank 322 Application: \$1,000 per day.
- d. Requirements related to Environmental Improvement Projects
- i. Failure to timely submit the SRU Project application pursuant to paragraph 30: \$2,000 per week.

36. Subject to Section X, Premcor shall pay any stipulated penalties upon written demand by DNREC no later than 60 days after Premcor receives such demand. Premcor shall make payment to DNREC by submitting a corporate check, payable to the State of Delaware, to:

Valerie S. Csizmadia
Deputy Attorney General
Delaware Office of the Attorney General
Environmental Unit - Third Floor
102 W. Water Street
Dover, Delaware 19904

37. Subject to the provisions of paragraph 38 and Section XI (Effect of Settlement), DNREC reserves the right to pursue any other remedies to which it is entitled, including, but not limited to, additional injunctive relief, for any violations by Premcor of this AOC or applicable regulatory standards.

38. DNREC will not seek both stipulated penalties and civil or administrative penalties for any violation arising under this AOC.

VIII. RIGHT OF ENTRY

39. Any authorized representative of DNREC, including independent contractors, upon presentation of credentials, shall have a right of entry upon the premises of the Refinery at any reasonable times for the purposes of monitoring compliance with the provisions of this AOC, including inspecting equipment at the Refinery subject to this AOC, and inspecting and copying all records maintained by Premcor required by this AOC. Nothing in this AOC shall limit the authority of DNREC to conduct tests and inspections under applicable statutory and regulatory provisions.

IX. FORCE MAJEURE

40. If any event occurs that causes or may cause a delay or impediment to performance in complying with any provision of this AOC, Premcor shall notify DNREC in writing as soon as practicable, but in any event within 20 business days of when Premcor first knew of the event or should have known of the event by the exercise of due diligence. In this notice Premcor shall specifically reference this paragraph of this AOC and describe the anticipated length of time the delay may persist, the cause or causes of the delay, and the measures taken or to be taken by Premcor to prevent or minimize the delay and the schedule

by which those measures will be implemented. Premcor shall adopt all reasonable measures to avoid or minimize such delays.

41. Failure by Premcor to comply with the notice requirements of paragraph 40 as specified above shall render this Section IX voidable by DNREC as to the specific event for which Premcor has failed to comply with such notice requirement, and, if voided, it shall be of no effect as to the particular event involved.

42. DNREC shall notify Premcor in writing regarding Premcor's claims of a delay or impediment to performance within 20 business days of DNREC's receipt of the Force Majeure notice required under paragraph 40.

43. If DNREC agrees that the delay or impediment to performance has been or will be caused by circumstances beyond the control of Premcor, including any entity controlled by Premcor, and that Premcor could not have prevented the delay by the exercise of due diligence, the parties shall stipulate to an extension of the required deadline(s) for all requirement(s) affected by the delay by a period equivalent to the delay actually caused by such circumstances, or such other period as may be appropriate in light of the circumstances. Such stipulation may be entered as a modification to this AOC by agreement of the parties. Premcor shall not be liable for stipulated penalties for the period of any such delay. If the Parties cannot agree to an extension of the required deadline(s) for all requirement(s) affected by the delay, then Premcor may invoke Dispute Resolution under Section X of this AOC with respect to the affected deadline(s).

44. If DNREC does not accept Premcor's claim of a delay or impediment to performance, DNREC's position shall be binding unless Premcor invokes Dispute Resolution under Section X of this AOC.

45. Premcor shall bear the burden of proving that any delay of any requirement(s) of this AOC was caused by or will be caused by circumstances beyond its control, including any entity controlled by Premcor, and that Premcor could not have prevented the delay by the exercise of due diligence. Premcor shall also bear the burden of proving the duration and extent of any delay(s) attributable to such circumstances. An extension of one compliance date based on a particular event may, but does not necessarily, result in an extension of a subsequent compliance date or dates.

46. Unanticipated or increased costs or expenses associated with the performance of Premcor's obligations under this AOC shall not constitute circumstances beyond Premcor's control, or serve as a basis for an extension of time under this Section.

47. Notwithstanding any other provision of this AOC, no inference shall be drawn nor presumptions adverse to any party established as a result of Premcor transmitting a notice of Force Majeure or the Parties' inability to reach agreement.

X. DISPUTE RESOLUTION

48. The dispute resolution procedure provided by this Section X shall be available to resolve all disputes arising under this AOC, provided that the Parties shall make a good faith attempt to resolve the matter independent of dispute resolution.

49. The dispute resolution procedure required herein shall be invoked upon the giving of written notice by one of the Parties to this AOC to the other, advising of a dispute pursuant to this Section. The notice shall describe the nature of the dispute, and shall state the noticing Party's position with regard to such dispute. The Party receiving such a notice shall acknowledge receipt of the notice and the Parties shall expeditiously schedule a meeting to discuss the dispute informally, not later than 14 days from the receipt of such notice.

50. Disputes submitted to dispute resolution shall, in the first instance, be the subject of informal negotiations between the Parties. Such period of informal negotiation shall not extend beyond 30 calendar days from the date of the first meeting between representatives of DNREC and Premcor, unless the Parties' representatives agree to shorten or extend this period.

51. In the event that the Parties are unable to reach agreement during such informal negotiation period, the Secretary shall issue a written decision summarizing the Secretary's position regarding the dispute. The Parties agree that any written decision issued by the Secretary in accordance with this paragraph constitutes an action that substantially affects Premcor's interest, as identified in 7 Del. C. § 6008, and therefore intend that such decision may be appealed to the EAB pursuant to 7 Del. C. § 6008. The Secretary's decision regarding the dispute shall be considered binding unless Premcor appeals the Secretary's decision to the EAB in accordance with 7 Del. C. § 6008.

52. Where the nature of the dispute is such that a more timely resolution of the issue is required, the time periods set out in this Section X may be shortened upon the agreement of the Parties.

53. Without limitation to paragraph 25 of this AOC, as part of the resolution of any dispute submitted to dispute resolution or any appeal of a permit issued by DNREC in accordance with this AOC, the Parties, by agreement, may, in appropriate circumstances, extend or modify the schedule for completion of work under this AOC to account for the delay in the work that occurred as a result of dispute resolution or any appeal of a permit issued by DNREC in accordance with this AOC. Premcor shall be liable for stipulated

penalties for its failure thereafter to complete the work in accordance with the extended or modified schedule.

54. As part of the resolution of any dispute submitted to dispute resolution, the EAB may, in appropriate circumstances, remand the matter to DNREC with direction to extend or modify the schedule for completion of work under this AOC to account for the delay in the work that occurred as a result of dispute resolution. Premcor shall be liable for stipulated penalties for its failure thereafter to complete the work in accordance with the extended or modified schedule.

XI. EFFECT OF SETTLEMENT

55. Premcor's satisfaction of its obligations under this AOC shall resolve all civil and administrative liability of Premcor to the State of Delaware for the alleged violations identified as the "Compliance Matters" and for the alleged violations identified as the "Hazardous Waste Matters" (collectively "Incidents"). This release specifically does not apply to the following:

- a. Liability of Premcor for criminal acts;
- b. Liability of Premcor for Incidents pursuant to CERCLA/SARA (42 U.S.C. §9601 et seq.) and the Delaware Hazardous Substance Cleanup Act (7 Del. C. Chapter 91) including claims for natural resource damages;
- c. Liability of Premcor for compliance with any legal or regulatory requirements that are not within DNREC's enforcement jurisdiction and legal or regulatory requirements that are not related to air quality, solid waste, hazardous waste and water quality.

- d. Any actions that may be taken by DNREC pursuant to the Delaware Chronic Violator statutory provisions in 7 Del. C. Chapter 79, Subchapter 1, Environmental Permit Application Background Statement, and implementing regulations.

56. DNREC and Premcor have endeavored to identify within the Compliance Matters identified in Appendices A and B all Incidents giving rise to potential civil or administrative liability of Premcor to the extent that such Incidents relate to the Refinery and occurred between May 1, 2004, and September 30, 2006. Therefore, in entering into this AOC, Premcor and DNREC intend to resolve Premcor's civil and administrative liability to the State of Delaware with respect to air quality, water quality and solid/hazardous waste standards enforceable by DNREC against Premcor, to the extent that such civil or administrative liability relates to Incidents occurring between May 1, 2004, and September 30, 2006. Notwithstanding the foregoing or any other provision of this Agreement, this Agreement has no effect upon, and does not in any way limit the rights and obligations of Premcor or DNREC under, any other agreement executed by and among Premcor and DNREC and any other party. Consistent with the foregoing objectives, Premcor's satisfaction of its obligations under this AOC shall resolve all civil and administrative liability of Premcor to the State of Delaware for any Incidents relevant to the Refinery occurring between May 1, 2004, and September 30, 2006, that are similar in kind and character to those Incidents identified within Appendix A or B, but are not identified in Appendix A or B. Expressly exempted from the releases of liability contained in this paragraph are the following;

- a. Liability of Premcor for criminal acts;

- b. Liability of Premcor for Incidents pursuant to CERCLA/SARA (42 U.S.C. §9601 et seq.) and the Delaware Hazardous Substance Cleanup Act (7 Del. C. Chapter 91) including claims for natural resource damages;
- c. Liability of Premcor for any Incidents related to failure to obtain permits, either state or federally enforceable (including construction, operation and new source permits);
- d. Liability of Premcor for any Incidents related to failure to comply with any conciliatory order, secretary's order, secretary's order on consent, or settlement agreement issued to Premcor by DNREC or any Court Order issued by any court with jurisdiction over such Incidents;
- e. Liability of Premcor for any claim or action not included on Appendix A or Appendix B because Premcor: (i) intentionally withheld from DNREC pertinent information or data related to those Incidents; or (ii) intentionally reported or represented to DNREC information or data related to those Incidents known by Premcor to have been false when reported or represented;
- f. Liability of Premcor for compliance with any legal or regulatory requirements that are not within DNREC's enforcement jurisdiction and legal or regulatory requirements that are not related to air quality, solid waste, hazardous waste and water quality; and
- g. Any actions that may be taken by DNREC pursuant to the Delaware Chronic Violator statutory provisions in 7 Del. C. Chapter 79, Subchapter 1,

Environmental Permit Application Background Statement, and implementing regulations.

57. During the term of this AOC, Premcor's management and operation of the Crude Unit, Heater 25-H-401, Heater 25-H-402, and Tank 322 shall be on a compliance schedule with respect to the issues addressed in paragraphs 9-13, 16, and 22-23, respectively, and to the extent Premcor takes required actions to satisfy the schedules identified in this AOC, the releases of liability set forth in paragraphs 55 and 56 shall extend for the alleged noncompliance resolved by the Actions through the time of Premcor's satisfactory completion of the Actions. This paragraph is not intended nor shall be construed to limit the provisions of paragraphs 55 or 56.

58. This AOC is not a permit. Compliance with its terms does not guarantee compliance with any applicable federal, state or local law or regulation. Nothing in this AOC shall be construed to be a ruling on, or determination of, any issue related to any federal, state or local permit.

XII. GENERAL PROVISIONS

59. This AOC shall be governed by, and interpreted under, the laws of the State of Delaware. For purposes of enforcement or implementation of any provision of this AOC, the parties submit to the jurisdiction of the EAB and any Federal Court or Court of the State of Delaware with subject matter jurisdiction over the matters governed by this AOC.

60. Other Laws. Except as specifically provided by this AOC, nothing in this AOC shall relieve Premcor of its obligation to comply with all applicable federal, state and local laws and regulations. Subject to paragraph 38 and Section XI, nothing contained in this

AOC shall be construed to prevent, alter or limit the ability of DNREC to seek or obtain other remedies or sanctions available under other federal, state or local statutes or regulations, in response to any violation by Premcor of applicable statutes and regulations.

61. Third Parties.

- a. This AOC does not limit or affect the rights of Premcor or of DNREC against any person or entity not party to this AOC, nor does it limit the rights of any person or entity not party to this AOC against Premcor, except as otherwise provided by law.
- b. This AOC shall not be considered to create rights in, or grant any cause of action to, any third party not party to this AOC.

62. Public Documents. All information and documents submitted by Premcor to DNREC pursuant to this AOC shall be subject to public inspection, unless subject to legal privileges or protection or identified and supported by Premcor as business confidential in accordance with applicable state law and regulations.

63. Notice. Unless otherwise provided herein, notifications to or communications with DNREC or Premcor shall be deemed submitted on the date they are postmarked and sent either by overnight receipt mail service or by certified or registered mail, return receipt requested, or on the date that they are hand delivered. Except as otherwise provided herein, when written notification or communication is required by this AOC, it shall be addressed as follows:

As to Premcor:

Patrick Covert

Health, Safety and Environmental Director
The Premcor Refining Group Inc.
4550 Wrangle Hill Road
Delaware City, DE 19706

Elizabeth Bourbon, Esquire
Senior Counsel, ES&RA
Valero Energy Corporation
One Valero Way
San Antonio, TX 78249-1112

Bart E. Cassidy, Esquire
Manko, Gold, Katcher & Fox LLP
401 City Avenue, Suite 500
Bala Cynwyd, PA 19004

As to DNREC:

Ali Mirzakhali, Administrator
Delaware Department of Natural Resources
and Environmental Control
Priscilla Building
156 S. State Street
Dover, DE 19901

Ravi Rangan, Engineer
Delaware Department of Natural Resources
and Environmental Control
Division of Air & Waste Management
Engineering & Compliance Branch
715 Grantham Lane
New Castle, DE 19720

Valerie S. Csizmadia
Deputy Attorney General
Delaware Office of the Attorney General
Environmental Unit – Third Floor
102 W. Water Street
Dover, DE 19904

64. Either party may change either the notice recipient or the address for providing notices to it by serving the other party with a notice setting forth such new notice recipient or address.

65. This AOC shall be binding upon the Parties to this action, and their successors and assigns. The undersigned representative of each Party to this AOC is authorized by the Party whom he or she represents to enter into the terms of this AOC and bind that Party to them.

66. Modification. This AOC may be modified only by the written consent of DNREC and Premcor.

67. This AOC constitutes the entire agreement and settlement between the Parties.

XIII. TERMINATION

68. This paragraph establishes the procedures and standards for termination of this AOC. The standard for termination of this AOC is Premcor's satisfaction of the requirements of this AOC. Specifically, the requirements for termination include payment of administrative penalties and any stipulated penalties that may be due to the State of Delaware under this AOC and implementation of the Actions. The procedure for termination is as follows: if Premcor believes that it is in compliance with the requirements of this AOC, and has paid the administrative penalties and any stipulated penalties required by this AOC, then Premcor shall so certify to DNREC. Within 60 days after receipt of Premcor's certification, DNREC shall provide a written response to Premcor indicating whether DNREC concurs that Premcor is in compliance with the requirements of this AOC and has paid the administrative penalties and any stipulated penalties required by this AOC. To the extent that DNREC states in such response that it concurs with Premcor's certification, then this AOC shall be

terminated, effective on the date of Premcor's certification. To the extent that DNREC states in its response that it does not concur with Premcor's certification, then DNREC shall identify within its response those requirements of the AOC with which DNREC asserts that Premcor is not in compliance, and/or the administrative penalties and any stipulated penalties that DNREC asserts are due and owing from Premcor under this AOC. Any disagreement between the Parties with respect to termination under this paragraph is subject to the dispute resolution provisions of Section X of this AOC. To the extent that Premcor prevails in any such dispute resolution proceeding, then this AOC shall be terminated, effective on the date of Premcor's certification. To the extent that DNREC prevails in any such dispute resolution proceeding, then this AOC shall remain in effect until the provisions of this paragraph are satisfied. Termination of this AOC under this paragraph 68 shall conclusively and finally establish that Premcor has satisfied all the requirements of this AOC for purposes of Section XI (Effect of Settlement).

FOR THE STATE OF DELAWARE

By: _____/S/_____

John A. Hughes, Secretary
Department of Natural Resources
and Environmental Control
89 Kings Highway
Dover, DE 19901

Date: _____6/28/2007_____

FOR THE PREMCOR REFINING GROUP INC.

By: _____/S/_____

Andrew Kenner
Vice President & General Manager
The Premcor Refining Group Inc.

Date: _____6/27/2007_____

APPENDIX "A"

Unit or Location	Date	Factual Basis of Violation	Violation
at Outfall 601	12/9/2005 (3x), 12/10/05 (2x), 12/12/05	Oil and grease instantaneous concentrations > 20ppm	NPDES violation
at Outfall 601	12/9/05, 12/10/05, 12/12/05	Oil and grease daily average concentrations > 13ppm	NPDES violation
at Outfall 601	12/9/05, 12/10/05	Oil and grease daily average loadings > 994 lb/day	NPDES violation
at Outfall 601	12/9/05	BOD daily average concentration > 44ppm	NPDES violation
at Outfall 601	12/9/05	BOD daily average load above 3,326 lb/day	NPDES violation
WWTP	3/19/06, 6/1/06, 7/1/06	WWTP Incinerator temperature <1250F 3-hr. rolling average permit limit	AQM violation
Crude	11/20/05, 12/15/05, 8/2/06	21-H-701 exceeded 3-hr NOx limit	AQM violation
Crude	2004	Did not conduct 21-H-2 RATA in 2004.	AQM violation
Crude	5/1/04	Overhead Heat Exchanger Modification.	AQM violation
Crude	3/16/06-3/21/06	21-H-2 exceeded 24-hr NOx limit	AQM violation
Coker	8/17/04, 9/2/04, 9/24/04, 10/5/04, 12/20/04, 2/25/05, 4/7/05, 8/25/05, 9/7/05, 12/10/05, 1/1/06, 1/2/06, 1/8/06, 1/27/06, 2/3/06, 2/6/06, 2/18/06, 2/21/06	Excess opacity from FCU	AQM violation
Coker	4/4/05, 4/6/05, 6/15/05, 10/8/05	COB trip causes: Release of Pollutants, Firebox Temp <1300F, and Excess Opacity	AQM violation
Coker	8/7/06	Water seal was lost, emissions out bypass. Release of Pollutants and Excess Opacity	AQM violation
Coker	10/31/04	COB Trip causes Release of Pollutants	AQM violation
Coker	7/26/06, 8/1/06	SNCR tripped off	AQM violation
FCCU	5/8/2004, 6/4/04, 6/5/04, 6/5/04, 6/20/04, 6/20/04, 8/7/04, 8/9/04, 11/23/04, 12/1/04, 12/3/04, 12/6/04, 12/9/04, 12/9/04, 12/11/04, 12/12/04, 3/2/2005, 4/1/05, 4/4/05, 5/31/05, 7/26/06	COB stack CO >500ppm during normal operations (Process Problems)	AQM violation
FCCU	11/19/2004, 11/20/04, 11/20/04, 11/22/04, 11/23/04	Stack CO >500ppm due to planned start-up	AQM violation
FCCU	5/5/04, 5/6/04	Excess opacity from FCCU through bypass stack	AQM violation
FCCU	9/25/04	Release of pollutants	AQM violation
FCCU	10/2/04	Odors from FCCU turnaround activities	AQM violation
FCCU	11/4/04	FCCU Goggle Valve OMM Plan submitted late.	AQM violation

FCCU	11/4/04	FCCU Goggle Valve flow detector specs submitted late.	AQM violation
FCCU	10/21/05, 11/10/05, 7/26/06, 7/31/06	Refinery fuel gas treated at the Gas Plant exceeded the H2S content limit of 162ppm and affected downstream units firing RFG.	AQM violation
FCCU	9/13/04	Failed quarterly fuel gas RATA.	AQM violation
FCCU	11/13/05, 12/6/05, 1/31/06, 2/5/06, 2/7/06, 2/12-2/14/06, 4/8/06, 5/1/06, 5/4-5/5/06, 6/1/06, 6/3-6/4/06, 6/12- 6/15/06, 6/17-6/23/06, 7/4- 7/12/06, 7/15-7/17/06, 8/2- 8/3/06, 8/8-8/13/06, 8/29/06	FCCU Inorganic HAP standard (nickel emission rate) excursion	AQM violation
FCCU	6/3/04, 6/4/04, 6/28/04, 7/28/04, 8/31/04, 12/19/04, 1/15/05, 2/11/05, 7/25/06	COB trip causes: Release of Pollutants, CO emissions >500ppm, and Firebox Temp <1300degF	AQM violation
FCCU	5/31/04, 6/2/04, 9/22/06, 9/28/06	COB trip causes: Release of Pollutants and CO emissions >500ppm	AQM violation
FCCU	3/13/05, 7/25/05, 9/12/05, 12/6/05, 12/11/05	COB trip causes: Firebox Temp <1300degF and CO emissions >500ppm	AQM violation
FCCU	12/22/04, 12/27/04, 3/26/05, 7/13/05	COB trip causes CO emissions >500ppm	AQM violation
FCCU	6/1/04, 12/21/04	COB trip causes: release of Pollutants and CO emissions >500ppm.	AQM violation
FCCU	10/25/05	COB trip causes CO emissions >500ppm during 2 separate periods	AQM violation
FCCU	5/10/04, 5/11/04, 5/14/04, 5/20/04, 6/8/04, 9/2/04, 4/2/05, 6/21/05, 12/2/05	COB burner trip causes Firebox Temp <1300degF	AQM violation
CNHTU	3/1/06 - 3/9/06	25-H-402 firing rate > 78.6 mmBTU/hr	AQM violation
CNHTU	3/29/05	Excess NOx - 25-H-401 failed stack test.	AQM violation
CNHTU	Weeks of 5/17/04, 5/31/04, 6/7/04, 6/14/04, 8/2/04, 9/6/04, 5/23/05, 5/30/05, 7/18/05, 8/1/05, 8/8/05, 8/15/05, 10/10/05	Weekly total solids sampling not conducted	AQM violation
Alky	August 2005	A pump on delay of repair "out of VOC service" was returned to service in order to take a spare pump off-line for a significant seal leak. The original DOR pump was removed from service when the spare pump was properly repaired.	AQM violation
Alky	7/8/05	Tank 322 - Construction without permit.	AQM violation
SRU	6/4/04, 6/23/04, 6/29 - 30/04, 7/4/04, 10/26/04, 1/11/05, 3/5/05, 3/20/05, 4/30/05, 5/7/05, 6/7- 8/05, 7/20-21/05, 9/27/05, 10/21/05, 12/24/05, 12/27/05, 1/31/06, 2/13/06, 3/10 - 11/06, 5/23/06, 7/26/06, 7/26/06, 8/30/06, 9/29/06, 9/29/06	Stack SO2 >250 ppm	AQM violation

SRU	4/23/05, 12/24/05, 12/27/05 3/8/06, 5/18/06, 7/16/06	Positive pressure on the SRU pit	AQM violation
SRU	6/5/04, 6/7/05, 12/27/05, 1/31/06, 3/10/06, 7/26/06, 9/29/06	SO2 >85.7 lb/hr on a 24-hr rolling average basis	AQM violation
SRU	6/1/06	H2S > 100 lbs due to bypass of SCOT 1 and shutdown of 28-S-203 Incinerator Stack from electrical interruptions	AQM violation
SRU	8/1/05	SCOT 1 & 2 failed test for PM10 & H2SO4.	AQM violation
DES	9/21/04, 1/31/05	29-H-5 opacity exceedance	AQM violation
DES	7/13/04, 7/17/04, 7/30/04, 9/16/04, 9/19/04, 9/20/04, 9/21/04, 9/23/04, 10/7/04, 10/7/04, 10/19/04, 10/20/04, 11/6/04, 1/1/05, 1/1/05, 1/29/05, 1/29/05, 2/3/05, 5/24/05, 5/24/05, 5/26/05, 5/26/05, 11/22/05, 11/22/05, 11/23/05, 11/23/05, 12/30/05, 12/30/05	Daily qualitative observations for the presence of visible emissions conducted, but observations were not documented.	AQM violation
Tetra	10/20/04	Flange remained on delay of repair beyond unit shutdown.	AQM violation
Tetra	3/13/05 - 3/22/05 3/27/05 - 3/30/05	Control device 32-H-101 had a total shutdown time greater than 240 hours.	AQM violation
Tetra	7/30/04, 8/1/04, 8/28/04, 1/30/05, 5/26/05, 11/22/05, 11/23/05, 12/30/05	Daily qualitative observations for the presence of visible emissions conducted, but observations were not documented.	AQM violation
Tetra	8/31/04, 10/11/04, 10/15/04, 4/22/05, 8/31/05, 9/16/05, 10/27/05, 11/10/05, 11/22/05	Recordkeeping for 11 Benzene truck loadings not completed.	AQM violation
HCU	2005	A control valve at the HCU was found to have been repaired shortly after being placed on DOR. Notice was not given to retest the component yet each subsequent quarterly remonitor showed the valve to be in compliance. The valve has been removed from the DOR list and will be taken off the leak list.	AQM violation
SMRHP	8/31/04	Hydrogen Plant LTS Bypass	AQM violation
SMRHP	2/26/05	H2 Plant malfunction - release of H2 and CH4	AQM violation
Blenders	3/20/05	Visible emission from fire at truck rack transfer pumps in Blenders	AQM violation
Tanks	9/24/04	Tank 73 butane release, tvp > 11.1 psia. NOV issued on 2/17/05 for release of 72.7 tons of hexane, methane, ethane, ethylene, propane, propylene, hydrogen sulfide.	AQM violation
Tanks	9/25/04	Tank 72 butane release, tvp > 11.1 psia. Release of 4.5 tons of butane.	AQM violation
Tanks	1/6/05	Tank 416 released 6.4 tons of propane.	AQM violation
Tank Farm	Weeks of: 9/6/04, 9/6/04, 10/4, 10/11/04, 11/1/04	Walk-around inspection that was conducted was not fully documented in the log book	AQM violation

Tank Farm	Weeks of: 10/31/04, 12/19/04, 12/26/04, 1/2/06, 1/9/06, 1/16/06, 2/20/06	Tank 047-TF-78 samples were not taken.	AQM violation
Tank Farm	Week of 11/1/04	The H2S concentration was not measured at the outlet of the carbon adsorption control system in the tank vent of 71-TF-28.	AQM violation
Tank Farm	Week of 9/6/04	Recordkeeping not completed for weekly tank walk-around for tank 72-TF-50	AQM violation
FES	8/12/04	Frozen Earth Propane Storage (FES) flare was smoking for 45 minutes - excess opacity.	AQM violation
Tank Farm	Various - see refinery MACT I semi-annual reports	Group I storage vessel compliance exceptions noted during inspection	AQM violation
Tank Farm	9/20/04 - 6/21/05	Tank 44-TF-112: Installation of a new seal around tank standpipe completed more than 45 days after inspection.	AQM violation
Tank Farm	Week of 6/7/04	The H2S concentration was not measured at outlet of carbon adsorption control system at Tanks 60, 61, 71, 470, 471	AQM violation
Tank Farm	Sept 2004	The oil layers on tanks 470-TF-50 and 471-TF-28 were not replaced during the month of September 2004.	AQM violation
Tank Farm	Sept 2004	One bi-monthly (Sept 2004) cathodic protection system monitoring was not completed for tank 470-TF-50 during the reporting period.	AQM violation
CCR	10/17/05, 10/21/05, 10/22/05, 10/24/05, 3/4/06-3/5/06	Regenerator Inorganic HAP pH excursion	AQM violation
CCR	7/1/05, 7/9-7/25/05, 7/27- 8/30/05, 8/31-9/22/05, 9/24- 10/2/05, 10/4-10/9/05, 10/14- 10/16/05, 10/24-10/26/05, 11/4-11/9/05, 11/20-11/24/05, 12/2-12/3/05, 12/6/05, 12/10- 12/28/05	Regenerator Inorganic HAP liquid-to-gas ratio excursion	AQM violation
Utilities	3/15/05	Spent caustic stripper treated spent caustic sulfide content > 600 ppmw	AQM violation
Utilities/ Flares	5/20/04, 6/16/04, 7/23/04, 9/24/04, 11/2/04, 11/18/04, 11/20/04, 12/20/04, 1/23/05, 3/22/05, 4/4/05, 11/2-11/3/05, 11/18-11/19/05, 1/19- 11/20/05, 12/11/05, 12/18- 19/05, 1/29/06, 2/4/06, 6/1/06, 7/26/06	Hydrocarbon Flaring - release of SO2 (>500 lbs) and/or NOx (>10 lbs). [DNREC, CERCLA, and/or SARA RQ]	AQM violation
Utilities/ Flares	5/6/04, 6/18/04, 12/19-20/04, 12/28/04, 1/16/05, 1/18/05, 1/22/05, 3/22/05, 4/3/05, 4/15/05, 6/14/05, 6/16/05, 8/15/05, 12/6/05, 12/8/05, 1/11/06, 1/15/06, 2/18/06, 3/26/06, 6/6/06, 7/22/06, 7/27/06	Hydrocarbon Flaring - release of SO2 (<500 lbs) and/or NOx (<10 lbs). [DNREC, CERCLA, and/or SARA RQ]	AQM violation
Utilities/ Flares	8/23/05, 10/20/05, 5/24/06	Acid Gas Flaring - released less than 500 lbs SO2	AQM violation

Utilities/ Flares	various	Flaring Incidents releasing pollutants below DRQ thresholds	AQM violation
Utilities/ Flares	12/23/05	South Flare exceeded the opacity limit.	AQM violation
Utilities	6/7/04	The H2S concentration was not measured at the outlet of the carbon adsorption control system in the tank vent of 60-TF-28 for the week of 6/7/04.	AQM violation
Utilities	Weeks of: 5/3/04, 5/24/04, 6/21/04	Weekly sampling of RVP not conducted	AQM violation
DCPP	4/11/05 - 9/30/05	TRS analyzer has been installed and is operational but the connections to the electronic data acquisition system (E-DAS) have not been completed.	AQM violation
DCPP	6/15/04, 7/21/04, 10/31/04, 1/18/05, 1/28/05, 4/4/05, 6/2/05, 7/11/05, 9/22/05, 11/23/05, 12/13/05, 12/28/05, 1/14/06, 2/6/06, 2/18/06, 6/1/06, 7/26/06	Opacity exceedance from various emission sources.	AQM violation
DCPP	7/7/04, 9/12/04, 12/20/04, 12/23/04, 4/20/05, 6/23/05, 2/19/06, 4/6/06, 5/28/06, 6/19/06	CT 1 and/or CT 2 NOx exceedance	AQM violation
DCPP	9/17/04, 10/31/04, 11/8/04	Boiler No. 2 CO permit limit exceedance	AQM violation
DCPP	12/20/04, 4/4/05	Boiler No. 1 NOx exceedance	AQM violation
DCPP	12/29/04	Gasifier feed rate >840 tpd	AQM violation
DCPP	6/8/05	Syngas H2S exceedance	AQM violation
DCPP	10/21/05, 2/19/06	CT 2 CO permit limit exceedance	AQM violation
Various	April - June, 2005	Missed monthly monitoring for two pumps in the Propylene Splitter. They were identified during the site-wide inventory as being associated with the Splitter Skid. They have since been recategorized and monitored.	AQM violation
Various	5/1/04-6/30/04	Failure to document monthly visual inspections of pumps.	AQM violation
Various	7/1-12/31/2004 7/8/05, 7/9/05	LDAR - Visual pump inspections were not properly documented.	AQM violation
Various	1/1-6/30/05	Unidentified components in hydrocarbon service.	AQM violation
Various	Various	From time to time, missing caps and plugs (open ended lines) on equipment in VOC service may be discovered through the refinery's internal audit programs.	AQM violation

APPENDIX "B"

Unit or Location	Date	Description of Violation and Facts
Thermal Desorption Unit Drum Pad	9/20/05	DRGHW §262.34(a)(2) Container with no waste accumulation start date.
QA/QC Lab	9/12/05	DRGHW §265.17(a) Ignition source located near flammable haz. waste
QA/QC Lab	9/12/05	DRGHW §265.17(a) "No Smoking" sign not posted near flammable Haz. Waste.
QA/QC Lab	9/12/05	DRGHW §265.173(a) Five open satellite containers.
QA/QC Lab	9/20/05	DRGHW §262.34(c)(1)(ii) Container not labeled as hazardous waste.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW §265.173(a) Seven open containers.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW §262.34(a)(2) Eight containers with no accumulation start date.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW §262.34(a)(3) Seven containers no labeled as hazardous waste.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW §262.34(a)(1)(i) Hazardous waste not placed in container.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW, §262.34(a) Failure to meet 90 day storage exclusion.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW, §122.1(a)(c) Storage of hazardous waste withuout a permit.
Heat Exchanger Bundle Cleaning Pad	9/12/05	DRGHW, §122.1(a)(c) Disposal of hazardous waste without a permit.
Heat Exchanger Bundle Cleaning Pad	9/20/05	DRGHW §262.34(c)(1) Accumulation of greater than 55 gallons of haz. Waste at a satellite area.
North End Intermediate Tank Farm	9/12/05	DRGHW, §122.1(a)(c) Disposal of hazardous waste without a permit.
East & West Benzene Tetra Reforming Units	9/12/05	DRGHW §279.22(c)(2) Failure to mark 15 used oil containers.
East & West Benzene Tetra Reforming Units	9/20/05	DRGHW §279.22(c)(2) Failure to mark a used oil container.
Coker Cuff Tank	9/12/05	DRGHW §262.11 Failure to make a hazardous waste determination.
Coker Cuff Tank	9/12/05	DRGHW §279.22(c)(2) Failure to mark 10 used oil containers.
Grit Separator Area	9/13/05	DRGHW §265.174 Failure to make weekly inspection of storage areas on 3 occassions.