

Oct. 3, 2006

Heather,

Thanks for the comments. The AQM's responses are in blue.

Frank

On behalf of AQM

From: Chelpaty, Heather A [Heather.Chelpaty@valero.com]

Sent: Friday, September 29, 2006 4:36 PM

To: Gao Frank F. (DNREC)

Subject: RE: Reg. 1142 Sec. 2: Meeting 5 minutes draft

Frank,

Below please find Delaware City Refinery's comments on the Reg. 1142 meeting 5 draft minutes.

1. Like previous minutes and other communications, the minutes consistently state that Valero is the owner and operator of the Delaware City Refinery. The actual owner and operator of the refinery, however, is The Premcor Refining Group Inc., a Valero Company.

Frank: This is due to my confusion of the relation between these names. We will use Premcor as the owner/operator, and DCR as the facility in the future.

2. On page 2, lines 10-12, the minutes indicate that I stated that I "and others did not know much about the background of this rule-making." This sentence implies, incorrectly, that Premcor was not familiar with the background of the Regulation 1142 development process at the time of the meeting. To the contrary, Premcor has remained familiar with the issues surrounding the Regulation 1142 development process. My statement during the meeting was intended to convey that after reviewing the materials related to the committee process and speaking with John Deemer, people at Premcor, including myself, continued to have questions about certain key issues that may have been discussed in previous meetings. Because I was now attending the meetings instead of John Deemer, further discussions concerning these remaining questions may take additional time.

Frank: As I mentioned several times, many, if not all, of your "remaining" questions and issues have been discussed in the previous meetings. I understand that you might not be satisfied with the answers or discussion records. Your comment herein has been incorporated in the minutes as "post-meeting comment."

3. On page 2, lines 10-12, the minutes indicate that I said I was not familiar with certain items that "were discussed and agreed upon in the previous meetings." It is my understanding that the purpose of the Regulation 1142 Committee process was to provide participants with a forum to comment on the proposed regulation and to aid the Department in formulating the rule. Consistent with that purpose, I wish to clarify that in these committee meetings, Premcor has not agreed to or with any particular aspect of proposed Regulation 1142, including the Department's bases for the proposed rule or the positions the Department has taken with respect to any technical or economic issues. In addition, the fact that Premcor has not chosen to comment upon any particular statement by the Department or any other member of the committee as reflected in any meeting minutes should not be construed as Premcor agreeing with such a statement.

Frank: This comment has been added to the minutes as "post-meeting comment."

4. On page 2, lines 12-13, the minutes state that I asked whether the committee should address both parts of the Premcor comments submitted at the meeting. I recall that I initially expressed a preference to address the entire set of comments, starting with the "General Issues" section, but that after Kevin expressed his preference to proceed with the comments concerning the proposed regulatory language, and Ali agreed with such an approach, I agreed to discuss the comments concerning the regulatory language first.

Frank: The sentence is changed to [Heather said that her preference was to address the entire set of comments, starting with the "General Issues" part.]

5. On page 2, line 36, the minutes state that Ali asked me "how the refinery would think about the 0.03 annual average limit." I believe that Ali had asked me what Premcor's position was on averaging, generally.

Frank: This comment has been added as a "post-meeting comment."

6. On page 3, line 6, the minutes state that I asked if the case-by-case compliance date could extend beyond 12/31/08. I believe I asked if the compliance date for the entire rule, not just the case-by-case provisions, could extend beyond the compliance date. I also explained that the 12/31/08 compliance date was unreasonable based upon the time that would be necessary to complete required engineering, apply for and receive required construction permits, acquire the necessary materials, and complete construction.

Frank: This comment has been added as a "post-meeting comment".

7. On page 3, lines 35-37, I believe that Ravi asked me whether Premcor had a "line" for evaluating cost-effectiveness, and that I replied that while Premcor had not determined such a line, I thought that \$5,000 to \$10,000 per ton "might" be considered reasonable.

Frank: This comment has been added as a "post-meeting comment."

8. On page 4, lines 8-25, there are a number of references to "CO blowers" or "coker boilers." These references should be to "CO boilers" or the "coker CO boiler."

Frank: The corrections have been made.

9. I believe that the discussion noted on page 4, lines 8 through 15 took place much earlier in the meeting, rather than where it is indicated in the minutes. In addition, I recall saying that I disagreed with Ravi's opinion that the SNCR would provide no significant NOx reduction, but that I would look into the issue further.

Frank: I tend to agree that the timing was earlier, but I think it is not a critical issue as long as the discussion was included in the minutes. The second part of this comment has been added as a "post-meeting comment."

10. On page 4, lines 27-32, the minutes again imply that Premcor was not familiar with the issues surrounding Regulation 1142. My comments in #2 above also apply to this portion of the minutes.

Frank: I do not agree with this comment. This portion of the minutes does not imply that "Premcor" was not familiar with the relevant issues. Premcor's former representative John Deemer should know all issues discussed, whether he agreed or not. This portion of the minutes simply records what you mentioned in the meeting.

11. On page 6, lines 15-16, the minutes do not reflect that Todd Kantarczyk also said that Premcor's comments concerned issues about which Premcor believes the Department has not

provided sufficient information. In addition, I don't recall Mark Lutryzkowski expressing an opinion on the substance of Todd's comments. Rather, I recall that Mark responded that Premcor had also not yet provided certain information that had been requested, for example cost-estimates for stack controls at the reformer heater.

Frank: This comment has been added as a "post-meeting comment."

12. On page 6, lines 41 and 42, the minutes state that "The whole committee did not have an objection to [the] schedule" proposed by DNREC. I don't recall the Committee being asked if there were any objections to the Department's proposed schedule. Moreover, I want to restate that Premcor continues to believe that additional committee meetings are necessary to discuss Premcor's concerns and comments to this regulation.

Frank: I do not recall that any committee member, including any Premcor's representative, presented "an objection" statement at the end of the meeting to the 09/2006-02/2007 schedule. In addition, this schedule (with minor date/time changes) has been circulated among the committee for several times after the 08/23/2006 meeting and no objection has been received from any committee member.

Regarding additional committee meetings, I understand your reasons. However, as Kevin pointed out in the fifth meeting, the process has been delayed already. For example, on May 11, I received an e-mail from John Deemer informing me that he could not make the May 17 meeting due to a training activity. The committee fully understood the importance of a meeting for Premcor to raise and discuss its concerns, and therefore decided to postpone the May 17 meeting to June 21. In addition, Ali's suggestion of making the October 5 workshop as an expanded committee meeting is another example of the committee's understanding and support to give more opportunities to Premcor to address its concerns.

In addition, wanted to update you that we are nearing completion of the cost effective analysis for the affected sources and should have the results to you shortly. If you have any questions, please give me a call.

Thank you

Heather Chelpaty
Environmental Manager
The Premcor Refining Group Inc.
Delaware City Refinery
302-834-6488

From: Gao Frank F. (DNREC) [mailto:Frank.Gao@state.de.us]
Sent: Friday, September 22, 2006 11:41 AM
To: amuller@dca.net; kstewart@lunginfo.org; mdfiorentino@widener.edu; eft@envirotruth.com; Covert, Patrick; Chelpaty, Heather A; pjacoby@powrtechsolutions.com; taras.lewus@erm.com; Llewellyn Gerald (DHSS); Perkins Richard E. (DHSS); Rose.Quinto@epamail.epa.gov; nicholasdi@comcast.net; Amirikian Ronald A. (DNREC); Rangan Ravi (DNREC); Lutrzykowski Mark J. (DNREC); Harris Bill (DNREC); Steltzer Bruce (DNREC)
Cc: dbrown@alade.org; Morris.Makeba@epamail.epa.gov; Delaware.chapter@sierraclub.org; dasmail@delawareaudubon.org; Deemer, John J; fjmactortor@comcast.com; TKantorczyk@MGKFLaw.com; Mirzakhalili Ali (DNREC)
Subject: Reg. 1142 Sec. 2: Meeting 5 minutes draft

Dear committee members,

Attached hereto is the first draft of the meeting 5 minutes. I feel sorry for the delay. Please review and provide your input (corrections, additions and comments). I would kindly ask you to provide your input by next Friday (Sept. 29), so that we can have time to make the second version available for the Oct. 5 workshop.

As we agreed on in Meeting 5 on Aug. 23, the following actions took place thereafter:

- (1) On Aug. 25, Kevin sent AQM his comments on the meeting 4 minutes.
- (2) On Aug. 31, John Deemer sent AQM his comments on the meeting 4 minutes.
- (3) On Sept. 5, AQM sent to the committee its responses to Valero's written comments of Aug. 23. In the same sending, AQM informed the committee the exact dates and locations of the public workshop and hearing, as well as the actions being planned up to Feb. 2007.
- (4) On Sept. 7, AQM sent John and the committee responses to John's comments of Aug. 31 on the meeting 4 minutes, and the revised meeting 4 minutes based on Kevin, Alan and John's comments.
- (5) On Sept. 15, Valero sent AQM another set of comments on the proposed rule (I will forward it to the committee in a minute for your reference). AQM is working on its responses to this set, and will make the responses available before the Oct. 5 workshop.

Thanks,

Frank

Air Quality Management-DNREC
New Castle, DE 19720
Phone: (302)323-4542 FAX: (302)323-4598