

Petroleum Refining National Enforcement Priority Update





Petroleum Refining Priority Update

Current Status

As of June 2006

- Nearly 80% of the nation's refinery capacity is under lodged or entered "global" settlements
 - 17 refiners, 85 refineries located in 25 states
 - \$4.4 billion in capital costs for new control technologies
 - \$63 million in civil penalties
 - \$60 million in environmental projects
- Emissions reductions from FCCUs, sulfur recovery units, heaters and boilers, flares:
 - 80,000 tpy NO_x and 235,000 tpy SO₂
(estimated annual reductions when all current settlements are fully implemented)



Petroleum Refining Priority Update

Recent Settlements

Valero – June 2005

- 14 refineries in California, Colorado, Louisiana, New Jersey, Oklahoma and Texas
- \$700 million in injunctive relief
- Annual Reductions
 - 4,000 tons of NO_x
 - 16,000 tons of SO₂
- Penalty: \$5.5 million
- SEPs: \$5.5 million
- Co-Plaintiffs: Colorado, Louisiana, New Jersey, Oklahoma and Texas
- Suncor Energy (U.S.A.) Inc. acquired the Denver, Colorado refinery in 2005 (integrated with adjacent refinery previously acquired from ConocoPhillips in 2003)



Petroleum Refining Priority Update

Recent Settlements

Sunoco – June 2005

- 4 refineries in Pennsylvania, Oklahoma and Ohio
- \$350 million in injunctive relief
- Annual Reductions
 - 49,500 tons of NO_x
 - 19,500 tons of SO₂
- Penalty: \$3 million
- SEPs: \$3.9 million
- Co-Plaintiffs: Pennsylvania, City of Philadelphia, Oklahoma and Ohio



Petroleum Refining Priority Update

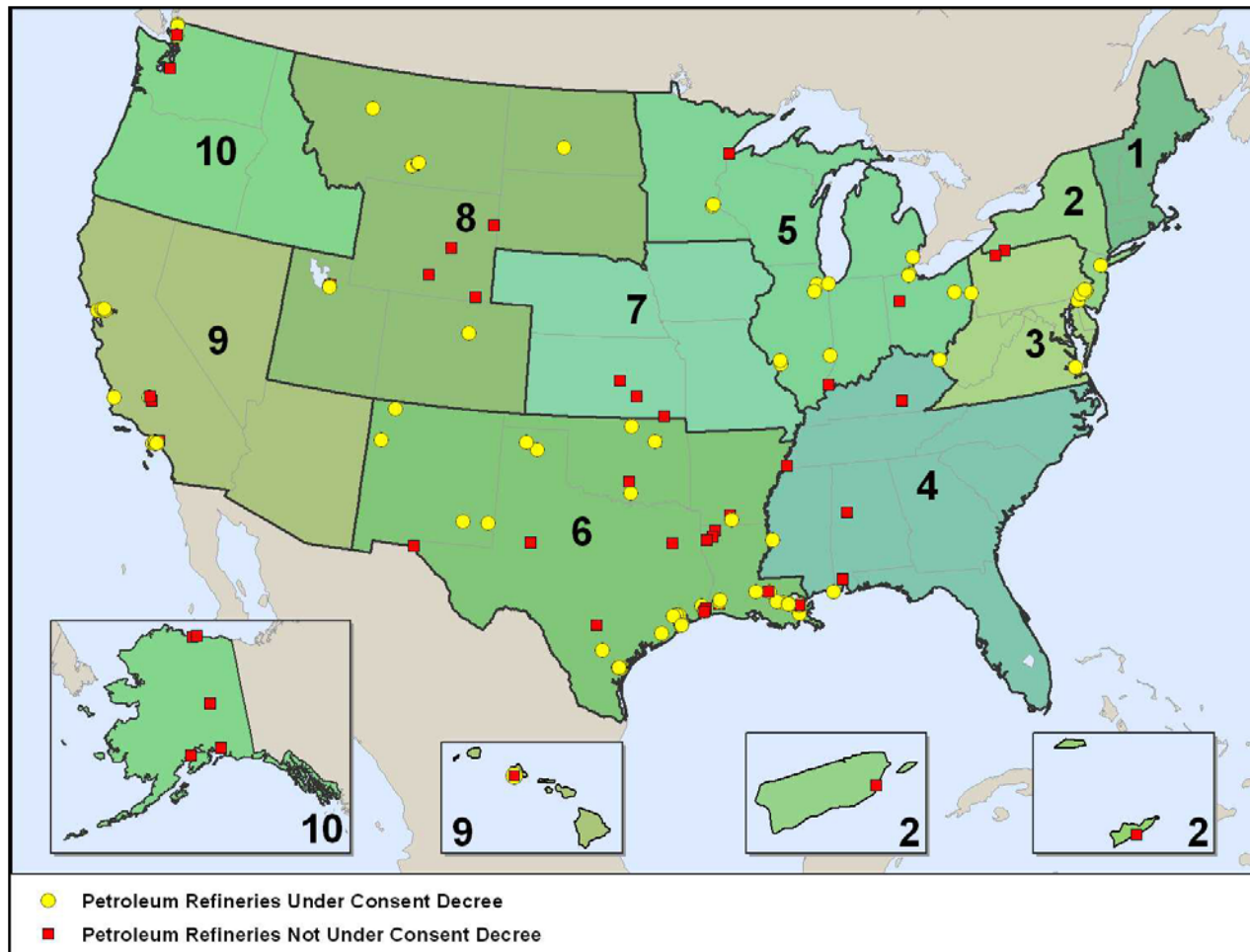
Recent Settlements

ExxonMobil – October 2005

- 7 refineries in California, Illinois, Montana, Texas and Louisiana
- \$570 million in injunctive relief
- Annual Reductions
 - 11,000 tons of NOx
 - 42,000 tons of SO₂
- Penalty: \$8.7 million
- SEPs: \$9.7 million
- Co-Plaintiffs: Illinois, Louisiana and Montana

Petroleum Refining Priority Update

Location of Refineries



Petroleum Refining Priority Update

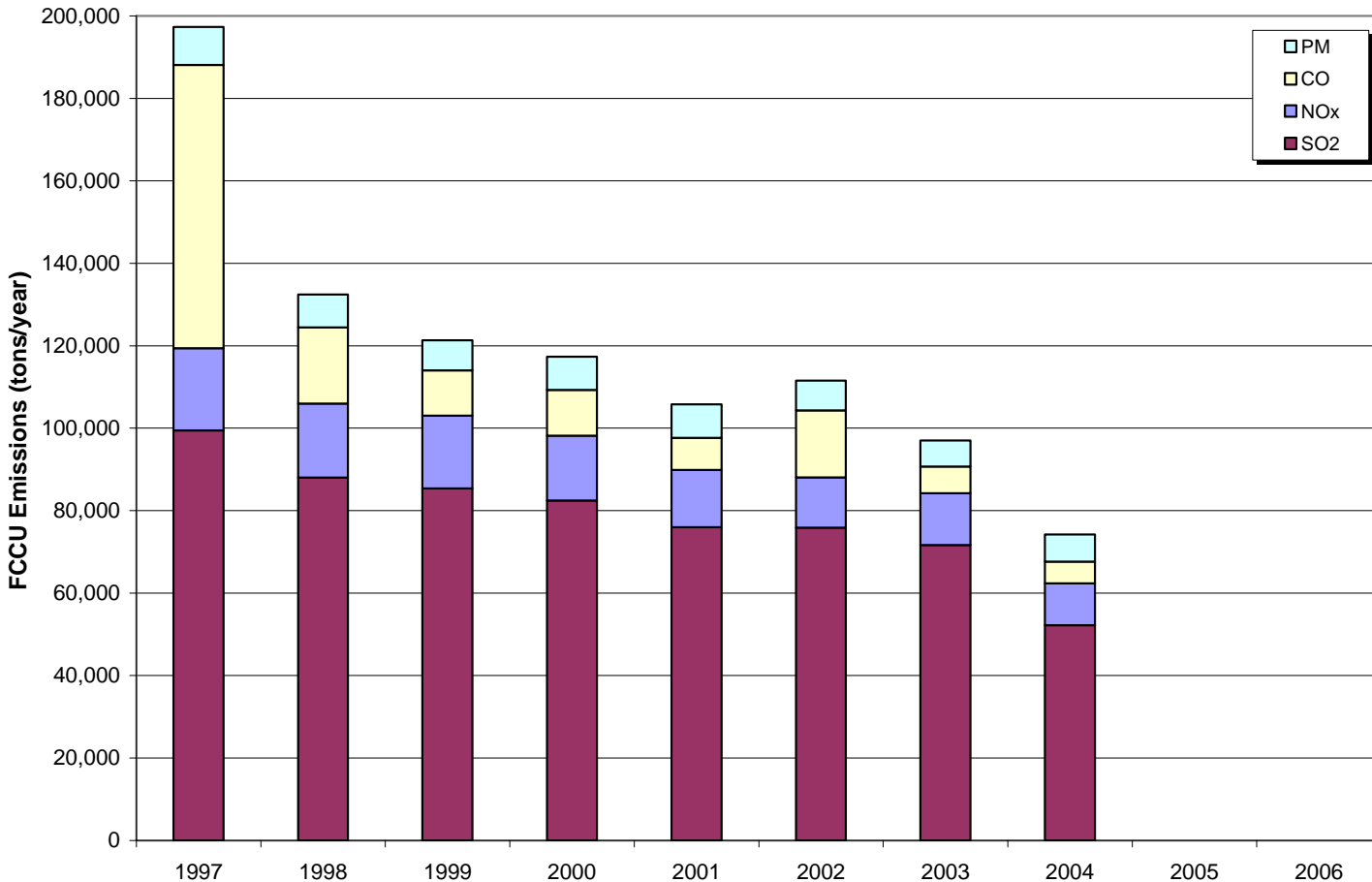
Location of Refineries

National Crude Petroleum Refining Capacity			
EPA Region	Refining Capacity under CD	Total Refining Capacity	Capacity under CD (%)
Region 1	No petroleum refineries are located in Region 1		
Region 2	554,000	1,122,000	49
Region 3	958,300	1,035,000	93
Region 4	570,000	913,725	62
Region 5	2,103,200	2,321,450	91
Region 6	6,778,987	8,289,019	82
Region 7	0	292,200	0
Region 8	466,700	632,200	74
Region 9	1,897,300	2,092,300	91
Region 10	244,600	996,275	25
U.S. Total	13,573,087	17,694,169	77

Petroleum Refining Priority Update

Emissions Reductions

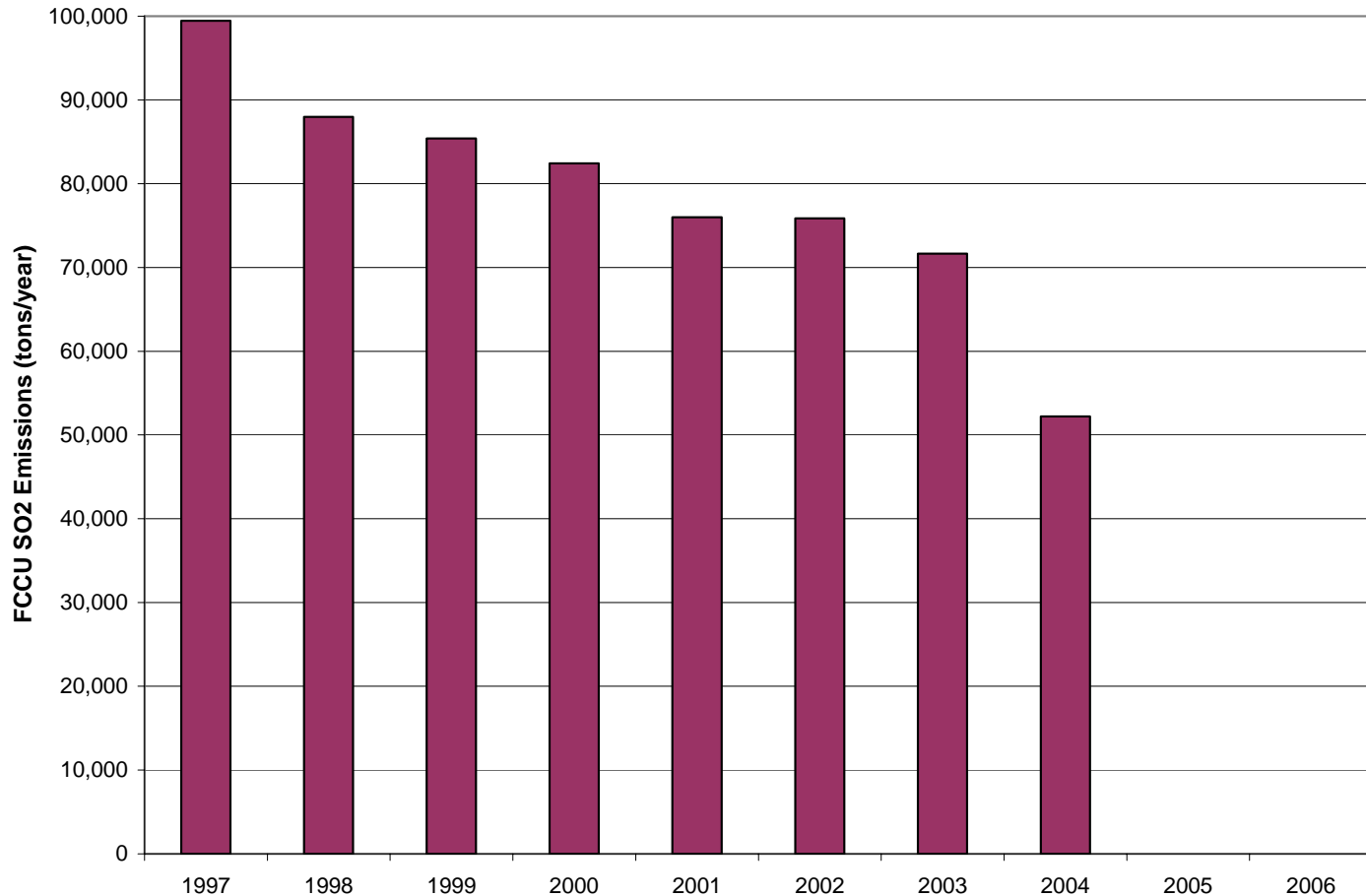
Actual FCCU Emissions from Refineries under Consent Decrees
(Koch, BP, Motiva-Equilon-Deer Park, MAP, Conoco, Montana, Lion, Coastal, CHS)



Petroleum Refining Priority Update

Emissions Reductions

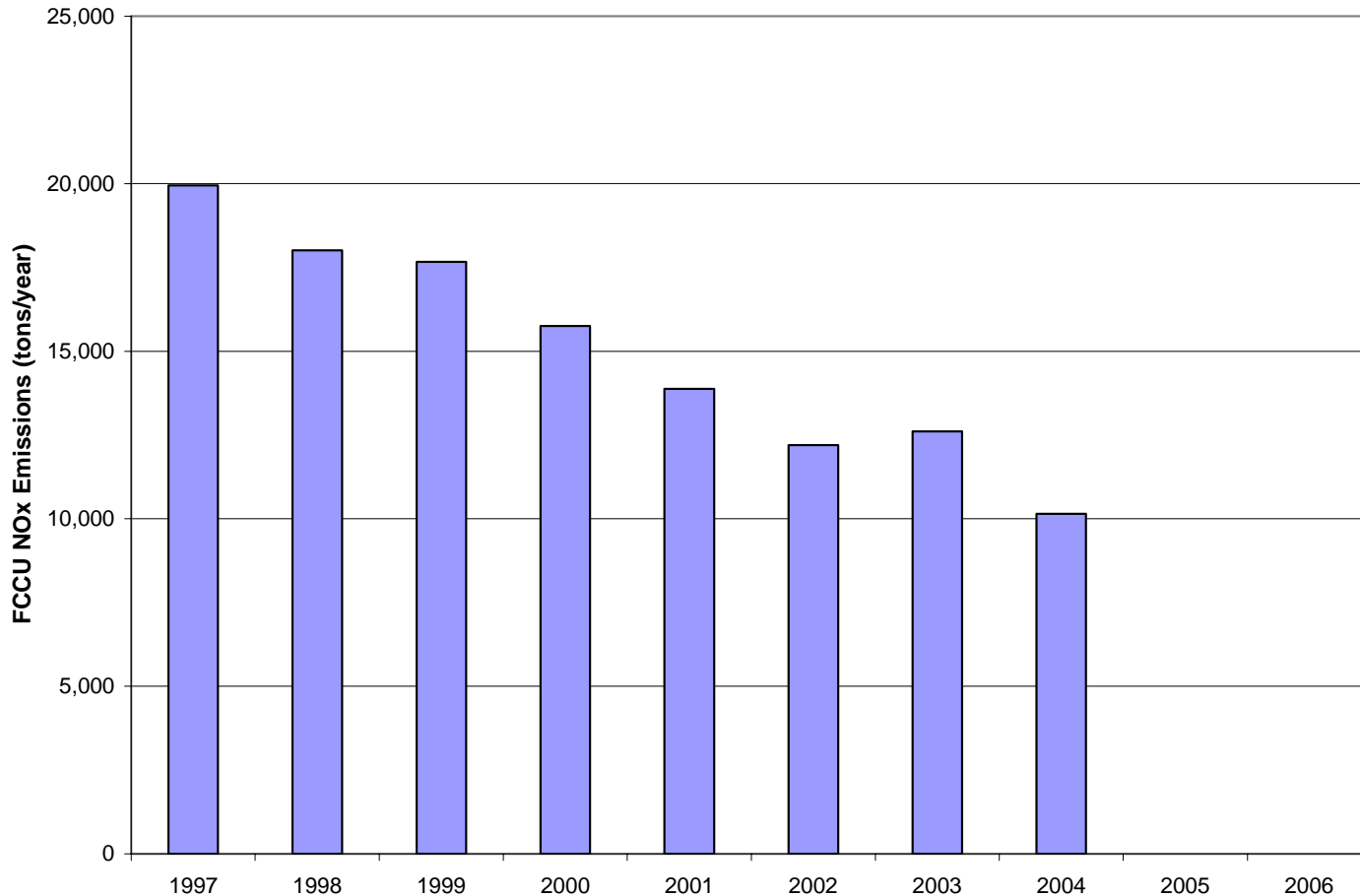
**Actual FCCU SO₂ Emissions from Refineries under Consent Decrees
(Koch, BP, Motiva-Equilon-Deer Park, MAP, Conoco, Montana, Lion, Coastal, CHS)**



Petroleum Refining Priority Update

Emissions Reductions

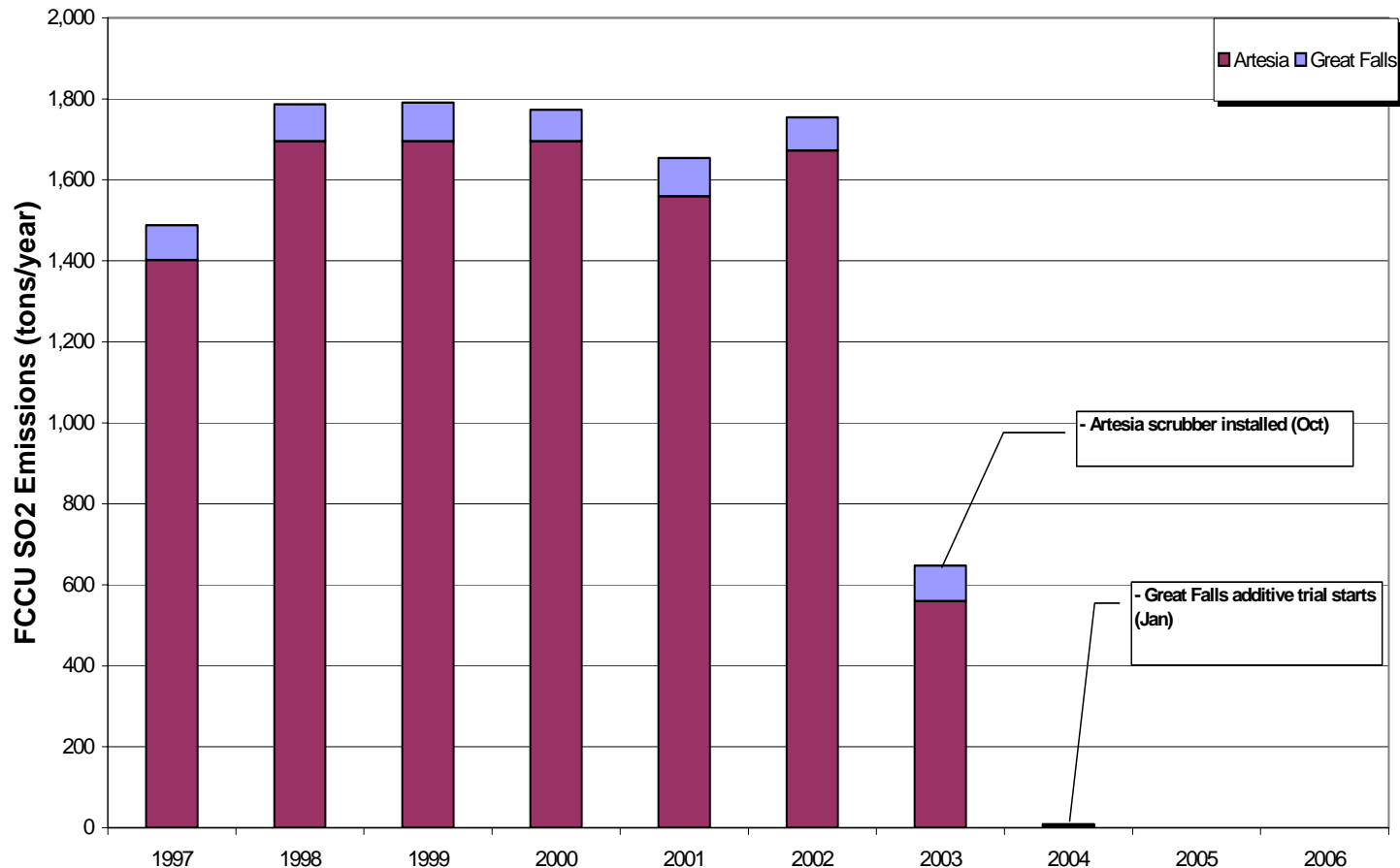
Actual FCCU NOx Emissions from Refineries under Consent Decrees
(Koch, BP, Motiva-Equilon-Deer Park, MAP, Conoco, Montana, Lion, Coastal, CHS)



Petroleum Refining Priority Update

Emissions Reductions

Navajo-Montana Actual FCCU SO₂ Emissions
Date of Lodging: 12/20/2001





Petroleum Refining Priority Update

Next Steps

- Address remaining 20% of industry by:
 - Settlement
 - Referral to DOJ, or
 - Filed enforcement action
- Ongoing negotiations with 12.5% of domestic refining capacity
- Priority area returning to “core” enforcement -- FY06 and FY07
 - Regional and State lead; and
- Maintain focus on implementation of Consent Decrees to achieve expected emissions reductions



Petroleum Refining Priority Update

Next Steps

Principal Areas of Focus

- Inspections and investigations of remaining refineries (goal is 100% coverage)
 - Remaining refiners are small, usually one or only a few refineries
 - Will present a different profile than larger, multi-facility refiners
- Inspections for consent decree compliance