Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

June 13, 2006

Mr. Lloyd Nordhausen
Refinery Manager
Frontier Refining Inc.
P.O. Box 1588
Cheyenne, WY 82003

Re: Notice of Violation

Dear Mr. Nordhausen:

Enclosed you will find a Notice of Violation (NOV) issued to Frontier Refining Inc. by the Department of Environmental Quality, Air Quality Division for the failure close the access hatch and properly seal the three large doors on the Coker Unit API separator in violation of the NSPS Subpart QQQ, the failure to properly close and gasket the roof opening on the Waste Water Treatment Plant separator tank in violation of condition F9(b)(i) of permit 30-149-1, the failure to document the results of the Method 9 observations to measure opacity of visible emissions from the sulfur incinerator in violation of condition F28(b) of permit 30-149-1, the failure to document the results of the Method 22 observations of the Plant #1 Flare and Plant #2 Flare in violation of condition F28(c) of permit 30-149-1, the failure to report the monthly fuel gas H2S concentrations in violation of condition 12 of permits MD-1115 and MD-1115A, the failure to certify the TGTU Sulfur Incinerator CEM to measure SO2 emissions in units of pounds per hour in violation of condition 13 of permits MD-1115 and MD-1115A and the failure to submit process unit charge rate data in the quarterly reports in violation of condition 16 of permits MD-1115 and MD-1115A. These violations were discovered during the March 2006 inspection and file review.

As the Department and this Division consider the failure to comply with air quality regulatory and permit conditions to be a serious matter, I am recommending the Department refer this violation to the State Attorney General's office requesting a suit be filed in District Court to recover appropriate penalties. If you would like to discuss settlement of this issue prior to action on the referral by the Attorney General's office, please contact Mr. Robert Gill, Air Quality Compliance Program Manager, at 307-777-3774 no later than ten (10) days after receipt of this letter.

Should you have any questions or comments regarding the Notice of Violation, please feel free to contact me or Mr. Robert Gill.

Sincerely,

David A. Finley
Administrator
Air Quality Division

cc: Nancy Vehr, Robert Gill, Glenn Spangler, Keith Guille

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality, has found Frontier Refining Inc. (Frontier) to be in violation of W.S. 35-11-201 of the Wyoming Environmental Quality Act, Chapter 5, Section 2 of the Wyoming Air Quality Standards and Regulations, permit 30-149-1, and permits MD-1115 and MD-1115A in the operation of the refinery located in Cheyenne, Wyoming.

2. W.S. 35-11-201 of the Environmental Quality Act states, "No person shall cause, threaten or allow the discharge or emission of any air contaminant in any form so as to cause pollution which violates rules, regulations and standards adopted by the council."

3. Chapter 5, Section 2 of the Wyoming Air Quality Standards and Regulations adopts certain New Source Performance Standards (NSPS) for New Stationary Sources by reference including 40 CFR Part 60, Subpart QQQ, Standards of Performance for VOC Emissions from Petroleum Refinery Wastewater Systems (§60.690 through §60.699). 40 CFR Part 60, Subpart QQQ, paragraph 60.692-3(a)(3) requires that oil water separator access doors or openings shall be gasketed, latched and kept closed at all times during operation of the separator system, except during inspection and maintenance.

4. On the walk through of the Coker Unit during the March 8-9, 2006 inspection, Mr. Glenn Spangler, Air Quality Division Compliance Inspector, noted one large access hatch on the northeast side of the Coker Unit API separator was unlatched and a visible gap was present. Three other large doors were closed and latched but had seal material hanging down beneath each door. The open access hatch and deficient seal material on the three large doors is a violation of the NSPS Subpart QQQ requirement to keep oil water separator access doors or openings gasketed, latched and closed at all times during operation of the separator system.

5. Operating permit 30-149-1 was issued to Frontier on November 26, 2003. Condition F9(b)(i) of permit 30-149-1 requires any access doors or other openings of the Waste Water Treatment Plant API separator tank to be gasketed, latched and kept closed at all times during operation of the separator, except during inspections and maintenance. During the March 2006 inspection, it appeared a new cover had been installed on one of the roof openings just south of the "laundry box." Steam was visibly leaking out from underneath the cover and there didn't appear to be any gasket or sealant material installed. The visible leak and lack of gasket material on the Waste Water Treatment Plant separator tank roof opening is a violation of condition F9(b)(i) of permit 30-149-1 which requires access doors and other openings to be gasketed, latched and kept closed at all times of operation of the separator.

6. Condition F17(b) of permit 30-149-1 requires Frontier to conduct quarterly Method 9 observations to measure the opacity of visible emissions from the sulfur incinerator and condition F28(b) requires Frontier to maintain records of the Method 9 observations. During the March 2006 inspection, Frontier indicated that the Method 9 observations were conducted but were not being documented since visible emissions were never present. The failure to document the results of the Method 9 observations is a violation of condition F28(b) of permit 30-149-1 which requires Frontier to maintain records of the Method 9 observations conducted under condition F17.

7. Condition F17(d) of permit 30-149-1 requires Frontier to perform monthly Method 22 tests of the Plant #1 Flare and Plant #2 Flare and condition F28(c) requires Frontier to maintain records of the Method 22 tests conducted under condition F17. During the March 2006 inspection, it appeared Frontier may be conducting the Method 22 tests but records of the observations were not being maintained. The failure to document the results of the Method 22 observations is a violation of condition F28(c) of permit 30-149-1 which requires Frontier to maintain records of the Method 22 observations conducted under condition F17.

8. Permits MD-1115 and MD-1115A were issued to Frontier on February 17, 2005 and February 21, 2006 respectively. Condition 12 of these permits limits the calendar year H2S concentration for certain sources, specifies the method for calculating the monthly and calendar year averages and requires Frontier to submit the monthly averages for the three previous calendar months with the quarterly monitoring reports for the fuel gas H2S monitor and to submit the annual averages with the annual emissions inventory. Based on the review of the second quarter through fourth quarter 2005 monitoring reports, Frontier did not report the monthly H2S concentration averages. During the March 2006 inspection, Frontier indicated that the required reporting had not been started yet. The failure to report the monthly fuel gas H2S concentrations is a violation of condition 12 of permits MD-1115 and MD-1115A which requires the monthly fuel gas H2S concentrations to be reported with the quarterly H2S fuel gas monitor reports.

9. Condition 13 of permits MD-1115 and MD-1115A requires Frontier to install, calibrate and maintain a CEM system on the TGTU Sulfur Incinerator for measuring SO2 emissions in units of parts per million and pounds per hour. Equipment which the CEM system shall consist of includes a continuous flow monitoring system for measuring the flow of the exhaust gases discharged to the atmosphere. As of the date of the March 2006 inspection, Frontier had not certified the TGTU CEM in terms of pounds per hour. The failure to certify the TGTU CEM to measure SO2 emissions in units of pounds per hour is a violation of condition 13 of permits MD-1115 and MD-1115A which requires a CEM system to measure SO2 emissions in units of parts per million and pounds per hour.

10. Condition 16 of permits MD-1115 and MD-1115A requires Frontier to submit monthly and daily charge rate reports for various process units in a charge rate report by the end of the calendar month following each calendar quarter. Based on a review of the 2005 annual charge rate report submitted on January 26, 2006, the DHDS, FCCU and SRU charge rate data is being reported annually. However, Frontier has not submitted the charge rate reports on a quarterly basis. During the March 2006 inspection, Frontier indicated they have not started the quarterly charge rate reporting yet. The failure to submit charge rate data in the quarterly reports is a violation of condition 16 of permits MD-1115 and MD-1115A requires a charge rate report by the end of the calendar month following each calendar quarter.

11. Said violations consists of: 1) the failure close the access hatch and properly seal the three large doors on the Coker Unit API separator in violation of the NSPS Subpart QQQ; 2) the failure to properly close and gasket the roof opening on the Waste Water Treatment Plant separator tank in violation of condition F9(b)(i) of permit 30-149-1; 3) the failure to document the results of the Method 9 observations to measure opacity of visible emissions from the sulfur incinerator in violation of condition F28(b) of permit 30-149-1; 4) the failure to document the results of the Method 22 observations of the Plant #1 Flare and Plant #2 Flare in violation of condition F28(c) of permit 30-149-1; 5) the failure to report the monthly fuel gas H2S concentrations with the quarterly monitoring report in violation of condition 12 of permits MD-1115 and MD-1115A; 6) the failure to certify the TGTU Sulfur Incinerator CEM to measure SO2 emissions in units of pounds per hour in violation of condition 13 of permits MD-1115 and MD-1115A and 7) the failure to submit process unit charge rate data in the quarterly reports in violation of condition 16 of permits MD-1115 and MD-1115A.

12. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental Quality Act] ... is subject to a penalty not to exceed ten thousand dollars ($10,000.00) for each violation for each day during which the violation continues, a temporary or permanent injunction, or both a penalty and an injunction.

13. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 21 day of June, 2006.

David A. Finley
Administrator
Air Quality Division

John Corra
Director
Department of Environmental Quality

Please direct all inquiries to David Finley, Administrator, Division of Air Quality, Department of Environmental Quality, Herschler Building, 4th Floor, 122 W. 25th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7393.)