UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 23 2002

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ENFORCEMENT AND
COMPLIANCE ASSURANCE

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Re: United States, et. al. v. BP Exploration & Oil, et. al., Civil Action No. 2:96 CV 095 RL (N.D. Ind., August 29, 2001) – Response to January 9, 2002 and February 22, 2002 reports on the December 10, 2001 Flaring Incident - Mandan Refinery

Dear Sirs:

The United States Environmental Protection Agency ("EPA") is in receipt of the January 9, 2002 and February 22, 2002 reports on the December 10, 2001 flaring incident at the Tesoro Mandan Refinery. EPA has reviewed the incident report to ascertain if both Tesoro's root cause analyses and any corrective actions proposed and/or completed with respect to such analyses conform to the Consent Decree requirements.

Tesoro reports that the December 10, 2001 flaring incident occurred for a period of 3 hours and 45 minutes, caused the release of 0.4 tons of sulfur dioxide (SO_2) to the atmosphere, and that its root cause was the lack of a "check valve on the line from the [diesel desulfurization unit] DDU to the sour water stripper (SWS) flash drum, FA-156[,]" which allowed carryover of hydrocarbons to the wastewater stripper. EPA further understands that during the flaring incident, level swings of sour water within FA-156 caused pressure surges in the SWS. These pressure surges caused high levels of hydrocarbons to be carried over into the sulfur recovery unit (SRU) feed. The hydrocarbon carryover resulted in high levels of unburned H_2S in the SRU and eventually required the shutdown of the SRU to avoid an incinerator flame-out and a dangerous release of H_2S.

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In EPA's view, although the lack of a check valve from the DDU to FA-156 caused the level swings within FA-156, the root cause of the flaring incident was the system's inability to handle these level swings, without shutting down the SRU. EPA strongly recommends that these systems be upgraded and recommends that Tesoro reconsider the retention of an outside consultant to aid in this upgrade project.

In its February 22, 2002 letter, Tesoro states that the root cause of the subject flaring incident was not from one of the causes listed in Subparagraph 22.C.i.a. EPA disagrees. In EPA's view the subject flaring incident resulted from a pressure surge due to high flow from the sour water stripper as specified in Subparagraph 22.C.i.a.4.i. Consequently, in accordance with Paragraph 47.A of the Consent Decree, Tesoro is subject to stipulated penalties in the amount of 300.00 [$750 x 0.4 tons] as provided for in Paragraph 22.C.i.a.4.i. Therefore, please consider this letter a written demand for stipulated penalties in the amount of $300. Payment of the foregoing amount should be made consistent with the requirements of the Consent Decree. EPA agrees that this was the first Flaring Incident since the effective date of the Consent Decree and the first in a twelve month rolling period.

Lastly, paragraph "h" of Tesoro's letter dated February 22, 2002 states the corrective actions identified above are not completed, but are scheduled for completion by May 31, 2002 and a follow-up report will be submitted within 30-days of completion of the identified corrective actions. EPA to date has not received this report designating completion of the corrective actions for this flaring incident.

Should you have any questions or if you wish to discuss this matter, please do not hesitate contacting Scott Whitmore of Region 8 (303-312-6317) or Patric McCoy, Technical Lead, (312-886-6869).

Sincerely,

Bruce C. Buckheit,
Director
Air Enforcement Division

cc:

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