IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

UNITED STATES OF AMERICA, STATE OF ILLINOIS, STATE OF LOUISIANA, STATE OF NEW JERSEY, COMMONWEALTH OF PENNSYLVANIA, NORTHWEST CLEAN AIR AGENCY,	)	CIVIL ACTION NO. H-05-258
Plaintiffs,	)	JUDGE SIM LAKE
v.	)	
PHILLIPS 66 COMPANY, WRB REFINING LP, MONROE ENERGY, LLC,	)	
Defendants.	)	

FOURTH AMENDMENT TO CONSENT DECREE

WHEREAS, on January 27, 2005, Plaintiff, the United States of America ("United States"), on behalf of the Environmental Protection Agency ("EPA"), Co-Plaintiff the State of Illinois ("Illinois"), on behalf of the Illinois Environmental Protection Agency, Co-Plaintiff the State of Louisiana ("Louisiana"), on behalf of the Louisiana Department of Environmental Quality, Co-Plaintiff the State of New Jersey ("New Jersey"), at the request and on behalf of the New Jersey Department of Environmental Protection, Co-Plaintiff the Commonwealth of Pennsylvania ("Pennsylvania"), on behalf of the Pennsylvania Department of Environmental Protection, and Co-Plaintiff the Northwest Clean Air Agency (collectively "Plaintiffs") filed a

complaint in this action against and simultaneously lodged a consent decree with ConocoPhillips Company ("COPC");

WHEREAS, on December 5, 2005, this Court entered the consent decree (the "December 2005 Consent Decree") that fully resolved the claims in the complaint;

WHEREAS, on May 1, 2007, a First Amendment to the December 2005 Consent Decree was entered;

WHEREAS, on September 27, 2007, this Court approved a stipulated order adding WRB Refining LLC, now WRB Refining LP ("WRB Refining"), as a party to the Consent Decree for certain obligations at the Wood River and Borger Refineries as the owner of those refineries;

WHEREAS, on August 11, 2008, a Second Amendment to the December 2005 Consent Decree was entered;

WHEREAS, on April 13, 2012, a Third Amendment to the December 2005 Consent Decree was entered;

WHEREAS, on June 1, 2012, this Court entered an Order substituting Phillips 66 Company ("Phillips 66") for COPC as a Defendant in this case because Phillips 66 became the owner and/or operator of all of the Covered Refineries and assumed all obligations of the Consent Decree;

WHEREAS the December 2005 Consent Decree as modified by the First, Second, and Third Amendments, the addition of WRB Refining as a Defendant, and the substitution of Phillips 66 for COPC hereinafter shall be referred to as the "Consent Decree" or "Decree";

WHEREAS this Fourth Amendment relates only to the refinery located in Trainer, Pennsylvania ("Trainer Refinery");

WHEREAS Paragraph 8 of the Consent Decree provides that Phillips 66 may transfer, in whole or in part, ownership of, operation of or other interest in any Covered Refinery if the transferee agrees to assume liability for all of the terms and conditions of the Consent Decree that apply to the refinery being transferred and the transferee provides a certification that it has the financial and technical ability to assume the obligations and liabilities under the Consent Decree that are related to the transfer;

WHEREAS, on May 17, 2012, in accordance with Paragraph 6 of the Consent Decree, Phillips 66 notified the United States and Pennsylvania of its intent to transfer ownership and operation of the Trainer Refinery to Monroe Energy, LLC ("Monroe Energy");

WHEREAS Monroe Energy is a Delaware Limited Liability Company that will be engaged in refining and marketing petroleum products;

WHEREAS in the asset transfer documents between Phillips 66 and Monroe Energy, Monroe Energy agreed to become a Party to the Consent Decree with respect to the outstanding, uncompleted obligations and liabilities of the Consent Decree that relate to the Trainer Refinery;

WHEREAS, on June 15, 2012, Monroe Energy provided a certification of its financial and technical ability to assume the outstanding, uncompleted obligations and liabilities related to the Trainer Refinery under the Consent Decree;

WHEREAS, on June 22, 2012, Phillips 66 transferred ownership of the Trainer Refinery to Monroe Energy;

WHEREAS, Paragraph 444 of the Consent Decree provides:

> At such time as [Phillips 66] believes that it has satisfied the requirements for termination set forth in Paragraph 443 as to one or more Covered Refineries or as to the entire Decree, [Phillips 66] will certify such compliance and completion, in accordance with the certification language of Paragraph 440, to the United States and the Co-Plaintiffs in writing. Unless, within one hundred twenty (120) days of receipt of [Phillips' 66] certification under this Paragraph 444, either the United

States or any Co Plaintiff objects in writing with specific reasons, the Court may upon motion by Phillips 66 order that this Consent Decree be terminated as to such Covered Refinery(ies).

WHEREAS, on July 12, 2012, Phillips 66 certified to the United States that it had taken the following actions at the Trainer Refinery in completion and satisfaction of the Consent Decree:

a. Installed control technology at its Fluid Catalytic Cracker ("FCC") to reduce emissions of sulfur dioxides ("SO_2"), nitrogen oxides ("NOx"), and particulate matter ("PM"), in compliance with the provisions in Affirmative Relief Subsections V.A, V.B, and V.C of the Consent Decree that pertain to the Trainer Refinery;

b. Demonstrated compliance with the carbon monoxide ("CO") limits and monitoring requirements for the FCC, in compliance with the provisions in Affirmative Relief Subsection V.D of the Consent Decree that pertain to the Trainer Refinery;

c. Demonstrated compliance with the opacity limits and the monitoring requirements for the FCC Unit Catalyst Regenerators in compliance with the provisions in Affirmative Relief Subsection V.E. of the Consent Decree that pertain to the Trainer Refinery;

d. Installed "Qualifying Controls" (as that term is defined in Paragraph 94 of the Consent Decree) on certain heaters and boilers at the Trainer Refinery by permanently shutting down Boilers Numbered 6 and 7 and the FCC Unit Feed Heater to realize a 917.2 ton per year reduction in NOx emissions which will be applied to Phillip 66's corporate commitment under Paragraph 95;

e. Accepted 40 C.F.R. Part 60, Subpart J New Source Performance Standards for its FCC, its sulfur recovery unit and associated tail gas treating unit, and its Old Yard and Acid Gas Flares;

f. Until the refinery was temporarily idled in September 2011, materially and substantially complied with all provisions in the Consent Decree, except for those being transferred to Monroe for completion pursuant to this Fourth Amendment;

g. Prior to September 2011, applied for and received permits incorporating the surviving emission limits and standards established under Section V of the Consent Decree (a table of the emission limits and standards

established under the Consent Decree prior to September 2011 is attached hereto as Exhibit 1);

h. Operated each unit specified above for at least one year in material and substantial compliance with the emission limits reported in Exhibit 1;

i. Paid the civil penalty with respect to all Covered Refineries and the stipulated penalties with respect to the Trainer Refinery; and

j. Completed the Supplemental/Beneficial Environmental Projects in Section VIII that relate to the Trainer Refinery.

WHEREAS the United States, Pennsylvania, Phillips 66, and Monroe Energy agree that all Section V obligations of the Consent Decree relating to the Trainer Refinery have been satisfied except for those set forth in Paragraphs 01, 05, and 06 below;

WHEREAS no stipulated penalties accruing during COPC's or Phillips 66's ownership and operation of the Trainer Refinery are outstanding;

WHEREAS the United States, Pennsylvania, Phillips 66, and Monroe Energy seek to add Monroe Energy as a Defendant in the above-referenced case in order to have Monroe Energy assume those obligations of the Consent Decree related to the Trainer Refinery that have not yet been certified as having been completed;

WHEREAS, simultaneously with Monroe Energy's assumption of the outstanding, uncompleted Consent Decree obligations at the Trainer Refinery, the United States, Pennsylvania, Phillips 66, and Monroe Energy seek to terminate the Consent Decree obligations at the Trainer Refinery as to Phillips 66;

WHEREAS the following Subsections of Section V of the Consent Decree ("Affirmative Relief") identify the outstanding, uncompleted obligations that Monroe Energy will be required to comply with at the Trainer Refinery until Monroe Energy certifies them as complete:

F. NOx Emissions Reductions from Combustion Units (as described in Paragraph 05 below)

G. NSPS Applicability of Flaring Devices (as described in Paragraph 04 below)

L. Control of Acid Gas Flaring Incidents and Tail Gas Incidents

M. Control of Hydrocarbon Flaring Incidents

N. Benzene Waste Operations NESHAP Program Enhancements

O. Leak Detection and Repair Program Enhancements

P. Incorporation of Consent Decree Requirements into Federally Enforceable Permits

WHEREAS the United States, Pennsylvania, Phillips 66, and Monroe Energy agree that Monroe Energy is responsible for the obligations in the above referenced Subsections that apply to the Trainer Refinery only; that Monroe Energy has no obligations with respect to any Covered Refinery other than the Trainer Refinery; and that the following Paragraphs within the above referenced Subsections do not contain any obligations relating to the Trainer Refinery: 100A, 105, 106, 107, 108, 109, 110, 111, 112, 114, 122A, 123A, 127 through 135, 136, 170, 174, 179A–179C, 180, 204 and 259A–259K;

WHEREAS the United States, Pennsylvania, Phillips 66, and Monroe Energy agree that the limits set forth in Exhibit 1 will survive the termination of the Consent Decree as to the Trainer Refinery and that the limits are included as terms and conditions in the Trainer Refinery's combined New Source/Operating Permit Number 23-00003;

WHEREAS Monroe Energy acknowledges that the Trainer Refinery must operate in accordance with the limits in Exhibit 1;

WHEREAS, the United States, Pennsylvania, Phillips 66, and Monroe Energy agree that Monroe Energy shall not be responsible for payment of any portion of the civil penalty provided for in Part X of the Consent Decree, which civil penalty already has been paid in full and that

Monroe Energy shall not be responsible for payment of any portion of the stipulated penalty required pursuant to Paragraph 288B of the Third Amendment of the Consent Decree, which also has been paid in full;

WHEREAS the interests of Co–Plaintiffs Illinois, Louisiana, New Jersey, and the Northwest Clean Air Agency are not implicated in nor affected by the matters in this Fourth Amendment because these Co-Plaintiffs have no jurisdiction or authority over the Trainer Refinery and these Co-Plaintiffs therefore are not necessary parties to this Amendment;

WHEREAS the interests of Defendant WRB Refining are not implicated in nor affected by the matters in this Fourth Amendment because WRB Refining has no ownership or operational interest in the Trainer Refinery and therefore WRB Refining is not a necessary party to this Amendment;

WHEREAS, the United States, Pennsylvania, Phillips 66, and Monroe Energy recognize, and the Court by entering this Fourth Amendment finds, that this Fourth Amendment has been negotiated at arm's length and in good faith and that this Fourth Amendment is fair, reasonable, and in the public interest;

NOW THEREFORE, before the taking of any testimony, without adjudication of any issue of fact or law, and upon the consent and agreement of the Parties necessary to this Amendment, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

AMENDED AND RESTATED SECTIONS

The Consent Decree shall remain in full force and effect in accordance with its terms, except that:

01. Monroe Energy is added as a Defendant in the above-referenced case and shall be liable for those obligations of Section V of the Consent Decree related to the Trainer Refinery that have not been certified as having been completed. Those obligations are as follows:

F. NOx Emissions Reductions from Combustion Units (as described in Paragraph 05 below)

G. NSPS Applicability of Flaring Devices (as described in Paragraph 04 below)

L. Control of Acid Gas Flaring Incidents and Tail Gas Incidents

M. Control of Hydrocarbon Flaring Incidents

N. Benzene Waste Operations NESHAP Program Enhancements

O. Leak Detection and Repair Program Enhancements

P. Incorporation of Consent Decree Requirements into Federally Enforceable Permits

The capitalized letters set forth above refer to the Subsections within Section V of the Consent Decree where the obligations are found.

02. Monroe Energy is responsible for the obligations in the above-referenced Subsections that apply to the Trainer Refinery only. Monroe Energy has no obligations with respect to any Covered Refinery other than the Trainer Refinery.

03. On July 12, 2012, Phillips 66 certified to the United States that it had taken the following actions at the Trainer Refinery in completion and satisfaction of the Consent Decree and, consequently, the obligations described in this Paragraph 03 are terminated with respect to the Trainer Refinery:

a. Installed control technology at its Fluid Catalytic Cracker ("FCC") to reduce emissions of sulfur dioxides ("SO_2"), nitrogen oxides ("NOx"), and particulate matter ("PM"), in compliance with the provisions in Affirmative Relief Subsections V.A, V.B, and V.C of the Consent Decree that pertain to the Trainer Refinery;

b. Demonstrated compliance with the carbon monoxide ("CO") limits and monitoring requirements for the FCC, in compliance with the provisions in Affirmative Relief Subsection V.D of the Consent Decree that pertain to the Trainer Refinery;

c. Demonstrated compliance with the opacity limits and the monitoring requirements for the FCC Unit Catalyst Regenerators in compliance with the provisions in Affirmative Relief Subsection V.E. of the Consent Decree that pertain to the Trainer Refinery;

d. Installed "Qualifying Controls" (as that term is defined in Paragraph 94 of the Consent Decree) on certain heaters and boilers at the Trainer Refinery by permanently shutting down Boilers Numbered 6 and 7 and the FCC Unit Feed Heater to realize a 917.2 ton per year reduction in NOx emissions which will be applied to Phillip 66's corporate commitment under Paragraph 95;

e. Accepted 40 C.F.R. Part 60, Subpart J New Source Performance Standards for its FCC, its sulfur recovery unit and associated tail gas treating unit, and its Old Yard and Acid Gas Flares;

f. Until the refinery was temporarily idled in September 2011, materially and substantially complied with all provisions in the Consent Decree, except for those being transferred to Monroe for completion pursuant to this Fourth Amendment;

g. Prior to September 2011, applied for and received permits incorporating the surviving emission limits and standards established under Section V of the Consent Decree (a table of the emission limits and standards established under the Consent Decree prior to September 2011 is attached hereto as Exhibit 1);

h. Operated each unit specified above for at least one year in material and substantial compliance with the emission limits reported in Exhibit 1;

i. Paid the civil penalty with respect to all Covered Refineries and the stipulated penalties with respect to the Trainer Refinery; and

j. Completed the Supplemental/Beneficial Environmental Projects in Section VIII that relate to the Trainer Refinery.

04. The permitted limits and standards set forth in Exhibit 1 to this Order shall survive the termination of the Consent Decree as to the Trainer Refinery. Monroe Energy shall operate in accordance with these permitted limits.

05. With respect to the Trainer Refinery, Paragraph 143 of the Consent Decree is hereby amended as follows: Monroe Energy shall have until eight (8) months after the restart of the Trainer Refinery (following an anticipated turnaround in 2012) to certify compliance with one or more of the compliance methods found in Paragraph 139 of the Consent Decree and accept NSPS applicability at the Main Yard and SWS Flares at the Trainer Refinery.

06. With respect to the Trainer Refinery, Paragraph 95 of the Consent Decree is hereby amended to require Monroe Energy to secure part of Phillips 66's NOx reductions as follows: Monroe Energy shall secure and demonstrate 278 TPY of NOx reductions from heaters and boilers at the Trainer Refinery (which shall be in addition to the 917.2 tons of NOx reductions previously realized by Phillips 66 at the Trainer Refinery). Monroe Energy shall have until twelve (12) months after the restart of the Trainer Refinery (following an anticipated 2012 turnaround) to install Qualifying Controls on the heaters and boilers at the Trainer Refinery to fulfill Monroe Energy's obligation to achieve a reduction of 278 TPY of NOx emissions.

07. Paragraph 95 of the Consent Decree is hereby amended to require Phillips 66 to demonstrate and certify, in accordance with the requirements of Paragraph 95, a total of 3,755.8 TPY of NOx reductions from the heaters and boilers at all Covered Refineries except for the Trainer Refinery.

08. Monroe Energy shall send a notification to the United States and Pennsylvania that identifies the date that it restarts the Trainer Refinery (after the turnaround, which is anticipated in 2012).

09. Monroe Energy shall not be responsible for payment of any portion of the civil penalty provided for in Part X of the Consent Decree, which civil penalty already has been paid in full. Further, Monroe Energy shall not be responsible for payment of any portion of the stipulated penalty required pursuant to Paragraph 288B of the Third Amendment of the Consent Decree, which also has been paid in full.

010. Monroe Energy shall be responsible for the payment of stipulated penalties, if any, that may accrue during its ownership or operation of the Trainer Refinery.

011. All Section V obligations relating to the Trainer Refinery have been satisfied except for those set forth in Paragraphs 01, 05, and 06.

012. Other than the limitations set forth in Paragraphs 01, 03, and 09 (with respect to Sections V and X of the Consent Decree and Paragraph 288B of the Third Amendment), Monroe Energy shall be substituted for Phillips 66 as the Defendant, with respect to the Trainer Refinery only, for all other provisions of the Consent Decree, including all rights, liabilities, and obligations.

013. For purposes of Notification under Paragraph 433 of the Consent Decree, the Trainer Refinery and Monroe Energy shall be notified as follows:

Mr. Jeffrey Warmann
Manager
Trainer Refinery
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Trainer, PA 19061

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014. As to the Trainer Refinery only, the Consent Decree is terminated as to Phillips 66 and Phillips 66 no longer is liable to the United States and/or Pennsylvania for any obligations that apply to the Trainer Refinery.

Dated this 21st day of September, 2012.

UNITED STATES DISTRICT JUDGE

Fourth Amendment to Consent Decree in the matter of United States, et al. v. Phillips 66 Company, Civil Action No. H-05-0258 (Southern District of Texas).

FOR THE UNITED STATES OF AMERICA

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Fourth Amendment to Consent Decree in the matter of United States, et al. v. Phillips 66 Company, Civil Action No. H-05-0258 (Southern District of Texas).

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Fourth Amendment to Consent Decree in the matter of United States, et al. v. Phillips 66 Company, Civil Action No. H-05-0258 (Southern District of Texas).

FOR THE ENVIRONMENTAL PROTECTION AGENCY

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Fourth Amendment to Consent Decree in the matter of United States, et al. v. Phillips 66 Company, Civil Action No. H-05-0258 (Southern District of Texas).

FOR CO-PLAINTIFF
COMMONWEALTH OF PENNSYLVANIA

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Fourth Amendment to Consent Decree in the matter of United States, et al. v. Phillips 66 Company, Civil Action No. H-05-0258 (Southern District of Texas).

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/s/ Donna H. Carvalho ***
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Fourth Amendment to Consent Decree in the matter of United States, et al. v. ConocoPhillips Company, Civil Action No. H-05-0258 (Southern District of Texas).

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*** Signed with permission.

EXHIBIT 1

Trainer Consent Decree Based Permit Limits

The following permit limits are in the Trainer Refinery's combined New Source and Title V Operating Permit # 23-00003 (last revised on 10-28-11).

FCCU:

FCC NOx - 365-Day Rolling Average NOx Emission = 121.1 ppmvd @ 0% O2
FCC NOx - 7-Day Rolling Average NOx Emission = 155.3 ppmvd @ 0% O2
FCC SO2 - 365-Day Rolling Average SO2 Emission = 25 ppmvd @ 0% O2
FCC SO2 - 7-Day Rolling Average SO2 Emission = 50 ppmvd @ 0% O2
FCC PM - 3-hour Rolling Average PM Emission = 0.5 lb/1000 Pounds of Coke Burned
FCC PM - NSPS J for PM (Opacity)
FCC CO - 1-Hour Average CO Emission = 500 ppmvd @ 0% O2

Heaters and Boilers:

All Heater & Boilers SO2 - NSPS J for combustion device
All Heaters & Boilers Fuel Oil Prohibition - CD requirement included in permits

Operating Permits for the following units were surrendered to create 917.2 tons of NOx reductions for the NOx control plan: Boiler 6, Boiler 7, and Old FCC Feed Heater

Sulfur Plant:

Sulfur Plant SO2 - NSPS J

Flares:

Back-up (Old Yard) Flare - NSPS A
Back-up (Old Yard) Flare SO2 - NSPS J for combustion device

Acid Gas Flare - NSPS A
Acid Gas Flare SO2 - NSPS J for combustion device