

San Joaquin Valley Unified Air Pollution Control District

PUBLIC NOTICE OF AVAILABILITY

NEGATIVE DECLARATION

October 1, 2004

Project Title: Kern Oil & Refining Co. Ultra Low Sulfur Diesel

Project Location: 7724 E. Panama Lane

Project Location - City: Bakersfield

Project Location - County: Kern

Description of Project:

Kern Oil & Refining Co. is proposing modifications to produce Ultra-Low Sulfur Diesel, as required by the U.S. Environmental Protection Agency (U.S. EPA) 40CFR §§ 80, 500 final rule for diesel fuel standards, in order to make the deadline of June 1, 2006. This project has been developed to control sulfur compounds in the diesel/distillate streams through a series of modifications. These modifications include: Distillate Hydrotreater (DHT) Modifications, Reformer Facility, Sulfur Recovery Unit, and Tank Facility modifications. Emissions increases from the project will primarily come from the combustion sources such as the process heaters. Emission reductions from this project will be substantial with use of the Ultra-Low Sulfur Diesel Fuel in diesel engines both on and off road.

Lead Agency: San Joaquin Valley Unified Air Pollution Control District

Lead Agency Contact Person: Heather Ellison, Air Quality Planner
(661) 326-6980

Addresses where document may be obtained:

San Joaquin Valley Unified Air Pollution Control District

Headquarters Office
1990 E. Gettysburg Ave.
Fresno, CA 93726

Southern Regional Office
2700 'M' Street, Suite 275
Bakersfield, CA 93301

Public Review Period: Begins: October 1, 2004 Ends: October 21, 2004

Anyone interested in this matter is invited to comment on the document by written response on or before October 21, 2004

Kern Oil & Refining Company Ultra Low Sulfur Diesel

Negative Declaration prepared by:

Heather Ellison, Air Quality Planner
San Joaquin Valley Unified Air Pollution Control District

Information for the aforementioned document was provided by:

Kern Oil & Refining Co.

Contacts:

Chad Tuttle
Provided technical project information

San Joaquin Valley Air Pollution Control District

Contacts:

Steve Tomlin, Senior Permit Services Engineer
SJVAPCD Staff
Authority to Construct for Kern Oil & Refining Co.
Toxics and Hazardous pollutants assessment and analysis

Environmental Checklist Form

1. Project title: Kern Oil & Refining Co. Ultra Low Sulfur Diesel Project

2. Lead agency name and address:

San Joaquin Valley APCD
2700 M Street Suite 275
Bakersfield, Ca 93301

3. Contact person and phone number:

Heather Ellison
(661) 326-6980

4. Project location:

7724 E. Panama Lane
P O Box 9210
Bakersfield, CA 93307

5. Project sponsor's name and address:

Chad Tuttle, Manager of Environmental Affairs
Same as above

6. General Plan Designation / Zoning: H.I. / M-3 (Heavy Industrial)

7. Assessors Parcel Number: 174-130-05, 01 ,04

8. Description of project:

Kern Oil & Refining Co. is proposing modifications to produce Ultra-Low Sulfur Diesel (< 15 ppm), as required by the U.S. Environmental Protection Agency (U.S. EPA) 40CFR §§ 80, 500 final rule for diesel fuel standards, in order to make the deadline of June 1, 2006.

This project has been developed to control sulfur compounds in the diesel/distillate streams through a series of modifications. These modifications include: Distillate Hydrotreater (DHT) Modifications, new Reformer Facility, new Sulfur Recovery Unit, and Tank Facility modifications. Emissions increases from the project will primarily come from the combustion sources such as the process heaters, and also from the new sulfur recovery plant. Emission reductions from this project will be substantial with use of the Ultra-Low Sulfur Diesel Fuel in diesel engines both on and off road.

9. Surrounding land uses and setting:

The areas directly north and west are primarily agricultural. The area directly to the east is industrial and agricultural. The area directly to the south is agricultural for approximately 1/3 mile followed by residential. The general area is primarily rural. A spreadsheet has been attached showing the refinery layout.

10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement.)

No other approval is needed.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

- | | | |
|--|---|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture Resources | <input checked="" type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology /Soils |
| <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology / Water Quality | <input type="checkbox"/> Land Use / Planning |
| <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise | <input type="checkbox"/> Population / Housing |
| <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation | <input type="checkbox"/> Transportation/Traffic |
| <input type="checkbox"/> Utilities / Service Systems | <input type="checkbox"/> Mandatory Findings of Significance | |

DETERMINATION:

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature

Date

Printed Name: Heather Ellison

Title: Air Quality Planner

EVALUATION OF ENVIRONMENTAL IMPACTS:

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, "Earlier Analyses," may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures, which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources

used or individuals contacted should be cited in the discussion.

- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
 - a) The significance criteria or threshold, if any, used to evaluate each question; and
 - b) The mitigation measure identified, if any, to reduce the impact to less than significance

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
I. AESTHETICS -- Would the project:				
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
II. AGRICULTURE RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
<p>III. AIR QUALITY -- Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:</p>				
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>IV. BIOLOGICAL RESOURCES -- Would the project:</p>				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
V. CULTURAL RESOURCES -- Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in '15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to '15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
VI. GEOLOGY AND SOILS -- Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv) Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
VII. HAZARDS AND HAZARDOUS MATERIALS B Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
h) Expose people or structures to a significant risk of loss, injury or death involving wild land fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
VIII. HYDROLOGY AND WATER QUALITY -				
- Would the project:				
a) Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner, which would result in flooding on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Place within a 100-year flood hazard area structures, which would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j) Inundation by seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
IX. LAND USE AND PLANNING - Would the project:				
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
X. MINERAL RESOURCES -- Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XI. NOISE B Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XII. POPULATION AND HOUSING -- Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XIII. PUBLIC SERVICES				
a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XIV. RECREATION --				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XV. TRANSPORTATION/TRAFFIC -- Would the project:				
a) Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Result in inadequate parking capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XVI. UTILITIES AND SERVICE SYSTEMS B				
Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

CHECKLIST

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project=s projected demand in addition to the provider=s existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Be served by a landfill with sufficient permitted capacity to accommodate the project=s solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Comply with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XVII. MANDATORY FINDINGS OF SIGNIFICANCE --				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively Considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Evaluation of Environmental Impacts

Aesthetics

This project will not have an adverse effect on any scenic resources, degrade existing visual character of the area or create a substantial glare that would effect day or nighttime views in the area. The project will be constructed within the confines of the existing Kern Oil & Refining Co.'s (Kern's) refinery property.

Agriculture Resources

This project will not convert prime farmland to non-agricultural uses or result in future conversion of farmland to non-agricultural uses. The project site and the surrounding area are already developed and have not recently been utilized for agriculture purposes.

Air Quality

This project will not violate any air quality standard, result in a cumulatively considerable net increase in any criteria pollutant, expose sensitive receptors to substantial pollutants or create any objectionable odors. The impacts on air quality are expected to be less than significant since the proposed project and related actions will result in an insignificant increase in emissions from Kern's refinery and the Bakersfield area coupled with large decreases from diesel- powered mobile sources. The project will have an overall beneficial impact on air quality created by the substantial air-emission reductions from mobile sources in the San Joaquin Valley from the use of Ultra Low Sulfur Diesel (ULSD).

The production of ULSD is required (adopted in 2001) by the United States Environmental Protection Agency (USEPA) as a control technique for highway vehicles starting with model-year 2007 heavy-duty diesel vehicles. This fuel mandate is coupled with new vehicle control techniques, which include the addition of exhaust catalyst. Current laws (Low-Sulfur/Low-Aromatic Diesel-1993) mandate motor vehicle diesel fuel sulfur levels to no more that 500-ppm wt. The new mandate

will cap the maximum diesel fuel sulfur at no greater than 15-ppm wt. for a reduction of 97%. The deadline is June 1, 2006. There are minor emission increases associated with modifications to the refinery. All emission factors were developed based on EPA AP-42 approved emissions factors or other approved emission factors proposed by the applicant. Emission factors are presented in Attachment A.

Biological Resources

This project will not have a substantial adverse effect on the habitat of sensitive species, riparian areas, federally protected wetlands, or interfere with any migratory fish or wildlife species with established migratory corridors. This project will not conflict with any local policies or ordinances protecting biological resources or conflict with any Habitat Conservation plan. There are no plants, which have official State or Federal rare, threatened, or endangered status located on the project site. This Project site has already been established and no additional future development is planned at the site.

Cultural Resources

This site is already established with buildings, and no further development is proposed. There is no possibility that this project could have any adverse effect on cultural resources including; historical resources, archaeological resources, paleontological resources, geologic features or the disturbance of any human remains.

Geology and Soils

This project is not located in a known earthquake fault zone. It is not subject to landslides nor will it result in substantial soil erosion or loss of topsoil. The structures for the project will meet building code requirements. Project induced geological hazards are not expected, nor will the project result in exposure of people or property to geological hazards.

Hazards and Hazardous Materials

Toxic emissions from the proposed ULSD project will not pose a significant health risk.

This project will not interfere with an adopted emergency response/evacuation plan.

The already developed project site is not adjacent to wild lands.

Due to the types of materials stored and refining processes that occur on-site, the risk of large-scale upset conditions by nature is present at any refinery. However, this Project consists only of conventional (well-known technology) refinery units, and none of the modifications would increase the risk beyond its current level.

Under the Occupational Safety and Health Administration (OSHA) and California Occupational Safety and Health Administrations (CalOSHA), regulations are in place that requires refineries to prepare and implement a Process Safety Management (PSM) Program. (The federal OSHA requirement is identified in 29 CFR 1910.119, and the CalOSHA regulation is found under Title 8 of the California Code of Regulations Section 5189 (8 CCR 5189).) These programs consider facility design,

process hazard analysis, operating procedures, training, mechanical integrity, contractor safety, process safety information, management of change, emergency procedures, chemical and material use, maintenance procedures, and pre-startup safety review.

Extensive safety controls exist in a petroleum refinery to control potential sources of ignition. These controls include equipment safeguards, monitoring equipment designed to detect sources of flammable gases and vapors, written procedures, training, and a formal procedure authorizing the use of such equipment by way of a written Hot Work permit. As a result of these stringent controls, no increase in the risk of hazards is expected at the refinery.

Hydrology and Water Quality

This site will use an existing onsite well, and therefore will not substantially deplete groundwater supplies or interfere with groundwater recharge. Drainage patterns for the site will not be altered and additional run-off will not exceed capacity of storm water drainage systems.

Land Use and Planning

The proposed project is to be at an already established refinery. The proposal involves the addition of new processing equipment, and does not include plans for expansion of the refinery itself. Land use designations including; general plans, zoning and/or specific plans will not be in conflict with this project. All applicable permits have already been obtained or are in the process of being obtained.

Mineral Resources

There will be no substantial change in use of renewable or non-renewable resources as a result of this project.

Noise

Although noise levels are not expected to significantly increase over the long-term, there exists the potential for some short-term noise level increases that could result from the installation of new equipment and construction activities. Noise impacts will cease following the construction period. Sensitive receptors (including residential areas) are not located in the immediate construction area and no significant impacts to sensitive receptors are expected. This project will not significantly contribute or generate noise levels in excess of standards established or create excessive ground borne vibrations. No airport land use plan, airport or private airstrip exists within 2 miles of the site.

Population and Housing

This project will not displace any existing housing nor will it induce growth directly or indirectly within the area. It will not impact housing, commercial or industrial facilities in the area or change the distribution of population. The project will not require any significant number of additional permanent workers at the refinery.

Public services

The project site is at an existing business that already utilizes public services.

Recreation

The project is not located near nor will it include any recreational facilities and therefore, will have no impact on recreational resources.

Transportation/Traffic

This project will not cause a substantial increase in traffic or level of service standard required for congestion management. No airport/airstrip is located near the project site; the project will not result in any air traffic change. This project will not cause substantial increases in hazards due to a design feature or incompatible use. Adequate parking and emergency access already exists at the site. There will be no conflict with adopted policies, plans, or programs supporting alternative transportation.

Utilities and Service Systems

The project will result in increased power consumption of ~1.0 megawatt. Kern's existing Cogeneration Facility will supply the additional demand without modification.

This project will not exceed wastewater treatment requirements or require that new wastewater treatment facilities be built. Wastewater discharge will increase by approximately 40 gallons per minute (gpm). Kern's Water Treatment System, which is designed for three times the current flow, can easily accommodate this increase. Reference is made to Kern's Industrial Wastewater Discharge Permit No. 2-CO-C024 as issued by the City of Bakersfield Public Works Department.

The fuel usage for the project modification will increase the fuel consumption. The estimated heat input increase is ~92.9 million Btu per hour (MMBtu/hr), or an increase of ~2.23 million standard cubic feet per day (MMscfd) natural gas. Since

the proposed Reformer Facility will yield a significant quantity of hydrogen and fuel gas, the net increase on utility-supplied natural gas will be relatively small.

The ULSD Project will increase the amount of steam produced and consumed in the refinery. Kern's existing steam production capacity is sufficient to meet the Project's requirements. Sufficient water supplies are available to serve the proposed project with existing resources.

Construction of new storm water drainage facilities will not be required. Waste disposal needs can be met for this project by the local landfill. The project will comply with all federal, state, and local statutes and regulations related with solid waste.

Mandatory Findings of Significance

This project does not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory.

This project does not have the potential to achieve short-term, to the disadvantage of long-term, environmental goals. This project will have no potential environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly.

Based upon consideration of the information provided in the comments to the Environmental Checklist and other analyses performed for this project, it does not have the potential to degrade the quality of the environment or to interfere with either short-term or long-term environmental goals. There will not be any significant cumulative impacts. Cumulative reductions are discussed previously.

Finally, the project will not cause any direct or indirect substantial adverse effects on human beings.

Notes:

Kern's ULSD Project is required for the continued supply of diesel fuel to the growing economy in the Southern San Joaquin Valley. Kern's diesel supply is vital and especially significant in light of the neighboring Shell Refinery closure effective March 2005.

Attachment A

The applicant provided this information during the permit application period. Current laws (Low-Sulfur/Low-Aromatic Diesel-1993) mandate motor vehicle diesel fuel sulfur levels to no more than 500-ppm wt. The new mandate will cap the maximum diesel fuel sulfur at no greater than 15-ppm wt. for a reduction of 99.7%. The deadline is June 1, 2006. Emissions reductions data was taken from CARB Resolution 03-17, July 2003 and USEPA Document EPA 420-F-00-022, May 2000.

<u>Pollutant</u>	<u>National Emissions Reduction</u>
Particulate Matter $\leq 10\mu$ (PM ₁₀ or "Soot")(90%)	~ 602,000 lbs/day
Oxides of Sulfur (SO _x)(97%)	~ 762,000 lbs/day
Oxides of Nitrogen (NO _x) (95%)	~15,342,000 lbs/day
Volatile Organic Compounds (VOC)(95%)	~ 1,671,000 lbs/day
Carbon Monoxide (CO)(No Change)	~ 8,986,000 lbs/day
Air Toxics	~ 183,000 lbs/day

Note: National 2001 Highway Diesel Sales = 2,167,000 BPD, 3,848,000 BPD in 2030

There are minor emission increases associated with modifications to the refinery. These emissions are presented below. All emission factors were developed based on EPA AP-42 approved emissions factors or other approved emission factors proposed by the applicant.

Kern's ULSD Project has been divided into four (4) basic sections. All sections are considered a control technique, as they are required to further reduce, i.e., control, sulfur compounds in the diesel/distillate streams. The sections are in order of planned construction at this time. Please note the existing Sulferox® Facility listed below may be modified for service within the new proposed Sulfur Recovery Facility.

- A. Distillate Hydrotreater (DHT) Modifications (SJVAPCD Permit No. S-37-77-)
- B. Reformer Facility (New Hydrogen-Supply Facility)
- C. Sulfur Recovery Unit (New Facility)
- D. Tankage

Emission increases from Kern's ULSD Project are primarily from combustion sources, i.e., process heaters and fugitive sources. Preliminary engineering data shows a new (net increase) heat-input requirement of approximately 92.9 MMBtu/hr. Below are preliminary emission estimates from current BARCT technology factors. Heater and compressor emissions will be designed to comply with District Rules 4306 and 4702 respectively.

2A. Diesel Hydrotreater (DHT) Modification

Kern's existing DHT (Permit No. S-37-77-6) must be modified to produce diesel fuel to the new standards effective June 1, 2006. Kern is proposing to install a second reactor, upgrade 2 heaters, install hydrogen recycle gas scrubber, install two charge pumps, and install two feed-effluent exchangers. These changes are required to reduce Kern's current diesel sulfur levels to the new limit of 15-ppm wt. Please note that these changes will be interrelated/interconnected to other required refinery modifications described further in this document. H-2001 (Reactor Feed Heater) is a 12.0 MMBtu/hr gas-fired heater and will be upgraded to 18.0 MMBtu/hr. Heater H-2002 (Stripper Reboiler Heater) is an 11.4 MMBtu/hr gas-fired heater and will be upgraded to 18.0 MMBtu/hr. This equates to a net increase of 12.6 MMBtu/hr. Although early, the heater modifications will incorporate new burner technology for compliance with District Rule 4306. Using a combination of AP-42 factors and other approved emission factors, the combined emissions from these DHT modifications are as follows.

<u>Pollutant</u>	<u>Emissions Increase</u>
Particulate matter $\leq 10\mu\text{m}$	2.3 lbs/day
Oxides of Sulfur	23.1 lbs/day
Oxides of Nitrogen	11.0 lbs/day
Volatile Organic Compounds	1.7 lbs/day
Volatile Organic Compounds (Components)	4.1 lbs/day
Carbon Monoxide	33.5 lbs/day

The DHT will result in a miniscule increase in VOC fugitive emissions due to the addition of ~300 flanges, valves, and other devices, which may cause emissions to the atmosphere.

2B. Sulfur Recovery Unit (Includes Amine, Sour Water, and Tailgas Systems)

Emissions from the technology selection (Liquid Sulfur Production-Claus Technology-10 t/d) are listed below.

<u>Pollutant</u>	<u>Emissions</u>
Particulate matter $\leq 10\mu$ (PM ₁₀)	0.5 lbs/day
Oxides of Sulfur	38.4 lbs/day
Oxides of Nitrogen (NO _x)	12.2 lbs/day
Volatile Organic Compounds (VOC)	0.3 lbs/day
Volatile Organic Compounds (Component * factor)	7.2 lbs/day
Carbon Monoxide (CO)	11.8 lbs/day

The Sulfur Recovery Unit will result in a miniscule increase in VOC fugitive emissions due to the addition of ~300 flanges, valves, and other devices, which may cause emissions to the atmosphere.

2C. Reformer Unit (Hydrogen Supply)

This new unit will produce hydrogen for use in the modified DHT. The Reformer Unit will process naphtha feed from existing sources within the refinery. The new unit will consist of six fired heaters. The heaters are identified as Hydrotreater Charge-11.1 MMBtu/hr, Hydrotreater Reboiler-12.6 MMBtu/hr, Reactor No. 1-25.7 MMBtu/hr, Reactor No.2-13.4MMBtu/hr, Reactor No. 3-8.9MMBtu/hr, and Stabilizer Reboiler-8.3 MMBtu/hr. This equates to a net increase of 80.0 MMBtu/hr. Heaters will be fully compliant with District Rule 4306. Using a combination of AP-42 factors and other approved emission factors, the combined emissions from all heaters are:

<u>Pollutant</u>	<u>Emissions Increase</u>
Particulate matter $\leq 10\mu$	14.5 lbs/day
Oxides of Sulfur	54.8 lbs/day
Oxides of Nitrogen	70.0 lbs/day
Volatile Organic Compounds	11.3 lbs/day
Volatile Organic Compounds (Components)	108.1 lbs/day
Carbon Monoxide	213.2 lbs/day

The Reformer Unit will result in an increase in VOC fugitive emissions due to the addition of ~3500 flanges, valves, and other devices, which may cause emissions to the atmosphere. The proposed Reformer Unit will incorporate electric driven (hydrogen) compressors.

2D. Tankage

Additional tankage will be needed for this project. Storage tanks will be needed for the amine systems, sour water systems, and product storage. All tanks will be fully compliant with District Rule 4623. New storage tanks will operate under vapor

recovery with the exception of low-volatility products/blendstocks comparable to that of kerosene. The VOCs collected by the vapor recovery system will be compressed and routed to Kern’s existing fuel gas system, displacing natural gas that otherwise would be burned in refinery heaters. The pumps, valves, flanges, and other components associated with the new tankage may result in a miniscule increase in VOC fugitive emissions to the atmosphere. It is estimated that ~100 components will be added with any new tankage.

<u>Pollutant</u>	<u>Emissions Increase</u>
Volatile Organic Compounds (Components)	2.2 lbs/day

2E. Other

Kern is proposing to limit the sulfur oxide emissions from one boiler to reduce the increase from the project. Emission changes are as follows:

<u>Pollutant</u>	<u>Emissions Increase</u>
Oxides of Sulfur	-36.5 lbs/day

Emissions from Construction

The construction of the Sulfur Recovery Unit modifications, DHT Modifications, Reformer Unit, and Tankage will cause some minor temporary emission increases. However, mitigation of fugitive dust emissions will be controlled by the following mitigations:

- Kern shall employ all feasible dust mitigation practices during grading and construction as recommended and approved by the San Joaquin Valley Unified Air Pollution Control District. The approved measures are as follows:
- All material excavated or graded should be sufficiently watered to prevent excessive amount of dust. Watering should occur at least twice a day with complete coverage, preferably in the late morning and after work is done for the day.
- All material transported off-site should be either sufficiently watered or securely covered to prevent excessive amounts of dust.

Other Related Issues

Any release to the flare system will be compressed in the flare gas compressor and routed to the plant fuel gas drum, displacing purchased natural gas. No additional emissions are expected from the refinery flare.

The project is not expected to create objectionable odors or alter air movement, moisture, or temperature, or produce a change in climate, either regionally or locally. The project will increase the amount of sour gas and sour water produced. However, the new Sulfur Recovery Unit will be designed to handle these streams.

Associated (California) Emissions Reductions

ULSD implementation is the centerpiece of EPA’s plans that will result in achievement of long-term air quality benefits to the San Joaquin Valley Air Basin and the State of California. California has also recently (2003) adopted the federal (EPA) standards and timing for ULSD. Implementation is expected to substantially reduce motor vehicle exhaust emissions within California from diesel vehicles as outlined in the table below. Net emissions decreases from the project far outweigh any calculated increases.

<u>Pollutant</u>	<u>Statewide Emissions Reduction</u>	
Particulate Matter $\leq 10\mu$ (PM ₁₀ or “Soot”)(90%)	~ 48,616	lbs/day
Oxides of Sulfur (SO _x)(97%)	~ 61,570	lbs/day
Oxides of Nitrogen (NO _x) (95%)	~1,236,634	lbs/day
Volatile Organic Compounds (VOC)(95%)	~ 135,017	lbs/day
Carbon Monoxide (CO)(No Change)	~ 726,069	lbs/day
Air Toxics	~ 14,786	lbs/day

Note: National 2001 Highway Diesel Sales = 2,167,000 BPD, 3,848,000 BPD in 2030, and California (2001) Vehicular Diesel Sales ≈ 175,000 BPD.

Toxic Emissions

Firing the heaters at the proposed maximum rate would require an additional ~2.2 MMscfd of gas with a heating value of ~1,000 Btu/scf. The ULSD Project derives this volume from a ~92.9 MMBtu/hr net increase in fired duty required. Toxic emissions from the additional gas burned in the heaters will not pose a significant health risk.

SJVAPCD Emission Limits

This facility will be subject to the limits defined in the District’s New and Modified Stationary Source Review Rule 2201 as follows:

- 4.6.8 For existing facilities, the installation or modification of an emission control technique performed solely for the purpose of compliance with the requirements of District, State or Federal air pollution control laws, regulations, or orders, as approved by the APCO, shall be exempt from offset

requirements for all air pollutants provided all of the following conditions are met:

- 4.6.8.1 There shall be no increase in the physical or operational design of the existing facility, except for those changes to the design needed for the installation or modification of the emission control technique itself;
- 4.6.8.2 There shall be no increase in the permitted rating or permitted operating schedule of the permitted unit;
- 4.6.8.3 There shall be no increase in emissions from the stationary source that will cause or contribute to any violation of a National Ambient Air Quality Standard, Prevention of Significant Deterioration increment, or Air Quality Related Value in Class I areas; and
- 4.6.8.4 The project shall not result in an increase in permitted emissions or potential to emit of more than 25 tons per year of NO_x, or 25 tons per year of VOC, or 15 tons per year of SO_x, or 15 tons per year of PM-10, or 50 tons per year of CO.