

Alon refinery ends hiatus

By John Cox, Californian staff writer

Bakersfield Californian, Thursday, June 28, 2012

Production has resumed at the Alon refinery on Rosedale Highway, ending a half-year hiatus brought on by difficult financial conditions.

The restart was confirmed Wednesday by an official with the union that used to represent workers at the plant.

The refinery's Dallas-based owner, Alon USA Energy Inc., declined to comment.

A resumption of refining at the plant is good news to its 100 or so full-time employees and dozens of others who provide it with maintenance, security or trucking services.

Observers have continued to question the refinery's long-term viability, pointing to Alon's declining profits, especially on the West Coast, and challenges with purchasing crude oil and bringing in feedstock from the plant's sister complex in south Los Angeles County.

In May, CEO Paul Eisman told analysts that despite tough conditions in California, he expects to see the company's operations here return to being year-round.

Eisman noted in the same earnings conference call that the Bakersfield refinery's prospects had improved because of the vast potential of the rich Monterey Shale oil reservoir -- even though the Bakersfield refinery does not process crude, only vacuum gas oil brought in from the Long Beach area.

In mid-January, roughly a month into an operational break attributed to maintenance needs, Alon let go an undisclosed number of local contract workers. Company officials blamed the interruption on poor refining margins, meaning Alon was having a hard time turning a profit given the difference between what it pays for crude oil and the price at which it sells wholesale diesel, gasoline and other petroleum products.

The December hiatus came just about six months after the refinery reopened after a change of ownership. The plant has not operated for 12 consecutive months since 2008.

On Wednesday, a spokeswoman for the San Joaquin Valley Air Pollution Control District said seven units at the refinery are running, though it was unclear how many units were needed to resume normal operations.

The spokeswoman's supervisor, district communications chief Jamie Holt, downplayed the significance of having those units running, emphasizing that this is not a definite indication that the refinery is fully functional.

"The air district in no way is saying that (the refinery is) up and running," Holt said. She added that the agency has permit authority over certain equipment at the plant but that it does not issue refining permits.

Lodi plant hit with \$1.3M fine

By Alex Breitler, Record Staff Writer

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LODI - Bakeries produce some wonderful smells, but one in Lodi must pay \$1.3 million for also failing to control harmful gases released during the baking of bread.

The U.S. Environmental Protection Agency this week announced an agreement with Cottage Bakery in Lodi after alleging that the bakery failed to obtain permits and install proper air pollution controls.

The large-scale bakery - in a light industrial area on South Stockton Street - has about 625 employees and produces frozen breads and cakes used by retail bakeries and the food service industry in the United States and Canada.

The bakery opened in 1954 as a small shop in downtown Lodi and grew over the years until it was sold for more than \$170 million in cash to St. Louis-based Ralcorp Holdings Inc. in 2006.

A Ralcorp representative did not return a phone call seeking comment.

In a prepared statement, EPA Regional Administrator Jared Blumenfeld said the agreement "requires air pollution controls at the plant to protect the communities in the Valley from illegal emissions."

Cottage Bakery installed and operated baking ovens in 1997, 2003 and 2005 but didn't apply for permits from the San Joaquin Valley Air Pollution Control District or the EPA, according to a complaint filed at the U.S. District Court for the Eastern District of California.

When yeast-leavened bread is baked, the ovens emit ethanol, a volatile organic compound gas that contributes to the Valley's problem with both ozone and particle pollution.

Notices of violation were issued by EPA and the air district after an inspection in 2009.

The bakery must pay a \$625,000 penalty, split between the EPA and the Valley air district. The bakery already has spent \$750,000 on new equipment to reduce the emissions by 95 percent, the EPA said.

The agreement is still subject to a 30-day comment period and final approval by the court.