



State of Ohio Environmental Protection Agency

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July 26, 2010

Mr. Gene Gornall
Heartland Refinery Group, LLC
4021 East Fifth Avenue
Columbus, OH 43219

Re: **NOTICE OF VIOLATION**
Facility ID: 0125043205
Heartland Refinery Group, LLC
Location: 4021 East Fifth Avenue
Columbus, OH 43219
Franklin County

Dear Mr. Gornall:

Ohio Environmental Protection Agency (Ohio EPA), Division of Air Pollution Control (DAPC), Central District Office (CDO) personnel observed a compliance demonstration at your facility on June 30, 2010. The purpose of this compliance demonstration was to establish compliance with the emissions limitations in Heartland Refinery Group's (HRG's) current PTIO (P0105498) and demonstrate proper operation and use of emissions control equipment. In addition, Ohio EPA personnel performed an on-site inspection of the facility in response to several odor complaints on July 13, 2010.

Listed below are "Findings" based upon Ohio EPA inspector observations, specific process information, complaints filed with Ohio EPA, and observed operation of various emissions units installed at the facility. The "Finding(s)" below are followed by "Violation(s)" (where applicable) and "Requested Action(s)" considered necessary to resolve any stated violations.

1. **Finding:** Failure to perform acceptable emissions testing

On June 30, 2010, Ohio EPA inspectors observed a compliance demonstration performed at HRG to establish compliance with permitted emissions limitations for emissions units B001, P001, P002, P003, P004, and P005 and to demonstrate proper operation of control equipment. PTIO 0105498 Section C.3.f)(1)a, issued November 30, 2009, required testing to be performed no later than 60 days from issuance of the permit. To date, no acceptable emissions testing or demonstration of compliance in accordance with the terms and conditions of P0105498 has been performed.

Ted Strickland, Governor
Lee Fisher, Lieutenant Governor
Chris Korleski, Director

During the compliance demonstration, inspectors observed that the facility was operating at a throughput rate of approximately 19 gallons per minute instead of at or near 23 gallons per minute (the maximum capacity of the facility given in HRG's permit application) because one of the catalyst beds used for re-refining was beginning to fail. This bed failure prevented the emissions unit P005 and the facility from operating at maximum capacity.

PTIO 0105498 Section C.3.f)(1)a.vi. for emissions unit P005 requires the following:

"The test(s) shall be conducted while the emissions unit(s) is/are operating at or near its maximum capacity, unless otherwise specified or approved by the Ohio EPA Central District Office. The test(s) shall be conducted while the emissions unit(s) is/are operating at or near its maximum capacity, unless otherwise specified or approved by the Ohio EPA Central District Office."

In addition, one of the facility waste gas streams (C-301) was being vented to a flare instead of the P005 hot oil heater and the dry scrubber baghouse, as required by the issued permit. The C-301 was being vented to the flare because the line directing this gas stream to the P005 hot oil heater was "coked" (plugged). PTIO 0105498 requires that all emissions from P005 be vented to the P005 hot oil heater for incineration and the dry scrubber for SO₂ control. HRG's use of the flares for situations that are not a controlled startup or shutdown, or an emergency situation requiring the immediate shutdown of the facility is not permitted. During the emissions testing on June 30, 2010, CDO inspectors observed and HRG personnel later confirmed that process waste gas from C-301 was being vented to one of the flares.

Violations

Failure to perform emissions testing in accordance with the terms and conditions of PTIO 0105498 is considered a violation of the terms and conditions of the effective PTIO. Violations of the terms and conditions of the effective PTIO are also considered violations of Ohio Revised Code (ORC) 3704.05(C), which states:

"No person who is the holder of a permit...shall violate any of its terms or conditions."

Failure to operate the facility in accordance with the terms and conditions of PTIO 0105498 is also considered a violation of the terms and conditions of the effective PTIO and a violation of ORC 3704.05(C).

Requested action

Ohio EPA requests that the facility immediately begin to operate the facility in accordance with the effective PTIO. In addition, Ohio EPA requests that the facility perform acceptable emissions testing at the facility to demonstrate compliance with the terms and conditions of the effective PTIO. Ohio EPA has already received and approved a test protocol for this emissions test which is currently scheduled for August 13, 2010.

Ohio EPA is willing to move the test forward if a mutually agreeable date can be found.

2. **Finding:** Failure to vent to the enclosed flare during process upsets

PTIO P0105498 Section C.4.g) requires that:

"The permittee shall install and operate a temporary organic compound and sulfur compound control device to reduce uncontrolled emissions caused by process upsets and vent line plugging under the following restrictions:

- a. *This temporary emissions control device shall reduce organic emissions and sulfur compound emissions by a minimum of 99% for organic compounds and sulfur compounds, and minimize objectionable odors; and*
- b. *This temporary arrangement shall be utilized for a period of no more than 180 days (starting July 30, 2009) or such time as requested by the facility and approved by Ohio EPA Central District Office, after which time emissions vented to the temporary control device shall be vented to the enclosed flare."*

On July 13, 2010, CDO, responding to odor complaints from businesses in the vicinity of HRG visited HRG to discuss the cause of the odors and determine if the source of the odor complaints had been abated. During the visit, CDO was informed by HRG that the source of the odors was emissions from start up operations being vented to the temporary organic compound and sulfur compound canisters that were not sealed properly. According to HRG, during start up operations, emissions unit P001 (Pesco hot oil heater) kept shutting down and HRG was forced to vent emissions to the temporary canisters.

Violations

By venting to the temporary canisters that were not sealed properly, HRG was not able to reduce emissions by 99%. Failure to reduce organic emissions and sulfur compound emissions by at least 99% is a violation of the terms and conditions of PTIO P0105498 and ORC 3704.05(C).

Continued use of this temporary emissions control device past January 30, 2009 (180 days), as opposed to venting the emissions stream to the enclosed flare, as required by the applicable permit, is a violation of the terms and conditions of PTIO P0105498 and ORC Section 3704.05(C).

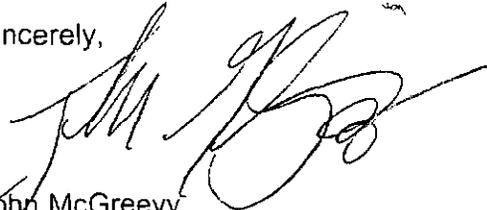
Requested action

HRG has submitted a PTIO modification request that will allow emissions vented during process upsets to be vented to a thermal oxidizer. Once this permit is issued and Heartland initiates use of thermal oxidizer, no further action will be needed to resolve this violation.

Please note that Ohio Environmental Protection Agency has the authority to seek civil penalties as provided in section 3704.06 of the Ohio Revised Code (ORC). This letter or information submitted pursuant to this letter does not constitute a waiver of Ohio EPA's authority to seek civil penalties as provided in the ORC. The decision on whether or not to seek such penalties will be made by Ohio Environmental Protection Agency at a later date.

If you have any questions, please contact Bryon J. Marusek at 614-728-3803 or e-mail bryon.marusek@epa.state.oh.us.

Sincerely,



John McGreevy
Supervisor, Permits and Compliance
Division of Air Pollution Control
Central District Office

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