

STATEMENT OF BASIS

HESS CORPORATION
Facility ID No.: 0310180
Duval County

Initial Title V Air Operation Permit
Revised DRAFT Permit No.: 0310180-012-AV

The subject of this permit is to issue the Initial Title V Air Operation Permit. Air Operation Permit No. 0310180-010-AO was issued on April 23, 2004. Air Construction Permit No. 0310180-011-AC was issued on November 14, 2005 which made the facility subject to the Title V Air Operation Permit program and allowed the modification of petroleum storage tank no. 7702 to accommodate the storage of gasoline by the installation of a floating roof. Emission Unit No. 008 has been deleted. Tank Nos. 7712, 7715, and 7719 which were previously EU No. 008 have been incorporated into EU No. 007. These three tanks are no longer subject to recordkeeping requirements of the New Source Performance Standards, Subpart Kb. Subpart Kb was modified thereby no longer subjecting tanks smaller than 75 cubic meters to recordkeeping requirements. These three tanks are smaller than 75 cubic meters each. A Cleaver Brooks 400 HP boiler (EU 010) which provided heat to allow pumping of No. 6 fuel oil has been shut down and removed from the permit. Compliance demonstration testing in accordance with EPA RM 21 for EU Nos. 001, 002, 003, 011, and 013 has been removed from the permit. Rule 62-296.508, FAC, and Rule 62-296.516, FAC do not establish standards to compare to results of RM 21 testing. See Department of Environmental Protection letter dated August 2, 2006 to Dr. Maxwell Lee, Ph.D., P.E. from Errin Pichard, P.E., Administrator, FDEP. Annual Statement of Compliance and semi-annual monitoring reports are required effective upon issuance of the Final Title V Air Operating permit (see permit conditions, Section II. Facility Wide Conditions, Specific Condition 16. and Appendix TV-6, Specific Condition Nos. 43 and 51.)

Initially it was determined that Tank No. 7702 would be subject to the requirements of Reasonably Available Control Technology (RACT) listed in Rule 62-508, Florida Administrative Code (FAC) and Rule 2.1001, Jacksonville Environmental Protection Board (JEPB). This rule requires the installation of a floating roof to control the emissions of gasoline vapors (volatile organic compounds). The floating roof was installed during the conversion of the tank under an air construction permit. Subsequent to the issuance of the draft Title V permit information became available which indicated that Tank 7702 may be subject to New Source Performance Standards (NSPS), Subpart Kb, Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for Which Construction, Reconstruction, or Modification Commenced after July 23, 1984. The NSPS also requires the installation of a floating roof (or equivalent control technology) to control VOCs. There appears to be conflicting determinations (NSPS applicability or not) on this issue for similar storage tanks which were converted from oil storage to gasoline storage. This issue is currently being reviewed by the Environmental Protection Agency (EPA). If necessary, upon conclusion of the EPA review, the Title V permit will be reopened to address the correct applicable standard in the permit. Emissions of VOCs from the tank will not change regardless of the final rule applicability determination since the control device is the same.

This Initial Title V Air Operation Permit is issued under the provisions of Chapter 403, Florida Statutes (FS), and Florida Administrative Code (FAC), Chapters 62-4, 62-210, and 62-213. The above named permittee is hereby authorized to perform the work or operate the facility shown on the application and approved drawing(s), plans, and other documents, attached hereto or on file with the permitting authority, in accordance with the terms and conditions of this permit.

Gasoline and other petroleum products are received from sea going vessels, trucks, railcars, or pipelines, stored in fixed and floating roof storage tanks and dispensed through a six bay tank truck loading rack system and/or marine vessels. Volatile Organic Compounds (VOC) from gasoline loading operations are controlled through a primary vapor combustion unit (John Zink Company Vapor Combustor, Model Number ZCT-3-9-50-X-2/8-2/8-X). Either of two McGill carbon adsorption/absorption vapor recovery units shall be used as back-up vapor control units.

| <u>EU No.</u> | <u>EU Description</u> | <u>Control Device</u> |
|---------------|---------------------------------------|------------------------|
| 001 | Petroleum Storage Tank No. 7707[RACT] | External Floating Roof |
| 002 | Petroleum Storage Tank No. 7708[RACT] | External Floating Roof |
| 003 | Petroleum Storage Tank No. 7711[NSPS] | External Floating Roof |

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| 004 | Fixed Roof Petroleum Storage Tank Nos. 7705, 7706, and 7710 | None |
| 005 | Six Bay Tank Truck Loading System[NSPS] | John Zink Company Flare, Two McGill Adsorption/Absorption Vapor Recovery Units, Model MR-404 DT and Model MR-704 HS are used as back-up |
| 007 | Petroleum (Additive) Storage Tank Nos. 7712, 7714, 7715, 7716, 7717, and 7719 | None |
| 009 | Miscellaneous Fugitive Emissions including Tank Water Bottoms, fugitive emissions during gasoline tank truck loading, and fugitive emissions from piping, pumps, and valves | None |
| 011 | Petroleum Storage Tank No. 7709[RACT] | Internal Floating Roof |
| 012 | Marine Loading Operation | None |
| 013 | Petroleum Storage Tank No. 7702 [RACT] | Internal Floating Roof |

Also included in this permit are miscellaneous insignificant emission units and/or activities.

Based upon the initial Title V permit application received on July 25, 2006 this facility is not a major source of hazardous air pollutants (HAPs).

Compliance Assurance Monitoring requirements apply to emission unit no. 005 at this facility.