

STATEMENT OF BASIS

For the issuance of Draft Air Permit # 2036-AR-2 AFIN: 14-00448

1. PERMITTING AUTHORITY:

Arkansas Department of Environmental Quality
5301 Northshore Drive
North Little Rock, Arkansas 72118-5317

2. APPLICANT:

Delek Logistics Operating, LLC - El Dorado Pipeline Company
800 Columbia Road 25
Magnolia, Arkansas 71753

3. PERMIT WRITER:

Kyle Crane

4. NAICS DESCRIPTION AND CODE:

NAICS Description: Pipeline Transportation of Crude Oil
NAICS Code: 486110

5. ALL SUBMITTALS:

The following is a list of ALL permit applications included in this permit revision.

| Date of Application | Type of Application (New, Renewal, Modification, Deminimis/Minor Mod, or Administrative Amendment) | Short Description of Any Changes That Would Be Considered New or Modified Emissions |
|---------------------|---|---|
| 2/15/2018 | Deminimis | Installation of new tank (T-2018) |

6. REVIEWER'S NOTES:

Delek Logistics Operating, LLC operates the El Dorado Pipeline Company located in Magnolia, Arkansas. With this modification, the facility is requesting to install a new 116,000 bbl external floating roof tank (T-2018), update insignificant activity calculations to account for additional valves, connectors, and pumps associated with the new tank, and remove individual HAP limits for all sources, following ADEQ's current Non-Criteria Air Pollutant Strategy. The permit's general conditions were also updated. Annual permitted emissions increase by 6.7 tpy of VOC. Annual permitted total HAP emissions are set at 3.74 tpy.

7. COMPLIANCE STATUS:

The following summarizes the current compliance of the facility including active/pending enforcement actions and recent compliance activities and issues.

This facility was last inspected on June 28, 2016, and was found to be in compliance.

8. PSD/GHG APPLICABILITY:

a) Did the facility undergo PSD review in this permit (i.e., BACT, Modeling, etc.)? N
 If yes, were GHG emission increases significant? N

b) Is the facility categorized as a major source for PSD? N

- *Single pollutant ≥ 100 tpy and on the list of 28 or single pollutant ≥ 250 tpy and not on list*

If yes for 8(b), explain why this permit modification is not PSD.

9. SOURCE AND POLLUTANT SPECIFIC REGULATORY APPLICABILITY:

| Source | Pollutant | Regulation (NSPS, NESHAP or PSD) |
|-----------------------|-----------|----------------------------------|
| SN-01, 2013, and 2018 | VOC | NSPS Kb |

10. PERMIT SHIELD – TITLE V PERMITS ONLY:

Did the facility request a permit shield in this application? N

(Note - permit shields are not allowed to be added, but existing ones can remain, for minor modification applications or any Regulation 18 requirement.)

If yes, are applicable requirements included and specifically identified in the permit? N

If not, explain why.

For any requested inapplicable regulation in the permit shield, explain the reason why it is not applicable in the table below.

| Source | Inapplicable Regulation | Reason |
|--------|-------------------------|--------|
| N/A | | |

11. EMISSION CHANGES AND FEE CALCULATION:

See emission change and fee calculation spreadsheet in Appendix A.

12. AMBIENT AIR EVALUATIONS:

Include the results for any ambient air evaluations or modeling. Include NSR/PSD permits and permits that require an evaluation in accordance with revisions to the Arkansas State Implementation Plan, National Ambient Air Quality Standards, Infrastructure SIPs and NAAQS SIP per Ark Code Ann. § 8-4-318, dated March 2017 and the ADEQ Air Permit Screening Modeling Instructions.

a) Reserved.

b) Non-Criteria Pollutants:

Based on Department procedures for review of non-criteria pollutants, emissions of non-criteria pollutants are below thresholds of concern.

c) H₂S Modeling:

A.C.A. §8-3-103 requires hydrogen sulfide emissions to meet specific ambient standards. Many sources are exempt from this regulation, refer to the Arkansas Code for details.

Is the facility exempt from the H₂S Standards Y

If exempt, explain: The facility does not emit H₂S

13. CALCULATIONS:

| SN | Emission Factor Source (AP-42, testing, etc.) | Emission Factor (lb/ton, lb/hr, etc.) | Control Equipment | Control Equipment Efficiency | Comments |
|------|---|---------------------------------------|-------------------------------------|------------------------------|------------------------|
| 01 | AP-42 7.1.3 (2.1) | Formula lb/year | Seals as specified in 60.112b(a)(2) | Unknown | External Floating Roof |
| 337 | TANKS 4.0.9d | 0.06 MMgal/yr | - | - | Vertical Fixed Roof |
| 435 | | 36.25 MMgal/yr | - | - | |
| 437 | | 18.80 MMgal/yr | - | - | |
| 2013 | | 75.61 MMgal/yr | Seals as specified in 60.112b(a)(2) | Unknown | External Floating Roof |
| 2018 | | 1075.20 MMgal/yr | | | |

14. TESTING REQUIREMENTS:

The permit requires testing of the following sources.

| SN | Pollutants | Test Method | Test Interval | Justification |
|------|------------|-------------|---------------|---------------|
| None | | | | |

15. MONITORING OR CEMS:

The permittee must monitor the following parameters with CEMS or other monitoring equipment (temperature, pressure differential, etc.)

| SN | Parameter or Pollutant to be Monitored | Method (CEM, Pressure Gauge, etc.) | Frequency | Report (Y/N) |
|------|--|------------------------------------|-----------|--------------|
| None | | | | |

16. RECORDKEEPING REQUIREMENTS:

The following are items (such as throughput, fuel usage, VOC content, etc.) that must be tracked and recorded.

| SN | Recorded Item | Permit Limit | Frequency | Report (Y/N) |
|--------------------|----------------------------------|---|-----------|--------------|
| Facility | Crude oil throughput | 25.6 million barrels (1,075 million gallons) of product per rolling 12-month period | Monthly | No |
| 01, 2013, and 2018 | VOL storage and period | Total should not exceed 25.6 MMbarrels per 12 rolling months | Varies | No |
| 01, 2013, and 2018 | Maximum vapor pressure | As calculated by §60.116b(e) | Varies | No |
| 01, 2013, and 2018 | Design, dimensions, and capacity | - | Initial | No |

17. OPACITY:

| SN | Opacity | Justification for limit | Compliance Mechanism |
|-----------|---------|-------------------------|-----------------------|
| All Tanks | 0% | Reg.18.501 | Inspector Observation |

18. DELETED CONDITIONS:

| Former SC | Justification for removal |
|-----------|---------------------------|
| | None |

19. GROUP A INSIGNIFICANT ACTIVITIES:

The following is a list of Insignificant Activities including revisions by this permit.

| Source Name | Group A Category | Emissions (tpy) | | | | | | |
|--|------------------|---------------------|-----------------|------|----|-----------------|--------|-------|
| | | PM/PM ₁₀ | SO ₂ | VOC | CO | NO _x | HAPs | |
| | | | | | | | Single | Total |
| Fugitive emissions (valves, connectors/flanges, pumps) | A-13 | | | 4.34 | | | | |

20. VOIDED, SUPERSEDED, OR SUBSUMED PERMITS:

The following is a list of all active permits voided/superseded/subsumed by the issuance of this permit.

| Permit # |
|-----------|
| 2036-AR-1 |

APPENDIX A – EMISSION CHANGES AND FEE CALCULATION

Fee Calculation for Minor Source

Revised 03-11-16

Facility Name: Delek Logistics
 Operating, LLC - El Dorado Pipeline
 Company
 Permit Number: 2036-AR-2
 AFIN: 14-00448

| | | | | |
|-----------------------------------|--------------------------|--|------------|------------|
| | | | Old Permit | New Permit |
| \$/ton factor | 23.93 | Permit Predominant Air Contaminant | 38 | 44.7 |
| Minimum Fee \$ | 400 | Net Predominant Air Contaminant Increase | 6.7 | |
| Minimum Initial Fee \$ | 500 | | | |
| Check if Administrative Amendment | <input type="checkbox"/> | Permit Fee \$ | 400 | |
| | | Annual Chargeable Emissions (tpy) | 44.7 | |

| Pollutant (tpy) | Old Permit | New Permit | Change |
|-------------------|------------|------------|--------|
| PM | 0 | 0 | 0 |
| PM ₁₀ | 0 | 0 | 0 |
| PM _{2.5} | 0 | 0 | 0 |
| SO ₂ | 0 | 0 | 0 |
| VOC | 38 | 44.7 | 6.7 |
| CO | 0 | 0 | 0 |
| NO _x | 0 | 0 | 0 |
| Total HAPs | 9.81 | 3.74 | -6.07 |
| Benzene | 1.07 | 0 | -1.07 |
| n-Hexane | 8.74 | 0 | -8.74 |