

## **Refinery expansion to go forward despite bankruptcy**

By Gretchen Wenner and Jenny Shearer  
Bakersfield Californian, Tuesday, Dec. 23, 2008

Oil company Flying J Inc., one of the country's 20-largest privately held companies whose operations include the Big West refinery on Rosedale Highway, filed for reorganization bankruptcy Monday.

West refining arm and the company's Longhorn Pipeline unit. Sales exceeded \$16.2 billion in 2007, the filing shows, making Flying J one of the 20 largest private firms in the country.

Fuel stops remain open and the reorganization might be completed without layoffs, the company said in a release.

Gene Cotten, Big West's vice president of refining, referred calls to the spokeswoman.

In court filings, chief executive J. Phillip Adams said bankruptcy protection was sought amid "short-term liquidity constraint" brought on by the "recent precipitous and rapid decline in oil and gas prices" since September.

As of Dec. 19, Adams said, oil prices had fallen about 75 percent from July's record of \$147 a barrel and 60 percent from the previous year.

A \$200 million revolving line of credit to the Big West subsidiaries from Bank of America, originally set to mature in 2010, was called in Dec. 19, Adams said in court filings, causing Big West to default.

The bank then "swept a substantial sum of cash" from Big West's accounts, Adams said.

The next day, Dec. 20, Merrill Lynch Capital Corp. declared a default on a \$120 million revolving line of credit to the company's Longhorn group, Adams said, after Longhorn failed to pay \$2.7 million due. The Longhorn units operate 700 miles of pipeline in the Texas Gulf Coast. Merrill then froze the Longhorn account.

Overall, the Flying J Group of companies employs about 16,000, the filing shows. Travel plazas operate in 41 states and six Canadian provinces. Operations include everything from oil exploration, production and transport to truck-driver services and retail centers.

The Bakersfield refinery, which operates under the Big West of California LLC subsidiary, employs about 200, Adams' filing said. It can refine up to 70,000 barrels of crude oil daily.

Initial hearings will be held Tuesday afternoon in Delaware district bankruptcy court, where the various companies filed voluntary Chapter 11 petitions.

The largest unsecured creditor of Flying J, which operates out of Utah, is Zion Bank, owed \$85.8 million.

Most of the 30 others listed in court documents are oil companies, including Conoco Philips, BP & Oil Co., Valero, Occidental Energy Marketing and others.

Berry Petroleum, which moved headquarters from Bakersfield to Denver in June, is the third largest unsecured creditor, owed \$26 million.

Two Bakersfield companies are also on the list.

E&B Resources Management Corp. is owed \$3 million, while San Joaquin Refining Co. is owed nearly \$2.5 million.

Not all of Flying J Group's subsidiaries are seeking bankruptcy protection.

The units involved were focused mostly on refining, supply and distribution.

### **PRICES DOWN**

How the recent oil price collapse will impact other companies with local operations remains to be seen.

Some say they're doing fine.

An Aera Energy LLC spokeswoman said the company takes a long-term view of operations.

"We try not to overreact one way or the other when the prices go up or down," said spokeswoman Susan Hersberger. Aera, a California company, is jointly owned by affiliates of Shell and Exxon Mobil.

"We're in a wait and see mode," Hersberger said. "We'll monitor the situation and see what happens, but again, it's a long-term perspective."

### **CONTROVERSIAL EXPANSION**

The Big West refinery on Rosedale Highway has been a huge newsmaker this year.

After a long and contentious public debate, the Kern County Board of Supervisors in October approved a \$700 million expansion of the facility expected to nearly double its gasoline and diesel output.

The expansion was expected to get under way as soon as January. It came after environmental groups and neighbors objected to the facility's proposal to use a potentially dangerous chemical called hydrofluoric acid.

Big West ultimately agreed not to use what's called "HF" and to a series of new conditions to ensure safe operations at the refinery.

Still, a local air quality advocacy group filed a lawsuit against the county of Kern earlier this month saying it did not correctly account for and mitigate the expansion's impact on [air quality](#).

The Association of Irrigated Residents, represented by the Center on Race, Poverty and the Environment, sought an injunction against the project's construction pending revisions of its environmental impact report.

### **Sheriff's helicopters NOT looking for no-burn scofflaws**

Bakersfield Californian, Ask The Californian Blog, Tuesday, Dec. 23, 2008

I was asked, or rather told, by a friend this weekend that the sheriff's helicopter was flying around his neighborhood looking for houses violating the no-burn regulations. So I asked Senior Dep. Mark King from the Kern County Sheriff's Department whether this is indeed the case.

"Our helicopters don't have time to do that," King told me. "We're actively looking for criminal activities, so we don't have time to do that."

Now, just out of curiosity I wondered what the San Joaquin Valley Air Pollution Control District does do to enforce its no-burn rules.

"People can call in and report if they suspect someone is burning," Brenda Turner, the organization's public information representative told me. The number is 1-800-926-5550.

"A few of our inspectors will do surveillance in residential areas. We won't knock on anyone's doors, but they (inspectors) have to take a picture of the smoke to prove it."

Violators will then get a notice in the mail, which they are allowed to dispute. The fine for first-time violators is \$50, but the first-timer can opt to take an online 'fireplace class' instead, Turner said.

And do the Sheriff's helicopters assist in the search?

"Oh no," said Turner. "No one's going around in helicopters."

— Andrew Mockett

### **Bay Area air does not meet federal soot standards**

The Associated Press

In the Merced Sun-Star, Contra Costa Times and other papers, Tuesday, Dec. 23, 2008

SAN FRANCISCO -- Residents in the San Francisco Bay Area are breathing air that does not meet new federal standards for soot from diesel-burning trucks, wood-burning stoves and other sources.

The U.S. Environmental Protection Agency said Monday San Francisco is among 46 metro areas that on some days has too many of the fine particles of pollution referred to as soot. Breathing sooty air can cause respiratory and heart problems.

Bay Area officials have until 2012 to come up with a plan to clean the air. They must then implement that plan by 2014.

A spokeswoman for the Bay Area Air Quality Management District says the EPA's findings were expected. She says the region has exceeded the amount of fine particulate matter allowed in the air five times since Nov. 5.

### **Bay Area fails to meet U.S. clean air mark**

Christopher Heredia, Chronicle Staff Writer  
S.F. Chronicle, Tuesday, December 23, 2008

The Yule log may be killing us softly.

The Bay Area's air quality does not meet federal standards for the fine flecks of soot and vapor that can cause heart attacks and premature death, the U.S. Environmental Protection Agency said Monday.

The region has three years to get its act together, namely by reducing wood smoke from fireplaces and exhaust from diesel engines. During the winter, the largest single source of fine particulate matter in the air is wood burning. The region must immediately present its plan for cleaning the air to the federal government. If it fails to comply, the region could lose precious transportation funding.

"It has been expected," said Lisa Fasano, spokeswoman for the Bay Area Air Quality Management District, which monitors air quality and issues wood-smoke moratoriums in the winter when still, cool air traps smoke and other pollution and threatens people's health.

The EPA based its findings on air samples taken between 2005 and 2007.

The region has exceeded the acceptable level of fine particulate matter five times since Nov. 5 and the smog board has issued 32 warning letters, Fasano said. Over the past decade, the region averages 20 days during the winter when the air is unhealthy to breathe. Monday's announcement makes the Bay Area the seventh region in the state that does not meet federal air quality standards.

And just in case you're thinking about throwing on a Duraflame or fireplace pellets, think again. Those also contribute to sooty air. On spare the air days, the only acceptable way of warming up near the hearth is with natural gas and faux logs.

"This is a serious health issue," Fasano said, adding that she is among a growing number of residents developing asthma. The respiratory illness increasingly afflicts people of all ages, along with chronic bronchitis and heart disease linked to fouled air. "We need to reduce to level of particulate matter in the air for the benefit of everybody. Everybody has to pitch in."

### **More than 100 million Americans breathe sooty air**

By Seth Borenstein, AP Science Writer

In the S.F. Chronicle, Contra Costa Times and other papers, Tuesday, Dec. 23, 2008

WASHINGTON—More than 100 million people living in 46 metro areas are breathing air that has gotten too full of soot on some days, and now those cities have to clean up their air, the Environmental Protection Agency said Monday.

The EPA added 15 cities to the sooty air list, mostly in states not usually thought of as pollution-prone, such as Alaska, Utah, Idaho and Wisconsin. That's probably because of the prevalence of wood stoves in western and northern regions, a top EPA official said.

But environmentalists said the EPA was only doing half its job on soot-laden areas, letting some southern cities with long-term soot problems—such as Houston—off the hook.

The EPA notified elected officials in 211 counties in 25 states that their air violated newly tightened daily standards for fine particles of pollution from diesel-burning trucks, power plants, wood-burning stoves and other sources. Those particles, often called soot, can cause breathing and heart problems.

These lists of what EPA calls "nonattainment areas" are important because regions that have air that is too sooty must come up with plans by 2012 on how to clean it and then do it by 2014. When old power plants and factories in these areas expand or do major refurbishing, they have to show EPA that it would not further pollute the air. It could mean also controls on vehicle emissions and regions having to take pollution into effect when they build new roads.

Fifty-four counties that didn't violate soot standards in 2004—the last time EPA put out such a list—now do. They include areas around Fairbanks and Juneau, Alaska; Nogales, Ariz.; Pinehurst, Idaho; Davenport and Muscatine, Iowa; Klamath and Oakridge, Ore.; Provo and Salt Lake City, Utah; Seattle, Wash.; Green Bay, Madison, and Milwaukee, Wis., and the Logan, Utah, area that also includes part of Franklin County, Idaho.

The air is getting cleaner, but the daily soot standards were made nearly 50 percent tougher in 2006, said Robert Meyers, the principal deputy assistant administrator for air and radiation at EPA.

Since 2006, EPA has had two sets of soot standards and this list only looks at one of them. There are daily air quality standards and long-term yearly standards. The Bush Administration tightened the daily standard, but not the long-term one, despite EPA's science advisers' recommendation to do so.

The EPA came out with a new list based on the tightened daily standards, but doesn't plan to take another look at cities violating the longer-term standards, Meyers said. That list was last completed in 2004 and 95 million people lived in cities considered too full of soot.

Because of that, at least five regions, including Houston, that did violate the yearly soot standards, don't have to do anything about it and residents are not told there's a problem, said Frank O'Donnell, president of the environmental group Clean Air Watch

"EPA has failed to protect many millions of people from deadly particle soot by pretending that areas are clean where the air is actually dirty," O'Donnell said. "The poster child for this is Houston."

"It is a very bad holiday gift to breathers in cities like Houston," O'Donnell said. "The Bush administration has given them the gift of dirty air."

The other areas left off the EPA's list, but still violating annual standards, include Augusta and Columbus, Ga.; Greenville, S.C., and Fairmont, W.Va., O'Donnell said.

Meyers said that's not the case.

"The overall trend is encouraging," Meyers said in a telephone interview "We're having success in controlling things like diesel particles from trucks."

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On the Net:

EPA on soot city designations: <http://www.epa.gov/pmdesignations/2006standards/index.htm>

## **EPA: 7 Western states fall below new air standards**

By Todd Dvorak, Associated Press Writer

In the S.F. Chronicle, Contra Costa Times and other papers, Tuesday, Dec. 23, 2008

BOISE, Idaho—Most states west of the Rocky Mountains contain areas that fail to meet new pollution standards for microscopic particles that can cause breathing problems for children and the elderly, federal officials said.

The Environmental Protection Agency released its list Monday of counties, areas or tribal lands that are exceeding daily standards for fine particle pollution caused by emissions from vehicles, industry and wood stoves, among other sources.

In the western United States, Utah, Montana, Arizona, Idaho, Oregon, Washington, California and Alaska had "nonattainment areas" exceeding the standards, which were toughened in 2006. Colorado, Wyoming, New Mexico and Nevada had no nonattainment areas.

The nonattainment areas "need to build stronger partnerships and work harder to protect their people from adverse health effects of air pollution," said Elin Miller, the EPA's regional administrator in Seattle.

The agency said parts or all of seven counties in northern Utah were not in compliance. Those areas are along the Wasatch Front, which has seen heavy residential and commercial development over the last decade.

Utah Department of Environmental Quality spokeswoman Donna Kemp Spangler said the pollution was likely coming from a variety of sources, including cars and trucks.

"That's why it's no surprise you're seeing it in the urban areas along the Wasatch Front. It's the growing areas, and the more automobiles there are the more pollution there's going to be," she said.

The EPA also put on notice all or part of 30 counties in California, one each in Montana, Washington and Arizona, and two apiece in Oregon and Alaska.

They are among 211 counties in 25 states identified by the EPA as failing to meet air quality standards. The agency said more than 100 million people living in 46 metro areas are breathing air that has gotten too full of soot on some days.

The pollutants in question are extremely small, measuring at one-thirtieth the diameter of a human hair. The particles can get deep into the lungs, even entering the bloodstream, and are blamed for respiratory problems, especially in children and elderly.

Fine particle pollution—found in dust, dirt, soot and smoke—has a variety of sources. But the biggest contributors are emissions from vehicles, large livestock operations, power plants, industrial facilities and wood stoves and fireplaces.

High concentrations can also be dictated by geography, such as areas where weather inversions trap dirty air in the bowls formed by surrounding mountains.

EPA scientists used monitoring data collected in 2004, 2005 and 2006 to determine compliance. The listing means states now have three years to work with communities to develop plans for improving air quality in the noncompliant areas, or risk sanctions such as fines.

Researchers say smoke from wood burning stoves used to heat homes was the primary source of problems in locations such as Juneau and Fairbanks, Alaska; Pinehurst, Idaho; and Libby, Mont., where efforts are under way to reduce particulate levels.

In the last two years, government officials have been working on an initiative to replace older wood stoves in the Libby area with cleaner burning models. An estimated 1,000 wood stoves were replaced in the county under the program, which cost about \$1.3 million.

"Potentially they could show us 2008 was a good year, and in this case we would think the wood stove change-out had something to do with that," said Callie Videtich, EPA spokeswoman in Denver.

Some of the other areas identified are Nogales, Ariz.; Klamath and Lane counties in Oregon; and Wapato Hills/Puyallup River, Wash.

In Utah, the list includes Salt Lake, Box Elder, Tooele, Weber, Davis, Utah and Cache counties, as well as the Logan area, which also includes part of Franklin County, Idaho.

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On the Net:

EPA on soot city designations: <http://www.epa.gov/pmdesignations/2006standards/index.htm>

### **EPA finds 10 southwestern Pa. counties too sooty**

The Associated Press

Contra Costa Times, Tuesday, Dec. 23, 2008

PITTSBURGH—The U.S. Environmental Protection Agency says 10 areas in southwestern Pennsylvania, including some near Pittsburgh, are too sooty.

On Monday, the EPA notified officials in 211 counties in 25 states that their air does not meet federal pollution standards. The EPA found that more than 100 million people living in 46 metro areas are breathing sooty air.

Parts of Allegheny County, home to Pittsburgh, were declared too sooty. Beaver, Butler, Washington and Westmoreland counties, all within 30 miles of Pittsburgh, are polluted. Parts of Greene, Lawrence and Indiana counties are also polluted. All of Cambria County is not in compliance.

Elected officials in these areas have to come up with a plan by 2012 to clean the air and then implement it by 2014.

### **Richmond resident sues city over Honda project**

By Katherine Tam, West County Times

In the Contra Costa Times and Tri-Valley Herald, Tuesday, Dec. 23, 2008

A Richmond resident is suing the city over its project with American Honda Motor Co., saying officials failed to study the full environmental effects before signing off on a deal that more than doubles the number of cars that will move through the Port of Richmond.

Resident Fred Arm filed the lawsuit in Contra Costa Superior Court, asking to stop the project until the city fixes the environmental impact report.

Honda wants to move at least 145,000 cars a year through the port, a deal that is projected to create 200 jobs and boost revenue by \$87.5 million over 15 years. Officials have left open the option of extending the contract by 10 years. Crews plan to build a new rail yard at the Point Potrero Marine Terminal to load imported cars directly onto trains bound for the sales market.

Critics argued that trains ferrying imported cars will disrupt traffic at intersections, and train horns tooting at night would wake people. They also questioned whether enough measures are in place to reduce pollution.

The city Design Review Board certified the environmental report. Arm appealed to the City Council, which Nov. 18 rejected his argument that the document isn't solid. That day, council members approved contracts for the deal.

City attorneys were out of the office Monday and could not be reached. City Manager Bill Lindsay said in an e-mail that allegations in the lawsuit have no merit.

The lawsuit argues that "irreparable harm to the environment and to the public will, or is likely to occur, through the loss of natural resources, increases in noise, light and air pollution and other environmental impacts." The petition states that city officials failed to adequately analyze air emissions, traffic, noise and other effects, and did not factor in the maximum capacity of the

loading tracks. The report did not analyze a range of alternatives as required by state law, Arm's suit says.

Operations from the Honda deal will generate a net 1,491 pounds of nitrogen oxides a day, surpassing the state standard of 80 pounds, according to the EIR. Nitrogen oxides emissions contribute to smog, which can irritate lungs, and are "significant and unavoidable," the report found. Project heads said the models they use measure nitrogen oxide levels from 24 miles away, so most of the emissions will be beyond Richmond, said Bill Robbins with Auto Warehousing Co., which will lead the project.

Noise would not be significant, the EIR states. Some longtime residents who are familiar with the way noise carries in the wind here disagree.

Trains will operate from 7 p.m. to 4 a.m., blocking intersections for 11/2 to six minutes. Officials limited blockages to no more than 10 minutes when trains are stopping or engaged in switching operations, and ordered them not to sound their horns except in an emergency.

## **Idaho energy czar aims to harness cow pie power**

By John Miller

Capital Press Info, Monday, December 22, 2008

BOISE, Idaho - Idaho is hoping to capitalize on more than just the milk emerging from its cows.

The state's mountains of manure are fueling dreams of pipelines linking waste treatment facilities at dairies large and small to central refineries that produce natural gas pure enough for homes or cars.

State energy czar Paul Kjellander, who heads up Gov. C.L. "Butch" Otter's Office of Energy Resources, is pushing a package of income tax credits, property tax waivers and other incentives in the 2009 Legislature starting Jan. 12 to transform Idaho's southern heartland into a methane Mecca.

The hope is that processed manure could be sold as plant bedding and dairies could also fire turbines, shooting electricity into the power grid. And they could sell carbon credits in schemes to slash greenhouse gas emissions.

"We can put together the right package and right mechanism to help move it along," Kjellander told The Associated Press. "You've got to have somebody locally who is ready to take the risk and move this forward. But the state can provide the right type of incentives."

Idaho, with 550,000 cows, is now America's No. 3 milk producer, trailing California and Wisconsin. Other states are also trying to whet potential manure investors' appetites.

Minnesota recently gave a farmer more than \$200,000 to finance a project that returns unused electricity to its power grid. Washington offers sales tax exemptions for dairies that install so-called digesters, which converts methane from cow manure into electricity.

In Oregon, a utility and an environmental group are taking advantage of state energy tax credits to build a \$1 million methane digester at the state's largest dairy. NW Natural and the Bonneville Environmental Foundation are building the facility at Threemile Canyon Farms in Boardman.

And in the midst of 2001's rolling blackouts, California set aside \$10 million for "manure methane power production projects."

Idaho's measure would eventually allow counties not in the south, including depressed timber hamlets in the northern forests, to create alternative "energy enterprise zones" to assist companies in turning wood waste to energy.

With this pilot project focusing initially on the region around Twin Falls, however, Kjellander hopes to direct attention to where massive dairies have expanded en masse in recent years, lured by cheap land, cheap feed and utility costs that are just a third of California's.

Agriculture accounts for a third of U.S. methane released into the atmosphere. Methane, also from landfills, coal mines and oil refineries, is considered the No. 2 greenhouse gas contributing to global warming, after carbon dioxide.

The Idaho Conservation League has highlighted risks associated with Idaho's enormous dairy feedlots, including water quality threats and air pollution. The group supports Kjellander's bill.

"We're hoping the digesters will not only capture greenhouse gases, but also because of the way the system works, there will be additional controls of other air pollutants," said Courtney Washburn, from the environmental group's Boise office. "Hopefully, it will make the lives of the neighbors a lot easier."

Intermountain Gas Co., a privately owned natural gas utility headquartered in Boise that serves more than 275,000 customers, backs the plan, too.

The company, a unit of Montana-Dakota Utilities Co., gets its natural gas largely from reservoirs in Canada and beneath the Rocky Mountains, including Wyoming and Utah. Incentives could help dairies cut the cost of their gas to competitive levels, said Brent Wilde, a spokesman.

"We're charged with purchasing the least expensive gas we can get our hands on," he said. "Probably the biggest benefit is being able to use that methane for something useful, rather than letting it go into the atmosphere."

Minneapolis-based Cargill Inc. soon aims to sell electricity from its \$8.5 million, 2.25 megawatt digester and generator facility at the 10,000-cow Bettencourt Dairy in Hansen to Idaho Power Co., the state's largest utility.

This is the agricultural conglomerate's first such project, but Cargill has another southern Idaho plant due to open in 2009. It's also exploring similar endeavors in neighboring Washington, Oregon, New Mexico, California, Texas, New York and Indiana, said Craig Maetzold, Cargill Environmental Finance's operations manager.

"We believe the credits in renewable energy are only going to increase in value in the future," Maetzold said.

[Note: The following clip in Spanish discusses court prohibits 21 refineries to operate with malfunctions, during maintenance operations or during power outages in order to avoid pollution. For more information on this Spanish clip, contact Claudia Encinas at \(559\) 230-5851.](#)

### **Prohíbe corte que refinerías de California operen con fallas**

Manuel Ocaño, Noticiero Latino

Radio Bilingüe, Monday, December 22, 2008

Una Corte de Apelaciones en Washington, DC prohibió este fin de semana que las 21 refinerías de California operen con fallas, durante operaciones de mantenimiento, o mientras sufran apagones, entre otras cosas, para evitar que contaminen.

Al fallar en favor de una demanda de EarthJustice y Sierra Club, la corte aceptó que la Agencia de Protección Ambiental extralimitaría su autoridad si permitía que las refinerías ignoran límites por operar con fallas técnicas.

EarthJustice argumentó que en cada ocasión que las refinerías funcionan con fallas, cubren con nubes de contaminación vecindarios sin que se las restrinja.