

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered on the date of the last signature below (the “Effective Date”), by and between Delaware City Refining Company LLC (“DCRC”) and the Delaware Department of Natural Resources and Environmental Control (“DNREC”) (collectively the “Parties”) to resolve certain matters associated with DCRC’s operations at its petroleum refinery located in Delaware City, Delaware (the “Refinery”).

WHEREAS, DCRC owns and operates the Refinery;

WHEREAS, the air emission sources at the Refinery are governed by Title V Operating Permit Nos. AQM-003/00016 – Part 1 (Renewal 03), AQM-003/00016 – Part 2 (Renewal 02), AQM-003/00016 – Part 3 (Renewal 03), (collectively, the “Title V Permit”);

WHEREAS, the Title V Permit requires DCRC to self-report to the Department deviations from applicable Title V Permit obligations on a periodic basis. DCRC is also required to make certain short-term release reports in accordance with other applicable environmental laws and regulations. Consistent with such requirements, DCRC reported to the Department certain deviations from applicable Title V Permit obligations for the 2022 and 2023 reporting periods (the “Reported Deviations”), and where applicable, to other agencies in accordance with relevant short-term release reporting requirements;

WHEREAS, upon reviewing the Reported Deviations, the Department alleged that, on specified dates between August 1, 2022, and December 31, 2023, DCRC’s operation of certain equipment at the Refinery did not fully comply with standards allegedly applicable to the relevant equipment pursuant to certain Title V Permit or regulatory standards; the following Reported Deviations constitute violations of the Title V Permit (the “Compliance Matters”). Attachment “A” to this Agreement contains a summary of the Compliance Matters identified by DCRC and

DNREC based on their review of available information relevant to the compliance of the Refinery with relevant and applicable legal standards related to air quality;

WHEREAS, in resolution of DNREC's claims regarding the Compliance Matters, DCRC has agreed to pay an administrative penalty;

WHEREAS, the Parties have agreed that settlement of the matters addressed by this Agreement is in the best interest of the Parties, and that entry of this Agreement is the most appropriate means of resolving the matters addressed herein.

NOW THEREFORE, without any admission of fact or law by DCRC, it is hereby stipulated and agreed as follows:

I. APPLICATION AND SCOPE

1. The provisions of this Agreement shall apply to and be binding upon both DNREC and DCRC, and their respective officers, employees, agents, successors and assigns.

II. ADMINISTRATIVE PENALTY

2. In resolution of DNREC's claims against DCRC for the Compliance Matters, DCRC shall pay to DNREC an administrative penalty of \$75,000 (the "Administrative Penalty").

3. Within sixty (60) days of the Effective Date of this Agreement, DCRC shall submit to DNREC the Administrative Penalty by corporate check, payable to the State of Delaware, and mailed to the following address:

**Leslie Reece
Chief of Staff
Department of Natural Resources and Environmental Control
89 Kings Highway
Dover, DE 19901**

III. EFFECT OF SETTLEMENT

4. DCRC's satisfaction of the payment obligations under Paragraphs 2 and 3 shall resolve all civil and administrative liability of DCRC to DNREC for air quality violations stated in the list of Compliance Matters, without any admission as to any matter of fact or law by DCRC.

IV. GENERAL PROVISIONS

6. This Agreement shall be governed by, and interpreted under, the laws of the State of Delaware.

7. This Agreement is not a permit. Compliance with its terms does not guarantee compliance with any applicable federal, state, or local law or regulation. Nothing in this Agreement shall be construed to be a ruling on, or determination of, any issue related to any federal, state or local permit.

8. Other Laws. Nothing in this Agreement shall relieve DCRC of its obligation to comply with all applicable federal, state, and local laws and regulations. Other than as expressly provided for in Section III, nothing contained in this Agreement shall be construed to prevent, alter, or limit DNREC's ability to seek or obtain other remedies or sanctions available under federal, state, or local statutes or regulations in response to a violation by DCRC of applicable statutes and regulations, nor to limit any defenses otherwise available to DCRC including with respect to any such alleged violation.

9. Third Parties.

a. This Agreement does not limit or affect the rights of DCRC or DNREC against any person or entity not a party to this Agreement.

b. This Agreement shall not be considered to create rights in, or grant any cause of action to, any third party not a party to this Agreement, nor does it limit the rights of any person or entity not a party to this Agreement against DCRC, except as otherwise provided by law.

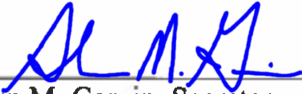
10. This Agreement shall be binding upon the Parties to this action and their successors and assigns. The undersigned representative of each Party to this Agreement is authorized by the Party whom he or she represents to enter into the terms of this Agreement and bind that Party to them.

11. Modification. This Agreement may be modified only by the written consent of DNREC and DCRC.

12. This Agreement is entered into notwithstanding any other agreement between the Parties and constitutes the entire agreement and settlement between the Parties.


13. To the extent of any irreconcilable conflict between this Agreement and the requirements of federal and/or state law, the latter controls.

FOR THE DELAWARE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL

By: 
Shawn M. Garvin, Secretary
Delaware Department of Natural Resources
and Environmental Control

Date: 10/14/24

FOR DELAWARE CITY REFINING COMPANY LLC

By: 
Michael Capone
Refinery Manager
Delaware City Refining Company LLC

Date: 10/9/2024

ATTACHMENT A

Title V Permit Emission Unit Name	Date(s)	Description of Event
Continuous Catalyst Regenerator (CCR) Reformer (U45)	September 6-7, 2022	Roof leak during rainstorm caused electrical fault that tripped Switchgear-421B, resulting in flaring
Boiler 3 (U80)	September 16, 2022 – October 24, 2022;	Boiler 3 stack test results exceeded applicable PM10 and TSP permit-based emission limits
Fluid Coking Unit CO Boiler (U22)	October 25, 2022	Partial bypass of FCU CO Boiler due to loss of water seal in Coker water drum, resulting in small amount of burner process gasses being redirected to backup incinerator drum
Fluidized Catalytic Cracking Unit (U23)	December 24, 2022	Flaring due to instrumentation stalling and process upset at the FCCU
HYC Hydrocracker Unit (U36)	April 3, 2023	Flaring during Coker Gas Plant shutdown
Boiler 3 (U80)	April 13, 2023 – May 16, 2023	Boiler 3 stack test results exceeded applicable PM10 permit-based emission limit
HYC Hydrocracker Unit (U36)	May 14, 2023	Flaring during unplanned shutdown of HYC
Fluidized Catalytic Cracking Unit (U23)	July 29, 2023	Coker Wet Gas Compressor was lost and flaring occurred, though flaring remained below applicable DNREC reportable quantity
Boiler 3 (U80)	August 21, 2023	Boiler 3 firing rate was greater than 400 mmBtu/hr by less than 10% and for a duration of less than 24 hours due to an upset condition