

Criminal investigation at Chevron refinery

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Updated 11:29 p.m., Saturday, September 22, 2012



Jack Broadbent, executive director of the Bay Area Air Quality Management District, says Chevron was "routing gas through that pipe to the flare that they were not monitoring."

Photo: Liz Hafalia, The Chronicle / SF

Federal authorities have opened a criminal investigation of Chevron after discovering that the company detoured pollutants around monitoring equipment at its Richmond refinery for four years and burned them off into the atmosphere, in possible violation of a federal court order, [The Chronicle](#) has learned.

Air quality officials say Chevron fashioned a pipe inside its refinery that routed hydrocarbon gases around monitoring equipment and allowed them to be burned off without officials knowing about it. Some of the gases escaped into the air, but because the company didn't record them, investigators have no way of being certain of the level of pollution exposure to thousands of people who live downwind from the plant.

"They were routing gas through that pipe to the flare that they were not monitoring," said [Jack Broadbent](#), executive director of the Bay Area [Air Quality Management District](#), whose inspectors uncovered what Chevron was doing and ordered the bypass pipe removed.

The [U.S. Environmental Protection Agency](#)'s criminal enforcement unit opened an investigation in early 2012, more than two years after the local inspectors made their discovery, according to air-quality officials and others familiar with the probe. The investigation is still open, and Chevron employees have been interviewed.

Who knew what

Federal criminal investigators are trying to determine who at Chevron was aware of the bypass pipe and whether the company used it intentionally to deceive air-pollution regulators. Chevron says its use was inadvertent and that it estimates that the amount of released sulfur dioxide - one of the major components of flaring gas pollution - was minimal.

In a statement, Chevron said it was informed in March of a federal investigation "that appears to be related to flaring at the Richmond refinery." It said it was cooperating with the probe.

The chairman of the Bay Area air-quality district's board, Contra Costa County Supervisor [John Gioia](#), said that if Chevron intended to deceive regulators, its actions raised "extremely serious" questions about the company's credibility.

"That's a criminal act, intentionally bypassing the monitoring," Gioia said. "The rule is designed to reduce flaring, and refineries are supposed have a responsibility to abide by it."

The criminal probe came to light after The Chronicle obtained citation data from the air-quality district under a state Public Records Act request, following the Aug. 6 fire that destroyed part of the Richmond refinery. The probe is unrelated to that blaze.

Health risks

The federal investigation centers on Chevron's burning, or flaring, of gases created during the superheating needed to generate fuels from crude oil. Although flaring burns most gases, environmental groups have long maintained that residual gases blowing away from the refinery pose a risk of cancer and respiratory ailments.

Under a 2005 settlement of a lawsuit filed against it by the Environmental Protection Agency, claiming that Chevron violated federal environmental rules, the company agreed to limit flaring at Richmond and its other refineries and account for each flaring event.

The Bay Area air-quality district, which enforces federal air standards, ordered Chevron to install monitors at the Richmond refinery to measure pollutants in the gases burned off during flaring, and to report all instances of flaring.

Spotted by inspectors

Wayne Kino, an enforcement manager for the air-quality district, said two inspectors with the agency became suspicious Aug. 17, 2009, when they saw steam from a flare coming from a high-pressure, high-temperature hydrocracking complex in Richmond called the Isomax unit, where 62,000 barrels of oil a day are converted into gasoline and jet fuel.

The inspectors asked to see Chevron's pollution-monitoring equipment, and discovered "it wasn't recording anything," Kino said.

Chevron had installed more than 100 feet of 3-inch pipe, linking the vessel where oil is processed to the flare tower, and bypassing two sets of monitoring equipment, Kino said. When an operator activated the bypass pipe, the gases were sent up the flare stack without being recorded.

Chevron said the pipe was designed to balance pressure in the refining process, but investigators could find no legitimate use for it, Kino said.

Bypassed 27 times

During a two-year investigation that involved examination of refinery surveillance tapes, Kino said, the air-quality district determined that Chevron used the pipe bypass 27 times from April 2005 to August 2009. He called the violations "very serious."

In August 2011, Chevron agreed to a settlement with the agency in which it paid a \$170,000 fine for two violations. That same month, the air-quality agency renewed Chevron's permit for operating the Richmond refinery for five years.

In September 2010 - a year into the agency's investigation - Environmental Protection Agency officials expressed concerns that Chevron was flaring at the Richmond refinery as a matter of routine. The air-quality district, however, dismissed the suggestion.

"There is no evidence that the flares at the Chevron refinery are being used as control devices," the district said. It cited "flaring reports from this refinery covering the period from 2004 to the present show no instances of 'routine' flaring."

Kino said the agency official who wrote the response hadn't known about the investigation. He said the federal agency was ultimately notified of the violations in May 2011.

The environmental agency issued a statement saying it "does not comment on ongoing investigations."

Workers interviewed

Officials of the union that represents workers at the refinery said Chevron employees had been questioned by the environmental agency investigators.

"The union is aware that there is an ongoing investigation," said [Jeff Clark](#), a field representative with the [United Steelworkers Local 5](#). "Our members have been interviewed as part of it, and we cannot comment further at this time."

The investigators have also questioned air-quality agency officials about what they knew about the bypass system. Kino said his inspectors have cooperated with the criminal probe.

Gioia, the air-quality board chairman, said he was upset that the agency's staff didn't tell him and other district directors about the \$170,000 fine before it was issued. The fine was the most Chevron has paid in the past decade for air-quality violations at the Richmond refinery.

"It's serious under any circumstances for a refinery to bypass the collection monitors," Gioia said. "It's a pretty large fine, and that means it's a large incident."

He added, "We have gone around as a district declaring that the flare-monitoring rule has been a success and has reduced emissions. But if we are not capturing all the emissions, it's hard to judge how effective it has been."

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