

July 14, 2017

Michael Orman
Air Quality Section Manager, Northwest Region
Oregon Department of Environmental Quality
700 Multnomah Street, Suite 600
Portland, OR 97232-4100

RE: Delay in RTO Installation

Dear Mr. Orman:

Pursuant to Section 18 of the Mutual Agreement and Final Order No. AQ/AC-NWR-2016-217, American Petroleum Environmental Services, INC (APES) and Clear Lube Re-Refining LLC (CLRR) are notifying DEQ of a delay due to events beyond our reasonable control to complete construction and installation of the new EPCON Regenerative Thermal Oxidizer (RTO) and request an extension of the deadline found in Section 16 c.

Despite our planning and communication with the relevant agencies, the permit approvals necessary to begin construction have not been issued by the City of Portland. Design Group Facility Solutions (DGFS), on behalf of CLRR, has worked with the City since the fall of 2016 to prepare plans in accordance with City requirements. After execution of the MAO on 27 December 2016, DGFS initiated the design and engineering components necessary to proceed with permitting and construction of the project in conformance with the MAO and anticipated requirements of DEQ. CLRR placed the purchase order for the RTO with the manufacturer on 31 January 2017. Final design and engineering was completed mid-March, and after discussions with the City, DGFS submitted permit applications on 28 March 2017.

Based on the experience of DGFS, a well-respected engineering firm with significant experience working in Portland, our construction schedule conservatively budgeted eight to ten (8 – 10) weeks for permit approvals. DGFS has been diligently working with the City on check-sheets and has responded to all questions to keep the process moving. Despite our and DGFS's frequent outreach and communications with the City to determine any issues, resolve questions, and ensure we provided the proper information, it has now been over fifteen (15) weeks. In a meeting with City of Portland on Monday, we were surprised to learn that we had additional previously unknown requirements and that permits will not be issued for several weeks.

CLRR has taken significant efforts, including investing an additional \$10,000 in expediting charges to receive the RTO, to be prepared to meet the requirements of the RTO. Without the City permits, however, we are not allowed to begin construction activities in preparation for the arrival of the RTO. Our construction schedule requires four to six (4 – 6) weeks of excavation, concrete, electrical, and plumbing work, none of which we have been granted permission to start.

Separately, DEQ's draft Solid Waste Disposal Permit requires that a permittee receive approval prior to any construction. While this permit has not been issued, we are reaching out to the DEQ solid waste

permitting team to confirm whether the ACDP is sufficient. We are hopeful that this will not further delay construction of the sulfonation plant and installation of the RTO.

Any assistance DEQ may provide in resolving these permitting issues would be greatly appreciated.

Since executing the MAO, we have worked diligently to meet its requirements and take steps to improve operations. In addition to immediately engaging DGFS and expediting delivery the RTO, we decommissioned the front plant heater and cooking process well in advance of the MAO deadline of 180 days in Section 16(a)3. CLRR and APES remain committed to resolving the perceived emission problems and meeting our commitments under the MAO. The current delay with the City of Portland has occurred despite our good faith efforts and we continue to work with the City to get our permits as quickly as possible.

Although the City will not provide an estimate, we anticipate requiring an additional ten to twelve (10 – 12) weeks to obtain City permits and complete installation. We will keep the DEQ updated on the Friday every week with the current permit status, and our anticipated construction completion and commissioning date of the RTO.

Sincerely,



Colin A. Gregg, Chem. E.
Operations and Technology Director, Clear Lube Re-Refining