To: Environmental Resource Specialist, San Luis Obispo County Planning and Building Department: 976 Osos Street, Room 300 San Luis Obispo, Ca. 93408-2040
Attn: Murry Wilson
Re: Phillips 66 Company Rail Spur Extension and Crude Unloading Project Revised Draft Environmental Impact Report
E Mail: P66-Railspur-Comments@co.slo.ca.us
Date: November 24, 2014

From: James Neu
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Dear Mr. Wilson,
Thank you for the opportunity to respond to the Phillips 66 Santa Maria Refinery Rail Spur Extension Recirculated Draft Environmental Impact Report. Below you will find my/our comments and concerns and I /we look forward to your response. Please address any questions marked with an *. Thank you for your time in this matter.

1.0 Introduction:
The RDEIR states the refinery will receive refinery feed stocks that exclude gaseous feeds, natural gas liquids, liquefied petroleum gas, finished refined products, and Bakken crude.
* Should the Phillips 66 Santa Maria Refinery (SMR) decide in the future to process Bakken crude oil, would a new EIR process need to be filed with the changing of refinery feed stocks? NEJ-01
* The RDEIR fails to mention the full life expectancy of the project which may extend into decades that would have a continued effect on up rail communities. The project time frame, beyond the construction phase, is a typical CEQA topic for a project of this magnitude that could result in adverse and significant impacts. NEJ-02

The RDEIR does not mention Canadian Tar Sands in its exclusion of refinery feed stock nor does the RDEIR specifically list the feed stocks the proposed project will refine other than to state that it will be from oilfields through out North America.
* Please provide a list of the expected feed stocks if different from what the refinery currently receives, their locations, and whether they are light or heavy crude feed stocks. NEJ-03
Tar sands are the dirtiest of crude oils high in sulfur and heavy bitumen to the point that other liquids must be added (dilbits) into them in order to get them to flow or to be transported. The danger of a spill in a waterway where the product sinks and cannot be extracted is very real given the three northern California routes described in this RDEIR.
* The RDEIR fails to address the rail hazards, safety and health impacts and risks posed by rail transport and processing of North American sourced crude oil through the up rail communities to the SMR facility. This project would create serious health risks to all communities up rail of the SMR facility such as cancer, heart disease, respiratory illnesses and premature death. NEJ-04

Delivery of crude oil would be made in non jacketed CPC 1232 rail tank cars however the RDEIR does not mention any information regarding the locomotives used for the transport from out of state and into the refinery.
* Has Union Pacific Rail Road (UPRR) made a commitment to upgrading their engines to the latest energy efficient technology for their long distance hauling of unit trains? NEJ-05

* The CPC 1232 tank car has not been officially proven to be a safer means of transportation even at slower speeds which was evident when these cars spilled and exploded in Lynchburg, Va. in April 2013 at less than 25 mile an hour. NEJ-06

* Can Phillips 66 SMR confirm they can control one hundred percent use of the rail tank cars will be 1232 and no others from point of crude collection to the final SMR facility? NEJ-07

* Would these CPC 1232 rail cars be assembled at the crude oil point of origin? NEJ-08

* What documented proof is there that the refinery, the shipper or the rail road would use the CPC 1232 rail tank car exclusively while transporting crude oil to the SMR facility now and in the future? NEJ-09

* Specifically describe the CPC 1232 tank car mentioned in the DREIR as there are several variations of this model in use. NEJ-10

* Confirm that the CPC 1232 tank car mentioned does not have the TIH top fittings protection system or the ECP brakes. NEJ-11

* For tank cars subject to lease, does the Applicant have contracts in place or binding options to lease? NEJ-12

* For tank cars subject to Applicant ownership, does the Applicant have binding contracts and orders in place for CPC 1232 tank cars? NEJ-13

* Are there special contractual agreements between the Phillips 66 Santa Maria Refinery and Union Pacific Railroad? If so, the RDEIR does not mention these agreements or make them evident to the public. NEJ-14

* There is no mention in the RDEIR of the UPRR history regarding derailments, their safety record or their ability to move hazardous materials through residential areas. NEJ-15

* There is no mention in the RDEIR of accurate or up to date information available including methods and criteria for assigning degrees of severity of accidents and derailments involving crude oil and other hazardous materials. NEJ-16

Table 1.1 Possible Rail Spur Project Permits

One of the possible five routes of crude oil transport to the SMR would be through the San Francisco Bay Area where the Bay Area Air Quality Management District has restrictions on Greenhouse Gas Emissions (GHG) and volatile organic compounds (VOC) emissions. NEJ-17

* Operational activities of trains along the UPRR main line route associated with the Rail Spur Project would generate toxic emissions that exceed thresholds.

* There is no mention of up rail air quality permits in regard to GHG emissions from locomotives as they pertain to this specific area or other regulated up rail communities within or out of the state. Operational activities of trains along the UPRR mainline rail route outside of SLO County associated with the Rail Spur Project would generate criteria pollutant emissions that exceed thresholds. NEJ-18

* The impacts of this project on California and San Luis Obispo County's programs to reduce the threat of global climate change is also quantified in this RDEIR and the increase to GHG emissions of this project are found to exceed thresholds. Operational activities associated with the Rail Spur Project would generate GHG emissions that exceed SLOCAPCD thresholds. NEJ-19

1.3 Assessment of Union Pacific Mainline Environmental Impacts

Trains could enter the state through five different locations either from Oregon, Nevada, and Arizona.

*Federal Preemption is essential to determining the totality of the project related rail operations and the cumulative impacts to Santa Maria and to the affected urban and rural populations and environments all along the UPRR rail routes that would service the SMR crude deliveries. The RDEIR fails to address or identify potentially significant, cumulatively considerable and unavoidable direct and indirect impacts that could foreseeable occur anywhere along the UP rails, from the Santa Maria Refinery to the various sources of crude to be imported by Phillips 66 SMR under contract with specific suppliers. NEJ-20

* The RDEIR details the 100 car unit trains that would average five per week to SMR from either Roseville or Colton rail yards. However this schedule is not set by contract and is not legally defensible but the public cannot assume this under Preemption. Actual train configurations, arrivals, and departure times of trains carrying hazardous materials are not publicly announced and any such suggestion of certainty is deceptive. NEJ-21

* There can be no guarantee under Preemption that preferred scheduling arrangements described in the RDEIR would happen on a predictable routine basis, however the RDEIR does not say anything to dispel or qualify the public's expectation of certainty of such conditions. NEJ-22

* There is no mention in the RDEIR as to where these five unit trains per week would be sided should the refinery not be able to accept these trains because of a scheduled or unscheduled refinery shut down. NEJ-23

* The RDEIR hides the empty projected assumptions that UPRR could provide a consistent scheduling of trains to the SMR. There is no mention of foreseeable scheduling problems either because of rail yard problems or timing of trains traveling into California and their schedule effects on other communities. NEJ-24

* Where does the Phillips 66 SMR Project begin and end with regard to cumulative impacts resulting from projected increases in crude unit trains travelling UP rails through California and out of state? The three northern California rail routes proposed for the project are through environmentally sensitive and treacherous mountain areas along the Feather River Canyon, Donner Summit and Shasta/ Dunsmuir corridor. NEJ-25

* The RDEIR mentions the routes but does not divulge which routes would be taken, explain worst case scenarios that could occur as a consequence of spills, fires or explosions should there be a train derailment. NEJ-26

* The RDEIR suggests a single risk model as it pertains to a relatively flat terrain between the Colton or Roseville rail yards and the SMR. The RDEIR does not address the extended five mountainous routes to the project. NEJ-27

* The RDEIR fails to address historical records of train derailments along the five routes planned to the SMR Project. Credible worst case scenarios and their foreseeable effects must be clearly discussed in the RDEIR to allow for understanding of short term and long term effects for both emergency response preparedness and for environmental clean up. NEJ-28

3.1 Cumulative Methodology: Cumulative Projects

* The RDEIR fails to mention the effects and implications the Stockton Targa Rail and Marine Oil Transport Project could have on this project. The public is forced to look outside the RDEIR for information pertinent to the assessment of cumulative impact analysis. This large scale Stockton Project could contribute to cumulative considerable adverse effects for both public health and safety. The combined effects of numerous unit car trains daily entering the state from any of the five entry points for the various new fossil fuel projects in the state necessitates further discussion of the potential risks of these unit car trains entering the state. NEJ-29

* The RDEIR does not list the Phillips 66 Rodeo Propane Recovery Project in Table 3.1: Cumulative Methodology and Project List, even though Phillips 66 Corporate refers to the two refineries as one San Francisco Refinery because they are connected by a 200 mile pipeline. NEJ-30

* Why are these two projects considered separate projects with separate EIR's when they are considered one refinery that cannot function without the other? The Phillips 66 Rodeo Propane Recovery Project RDEIR mentions the Phillips 66 Santa Maria Refinery as its source of semi refined liquid products. NEJ-31

* When both facilities have RDEIR's out before the public review, why is one facility mentioned and not the other when each facility is dependent upon the other? NEJ-32

4.0 Rail Spur Environmental Analysis

Regulatory frameworks are changing that will effect this RDEIR evaluations of impacts. NEJ-33

* This project and other crude by rail projects in the state pose precedent setting challenges under regulatory uncertainty and complexity under CEQA review. Project operations involve stationary and mobile sources of hazards with a potential of accidents and impacts that could occur anywhere from the crude oil source to the state borders to the Stockton and Colton rail yards and to the SMR facility. NEJ-33 cont

*The specific challenges posed by the project deserve attention and raise precedent setting questions about the parameters of CEQA to address the total scope and reach of this project which includes interstate rail transport and one hundred car unit trains loaded with a dangerous crude oil that is not specified in this RDEIR. Currently, there is an outdated US Dept. of Transportation regulatory framework recommended for changes with recently initiated proposed new rule making on rail safety which has yet been resolved. There are no current protections for communities and the environment from the rail hazards and extraordinary risks posed by the transport of dangerous volatile unconventional crude oils with federal Preemption granted to UPRR denying local, regional or state jurisdictions the means to mitigate rail risks in communities. NEJ-34

*This RDEIR fails to address the distant sources of unconventional domestic and Canadian crude oil supplying the proposed project via rail routes crossing at least three states with hazardous crude oil through treacherous mountain passes, across waterways that supply valuable drinking water to millions of people, and the impact on the urban and rural routes and communities. NEJ-35

*Invoking Preemption does not exempt the RDEIR from fully disclosing the numerous potential impacts to public health and safety related to processing unconventional crude oil that will be imported and the rail hazards and risks that would expose both urban and rural populations and surrounding environments in the vicinity of the UPRR tracks to significant and cumulatively considerable levels of harm in the case or rail accidents. The RDEIR must discuss those risks relative to their potential severity. NEJ-36

* The DREIR fails to address liability issues and insurance coverage for events which are reasonably foreseeable. The transport of crude oil by train raises significant safety risks to not only the project site but to all communities along the route from well head to processing at SMR. NEJ-37

* The DREIR fails to mention of how damages might be paid, the potential damages from a small spill, the financial ability of the responsible party to make the damaged parties whole, and to identify all the parties who may not be made whole and left to absorb catastrophic losses such as cities, towns, counties and private individuals. NEJ-38

In closing, this RDEIR is an incomplete document because it fails to list the impacts to the up rail communities that the proposed train routes would effect, does not address the cumulative effect it will have on the local communities and the effect it will have on the communities up rail, and it fails to address the back end of this project which is the connection to the Phillips 66 Rodeo Refinery. As it is written and submitted, I/ we urge you to deny this project. NEJ-39

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NEJ-01	If in the future Phillips 66 decided they want to deliver Bakken crude to the SMR a new application would have to be submitted to the County, additional environmental review would be required, and a modified Coastal Development Permit would need to be approved by the County decision makers.
NEJ-02	Section 2.8 (see Chapter 2.0, Project Description), states the Rail Spur Project is expected to operate for the remaining life of the SMR, which could be another 20 or 30 years, if not longer. The remaining life of the refinery is dependent on crude oil supplies, prices and overall economics. At the end of the life of the SMR, the County of San Luis Obispo would undertake an environmental review of the decommissioning and abandonment of the entire refinery complex, including the rail spur.
NEJ-03	Table 2.6 (see Chapter 2.0, Project Description) contains two potential crudes that could be delivered by rail to the SMR. These two crudes represent the range of crude properties that are likely to be delivered to the refinery. Both of these crudes are Canadian tar sands dilbit crudes. It is not possible to predict precisely which crude oils will be delivered to the SMR via rail. One of the objectives of the project is to provide greater access to the larger crude oil market, and the specific crudes received by rail would likely vary from time to time as has been the case for the current refinery crude slate. However, the crude oil types shown in Table 2.6 (Chapter 2.0, Project Description) provide a reasonable representation of the range of crude oil types that could be processed based on current economics and crude oil availability. The Rail Spur Project is not predicated on any single crude, but is designed to handle a variety of crude oils that can be generically described as heavy, sour crudes. “Heavy” crudes are generally considered to be those with API gravity of approximately 20 or less. “Sour” crudes are generally considered to be those with sulfur content greater than 1.0%. These are the types of crude oils that the SMR is designed to handle. The Rail Spur Project does not involve any changes to the processing equipment at the refinery that would expand the types of crude oils the refinery is capable of processing. The Rail Spur Project will bring crude oils to SMR that are comparable to those historically processed at the facility, particularly with respect to sulfur concentration, metals concentration, and volume percent of crude oil fraction that is processed at the coker.
NEJ-04	The RDEIR included a Quantitative Risk Analysis (QRA) to address the risk of accidents that can be found in Section 4.7, Hazards and Hazardous Materials. An evaluation of chronic health risk associated with the project is contained in RDEIR Section 4.3, Air Quality and Greenhouse Gases. Impact AQ.3 and AQ.5 in Section 4.3 (Air Quality and Greenhouse Gases) of the EIR, address impacts of criteria and toxic pollutants along the mainline routes within

	California. The EIR concludes that impacts would be significant.
NEJ-05	The exact locomotive that would be used to transport crude oil to the SMR is not known, and cannot be known since UPRR does not commit specific locomotives to individual project. As such, the analysis of locomotive was based upon pre-tier 1 locomotive that are the least clean engines. The RDEIR required as a mitigation measure the use of Tier 4 locomotives, which would be the latest energy efficiency technology with the lowest air emissions.
NEJ-06	Section 4.7, Hazards and Hazardous Materials found that even with the use of CPC-1232 tank cars the potential hazard impact along the mainline rail would be significant and unavoidable (Class I). The RDEIR recommend the use of Department of Transportation (DOT) Option 1 tank car design, which is substantially more robust the CPC-1232. Even with the Option 1 tank car design, the potential hazard impact along the mainline rail would be significant and unavoidable (Class I). As discussed in Table 4.7.6 of the RDEIR, the CPC-1232 tank car design was not one that was being considered as part of the DOT rulemaking for new tank car designs. In May 2015 the DOT issued their final rules for high hazard flammable trains. The final rule is discussed in Section 4.7.5, Hazards and Hazardous Materials. The Final rule does not require the use of Option 1 tank cars, but the FEIR is still recommending as a mitigation measure the use of the Option 1 design.
NEJ-07	Phillip 66 would lease or own the tanks cars used for delivery of crude to the SMR so they could assure that these types of cars would be used from point of origin to delivery at the SMR. In addition, SLO County decision makers might be able to condition the project, if approved, to use another type of car design that is more robust than the CPC-1232.
NEJ-08	For a unit train, the 80 cars would be assembled and filled with oil at the point of origin.
NEJ-09	If the project is approved, SLO County is required to conduct monitoring to assure compliance with all conditions of approval. This would include review all manifest for the unit trains, which would provide information on the type of rail cars that make up the unit train. This monitoring would continue for the life of the Rail Spur Project.
NEJ-10 and NEJ-11	Appendix A of the FEIR has been updated to include a detailed specification sheet on the CPC-1232 tanks cars that are proposed for use by Phillips 66. These cars would have toxic inhalation hazard (TIH) top fitting protection, but would not have electronically controlled pneumatic (ECP) breaks. The mitigation measure in the RDEIR that requires the use of DOT Option 1 tank cars would assure that the tank cars are equipped with both TIH tip fitting protection and ECP breaks. As discussed in Table 4.7.6 of the RDEIR, the CPC-1232 tank car design was not one that was being considered as part of the DOT rulemaking for new tank car designs. In May 2015 the DOT issued their

	final rules for high hazard flammable trains. The final rule is discussed in Section 4.7.5, Hazards and Hazardous Materials. The Final rule does not require the use of Option 1 tank cars, but the FEIR is still recommending as a mitigation measure the use of the Option 1 design.
NEJ-12 through NEJ-14	The contracts that Phillips 66 may have, or does have, for tank car leases and with Union Pacific Railroad have been given to the County and are not relevant to the EIR analysis. These are financial agreements that are considered business confidential.
NEJ-15	RDEIR table 4.7.2 (see Section 4.7, Hazards and Hazardous Materials) contains detailed UPRR accident data UPRR operations on a national, California and county level, including the record on the transportation of hazardous materials.
NEJ-16	The RDEIR included a detailed QRA that identified the probability and severity of potential accidents. Please see RDEIR Section 4.7.4, Hazards and Hazardous Materials, and Appendix H for detailed information accident probability, severity and overall project risk.
NEJ-17	The RDEIR addresses the potential impacts and recommends mitigation measures for the proposed Project consistent with the requirements of CEQA. Section 4.3 (Air Quality and Greenhouse Gases) addresses GHG emissions, criteria air emissions and health risks.
NEJ-18	Permitting of rail travel though Air Districts in California is not generally conducted by Air Districts. Trains travel through many areas of the State and do not obtain permits from each Air District. Generally, Air Districts issue permits and apply rules and regulations to stationary sources which are under the control and authority of the local Air Districts. Mobile emission sources, such as locomotives or automobiles, are under the jurisdiction of CARB or the Federal authorities.
NEJ-19	The RDEIR addresses the potential impacts and recommends mitigation measures for the proposed Project consistent with the requirements of CEQA. Section 4.3 (Air Quality and Greenhouse Gases) addresses GHG emissions, criteria air emissions and health risks.
NEJ-20 through NEJ-22	It is unclear whether the County is preempted from imposing mitigation measures to reduce the potential for significant impacts along UPRR's mainline. The RDEIR takes a conservative approach to the evaluation of impacts by recognizing that Federal law may preempt the County from imposing conditions of approval that would mitigate these impacts, potentially resulting in unmitigated significant impacts. This satisfies the information disclosure requirements of CEQA and will allow the County decision makers to evaluate the full spectrum of potential environmental impacts as well as potential mitigation measures.

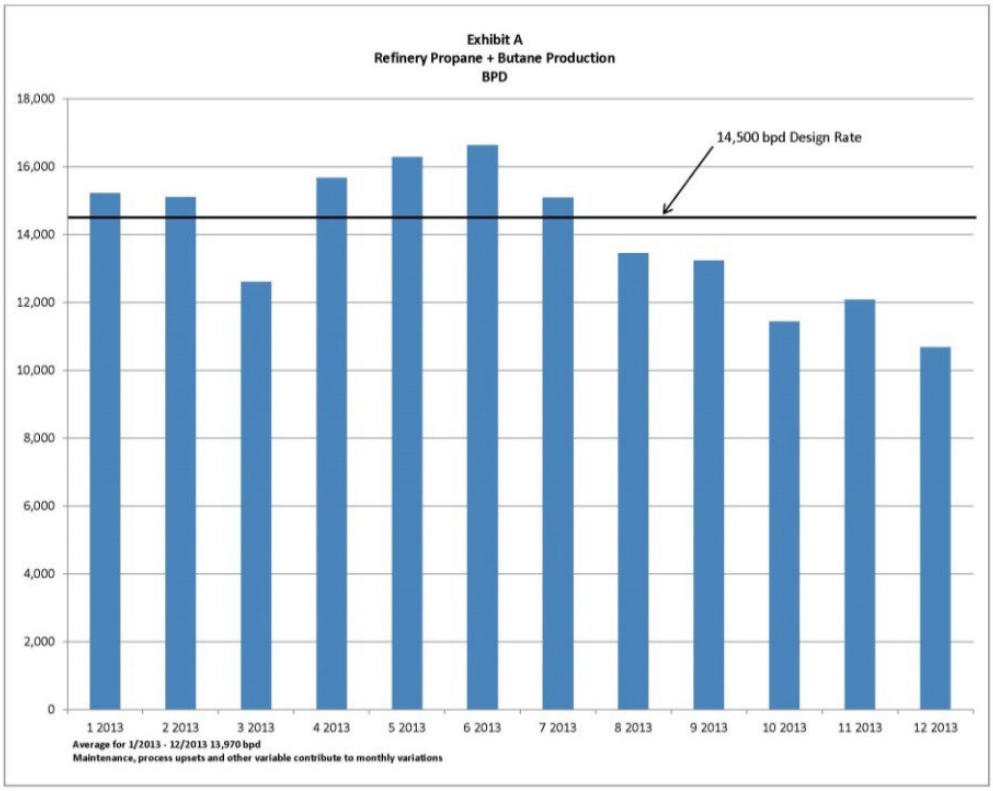
	The RDEIR addressed the impacts associated with moving crude oil along the mainline UPPR tracks throughout the State of California and beyond. A detailed analysis of the impacts along the mainline was completed for the routes from the SMR to the UPRR rail yards in Roseville and Colton California. A less detailed analysis was completed from these two rail yards to the California border and beyond. As stated in Chapter 4.0, Environmental Analysis, trains could enter California at five different locations (one at the north end of the state from Oregon, two at the northeast from Nevada, one at the southeast from Nevada, and one at the south from Arizona). Depending upon the route taken by the train they could arrive at the Phillips 66 site from the north or the south. It is unknown what route UPRR would use to deliver the trains to the SMR. Coming from the north the routes merge at the UPRR Roseville Rail Yard. From the south the routes merge at the Colton Rail Yard. Given that the route the trains would travel to get to these two UPRR yards is speculative, the EIR has evaluated in more detail the impacts of trains traveling from these two UPRR yards to the SMR. Beyond the two UPRR Yards, trains could travel any number of routes. Also, crude oil delivered to California by UPRR would generally pass through either of these two rail yards in route to the SMR. Depending upon the source of the crude oil, crude oil trains could use any portion of the UPRR network from the source location for the crude oil to Roseville/Colton. The exact route that would be taken would depend upon a number of factors, that could include the source of the crude oil, weather conditions, train traffic conditions, etc. Since the routes past Roseville and Colton are more speculative, the EIR has discussed in a more qualitative nature the potential impacts of train traffic beyond these two rail yards. The RDEIR evaluated the cumulative impacts of other proposed crude by rail projects. The other cumulative crude by rail projects are listed in Table 3.1 (see Section 3.0 Cumulative Projects), and includes the Valero Project. In conducting the impact assessment for the mainline rail routes, it was assumed that all 250 trains projected to travel each year would use each of the routes, which is a conservative assumption. While the exact route that would be used for each train is currently unknown, the possible routes within California were addressed in the RDEIR. The analysis in the RDEIR is based upon the Phillips 66 application, which is for five trains per week and no more than 250 trains per year. Each unit train would be made up of 80 tank cars. Since Phillips 66 will either own or lease the tank cars, it is a reasonable assumption that each unit train would be 80 cars in length. Also, the unloading facility at the SMR has been designed for a maximum of 80 car unit trains.
NEJ-23	The SMR has three crude oil storage tanks that have a combined capacity of

	about 295,000 barrels of oil, which is enough to hold about five unit train loads of oil. In the event of an unplanned shutdown, the refinery could unload any trains that were enroute to the refinery. If the unplanned shutdown was for longer than a week, Phillips would have enough time to stop the shipment of new trains to the SMR. For planned shutdown, Phillips 66 would be able to plan the delivery of trains to avoid the need to have trains sided along the route. If trains need to be held up they would be placed at the UPRR yards in Roseville and or Colton.
NEJ-24	UPRR schedules freight trains throughout California on a daily basis. As discussed in Section 4.12, Transportation and Circulation, some of the tracks in California handle as many as 70 trains per day. The addition of five additional freight trains per week would not be expected to have scheduling problems within California.
NEJ-25	The exact route that trains would take is not known. The EIR lists several routes that could be taken, either north or south, and then, beyond Roseville to the north, trains could travel north into Oregon or East into Nevada. The exact route the train would take from points beyond the Roseville and Colton Yard is speculative since there are a number of routes that could be taken to get to these yards from the California border as shown in Figure 2.8 (Chapter 2.0, Project Description). Section 4.3, Air Quality, tabulates air emissions within California and from California to the Canadian border. Section 4.7, Hazards and Hazardous Materials, calculated risks levels to the California border of different routes. Cumulative impacts associated with the other crude by rail projects (see Table 3.1, Chapter 3.0, Cumulative Project Description) have been evaluated in each of the issue areas (See Chapter 4.0, Environmental Analysis).
NEJ-26	The RDEIR evaluated three different routes for the trains to travel in California. The exact route that would be taken is unknown and would be determines by UPRR. Section 4.7, Hazards and Hazardous Materials, discusses the impacts of a reasonable worst case scenario for spills, fires and explosions and their associated impacts.
NEJ-27	The RDEIR looked at the risk of accidents along the mainline rail routes within California, including the mountain pass areas. The risk model is independent of terrain, but the probability of a derailment was based upon the specific tracks along each of the routes, including the mountain passes. This data is provided in Section 4.7, Hazards and Hazardous Materials.
NEJ-28	Please see Response to NEJ-16.
NEJ-29	The Stockton Targa Rail and Marine Terminal has been added to the crude by rail cumulative projects. Section 4.7, Hazards and Hazardous Materials, discusses the cumulative risk levels associated with train traffic from multiple projects along the various rail routes within California (See Section 4.7.6). Depending upon the mainline rail route and the location there could be as many

	as 8 to 16 crude oil trains per day (these are one-way trips). The EIR indicates that this would "represent a significant cumulative risk." The EIR identifies the principal cumulative crude by rail projects for risk and determines that cumulatively, these projects would produce a significant and unavoidable impact.
NEJ-30 through NEJ-32	Operations at the Rodeo Refinery are not anticipated to change with the processing of Rail Spur Project crude oil. The refinery currently handles heavy crude oil and the characteristics of the Rail Spur Project crude oil are similar to current heavy crude oils. Section 4.3, Table 4.3.13 summaries the different characteristics of the crude oils. BTEX levels may increase (although some tar sands crude oils have lower percentages of BTEX than the heavy crudes currently being processed. The SMR refinery ships naphtha and gas oils via pipeline to the Rodeo Refinery. Both of these are semi-refined products. The composition of these two products is not expected to change with the Rail Spur Project. As discussed in the Project Description (Chapter 2.0) the SMR currently processes a range of crude oils from different sources, and the crudes vary from time to time. In addition, the refinery often blends crudes from multiple sources prior to processing. A comparison of crude oils and their characteristics demonstrates that the crudes likely to be received by unit train would be comparable to those currently or recently processed at the SMR. The SMR is not requesting any changes or modifications to its crude unit or other processing units that would allow it to process any crude types that it can't be process currently. The only proposed change to the Rodeo Refinery is the Propane Recovery Project. The Rodeo Refinery (SFR) produces gases as a byproduct of the refining process, and these gases are used as fuel in various refinery processes (referred to as "refinery fuel gas" or "RFG"). Currently, the propane and part of the butane generated at the SFR is used as RFG. Instead of using the propane and butane as fuel at the SFR, the Propane Recovery Project will allow Phillips 66 to recover, store, and ship propane and additional butane via rail to outside customers. Therefore, the primary project objective is to recover liquid petroleum gases ("LPGs"– i.e., propane and butane) that already exist in the RFG. The Propane Recovery Project will not cause or require an increase in the amount of recoverable LPG present in the RFG; it will simply allow recovery of the LPGs that already are present in the RFG. The Propane Recovery Project is designed to remove up to 14,500 barrels of LPGs per day. Data regarding actual LPG content of the RFG is consistent with the design basis for the project. The figure below shows that, for the twelve month period from January through December 2013, the average LPGs in the Rodeo RFG was 13,970 barrels per day.

The equipment design is a limiting factor on the amount of propane and butane that can be captured and stored, regardless of how much propane and butane can be produced by the SFR in the future or what type of crude oil is processed. Phillips 66 specified this design basis in the application to the Bay Area Air Quality Management District for an authority to construct the Propane Recovery Project, and it has been translated into an enforceable condition included in the draft permit prepared by the air district. Therefore, the amount of propane and butane to be extracted once the Propane Recovery Project is operational will be constrained by the physical design of the equipment and the permit limits.

Most of the LPG produced at the SFR does not arrive as propane and butane in crude oil or in the semi-refined products received from the Santa Maria Refinery (SMR). Rather, the vast majority of LPG produced at the SFR is created through the refining process itself. As explained above, the design capacity of the Rodeo Propane Recovery Project was sized to recover LPGs that are currently being produced and burned as part of the refinery fuel gas at the SFR. No changes in the crude delivery system, type of crude or operations at the SMR are needed in order to fully utilize the propane recovery unit in Rodeo.



The commenter's have overlooked the fact that the refining process at the SFR

	itself accounts for 90% of the propane and butane currently produced and proposed to be recovered by the Rodeo Propane Recovery Project. As described at pages 3-8 to 3-9 of the Recirculated Draft Environmental Impact Report for the Propane Recovery Project, the refining process incorporates four primary functions: separation, conversion, purification and blending. Crude oil and other incoming feed streams contain mixtures of various hydrocarbon compounds that can be separated using distillation and fractionation in the first step of the refining process. At the SFR, a small amount of butane and propane is separated from the crude oil in these first stage processes. However, butane and propane are also created from other hydrocarbon compounds during the conversion phase of the refining process. Overall approximately ten percent of the LPG (combined butane and propane) arrives as identifiable fractions of the crude oil, and the balance of approximately ninety percent is created in the refining processes (cracking units). Since LPG in the crude oil accounts for only a very small fraction (approximately ten percent) of the total LPG produced at the SFR, a change in crude oil LPG content in Santa Maria or in Rodeo would have very little effect on the volume of LPG available for recovery at Rodeo. As discussed in the Recirculated Draft Environmental Impact Report for the Propane Recovery Project Section 3.4.2.1, and shown in Figure 3-7, the proposed Project's design basis was derived from data taken at the Refinery in August, 2011. In the same section, the RDEIR for the Propane Recovery Project also provides an update to substantiate this 2011 design basis with the most recent full year (2013) of RFG data from the Refinery in Figure 3-8. This figure shows that for 2013 an average of 13,970 barrels per day (BPD) of propane and butane were available and that monthly this quantity of propane and butane varies. Note that between the 2011 design basis and the 2013 data, no change to crude feedstock, such as those of concern to commenter's, had been made. These data provide the substantial evidence to support the "independent utility" of this Project and further support that the EIR has not inappropriately piecemealed or segmented this Project.
NEJ-33	The comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The commenter's statements about regulatory uncertainty and complexity are included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. Section 4.7.2.1 (see Section 4.7, Hazards and Hazardous Materials) provides a discussion of the recent and ongoing developments in regulation of crude transportation by rail.
NEJ-34	The comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The commenter's

	statements about regulatory limitations and complexity are included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. Section 4.7.2.1 (see Section 4.7, Hazards and Hazardous Materials) provides a discussion of the recent and ongoing developments in regulation of crude transportation by rail and discusses the ongoing DOT rule making regarding tank car designs for crude oil.
NEJ-35	See Response to NEJ-03, which addresses the issue of crude supply sources. The RDEIR includes an analysis of the impacts of transporting crude along the major rail routes between the SMR and the UPRR rail yards in Roseville and Colton. Beyond these points the rail route that would be used by the rains is speculative, so the RDEIR evaluated these impacts to a lesser level of detail. For example, Table 4.3.19 provides estimated emission estimates from the California boarder to the Canadian border. While the exact route the trains would take to get to these two rail yards on their way to the SMR is speculative, all of the routes within and outside of California would traverse numerous sensitive biological areas, which would increase the probability of a spill impacting sensitive biological and water resources as discussed in the RDEIR. In the event of a spill impacting sensitive biological or water resources along this portion of the route the impacts could be significant for the same reasons discussed for the routes between Roseville/Colton and the SMR.
NEJ-36	See Response NEJ-20 through NEJ-22.
NEJ-37 and NEJ-38	Issues of liability are not required to be addressed as part of the CEQA process. Under both Federal and state law, UPRR is responsible for costs associated with cleaning up any spill that occurs along the mainline rail routes.
NEJ-39	This comment is a summary of some of the issues raised in the comment letter and is addressed in comment responses for comments NEJ-01 through NEJ-38. This comment is a closing comment about the perceived lack of analysis of rail impacts and refers to specific comments addressed earlier in the letter. Responses to the specific comments are provided above. No further response is required to the comment.