

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION

UNITED STATES OF AMERICA,)
)
Plaintiff,) Civil No. 2:96 CV 095 RL
)
and) Judge Rudy Lozano
)
THE STATE OF INDIANA, STATE OF OHIO, and)
the NORTHWEST AIR POLLUTION AUTHORITY,)
WASHINGTON,)
)
Plaintiff-Intervenors,)
)
v.)
)
BP EXPLORATION & OIL CO., AMOCO OIL)
COMPANY, and ATLANTIC RICHFIELD)
COMPANY,)
)
Defendants.)
)

FIRST AMENDMENT TO CONSENT DECREE

WHEREAS, the United States of America (hereinafter "the United States"); the State of Indiana, the State of Ohio, and the Northwest Pollution Control Authority of the State of Washington (hereinafter "Plaintiff-Intervenors"); and BP Exploration and Oil, Co., Amoco Oil Company, and Atlantic Richfield Company (hereinafter, collectively, "BP") are parties to a Consent Decree entered by this Court on August 29, 2001 (hereinafter "the Consent Decree"); and

WHEREAS, BP has agreed to sell and Tesoro Petroleum Corporation (hereinafter "Tesoro") has agreed to buy two of the refineries covered by that Consent Decree, to-wit: the Amoco Oil Company Refineries located at Mandan, North Dakota (hereinafter "the Mandan Refinery") and Salt Lake City, Utah (hereinafter "the Salt Lake City Refinery");

WHEREAS, Tesoro has contractually agreed to assume the obligations of, and to be bound by the terms and conditions of, the Consent Decree as such obligations, terms and conditions relate to the Mandan Refinery and the Salt Lake City Refinery (hereinafter "the Transferred Refineries"); and

WHEREAS, the United States and Plaintiff-Intervenors agree that Tesoro has the financial and technical ability to assume the obligations and liabilities of the Consent Decree as they relate to the Transferred Refineries; and

WHEREAS, the United States, Plaintiff-Intervenors, BP and Tesoro desire to amend the Consent Decree to transfer to Tesoro the obligations, liabilities, rights and releases of the Consent Decree as it pertains to the Transferred Refineries and to release BP from its obligations and liabilities under the Consent Decree insofar as they relate to the Transferred Refineries;

WHEREAS, Paragraph 85 of the Consent Decree requires that this Amendment be approved by the Court before it is effective;

NOW THEREFORE, The United States, Plaintiff-Intervenors, BP and Tesoro hereby agree that, upon approval of this Amendment by the Court, the Consent Decree shall thereby be amended as follows:

1. Except as provided in Paragraph 2, of this Amendment, Tesoro Petroleum Corporation hereby assumes, and BP is hereby released from, all obligations and liabilities imposed by the Consent Decree on the Transferred Refineries, and the terms and conditions of the Consent Decree as they relate to the Transferred Refineries shall hereafter exclusively apply to, be binding upon, and be enforceable against Tesoro to the same extent as if Tesoro were specifically identified and/or named in those provisions of the Consent Decree.

2. Tesoro shall not be responsible for any portion of the Civil Penalty provided for in Section IX of the Consent Decree.

3. All references to "BP" in Subparagraphs 15. D., F., H., and I. shall be deemed to refer to "BP and Tesoro". All references to "BP" in Subparagraphs 15. G., K., and L shall be deemed to refer to "BP or Tesoro (as the case may be)". Subparagraph 15. J. does not apply to Tesoro.

4. Subparagraphs 15. A., B., C., and E. are hereby revised to read as follows:

A. BP shall install NOx emission control technology on certain specified heaters and boilers at its six refineries. Tesoro shall install NOx emission control technology on certain specified heaters and boilers at its two refineries. The heaters and boilers proposed for control by BP and Tesoro shall be selected in accordance with the requirements of this Paragraph.

B. i. BP shall select the heaters and boilers that shall be controlled at the Carson, Cherry Point, Texas City, Toledo, Whiting and Yorktown Refineries. The combined heat input capacity of the heaters and boilers selected by BP for future control, together with the heaters and boilers on which controls identified in Paragraph 15.D. have already been installed, must represent a minimum of 60.7% of the six refineries' heater and boiler heat input capacity in mmbTU for those heaters and boilers greater than 40 mmBTU/hr, which for purposes of the Consent Decree is represented to be approximately 36,605 mmBTU/hr across the six refineries. Further, not less than 30% of the heater and Boiler heat input capacity for heaters and boilers greater than 40 mmBTU/hr. at any individual refinery must be controlled in accordance with Paragraph 15.D.

ii. No later than January 18, 2005, BP shall complete installation of controls on heaters and boilers on at least 2/3 of the heat input capacity of the universe of the heaters and boilers to be controlled under Paragraph 15.B and 15.C, as amended herein. No later than January 18, 2005, BP shall propose a schedule for installation of the controls on the remaining heaters and boilers required to be controlled under Paragraph 15. B. i.

iii. Where BP affirmatively demonstrates to EPA's satisfaction that it is technically infeasible to install NOx controls for heaters/boilers to meet the 30% minimum requirement for any of its petroleum refineries, BP shall make up any shortfall by achieving NOx reductions corresponding to the shortfall from other sources at the refinery where the infeasibility was demonstrated, which may include external credit purchases in the same Air Quality Control Region.

C. i. Tesoro shall select the heaters and boilers that shall be controlled at the Mandan and Salt Lake City Refineries. The combined heat input capacity of the heaters and boilers selected by Tesoro for future control, together with the heaters and boilers on which controls identified in Paragraph 15.D. have already been installed, must represent a minimum of 35.8% of the two refineries' heater and boiler heat input capacity in mmBTU for those heaters and boilers greater than 40 mmBTU/hr, which for purposes of the Consent Decree is represented to be approximately 1,786 mmBTU/hr across the two refineries. Further, not less than 30% of the heater and boiler heat input capacity for heaters and boilers greater than 40 mmBTU/hr. at each individual refinery must be controlled in accordance with Paragraph 15.D.

ii. No later than January 18, 2005, Tesoro shall propose a schedule for installation of the controls on the heaters and boilers required to be controlled under Paragraph 15. C. i.

iii. Where Tesoro affirmatively demonstrates to EPA's satisfaction that it is technically infeasible to install NOx controls for heaters/boilers to meet the 30% minimum requirement for any of their petroleum refineries, Tesoro shall make up any shortfall by achieving NOx reductions corresponding to the shortfall from other sources at the refinery where the infeasibility was demonstrated, which may include external credit purchases in the same Air Quality Control Region.

E. i. Following installation of all controls required by Paragraph 15.C.i., BP shall demonstrate that the allowable emissions from the controlled heaters and boilers at the Carson, Cherry Point, Texas City, Toledo, Whiting and Yorktown Refineries satisfy the following inequality:

$$\sum_{i=1}^n (E_{\text{Final}})_i \leq \sum_{i=1}^n (E_{\text{Baseline}})_i - 9,384$$

Where:

$(E_{\text{Final}})_i$ = Permit allowable pounds of NOx per million Btu for heater or boiler i times the lower of permitted or maximum rated capacity in million Btu per hour for heater or boiler i;

and

$(E_{\text{Baseline}})_i$ = The ton per year actual emissions shown in Appendix A for controlled heater or boiler i.

ii. Following installation of all controls required by Paragraph 15.C.i., Tesoro shall demonstrate that the allowable emissions from the controlled heaters and boilers at the Mandan and Salt Lake City Refineries satisfy the following inequality:

$$\sum_{i=1}^n (E_{\text{Final}})_i \leq \sum_{i=1}^n (E_{\text{Baseline}})_i - 248$$

Where:

$(E_{\text{Final}})_i$ = Permit allowable pounds of NOx per million Btu for heater or boiler i times the lower of permitted or maximum rated capacity in million Btu per hour for heater or boiler i;

and

$(E_{\text{Baseline}})_i$ = The ton per year actual emissions shown in Appendix A for controlled heater or boiler i.

6. The references to "Paragraph 15.C." in Subparagraphs 15. D., F., G., H., and I. shall be deemed to refer to "Paragraphs 15. B. and C." as amended above.

7. The references to "Paragraph 15.C." in Subparagraph 15.L. shall be deemed to refer to "Paragraphs 15.B. or C. (as the case may be)" as amended above.

8. The references to "Paragraph 15.E." in Subparagraphs 15. D., H. and L. shall be deemed to refer to "Paragraphs 15.E.i. or 15.E.ii. (as the case may be)" as amended above.

9. Paragraph 82 is hereby amended to include the following information:

As to Tesoro Petroleum Corporation:

Mr. Robert L. Gronewold

Manager, Corporate Environmental Affairs – Refining and Development
Tesoro Petroleum Companies, Inc.
3450 South 344th Way, Suite 100
Auburn, WA 98001-5931

and

D. Jeffrey Haffner
Attorney
Tesoro Petroleum Companies, Inc.
300 Concord Plaza Drive
San Antonio, TX 78216-6999

10. The undersigned representatives are fully authorized to enter into the terms and conditions of this Amendment.

11. This Amendment may be executed in several counterparts, each of which will be considered an original.

ORDER

Before the taking of any testimony, without adjudication of any issue of fact or law, and upon the consent and agreement of the Parties, it is:

ORDERED, ADJUDGED and DECREED that this Amendment to the Consent Decree is hereby approved and entered as a final order of this court.

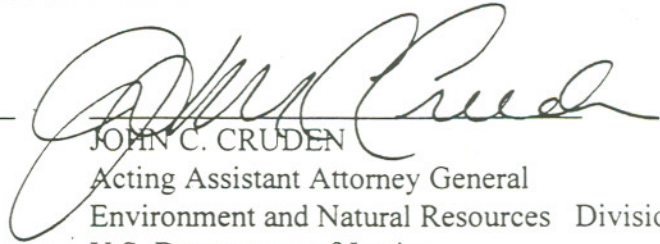
Dated and entered this ____ day of _____, 2001

United States District Judge

WE HEREBY CONSENT to the foregoing Amendment to the Consent Decree entered in *United States, et al., v. BP Exploration and Oil Co., et al.*, Civil No. 2:96 CV 095 RL on August 29, 2001.

FOR PLAINTIFF THE UNITED STATES OF AMERICA

Date: 9/6/01



JOHN C. CRUDEN
Acting Assistant Attorney General
Environment and Natural Resources Division
U.S. Department of Justice



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WE HEREBY CONSENT to the foregoing Amendment to the Consent Decree entered in *United States, et al., v. BP Exploration and Oil Co., et al.*, Civil No. 2:96 CV 095 RL on August 29, 2001.

FOR DEFENDANTS BP EXPLORATION AND OIL CO., AMOCO OIL COMPANY,
AND ATLANTIC RICHFIELD COMPANY


Date: 09/06/01

Neil R. Morris
Neil R. Morris
Manager, Mergers & Acquisitions

WE HEREBY CONSENT to the foregoing Amendment to the Consent Decree entered in *United States, et al., v. BP Exploration and Oil Co., et al.*, Civil No. 2:96 CV 095 RL on August 29, 2001.

FOR TESORO PETROLEUM CORPORATION

Date: 09/06/01



James C. Reed, Jr.
Executive Vice President, General Counsel
and Secretary

WE HEREBY CONSENT to the foregoing Amendment to the Consent Decree entered in *United States, et al., v. BP Exploration and Oil Co., et al.*, Civil No. 2:96 CV 095 RL on August 29, 2001.

FOR THE STATE OF INDIANA

Date: 9/17/01


 for

Charles J. Todd
Chief Operating Officer
Indiana Department of Environmental Management

WE HEREBY CONSENT to the foregoing Amendment to the Consent Decree entered in *United States, et al., v. BP Exploration and Oil Co., et al.*, Civil No. 2:96 CV 095 RL on August 29, 2001.

FOR THE STATE OF OHIO

Date: 9/17/01



Bryan F. Zima
Assistant Attorney General

WE HEREBY CONSENT to the foregoing Amendment to the Consent Decree entered in *United States, et al., v. BP Exploration and Oil Co., et al.*, Civil No. 2:96 CV 095 RL on August 29, 2001.

FOR THE NORTHWEST AIR POLLUTION CONTROL AUTHORITY, A MUNICIPAL CORPORATION

Date: 9/17/01



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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION

UNITED STATES OF AMERICA,)	
)	Civil No. 2:96 CV 095 RL
Plaintiff,)	
)	Magistrate Judge Rodovich
and)	
)	
THE STATE OF INDIANA,)	
THE STATE OF OHIO, and)	
THE NORTHWEST AIR POLLUTION)	
AUTHORITY, WASHINGTON,)	
)	
Plaintiff-Intervenors,)	
)	
v.)	
)	
BP EXPLORATION & OIL CO., AMOCO)	
OIL COMPANY, and ATLANTIC)	
RICHFIELD COMPANY)	
)	
)	
Defendants.)	
_____)	

CERTIFICATE OF SERVICE

It is hereby certified that service of the "Motion of the United States of America in Support of Entry of the Consent Decree of the Proposed First Amendment to Consent Decree," and the "First Amendment to Consent Decree," was made upon the following persons by U.S.

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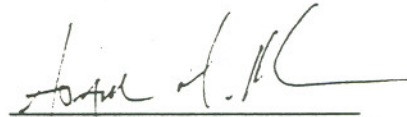
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