

# NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Division of Environmental Permits & Pollution Prevention  
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September 16, 2016

Certified Mail Return Receipt Requested  
Chuck Furman  
Global Co. Albany Terminal  
50 Church Street  
Albany, NY 12202

Re: Renewal Application – Global Co. Albany Terminal  
Title V Permit ID. 4-0101-00112/00029

Dear Mr. Furman:

The New York State Department of Environmental Conservation (“DEC” or “Department”) has reviewed the permit renewal application on behalf of Global Co. Albany Terminal (“Global”) for a renewal of its Permit ID. No. 4-0101-00112/00029 (“Title V Permit”) with an expiration date of March 2, 2016. In addition to the Title V Permit renewal, Global filed an application dated June 12, 2013 to amend its permit to add seven boilers to heat crude oil (“Draft Permit Modification”). On May 21, 2015 the DEC issued a notice of incomplete application and a notice of intent to rescind the State Environmental Quality Review (SEQR) Negative Declaration for the Draft Permit Modification.

Pursuant to 6 NYCRR § 621.11(h), the Department is treating the renewal as a new application due to newly discovered material information. *See also* 6 NYCRR 621.11 (i). Since the issuance of the permit in 2012, and as discussed in more detail below, there have been material changes in environmental conditions and DEC has determined that enhanced public comment is necessary. Additionally, pursuant to 6 NYCRR §621.4, the Department has determined that additional information is required to address the issues identified below before it can commence its review of the permit application. Unless otherwise specified herein or by the Department in writing, this supplemental information must be provided by Global within 90 days of the date of this letter. Should Global continue to pursue the modifications sought in the Draft Permit Modification, such modifications should be included in the permit application.

The DEC recognizes that the 2012 modification to the Title V Permit reduced truck traffic impacts by converting the operation from a rail-to-truck transfer facility to a rail-to-crude storage facility. Although this conversion reduced truck traffic at the site by approximately 25,000 trips annually, newly discovered material information and material changes in environmental conditions and potential impacts that are unique to the crude oil operations must be addressed in Global’s application.

The following items are newly discovered material information and/or material changes in environmental conditions that Global must address as part of its permit application:



- Given the higher volatility levels of the Bakken crude oil and questions arising since the issuance of the 2012 permit regarding emissions levels from the facility, as part of the permit application Global shall conduct a new stack test in accordance with the procedures set forth in condition 4-3 of the 2012 permit. You are directed to provide the Department a protocol for the stack test within 45 days of the date of this letter. The stack test must take place within 45 days of the Department's approval of the stack test protocol. Global shall provide notice to the Department at least 5 business days prior to the stack test and shall provide access to Department staff to observe the stack test. To address whether marine loading emissions are accurately characterized by the methodology used in the 2012 permit, you are also directed to perform the required test in a manner representative of normal operations that will verify the accuracy of the emission factors used to calculate marine loading emissions.
- The DEC has monitored higher-than-expected benzene levels in the vicinity of the facility that may be attributable, in part, to the storage and processing of petroleum products at the Global facility. In early 2015, the Department sited a permanent air toxics monitor on South Pearl Street, approximately three-quarters of a mile north of the Global facility. With the benefit of a full year of data from that monitor, it shows annual average benzene levels are higher than similar upstate locations. Although much of the benzene monitored statewide is the product of combustion of gasoline and diesel in motor vehicles, the levels observed in South Albany are materially higher than those recorded at monitors in Buffalo and Rochester that are located adjacent to highways with more vehicle traffic than I-787, which is near the South Pearl Street monitor. The DEC has announced plans for a systematic monitoring effort in 2017 to more fully assess the sources of benzene in the neighborhood of the Ezra Prentice Homes. Global must address what measures it intends to take to limit, to the maximum extent practicable, any benzene emissions attributable to the facility.
- Members of the public who reside in the Ezra Prentice Homes have submitted complaints of substantial noise from Global's operations at all hours, interfering with their sleep and causing distress. The Albany County Department of Health has determined that this noise constitutes a public health nuisance that "appears to be affecting the health of residents" in a letter to the DEC dated December 1, 2014 letter from James Crucetti, MD to DEC. Global must address what measures it intends to take to limit, to the maximum extent practicable, noise impacts caused by the facility, such as limiting train operations during night time hours.
- Members of the public have complained of odors that they attribute to emissions from Global's facility. The Albany County Department of Health has also expressed concern

about the odors and potential impacts on nearby residents. An assessment must be conducted to determine if current operations are contributing to any noxious odors. Moreover, the heating of heavy crude oil, as proposed in the 2013 Draft Permit Modification, raises the potential for increased emissions of hydrogen sulfide (H<sub>2</sub>S), which is associated with noxious sulfurous odors. The Albany County Department of Health and others have cited odors and other problems observed at a crude oil refinery and transfer station in New Brunswick, Canada, that processed thicker crude oils. The Ezra Prentice Homes are located less than one-quarter mile from Tank 33, which would be retrofitted to store heated crude oil under the 2013 modification. Global must address what measures it intends to take to limit, to the maximum extent practicable, any odor issues attributable to the facility, such as restricting H<sub>2</sub>S content of crude oil stored at the facility.

- There have been numerous train fires and explosions related to the rail shipment of Bakken crude oil since the issuance of the 2012 permit, including Mosier, Oregon (June 3, 2016), Heimdal, North Dakota (May 6, 2015), Mt. Carbon, West Virginia (February 16, 2015), Lynchburg, Virginia (April 2015) and in July 6, 2013 in Lac Megantic, Quebec, which destroyed much of the town and resulted in 47 deaths. Most of the crude oil currently processed at the Global facility is Bakken crude. Although North Dakota established limits on the volatility of Bakken crude oil to a vapor pressure of 13.7 psi, this limit is higher than the vapor pressure levels of the trains involved in the Lac Megantic, Canada, Mosier, Oregon and Heimdal, North Dakota accidents and comparable to the pressure levels that resulted in the other cited accidents. The accidents and information gained from the subsequent investigations are all new information since the issuance of the 2012 permit. Global must address what measures it intends to take to limit, to the maximum extent practicable, potential safety concerns, such as implementing leak detection and repair procedures and/or limiting the volatility of crude processed at the facility.
- Residents of the Ezra Prentice Homes are impacted by the visual presence of oil train cars immediately behind the Ezra Prentice homes, after the cars have been emptied. They have described stress associated with seeing the trains at such close proximity, particularly after the Lac Megantic incident and other fires associated with oil train cars. This visual impact was not considered when the 2012 permit was issued; the July 11, 2012 negative declaration concluded that visual impacts “will be minimal to negligible.” More specifically, with regard to the environmental justice community located nearby, the negative declaration concluded that “[t]he proposed changes to the rail yard... would not be highly visible from these areas and not impose a significant negative impact.” Global must address what measures it intends to take to limit, to the maximum extent practicable, visual impacts from the storage of cars.

- A better understanding of the impacts associated with Greenhouse Gas (“GHG”) emissions is required should Global intend to expand operations to include heavy crude from the tar sands formation of Alberta, Canada. For example, tar sands crude is the product of an extremely energy-intensive process that results in 17% higher GHG emissions than processing of conventional crudes. Because the federal government denied the permit to build the Keystone pipeline in November 2015, developers of tar sands crude will have to rely on other modes of transportation, including rail and barge transport to bring their product to refineries. Any modification to the facility which will permit the transporting of tar sands crude could facilitate the transport of tar sands crude and increase GHG emissions associated with the extraction and processing of tar sands crude.<sup>1</sup> Global must address what measures it intends to take to limit, to the maximum extent practicable, any GHG impacts associated with the operation of the facility, such as restricting or eliminating the purchase and processing of crude oil from the tar sands formation.
- Albany Mayor Kathy Sheehan advised DEC on July 31, 2014 that the presence of large numbers of oil trains along the waterfront due to the 2012 permit has a significant effect upon the scenic quality of the City’s Waterfront Revitalization Area and that it conflicts with Albany 2030, the City’s Comprehensive Plan. Global must address these issues of consistency with the City’s plans for the waterfront.
- In November 2015, DEC proposed 6 NYCRR Part 490, Projected Sea-level Rise, in accordance with the Community Risk and Resiliency Act. For the Hudson River, these proposed regulations project that river levels could rise by as much as four and a half feet by the 2080s and six feet by 2100, potentially impacting operations at the facility. Global must address what measures it intends to address projected sea level rise.
- Subsequent to issuance of the 2012 permit and 2013 negative declaration, the DEC became aware of a proposal to build the Pilgrim Pipeline and was designated SEQR co-lead agency along with the NYS Thruway Authority on December 27, 2015. The proposed Pilgrim Project is designed to transport crude oil from the port of Albany to refineries in New Jersey. Global must address any potentially significant cumulative impacts associated with this recently proposed pipeline.

Taken together, these developments since the issuance of the 2012 permit establish a substantial interest of the public, particularly residents of the nearby environmental justice

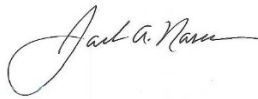
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<sup>1</sup> Subsequent to issuance of the 2012 permit, the State established greenhouse gas emission reduction targets in 2015 of 40% reduction by 2030 and 80% by 2050, targets which are among the most aggressive in the nation.

community, in the renewal of the 2012 permit and the proposed modification of that permit. In accordance with DEC's environmental justice policy, Commissioner's Policy 29 (CP-29), Global should develop an enhanced outreach plan as part of the permit application process which should fully explore the impacts of Global's existing and proposed crude oil operations on the nearby environmental justice community.

No further action can be taken by the Department until Global submits a new permit application including Part 1 of the SEQR Full Environmental Assessment Form. Pursuant to 6 NYCRR § 621.7 and 621.8, after the permit application is deemed complete by the Department, DEC intends to provide for public comment and one or more hearings to allow the public an opportunity to comment on the proposed permit and the materially changed environmental conditions and new material information identified above. Nothing contained herein constitutes a waiver by the Department and/or the State of New York for any rights held pursuant to any applicable state and/or federal law. If you have any questions about this notice please contact me at (518) 402 - 9177.

Sincerely,

A handwritten signature in cursive script that reads "Jack A. Nasca".

Jack Nasca

Cc: Tom Keefe  
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Global Companies, LLC  
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