



Minnesota Pollution Control Agency

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March 15, 2013

TO: INTERESTED PARTIES

RE: Flint Hills Resources – Propylene Storage and Distribution Project

The Minnesota Pollution Control Agency (MPCA) has approved the Findings of Fact, Conclusions of Law, and Order for a Negative Declaration on the need for an Environmental Impact Statement on the proposed Flint Hills Resources – Propylene Storage and Distribution Project, located within the city of Rosemount, Dakota County. The Findings of Fact, Conclusions of Law, and Order and Responses to Comments document conclude that this project does not have the potential for significant environmental effects. The decision to order a Negative Declaration completes the state environmental review process under the revised Environmental Quality Board rules, Minn. R. ch. 4410. Final governmental decisions on the granting of permits or approvals for the project may now be made.

These documents can be reviewed at the following locations: the MPCA offices in St. Paul and Rochester; and the Minneapolis Public Library at 300 Nicollet Mall, Minneapolis. The document can be viewed on the MPCA website at <http://www.pca.state.mn.us/news/eaw/index.html>. Requests for copies of these documents may be made by contacting the St. Paul office at 651-757-2100.

We want to express our appreciation for comments submitted on the Environmental Assessment Worksheet. Comments and responses are incorporated into the Findings of Fact, Conclusions of Law, and Order and considered by MPCA staff during the permit process for the proposed project.

Sincerely,

A handwritten signature in blue ink, which appears to read "Craig Affeldt", is written over the printed name.

Craig Affeldt

Supervisor

Environmental Review Unit

Resource Management and Assistance Division

CA:bt

**STATE OF MINNESOTA
MINNESOTA POLLUTION CONTROL AGENCY**

**IN THE MATTER OF THE DECISION
ON THE NEED FOR AN ENVIRONMENTAL
IMPACT STATEMENT FOR THE PROPOSED
FLINT HILLS RESOURCES PROPYLENE STORAGE
AND DISTRIBUTION PROJECT
DAKOTA COUNTY
ROSEMOUNT, MINNESOTA**

**FINDINGS OF FACT
CONCLUSIONS OF LAW
AND ORDER**

FINDINGS OF FACT

Pursuant to Minn. R. ch. 4410, the Minnesota Pollution Control Agency (MPCA) staff prepared and distributed an Environmental Assessment Worksheet (EAW) for the proposed Flint Hills Resources Propylene Storage and Distribution (Project). Based on the MPCA review of the Project, the EAW, comments and information received during the comment period, and other information in the record of the MPCA, the MPCA hereby makes the following Findings of Fact, Conclusions of Law, and Order.

Project Description

Existing Facility

1. Flint Hills Resources Pine Bend, LLC (FHR) owns and operates a refinery (Refinery) located at 13775 Clark Road, Rosemount, Dakota County, Minnesota.
2. The Refinery primarily processes heavy, sour crude oil from western Canada. Pipelines currently deliver all of the crude oil to the Refinery, where FHR processes it to produce a wide variety of products. These products include gasoline, diesel fuel, heating oil, jet fuel, petroleum coke, asphalt, and elemental sulfur.
3. FHR distributes these products to customers in Minnesota and the surrounding Upper Midwest states via pipelines, trucks, barges, and rail cars. The Refinery has a crude oil processing capacity of approximately 320,000 barrels per day.
4. The Refinery has been operating since 1955.

Proposed Project

5. In addition to the products mentioned above, FHR also produces refinery grade propylene (RGP) at a rate up to 10,000 barrels (420,000 gallons) per day.
6. RGP is a flammable substance similar to liquefied petroleum gas and consists of approximately 70% propylene, 30% propane, and minor amounts of ethane and butane. While RGP is a gas at ambient pressures and temperatures, it is handled primarily as a liquid in the Refinery.

7. FHR currently does not have the equipment necessary to store or distribute its RGP, so this material is re-processed into gasoline blend stock at the Refinery.
8. FHR would like to have the capability to sell the RGP that it already produces and is proposing the Project.
9. The proposed Project consists of construction of redundant dryer beds, two steel RGP storage spheres (total volume 40,000 barrels each, net capacity 32,000 barrels each), and a RGP rail loading rack, as well as piping between these units. The proposed Project also includes building an addition to the existing rail staging area at the south-side of the Refinery.
10. The proposed Project would not result in an increase in the Refinery's crude oil processing design capacity.
11. If the proposed Project is implemented, some or all of the RGP that is currently sent to the Facility's Dimersol Unit would be pumped, via 4-inch diameter above ground piping, to two new steel RGP storage spheres. The RGP would remain in the storage spheres until it is sold, at which time it would be pumped to the proposed RGP rail loading rack and into closed rail cars. The RGP loading rack would include a vapor combustion unit (VCU). The VCU would capture and destroy residual volatile organic compounds (VOC) in the RGP supply line.
12. The proposed additional RGP rail car staging area would include five tracks adjacent to an existing rail staging area to the south of the Refinery fence line on property owned by FHR and Union Pacific Railroad. The new staging area would accommodate approximately 150 additional rail cars.
13. During the loading processes, liquid RGP would be pumped from one of the proposed RGP storage spheres to a new loading rack in the Refinery's existing West Tank Farm. During rail car loading, one sphere can be emptied while the other can concurrently be filled with RGP. Empty FHR-owned rail cars are expected to be exclusively loaded with RGP to maintain product quality.
14. The proposed Project does not involve significant demolition or removal of existing structures. The proposed new storage spheres fit within the Refinery's West Tank Farm without removing any existing structures. The Project is not anticipated to include any new underground process piping. Existing underground petroleum piping would be sleeved at the point where the new rail track crosses over these lines.
15. The Project is anticipated to begin in April, 2013 and to end in approximately September, 2014. FHR anticipates that the first rail car would be loaded with propylene for transfer offsite in the fall of 2014.

Procedural History

Permit Status

16. The existing Refinery is a major air emissions source under Title V (Part 70) of the federal Clean Air Act Amendments, under the Prevention of Significant Deterioration (PSD) program, and for hazardous air pollutants (HAPs) under the National Emission Standards for Hazardous Air Pollutants

(NESHAP). The existing Refinery's current Title V air emissions permit (Air Emissions Permit No. 03700011-009) was reissued by the MPCA on January 9, 2013.

17. FHR submitted a moderate air quality permit amendment application to the MPCA on October 29, 2012, for the proposed Project. The MPCA is currently drafting an amended air permit for the Refinery to incorporate the changes necessary for the Project. A draft of the amended permit will be public noticed at a later date.
18. In addition to the proposed Project, FHR submitted a major air quality permit amendment application to the MPCA on November 19, 2012, for proposed projects at its #3 Crude and #3 Coker Units. These projects are intended to improve the conversion of crude oil into transportation fuels, improve the design of heat input in the #3 Crude Unit, and eliminate steam-air decoking emissions in the #3 Coker heaters. These two projects would allow for more operational reliability of the #3 Crude Unit at the rates reviewed by the 2006 EAW and air permit, while improving the Refinery's ability to produce transportation fuels from crude oil. The proposed #3 Crude and #3 Coker projects would not affect the fluidized catalytic cracker process that is used to generate RGP, and therefore, is not a phased or connected action with respect to the Project. The MPCA is in the process of drafting Permit No. 03700011-010 for the #3 Crude and #3 Coker projects.

Environmental Review

19. As part of its proposed Project, FHR proposes to construct two RGP storage spheres with a combined capacity of 80,000 barrels (~3.4 million gallons). RGP is a hazardous material due to its flammability. Minn. R. 4410.4300, subp 10(B) requires preparation of an EAW for construction of a facility on a single site designed for or capable of storing 1,000,000 gallons or more of hazardous materials.
20. Pursuant to Minn. R. 4410.4300, subp 10(B), an EAW was prepared by MPCA staff on the proposed Project. Pursuant to Minn. R. 4410.1500, the EAW was distributed to the Environmental Quality Board (EQB) mailing list and other interested parties on January 14, 2013.
21. The MPCA notified the public of the availability of the EAW for public comment. A news release was provided to media in Dakota, Scott, Carver, Hennepin, Wright, Anoka, Isanti, Chisago, Washington, and Ramsey Counties, as well as other interested parties, on January 18, 2013. The notice of the availability of the EAW was published in the *EQB Monitor* on January 21, 2013, and the EAW was made available for review on the MPCA website at <http://www.pca.state.mn.us/news/eaw/index.html>.
22. The public comment period for the EAW began on January 21, 2013, and ended on February 20, 2013. During the 30-day comment period, the MPCA received five comment letters from governmental units and no letters from citizens. A list of the comment letters received and copies of the letters are included as Appendix A to these Findings.
23. The MPCA prepared written responses to the comment letters received during the 30-day public comment period. The responses to the comments are included as Appendix A to these Findings.

**Criteria for Determining the Potential for
Significant Environmental Effects**

24. Under Minn. R. 4410.1700, the MPCA must order an Environmental Impact Statement (EIS) for projects that have the potential for significant environmental effects. In deciding whether a project has the potential for significant environmental effects, the MPCA must compare the impacts that may be reasonably expected to occur from the project with the criteria set forth in Minn. R. 4410.1700, subp. 7. The following factors shall be considered:
- A. Type, extent, and reversibility of environmental effects.
 - B. Cumulative potential effects. The responsible governmental unit (RGU) shall consider the following factors: whether the cumulative potential effect is significant; whether the contribution from the project is significant when viewed in connection with other contributions to the cumulative potential effect; the degree to which the project complies with approved mitigation measures specifically designed to address the cumulative potential effect; and the efforts of the proposer to minimize the contributions from the project.
 - C. The extent to which the environmental effects are subject to mitigation by ongoing public regulatory authority. The RGU may rely only on mitigation measures that are specific and that can be reasonably expected to effectively mitigate the identified environmental impacts of the project.
 - D. The extent to which environmental effects can be anticipated and controlled as a result of other available environmental studies undertaken by public agencies or the project proposer, including other EISs.

**The MPCA Findings with Respect to Each of These Criteria
Are Set Forth Below**

Type, Extent, and Reversibility of Environmental Effects

25. The first criterion that the MPCA must consider when determining if a project has the potential for significant environmental effects is the “type, extent, and reversibility of environmental effects” Minn. R. 4410.1700, subp. 7. A. The MPCA findings with respect to this criterion are set forth below.
26. The types of impacts that may reasonably be expected to occur from the Project include the following:
- air emissions
 - stormwater
 - noise
27. With respect to the extent and reversibility of impacts that are reasonably expected to occur from the Project, the MPCA makes the following findings.

Air Emissions

28. The MPCA performed an analysis of the Project in conjunction with reviewing FHR application for an air emissions permit amendment. The proposed Project will be governed by an air emissions permit.
29. The air emissions permit for the Project will include air emissions limits and a requirement to operate air pollution control equipment (i.e., a VCU on the proposed new RGP rail car loading rack). The air emissions permit will also require FHR to implement a leak detection and repair (LDAR) program to minimize fugitive emissions from the Project (i.e., to control RGP leaks in the RGP system). Fugitive sources related to the RGP Project will be included as associated items to existing LDAR requirements in the Title V permit.
30. The Project would result in a small increase in air emissions at the Refinery. The pollutant with the highest increase is greenhouse gases (GHG), with a potential to emit (PTE) increase of 1,692 tons per year (TPY) (0.02% increase in Refinery PTE). The next highest air pollutant increase from the Project would be of VOCs. The Refinery's PTE for VOCs would increase by 8.85 TPY (0.34% increase in Refinery PTE). No other pollutant from the RGP Project would have a PTE increase over 1 TPY.
31. The Refinery is an existing major source under Title V (Part 70) of the federal Clean Air Act Amendments because the facility-wide PTE is currently above major source thresholds (i.e., 100 TPY) for several criteria pollutants. The air emissions from the proposed Project, alone, would be below Title V thresholds. The proposed Project will not change the status of the Refinery as a major source under Title V.
32. The Refinery is an existing major source under the federal PSD Program (40 CFR 52.21) because the facility-wide PTE is greater the PSD threshold (i.e., 250 TPY) for several criteria pollutants. The air emissions from the proposed Project, alone, would be below PSD thresholds. The proposed Project will not change the status of the Refinery as a major source under PSD.
33. The Refinery is an existing major source of HAPs under the NESHAP Program (40 CFR Part 63) because the facility-wide PTE is greater than the NESHAP thresholds (i.e., 10 TPY of any single HAP and 25 TPY of all HAPs combined). The air emissions from the proposed Project, alone, would be below NESHAP thresholds. The proposed Project will not change the status of the Refinery as a major source under 40 CFR Part 63.
34. The ambient air in the FHR Refinery area is currently in attainment with all National Ambient Air Quality Standards (NAAQS) and Minnesota Ambient Air Quality Standards (MAAQS). The increase in air emissions from the proposed Project is not expected to result in a violation of the NAAQS/MAAQS because the increase is very small.
35. The potential effects that are reasonably likely to occur from air emissions from this Project would be reversible, if the Facility were to cease operation of the equipment associated with this Project.

36. The MPCA finds that information presented in the EAW and other information in the environmental review record is adequate to address the concerns related to air quality. The impacts on air quality that are reasonably expected to occur from the proposed Project have been considered during the review process and appropriate mitigation measures are available and will be required to prevent significant adverse impacts.
37. The MPCA finds that the Project, as it is proposed, does not have the potential for significant environmental effects based on the type, extent, and reversibility of impacts related to air quality that are reasonably expected to occur from the Project.

Stormwater

38. The proposed Project will result in an increase in approximately 6.5 acres of impervious surfaces due to the construction of the RGP storage spheres, RGP rail-car loadout, and the rail-car staging area on the south-side of the Refinery site.
39. Since construction of the proposed Project would disturb more than one acre of land, FHR is required to obtain a National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS) Construction Stormwater Permit (Permit) from the MPCA. The Permit would require FHR to develop a Stormwater Pollution Prevention Plan (SWPPP) for the Project. The SWPPP would include best management practices (BMPs) for site erosion and sediment control.
40. The Project would result in a small amount of additional stormwater generated, both within the Refinery fenceline (at the proposed RGP storage spheres and RGP loadout area) and outside the Refinery fenceline (at the proposed rail-car staging area on south-side of Refinery fenceline).
41. Stormwater from areas located within the Refinery fenceline is managed according to the requirements of FHR SWPPP, which is required under its current General Stormwater Permit. Stormwater runoff from the impoundment around the existing storage spheres (i.e., the area of the proposed new RGP spheres) and from the west side of the existing rail spur and rail car loading areas is collected in the West Storm Water Pond. Stormwater on the east side of the existing rail spur and rail car loading areas naturally infiltrates into groundwater through the surface of the existing vegetated swale. Any water collected in FHR existing stormwater ponds is treated in FHR wastewater treatment facility (WWTF).
42. The Refinery's WWTF is regulated under the conditions of its existing NPDES/SDS Permit No. MN0000418. The Refinery's WWTF has the capacity to treat 5.2 million gallons per day (MGD) of wastewater, and the current actual average treated is 3.5 MGD. Because any increase in stormwater generation is expected to be small (the impervious surface treated by the WWTF will increase by less than 1%), no negative impact is expected on the Refinery's ability to treat wastewater and meet its WWTF permit limits.
43. The proposed rail staging area addition is an expansion of an existing rail staging area and is located outside of the Refinery fence line; therefore, this area is not governed by FHR existing General Stormwater Permit. The stormwater from the additional impervious surface added to the existing rail staging area would naturally infiltrate into the soil as occurs today with the existing rail staging

area. FHR would amend its existing SWPPP and establish BMPs to address runoff from these areas. The overall quality and quantity of the surface water runoff is not anticipated to significantly change as a result of inputs from the additional rail car staging area due to the use of accepted BMPs for surface water management and the existence of adequate surface area around the project area for natural infiltration to groundwater.

44. The potential effects that are reasonably likely to occur from stormwater from this Project would be reversible, if the Facility were to remove the equipment associated with this Project.
45. The MPCA finds that information presented in the EAW and other information in the environmental review record is adequate to address the concerns related to stormwater. The impacts on stormwater that are reasonably expected to occur from the proposed Project have been considered during the review process and appropriate mitigation measures are available and will be required to prevent significant adverse impacts.
46. The MPCA finds that the Project, as it is proposed, does not have the potential for significant environmental effects based on the type, extent, and reversibility of impacts related to stormwater that are reasonably expected to occur from the Project.

Noise

47. The proposed Project will generate additional noise from the additional rail cars needed to transport the RGP associated with this Project.
48. The proposed Project would include a five track expansion of the existing rail-car staging area on the south-side of the Refinery fenceline. The existing rail-car staging area is on land owned by FHR and the Union Pacific Railroad.
49. The new staging area would accommodate approximately 150 additional rail cars. The extra rail cars will be used to transport FHR RGP to its customers.
50. There is one residence, on land owned by FHR, approximately 3,600 feet west of the existing rail car staging area. It is anticipated that additional noise would be heard in this area due to management of the rail cars in the staging area where the additional rail car staging is proposed, but because it is an existing use and rail car-related noise is already a factor; the increase in relative impact would be small. The nearest occupied residence not owned by FHR is located more than one mile (approximately 7,200 feet) west of the rail car staging area addition.
51. The potential effects that are reasonably likely to occur from noise from this Project would be reversible, if the Facility were to discontinue use of the equipment associated with this Project.
52. The MPCA finds that information presented in the EAW and other information in the environmental review record is adequate to address the concerns related to noise. The impacts on noise that are reasonably expected to occur from the proposed Project have been considered during the review process and appropriate mitigation measures are available and will be required to prevent significant adverse impacts.

53. The MPCA finds that the Project, as it is proposed, does not have the potential for significant environmental effects based on the type, extent, and reversibility of impacts related to noise that are reasonably expected to occur from the Project.

Cumulative Potential Effects

54. The second criterion that the MPCA must consider when determining if a project has the potential for significant environmental effects is the “cumulative potential effects.” In making this determination, the MPCA must consider “whether the cumulative potential effect is significant; whether the contribution from the project is significant when viewed in connection with other contributions to the cumulative potential effect; the degree to which the project complies with approved mitigation measures specifically designed to address the cumulative potential effects; and the efforts of the proposer to minimize the contributions from the project.” Minn. R. 4410.1700 subp.7.b. The MPCA findings with respect to this criterion are set forth below.
55. In addition to the proposed Project, FHR is also proposing two additional, but separate construction projects at the Refinery (i.e., the #3 Crude and #3 Coker Projects). The purpose of the #3 Crude and #3 Coker projects is to improve the conversion of crude oil into transportation fuels, improve the design of heat input in the #3 Crude Unit, and eliminate decoking emissions in the #3 Coker heaters. The EAW for the Project considered the potential cumulative effects from all three projects.
56. As with the Project, the #3 Crude and #3 Coker projects would not increase the Refinery’s crude oil processing capacity. The Refinery’s design capacity is currently 320,000 barrels per day according to the United States Energy Information Administration.
57. The #3 Crude and #3 Coker projects would not affect the production of RGP, but rather are intended to improve or replace the Refinery’s existing crude oil processing equipment. The projects would occur within the boundary of the Refinery’s existing crude and coker process units and do not involve land conversion activities.
58. The #3 Crude and #3 Coker projects are not subject to mandatory Environmental Review, either an EAW or an EIS, because they do not (individually or together) exceed any mandatory review thresholds (Minn. R. 4410.4300 or 4410.4400).
59. The proposed Project and the #3 Crude and #3 Coker projects are not connected actions under Environmental Review rules since neither directly induces another, neither project is a prerequisite for the other, and each of projects are justifiable on their own (Minn. R. 4410.0200, subp. 9c).
60. The EAW addressed the following areas for cumulative potential effects for the proposed projects.
61. The Project alone would result in an extremely small PTE increase for NO_x, SO₂, and CO (i.e., 1.0 TPY and 0.38% increase for highest pollutant). The cumulative change in PTE from the three proposed projects would result in an overall reduction in the Refinery’s PTE for these pollutants. The overall reduction in emissions is due to the large emissions decreases associated with the #3 Crude and #3 Coker projects.

62. The Project alone would result in an extremely small PTE increase for PM, PM₁₀, and PM_{2.5} (≤ 0.1 TPY and 0.01% increase for each pollutant). The cumulative change in PTE from the three proposed projects would result in an overall increase in the Refinery's PTE for these pollutants (i.e., ≤ 6.44 TPY or $\sim 1\%$ increase for worst case pollutant). As a point of reference, the cumulative change in PTE is well below the air pollutant threshold (i.e., 250 TPY) which requires Environmental Review (Minn. R. 4410.4300, subp. 15). In addition, PSD rules, and the Facility's permit, will require the Refinery to implement Best Available Control Technology (BACT) on the new units to minimize particulate matter emissions.
63. The Project alone would result in a small PTE increase for VOCs (8.85 TPY or 0.34%). The cumulative change in PTE from all three proposed projects is a small VOC increase (~ 24 TPY or $\sim 1.2\%$) in the Refinery's permitted PTE. As a point of reference, the cumulative change in PTE is below the air pollutant threshold (i.e., 250 TPY) which requires Environmental Review (Minn. R. 4410.4300, subp. 15).
64. The Project alone would result in a small PTE increase for GHGs (1,692 TPY or 0.02%). The cumulative change from all three proposed projects is a GHG PTE increase of 94,688 TPY or $\sim 1.4\%$. As a point of reference, the cumulative change in PTE is below the GHG air pollutant threshold (i.e., 100,000 TPY of CO_{2e}) which requires Environmental Review (Minn. R. 4410.4300, subp. 15). In addition, PSD rules, and the Facility's permit, will require the Refinery to implement BACT on the new units to minimize GHG emissions.
65. The Project alone would result in an extremely small PTE increase in HAPs (0.05 TPY or 0.01%). The cumulative change from all three proposed projects is a small HAPs increase (1.25 TPY or 0.15%) in the Refinery's permitted PTE. As a point of reference, the cumulative change in PTE is below the air pollutant threshold (i.e., 250 TPY) which requires Environmental Review (Minn. R. 4410.4300, subp. 15).
66. The ambient air in the FHR Refinery area is currently in attainment with all NAAQS and MAAQS. The only non-attainment area nearby is in Eagan and that is for lead. Lead is not a pollutant of concern for these proposed projects.
67. Since the permitted PTE for the Project is below MPCA modeling thresholds, no air dispersion modeling was conducted for the Project. The FHR Refinery is also subject to a State Implementation Plan (SIP) which requires SO₂ modeling if the Facility's permitted SO₂ increases by 2.28 pounds per hour or more. The potential SO₂ air emission increase associated with the proposed Project is 0.079 pounds per hour, which is below the SIP modeling threshold and therefore no modeling is required.
68. Although air dispersion modeling is not required for the proposed Project, it will be conducted for the #3 Crude and #3 Coker projects. The modeling will be for PM₁₀ and PM_{2.5}, which is consistent with the modeling requirements in the Refinery's air emissions permit. The modeling will be used to determine if the impacts of these two projects are below the pollutant-specific significant impact levels (SILs). Modeled results that are below the SILs demonstrate that a proposed project will have minimal impacts for those pollutants.

69. The #3 Crude and #3 Coker projects would not affect stormwater or wastewater generation at the Refinery.
70. Based on information on the proposed Project obtained from the permit application processes and a site visit by MPCA staff, and presented in the EAW, and in consideration of potential effects due to related or anticipated future projects, the MPCA does not expect significant cumulative effects from this Project.
71. The MPCA finds that the Project does not have the potential for significant environmental effects related or cumulative potential effects.

The Extent to Which the Environmental Effects Are Subject to Mitigation by Ongoing Public Regulatory Authority

72. The third criterion that the MPCA must consider when determining if a project has the potential for significant environmental effects is "the extent to which the environmental effects are subject to mitigation by ongoing public regulatory authority. The RGU may rely only on mitigation measures that are specific and that can be reasonably expected to effectively mitigate the identified environmental impacts of the project." Minn. R. 4410.1700, subp. 7.C. The MPCA findings with respect to this criterion are set forth below.
73. The following permits or approvals will be required for the Project:

Unit of Government	Type of Application
MPCA	Air Emission Permit (moderate amendment)
	NPDES/SDS General Construction Stormwater Permit
Rosemount Fire Marshall	Plan Review and Approval
City of Rosemount	Building Permit
	Rezoning Permit
	Excavation and Grading Permit

74. The above-listed permits include general and specific requirements for mitigation of environmental effects of the Project. Specific reporting and inspection requirements will allow ongoing monitoring of the operation of the Facility and enforcement action can be taken to correct any deficiencies that are identified. The MPCA finds that the environmental effects of the Project are subject to mitigation by ongoing public regulatory authority.

The Extent to Which Environmental Effects can be Anticipated and Controlled as a Result of Other Available Environmental Studies Undertaken by Public Agencies or the Project Proposer, Including Other EISs

75. The fourth criterion that the MPCA must consider is "the extent to which environmental effects can be anticipated and controlled as a result of other available environmental studies undertaken by public agencies or the project proposer, including other EISs," Minn. R. 4410.1700, subp. 7. D. The MPCA findings with respect to this criterion are set forth below.

76. The following documents were reviewed by MPCA staff as part of the environmental impact analysis for the proposed Project.

- EAW for FHR #3 Crude Unit Expansion Project (2006)
- EAW for FHR RGP Storage and Distribution Project
- Air Emissions Permit Amendment Applications for FHR RGP Project
- Air Emissions Permit Amendment Application for FHR #3 Crude and #3 Coker Projects
- Title V Air Emissions Permit for FHR (Re-issued January 9, 2013)

77. This list is not intended to be exhaustive. The MPCA also relies on information provided by the project proposer, persons commenting on the EAW, staff experience, and other available information obtained by staff.

78. The environmental effects of the Project have been addressed by the design and permit development processes, and by ensuring conformance with regional and local plans. There are no elements of the Project that pose the potential for significant environmental effects

79. Based on the environmental review, previous environmental studies by public agencies or the Project proposer, and staff expertise and experience on similar projects, the MPCA finds that the environmental effects of the Project that are reasonably expected to occur can be anticipated and controlled.

80. The MPCA adopts the rationale stated in the attached Response to Comments (Appendix A) as the basis for response to any issues not specifically addressed in these Findings.

CONCLUSIONS OF LAW

81. The MPCA has jurisdiction in determining the need for an EIS for this Project. The EAW, the permit development process, and the evidence in the record, are adequate to support a reasoned decision regarding the potential significant environmental effects that are reasonably expected to occur from this Project.

82. Areas where the potential for significant environmental effects may have existed have been identified and appropriate mitigation measures have been incorporated into the Project design and permits. The Project is expected to comply with all MPCA standards.

83. Based on a comparison of the impacts that are reasonably expected to occur from the Project with the criteria established in Minn. R. 4410.1700 subp. 7, the Project does not have the potential for significant environmental effects.

84. An EIS is not required.

85. Any findings that might properly be termed conclusions and any conclusions that might properly be termed findings are hereby adopted as such.

ORDER

The Minnesota Pollution Control Agency determines that there are no potential significant environmental effects reasonably expected to occur from the Flint Hills Resources – Propylene Storage and Distribution Project and that there is no need for an Environmental Impact Statement.

IT IS SO ORDERED



Commissioner John Linc Stine
Minnesota Pollution Control Agency



Date

Minnesota Pollution Control Agency

Flint Hills Resources – Propylene Storage and Distribution Project
Environmental Assessment Worksheet (EAW)

COMMENT LETTERS RECEIVED

1. Lynn Thompson, Dakota County. E-mail received February 15, 2013 and letter received February 19, 2013.
2. Michael J. Corbett, Minnesota Department of Transportation. E-mail received February 15, 2013 and letter received February 20, 2013.
3. Eric Zweber, City of Rosemount. E-mail received February 20, 2013.
4. LisaBeth Barajas, Metropolitan Council. E-mail received February 20, 2013 and letter received February 21, 2013.
5. Mary Ann Heidemann, Minnesota Historical Society. Letter dated February 4, 2013.

RESPONSES TO COMMENTS ON THE EAW

1. Comments by Lynn Thompson, Director, Physical Development Division, Dakota County. E-mail received February 15, 2013 and letter received February 19, 2013

Comment 1-1: Dakota County and the city of Rosemount have recently completed a master plan for the Rosemount Regional Greenway adopted by the City, the County, and the Metropolitan Council. The alignment for the greenway trail passes under Highway 52 at the existing underpass location, on the south side of future 145th Street, in the area of the proposed rail yard expansion. The Highway 52 underpass was designed by MnDOT to accommodate the railroad track, future 145th Street, and a trail. The City of Rosemount has an easement of Union Pacific property at this location for the trail and road. The proposed rail yard expansion should be configured in a manner that would accommodate the Rosemount Regional Greenway Trail and the future 145th Street.

Response: City of Rosemount (City) staff has informed the Minnesota Pollution Control Agency (MPCA) that they have met with Flint Hills Resources (FHR) to discuss the regional trail and how the Propylene Storage and Distribution Project (Project) would impact it. In response, Flint Hills reduced the proposed footprint of the staging area so that it will not interfere with the trail. The revised footprint is indicated in the Site Plan submitted to the City for the project. The Site Plan is required as part of the building application process. The City has indicated that they have the ability to deny the building permit application if it shows interference with trail.

2. Comments by Michael J. Corbett, Senior Planner, Metropolitan District, Minnesota Department of Transportation. E-mail received February 15, 2013 and letter received February 20, 2013

Comment 2-1: Any use or work within or affecting MnDOT right-of-way requires a permit.

Response: Comment noted.

3. Comments by Eric Zweber, Senior Planner, City of Rosemount. E-mail received February 20, 2013

Comment 3-1: Flint Hills has submitted an application for a building permit for its proposed rail storage track north of 140th Street, a variance for no setback from Union Pacific owned rail line and a variance from the landscaping/screening requirement from US Highway 52. The public hearing for these three requests are scheduled for Tuesday, February 26. No rezoning is needed because all Flint Hills owned property is zoned HI: Heavy Industrial. The AG: Agricultural zoned property west of the rail car storage tracks is owned by the Union Pacific railroad.

Response: Comment noted.

Comment 3-2: The refinery is in the City of Rosemount and therefore there should be no miles between the refinery and the City. Another alternative would be that the refinery is 4 miles northeast of Downtown Rosemount.

Response: Comment and correction is noted.

Comment 3-3: The existing Flint Hills SWPPP boundary should be shown on an exhibit. If the General Stormwater Permit is not amended to include the project area, then the project would be required to manage the water quality in accordance with the City of Rosemount Stormwater Management Plan requirements.

Response: Flint Hills holds an existing National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS) General Industrial Stormwater Permit which required it to develop a Stormwater Pollution Prevention Plan (SWPPP) for its existing facility. The SWPPP will be amended to include the area proposed to be used as additional rail car staging area. The facility boundary (i.e., fence line) is indicated by the yellow line in figures 2, 2a, 3, 5, 5a, 6, 7, 8, 9, and 10 of the EAW for this project. In addition to modifying its General Industrial Stormwater Permit, Flint Hills will be applying for an NPDES/SDS General Construction Stormwater Permit for the project. This construction permit will include all areas of the proposed project.

Comment 3-4: Not all of the refinery's wastewater is treated by the Flint Hills WWTP. The City provides sanitary sewer service to the maintenance building and the central administration building.

Response: Comment noted.

Comment 3-5: Please quantify the existing train traffic along the existing rail line for reference.

Response: The train traffic volume for the existing rail line serving the refinery is approximately 100-200 round-trip cars per day. This line serves more than one company and more than one railroad. The FHR refinery grade propylene (RGP) project will add about an average of 10 additional cars (carrying RGP) per day to existing train traffic levels on the line.

Comment 3-6: There is an approved regional trail corridor (Rosemount Interpretive Trail) that will be using the railroad right-of-way under US Highway 52. The City of Rosemount will be considering this trail corridor during the Site Plan Review for the rail car storage tracks north of 140th Street.

Response: Comment noted.

Comment 3-7: The City has a roadway easement within the railroad right-of-way under US Highway 52 for the future extension/realignment of 140th Street. The City of Rosemount will be considering this roadway easement and a 35 mph design speed for the 140th Street extension/realignment during the Site Plan Review for the rail car storage tracks.

Response: Comment noted.

4. **Comments by LisaBeth Barajas, Manager Local Planning Assistance, Metropolitan Council. E-mail received February 20, 2013 and letter received February 21, 2013.**

Comment 4-1: The EAW states on page 10 that the project will not involve installation or abandonment of wells, changes in public water supply, or appropriation of any ground or surface water. The text indicates on pages 17 and 18, that water or dust suppressants may be applied to exposed soil surfaces and unpaved roads to control dust. Will existing water appropriations need to be amended to increase water use, or will water for dust suppression and other construction needs be met using existing water appropriations?

Response: The project will not result in increased water use, except for a negligible increase during construction (i.e., for dust suppression). The project will not result in FHR's increasing its current water appropriation.

Comment 4-2: "The EAW states that there are no sinkholes, shallow limestone formations, or karst conditions present in the vicinity of the proposed project. Due to the highly localized nature of sinkholes and other karst conditions, and the limited number and depth of wells in this area, we recommend this conclusion be reworded to be clear that there are no documented sinkholes or karst conditions in the area of the proposed project. The Prairie du Chien-Jordan aquifer is generally recognized to exhibit karst conditions throughout the entire metro area, and it should be acknowledged that lack of documentation does not mean karst conditions are not possible at the site. (See recent MN Pollution Control Agency guidance document 4-09 for more information: <http://www.pca.state.mn.us/index.php/view-document.html?gid=3033>.) This item should also address the large number of wells identified as document.html?gid=3033.) This item should also address the large number of wells identified as 'unlocated' wells, as documented by the MN County Well Index, and the likelihood of additional unidentified wells that may serve as pathways for contamination to move into drinking water aquifers."

Response: The MPCA agrees that there are no documented sinkholes in the project area. With respect to contamination of wells, as indicated in item 20b of the EAW, the project does not present a contamination risk to groundwater because RGP is a gas, not a liquid, at atmospheric pressure.

Comment 4-3: The EAW states that scrap metal, welding rods, etc. are anticipated to be generated during the construction phase of this project but this item does not identify any wastes or storage tanks that would be generated during future operation. If this information is described in the requested detail elsewhere in the document, please summarize the information here and reference additional detail in the EAW. If not listed elsewhere, please add the required detail here in Item 20.

Response: The project would not generate any solid wastes after construction. The project would result in currently generated material (RGP) being sent to off-site customers, instead of being blended back into gasoline feedstock, as it is now.

Comment 4-4: Dakota County and the City of Rosemount prepared a master plan for the Rosemount Greenway Regional Trail, which was approved by the Metropolitan Council in 2012. The Rosemount Greenway Regional Trail will connect Lebanon Hills Regional Park in Eagan to Spring Lake Park Reserve in Rosemount. The planned regional trail is considered part of the regional parks system and is protected through the Council's *2030 Regional Parks Policy Plan*. The Council-approved alignment for the regional trail is planned to cross Highway 52 at the existing underpass near the Flint Hills Resources site and parallel the highway heading southward for 0.5 miles through the parcel on which the rail yard expansion is planned. Council staff recommends that Flint Hills Resources, Dakota County and the City of Rosemount collaborate to ensure that the rail yard expansion and regional trail can be accommodated to share the site as well as the underpass of Highway 52.

Response: City of Rosemount staff has informed the MPCA that they have met with FHR to discuss the regional trail and how the Project would impact it. In response, Flint Hills reduced the proposed footprint of the staging area so that it will not interfere with the trail. The revised footprint is indicated in the Site Plan submitted to the City for the project. The Site Plan is required as part of the building application process. The City has indicated that they have the ability to deny the building permit application if it shows interference with trail.

5. **Comments by Mary Ann Heidemann, Manager Government Programs and Compliance, Minnesota Historical Society. Letter dated February 4, 2013.**

Comment 5-1: Based on our review of the project information, we conclude that there are no properties listed in the National or State Registers of Historic Places, and no known or suspected archaeological properties in the area that will be affected by this project.

Response: Comment noted.



Physical Development Division
Lynn Thompson, Director

February 15, 2013

Dakota County
Western Service Center
14955 Galaxie Avenue
Apple Valley, MN 55124-8579
952.891.7000
Fax 952.891.7031
www.dakotacounty.us

Minnesota Pollution Control Agency
Steve Sommer
520 Lafayette Road North
St. Paul, MN 55155

Re: Flint Hills Resources - Propylene Storage and Distribution Project

Environmental Mgmt. Department
Office of GIS
Parks and Open Space Department
Surveyor's Office
Transit Office
Transportation Department
Water Resources Department

Mr. Sommer,

Thank you for the opportunity to comment on the Environmental Assessment Worksheet (EAW) for the Propylene Storage and Distribution Project proposed at the Flint Hills Resources site.

Dakota County and the city of Rosemount have recently completed a master plan for the Rosemount Regional Greenway adopted by the City, the County, and the Metropolitan Council. The alignment for the greenway trail passes under Highway 52 at the existing underpass location, on the south side of future 145th Street, in the area of the proposed rail yard expansion. The Highway 52 underpass was designed by MnDOT to accommodate the railroad track, future 145th street, and a trail. The City of Rosemount has an easement of UP property at this location for the trail and road. The proposed rail yard expansion should be configured in a manner that would accommodate the Rosemount Regional Greenway Trail and the future 145th street. Dakota County staff are available to meet with Flint Hills Resources and Rosemount city staff to discuss how the proposed rail yard, 145th street connection, and Greenway alignment can be designed to share the underpass at Highway 52.

Thank you again for the opportunity to review the EAW. If you have questions or concerns regarding Dakota County's comments, please contact Kurt Chatfield in the County Office of Planning and Analysis by phone at 952-891-7022 or by email at kurt.chatfield@co.dakota.mn.us.

Sincerely,

Lynn Thompson

Director, Dakota County Physical Development Division

CC: Commissioner Mike Slavik, District 1
Commissioner Nancy Schouweiler, District 4
Brandt Richardson, County Administrator





Minnesota Department of Transportation
Metropolitan District
Waters Edge Building
1500 County Road B2 West
Roseville, MN 55113

RECEIVED
FEB 20 2013
BY: _____

February 15, 2013

Steve Sommer
Minnesota Pollution Control Agency
520 Lafayette Road North
St. Paul, MN 55155 – 4194

SUBJECT: Flint Hills Resources – Storage Tanks
MnDOT Review # EAW13-001
West side of US 52, across from TH 55
Rosemount, Dakota County
Control Section 1906

Dear Mr. Sommer:

Thank you for the opportunity to review the EAW for the Flint Hills Resources Propylene Storage and Distribution Project. MnDOT has reviewed the EAW and has the following comment:

Permits:

Any use of or work within or affecting MnDOT right-of-way requires a permit. It is anticipated that more specific impacts to MnDOT right-of-way will be determined during the FEIS and Preliminary Engineering phases. Permit forms are available from MnDOT's utility website at www.dot.state.mn.us/tecsup/utility.

Please include one 11 x 17 plan set and one full size plan set with each permit application. Please direct any questions regarding permit requirements to Buck Craig (651-234-7911 or buck.craig@state.mn.us) of MnDOT's Metro Permits Section.

Review Submittal Options:

MnDOT's goal is to complete the review of plans within 30 days. Submittals sent in electronically can usually be turned around faster. There are four submittal options. Please submit either:

1. One (1) electronic pdf. version of the plans. MnDOT can accept the plans via e-mail at metrodevreviews.dot@state.mn.us provided that each separate e-mail is under 20 megabytes.
2. Three (3) sets of full size plans. Although submitting seven sets of full size plans will expedite the review process. Plans can be sent to:

MnDOT – Metro District Planning Section
Development Reviews Coordinator
1500 West County Road B-2
Roseville, MN 55113

3. One (1) compact disc.
4. Plans can also be submitted to MnDOT's External FTP Site. Please send files to: <ftp://ftp2.dot.state.mn.us/pub/incoming/MetroWatersEdge/Planning> Internet Explorer doesn't work using ftp so please use an FTP Client or your Windows Explorer (My Computer). Also, please send a note to metrodevreviews.dot@state.mn.us indicating that the plans have been submitted on the FTP site.

If you have any questions concerning this review, please feel free to contact me at (651) 234-7793.

Sincerely,



Michael J. Corbett, PE
Senior Planner

Copy sent via E-Mail:

Bruce Irish, Water Resources
Nancy Jacobson, Design
Buck Craig, Permits
Lee Williams, Right-of-Way
Jon Solberg, Area Planner
David Sheen, Traffic Engineering
Clare Lackey, Traffic Engineering
Julie Lindquist, Dakota County Program Services
Ann Braden, Metropolitan Council

February 20, 2013

Minnesota Pollution Control Agency
Attn. Steve Sommer
520 Lafayette Road North
St. Paul, MN 55155-4194

Dear Mr. Sommer,

This letter serves as the comments from the City of Rosemount regarding the Flint Hills Resources – Propylene Storage and Distribution Project Environmental Assessment Worksheet (EAW).

Page 7; Table 8-1: Flint Hills has submitted for a Site Plan Review of the rail storage track north of 140th Street, a variance for no setback from Union Pacific owned rail line, and a variance from the landscaping/screening requirement from US Highway 52. The public hearing for these three requests are scheduled for Tuesday, February 26. No rezoning is needed because all Flint Hills owned property is zoned HI: Heavy Industrial. The AG: Agricultural zoning property west of the rail car storage tracks is owned by the Union Pacific railroad.

Page 7; Item 9 Land Use; Second Paragraph: The refinery is in the City of Rosemount and therefore there should be no miles between the refinery and the City. Another alternative would be that the refinery is 4 miles northeast of Downtown Rosemount.

Page 11; Item 17 Water Quality: The existing FHR's SWPPP boundary should be shown on an exhibit. If the FHR's General Stormwater Permit is not amended to include the project area, then the project would be required to manage the water quality in accordance with the City of Rosemount Stormwater Management Plan requirements.

Page 12; Item 18 Water Quality – Waste Water: Not all of the refinery's wastewater is treated by the FHR WWTP. The City provides sanitary sewer service to the maintenance building and the central administration building.

Page 15; Item 21 Traffic: Please quantify the existing train traffic along the existing rail line for reference.

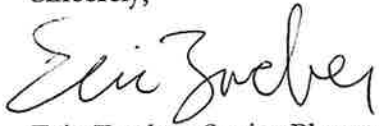
Page 18; Item 25 Nearby Resources: There is an approved regional trail corridor (Rosemount Interpretative Trail) that will be using the railroad right-of-way under US Highway 52. The City of Rosemount will be considering this trail corridor during the Site Plan Review for the rail car storage tracks north of 140th Street.

Page 19; Item 28 Impact on Infrastructure and Public Services: The City has a roadway easement within the railroad right-of-way under US Highway 52 for the future extension/realignment of 140th Street. The City of Rosemount will be considering this roadway easement and a 35 mph design speed for the 140th Street extension/realignment during the Site Plan Review for the rail car storage tracks.

SPIRIT OF PRIDE AND PROGRESS

If you have any questions, feel free to contact me at eric.zweber@ci.rosemount.mn.us or 651-322-2052.

Sincerely,

A handwritten signature in black ink that reads "Eric Zweber". The signature is fluid and cursive, with the first name "Eric" and last name "Zweber" clearly distinguishable.

Eric Zweber, Senior Planner

cc. Don Kern, Flint Hills Resources

February 20, 2013

Mr. Steve Sommer
Principal Planner
Minnesota Pollution Control Agency
520 Lafayette Road North
Saint Paul, MN 55155-4194

RE: Flint Hills Resources Propylene Storage and Distribution Project EAW
Flint Hills Resources Pine Bend, LLC
City of Rosemount, Dakota County, Minnesota
Metropolitan Council District 16, Wendy Wulff
Review File No. 21071-1

Dear Mr. Sommer:

Metropolitan Council staff has reviewed the EAW for the project described above to determine its adequacy and accuracy in addressing regional concerns, its potential for significant environmental impact, and its consistency with regional plans and policies. The Council finds that an EIS is not necessary for regional purposes, but offers the following comments concerning issues addressed in the EAW that need to be clarified or expanded upon in the Response to Comments document.

Item 13 – Water Use

The EAW states on page 10 that the project will not involve installation or abandonment of wells, changes in public water supply, or appropriation of any ground or surface water. The text indicates on pages 17 and 18, that water or dust suppressants may be applied to exposed soil surfaces and unpaved roads to control dust. Will existing water appropriations need to be amended to increase water use, or will water for dust suppression and other construction needs be met using existing water appropriations?

Item 19a – Geologic Hazards and Soil Conditions

The EAW states that there are no sinkholes, shallow limestone formations, or karst conditions present in the vicinity of the proposed project. Due to the highly localized nature of sinkholes and other karst conditions, and the limited number and depth of wells in this area, we recommend this conclusion be reworded to be clear that there are no documented sinkholes or karst conditions in the area of the proposed project. The Prairie du Chien-Jordan aquifer is generally recognized to exhibit karst conditions throughout the entire metro area, and it should be acknowledged that lack of documentation does not mean karst conditions are not possible at the site. (See recent MN Pollution Control Agency guidance document 4-09 for more information: <http://www.pca.state.mn.us/index.php/view-document.html?gid=3033>.) This item should also address the large number of wells identified as ‘unlocated’ wells, as documented by the MN County Well Index, and the likelihood of additional unidentified wells that may serve as pathways for contamination to move into drinking water aquifers.

Item 20 – Solid Wastes, Hazardous Wastes, Storage Tanks

The EAW states that scrap metal, welding rods, etc. are anticipated to be generated during the construction phase of this project but this item does not identify any wastes or storage tanks that would be generated or used during future operation. If this information is described in the requested detail

elsewhere in the document, please summarize the information here and reference additional detail in the EAW. If not listed elsewhere, please add the required detail here in Item 20.

Item 25c – Nearby Resources--Designated Parks, Recreation Areas or Trails

Dakota County and the City of Rosemount prepared a master plan for the Rosemount Greenway Regional Trail, which was approved by the Metropolitan Council in 2012. The Rosemount Greenway Regional Trail will connect Lebanon Hills Regional Park in Eagan to Spring Lake Park Reserve in Rosemount. The planned regional trail is considered part of the regional parks system and is protected through the Council's *2030 Regional Parks Policy Plan*. The Council-approved alignment for the regional trail is planned to cross Highway 52 at the existing underpass near the Flint Hills Resources site and parallel the highway heading southward for 0.5 miles through the parcel on which the rail yard expansion is planned. Council staff recommends that Flint Hills Resources, Dakota County and the City of Rosemount collaborate to ensure that the rail yard expansion and regional trail can be accommodated to share the site as well as the underpass of Highway 52.

If you have questions about these comments, please contact Jim Larsen PE, Principal Reviewer, at 651-602-1159.

Sincerely,



LisaBeth Barajas, Manager
Local Planning Assistance

cc: Wendy Wulff, Council District 16
Patrick Boylan, Planning Sector Representative
Kyle Colvin, MCES Engineering Services Assistant Manager
Judy Sventek, MCES Water Resources Assessment Manager
Reviews Coordinator



STATE HISTORIC PRESERVATION OFFICE

February 4, 2013

Mr. Steve Sommer
Minnesota Pollution Control Agency
520 Lafayette Rd N
St. Paul, MN 55155-4194

RE: EAW – Flint Hills Resources Propylene Storage and Distribution Project
T115 R19 IS13, 24
Rosemount, Dakota County
SHPO Number: 2013-1185

Dear Mr. Sommer:

Thank you for the opportunity to review and comment on the above project. It has been reviewed pursuant to the responsibilities given the Minnesota Historical Society by the Minnesota Historic Sites Act and the Minnesota Field Archaeology Act.

Based on our review of the project information, we conclude that there are **no properties** listed in the National or State Registers of Historic Places, and no known or suspected archaeological properties in the area that will be affected by this project.

Please note that this comment letter does not address the requirements of Section 106 of the National Historic Preservation Act of 1966 and 36CFR800, Procedures of the Advisory Council on Historic Preservation for the protection of historic properties. If this project is considered for federal assistance, or requires a federal permit or license, it should be submitted to our office by the responsible federal agency.

Please contact our Compliance Section at (651) 259-3455 if you have any questions regarding our review of this project.

Sincerely,

A handwritten signature in cursive script, reading 'Mary Ann Heidemann'.

Mary Ann Heidemann, Manager
Government Programs and Compliance