

Chevron's billion dollar modernization project moves forward

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The Chevron refinery hopes to upgrade its aging facility (Photo by Tyler Orsburn, 2012)

By January Chevron expects to complete an environmental impact report that, if approved by the city council and regulatory agencies, would allow the company to resume construction on a \$1 billion renovation project that the company said is essential to keeping the refinery profitable.

But environmentalists are wary, and they promise that every detail of the plan will be scrutinized in great detail.

The project will primarily upgrade aging equipment at the 100-year old refinery. It will also allow the plant to process crude oil with higher levels of sulfur. Some environmental groups worry that without the right safeguards in place, the project might increase harmful emissions.

“It’s possible to have a much less polluting, much safer refinery that’s providing a lot more jobs in this community,” said Greg Karras, a senior scientist for Communities for a Better Environment. “That’s what the community wants, but we’re still waiting on Chevron to step up to the plate on that.”

Chevron representatives say that parts of the refinery are long overdue for an upgrade. The project will improve the refineries 50-year old hydrogen plant, which is essential for refining crude. “Hydrogen to a refinery is like oxygen is to a human being,” said Jeff Hartwig, Chevron’s senior business manager, whose primary role is securing the permit for the modernization

project. “It was time to upgrade [the plant] ten years ago,” after new hydrogen technology was developed, “and our [plant] hasn’t gotten any younger.”

The modernization project will also allow the refinery to process slightly heavier crude that has twice the sulfur content. Such crude is less expensive, and if it can be refined safely, Chevron can make returns on its investment, Hartwig said.

While the details of the project haven’t been finalized, some community leaders are concerned that the upgrades will hurt the environment.

“We all want to see the plant modernize in a way that will both reduce the pollution and allow the plant to continue to be an economic engine within the city,” said Andres Soto, an organizer with Communities for a Better Environment. “But [Chevron’s] plans at this point only indicate they intend to process dirtier crude.”

Chevron plans to buy carbon credits to offset any potential increase in greenhouse gas emissions from the modernization project.

The state requires companies that emit high levels of pollutants to purchase carbon credits. The money is then used to offset their impact on the environment. Soto said this procedure would benefit outside communities while providing little for Richmond.

However, Chevron representatives said that emissions would only increase under a worst-case scenario. “Only if the refinery were to run at 100 percent capacity, every day, every week, every month, for a year, would greenhouse gas emissions increase,” Hartwig said. “But that’s impossible; no one can do that.”

The refinery normally runs at about 89 percent capacity, but the environmental impact report will likely reflect the maximum amount of emissions in order to avoid litigation and to make the report more likely to be approved, Hartwig added.

There are also concerns that if the refinery processes more sulfuric crude it will cause safety hazards. Between 1997 and 2012, the amount of sulfur in the oil Chevron processed increased from roughly 1 percent to 1.5 percent, according to a peer reviewed paper published by Karras last April. Sulfur is known to corrode certain metals, and as a result some oil pipes deteriorated four times quicker than in previous years, according to Karras’ report.

Independent researchers and regulatory agencies have cited increased sulfur in Chevron’s crude as one of the causes of the August 2012 explosion. “It was one on a growing list of very tragic explosions and fires that happened when sulfur corrosion was allowed to rot out the pipes and vessels in refineries,” Karras said.

These concerns would be addressed in the upcoming environmental impact report, Hartwig said. It's expected to be released for public review early next year. Despite their concerns, community leaders are optimistic that a mutually beneficial plan can be hashed out. "We're making a bet on our ability to negotiate a project that's good for the company and the community," Karras said. "And we're making that bet because we have to."

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