January 31, 2022

Mr. Wayne Nastri
Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Dear Mr. Nastri,

In response to your November 15, 2019 request for quarterly updates regarding implementation of the enhanced mitigation measures described in our August 30, 2019 letter to the Hon. Larry McCallon, Chair of the South Coast Air Quality Management District Refinery Committee, Ultramar Inc. (hereafter "Valero") provides the following update for the fourth quarter of 2021.

Valero continues to actively progress all aspects of the commitments detailed in our August 30, 2019 Proffer letter and is on track to complete all projects based on the milestones outlined in our letter, notwithstanding the COVID-19 pandemic that continues to impact society. While it is possible that the continuing fallout of the pandemic could lead to material, labor and / or agency approval delays, we are not aware of any specific potential delays at this time. Full funding for all portions of our commitments, which have not already been completed were approved on May 7, 2021. All installations will be completed by end of the next scheduled Alky ReVAP unit turnaround in 1Q2022. The projects outlined in our letter include:

- *Item 1 - Installation of Open Path Perimeter HF Sensors.* Valero committed to install open path detection monitors around the perimeter of the alkylation unit within one year of adoption of the Board's resolution in this matter, i.e., by September 6, 2020. This project has been completed and was fully commissioned by August 28, 2020, as noted in our September 2, 2020 letter.
- *Item 2 - Installation of Flange Guards.* Valero committed to install flange guards on each flange in the alkylation unit in main acid service greater than 2 inches in diameter by the completion of the next scheduled turnaround. To date, we have installed 114 flange guards. Delivery of flange guards has been delayed due to material supply and labor shortages. The remaining flange guards are expected to be delivered by January 24, 2022, and installed during the unit turnaround. We remain on schedule to have all committed flange guards in place by completion of the next scheduled Alky ReVAP turnaround in 1Q2022.
- Item 3 - *Automation of Water Curtain System.* Valero committed to automation of the water curtain system upon completion of the next scheduled Alky ReVAP turnaround. Engineering funding was approved in September 2019 for this project. Preliminary engineering design was completed in May, 2020. The refinement engineering phase was completed in March, 2021, including finalization of the Cause and Effect logic. Associated sensor electronics and PLC were received in mid-April. Installation of the water valve modifications and PLC modifications started in August, 2021, and are now 80% complete. We are on schedule to have this project implemented by completion of the next scheduled Alky ReVAP turnaround in 1Q2022.

- *Item 4 - Installation of Additional Point Source Detectors.* In conjunction with the water curtain automation project described above, Valero committed to install additional point source detectors by completion of the next scheduled Alky ReVAP turnaround. As noted above, engineering funding was approved in September 2019, preliminary engineering was completed in May, 2020, with refinement engineering completed in March, 2021. As outlined in our January update there will be 13 additional point source detectors installed, as well as an additional 21 open path detectors as part of the water automation scope. An additional 3 open path detectors will be installed around the acid boots. Installation of the new point source detectors started August, 2021, and is 85% complete. Installation of new open path detectors started August, 2021, and is 80% complete. We are on schedule to have this project implemented by completion of the next scheduled Alky ReVAP turnaround in 1Q2022.
- Item 5 - *Acid Settler Debris Grid.* Valero committed to develop a preliminary engineering design for a debris grid as described in Valero's August 30, 2019 letter within 180 days of the District's acceptance of Valero's proffer; based on the Board's adoption of Resolution No. 19-19 on September 6, 2019, the debris grid preliminary design is to be completed by March 4, 2020. Preliminary design engineering has been completed, with the results sent to you on March 3, 2020. The refinement phase of engineering was completed in March, 2021. On July 6, 2021, we received approval from the City of Los Angeles for the associated structural steel. Construction started in August, 2021, and was completed December 17, 2021.
- Item 6 – *Acid Settler Riser/Leg Rain Out Barrier/Shroud.* Valero committed to develop a preliminary engineering design for barrier/shroud systems for the acid settler risers and legs and the depropanizer acid boot, as described in Valero's August 30, 2019 letter, within 180 days of the District's acceptance of Valero's proffer. Based on the Board's adoption of Resolution No. 19-19 on September 6, 2019, the barrier/shroud preliminary engineering designs are to be completed by March 4, 2020. Preliminary design engineering has been completed, with the results sent to you on March 3, 2020. The refinement phase of engineering was completed in March, 2021. On July 6, 2021, we received approval from the City of Los Angeles. Construction started in August, 2021, and was completed December 17, 2021.

Some additional key milestones include:

- We have received City of Los Angeles Structural Inspection final sign off.
- We have received final Electrical sign off from the City of LA electrical inspector.

We hope this information is helpful to you. We will provide another update on or before April 29, 2022.

Very truly yours,

Kyle Sharon
Vice President and General Manager

CC (e-mail): Hon. Ben Benoit, SCAQMD Governing Board Chair
Hon. Mayor Larry McCallon, SCAQMD Governing Board Member/Refinery Committee Chair