BP Texas City Refinery

ENVIRONMENTAL STATEMENT FOR YEAR 2010

(Review of Y2009 Performance)
**Introduction**

Recognizing the complex nature of petroleum refining operations and to ensure that we meet our stated goal of no damage to the environment, BP Texas City Refinery has implemented an Environmental Management System (EMS). The EMS has been certified under ISO 14001 and is a formalized structure for ensuring that a facility prioritizes its environmental aspects and has plans in place to address and document progress towards improving environmental performance. The EMS works to achieve regulatory compliance and to continually improve our recognition and management of the environmental impacts of our operations.

Our ISO 14001 certification covers the entire refinery, including the marine dock. The refinery’s Site Operating Policy (following page) focuses the organization on Safe, Compliant, and Reliable operations.
Texas City Refinery Site Policy

BP Corporation HSSE Policy goals are simply stated No Accidents, No Harm to People, and No Damage to the Environment.

At BP Texas City Refinery, the “No Damage to the Environment” goal is included in the “Brown Book” and accomplished by ensuring:

- **Compliance**
- **Pollution Prevention**
- **Continual Improvement**

For the first time in recent history, in 2010 we are focused on Winning. Through our efforts we have Taken the Hill and built the foundation of a sustainable platform for our future. Now, amidst the backdrop of global uncertainties in our industry, it is imperative that we pull together and deliver winning results. We are part of a legacy, stewards of an enterprise that brings mobility, light and heat to the masses and provides for robust economic benefits well beyond our payroll ledgers. Our people, communities, and shareholders deserve it. In 2010 we will Begin to Win and set forth the conditions to Win Sustainably through our actions!

Our history is important and we must acknowledge and learn from our past. Furthermore, it is vital that we lead and act toward our future. By issuance of this 3rd edition of our annual game plan we once again put “the plan” in the most capable of hands ... those of our employees. The plan has 3 simple themes: We will Protect our people, the community, and the environment; Defend the ground we have taken and the foundation that we have built, and Attack in a focused manner to continuously improve the key elements that drive winning business results.

The future we create together will be defined by the consistent delivery of Safe, Compliant, and Reliable Production.

There are five fundamentals in which we must continuously improve and ultimately demonstrate mastery. They are Safety, personal and process safety, as a core value working to assure nobody gets hurt; Compliance above and beyond pollution prevention. We are dedicated to meeting or exceeding the expectations of our regulators, community, and neighbors at all times; Reliability, the backbone of our efforts and inexorably linked to all of our performance measures; Yields and Energy focused to assure we produce our products in the most efficient manner possible, and finally, continual elimination of waste and improvements in how we work to assure Sustainable Costs for long term viability.

The plans and objectives within this book come to life with Human Energy, our Team’s dedication and resolve to fulfill our potential and become the industry leader in process safety and proudly leave a brilliant legacy for future generations. I encourage you to read it thoroughly, to keep it handy, and to contemplate your role in fulfilling our promise.

I am deeply proud to be part of the BP Texas City Team and confident in our future together.

Keith Case
BP Texas City – Business Unit Leader
Description of Our Operations

The BP Texas City Refinery began operations in 1934 and is BP’s largest refinery worldwide. It is the third largest refinery in the US and the 13th largest in the world. The refinery, which covers 1,200 acres, processes up to 475,000 barrels of crude oil per day and other feedstocks and staffs approximately 2,300 company employees and 3,500 contractor employees.

The refinery has multiple trains, giving it the ability to process heavy, high-sulphur crudes. This refinery produces transportation fuel (70%) and chemical feedstock (20%). BP can also upgrade residuals to capture margin opportunities, and the refinery produces clean gasoline and diesel. A cogeneration plant produces electricity for use on the site. Texas City is currently undergoing a significant refocus on safety, compliance and reliability as part of a major renewal effort. The refinery receives approximately 70% of crude stock via dock facilities and 30% via pipelines.

Texas City’s location near Houston places it in a major trading hub for petroleum products.
How We Identify and Manage Important Environmental Impacts

Environmental impacts are identified and managed through considering external stakeholders and internal processes. The Texas City Refinery reports all emissions to State and Federal agencies. These agencies create regulations that control emissions and their impact to the environment. Regulations cover all refinery emissions and include requirements to provide pollution control equipment, as well as permit and operating conditions that limit emissions and require extensive monitoring and reporting. The refinery keeps Texas City officials informed of emissions-related and other events that may have potential impact on the community.

BP-Texas City identifies and manages environmental impacts through both Group and site-specific processes. BP Group sets annual goals for Loss of Primary Containment and reporting Greenhouse Gas Emissions. BP-Texas City includes these goals in the annual plan. The ISO 14001 process is used to annually evaluate the Environmental Aspects of its operations and to set Objectives and Targets. Management programs are established to achieve targets. The refinery monitors performance to ensure delivery of results.

The refinery had a cold shutdown after Hurricane Rita in 2005. Since then, BP rebuilt infrastructure and process units underwent major turnarounds, gradually returning to operating. In 2009, remaining units were returned to operation.

The refinery provides data and participates in an annual public forum, organized by the Community Advisory Council that provides area residents with information about Toxic Release Inventory (TRI) emissions levels and Air Quality Trends.

Our Impacts and Performance

Air Quality

As one of the largest refineries in Texas, we understand that we can have an impact on local air quality. We have continued to reduce our emissions to the air over the past decade due to the installation of new pollution control equipment such as Ultra Low NOx burners on several refinery heaters, installation of a wet gas scrubber at FCCU3 (Cat Cracker), and installation of selective catalytic reduction (SCR) devices at the Pipestills. Future reductions in air emissions are also expected with the planned installation of new a Flare Gas Recovery system. In 2009, the refinery completed a program to reduce fugitive emissions from equipment by retagging all the fugitive components and installing the latest wireless technology to track and manage equipment leaks.
The meeting of compliance requirements resulted in a continued reduction of Criteria Pollutants (particulates, sulfur oxides, nitrogen oxides, carbon monoxide, and volatile organic compounds). In Y2008 the Texas City Refinery emitted 7655 tons of Criteria Pollutants, 54% less than Y1999 and about 25% less than emissions in 2003 and 2004.

During 2009, the refinery management system was aligned to the BP Group Compliance Framework. Compliance task tracking tools and emissions monitoring data software was upgraded from 2007 to 2009. This has allowed the refinery to detect and address potential noncompliance issues in a timely manner and has further reduced the actual emissions from the site.

**Water (use and discharge)**

The refinery takes in about 10 million gallons per day (MGD) of water from the Brazos River, with approximately 90% of the water being used by the refinery for cooling and processing operations. Nearly 10% is transferred to BP Amoco Chemical Company. Process wastewater, storm water, and domestic sewage are treated by the refinery’s wastewater treatment plant, and discharged into Galveston Bay. Water discharge quality is monitored to ensure compliance with discharge permit requirements that include effluent limitations for oil and grease, pH, ammonia, and biochemical oxygen demand.

Through the years, BP has made advances in limiting the pollutants that enter the Waste Water Treatment Plant. In Y2009, the refinery’s average pollutant discharge was 13% of the permit allowable limit compared to 14% in Y2008. The site also met a more rigorous BWON standard in 2009.

**Oil and Chemical Spills**

Spills to the ground and/or water are identified as an environmental impact. A concerted effort across all BP facilities, including Texas City Refinery, has been undertaken to reduce the number of oil releases and to track those occurrences. Oil releases exceeding 1 barrel (42 gallons) are recorded by BP Group. During 2009, BP Texas City Refinery recorded 16 oil releases compared to 20 events in Y2008. None of these releases impacted waterways.

**Remediation Efforts and Land Reuse**

As a refinery that has operated for over 75 years, in the past there were environmental practices that are not acceptable today. Some of these practices led to an impact on the surrounding soils and groundwater. In the 1990’s the refinery worked with the state and federal agencies to remediate existing Solid Waste Management Units (SWMU’s) identified by the Remedial Feasibility Investigation (RFI) Study. Impacted soils have been addressed during this timeframe. These efforts were rewarded when the refinery received a no further
action (NFA) determination from the TCEQ in 2000.

The Texas City Refinery manages groundwater and established and maintains a groundwater monitoring and recovery program that today utilizes over 300 groundwater monitor wells and 32 hydrocarbon recovery systems. The system actively reduces the size of the hydrocarbon plume underlying the site while minimizing migration to other areas.

The Texas City Refinery has a soil excavation policy that requires all historically contaminated soil to be characterized and disposed of offsite. This policy enhances the groundwater remediation efforts by removing potential sources of contamination impacting the groundwater.

Cameras and Fence Line Monitoring

The refinery utilizes a fence line monitoring program to detect contaminants including hydrogen sulfide, sulfur dioxide, benzene, and other organic constituents. This program is structured to provide data to identify activities that impact air quality and provide information to improve operating practices. Data from these stations is continuously recorded and transmitted to Operations leadership. In 2010, data will be transmitted to the state regulatory agency (TCEQ).

Working with Others

BP Texas City maintains an ongoing dialogue with surrounding residents and communities through the City of Texas City. BP provided initial funding for a state of the art phone call-out system, managed by the City that can send a taped phone message into more than 18,500 households and businesses. That system also delivers messages to 142 government employees, including emergency response managers throughout Galveston County.

The Site also sponsors and participates in a Community Advisory Council, which hosts a public meeting every two months where local residents and industrial representatives come together to discuss issues and concerns that could affect the community. Site representatives also maintain communications with area residents through participation in local civic organizations including the Chamber of Commerce, Rotary International, Texas City ISD Foundation, Salvation Army, and the Galveston County Economic Alliance, among others.
**Further Information**

This is Texas City’s annual Environmental Statement.

This document was prepared by the Environmental Department at the Texas City Business Unit.

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Our verified Statement for Y2009 will be issued by February 2010.

**Feedback**

Tell us what you think. Are our statements easy to understand, not detailed enough or perhaps too complicated?

Is there any further information in which you are interested? Let us know what you are thinking so we can improve our environmental reporting. If you have any questions, please write to us at the address listed above.

During the course of ISO 14001 Certification Audit, held (Feb 1-4), DNV has independently reviewed the BP – Texas City Refinery Environmental Statement and concludes it represents a true and fair reflection of the environmental programs and performance within 2009. Within the audit samples performed by DNV, and based on information provided by the plant, within the scope of the facility's ISO 14001 EMS, DNV has found no statements in this report that we have been unable to substantiate and verify through observations, visits and review of the appropriate systems.

Feb 4, 2010

[Signature]
Shelley Wickman

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MANAGING RISK

DNV