
INTERVIEW OF:

JIM SCHELLBERG

TAKEN NOVEMBER 6, 1997 AT 3:40 P.M.

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INTERVIEW OF JIM SCHELLBERG, taken pursuant to agreement of and between parties at, Koch Industries, Inc., P.O. Box 64596, St. Paul, Minnesota, at approximately 3:40 p.m. on Thursday, November 6, 1997 before Milo Ballingrud, Notary Public, County of Hennepin, State of Minnesota.

APPEARANCES:

Present from the Minnesota Pollution Control Agency:

DON L. KRIENS, P.E.

MARY L. HAYES

GREGORY BERGER

Present from Koch Industries:

JAMES K. VOYLES, Attorney at Law

Present from the law firm Green Espel:

SUSAN K. WIENS, Attorney at Law

I N D E X

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BY MR. BERGER:

Q. I have a little introduction part I'll read to you. It's something we tell all the people we're talking to.

As you are probably aware, the MPCA is conducting a civil investigation that is focusing on Koch Refining operations and on a number of pollution, environmental related issues regarding those operations. We are seeking your cooperation to answer some questions in this interview, but we want you to know you are not obligated to answer the questions if you don't want to, it's voluntary on your part.

The information we obtain in this investigation may be used in administrative, civil or criminal enforcement action against Koch Refining Company. If the MPCA chooses one of these actions it doesn't preclude us in the future to choose another one. I want to emphasize that this investigation at this time is just focusing on Koch Refining Company, there are no individuals that we are looking at this time. Any questions about that?

A. (Shakes head.)

BY MS. HAYES:

Q. Jim, I'm Mary Hayes and I am in the water quality division of the pollution control agency. Would you state for us your position, your current position, and tell us about your history here in terms of your positions and what your responsibilities have been in those different positions, if they have been different?

A. Okay. I've been here for about six years now, and I started out as an operator in the FCC department, which is the fluid catalytic cracking unit. It's gas oil processing as gasoline and lighter byproducts come off the fuel oil. And from that position I got a promotion to assistant shift supervisor. That is my current role. I'm also filling, as of about three months ago, as a relief shift superintendent, which is basically instead of the assistant for being the shift supervisor.

Q. We're not going to keep you a long time today, we just have -- actually I think our issues are probably limited to a memo that you coauthored with Joe Butzer. I think that he said this was -- I think it was '96, but I

don't recall exactly when. Would you look at that (indicating)?

A. I suspect this is probably relating to B5 when we had a problem there, and that would have been -- yeah, that would have been '96. It's been a while since I worked with Joe. I can't recall when it would be exactly, but yeah, we had a leak in a -- well, normal server is an asphalt cooling box that uses water that passes on the outside of two, you know, and you've got a process stream going through. We had a leak in that box that caused an oily sheen to come down with our clean water sewer into B5 basin, our north fire water basin.

Q. You think that was '96?

A. I believe it was, yeah.

Q. Okay.

A. I couldn't tell you for sure. And when he's making reference to -- well, there was some confusion as far as the hazardous material responsibilities at that time. We called the product enhancement supervisor, and he was hazmat certified, and he contacted the hazmat group and got them out there right away as far as clean up and containment efforts. And the

skimmer boom that he's making reference to here for B5, he had some concerns in that instance it was difficult to do a complete containment. I mean, we did and there wasn't any danger of actual release to our polishing ponds because the water level was well above the suction that goes to the S7, which is final affluent, but the -- his concern here about that boom is make it a little longer. It would have been a lot easier to contain it had it been more sizable for some reason. And that was more of a proactive decision on his part. We both talked about it and agreed it would probably be a lot better if we had something, a little better equipment down there to help that out.

Q. So that comment in that memo is based on one event that you're aware of?

A. Yeah. I mean, as far as this right here --

Q. I'm talking about the one that we were just pointing to, Jim.

A. Yes, yes.

MS. WIENS: Which one is that?

THE WITNESS: As far as the skimmer boom. Basically a large boom that would

actually -- that the waste water operators could deploy right away in case they saw something come out on the surface. Like on that night, I think it was Terry Stormoen that was on, he's number one at the wastewater plant, and he contacted us and they just -- it was a few too many steps at that time, but that's all been corrected since then. And this is just a recommendation on Joe's part to get him a little better tools down there to deal with the problems showing up in the future.

BY MS. HAYES:

- Q. Okay. And on the issue in the second paragraph there, manhole by tank 500 has been a continuous problem, how long did you know about that?
- A. Prior to that particular problem I can't say. I guess I don't know if continuous necessarily -- you know, periodic. Like he says, it is a problem when we ran too high of coker pond rates, and we usually avoided that with a pretty good degree of frequency I would think. I don't know of that many times that that ever happened, but, you know, I've been

in the shift supervisor job for about two years. In the time I've been in the front office it hasn't happened that many times. I mean, when I was on shift I think it happened twice.

Q. Okay. That's all that you know about?

A. Yeah. And those were -- are always very short term. I mean, It's something we -- we monitored that all the time, the operators when they make their rounds. So when it did happen right away we would back rates off. Or what we were even doing for a while was when the wastewater operators made adjustments to the coker pond rate they would make sure that it wasn't causing a problem.

Q. So that's all you know about that?

A. Yeah. And of course we now have done a lot of work on that system since then to prevent that kind of thing from happening.

Q. How frequent should the rounds be?

A. As shift supervisor we usually do our rounds once a night. But when I'm referencing checking on this, that wasn't by the shift supervisors, that was by the unit operators. In this particular case that's located in the

coker area, so the coker unit operators would check that. But no, as far as shift supervisors, we usually make our rounds once a shift, but we've got --

Q. During the night, right?

A. Yeah, day or night, whatever.

Q. All right.

A. Daytime on weekends. Typically we don't make rounds during the day during the week because there's supervisors around and we usually are staying in the loop a lot better that way, too. So, I mean, as far as making rounds, you're talking 11, 12 different control rooms we stop and deal with, so it's not something you can make every couple hours by any means.

Q. So is there one shift supervisor on like on the off nights? Off hours, I'm sorry.

A. Off hours we always have two.

Q. Okay.

A. I guess that's basically what we're sticking with right now. There's going to be some transition, I guess, into the new structure in which -- that's going to change a little bit, but there's still going to be -- there's actually going to end up being more

supervision off hours and weekends than what there has been in the past with the new structure.

Q. Okay. But on a shift then, each of you would do a round?

A. No, we typically go together. Usually the assistant is -- it's a big place, and usually the assistant is actually going around with the shift superintendent to help them learn the process, learn the right questions to ask as far as the process is concerned. Their job basically is to qualify for the shift supervisor job. That's part of what that is.

MS. HAYES: Okay. That's all I have.

BY MR. BERGER:

Q. I want to talk about just one area. We weren't going to, but maybe you might have some information on this. And if you don't, that's fine.

Can you tell me what your general knowledge is of disposal to the oily water sewer system of materials from process units, the alky units or poly units? Do you have any knowledge of materials, wastes that are

disposed to the oily water sewer system from those units?

A. You mean something other than process streams? Like if you're taking a bundle out of service to clean it and put some gas into the sewer, or what are you talking about here I guess?

Q. Yes, exactly, just what you said.

A. Well, I mean, that kind of thing does happen, but it's usually identified to wastewater operators so we can recover it at the API. And then we do periodically drain process bundles to the sewer, but it would just be a bundle itself, a heat exchanger or something like that, and that would always be recovered at the API.

BY MR. KRIENS:

Q. How would you describe it?

A. They skim it. They actually have -- the API is actually a series of three different bays, and they skim oil off the water prior to entering the wastewater treatment plant.

Q. Is there anything else they do besides just what exists there at the API to skim it off? I mean, do they go down with any other equipment other than just the API, relying on

the API to skim it?

A. I'm not quite following you.

Q. In other words, when you say they skim it, it's done at the API by virtue of what exists there, there's nothing else they bring in, vac trucks or anything, to skim off the API in addition to the normal skimming device that's there?

A. I can't -- I can't say I recall them ever doing that. I mean, I suppose it would be possible, but -- I mean, unless you had a real big mechanical problem with the API itself I don't see it as being necessary.

Q. When you say they send it down and it's recovered at the API, what you're saying is the API --

A. They skim it and then the oil portion of it goes to a sump.

Q. Right.

A. And it gets pumped up to a holding tank and then we end up reprocessing it.

BY MR. BERGER:

Q. Would that also include naphtha? Could that include naphtha, have you ever heard of that?

A. It's possible.

Q. Can you speculate for me if -- when this happens and this materials goes to the API separator, would there be a lot of evaporation to the atmosphere? The API separator is open and you have this materials coming in, and maybe I don't understand how it works, but that's my knowledge. Tell me --

A. The only situation that I'm aware of that you get naphtha of any sort introduced to the API would probably be de-salter level control problems, something on that nature where you actually had the crude coming down with the lighter ends in it. But specifically naphtha, I don't know. I can't think of any situation where you necessarily have that kind of a problem.

Q. Let me show you a log from February 26, 27 of 1997. It states poly called, said they would be dumping two to three hundred gallons each time of medium to heavy naphtha down a sewer at a few different times today. That appears to me to be a controlled situation that somebody was like batch dumping. Any comments on that?

MS. WIENS: Do you know the specific

event that he's talking about?

THE WITNESS: No. That's why I was trying to think, as I was looking at the dates thinking what it might have been. But February doesn't ring a bell right offhand. It would be speculation. I don't know. I don't know exactly what that would have come from.

BY MR. BERGER:

Q. But in general your knowledge is materials like that, other components of crude oil, are disposed through the oily water sewer during maintenance or cleaning or --

A. That's what I would speculate that this is, just some sort of exchanger draining or something like that. I mean, they wouldn't just dump it into the sewer as far as part of the process or anything like that, no.

Q. Not part of a process?

A. Oh, heavens no. There's a lot better ways to get rid of that stuff than that. Safer ways, too.

Q. Why wouldn't they use that type of process you just mentioned instead of dumping it into the oily water sewer?

A. I'm not quite following you.

Q. Let me reword that. Instead of dumping it to the oily water sewer, are there other ways that material could have been put back into the process at the refinery instead of dumping it to the sewer?

A. They would have to get it pumped to a slop drum, and if there's one isolated, to take it out of service. You know, it means if you've got an exchanger that's full of gasoline per se, and they've isolated to take it out of service for one reason or another, they isolated it from pumps, so there would have to be some other way to drain it or someplace to drain it. Nothing I can think of.

Q. Physically you can't do it?

A. You could possibly do it I would suppose. You could hitch up some sort of temporary pumping mechanism, but it would probably be pretty -- it would be quite a bit.

Q. The easiest thing to do would be open the valve and let it go to the oily water sewer?

A. In this case I guess it's the best solution we've got for some of those things.

MR. BERGER: That's all I have.

BY MS. HAYES:

Q. Just one more quick question. Jim, have you heard anything or do you know anything about the condition of the sewers, the deterioration problem? Can you tell me anything about that?

A. No.

Q. You haven't heard anything about an investigation about that?

A. I knew they were looking at some things as far as sewer integrity, but I haven't heard any results on it or anything like that.

Q. Did you hear anything about the shape that they were in?

A. No, no. It was all preliminary stuff, that they were planning on looking at them. I know they done that with a lot of things periodically.

MS. HAYES: Thank you. That's all we have.

(Whereupon, the interview concluded at 4:00 p.m.)

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STATE OF MINNESOTA)

Es:


COUNTY OF HENNEPIN)

BE IT KNOWN, that I, MILO BALLINGRUD, Court Reporter, a Notary Public in and for the County of Hennepin, State of Minnesota, certify that the foregoing is a true record of the interview of JIM SCHELLBERG, and reduced to writing in accordance with my stenographic notes made at said time and place.

I further certify that I am not a relative or employee or attorney or counsel of any of the parties or a relative or employee of such attorney or counsel;

That I am not financially interested in the action and have no contract with the parties, attorneys, or persons with an interest in the action that affects or has a substantial tendency to affect my impartiality;

IN WITNESS WHEREOF, I have hereunto set my hand
on this 11th day of November, 1997.


MILO BALLINGRUD,
 Notary Public, Hennepin County, Minnesota
 My Commission Expires January 31, 2000.