

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

DATE: 24 APR 1978

SUBJECT: Applicability of PSD to Carter Oil Company Pilot Plant

FROM: Walter C. Barber, Director
Office of Air Quality Planning and Standards

TO: Adlene Harrison, Regional Administrator
Region VI

This is in response to a request from your staff for a determination on the applicability of EPA's prevention of significant deterioration (PSD) regulations to a proposed coal liquefaction pilot plant to be built by the Carter Oil Company in Texas. As we understand the situation, the Texas Air Control Board issued a permit to this source before March 1, 1978. The company indicates this is a pilot plant which will be in operation for about two and one-half years, although the TACB permit apparently does not restrict the period of operation.

Since the state issued a permit prior to March 1, 1978, and the source will begin construction shortly, the key to the determination is whether this type of source was covered under EPA's originally-promulgated PSD regulations. Although this source would be considered a "fuel conversion plant" under the old PSD regulations, we did not intend to cover temporary emission sources such as construction-related emission or pilot plants. This is consistent with our previous determinations under EPA's Emission Offset Interpretative Ruling concerning the Bayou Choctaw Salt Dome petroleum storage facility. Thus, we do not believe the Carter Oil Company pilot plant should be required to obtain a PSD permit.

Our only reservation is that the plant should be subject to an enforceable requirement which would ensure that the plant would indeed be temporary. This might be accomplished by an amendment to the TACB construction permit, or be incorporated into the TACB operating permit. Such a minor amendment would not bring the plant under the new PSD regulations which took effect on March 1, 1978. DSSE has asked that you consult with them concerning the mechanism for restricting the period of operation of the source. Should the source significantly expand operations or operate longer than it initially commits to, it would become subject to the PSD review.

The above determination has been coordinated with the Office of Enforcement. If you have any further questions on this matter, please call me.

cc: Ed Reich
Dave Hawkins
Jim Speyer
Jack DiVita
Carl Edlund
Dick Rhoads