

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

MAY 16, 1980

MEMORANDUM

SUBJECT: Shell Oil Company Wilmington Complex Specification of
"Source"

FROM: Director
Division of Stationary Source Enforcement

TO: Clyde B. Eller, Director
Enforcement Division, Region 9

This is in response to your memo of April 3, 1980, in which you requested guidance on whether the Wilmington Section and the Dominguez Section of Shell's Wilmington Refinery Complex should be considered one source for PSD purposes. The two sections of the refinery are located about 1.8 miles apart, are interconnected by twenty pipelines which transfer intermediary products back and forth, and are managed as a single refinery. The property between the Wilmington and the Dominguez Sections is either owned or leased by Shell or is property over which Shell has easement rights.

Currently, PSD applicability is determined according to the rules outlined in the administrative stay issued January 30, 1980. Under those rules, a source is subject to PSD review only if it qualifies as a major new source or major modification under both the June 19, 1978 (existing) regulations and under the September 5, 1979 proposal. If the Shell refinery would be exempt from PSD review under the rules of the stay. The following paragraphs examine the applicability of the September 5 proposal to Shell's project.

The September 5 proposal defines the term "source" as a group of pollutant-emitting activities which are located on one or more contiguous or adjacent properties and which are owned or operated by the same person (or by persons under common control). The two sections of the Shell refinery unquestionably satisfy the common ownership criterion. The question which remains is whether the two sections are on adjacent properties.

While EPA has not specifically identified the parameters under which adjacency will be evaluated, the conditions surrounding Shell's Wilmington Refinery Complex will qualify under any such criteria. As mentioned earlier in this memo, the Wilmington Section and the Dominguez Section are operated, together, as a single refinery. They are separated by 1.8 miles and are interconnected by a network of pipelines. The pipelines are used to transport intermediary products from one site to the other. Neither section produces finished products by itself.

Given the factual situation of this case and the overwhelming evidence, I agree with Shell's claims that the two sections should be considered as a single source for purposes of PSD applicability. Note that this will be true in all cases. Although this decision may benefit the source in this instance, future increases in emissions at both locations must be aggregated for the purpose of determining applicability. The source does not have the discretion to decide that they are separate plants in the future unless the stated conditions of common management and physical interdependence are drastically altered.

I understand that Libby Scopino of my staff has discussed this issue at length with Bill Wick and that your office and mine are in agreement as to the appropriate treatment of this case. The office of General Counsel and the Office of Air Quality Planning and Standards have concurred as well.

Should you wish to discuss this issue further, please contact Rich Biondi at 755-2564.

Edward E. Reich

cc: Mike James, OGC
Richard Rhoads, OAQPS
Bill Wick, Region 9