

John T. Hansen
Pillsbury Winthrop LLP
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San Francisco, CA 94120-7880

Re: Valero Benicia Asphalt Plant; Valero Refinery
Petitions to Object to Title V Permits

Dear Mr. Hansen:

This letter is in response to petitions to the Administrator of the U.S. Environmental Protection Agency (“EPA”) you have filed on behalf of Valero Refining Company - California (“Valero”) requesting EPA to object to the issuance of title V operating permits submitted by the Bay Area Air Quality Management District (“BAAQMD” or “District”) for the Valero Benicia Asphalt Plant (Facility #A0901) and Valero Benicia Refinery (Facility #B2626) located in Benicia, California.

As you may know, EPA has initiated a process to reopen the permits on which Valero’s petitions are based. On December 12, 2003, EPA sent a letter to BAAQMD notifying the District of EPA’s finding that cause exists to reopen the permits pursuant to EPA’s authority under 42 U.S.C. section 7661d(e) and 40 C.F.R. section 70.7(g)(1). As set forth in that letter, EPA determined that BAAQMD did not follow the procedures required by 42 U.S.C. section 7661d(a)(1)(B), 40 C.F.R. part 70 (“part 70”), and BAAQMD’s approved part 70 program to submit proposed permits to EPA as required by 7661d(a)(1)(B), 70.8(c), BAAQMD Rule 2-6-411, and BAAQMD’s Manual of Procedures Vol. II, Part 3, section 6.1.2. In such circumstances, the Clean Air Act and part 70 authorize a permitting authority to reopen and revise a permit to assure compliance with all applicable requirements. 42 U.S.C. § 7661d(e); 40 C.F.R. § 70.7(f)(iv).

Based on this action to reopen the permits, EPA is dismissing Valero’s petitions as unripe. EPA’s letter requires BAAQMD to submit a proposed determination addressing the procedural problem identified in the letter within 90 days. BAAQMD will be required to submit to EPA new proposed permits allowing EPA an additional 45-day review period and an opportunity to object to the permits if they fail to meet the standards set forth in 42 U.S.C. section 7661d(b)(1). Following the conclusion of EPA’s 45-day review period, the public will have another opportunity to petition EPA to object to the permits, pursuant to 42 U.S.C. section 7661d(b)(2). Thus, Valero will have the opportunity to refile these petitions, or amended versions, at that time.

We appreciate Valero’s interest in this matter and its attention to the title V operating

permits program administered by BAAQMD. If you have any questions regarding this letter, please do not hesitate to contact Kara Christenson of the Office of Regional Counsel at (415) 972-3881.

Sincerely,

Deborah Jordan
Acting Director, Air Division

cc: Jack Broadbent, APCO BAAQMD
Brian Bunger, District Counsel, BAAQMD