

BEFORE THE  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
STATE OF WYOMING

NOV - 6 1981

IN THE MATTER OF A PERMIT )  
APPLICATION FROM MARATHON )  
OIL COMPANY, P.O. BOX 120, )  
CASPER, WY 82602 )

DOCKET NO. 994-81

I. Introduction

EXHIBIT "J"

On September 4, 1980, Marathon Oil Company applied to the Air Quality Division for a permit to construct a gas sweetening plant in Park County, Wyoming. After submittal of additional information and after several conferences, the applicant was advised on July 23 of 1981 that the application was complete and that the Division was proposing to conditionally approve the application. In addition, on July 29, 1981, the Division published in the Cody Enterprise a public notice of its intent to propose approval and posted copies of the analyses and proposed conditions in the office of the Park County Clerk, Cody, Wyoming. During the 30-day public comment period following the public notice the Division received objections from interested parties concerning the issuance of the permit and a request for the holding of a public hearing. After notice in the Cody Enterprise on September 16, 1981, a public hearing was held in Cody, Wyoming on September 28, 1981. A record of that hearing was made.

II. Issues and Considerations

The following is a summary of the issues raised at the above noted public hearing and the Administrator makes the corresponding findings with the approval of the Director.

a. Ralston Processing Associates Incorporated objected to the issuance of the permit on the basis that Ralston and Marathon had for a number of years discussed the expansion, upgrading, and sale of the Ralston facility with Marathon. Ralston indicated that the existing plant would be operated by Ralston into the future to service contracts with its customers. The Division does not have the legal authority to predicate the issuance of an Air Quality Permit on business agreements or disagreements between two parties. Thus, any past or future discussions between Ralston, Marathon, and/or other parties regarding the use of the existing facility has no bearing on the Air Quality issues and the ability of the Division to issue or deny the requested permit.

b. Ralston Processing Associates Inc. presented testimony alleging that a materials balance of the sulfur being produced and handled in the vicinity and at the existing and proposed facility indicate that a reduction in sulfur emissions either as H<sub>2</sub>S or SO<sub>2</sub> would not occur as a result of the construction and operation of the facility. Marathon did not present any conflicting testimony regarding the materials balance argument advanced by Ralston. The Division has reviewed the materials balance argument put forth by Ralston and concludes that such materials balance argument is reasonable and therefore further concludes that a decrease in SO<sub>2</sub> emissions would not appear to be forthcoming as a result of construction and operation of the Marathon facility.

c. Marathon represented in its permit application letter that the proposed facility would replace an existing similar facility owned and operated by Ralston Processing Associates Inc. Ralston has testified that they have continuing contracts for the processing of the gas available to the plant and that they do not intend to shut down their plant. The Division is not in a position to make a determination as to whether or not the existing Ralston Plant will continue to operate or be shut down. The Division, however, is satisfied that operation of the proposed Marathon Plant in conjunction with operation of the existing Ralston Plant would cause violations of the ambient air quality standards for SO<sub>2</sub>. Therefore, the Division would not be able to issue a permit for the proposed facility unless such permit was conditioned upon the termination of operation of the existing Ralston facility.

d. The testimony by Ralston, undisputed by Marathon, regarding the ownership of the existing facility casts a new light upon the deliberations of the Division regarding the applicability of Section 24, Prevention of Significant Deterioration, of the Wyoming Air Quality Standards and Regulations.

Section 24b. specifies that any person who plans to construct any major emitting facility or undertake a major modification of an existing facility shall be subject to the conditions outlined below. Regressing to the definition of facility in Section 24a.(5), such term means any structure, building, source, equipment installation, or operation (or combination therefore) which emits or may emit any air pollutant subject to these regulations. Further digressing to Section 24a.(12), the terms "structure, building, source, equipment, installation, or operation" means all of the pollutant emitting activities which are located on one or more contiguous or adjacent properties and are under the control of the same person or persons under common control.


Thus, the question becomes, is Marathon constructing a new major emitting facility or is Marathon undertaking a modification of an existing facility? Since undisputed testimony indicates that the existing gas processing plant is not under the control of the same person, i.e. Marathon, it would appear that Marathon could not in the meaning of Section 24 be undertaking a modification of an existing facility. Rather, it would appear that Marathon is undertaking the construction of a major new emitting facility. Thus, Marathon would be subject to the provisions of Section 24 and would have the burden of demonstrating compliance with applicable PSD increment. Since the modeling conducted both by Marathon and the Division relies upon the representation that the existing Ralston facility would be replaced by the new Marathon facility and that total SO<sub>2</sub> emissions would decrease any conclusions reached based upon these assumptions pertaining to compliance with the PSD, SO<sub>2</sub> increments are now unreliable.

e. The Division relied upon and was influenced by Marathon's representation in the application that the existing facility would be replaced by the new facility, that SO<sub>2</sub> emissions would decrease and that the gas production in the field would decrease over the specified time in reaching its conclusion regarding Marathon's proposed BACT determination. In light of the testimony by Ralston and considering the influence of these three important considerations in the evaluation of the Best Available Control Technology, the Division asserts that it cannot be held to its original conclusion that the control technology proposed by Marathon represents BACT. Rather, based upon the projected pass through costs of the installation of a sulfur recovery plant as evaluated in the Division's analysis and the apparent reduction in total SO<sub>2</sub> emissions and ambient air quality benefits associated with the construction of such a sulfur recovery plant the Division would be hard pressed to make a determination that a sulfur recovery plant would not be required as Best Available Control Technology.

### III. Conclusions

As a result of the analysis of the permit application, the comments at the public hearing and the analyses of these comments, the Administrator has determined that a permit cannot be issued at this time. However, the Administrator has further determined that the questions regarding compliance with the ambient Air Quality Standards, applicability of, and compliance with the PSD increments, and determination of appropriate BACT provisions should be returned to Marathon for further evaluation and subsequent submittal of additional information as may be required.

November 5, 1981.

  
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Randolph Wood, Administrator  
Air Quality Division

Approved:

  
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Robert E. Sundin, Director  
Department of Environmental Quality