05/10/99

To: Dan deRoeck - OAQPS

From: Stan Krivo

Subject: PSD Permitting in Eastern Gulf
Ambient Air for Impact Analysis

We are currently reviewing our first PSD permit application for a natural gas drilling and production facility in the eastern Gulf of Mexico - Chevron Destin Dome Project. EPA is also working with Minerals Management Service (MMS) in developing an Environmental Impact Statement (EIS) for this project. For both PSD and EIS purposes, the definition of "ambient air" for impact modeling has become an important issue. Because the EIS, and the PSD and Title V permits are all on the same schedule with plans to have a common public hearing this September, it is important that this issue be resolved as soon as possible. We therefore request OAQPS's guidance on the proper procedure for the location for receptors when performing PSD increment and NAAQS impact assessments for OCS sources in the eastern Gulf of Mexico where EPA has permitting authority.

Background

The issue of "ambient air" with respect to the placement of receptors for ambient impact assessment came up last year in our review of the EIS. MMS, in their permitting of facilities in the western Gulf, only requires impact assessment and subsequent PSD and NAAQS compliance assessment at the nearest onshore locations. They do not require modeling at receptors over Gulf waters for PSD increment and NAAQS compliance.

In light of MMS's approach and insistence that EPA perform ambient air impact assessments in the same fashion, we have discussed this issue with OAQPS. Because this is an OCS issue, we were referred to David Stonefield. He indicated "ambient air" for offshore emission sources does include air over the Gulf waters. Because no fence is possible over water, a loose definition of site boundary must be used. The distance could be the minimum distance the Coast Guard allows boats to the platforms or some other area Chevron plans to patrol to prevent public access. Modeling directly off the platform is not required.

In addition to OAQPS, we discussed with EPA Regions 9 and 10 their permitting experience with OCS sources. David Stonefield's interpretation was confirmed by these regions. Modeling for PSD and NAAQS compliance has been required at over water receptors for OCS sources in these regions. The non-ambient air about the facility is a case-by-case determination.

From our review of the OCS regulations and PSD requirements, and from these discussions with

OAQPS and Regions 9 and 10, we prepared a guidance letter in which our position on the issue of ambient air for impact modeling was included - letter dated 8 February 1999 to Ms. Sandi M. Fury, Chevron's representative. This letter is enclosed as Attachment A.

Current PSD Application

Recently (29 April 1999) EPA received the PSD application for the Chevron Destin Dome Project. The impact modeling for PSD increment and NAAQS compliance did not following our 8 February 1999 guidance but was performed using the MMS methodology of only addressing onshore and state territorial water receptors. Both Chevron and MMS believed that only the nearest state waters and onshore land areas are of concern for the PSD increment and NAAQS compliance assessments. They use as a basis EPA's instruction that Florida's [the corresponding onshore area (COA)] PSD regulations are applicable to the PSD application as Florida is the state with the nearest onshore land area. Chevron indicated Florida's regulations cite their applicability to"all areas of the state," so areas outside Florida's boundary defined in F.A.C. Rule 62-204 do not have to go through PSD modeling analysis under F.A.C. Rule 62-212.400. This includes any areas over the Gulf of Mexico beyond Florida territorial waters. Therefore, MMS and Chevron have only addressed impacts to Florida areas and the nearest Class I areas.

It is Region 4's position that PSD applicability of a proposed source is defined by EPA's OCS regulations. Once a source has been defined as requiring a PSD permit, the PSD permit application must meet the permitting requirements of the corresponding onshore area (COA) as long as they are as strict as the federal regulations (40 CFR 52.21). That is, EPA defines the COA PSD regulations as applicable at the location of the proposed OCS source. Any limitation in the state's regulation in terms of only applying within the state boundary does not take precedence over EPA's already determined applicability.

Of note in this application is the fact that ambient impact analysis at the nearest Florida territorial boundary results in no concentrations exceeding the applicable PSD Significant Impact Levels (SIL). Therefore, no cumulative impact assessments are needed for PSD increment or NAAQS compliance evaluation. Also, pre-construction air quality monitoring is not required.

At our request, Chevron has provided modeled concentrations for the EIS with receptors near one of the platforms. This modeling over Gulf waters within 500 meters of a platform reveals concentrations for all pollutants exceeding the applicable SILs. Therefore, cumulative assessments of PSD increments and NAAQS compliance will be needed as well as justification for not performing ambient air quality monitoring. Although the location of modeled receptors is important for this and future EPA permitting in this area, for this Chevron Destin Dome project, impact assessment at near-platform receptors does not appear to be a "show stopper" because the over water modeled concentrations do not threaten PSD increments or NAAQS values.

Request

From discussions with MMS and Chevron, it appears that Chevron is using this permit application to set the precedent that only onshore receptors are of concern for PSD increment and NAAQS compliance assessments. MMS is also pushing this issue in the EIS - does not want to include any PSD increment and NAAQS compliance modeling over Gulf waters. It is therefore requested that OAQPS provide written guidance on the proper way to assess PSD increment and NAAQS compliance for OCS sources in the eastern Gulf of Mexico in areas under EPA permitting jurisdiction.

Please let us know if more information is needed or if you have any questions. Because of the schedule importance, an expedited response is requested.