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February 18, 1987

REPLY TO: 6T-ET

Mr. Ken Waid, P.E.
President
Waid and Associates
1106 Clayton Lane
Suite 330 M
Austin, Texas 78723

Re: PSD Applicability Request, Valero Hydrocarbon Company
Yoakum, DeWitt County, Texas

Dear Mr. Waid:

We have reviewed your January 19, 1987, request for a determination of whether Valero Transmission Company and Valero Hydrocarbon Company are separate sources for the purposes of determining the applicability of our regulations for the Prevention of Significant Deterioration (PSD). The information that you have provided indicates that Valero Hydrocarbon Company has an extraction facility in close proximity to Valero Gathering Company and Valero Transmission Company. The extraction facility's primary products are ethane and heavy hydrocarbons removed from the natural gas. The removal of liquids is not necessary to make the natural gas marketable. Valero Hydrocarbon Company has a standard Industrial Classification (SIC) code of 1321 (Major Group 13) while Valero Transmission Company has a SIC code of 4922 (Major Group 49).

Based on our review of the available information, it is evident that the principal products of Valero Hydrocarbon are ethane and heavy hydrocarbons while the principle product of Valero Gathering Company and Valero Transmission Company is natural gas. It is further evident that Valero Hydrocarbon Company does not assist in the production of the natural gas produced at Valero's Gathering and Transmission plants. We therefore conclude that Valero Hydrocarbon company is a separate facility from Valero Transmission Company and Valero Gathering Company for the purposes of PSD applicability.

This determination in no way alters our prior determination on November 3, 1986 in which we determined that Valero Gathering Company and Valero Transmission Company are to be considered as one source for the purposes of PSD applicability.

We appreciate the opportunity to review this matter. If you have any questions, please call Mr. Stanley M. Spruiell of my staff at (214) 767-9875.

Sincerely yours,

/s/ William B. Hathaway

William B. Hathaway
Director
Air, Pesticides and Toxics Division (6T)

cc: Mr. Allen Eli Bell
Executive Director
Texas Air Control Board

Mr. Lawrence Pewitt, P.E., Director
Permits Division
Texas Air Control Board

bcc: Hepola (6T-E)
Biondi (EN-341)

