

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air and Waste Management Bureau
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FINAL ENVIRONMENTAL ASSESSMENT (EA)

Issued For: Diamond Hill Mining, Inc.
P.O. Box 1340
Townsend, MT 59644

RECEIVED

SEP 16 1998

**ENVIRONMENTAL
QUALITY COUNCIL**

Air Quality Permit Number: 2905-03

Preliminary Determination Issued: 08/20/98
Department Decision Issued: 09/14/98

Montana Environmental Policy Act (MEPA) Compliance: An environmental assessment required by MEPA, was completed for this project as follows.

Legal Description of Site: Diamond Hill Mining, Inc. is located seven miles west of Townsend, Section 36, Township 7 North, Range 1 West, and Section 1, Township 6 North, Range 1 West, Broadwater County, Montana.

Description of Project: This permit is for the operation of an underground gold mining and ore processing operation including ore and waste removal, handling and storage activities, primary and secondary crushing, screening, hauling, and loadout activities referred to as the Diamond Hill Project. The current project involves synthetic minoring Diamond Hill Mining, Inc. from Title V permitting by placing diesel fuel consumption limits on the electrical generators (mine, office, and backup), compressor, and the diesel equipment (surface and underground). This project also involves placing an ANFO usage limit on the facility.

Benefits and Purpose of Proposal: The purpose of this proposal is for Diamond Hill Mining, Inc. to accept limits that will keep the operation below the emission threshold that would require a Title V operating permit.

Description and analysis of reasonable alternatives whenever alternatives are reasonably available and prudent to consider: No reasonable alternatives available.

A listing and appropriate evaluation of mitigation, stipulations and other controls enforceable by the agency or another government agency: A list of enforceable conditions is contained in permit #2905-03.

Description and analysis of regulatory impacts on private property rights: The department has considered alternatives to the conditions imposed in this permit as part of the permit development. The department has determined that the permit conditions are reasonably necessary to ensure compliance with applicable requirements and demonstrate compliance with those requirements and do not unduly restrict private property rights.

Potential Impact on Physical Environment

		Major	Moderate	Minor	None	Unknown	Comments
1	Terrestrial and Aquatic Life and Habitats				X		See attached comments.
2	Water Quality, Quantity and Distribution				X		See attached comments.
3	Geology and Soil Quality, Stability and Moisture				X		See attached comments.
4	Vegetation Cover, Quantity and Quality				X		See attached comments.
5	Aesthetics				X		See attached comments.
6	Air Quality			X			See attached comments.
7	Unique Endangered, Fragile or Limited Environmental Resource				X		See attached comments.
8	Demands on Environmental Resource of Water, Air and Energy				X		See attached comments.
9	Historical and Archaeological Sites				X		See attached comments.
10	Cumulative and Secondary Impacts				X		See attached comments.

Potential Impact on Human Environment

		Major	Moderate	Minor	None	Unknown	Comments
1	Social Structures and Mores				X		See attached comments.
2	Cultural Uniqueness and Diversity				X		See attached comments.
3	Local and State Tax Base and Tax Revenue				X		See attached comments.
4	Agricultural or Industrial Production				X		See attached comments.
5	Human Health				X		See attached comments.
6	Access to and Quality of Recreational and Wilderness Activities				X		See attached comments.
7	Quantity and Distribution of Employment				X		See attached comments.
8	Distribution of Population				X		See attached comments.
9	Demands for Government Services				X		See attached comments.
10	Industrial and Commercial Activity				X		See attached comments.
11	Locally Adopted Environmental Plans and Goals				X		See attached comments.
12	Cumulative and Secondary Impacts				X		See attached comments.

SUMMARY OF COMMENTS ON POTENTIAL IMPACTS: The following comments have been prepared by the Department.

POTENTIAL IMPACT ON PHYSICAL ENVIRONMENT

1. Terrestrial and Aquatic Life and Habitats

Terrestrial and aquatic life and habitats will not be affected by the current project. The project involves merely diesel fuel consumption and ANFO usage limits that will actually decrease the allowable emissions.

2. Water Quality, Quantity and Distribution

Water quality, quantity, and distribution will not be affected by the current project.

3. Geology and Soil Quality, Stability and Moisture

Geology and soil quality, stability and moisture will not be affected by the current project.

4. Vegetation Cover, Quantity and Quality

Vegetation cover, quantity and quality will not be affected by the current project.

5. Aesthetics

There will be no impacts to aesthetics from the current project.

6. Air Quality

There will be minor impacts to the air quality from the proposed project. Diamond Hill Mining, Inc. has agreed to diesel fuel consumption and ANFO usage limits that will actually decrease the allowable emissions and slightly improve the immediate air quality.

7. Unique Endangered, Fragile or Limited Environmental Resources

Unique endangered, fragile or limited environmental resources will not be affected by the current project.

8. Demands on Environmental Resources of Water, Air and Energy

Demands on the environmental resources of water, air and energy will not be affected by this project. However, the demands on other environmental resources, such as diesel fuel, will be reduced.

9. Historical and Archaeological Sites

Historical and archaeological sites will not be affected by the current project.

10. Cumulative and Secondary Impacts

No cumulative and secondary impacts are expected as a result of this project. The limitations within the permit have actually decreased Diamond Hill Mining, Inc.'s potential emissions.

POTENTIAL IMPACT ON HUMAN ENVIRONMENT

1. Social Structures and Mores

Social structures and mores will not be affected by the current project.

2. Cultural Uniqueness and Diversity

Cultural uniqueness and diversity of the area will not change as a result of this project.

3. Local and State Tax Base and Tax Revenue

Local and state tax base and tax revenue will not be affected by the current project.

4. Agricultural or Industrial Production

Agricultural or industrial production will not be affected by the current project.

5. Human Health

Human health will not be affected by the current project. Permit #2905-03 incorporates conditions to ensure that Diamond Hill Mining, Inc. will be operated in compliance with all applicable rules and standards. These rules and standards are designed to be protective of human health.

6. Access to and Quality of Recreational and Wilderness Activities

Access to and quality of recreational and wilderness activities will not be affected by the current project.

7. Quantity and Distribution of Employment

The quantity and distribution of employment in the area will not be affected by this project.

8. Distribution of Population

Distribution of population will not change as a result of the current project.

9. Demands of Government Services

Besides obtaining this current permit alteration, additional government services will not be required for the current permit action. In fact, this action will allow Diamond Hill Mining, Inc. to avoid additional permitting through the Title V Operating Permit program.

10. Industrial and Commercial Activity

Industrial and commercial activity will not change as a result of the current permit action.

11. Locally Adopted Environmental Plans and Goals

There are no locally adopted environmental plans or goals that will be affected by this permitting action.

12. Cumulative and Secondary Impacts

No cumulative and secondary impacts are expected as a result of this project. The limitations within the permit have actually decreased Diamond Hill Mining, Inc.'s potential emissions.

Recommendation: No EIS is required.

If an EIS is not required, explain why the EA is an appropriate level of analysis: Since this permitting action will actually result in a decrease in potential emissions, there will be no significant impacts. The controls contained in permit #2905-03 will limit the potential emissions.

Other groups or agencies contacted or which may have overlapping jurisdiction: Department of Environmental Quality, Industrial and Energy Minerals Bureau.

Individuals or groups contributing to this EA: Department of Environmental Quality, Permitting and Compliance Division.

EA prepared by: Dan Walsh

Date: August 14, 1998