Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

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March 15, 2006

Patrick Montalban
Genesis Energy, Inc.
Shelby Williams Field, Staion 041-1
P.O. Box 488
Cut Bank, MT 59427

Dear Mr. Montalban:

Air Quality Permit #2739-05 is deemed final as of March 15, 2006, by the Department of Environmental Quality (Department). This permit is for the addition of a natural gas-fired 4-stroke rich-burn compressor engine up to 86-Horsepower (Hp), with an air-fuel ratio (AFR) controller and a non-selective catalytic reduction (NSCR) unit. All conditions of the Department's decision remain the same. Enclosed is a copy of your permit with the final date indicated.

For the Department,

David L. Klemp
Air Permitting Supervisor
Air Resources Management Bureau
(406) 444-3490

DK:lr
Enclosure

ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
P.O. Box 200901, Helena, Montana 59620
(406) 444-3490

FINAL ENVIRONMENTAL ASSESSMENT (EA)

Issued To: Genesis Energy, Inc.
P.O. Box 488
Cut Bank, MT 59427

Air Quality Permit Number: 2739-05

Preliminary Determination Issued: February 9, 2006
Department Decision Issued: February 27, 2006
Permit Final: March 15, 2006

1. *Legal Description of Site:* Genesis owns and operates a natural gas compressor station and associated equipment located in the NE ¼ of the NE ¼ of Section 2, Township 29 North, Range 4 West, in Pondera County, Montana. The facility is known as the Shelby Williams Field, Station 041-1.

2. *Description of Project:* Genesis plans to construct a 3.5 mile natural gas gathering line from the new Lake Frances Field to the existing Williams Gas Plant. This pipeline, which will route gas from Section 21 through Section 15, 11, and 2, will allow the Lake Frances Gas production to be gathered separately from the Williams Gas Field. The pipeline will run northeast approximately 3 miles east of Lake Frances, through the Winginaw Valley. Since there are no sources of air emissions from the pipeline, this was not considered as part of the project reviewed for this EA.

   The project reviewed for MAQP #2739-05 is a proposed natural gas-driven 4-stroke, rich-burn compressor engine, up to 86 hp, equipped with an AFR controller and a non-selective catalytic reduction (NSCR) unit.

3. *Objectives of Project*: The proposed booster compressor engine will enhance the Williams Gas Field production, and allow co-mingling of production from both that field and the new Lake Frances Field before it is compressed in the existing Williams Gas Plant.

4. *Alternatives Considered*: In addition to the proposed action, the Department also considered the "no-action" alternative. The "no-action" alternative would deny issuance of the Montana Air Quality Permit to the proposed facility. However, the Department does not consider the "no-action" alternative to be appropriate because Genesis demonstrated compliance with all applicable rules and regulations as required for permit issuance. Therefore, the "no-action" alternative was eliminated from further consideration.

5. *A Listing of Mitigation, Stipulations, and Other Controls*: A list of enforceable conditions, including a BACT analysis, would be included in MAQP #2739-05.

6. *Regulatory Effects on Private Property*: The Department considered alternatives to the conditions imposed in this permit as part of the permit development. The Department determined that the permit conditions would be reasonably necessary to ensure compliance with applicable requirements and demonstrate compliance with those requirements and would not unduly restrict private property rights.

7. The following table summarizes the potential physical and biological effects of the proposed project on the human environment. The "no-action" alternative was discussed previously.

		Major	Moderate	Minor	None	Unknown	Comments Included
A	Terrestrial and Aquatic Life and Habitats			X			Yes
B	Water Quality, Quantity, and Distribution			X			Yes
C	Geology and Soil Quality, Stability and Moisture			X			Yes
D	Vegetation Cover, Quantity, and Quality			X			Yes
E	Aesthetics				X		Yes
F	Air Quality			X			Yes
G	Unique Endangered, Fragile, or Limited Environmental Resources			X			Yes
H	Demands on Environmental Resource of Water, Air and Energy			X			Yes
I	Historical and Archaeological Sites			X			Yes
J	Cumulative and Secondary Impacts			X			Yes

SUMMARY OF COMMENTS ON POTENTIAL PHYSICAL AND BIOLOGICAL EFFECTS: The following comments have been prepared by the Department.

A. Terrestrial and Aquatic Life and Habitats

Slight increases in NO_x, CO, and VOC emissions may be expected as a result of this project, but would have only a minor impact, if any, on existing terrestrial and aquatic life and habitats of the area because the proposed project would occur on industrial property that has already been disturbed. Where the facility would emit air pollutants and corresponding deposition of pollutants would occur, the Department determined that any impacts from deposition would be minor due to dispersion characteristics of pollutants and the atmosphere and conditions that would be placed in MAQP #2739-05.

B. Water Quality, Quantity, and Distribution

This permitting action would have little or no effect on the water quality, water quantity, and distribution, as there would be no discharges to groundwater or surface water associated with this project, the proposed project would not require any additional water usage by the facility, and because the proposed project would occur on industrial property that has already been disturbed. Where the facility would emit air pollutants and corresponding deposition of pollutants would occur, the Department determined that any impacts from deposition would be minor due to dispersion characteristics of pollutants and the atmosphere and conditions that would be placed in MAQP #2739-05.

C. Geology and Soil Quality, Stability, and Moisture

This permitting action would have a minor effect on geology and soil quality, stability, and moisture, as the proposed project would affect an existing industrial property that has already been disturbed. No additional land would be disturbed for the project. The slight increase in NO_x, CO, and VOC emissions for this project may have a minor effect on the soil stability and moisture; however, the air quality permit associated with this project would contain limitations to minimize the effect of the emissions on the surrounding environment. Where the facility would emit air pollutants and corresponding deposition of pollutants would occur, the Department determined that any impacts from deposition would be minor due to dispersion characteristics of pollutants and the atmosphere and conditions that would be placed in MAQP #2739-05. (See Section 7.F of this EA).

D. Vegetation Cover, Quantity, and Quality

This permitting action would have a minor effect on vegetation cover, quantity, and quality. The proposed installation of the compressor would affect an existing industrial property that has already been disturbed. No additional vegetation on the site would be disturbed for the project. The slight increase in NO_x, CO, and VOC emissions for this project may have a minor effect on the surrounding vegetation; however, the air quality permit associated with this project would contain limitations to minimize the effect of the emissions on the surrounding environment. Where the facility would emit air pollutants and corresponding deposition of pollutants would occur, the Department determined that any impacts from deposition would be minor due to dispersion characteristics of pollutants and the atmosphere and conditions that would be placed in MAQP #2739-05.

E. Aesthetics

There will be no additional impacts to the aesthetics of the area from this permitting action as there will be no physical modification of the existing facility beyond adding the 86 Hp compressor within the facility boundary.

F. Air Quality

The air quality of the area would realize minor impacts from the proposed project because the new compressor would emit small amounts of NO_x, CO, and VOC, and very small amounts of HAPs, PM_{10}, and SO_2. In addition, air emissions from the facility would be minimized by conditions that would be placed in MAQP #2739-05. Conditions would include, but would not be limited to, the requirement to operate BACT. MAQP #2739-05 would also include conditions requiring Genesis to use reasonable precautions to control fugitive dust emissions.

The Department determined that controlled emissions from the source will not cause or contribute to a violation of any ambient air quality standard. Therefore, any impacts to air quality from the proposed facility would be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

There may be an increase in emissions in the area where the facility is located, which may result in minor impacts to existing unique endangered, fragile, or limited environmental resources in the area. However, the proposed project will take place at an existing facility. Due to the fact that the facility would not expand, there will be an extremely small increase in pollutants that would be emitted, and conditions would be placed in MAQP #2739-05, the Department determined that any impacts to unique endangered, fragile, or limited environmental resources would be minor.

H. Demands on Environmental Resource of Water, Air, and Energy

The proposed project would have an insignificant impact on the resources of air and water because the new compressor would have a small increase in emissions. While deposition of pollutants would occur, as explained in Sections 7.B and 7.F of this EA, the Department determined that the chance of the proposed project impacting demands on air and water resources would be minor due to dispersion characteristics of pollutants and the atmosphere and conditions that would be placed in MAQP #2739-05. The proposed project would have minor impacts on the demand on the environmental resource of energy. Overall, any impacts on the demands on the environmental resources of air, water, and energy would be minor.

I. Historical and Archaeological Sites

The proposed project would not result in any impact to any existing historical and archaeological sites in the proposed project area because the proposed new equipment would operate within an existing industrial area. According to previous correspondence from the Montana State Historic Preservation Office, there is low likelihood of any disturbance to any known archaeological or historic site, given previous industrial disturbance within a given area. Therefore, the Department determined that the proposed project would not impact any existing historical or archaeological site.

J. Cumulative and Secondary Impacts

The proposed project would cause minor effects on the physical and biological aspects of the human environment because the project would increase emissions of NO_x, CO & VOC. Conditions that would be placed in MAQP #2739-05 would ensure that no air quality impacts, other than minor air quality impacts, would occur. Limitations would be established in MAQP #2739-05 to minimize air pollution. Overall, any impacts to the physical and biological environment would be minor.

8. The following table summarizes the potential economic and social effects of the proposed project on the human environment. The "no-action" alternative was discussed previously.

		Major	Moderate	Minor	None	Unknown	Comments Included
A	Social Structures and Mores				X		Yes
B	Cultural Uniqueness and Diversity				X		Yes
C	Local and State Tax Base and Tax Revenue			X			Yes
D	Agricultural or Industrial Production			X			Yes
E	Human Health			X			Yes
F	Access to and Quality of Recreational and Wilderness Activities				X		Yes
G	Quantity and Distribution of Employment			X			Yes
H	Distribution of Population				X		Yes
I	Demands for Government Services			X			Yes
J	Industrial and Commercial Activity			X			Yes
K	Locally Adopted Environmental Plans and Goals				X		Yes
L	Cumulative and Secondary Impacts			X			Yes

SUMMARY OF COMMENTS ON POTENTIAL ECONOMIC AND SOCIAL EFFECTS: The following comments have been prepared by the Department.

A. Social Structures and Mores

The proposed project would not cause a disruption to any native or traditional lifestyles or communities (social structures or mores) in the area because the proposed project would take place in a remote location in which oil and gas exploration and extraction activities are present. The proposed project would not change the predominant use of the surrounding area and the facility would be relatively small by industrial standards.

B. Cultural Uniqueness and Diversity

The cultural uniqueness and diversity of the area would remain unchanged from the proposed project (no impact) because the proposed project would take place in a remote location in which oil and gas exploration and extraction activities are present. The proposed project would not change the predominant use of the surrounding area and the facility would be relatively small by industrial standards.

C. Local and State Tax Base and Tax Revenue

The proposed project would result in minor, if any, impacts to the local and state tax base and tax revenue because the proposed project would not require new permanent employees to be hired. In addition, only minor amounts of construction would be needed to complete the project.

D. Agricultural or Industrial Production

The current land use of the area surrounding the facility is dry land farming. Since the new compressor will be installed within the existing facility boundary, the proposed project would not impact agricultural production. The compressor station may promote future industrial production in the area. Overall, any impacts to agricultural or industrial production would be minor.

E. Human Health

The proposed project would result in only minor, if any, impacts to human health because of the relatively small quantity of potential emissions. As explained in Section 7.F of this EA, deposition of pollutants would occur. However, the Department determined that the proposed project, permitted by MAQP #2739-05, would comply with all applicable air quality rules, regulations, and standards. These rules, regulations, and standards are designed to be protective of human health.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed project would not have any impacts on access to recreational and wilderness activities since the compressor will be installed within an existing facility. The proposed project would not have impacts on the quality of recreational and wilderness activities in the area.

G. Quantity and Distribution of Employment

The proposed project would not affect the quantity and distribution of employment because no permanent employees would be hired as a result of the proposed project. However, temporary construction-related positions could result from this project. Any impacts to the quantity and distribution of employment would be minor due to the relatively small size of the facility.

H. Distribution of Population

The proposed project would not affect distribution of population in the area because the facility would be located in a relatively remote location. The proposed project would not create any new permanent employment that would cause an increase in population in the area. In addition, the proposed project would not have impacts that would cause a decrease in the distribution of population in the surrounding area because the facility would be relatively small by industrial standards and the facility would only emit relatively small amounts of emissions.

I. Demands for Government Services

There would be minor impacts on demands of government services because additional time would be required by government agencies to issue MAQP #2739-05 and to monitor compliance with applicable rules and standards. In addition, the roads in the area may realize a minor increase in vehicle traffic. However, any impacts on government services to regulate the minor increase in traffic would be minor due to the overall small size of the operation. Overall, any impacts on the demands for government services would be minor.

J. Industrial and Commercial Activity

Only minor impacts would be expected on the local industrial and commercial activity because the proposed project would represent only a minor increase in the industrial and commercial activity in the area. However, any new oil & gas well facilities with a PTE greater than 25 tons per year of any regulated air pollutant would be required to obtain a Montana Air Quality Permit and the Department would perform an EA for each permit application, evaluating impacts to industrial and commercial activity for each proposed project.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans and goals affected by issuing MAQP #2739-05. The state standards would protect the proposed site and the environment surrounding the site.

L. Cumulative and Secondary Impacts

Overall, cumulative and secondary impacts from the proposed project would result in minor impacts to the economic and social aspects of the human environment in the immediate area due to the relatively small size of the facility. Due to the relatively small size of the project, the industrial production, employment, and tax revenue (etc.) would not be significantly impacted by the proposed project. The Department would not expect other industries to be impacted by the proposed project and the Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in MAQP #2739-05. In addition, further cumulative impacts may result from other companies actively drilling in the natural gas field. The companies would likely apply for air quality permits for additional facilities. However, impacts from additional facilities that require air quality permits would be evaluated upon the Department's receipt of any future permit applications.

Recommendation: No EIS is required.

If an EIS is not required, explain why the EA is an appropriate level of analysis: The current permitting action is for the construction and operation of a small booster compressor (natural-gas fired engine). MAQP #2739-05 would include conditions and limitations to ensure the facility would operate in compliance with all applicable rules and regulations. In addition, there are no significant impacts associated with this proposal.

Other groups or agencies contacted or which may have overlapping jurisdiction: Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

Individuals or groups contributing to this EA: Department of Environmental Quality – Air Resources Management Bureau.

EA prepared by: Christine Weaver
Date: January 25, 2006