



PRELIMINARY DETERMINATION
ON PERMIT APPLICATION

Date of Mailing: March 11, 2009

Name of Applicant: CHS, Inc.

Source: Laurel Refinery

Proposed Action: The Department of Environmental Quality (Department) proposes to issue a permit, with conditions, to the above-named applicant. The application was assigned Permit Application Number 1821-19.

Proposed Conditions: See attached.

Public Comment: Any member of the public desiring to comment must submit such comments in writing to the Air Resources Management Bureau (Bureau) of the Department at the above address. Comments may address the Department's analysis and determination, or the information submitted in the application. In order to be considered, comments on this Preliminary Determination are due by March 26, 2009. Copies of the application and the Department's analysis may be inspected at the Bureau's office in Helena. For more information, you may contact the Department.

Departmental Action: The Department intends to make a decision on the application after expiration of the Public Comment period described above. A copy of the decision may be obtained at the above address. The permit shall become final on the date stated in the Department's Decision on this permit, unless an appeal is filed with the Board of Environmental Review (Board).

Procedures for Appeal: Any person jointly or severally adversely affected by the final action may request a hearing before the Board. Any appeal must be filed by the date stated in the Department's Decision on this permit. The request for a hearing shall contain an affidavit setting forth the grounds for the request. Any hearing will be held under the provisions of the Montana Administrative Procedures Act. Submit requests for a hearing in triplicate to: Chairman, Board of Environmental Review, P.O. Box 200901, Helena, MT 59620.

For the Department,

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Air Permitting Program Supervisor
Air Resources Management Bureau
(406) 444-9741

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VW: MT
Enclosures

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
1520 East Sixth Avenue
P.O. Box 200901, Helena, Montana 59620-0901
(406) 444-3490

DRAFT ENVIRONMENTAL ASSESSMENT (EA)

Issued For: CHS Inc.
Laurel Refinery
P.O. Box 909
Laurel, MT 59044-0909

Permit Number: 1821-19

Preliminary Determination on Permit Issued: 3/11/09

Department Decision Issued:

Permit Final:

1. *Legal Description of Site:* South ½, Section 16, Township 2 South, Range 24 East in Yellowstone County.
2. *Description of Project:* The Department received a complete MAQP application on February 27, 2009 from CHS requesting clarification of an existing NO_x emissions limit for Boiler #12. In this application, CHS requested that the averaging period for the NO_x lb/MMBtu limit be specified as a 365-day rolling average. CHS submitted information to support this averaging period as the original basis for the BACT analysis conducted in MAQP #1821-17 for Boiler #12.
3. *Objectives of Project:* To clarify the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17.
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 MAQP to the proposed facility. However, the Department does not consider the “no-action” alternative to be appropriate because CHS 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 permit conditions and a complete permit analysis, including a BACT determination, would be contained in MAQP #1821-19.
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 are reasonably necessary to ensure compliance with applicable requirements and to demonstrate compliance with those requirements and do 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
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 Resource				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:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. Therefore, no impacts to terrestrial life and habitats are expected to occur as a result of this permitting action.

B. Water Quality, Quantity, and Distribution:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. It would not result in a change in the quality or quantity of ground water. There also would not be any changes in drainage patterns or new discharges associated with this project. Therefore, no impacts to water quality, quantity, and/or distribution are anticipated.

C. Geology and Soil Quality, Stability, and Moisture:

No additional disturbance would be created from this permitting action. Existing structures and equipment have already been removed to make room for Boiler #12. This permitting action would not change the soil stability or geologic substructure or result in any increased disruption, displacement, erosion, compaction, or moisture loss, which would reduce productivity or fertility at or near the site. No unique geologic or physical features would be disturbed. Therefore, no impacts to geology and soil quality, stability, and moisture are anticipated.

D. Vegetation Cover, Quantity, and Quality:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. Existing structures and equipment have already been

removed to make room for Boiler #12. Therefore, the vegetative cover, quantity, and quality would not be disturbed as a result of this permitting action.

E. Aesthetics:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. Existing structures and equipment have already been removed to make room for Boiler #12. Therefore, no additional impacts on aesthetics are expected.

F. Air Quality:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. In addition, a flow meter is required to be installed in order to ensure compliance with the existing short-term NO_x emission limit. Therefore, no impact on air quality would be expected from this permitting action.

G. Unique Endangered, Fragile, or Limited Environmental Resources:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. Existing structures and equipment have already been removed to make room for Boiler #12. Therefore, this permitting action would not result in impacts to unique endangered, fragile, or limited environmental resources. The Department is not aware of any unique, rare, threatened, or endangered species in the area surrounding the facility.

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

This project would not consume any additional energy or water resources. Further, as described in Section 7.F. of this EA, no change in emissions is expected as a result of this permit action. Previous modeling efforts, using allowable levels, showed compliance with the NAAQS and the MAAQS. Therefore, no impacts to the demands on environmental resource of water, air, or energy would be expected from this permitting action.

I. Historical and Archaeological Sites:

This project would not disturb a greater land surface than has already been occupied by the refinery. This project would occur within the boundaries of the area already disturbed. Therefore, no impacts to any historical and archaeological sites would be anticipated.

J. Cumulative and Secondary Impacts:

This permitting action clarifies the averaging period for the NO_x emission limit developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. Existing structures and equipment have already been removed to make room for Boiler #12. Therefore, no cumulative or secondary impacts are expected to result from this permitting action.

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
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 facility would not cause a disruption to any native or traditional lifestyles or communities (social structures or mores) in the area because the project has already been constructed at a previously disturbed, industrial site. The proposed project would not change the nature of the site.

B. Cultural Uniqueness and Diversity:

The proposed project would not cause a change in the cultural uniqueness and diversity of the area because the land is currently used as a petroleum refinery; therefore, the land use would not be changing.

C. Local and State Tax Base and Tax Revenue:

The refinery's overall capacity would not change as a result of the proposed project. In addition, no new employees would be needed for this project. Therefore, no impacts to the local and state tax base and tax revenue are anticipated from this project.

D. Agricultural or Industrial Production:

The proposed project would not result in a reduction of available acreage or productivity of any agricultural land; therefore, agricultural production would not be affected. The refinery's overall capacity would not change as a result of the proposed project. Therefore, industrial production would not be affected.

E. Human Health:

This permitting action clarifies the averaging period for the NO_x emission limit

developed for Boiler #12 in MAQP #1821-17. As described in Section 7.F of the EA, no change in emissions is expected as a result of this permit action. The air quality permit for this facility incorporates conditions to ensure that the facility would be operated in compliance with all applicable rules and standards. These rules and standards are designed to be protective of human health. Therefore, no impact to human health would be expected as a result of this permitting action.

F. Access to and Quality of Recreational and Wilderness Activities:

This project would not have an impact on recreational or wilderness activities because the site is far removed from recreational and wilderness areas or access routes. This project would not result in any changes in access to and quality of recreational and wilderness activities.

G. Quantity and Distribution of Employment:

No change in the number of employees currently onsite is anticipated as a result of this project. Therefore, this project would have not impacts to the quantity and distribution of employment at the facility.

H. Distribution of Population:

This project does not involve any significant physical or operational change that would affect the location, distribution, density, or growth rate of the human population. The distribution of population would not change as a result of this project.

I. Demands of Government Services:

The demands on government services would experience a minor impact. The primary demand on government services would be the acquisition of the appropriate permits by the facility and compliance verification with those permits.

J. Industrial and Commercial Activity:

The refinery's overall capacity would not change as a result of the proposed project. Therefore, no impacts on industrial activity at CHS would be expected. Industrial and commercial activity in the neighboring area is not anticipated to be affected by issuing MAQP #1821-19.

K. Locally Adopted Environmental Plans and Goals:

This project would not affect any locally adopted environmental plans or goals. CHS must continue to comply with the State Implementation Plan and associated stipulations for the Billings/Laurel area. The Department is not aware of any locally adopted environmental plans and goals that would be impacted by this project.

L. Cumulative and Secondary Impacts:

This permitting action clarifies the averaging period for the NO_x emission limit

developed for Boiler #12 in MAQP #1821-17. No change in emissions is expected as a result of this permit action. Existing structures and equipment have already been removed to make room for Boiler #12. No change in the quantity or distribution of employment would be expected from this permitting action. Therefore, no cumulative or secondary impacts are expected to result from this permitting action.

Recommendation: An Environmental Impact Statement (EIS) is not required.

If an EIS is not required, explain why the EA is an appropriate level of analysis: All potential effects resulting from this permitting action would be minor; therefore, an EIS is not required. In addition, the source would be applying BACT and the analysis indicates compliance with all applicable air quality rules and regulations.

Other groups or agencies contacted or which may have overlapping jurisdiction: None.

Individuals or groups contributing to this EA: Department of Environmental Quality, Permitting and Compliance Division - Air Resources Management Bureau.

EA Prepared By: Moriah Thunstrom

Date: 3/6/09