Montana Department of
ENVIRONMENTAL QUALITY
Brian Schweitzer, Governor
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June 8, 2009

Mr. Kent Sales
HiLand Partners, LP
Bakken Gathering Plant
P.O. Box 5103
Enid, Oklahoma 73702

Dear Mr. Sales:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for Hiland Partners, LP Bakken Gathering Plant. The application was given permit number3331-06. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by June 23, 2009. This permit shall become final on June 24, 2009, unless the Board orders a stay on the permit.

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 before the final date stated above. 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, Montana 59620.

Conditions: See attached.

For the Department,

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

Paul Skubinna
Environmental Engineer
Air Resources Management Bureau
(406) 444-6711

VW:PS
Enclosure

DEPARTMENT OF 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*:** Hiland Partners, LP
Bakken Gathering Plant
P.O. Box 5103
Enid, Oklahoma 73702-5103

Air Quality Permit Number: 3331-06

Preliminary Determination Issued: May 18, 2009
Department Decision Issued: June 8, 2009
Permit Final:

1. *Legal Description of Site:* The facility is located approximately 8 miles northwest of Sidney, Montana, in the NE ¼ of the NW ¼ of Section 3, Township 23 North, Range 58 East, in Richland County, Montana. The facility is known as the Bakken Gathering Plant**.**

2. *Description of Project:* The HPL Bakken Gathering Plant is an existing natural gas processing plant that extracts natural gas liquids from field gas. Under the current permit action, HPL proposed the addition of a fuel source to the 40 CFR 60, Subpart Dc, affected 44.82 MMBtu/hr heat input capacity natural gas-fired Hot Oil Heater, the replacement of the 500 hp rated natural gas fired compressor engine with a 550 hp rated engine.

3. *Objectives of Project*: The proposed project would increase business, revenue, and operational flexibility for the company and the permitted facility.

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 facility. However, the Department does not consider the "no-action" alternative to be appropriate because HPL 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, is included in MAQP #3331-06.

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 to 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 Department has prepared the following comments.

A. Terrestrial and Aquatic Life and Habitats
B. Water Quality, Quantity, and Distribution

The proposed action would not directly impact water quantity or distribution, or terrestrial or aquatic life or habitats in the proposed project area, because it would not result in new construction or ground disturbance and no discharge or use water would be required as part of normal operations.

Emissions from the proposed project may have a minor impact on water quality in the proposed project area. As stated in Section 7.F of this EA, changes in emissions and resulting impacts from those changes are expected to be minor due the net negative change in total emission from the facility and minor increase of pollutant emissions that may result in local deposition. Therefore, overall impacts to the water quality, quantity and distribution, and terrestrial and aquatic life and habitats near the project area would be minor.

C. Geology and Soil Quality, Stability, and Moisture

The proposed project would not impact the geology, soil quality, stability, and moisture of the proposed project area. The proposed project would be within an existing facility and no new construction or ground disturbance to the area would be required.

As stated in Section 7.F of this EA, changes in emissions and resulting impacts from those changes are expected to be minor due the net negative change in total emission from the facility and minor increase of pollutant emissions that may result in local deposition. However, deposition resulting from the proposed action is not expected to impact the geology, or the quality, stability or moister content of local soil. Overall, no impacts to the geology and soil quality, stability, and moisture of the project area would be expected.

D. Vegetation Cover, Quantity, and Quality

The proposed action would not directly impact vegetative cover, quantity or quality, because it will not result in new construction or ground disturbance and no discharge or use water is required as part of normal operations.

As stated in Section 7.F of this EA, changes in emissions and resulting impacts from those changes are expected to be minor due the net negative change in total emission from the facility and minor increase of pollutant emissions that may result in local deposition. Therefore, overall impacts to vegetative cover, quantity and quality near the project area would be minor.

E. Aesthetics

The proposed action would include a modification at an existing industrial facility and would not significantly change the nature or character of the facility. Therefore, the proposed action would not result in net change in the aesthetics of the area.

F. Air Quality

Particulate, NO_x and VOC emissions would increase from the proposed action a cumulative amount of 1.0 tpy; however, CO emission would decrease by 4.36 tpy, resulting in a net decrease of 3.36 tpy in total emissions from the site. Therefore, the aggregate air quality of the area may improve from the proposed action. However, the minor increases in particulate emissions and VOC may result in additional near or far field deposition, or additional formation of ozone locally. Nonetheless, Department believes that increase in VOC emissions would result in immeasurable changes to air quality and impacts from increases in local deposition of pollutants would be minor due to dispersion characteristics of pollutants (stack height, stack temperature, etc.) and atmosphere (wind speed, wind direction, ambient temperature, etc.).

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

G. Unique Endangered, Fragile, or Limited Environmental Resources

In an effort to identify any unique endangered, fragile, or limited environmental resources in the area, the Department contacted the Montana Natural Heritage Program, Natural Resource Information System (NRIS). The NRIS search did not identify any known species of special concern located within the proposed project area. In this case, the project area was defined by the section, township, and range of the proposed location with an additional 1-mile buffer zone.

The proposed action would be located an existing facility, would not require additional ground disturbance or significant construction, would not be likely to result in measurable to local ecosystems, and no endangered or fragile or limited environmental resource occurrences were identified in the study area. Therefore, the Department has determined that the proposed action would not impact species of special concern or fragile or limited environmental resources.

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

The proposed action could result in a net decrease of 4,610 CF in operational consumption of natural gas and may result in an aggregate decrease in actual pollutant emissions. Therefore, it may have a minor positive impact on the demands for energy and environmental resources. No increases in demand for water resources are expected. Overall, impacts on the demands for the environmental resources of water, air, and energy would be minor.

I. Historical and Archaeological Sites

The Department contacted the Montana Historical Society (SHPO) in an effort to identify any historical and archaeological sites near the proposed project area. According to SHPO records, there have not been any recorded historic or archaeological sites identified within the proposed area. Additionally the proposed action would not require additional ground disturbance. Therefore, SHPO recommended that a cultural resource inventory is not warranted and the Department has determined that there would be no potential to impact historical or archaeological sites.

J. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts on the physical and biological aspects of the human environment in the immediate area would be minor from the proposed action due to the scope and nature of the proposed facility modifications. The Department believes that the facility can be expected to operate in compliance with all applicable rules and regulations as would be outlined in MAQP #3331-06.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility may be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process.

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 Department has prepared the following comments.

A. Social Structures and Mores
B. Cultural Uniqueness and Diversity

The proposed action would not be expected to cause impacts to the social structure and customs, because the proposed permit modification from the 500 hp to 550 hp compressor engine would not directly impact the physical or intellectual arrangement of the community, its parts or elements, nor does it affect any known public interest in the area. Similarly the proposed action would not be expected to affect cultural uniqueness or diversity because the proposed facility modification would not require additional employees that could result in a potential influx of immigrants with different cultural attributes. Therefore, the proposed project would have no impact on the social structures and mores and cultural uniqueness and diversity in the area.

C. Local and State Tax Base and Tax Revenue

The proposed action would not result in impacts to the local and state tax base and tax revenue because relatively few or no new employees would be needed as a result of the proposed project and the net change in the potential amount of natural gas that can be processed is negligible. Further, the proposed modification would not require significant construction activities. Overall, any impacts to the local and state tax base and tax revenue would be minor.

D. Agricultural or Industrial Production

The land surrounding the proposed location is rural agricultural grazing land; however, the proposed action would not require significant land use changes on the subject or surrounding properties. Therefore, the proposed action is not expected to in impacts to industrial production in the area because the proposed project would add new equipment to an existing industrial source locating in an existing industrial area. However, because the proposed project would be relatively small by industrial standards, the project would likely not result in additional industrial sources (not directly associated with operations) moving to a given area.

Increased additional associated facilities (production field facilities) may locate in the area. However, any future facility may be required to apply for and receive the appropriate permits from the appropriate regulating authority. Impacts from any future facilities would be assessed through the appropriate permitting process. Overall, any impacts to agricultural or industrial production of the area would be minor.

E. Human Health

The proposed action would not result in impacts to human health. As explained in Section 7.F of this EA, minor changes may occur in local air quality and additional deposition of pollutants may occur; however, pollutant emissions are not expected to cause or contribute to a violation of any air quality standard and the proposed facility modification has been determined to comply with all applicable air quality rules and regulations. These rules, regulations, and standards are designed to be protective of human health. Therefore no impacts to human health are expected.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed action would not impact any access to recreational and wilderness activities because the proposed facility modification would be contained on an existing industrial facility already used for collection, processing and transmission of natural gas.

G. Quantity and Distribution of Employment
H. Distribution of Population

The proposed action is not expected to have impacts on the quantity and distribution of employment or the distribution of population in the area because the modifications proposed at the facility would likely not require additional employees. Current employees in the area associated with facility would be likely to execute any required physical site changes required. No new jobs, or immigration into or emigration is expected.

I. Demands for Government Services

The project would result in minor impacts on the demands for government services because time is required by government agencies to issue MAQP #3331-06 and to assure compliance with applicable rules, standards, and conditions contained in MAQP #3331-06. Overall, any demands for government services to regulate the facility or activities associated with the facility would be minor due to the relatively small size and existing industrial nature of the facility.

J. Industrial and Commercial Activity

No impacts are expected on the local industrial and commercial activity because the proposed action would not modify the ability of this, or similar facilities to produce a product.

K. Locally Adopted Environmental Plans and Goals

The Department is unaware of any locally adopted environmental plans or goals in the area. The permit requires compliance with state standards and goals. The state standards would be protective of the proposed site and the environment surrounding the site.

L. Cumulative and Secondary Impacts

The Department has not identified cumulative and secondary impacts to the economic and social aspects of the human environment in the immediate area due to the proposed permitting action or facility modifications. The proposed permit modification is not expected to change in the industrial production, employment, and tax revenue (etc.) associated with the facility.

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: There are no significant impacts resulting from the project; therefore, an EIS is not required.

Other groups or agencies contacted or which may have overlapping jurisdiction: Department of Environmental Quality - Permitting and Compliance Division (Air Resources Management Bureau and Industrial and Energy Minerals Bureau); Montana Natural Heritage Program; and the State Historic Preservation Office (Montana Historical Society).

Individuals or groups contributing to this EA: Department of Environmental Quality (Air Resources Management Bureau and Industrial and Energy Minerals Bureau), Montana Natural Heritage Program, and State Historic Preservation Office (Montana Historical Society).

EA prepared by: P. Skubinna
Date: February 25, 2009