Montana Department of
ENVIRONMENTAL QUALITY
Brian Schweitzer, Governor
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February 17, 2010

Mr. Gary Cox
Highline Exploration, Inc.
Hardin Compressor Station
PO Box 20057
Tuscaloosa, AL 35402

Dear Mr. Cox:

Montana Air Quality Permit #4161-01 is deemed final as of February 17, 2010, by the Department of Environmental Quality (Department). This permit is for a natural gas compressor engine and triethylene glycol dehydration 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,

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

Shawn Juers
Environmental Engineer
Air Resources Management Bureau
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VW:SJ
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: Highline Exploration, Inc
Hardin Compressor Station
P.O. Box 20057
Tuscaloosa, AL 35402

Montana Air Quality Permit Number: 4161-01

Preliminary Determination Issued: 1/13/2010
Department Decision Issued: 1/29/2010
Permit Final: 2/17/2010

1. *Legal Description of Site*: The legal description of the site is the SW ¼ of the NW ¼ of Section 17, Township 1 South, Range 33 East in Big Horn County, Montana. This is near the town of Hardin, MT.

2. *Description of Project*: Highline is proposing to replace the currently installed 1,340 bhp compressor engine with an 830 bhp compressor engine, remove one of two permitted TEG dehydration units, and include additional de-minimis emissions of plant vent, blowdown emissions, produced water tank emissions, and revised emissions from TEG reboiler and regenerator vents.

3. *Objectives of Project*: The objective of the project is to reduce the capacity of the compressor station.

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 air quality preconstruction permit to the proposed facility. However, the Department does not consider the "no-action" alternative to be appropriate because Highline 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 #4161-01.

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 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 Included
A	Terrestrial and Aquatic Life and Habitats			XX			Yes
B	Water Quality, Quantity, and Distribution			XX			Yes
C	Geology and Soil Quality, Stability and Moisture			XX			Yes
D	Vegetation Cover, Quantity, and Quality			XX			Yes
E	Aesthetics			XX			Yes
F	Air Quality			XX			Yes
G	Unique Endangered, Fragile, or Limited Environmental Resources			XX			Yes
H	Demands on Environmental Resource of Water, Air and Energy			XX			Yes
I	Historical and Archaeological Sites			XX			Yes
J	Cumulative and Secondary Impacts			XX			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

As shown in the Emissions Inventory of the Permit Analysis, allowable emissions as a result of conditions that would be placed in MAQP #4161-01 would be small on an industrial scale. Impacts to terrestrial and aquatic life and habitats would be expected to be minor.

B. Water Quality, Quantity and Distribution

The proposed project would not result in water usage or onsite wastewater discharge as a part of normal operations of the compressor engine. A produced water tank stores wastewater to be hauled off-site. Small amounts of water may be required for fugitive dust control of the access roads and the general facility property. Any impacts to the water quality, quantity, and distribution in the area would be expected to be minor.

C. Geology and Soil Quality, Stability and Moisture

Small amounts of water may be required for fugitive dust control of the access roads and the general facility property. Deposition of pollutants would be expected to be very minor due to the small amount of emissions as a result of the control requirements that would be in MAQP #4161-01 and the dispersion of those emissions. Impacts to geology and soil quality, stability, and moisture would be expected to be minor.

D. Vegetation Cover, Quantity, and Quality

Deposition of pollutants would be expected to be very minor due to the small amount of emissions as a result of the control requirements that would be in MAQP #4161-01. Furthermore, fugitive dust control would be required of the access roads and the general facility property. Therefore, any impacts to vegetation cover, quantity, and quality would be expected to be minor.

E. Aesthetics

The proposed project is to install a compressor engine in an already existing site. Therefore, a minor impact, if any, to aesthetics may be expected.

F. Air Quality

MAQP #4161-01 would require AFR and NSCR controls. These controls would greatly reduce the potential NO_x and CO emissions from this source. Conditions and limitations that would be placed in MAQP #4161-01 would ensure all emissions are small on an industrial scale. Therefore, impacts to the air quality would be expected to be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

As described in Section 7.F above, conditions and limitations that would be placed in MAQP #4161-01 would ensure all emissions are controlled and results in emissions that are small on an industrial scale.

As depicted in the table below, the net emissions change from MAQP #4161-00 to #4161-01 is mostly a reduction of emissions. Any affect to endangered, fragile, or limited environmental resources as a result of the very slight increase in PM_{10} emissions would be expected to be very minor, if any discernable amount at all.

Facility Wide Emissions Change

		tons/yr				
		PM_{10}	NO_X	CO	VOC	SO_2
MAQP 4161-01	TOTAL:	0.30	8.08	16.08	5.28	0.02
MAQP 4161-00	TOTAL:	0.01	38.85	25.89	8.44	0.05
	Difference:	0.28	-30.78	-9.81	-3.16	-0.03

Furthermore, the Department determined that minor, if any, disturbance to endangered, fragile, or limited environmental resources would result from the issuance of MAQP #4161-00. Therefore, minor, if any, disturbance to endangered, fragile, or limited environmental resources would result from the issuance of MAQP #4161-01.

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

The project is to install a natural gas compressor engine. This engine would be fired on Natural Gas. However, the engine is required to ensure proper distribution of natural gas through the pipeline.

As described in Section 7.B above, the proposed project would not result in water usage or onsite wastewater discharge as a part of normal operations of the compressor engine. However, small amounts of water may be required for fugitive dust control of the access roads and the general facility property.

As described in Section 7.F above, impacts to the air quality would be expected to be minor.

Overall, the demands on the environmental resources of water, air and energy would be expected to be minor.

I. Historical and Archaeological Sites

The Department contacted the Montana Historical Society, State Historical Preservation Office (SHPO), in an effort to identify any historical and archaeological sites that may be present in the proposed area of construction and operation for MAQP #4161-00. The search results showed no previously recorded historical or archaeological resources of concern within the area. The current project would take place within an already developed compressor station site. Therefore, with no historical or archaeological resources of concern recorded or discovered during installation of this station, no impacts would be expected.

J. Cumulative and Secondary Impacts

Potential physical and biological effects of any individual considerations above would be expected to be minor. Collectively, the potential cumulative and secondary impacts would be expected to 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			XX			Yes
B	Cultural Uniqueness and Diversity			XX			Yes
C	Local and State Tax Base and Tax Revenue			XX			Yes
D	Agricultural or Industrial Production			XX			Yes
E	Human Health			XX			Yes
F	Access to and Quality of Recreational and Wilderness Activities			XX			Yes
G	Quantity and Distribution of Employment			XX			Yes
H	Distribution of Population			XX			Yes
I	Demands for Government Services			XX			Yes
J	Industrial and Commercial Activity			XX			Yes
K	Locally Adopted Environmental Plans and Goals					XX	Yes
L	Cumulative and Secondary Impacts			XX			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 be expected to cause disruption to any social structures or mores in the area. The project would not be expected to change the predominate use of the land in the surrounding area and the project is replacing a compressor engine at an already existing site. Impacts to social structures and mores, if any, would be expected to be minor.

B. Cultural Uniqueness and Diversity

The predominant use of the area would be expected to remain the same. No significant employment would be expected as a result of this project. The cultural uniqueness and diversity of the area would be expected to have only minor, if any, affects imparted by this project.

C. Local and State Tax Base and Tax Revenue

The proposed project would result in minor impacts to the local and state tax base and tax revenue. The proposed project would require temporary construction activities. Overall, any impacts to the local and state tax base and tax revenue would be expected to be minor.

D. Agricultural or Industrial Production

Deposition of pollutants would be expected as a result of this project. However, potential emissions would be small on an industrial scale. Furthermore, MAQP #4461-00 would require control of fugitive dust emissions from the general facility area. The project is replacing an engine at an already established site. Agricultural impacts would be expected to be minor.

E. Human Health

MAQP #4161-01 contains limitations and conditions derived from rules designed to protect human health. Overall, any impacts to human health would be expected to be minor.

F. Access to and Quality of Recreational and Wilderness Activities

This project is replacing a compressor engine at an already existing site. Therefore, any impacts to the access and quality of recreational and wilderness activities would be expected to be minor.

G. Quantity and Distribution of Employment

It is not expected that any more than a negligible affect to the quantity and distribution of employment would result from this project. Impacts, if any, would be expected to be minor.

H. Distribution of Population

It is not expected that any more than a negligible affect to the quantity and distribution of employment would result from this project. No other factors affecting distribution of population is apparent. Impacts, if any, would be expected to be minor.

I. Demands for Government Services

It would be expected that there would be demand for government services associated with compliance activities and acquiring the proper permits related to this project. Overall, demands for government services would be minor due to the size/classification of this facility.

J. Industrial and Commercial Activity

Only minor impacts would be expected from industrial and commercial activity because the compressor engine would replace an already existing engine at an established site. There may be a slight increase in activity during installation of the compressor station; however, this would be temporary.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans and goals affected by issuing MAQP #4161-01. The MAQP would contain limits for protecting air quality and keeping facility emissions in compliance with air quality standards.

L. Cumulative and Secondary Impacts

Potential economic and social effects of any individual considerations above would be expected to be minor. The Department has determined that collectively, the potential cumulative and secondary impacts would be expected to be minor.

Recommendation: No Environmental Impact Statement (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 installation and operation of a natural gas compressor engine at an existing station. MAQP #4161-01 includes conditions and limitations to ensure the facility will 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, and previous information obtained from the Montana Historical Society – State Historic Preservation Office, and the Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: Shawn Juers
Date: 12/22/2009