Montana Department of
ENVIRONMENTAL QUALITY
Brian Schweitzer, Governor
P. O. Box 200901 Helena, MT 59620-0901 (406) 444-2544 Website: www.deq.mt.gov

PRELIMINARY DETERMINATION
ON PERMIT APPLICATION

Date of Mailing: March 9, 2010

Name of Applicant: Iofina Natural Gas, Inc.

Source: Stationary Natural Gas Fired Generator Engine

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 4523-00.

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 24, 2010. 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,

Vickie Walsh
Air Permitting Program Supervisor
Air Resources Management Bureau
(406) 444-3490

Shawn Juers
Environmental Engineer
Air Resources Management Bureau
(406) 444-2049

VW:SJ
Enclosures

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

DRAFT ENVIRONMENTAL ASSESSMENT (EA)

Issued To: Iofina Natural Gas, Inc.
8480 E Orchard Rd. Suite 3600
Greenwood Village, CO 80111

Montana Air Quality Permit Number: 4523-00
Preliminary Determination Issued: 03/09/2010
Department Decision Issued:
Permit Final:

1. *Legal Description of Site*: SW¼ of the SW¼ of Section 3, Township 35N, Range 11E in Hill County, Montana

2. *Description of Project*: Iofina proposes to operate a natural gas fired generator engine.

3. *Objectives of Project*: The engine is proposed to power a generator for the generation of electricity.

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 Iofina 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 #4523-00.

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

The project would result in emissions primarily consisting of NO_X, CO, and VOC. However, through the BACT process, MAQP #4523-00 would require the engine to be equipped with an AFR controller and NSCR technology. These controls would greatly reduce the potential NO_X and CO emissions from this source, as well as reduce VOC. As presented in the emissions inventory of the permit analysis, emissions would be small on an industrial scale. Furthermore, the emissions would be expected to be widely dispersed. Any 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 wastewater discharge as a part of normal operations of the generator engine. However, water may be required for fugitive dust control of the access roads and the general facility property. Impacts to the water quality, quantity, and distribution in the area would be expected to be minor, and necessary for fugitive dust control.

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 minor due to the small amount of emissions as a result of the control requirements that would be in MAQP #4523-00 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 #4523-00. 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 generator engine at an already established site. Minor, if any, impacts to aesthetics would be expected.

F. Air Quality

MAQP #4523-00 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 #4523-00 would ensure that all emissions would be very small on an industrial scale. Furthermore, conditions and limitations are derived from rules designed to protect air quality. Therefore, impacts to the air quality would be expected to be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

The Department, in an effort to identify any unique endangered, fragile, or limited environmental resources in the area, contacted the Montana Natural Heritage Program, Natural Resource Information System. File search results showed no species of concern within the proposed area.

As described in Section 7.F above, conditions and limitations that would be placed in MAQP #4523-00 would ensure all emissions are small on an industrial scale. The overall impacts to any endangered, fragile, or limited environmental resources would be expected to be minor.

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

The project is to install a natural gas fired generator engine. The natural gas consumption would be expected to be small on an industrial scale.

As described in Section 7.B above, the proposed project would not result in water usage or wastewater discharge as a part of normal operations of the engine. However, 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 environmental resource of water, air and energy would be expected to be minor.

I. Historical and Archaeological Sites

The Department, in an effort to identify any historically significant sites within the project area, contacted the State Historic Preservation Office. A cultural resource file search showed no previously recorded sites within the designated search area. Therefore, with no known historically or archaeologically significant site within the area, any impacts to historical or archaeological sites would be expected to be minor.

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. This project alone would not be expected to change the predominant use of the land in the surrounding area. 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 minor, if any, affects imparted by the operation of this facility.

C. Local and State Tax Base and Tax Revenue

Any impacts to the local and state tax base and tax revenue from this permitting action 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 #4523-00 would require control of fugitive dust emissions from the general facility area. Agricultural impacts would be expected to be minor.

E. Human Health

MAQP #4523-00 would contain limitations and conditions derived from rules designed to protect human health. As illustrated in the emissions inventory of the permit analysis, allowable emissions would be small. Overall, any impacts to human health would be expected to be minor.

F. Access to and Quality of Recreational and Wilderness Activities

The Department is not aware of any direct access to recreational or wilderness activities which this project would affect. Furthermore, the generator engine would be installed at an existing industrial 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
H. Distribution of Population

It is not expected that any more than two additional staff members would be employed as a result of this project. Impacts to quantity and distribution of employment and distribution of population 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 associated with the generator engine would be minor due to the current size/classification of this facility.

J. Industrial and Commercial Activity

The generator engine would be installed at an exiting industrial site. Therefore, a minor, if any, increase in industrial and commercial activity would be expected as a result of this 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 #4523-00. The MAQP would contain limits for protecting air quality and keeping facility emissions in compliance with any applicable 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 construction and operation of a natural gas fired generator engine. MAQP #4523-00 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, Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: Shawn Juers
Date: 2/22/2010