



Montana Department of  
**ENVIRONMENTAL QUALITY**

Brian Schweitzer, Governor

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June 24, 2010

Scott Formolo  
Iofina Natural Gas, Inc.  
8480 East Orchard Road, Suite 3600  
Greenwood Village, CO 80111

Dear Mr. Formolo:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for the Wall Corner Pumping Station. The application was given permit number 4549-00. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by July 26, 2010. This permit shall become final on July 10, 2010, 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

Ed Warner  
Environmental Engineer  
Air Resources Management Bureau  
(406) 444-2467

VW:EW  
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:* Iofina - Wall Corner Pumping Station

*Montana Air Quality Permit Number:* #4549-00

*Preliminary Determination Issued:* 6/8/10

*Department Decision Issued:* 6/24/10

*Permit Final:*

1. *Legal Description of Site:* SE¼ of SE¼ Section 32, Township 35 North, Range 12 East, in Hill County
2. *Description of Project:* Iofina proposes to operate a four-stroke rich-burn natural gas-fired generator engine up to 265 hp to produce electricity for on-site use.
3. *Objectives of Project:* The Wall Corner Pumping Station will house several transfer pumps to transmit water from producing gas wells to an injection facility located several miles away.
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 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 #4549-00.
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                      |       |          | 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

The proposed facility would have a minor impact on terrestrial and aquatic life and habitats in the project area. The generator engine would be a minor source of air emissions as well as a source of noise. The Department has determined that any impacts from emissions or deposition of pollutants would be minor due to the dispersion characteristics of the pollutants, the atmosphere, and the conditions contained in MAQP #4549-00.

B. Water Quality, Quantity and Distribution

The proposed facility would have a minor impact on water quality, quantity, and distribution in the project area. The proposed project would not have any discharges into surface water or onto the proposed project site. However, water may be required for fugitive dust control of the access roads and the general facility property.

C. Geology and Soil Quality, Stability and Moisture

The proposed facility would have a minor impact on geology and soil quality, stability, and moisture. The project would be entirely located on leased private land and the equipment would be located within an existing building. Water may be required for fugitive dust control of the access roads and the general facility property.

D. Vegetation Cover, Quantity, and Quality

The project would have a minor affect on the local vegetation. The impacts from emissions or deposition of pollutants would be minor due to dispersion characteristics of the pollutants, the atmosphere, and the conditions that would be placed in MAQP #4549-00. Approximately one acre of land would be disturbed as a result of this proposed project. The project site contains winter and summer wheat, grazing land, and few trees.

E. Aesthetics

The proposed project would have a minor affect on the local aesthetics. The surrounding land use is primarily agricultural. The proposed equipment would be housed within existing structures and only one acre of land disturbance is expected for construction.

F. Air Quality

The area surrounding the proposed project is unclassifiable/attainment for the NAAQS for all criteria air pollutants. Emissions of air pollutants would occur as a result of the permit action; however, MAQP #4549-00 would contain conditions limiting opacity and generator emissions and require Iofina to minimize airborne dust through the use of water or chemical dust suppressants and to operate pollution control equipment to minimize engine emissions of NO<sub>x</sub>, CO, and VOC. Compliance with all of the permit conditions would ensure that effects to the local air quality would be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

The proposed project would impact the unique endangered, fragile, or limited environmental resources because emissions of PM<sub>10</sub>, NO<sub>x</sub>, CO, VOC, and SO<sub>x</sub> would increase in the area because of the operation of the facility. However, the Department believes that any impacts would be minor due to the relatively small amount of the above listed pollutants emitted, dispersion characteristics of the pollutants and the atmosphere, and conditions placed in MAQP #4549-00, including, but not limited to, BACT requirements discussed in Section III of the permit analysis for this permit.

The Montana Natural Heritage Program (MNHP) identified occurrences of five animal species of concern within the vicinity of the proposed project location that are classified either as sensitive or without classification by the U.S. Bureau of Land Management. Sensitive animal species of concern are the Sprague's Pipit, Baird's Sparrow, McCown's Longspur, and Chestnut-collared Longspur. The unclassified animal is the Grasshopper Sparrow.

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

The proposed project would have a minor impact on environmental resources of water, air, and energy. Water may be required to control dust from the access roads and overall plant area. Energy would be provided by the generator engine, so no line power would be necessary at the site. The engine would be a source of air emissions. The Department has determined that any impacts from emissions or deposition of pollutants would be minor due to the dispersion characteristics of the pollutants, the atmosphere, and the conditions contained in MAQP #4549-00.

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 area of operation. According to their records there are no previously recorded sites in the area of the proposed project location and there is a low likelihood of adverse disturbance to any known archaeological or historic site. Therefore, no impacts upon historical or archaeological sites would be expected as a result of this project.

J. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts from this project on the physical and biological environment in the immediate area would be minor due to the relatively small size and potential environmental impact of the operation. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #4549-00.

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 operation would cause no disruption to the native or traditional lifestyles or communities of the area because the facility would be located on private land and the equipment would be located within existing structures.

B. Cultural Uniqueness and Diversity

The operation would have no impact on the cultural uniqueness and diversity of the area because the facility would be located on private land and the equipment would be located within existing structures. No current culturally unique or diverse activities are known to be occurring at the proposed site location.

C. Local and State Tax Base and Tax Revenue

The project would have a minor effect on the local and state tax base and revenue due to the taxes generated from the purchase of supplies and the employee payroll.

D. Agricultural or Industrial Production

The project would have a minor effect on the agricultural production because it would be located within land that is primarily used for agriculture and approximately one acre of land is expected to be disturbed for construction. There is no other known industrial activity occurring at or near the proposed site.

E. Human Health

MAQP #4549-00 would incorporate 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.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed operations would not affect any access to or aesthetic attribute of recreational and wilderness activities in the area.

G. Quantity and Distribution of Employment

The proposed operations would not disrupt the distribution of employment in the area because no additional employees would be hired, nor would permanent employees be located at the facility.

H. Distribution of Population

The proposed operations would not disrupt the normal population distribution in the area because the facility would be located within private land. No additional employees would be hired, nor would permanent employees be located at the facility.

I. Demands for Government Services

Government services would be required for acquiring the appropriate permits from government agencies. In addition, the permitted sources of emissions would be subject to periodic inspections by government personnel. Demands for government services would be minor.

J. Industrial and Commercial Activity

The level of industrial or commercial activity would experience a minor increase as a result of the proposed facility's intent to use the electricity from the generator in the company's natural gas recovery process.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans or goals. MAQP #4549-00 would incorporate conditions to ensure that the facility would be operated in compliance with all applicable rules and standards.

L. Cumulative and Secondary Impacts

Overall, the revenue generated with this project would result in minor cumulative or secondary impacts that affect the economic and social environment in the immediate area. Air pollution from the facility would be controlled by Department determined BACT and conditions in MAQP #4549-00. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #4549-00.

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 natural gas-fired generator engine. MAQP #4549-00 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: Ed Warner

Date: 6/2/10