



Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

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September 2, 2010

Mr. Peter Mueller
Saga Petroleum, LLC
Big Coulee Field, Station 057
600 17th St, Suite 1700N
Denver, CO 80202

Dear Mr. Mueller:

Montana Air Quality Permit #2770-09 is deemed final as of September 2, 2010, by the Department of Environmental Quality (Department). This permit is for a natural gas compressor station. 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
(406) 444-2049

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: Saga Petroleum, LLC
600 17th Street, Suite 1700 N
Denver, CO 80202

Montana Air Quality Permit Number: 2770-09

Preliminary Determination Issued: 7/30/2010

Department Decision Issued: 8/17/2010

Permit Final: 9/2/2010

1. *Legal Description of Site:* SE ¼ of the SE¼ of Section 25, Township 5 North, Range 19 East, in Golden Valley County, Montana.
2. *Description of Project:* To remove one 360-bhp compressor engine from the MAQP and add one 515-bhp engine in it's place.
3. *Objectives of Project:* To continue to compress and dehydrate natural gas for distribution through the natural gas pipeline.
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 Saga 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 #2770-09.
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

Through the BACT process, MAQP #2770-09 would require the proposed compressor engine to be equipped with control technology. These controls greatly reduce the potential emissions from this source. Overall, the additional allowable emissions as a result of the permitting action would result in a very small increase, on an industrial scale, of all criteria pollutants. The Department would expect minor impacts to terrestrials and aquatic life and habitats.

B. Water Quality, Quantity and Distribution

This project does not result in regular usage of water during normal operations, with the exception of small amounts of water which may be required for fugitive dust control. Furthermore, the controls that would be required in issuance of MAQP #2770-09 would result in an emissions increase which is very small on an industrial scale. Therefore, the Department would expect minor, if any, impacts to water quality, quantity, and distribution, soil quality, stability, moisture, and geology.

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 during installation and as needed during regular operations. Any change in the deposition of pollutants would be expected to be very minor as the change in emissions associated with this project would be small as a result of the control requirements that would be placed in MAQP #2770-09, 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. Furthermore, fugitive dust control would continue to 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, if any.

E. Aesthetics

The proposed project is to install a compressor engine at an already existing industrial natural gas facility. A minor impact to aesthetics may be expected.

F. Air Quality

MAQP #2770-09 would require emission controls on the proposed compressor engine. These emission controls would greatly reduce the potential emissions from this source. Furthermore, the conditions and limitations which would be part of MAQP #2770-09 are derived from rules designed to protect air quality. Therefore, impacts to air quality would be expected to be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

MAQP #2770-09 would require emissions controls on the proposed compressor engine. The resulting allowable emissions from the proposed engine would be very small on an industrial scale. Therefore, the Department would expect minor, if any, effects to unique endangered, fragile, or limited environmental resources.

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 would be 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 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 during installation and as needed during normal operations. As described in Section 7.F above, impacts to 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

Minor, if any, affects to any historical or archaeological sites would be expected as a result of this project as the current project would take place within an already developed compressor station site.

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
- B. Cultural Uniqueness and Diversity

The current project would replace an existing compressor engine at an existing industrial site. No additional employment is expected as a result of this project. Minor, if any, effects to social structures and mores or cultural uniqueness and diversity would be expected as a result of this project.

- C. Local and State Tax Base and Tax Revenue

The current project would replace an existing compressor engine at an existing industrial site. Impacts to local and state tax base and revenue associated with this project would be expected to be minor.

- D. Agricultural or Industrial Production

The current project would take place at an existing industrial facility. Impacts from the installation of the engine would be expected to be minor. Limitations and conditions in MAQP #2770-09 would minimize allowable emissions. As the current project would replace an existing compressor engine at an existing industrial site, effects to agricultural or industrial production would be expected to be minor.

- E. Human Health

MAQP #2770-09 would contain conditions and limitations derived from rules designed to protect human health. Impacts to human health would be expected to be minor.

F. Access to and Quality of Recreational and Wilderness Activities

The current project would take place at an existing facility. Any effects to the quality of recreational and wilderness activities would be expected to be minor.

G. Quantity and Distribution of Employment

H. Distribution of Population

Installation of the proposed compressor engine may require a temporary increase of activity in the area; however, no additional employment is expected as a result of this project. Any effects to quantity and distribution of employment or distribution of population would be expected to be minor.

I. Demands for Government Services

The proposed compressor engine would require the proper permitting and associated compliance activities from the state. Effects to the demands for government services would be expected to be minor.

J. Industrial and Commercial Activity

As the proposed engine would operate at an already existing industrial site, any effects to industrial and commercial activity would be expected to be minor.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans and goals affected by the issuance of MAQP #2770-09. The MAQP would contain limits for protecting air quality and keeping facility emissions in compliance with state and federal 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 compressor engine. MAQP #2770-09 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: 7/29/2010