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: September 30, 2010

Name of Applicant: Texon, L.P.

Source: Richey Station

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 4590-00.

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 October 15, 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

Vickie Walsh
Air Permitting Program Supervisor
Air Resources Management Bureau
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Ed Warner

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Air Resources Management Bureau
(406) 444-2467

VW:EW
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: Texon – Richey Station
11757 Katy Freeway, Suite 1400
Houston, Texas 77079

MAQP Number: 4590-00

Preliminary Determination Issued: 9/30/10
Department Decision Issued:
Permit Final:

1. *Legal Description of Site*: the facility would be located in the SE¼ of Section 3, Township 21 North, Range 53 East, approximately nine miles southeast of Richey, in Dawson County, Montana.

2. *Description of Project*: Texon proposes to construct and operate a crude oil truck unloading station known as the Richey Station. This facility would be used to unload crude oil from transport trucks to storage tanks and to inject the oil into a pipeline.

3. *Objectives of Project*: The objectives of the project would be to generate business and revenue from the transport of crude oil to sales destinations.

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 Texon 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 #4590-00.

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

Minor impacts on terrestrial or aquatic life and habitats would be expected from the proposed project because the facility would be a source of air pollutants and site disturbance would be required for the construction of the new facility. The proposed project would result in an increase in VOC and particulate matter emissions in the area. The MAQP contains limitations and conditions to minimize the impact of the air emissions on the surrounding environment. While an increase in air emissions and corresponding pollutant deposition would occur, the Department determined that any impacts from the deposition would be minor due to dispersion characteristics of the pollutants and the atmosphere and conditions that would be placed in MAQP #4590-00. Overall, any impacts to terrestrial and aquatic life and habitats would be minor.

B. Water Quality, Quantity and Distribution

Minor impacts would be expected on water quality, quantity, and distribution from the proposed project due to pollutant deposition and the use of water for dust suppression on the gravel roads. There are no surface or groundwater discharges expected from this project, nor are there any surface waters at or near the project site. Therefore minor, if any, impacts would be expected from the proposed project.

C. Geology and Soil Quality, Stability and Moisture

This project would have a minor effect on geology and soil quality, stability, and moisture because the construction of the new facility would require ground disturbance at a previously undeveloped location. The proposed project would result in air emissions and pollutant deposition; however, the MAQP associated with the project contains limitations and conditions to minimize the effect of those emissions on the surrounding environment. Overall, any impacts to the geology and soil quality, stability, and moisture would be minor.

D. Vegetation Cover, Quantity, and Quality

This project would have a minor impact on vegetation cover, quantity, and quality because the construction of the new facility would require the disturbance of approximately two acres of land. The current land use is described as agricultural and is occupied with native grasses. The proposed project would result in air emissions and pollutant deposition; however, the MAQP associated with the project contains limitations and conditions to minimize the effect of those emissions on the surrounding environment. Overall, any impacts to the vegetation cover, quantity, and quality would be minor.

E. Aesthetics

The proposed project would have a minor impact on the aesthetics of the area because it would involve the construction of a new facility. There would be visible equipment as well as increased truck traffic which would increase the overall level of activity in the area. VOC emissions from the tanks are not visible; however, they may present an odor. The truck traffic would create visible particulate emissions. The MAQP associated with the project contains limitations and conditions to minimize the effect of air emissions on the surrounding environment. Overall, any impacts to the aesthetics would be minor.

F. Air Quality

The proposed project would have a minor impact on the local air quality because it would be source of VOC and particulate matter air pollutant emissions. The air emissions from the facility would be minimized by enforceable conditions in the facility's MAQP. The Department determined, based on the minimal amount of potential emissions from the facility and the existing air quality in the area, that the impacts from this permitting action would be minor. The Department believes it would not cause or contribute to a violation of any ambient air quality standard.

G. Unique Endangered, Fragile, or Limited Environmental Resources

In an effort to identify any unique, 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 species of special concern in the vicinity of the project area. In this case, the area was defined by the section, township, and range of the proposed location with an additional one mile buffer zone. Due to the minor levels of potential air pollutant emissions and the results of the NRIS search, the Department has determined that the project would have no effect on any unique endangered, fragile, or limited environmental resources.

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

The proposed project would have minor impacts on the demands of environmental resources of water, air, and energy because the facility would be a source of air pollutants. Water would be required for the control of particulate matter from vehicle traffic. An additional three-phase power line would be required to supply adequate electricity to the facility. The Department has determined that while the proposed project would require environmental resources of water, air, and energy, the impact would be minor.

I. Historical and Archaeological Sites

In an effort to identify any historical and archaeological sites at or near the proposed project area, the Department contacted the Montana Historical Society, State Historic Preservation Office (SHPO). According to the SHPO, there have not been any previously recorded sites within the designated search locale and that there is a low likelihood that cultural properties would be impacted. In this case, the area was defined by the section, township, and range of the proposed location. Based on the size of the proposed project site and the results of SHPO search, the Department had determined that there would be no impact on any 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 from this project would be minor because the facility would be a minor source of emissions and conditions in the MAQP would minimize air pollutant emissions. The MAQP requirements would ensure that the facility would operate in compliance with applicable rules and regulations that are protective of human health and welfare.

8. *he 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 proposed facility would not cause a disruption to any native or traditional lifestyles or communities in the area. The proposed location is on private property owned by Texon.

B. Cultural Uniqueness and Diversity

The proposed facility would not cause a change in the cultural uniqueness and diversity of the area because the surrounding land use would remain unchanged.

C. Local and State Tax Base and Tax Revenue

The project would have a minor impact on the local and state tax base and tax revenue from the financial transactions that would occur during the construction of the facility. Texon has indicated that the project would require the hiring of one part time employee.

D. Agricultural or Industrial Production

The proposed project would have a minor impact on the agricultural production because it would require the disturbance of approximately two acres of agricultural-use land for facility construction. This disturbed land would no longer be viable for agriculture. In addition, the industrial production would increase from the installation of the new crude oil unloading station.

E. Human Health

As described in Section 7.F of the EA, the impacts from this facility on human health would be minor because it would be considered a minor source of emissions and the MAQP conditions would ensure that the facility would operate 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

There are no access points to recreational or wilderness activities near the proposed project site. The increase in truck traffic would create additional activity and noise levels in the area which would have a minor impact on the quality of any local recreational and wilderness activities.

G. Quantity and Distribution of Employment

The proposed project would have a minor impact on the quantity and distribution of employment because Texon has indicated that the project would require the hiring of a part-time employee.

H. Distribution of Population

The proposed project would not require any significant physical changes that would affect the location, distribution, density, or growth rate of the human population.

I. Demands for Government Services

The proposed project would have a minor impact on the demands for government services from the acquisition of the appropriate permits by the facility including local building permits and a MAQP.

J. Industrial and Commercial Activity

The local industrial and commercial activity would experience a minor increase from the installation of this new facility. There would be additional truck traffic as well as an increase in crude oil transportation capacity associated with this project.

K. Locally Adopted Environmental Plans and Goals

The Department is unaware of any locally adopted environmental plans or goals that would be affected by the proposed facility. The facility would be similar to other sources with no locally adopted environmental plans or goals.

L. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts from this project on the social and economic aspects of the human environment would be minor because of the increase in industrial activity and tax revenue. Texon has indicated that they would hire a part-time employee for operation of the facility. There would be no impact to the culture or character of the area.

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 crude oil unloading station. MAQP #4590-00 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: September 23, 2010