



PRELIMINARY DETERMINATION
ON PERMIT APPLICATION

Date of Mailing: March 17, 2011

Name of Applicant: Bear Paw Energy, LLC – Riverview Terminal

Source: Natural gas liquids storage and transfer facility

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 4631-00.

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 April 18, 2011. 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,

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VW:SJ
Enclosures

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
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DRAFT ENVIRONMENTAL ASSESSMENT (EA)

Issued To: Bear Paw Energy, LLC - Riverview Terminal

Montana Air Quality Permit Number: 4631-00

Preliminary Determination Issued: March 17, 2011

Department Decision Issued:

Permit Final:

1. *Legal Description of Site:* East ½, Northwest ¼, Section 17 and SE¼, SW¼, Section 8, Township 22 North, Range 59 East, in Richland County.
2. *Description of Project:* Bear Paw Energy proposes to construct and operate an expansion of the Riverview Terminal. The facility has been operating since 1982 storing and loading natural gas liquids transported from surrounding gas plants via pipeline and truck. Spec grade liquids (propane and butane) are piped into horizontal pressurized tanks where they are stored for loading. Bear Paw Energy is proposing an expansion that would increase the facility’s potential VOC emissions to more than the permitting threshold of 25 tons per year; therefore, an MAQP would be required.
3. *Objectives of Project:* To increase capacity of the Riverview Terminal to store and transfer natural gas liquids.
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 Bear Paw Energy 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 #4631-00.
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

		Major	Moderate	Minor	None	Unknown	Comments Included
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

Terrestrials may be present in the surrounding area. Issuance of MAQP #4631-00 would permit an expansion of an existing source of emissions. This project would increase emissions of VOC at the facility. Conditions and limitations in the permit would limit the allowable emissions. Minor effects to terrestrial and aquatic life and habitats would be expected.

B. Water Quality, Quantity and Distribution

The proposed project would not result in a direct discharge to surface waters. Water usage may be required as a method to control fugitive dust emissions associated with unpaved roads and areas and construction related activity within the proposed project area.

The liquids to be handled at this facility would be volatile, which would limit the ability of any leak to travel to and impair surface waters. Proper operations and inspections would be necessary not only as a permit condition, but for safe operation of the facility and to prevent loss of product which produces revenue. Any impacts to water quality as a result of leaks would be expected to be minor.

Because the project would involve approximately 19.25 acres of ground disturbance, a general storm water permit would be required for construction related activity. Best Management Practices would be required to ensure any discharge of storm water does not cause or contribute to a violation of water quality standards. Therefore, impacts to water quality associated with temporary construction related activities would be expected to be minor.

The Department would expect minor effects to water quality, quantity, and distribution as a result of issuance of MAQP #4631-00.

C. Geology and Soil Quality, Stability and Moisture

Minor modifications to soil quality, stability, and moisture associated with grading and stabilization of soils with gravel surfaces would be expected. As necessary, water may be used to minimize dust during construction activities and travel on unpaved portions of facility roads. Minor impacts to geology and soil quality, stability, and moisture would be expected.

D. Vegetation Cover, Quantity, and Quality

Minor effects to vegetation cover, quantity, and quality would potentially be present in converting existing agricultural type vegetation of soil to that of industrial use. This change is limited to areas owned or by Bear Paw Energy or leased from the railroad. Water or chemical treatment of unpaved areas and construction related activity may be necessary to control fugitive emissions. Control of fugitive dust emissions would minimize any pollutant deposition effects to surrounding vegetation. Effects would be expected to be minor.

E. Aesthetics

The project would increase the number of tanks, loading spots, and associated equipment on-site. An increase in activity during installation of the equipment, and increase in loading activity upon completion of the project, would be expected. Construction related noise would be expected to normally occur between 7:00 am and 6:00 pm. An increase in industrial activity would be expected as a long term impact. However, the project expands a facility which has been operating since 1982. The Department would expect minor impacts to aesthetics as a result of issuing MAQP #4631-00.

F. Air Quality

Issuance of MAQP #4631-00 would permit an increase in VOC emissions at the facility. The application, and conditions and limitations which would be placed in the permit, would require the facility to be constructed and operated in a manner which would minimize these emissions. The facility would remain a minor source of emissions. Minor effects to air quality would be expected as a result of issuing MAQP #4631-00.

G. Unique Endangered, Fragile, or Limited Environmental Resources

The Department contacted the Montana Natural Heritage Program utilizing the Natural Resources Information System to identify any species of special concern in the general area in which the expansion is proposed. Thirteen species of special concern were identified. The Department has summarized the findings and expected impacts below.

The Pallid Sturgeon, the Paddlefish, the Shortnose Gar, the Sturgeon Chub, the Sicklefin Chub, the Blue Sucker, and the Sauger are fish species identified to be of special concern in streams located relatively close to the proposed facility expansion. As discussed in Section 7.B, Water Quality, Quantity, and Distribution, above, and Section 7.H, Demands on Environmental Resource of Water, Air and Energy, below, minor impacts would be expected to surrounding surface waters as a result of issuing MAQP #4631-00. MAQP #4631-00 would contain limitations and conditions which would require control of fugitive dust from unpaved areas of the area; therefore, pollutant deposition would be expected to be minimal. Minor impacts would be expected to these fishes.

The Least Tern is a small migratory bird identified as a species of special concern. This bird winters in Central America, the Caribbean and northern South America. Many spend their whole first year in their wintering area. The Least Tern arrives at its breeding grounds in late April. The breeding colonies are not dense and may appear along either marine or estuarine shores, or on sandbar islands in rivers, in areas free from humans or predators. The Least Tern hunts primarily in shallow estuaries and lagoons, where smaller fishes are abundant. It hovers until spotting prey, and then plunges into the water without full submersion to extract dinner. As previously discussed, minor, if any, long term impacts to surface waters would be expected

as a result of issuing MAQP #4631-00. This proposed expansion would occur at an existing facility owned by Bear Paw Energy. Furthermore, Bear Paw Energy, in applying for MAQP #4631-00, included information indicating that the preferable habitat for the Least Tern is not present near the proposed expansion. The Department would expect minor impacts to the Least Tern.

The Red-headed Woodpecker is a medium sized woodpecker identified as a species of special concern which may be located in the area. The adults of both sexes have a bright red color on their entire head, neck and throat. With no systematic surveys completed within the state, little is known about Red-headed Woodpecker habitat in Montana. When they have been observed, they are usually found along major rivers having riparian forest associated with them. No known active management is ongoing for Red-headed Woodpeckers in the state. In fact, the species is virtually unmonitored in Montana. With impacts to vegetation, water quality, terrestrials, and air quality expected to be minor; the Department would expect any discernable impacts to the Red-Headed Woodpecker to be minor.

Townsend's Big-eared Bat has been identified as a species of special concern which may be in the area. It is a bat with extremely long, brownish ears that are joined at the base. The diet and foraging behavior of Townsend's Big-eared Bat in Montana have not been reported or studied. The Townsend's Big-eared Bat is thought to feed on various nocturnal flying insects near the foliage of trees and shrubs. The response by Townsend's Big-eared Bats to human activities is largely undocumented in Montana. The maternity colony at Lewis and Clark Caverns has persisted for over a century, even though it is exposed daily to tour groups. Therefore, the Department would not expect the increased presence of human activity alone to impact these bats. Based on review of satellite imagery, no natural features within the proposed project area indicate the potential for roosting habitat for the bat. With impacts to vegetation, water quality, terrestrials, and air quality expected to be minor; the Department would expect any impacts to the Townsend's Big-eared Bat to be minor.

The Meadow Jumping Mouse was a mouse identified as a species of special concern which may be in the area. The Meadow Jumping Mouse is generally described as a species which occupies moist lowland habitats rather than drier uplands, preferring relatively dense vegetation in open grassy and brushy areas of marshes, meadows, swamps, open conifer forest, and often favor sites bordered by small streams. On the Northern Great Plains this usually results in its restriction primarily to riparian habitats. They hibernate through winter, emerging in spring. Population density varies considerably from year to year, with no information on population density or trends in Montana. No special management activities have been developed or implemented for this species in Montana. With impacts to vegetation and water quality expected to be minor, the Department expects no more than a minor impact to the Meadow Jumping Mouse.

The Spiny Softshell is a turtle identified as a species of special concern which may be in the area. Generally, the Spiny Softshell is primarily a riverine species, occupying large rivers and river impoundments, but also occurs in lakes, ponds along rivers, pools along intermittent streams, bayous, irrigation canals, and oxbows. It usually is found in areas with open sandy or mud banks, a soft bottom, and submerged brush and other debris. Spiny Softshells forage in the water, often in shallows with vegetation. They are considered to be generalist carnivores, and usually feed on the bottom. Major foods are crayfish, aquatic insects, and fishes; but mollusks, worms, isopods, amphibians, carrion, and vegetation also are eaten. Montana populations of the Spiny Softshell are poorly understood, making management of them more difficult. With minor impacts expected to water quality, the Department would expect minor, if any discernable impacts at all, to the Spiny Softshell.

Pale-spiked Lobelia is an herbaceous perennial with unbranched stems identified as a species of special concern which may be in the area. MAQP #4631-00 would permit an expansion of an existing facility on land already designated for such uses, and would contain limitations and conditions to minimize pollutant deposition impacts to surrounding vegetation. The Department would expect minor impacts to surrounding Pale-spiked Lobelia.

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

Water may be necessary to control fugitive dust emissions from unpaved roads. Air emissions would be limited based on limitations and conditions which would be placed in MAQP #4631-00. The project would be storing and delivering potential energy in liquid fuel form. Demands on water, air, and energy, would be expected to be minor.

I. Historical and Archaeological Sites

The Department contacted the State Historic Preservation Office (SHPO) for any information available regarding the presence of any recorded cultural resource sites within the designated search locale. The Cultural Resource Information Systems identified three sites which may be eligible for listing in the National Register, however, no sites that are officially registered. These records consisted of two irrigation systems and one railroad, privately owned. The Department forwarded information from the SHPO search to Bear Paw Energy.

It is SHPO's position that any structure over fifty years of age is considered historic and is potentially eligible for listing on the National Register of Historic Places. Therefore, the presence of eligible structures at any location is normal. The proposed project is for the addition of equipment on a site already owned and/or leased by Bear Paw Energy. In addition, the project expands upon an existing facility at the site that has been operating since 1982. Construction activities would involve the ground disturbance of approximately 19.25 acres on land that is owned and/or leased by Bear Paw Energy. Conditions and limitations which would be placed in MAQP #4631-00 would limit air quality related impacts to any cultural resource outside the boundaries of the property owned.

Bear Paw Energy provided information to the Department regarding actions planned to be taken to ensure mitigation of any potential effects to the irrigation ditches. Ongoing coordination with the Lower Yellowstone Irrigation Project (LYIP) on the design and plans for the irrigation ditch(es) is expected. The building plan involves rails to cross over the ditch, and also includes some upgrades to occur at the ditch inlet. This information is located within the air quality permit application. The Department would expect no more than a minor impact to any historical or archaeological sites as a result of issuance of MAQP #4631-00.

J. Cumulative and Secondary Impacts

The Department has determined there to be minor impacts to the individual physical and biological considerations above. The project takes place on land already owned by Bear Paw Energy, and impacts directly associated with issuance of MAQP #4631-00 outside the property boundaries are expected to be minor. Cumulatively, the Department would expect minor impacts to physical and biological considerations. 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

MAQP #4631-00 would permit an expansion of an existing facility. An increase in the number of employees at the site would be expected to occur. Minor impacts would be expected to Social Structures and Mores and Cultural Uniqueness and Diversity.

C. Local and State Tax Base and Tax Revenue

An increase in the number of employees, and the volume of natural gas liquids handled by the facility. Minor impacts to local and state tax base and tax revenue would be expected.

D. Agricultural or Industrial Production

MAQP #4631-00 would permit an expansion of an existing facility. The expansion would take place on land owned and leased by Bear Paw Energy. An increase in industrial production would be expected. Minor impacts to agricultural and industrial production would be expected as a result of issuance of MAQP #4631-00.

E. Human Health

MAQP #4631-00 would contain limitations and conditions derived from rules designed to protect human health. Minor impacts would be expected to human health.

F. Access to and Quality of Recreational and Wilderness Activities

MAQP #4631-00 would permit an expansion of an existing facility. The expansion would take place on land owned and leased by Bear Paw Energy. An increase in industrial production and activity would be expected. Minor impacts of access to and quality of recreational and wilderness activities would be expected.

G. Quantity and Distribution of Employment

The proposed project would result in an increase of approximately 6 employees, therefore, minor impacts to quantity and distribution of employment would be expected.

H. Distribution of Population

The proposed project would result in an increase of approximately 6 employees. A temporary increase in population in the area may result from construction related activities. The Department would expect minor impacts to the distribution of population.

I. Demands for Government Services

Demands for government services would include obtaining the proper permits and the compliance activities associated with those permits. The Department would expect minor impacts to demands for government services.

J. Industrial and Commercial Activity

A temporary increase in industrial and commercial activity would be expected during the construction phase of the project. Impacts would be expected to be relatively minor and short-lived. An increase in general industrial activity as a result of increased capacity of the facility would be expected. As an increase associated with an existing facility, the Department would expect impacts to be minor.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans and goals for which issuance of MAQP #4631-00 would affect. The permit conditions and limitations would be derived from rules designed to protect public health.

L. Cumulative and Secondary Impacts

The Department would expect minor impacts to the individual economic and social considerations above. Cumulatively, the Department would expect minor impacts. 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 an expansion of a natural gas liquids storage, transfer, and loading facility. MAQP #4631-00 includes conditions and limitations to ensure the facility would 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: 3/10/2011