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: April 26, 2012

Name of Applicant: Hiland Partners, LP

Source: Natural Gas Compressor 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 4693-01.

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 May 11, 2012. 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) 444-9741

Craig Henrikson, P.E.
Environmental Engineer
Air Resources Management Bureau
(406) 444-6711

VW:CH
Enclosure

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: Hiland Partners, LP
Hebron Compressor Station
P.O. Box 5103
Enid, OK 73701

Montana Air Quality Permit Number (MAQP): 4693-01

Preliminary Determination Issued: April 26, 2011
Department Decision Issued:
Permit Final:

1. *Legal Description of Site*: The Hebron Compressor Station is located in the NE¼ NW¼ of Section 18, Township 27 North, Range 59 East, Roosevelt County, Montana

2. *Description of Project*: Hiland Partners, LP (HPL) proposes to add a new 1,380 brake horsepower (bhp) compressor engine to the existing Hebron Compressor Station site.

3. *Objectives of Project*: The objective of the modification is to expand the facility capacity to gather and compress natural gas using the existing dehydrator to remove the moisture and send it to a pipeline for sales.

4. *Alternatives Considered*: In addition to the proposed action, the Department of Environmental Quality (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 HPL 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 Best available control technology (BACT) analysis, is included in MAQP #4693-01.

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 site is within a general use range for antelope, but not in the winter range. Additionally the site is in an area potentially used by pheasant and other terrestrials. The proposed facility expansion would have a minor impact on terrestrial and aquatic life and habitats in the project area. The additional compressor 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 #4693-01.

B. Water Quality, Quantity and Distribution

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

C. Geology and Soil Quality, Stability and Moisture

The proposed facility expansion would have a minor impact on geology and soil quality, stability, and moisture because minor construction would be required to add the additional compressor engine. In addition, no discharges other than a minor increase in air emissions would occur at the facility. Any impacts to the geology and soil quality, stability, and moisture from facility construction would be minor due to the addition of the second compressor engine.

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 additional pollutant dispersion characteristics of the pollutants, the atmosphere, and the conditions that would be placed in MAQP #4693-01.

E. Aesthetics

The proposed project would not have any affect on the local aesthetics. Since the facility is existing, adding a single new compressor engine would not be expected to have an impact. .

F. Air Quality

The area surrounding the proposed project is unclassifiable/attainment for the National Ambient Air Quality Standards (NAAQS) for all criteria air pollutants. Emissions of air pollutants would occur as a result of the permit action; however, MAQP #4693-01 contain conditions limiting opacity and compressor engine emissions and require HPL to minimize airborne dust through the use of water or chemical dust suppressants and to operate pollution control equipment to minimize engine emissions of oxides of nitrogen (NO_x), carbon monoxide (CO), and volatile organic compounds (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 particulate matter with an aerodynamic diameter of 10 microns or less (PM_{10}), NO_x, CO, VOC, and sulphur oxides (SO_x) 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 #4693-01, including, but not limited to, BACT requirements discussed in Section III of the permit analysis for this permit.

The Montana Natural Heritage Program (MNHP) earlier identified occurrences of three animal species of concern within the vicinity of the proposed project location that are classified either as sensitive (Bobolink), special status (Whooping Crane) or without classification (Great Blue Heron) by the U.S. Bureau of Land Management.

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 continue to control dust from the access roads and overall plant area. The compressor 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 #4693-01.

I. Historical and Archaeological Sites

The Department contacted the Montana Historical Society, State Historical Preservation Office (SHPO) at initial permit issuance 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 a new compressor engine at this facility.

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 additional compressor engine. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #4693-01.

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 proposed project would cause minor, if any, impacts disruptions to native or traditional lifestyles or communities (social structures or mores) in the area because the proposed project would take place in a relatively remote location. Further, the continued operation of the natural gas compressor station with a second compressor engine would require no permanent employees on site, and would not result in any, or very little, immigration of new people to the area for employment purposes; thereby, having little if any impact on the social and economic resources of the area.

Additional activity (vehicle traffic, construction equipment, etc.) may be noticeable during addition of the second compressor engine. Once the facility expansion is complete, activities associated with the operation of the facility would be minor. Overall, any impacts to the social structures and mores in the area would be minor.

B. Cultural Uniqueness and Diversity

The proposed project would cause minor, if any, impacts disruptions to native or traditional lifestyles or communities (cultural uniqueness and diversity) in the area because the proposed project would take place in a relatively remote location. Further, the continued operation of the natural gas compressor station with a second compressor would require no permanent employees on site, and would not result in any, or very little, immigration of new people to the area for employment purposes; thereby, having little if any impact on the social and economic resources of the area.

Additional activity (vehicle traffic, construction equipment, etc.) would be noticeable during the addition of the second compressor engine. Once the facility is constructed, activities associated with the operation of the facility would be minor. Overall, any impacts to the cultural uniqueness and diversity in the area would be minor.

C. Local and State Tax Base and Tax Revenue

The proposed project would result in only minor impacts to the local and state tax base and tax revenue because the small scope of the proposed project. In addition, only minor amounts of construction would be needed to complete the project; therefore, any construction related jobs would be temporary and the impacts from the construction jobs would be temporary.

D. Agricultural or Industrial Production

The land surrounding the existing facility location is rural agricultural farming land. However, because the facility expansion would be relatively small and within the existing site, the proposed project would result in no impacts to agricultural production. The proposed project would have minor impacts to industrial production because the proposed project would be a slightly expanded industrial source locating in the area. There are existing oil and gas industrial activities located in the area.

While emissions of air pollutants and corresponding deposition of pollutants would occur, the Department determined that the chance of deposition of pollutants impacting agricultural or industrial production in the area surrounding the site would be minor.

E. Human Health

The proposed project would result in minor, if any, impacts to human health. Deposition of pollutants would occur; however, the Department determined that the proposed project would comply with all applicable air quality rules, regulations, and standards. These rules, regulations, and standards are designed to be protective of human health. Overall any impacts to public health would be minor.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed project would have minor, if any, impacts on access to recreational and wilderness activities because of the relatively remote location and the relatively small size of the proposed project. The project would have minor impacts on the quality of recreational and wilderness activities in the area because the addition of a second compressor engine is a minor change but would be visible and produce more noise. Overall any impacts to the access and quality of recreational and wilderness activities in the area would be minor.

G. Quantity and Distribution of Employment

The proposed project would have minor, if any, impacts on the quantity and distribution of employment because no employees would be hired for the proposed project. In addition, temporary construction-related positions may result from this project but any impacts to the quantity and distribution of employment from construction related employment would be minor due to the relatively small size of the facility and the corresponding relatively short time period that would be associated with constructing the facility.

H. Distribution of Population

The proposed project would have minor, if any, impacts on the distribution of population in the area because the addition of a second compressor engine would be located in a relatively remote location and the proposed project would not require a permanent employee to operate the facility. Therefore, no people would be moving to the area for employment opportunities.

I. Demands for Government Services

There would be minor impacts on the demands for government services because additional time would be required by government agencies to issue MAQP #4693-01 and to assure compliance with applicable rules, standards, and conditions that would be contained in those permits. In addition, there would be minor impacts on the demands for government services to regulate the increase in vehicle traffic that would be associated with the addition of a second compressor engine. The increase in vehicle traffic would be primarily during facility expansion because compressor stations typically do not require day-to-day employees. Vehicle traffic during construction would be minor due to the relatively short time period that would be required to add the additional compressor engine. Overall, any demands for government services to regulate the facility or activities associated with the facility would be minor due to the relatively small size of the facility expansion.

J. Industrial and Commercial Activity

Only minor impacts would be expected on the local industrial and commercial activity because the proposed project would represent only a minor increase in the industrial and commercial activity in the area. The proposed project would be relatively small and would take place at a relatively remote location. Overall, any impacts to the local industrial and commercial activity of the area would be minor.

K. Locally Adopted Environmental Plans and Goals

The Department is unaware of any locally adopted environmental plans or goals. The permit would ensure compliance with state standards and goals. The state standards would protect the site and the environment surrounding the site.

L. Cumulative and Secondary Impacts

Overall, cumulative and secondary impacts from this project would result in minor impacts to the economic and social aspects of the human environment in the immediate area. Due to the relatively small size of the expansion, the industrial production, employment, and tax revenue (etc.) changes resulting from the proposed project would be minor. In addition, the Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in MAQP #4693-01.

Recommendation: No Environmental Impact Statement (EIS) is required.

The current permitting action is for the addition of a second compressor engine station at the existing Hebron Compressor Station site. MAQP #4693-01 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: Craig Henrikson
Date: 04/11/2012