Montana Department of
ENVIRONMENTAL QUALITY
Brian Schweitzer, Governor
P. O. Box 200901 Helena, MT 59620-0901 (406) 444-2544 Website: www.deq.mt.gov

May 24, 2012

Mr. Joe Lierow, Environmental Coordinator
ExxonMobil Refining & Supply Company
700 ExxonMobil Road
P.O. Box 1163
Billings, Montana 59103-1163

Dear Mr. Lierow:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for ExxonMobil - Billings Refinery. The application was given permit number 1564-25. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by June 25, 2012; however, this permit shall become final on June 9, 2012, 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

Skye Hatten, P.E.
Environmental Engineer
Air Resources Management Bureau
(406) 444-5287

VW:SH
Enclosure

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
P.O. Box 200901, Helena, MT 59620
(406) 444-3490

FINAL ENVIRONMENTAL ASSESSMENT (EA)

Issued To: ExxonMobil

Montana Air Quality Permit number: 1564-25

Preliminary Determination Issued: 05/08/2012
Department Decision Issued: 05/24/2012
Permit Final:

1. *Legal Description of Site*: southern half of Section 24 and the northern half of Section 25, Township 1 North, Range 26 East, in Yellowstone County, Montana.

2. *Description of Project*: On March 16, March 26, and March 29, 2012, the Department received elements that make up a complete Application for an Air Quality Permit Modification from ExxonMobil.

   To provide background information, on December 24, 2009, the Department received an Application for an Air Quality Permit Modification from ExxonMobil to incorporate modifications to MAQP #1564-21. The requested changes included the addition of new VOC components. Because of the uncertainty associated with the current Montana de minimis rule (ARM 17.8.745) with respect to the rule having not yet been approved by EPA into Montana's SIP and the need to comply with internal company policy, ExxonMobil chose to group future VOC fugitive component additions and apply for a permit modification on that basis instead of using ARM 17.8.745 when such components were added in smaller increments and associated with separate projects.

   On February 13, 2012, the EPA took final action to approve the de minimis rule into the SIP (FR Vol. 77, No. 29, pg. 7531-7534). As a result, ExxonMobil requested the Department remove permit conditions associated with installation, monitoring, and reporting of new fugitive VOC components.

3. *Objectives of Project*: The objective of this project is to remove conditions and limitations associated with permitting of VOC fugitive components previously requested by ExxonMobil and permitted under MAQP #1564-22.

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 ExxonMobil has 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 discussion, would be included in MAQP #1564-25.

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
B. Water Quality, Quantity and Distribution
C. Geology and Soil Quality, Stability and Moisture
D. Vegetation Cover, Quantity, and Quality
E. Aesthetics
F. Air Quality
G. Unique Endangered, Fragile, or Limited Environmental Resources
H. Demands on Environmental Resource of Water, Air and Energy
I. Historical and Archaeological Sites
J. Cumulative and Secondary Impacts

This permit action would allow for removal of conditions pertaining to installing, monitoring, and reporting of new fugitive VOC components. These conditions were included in the permit at the request of ExxonMobil in lieu of utilizing the de minimis rule (ARM 17.8.745). Now that the de minimis rule has been approved by EPA into Montana's SIP, ExxonMobil plans to utilize ARM 17.8.745 when such components are added in smaller increments and associated with separate projects. No change in emissions is expected as a result of this permit action. Therefore, no physical or biological effects are anticipated.

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 permit action would not cause a disruption to any native or traditional lifestyles or communities (social structures or mores) in the area because no construction is proposed. The permitting action would not change the nature of the site.

B. Cultural Uniqueness and Diversity

The permit action would not cause a change in the cultural uniqueness and diversity of the area because the land is currently used as a petroleum refinery; therefore, the land use would not be changing. The use of the surrounding area would not change as a result of the changes incorporated within this permit action.

C. Local and State Tax Base and Tax Revenue

The refinery's overall capacity would not change as a result of the permit action. In addition, no new employees would be needed. Therefore, no impacts to the local and state tax base and tax revenue are anticipated.

D. Agricultural or Industrial Production

The permit action would not result in a reduction of available acreage or productivity of any agricultural land; therefore, agricultural production would not be affected. The refinery's overall capacity would not change as a result of the permit action. Therefore, industrial production would not be affected.

E. Human Health

As described in Section 7 of the EA, no change in emissions is expected as a result of this permit action. The air quality permit for this facility incorporates 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. Therefore, no impact to human health would be expected as a result of this permit action.

F. Access to and Quality of Recreational and Wilderness Activities

This permit action would not have an impact on recreational or wilderness activities because the site is far removed from recreational and wilderness areas or access routes. This permit action would not result in any changes in access to and quality of recreational and wilderness activities.

G. Quantity and Distribution of Employment

The permit action would not result in any impacts to the quantity or distribution of employment at the facility or surrounding community. No employees would be hired at the facility as a result of the permit action.

H. Distribution of Population

The permit action does not involve any physical or operational change that would affect the location, distribution, density, or growth rate of the human population.

I. Demands for Government Services

The demands on government services would experience a minor impact. The primary demand on government services would be the modification to ExxonMobil's existing Montana Air Quality Permit as well as any necessary associated compliance verification.

J. Industrial and Commercial Activity

The refinery's overall capacity would not change as a result of the permit action. Therefore, no impacts on industrial activity at ExxonMobil would be expected. Industrial and commercial activity in the neighboring area is not anticipated to be affected by issuing MAQP #1564-25.

K. Locally Adopted Environmental Plans and Goals

The Department is unaware of any locally adopted environmental plans and goals that would be affected by issuance of this air quality permit. The conditions associated with the Billings/Laurel SO_2 SIP would apply regardless of the status of the permit action.

L. Cumulative and Secondary Impacts

As described in Section 7 of the EA, no change in emissions is expected as a result of this permit action. No impacts on the air resource in the area of the facility are anticipated because the facility would be required to maintain compliance with other limitations affecting the overall emissions from the facility. No cumulative or secondary impacts as a result of this permit action are anticipated.

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 removal of conditions associated with installation of VOC components. MAQP #1564-25 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: Skye Hatten
Date: April 26, 2012