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

November 20, 2012

Mike Howerton
Hiland Crude, LLC
P.O. Box 5103
Enid, OK 73702

Dear Mr. Howerton:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for Hiland Crude, LCC. The application was given permit number 4599-03. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by December 5, 2012. This permit shall become final on December 6, 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,

Julie Merkel
Air Permitting Program Supervisor
Air Resources Management Bureau
(406) 444-3626

Doug Kuenzli
Environmental Science Specialist
Air Resources Management Bureau
(406) 444-4267

JM:DCK
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*: Hiland Crude, LLC - Albin Station
P.O. Box 5103
Enid, OK 73702

*Montana Air Quality Permit Number*: 4599-03

*Preliminary Determination Issued*: 11/02/2012
*Department Decision Issued*: 11/20/2012
*Permit Final*:

1. *Legal Description of Site*: Southwest ¼ of the Southwest¼ of Section 25, Township 24 North, Range 56 East, in Richland County, Montana.

2. *Description of Project*: Hiland Crude, LLC (Hiland) proposes to expand the storage capacity of the existing crude oil truck unloading station known as the Albin Station. Crude oil is received from surrounding well-sites via tank trucks to the facility's unloading racks which transfers the oil to storage tanks for eventual injection into the distribution 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 Hiland 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 #4599-03.

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 Department would expect minor effects to terrestrial and aquatic life and habitats in issuing MAQP #4599-03. The allowable emissions associated with this permitting action are limited and include volatile organic compounds (VOC) and particulate emissions (PM), as well as, minor emissions of hazardous air pollutants (HAP). Control requirements for fugitive dust emissions would be included in MAQP #4599-03 to reduce particulate matter emissions and therefore the amount of deposition. Overall, any impacts to terrestrial and aquatic life and habitats would be expected to 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 would be no surface or groundwater discharges expected from this project, nor would there be 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

Water and/or chemical dust suppressant may be used to reduce fugitive dust emissions from vehicle traffic on unpaved roads. Minor, if any, impacts to water quality, quantity and distribution, and geology, soil quality, stability, and moisture would be expected from this activity.

D. Vegetation Cover, Quantity, and Quality

MAQP #4599-03 would require control of fugitive dust emissions to reduce deposition of particulate matter. The allowable emissions from the site are relatively small, and effects to vegetation cover, quantity, and quality would be expected to be minor.

E. Aesthetics

Hiland proposes to construct and operate additional storage tanks at an existing crude oil tanker truck unloading facility. The tanks would be visible at the site and the increase in capacity would imply an increase in truck traffic. Therefore, minor effects to aesthetics would be expected as a result of issuance of MAQP #4599-03.

F. Air Quality

MAQP #4599-03 would allow for increased emissions of volatile organic compounds, particulate matter, and a small amount of HAP's. The air emissions from the facility would be minimized by enforceable conditions in the facility's MAQP. The Department determined, based on the allowable emissions from the facility and the existing air quality in the area, that the impacts from this permitting action would be minor.

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). Search results concluded that a single species of concern exists within the 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. The known species of concern identified was the Whooping Crane (Endangered).

Site operations would occur within a previously disturbed industrial site which contains several similar crude oil tank unloading and storage locations. Therefore, the overall industrial nature of the area would not change as a result of this permitting action. Due to the limitations placed on allowable emissions and the current use of the site affects on any unique endangered, fragile, or limited environmental resources would be expected to be minor.

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. The Department has determined that while the proposed project would require environmental resources of water, air, and energy, the impact would be expected to 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 results of SHPO search and the fact that this is an existing facility with no significant construction necessary, the Department had determined that there would be no impact on any historical or archaeological sites.

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

The facility would not cause a disruption to any native or traditional lifestyles or communities in the area. The proposed location would be on private property and the surrounding area would mainly be used for agriculture activities, livestock grazing, and other oil and gas activities. Therefore, no impacts would be expected on social structures and mores.

B. Cultural Uniqueness and Diversity

The project would be expected to result in minor, if any, impacts to cultural uniqueness and diversity. Effects to the distribution of population and the quantity and distribution of employment would be expected to be minor.

C. Local and State Tax Base and Tax Revenue

The proposed project would be expected to result in minor impacts to the local and state tax base and tax revenue. MAQP #4599-03 is for minor changes to an existing facility, therefore no new employment would be expected and no significant gains to tax base or revenue are expected.

D. Agricultural or Industrial Production

Impact on local industrial production would expect to be minor, as the facility is an existing and only a minor expansion is proposed. Minimal deposition of air pollutants would occur on the surrounding land (as described above in Section 7.F), therefore, only minor effects on the surrounding vegetation or agricultural production would be expected to occur. The surrounding area is largely undeveloped or agricultural land. Pollutant deposition from the project would be minimal because the emissions would be well controlled, widely dispersed (from factors such as wind speed and wind direction), and would expect to have minimal deposition on the surrounding area.

E. Human Health

As described in Section 7.F of the EA, the impacts from this facility on human health would expect to be minor because it would be considered a minor source of emissions and the conditions of MAQP #4599-03 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

Access to recreational opportunities would not be limited or modified by this facility. The equipment is located within an existing industrial site that has been established for similar use. All recreational opportunities, if available in the area, would still be accessible. Noise from the facility would be minimal to surroundings because of the facility size, expected hours of operation, and rural location. The facility is on private land and the Department has determined that the project would be a minor industrial source of emissions. Therefore, any changes in the quality of recreational and wilderness activities created by operating the equipment at this site would expect to be minor.

G. Quantity and Distribution of Employment

Minor effect to the quantity and distribution of employment as the facility would be expected. As this facility is in current operation and no significant changes in activity are proposed the impact to the quantity and distribution of employment associated with permit action would expect to be minor.

H. Distribution of Population

No significant change in the quantity and distribution of employment would be expected at this facility. Therefore, minor, if any, effects to the distribution of population would be expected as a result of issuance of MAQP #4599-03.

I. Demands for Government Services

Government services would be required for acquiring the appropriate permits for the proposed project and to verify compliance with the permits that would be issued. However, demands for government services would be expected to be minor.

J. Industrial and Commercial Activity

The Department would expect minor increases in local industrial and commercial activity with additional truck traffic associated with the normal operations of this facility.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans or goals that would be affected by the proposed facility. MAQP #4599-03 would be issued to protect air quality.

L. Cumulative and Secondary Impacts

Overall, minor cumulative and secondary impacts to the social and economic aspects of the human environment would be expected in the immediate area of operation.

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 operation of a crude oil unloading station. MAQP #4599-03 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, Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: D. Kuenzli
Date: October 24, 2012