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LEGISLATIVE ENVIRONMENTAL
POLICY OFFICE
Brian Schweitzer, Governor

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January 20, 2006

Ted Kelly
EOG Resources, Inc.
Devries 1-18H
P.O. Box 250
Big Piney, WY 83113

Dear Mr. Kelly:

Air Quality Permit #3419-00 is deemed final as of January 20, 2006, by the Department of Environmental Quality (Department). This permit is for the operation of an oil and gas tank battery. All conditions of the Department's decision remain the same. Enclosed is a copy of your permit with the final date indicated.

For the Department,

David L. Klemp
Air Permitting Supervisor
Air Resources Management Bureau
(406) 444-3490

DK:lr
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: EOG Resources, Inc.
Devries 1-18H
P.O. Box 250
Big Piney, WY 83113

Air Quality Permit Number: 3419-00

Preliminary Determination Issued: 12/16/05

Department Decision Issued: 1/04/06

Permit Final: 1/20/06

1. *Legal Description of Site:* EOG's Devries 1-18H Facility would be located in Section 18, Township 26 North, Range 53 East, in Richland County, Montana.
2. *Description of Project:* EOG proposed to construct and operate a crude oil tank farm facility. The maximum capacity of the well to supply the facility is estimated to be 331 bbl/day. The facility would consist of three production oil tanks, one produced water tank, a heater treater burner, one natural gas-fired pumping unit engine (85-hp), and two flares.
3. *Objectives of Project:* The proposed project would generate business and revenue for the company by allowing them to extract crude oil from the oil field and transport the oil to sale 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 Montana Air Quality Permit to the proposed facility. However, the Department does not consider the "no-action" alternative to be appropriate because EOG 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 Permit #3419-00.
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 would be reasonably necessary to ensure compliance with applicable requirements and demonstrate compliance with those requirements and would 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 minor amounts of land disturbance would be required to construct the facility. While the facility would emit air pollutants and corresponding deposition of pollutants would occur, the Department determined that any impacts from deposition would be minor due to the relatively small amount of pollutants emitted, dispersion characteristics of the pollutants and the atmosphere (see Section 7.F of this EA), and conditions that would be placed in Permit #3419-00. In addition, minor land disturbance would occur to construct the facility, such as pouring concrete slabs to hold the tanks. Any impacts from facility construction would be minor due to the relatively small size of the project. Overall, any impacts to terrestrial and aquatic life and habitats would be minor.

B. Water Quality, Quantity, and Distribution

Minor, if any, impacts would be expected on water quality, quantity, and distribution from the proposed project because of the relatively small size of the project. While the facility would emit air pollutants and corresponding deposition of pollutants would occur, the Department determined that any impacts from deposition would be minor due to the relatively small amount of pollutants emitted, dispersion characteristics of the pollutants and the atmosphere (see Section 7.F of this EA), and conditions that would be placed in Permit #3419-00. In addition, facility construction would not impact water quality, quantity, or distribution because there is no surface water at or near the site and only minor amounts of construction would be required to construct the facility, such as pouring concrete slabs to hold the tanks. Overall, any impacts to water quality, quantity, and distribution would be minor.

C. Geology and Soil Quality, Stability, and Moisture

Minor impacts would occur on the geology and soil quality, stability, and moisture from the proposed project because minor construction would be required to complete the project. Any impacts to the geology and soil quality, stability, and moisture from facility construction would be minor due to the relatively small size of the project. Typical facility construction would include the pouring of concrete slabs to hold the tanks. In addition, while deposition of pollutants would occur, the Department determined that the chance of deposition of pollutants impacting the geology and soil in the areas surrounding the site would be minor due to the relatively small amount of pollutants emitted and the dispersion characteristics of the pollutants and the atmosphere (see Section 7.F of this EA). The conditions that would be placed in Permit #3419-00 would also minimize impacts to geology and soil by limiting the amount of equipment that would be installed at the facility and limiting the emissions from the facility. Overall, any impacts to the geology and soil quality, stability, and moisture would be minor.

D. Vegetation Cover, Quantity, and Quality

Minor impacts would occur on vegetation cover, quantity, and quality because minor construction would be required to complete the project. Any impacts to the vegetation cover, quantity, and quality from facility construction would be minor due to the relatively small size of the project. Typical facility construction would include the pouring of concrete slabs to hold the tanks. In addition, while deposition of pollutants would occur, the Department determined that the chance of deposition of pollutants impacting the vegetation in the areas surrounding the site would be minor due to the relatively small amount of pollutants emitted and dispersion characteristics of the pollutants and the atmosphere (see Section 7.F of this EA). The conditions that would be placed in Permit #3419-00 would also minimize the impacts to vegetation by limiting the amount of equipment that would be installed at the facility and limiting the emissions from the facility. Overall, any impacts to vegetation cover, quantity, and quality would be minor.

E. Aesthetics

Minor impacts would result on the aesthetics of the area because the facility would be a new facility. Production tanks would be constructed to house the crude oil that would be received from the wells. The flares would also be visible. The facility would create minimal additional noise in the area. Overall, any aesthetic impacts would be minor due to the relatively small size of the facility and the permit conditions that would minimize emissions from the facility.

F. Air Quality

The air quality of the area would realize minor impacts from the proposed project because the facility would emit very small amounts of total PM, M₁₀, HAPs, NO_x, CO, and VOC. Air emissions from the facility would be minimized by conditions that would be placed in Permit #3419-00. Conditions would include, but would not be limited to, a barrel per year production limit, facility-wide opacity limitations, and requirements to control VOC emissions from the heater treater, the production tanks, and from truck loading operations. Permit #3419-00 would also include conditions requiring EOG to use reasonable precautions to control fugitive dust emissions, as well as requiring inspection and repair requirements for fugitive VOC emissions.

While deposition of pollutants would occur as a result of operating the facility, the Department determined that any air quality impacts from deposition of pollutants would be minor due to dispersion characteristics of pollutants and the atmosphere (wind speed, wind direction, ambient temperature, etc.), conditions that would be placed in Permit #3419-00, and the relatively small amount of emissions that would be generated.

G. Unique Endangered, Fragile, or Limited Environmental Resources

In an effort to identify any unique endangered, 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 1-mile buffer zone. Due to the minor amounts of construction that would be required, the relatively low levels of pollutants that would be emitted, dispersion characteristics of pollutants and the atmosphere, conditions that would be placed in Permit #3419-00, and because the NRIS search did not identify any species of special concern in the vicinity of the project area, the Department determined that the chance of the project impacting any species of special concern would be minor.

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

The proposed project would have impacts on the demands on the environmental resources of air and water because the facility would be a source of air pollutants. However, any impacts on the environmental resources of air and water would be minor because the facility's potential to emit would be relatively small by industrial standards. While deposition of pollutants would occur, as explained in Sections 7.B and 7.F of this EA, the Department determined that the chance of the proposed project impacting demands on air and water resources would be minor due to dispersion characteristics of pollutants and the atmosphere and conditions that would be placed in Permit #3419-00.

The proposed project would have minor impacts on the demand on the environmental resource of energy because only small energy consuming equipment is proposed for use as part of the project. The non-renewable resource of crude oil and natural gas would have minor impacts because the facility would extract commingled crude oil/natural gas. Overall, any impacts on the demands on the environmental resources of air, water, and energy would be minor.

I. Historical and Archaeological Sites

In an effort to identify any historical and archaeological sites near the proposed project area, the Department contacted the Montana Historical Society, State Historic Preservation Office (SHPO). According to SHPO records, there have not been any previously recorded historic or archaeological sites within the proposed area. In addition, SHPO records indicated that no previous cultural resource inventories have been conducted in the area. SHPO recommended that a cultural resource inventory be conducted to determine if cultural or historic sites exist and if they would be impacted. However, neither the Department nor SHPO has the authority to require EOG to conduct a cultural resource inventory. The Department determined that due to the previous disturbance in the area (the area is an active crude oil field) and the small amount of land disturbance that would be required to construct the facility, the chance of the project impacting any cultural or historic sites would be minor.

J. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts on the physical and biological aspects of the human environment in the immediate area would be minor due to the relatively small size of the project. Potential emissions from the facility would be relatively small by industrial standards. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #3419-00. Additional cumulative impacts may result because EOG is actively drilling in the oil field and would likely

continue to apply for more air quality permits for additional facilities. However, impacts from additional facilities that require air quality permits would be evaluated upon the Department's review of any future permit applications. Further, additional cumulative impacts may result from EOG's intentions to construct a pipeline to route gas to a gas plant for processing. However, any impacts from constructing a pipeline would be minor because pipelines are typically buried in the ground and surface conditions typically return to prior condition within a relatively short period of time.

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 not cause a disruption to any native or traditional lifestyles or communities (social structures or mores) in the area because the proposed project would take place in a remote location in which oil and gas exploration and extraction activities are present. The proposed project would not change the predominant use of the surrounding area and the facility would be relatively small by industrial standards.

B. Cultural Uniqueness and Diversity

The cultural uniqueness and diversity of the area would remain unchanged from the proposed project (no impact) because the proposed project would take place in a remote location in which oil and gas exploration and extraction activities are present. The proposed project would not change the predominant use of the surrounding area and the facility would be relatively small by industrial standards.

C. Local and State Tax Base and Tax Revenue

The proposed project would result in minor, if any, impacts to the local and state tax base and tax revenue because the proposed project would not require new permanent employees to be hired. In addition, only minor amounts of construction would be needed to complete the project.

D. Agricultural or Industrial Production

The current land use of the proposed location is agricultural; therefore, the proposed project would result in minor impacts to agricultural production from constructing the relatively small facility. The proposed project would not have any impacts to industrial production because the proposed project would not displace any industrial land. However, oil and gas operations, including drilling, are currently present in the area. While air emissions would occur, as Section 7.F of this EA explains, the Department determined that the chance of deposition of pollutants impacting agricultural or industrial production in the area surrounding the site would be minor due to dispersion characteristics of pollutants and the atmosphere, and due to conditions that would be placed in Permit #3419-00. Overall, any impacts to agricultural or industrial production would be minor.

E. Human Health

The proposed project would result in only minor, if any, impacts to human health because of the relatively small quantity of potential emissions. As explained in Section 7.F of this EA, deposition of pollutants would occur. However, the Department determined that the proposed project, permitted by Permit #3419-00, would comply with all applicable air quality rules, regulations, and standards. These rules, regulations, and standards are designed to be protective of human health.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed project would not have any impacts on access to recreational and wilderness activities because of the relatively small size of the facility. The proposed project would have minor, if any, impacts on the quality of recreational and wilderness activities in the area because the facility, while relatively small by industrial standards, would be visible. Overall, any impacts on access to and quality of recreational and wilderness activities would be minor.

G. Quantity and Distribution of Employment

The proposed project would not affect the quantity and distribution of employment because no permanent employees would be hired as a result of the proposed project. However, temporary construction-related positions could result from this project. Any impacts to the quantity and distribution of employment would be minor due to the relatively small size of the facility.

H. Distribution of Population

The proposed project would not affect distribution of population in the area because the facility would be located in a relatively remote location. The proposed project would not create any new permanent employment that would cause an increase in population in the area. In addition, the proposed project would not have impacts that would cause a decrease in the distribution of population in the surrounding area because the facility would be relatively small by industrial standards and the facility would only emit relatively small amounts of emissions.

I. Demands for Government Services

There would be minor impacts on demands of government services because additional time would be required by government agencies to issue Permit #3419-00 and to monitor compliance with applicable rules, standards, and Permit #3419-00. In addition, the roads in the area may realize a minor increase in vehicle traffic because tanker trucks would be used to unload the oil from the production tanks and Permit #3419-00 would require monthly inspections to be conducted by the company. However, any impacts on government services to regulate the minor increase in traffic would be minor due to the overall small size of the operation. Overall, any impacts on the demands for government services would be minor.

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. However, as crude oil wells in the area continue to produce crude oil, additional crude oil tank batteries would locate in the area thereby increasing the industrial and commercial activity. However, any new crude oil tank batteries with a PTE greater than 25 tons per year of any regulated air pollutant would be required to obtain a Montana Air Quality Permit and the Department would perform an EA for each permit application, evaluating impacts to industrial and commercial activity for each proposed project.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans and goals that would be affected by issuing Permit #3419-00. The state standards would protect the proposed site and the environment surrounding the site.

L. Cumulative and Secondary Impacts

Overall, cumulative and secondary impacts from the proposed 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 facility. Due to the relatively small size of the project, the industrial production, employment, and tax revenue (etc.) would not be significantly impacted by the proposed project. The Department would not expect other industries to be impacted by the proposed project and the Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #3419-00. In addition, further cumulative impacts may result because EOG is actively drilling in the oil field and would likely continue to apply for more air quality permits for additional facilities. However, impacts from additional facilities that require air quality permits would be evaluated upon the Department's review of any future permit applications.

Recommendation: No 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 a crude oil tank farm facility. Permit #3419-00 would include 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: Trista Glazier
Date: December 1, 2005