Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

P.O. Box 200901 • Helena, MT 59620-0901 • (406) 444-2544 • www.deq.mt.gov

March 28, 2006

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LEGISLATIVE ENVIRONMENTAL
POLICY OFFICE

Eighty-Eight Oil - Highway 201 Station
Attn: Robert Stamp
PO Drawer 2360
Casper, WY 82602

Dear Mr. Stamp:

The Department of Environmental Quality (Department) has made its decision on the air quality permit application for the operation of a crude oil transportation facility, known as the Highway 201 Station. The application was given permit number 3421-00. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by April 12, 2006. This permit shall become final on April 13, 2006, 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,

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

DK:dds
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: Eighty-Eight Oil LLC (EEO)
Highway 201 Station
Richland County, MT

Air Quality Permit Number: 3421-00

Preliminary Determination Issued: March 10, 2006
Department Decision Issued: March 28, 2006
Permit Final:

1. *Legal Description of Site*: The facility is located in the SW¼ of the NW¼ of Section 3, Township 24 North, Range 54 East, in Richland County, Montana.

2. *Description of Project*: EEO proposes to replace two temporary Waukesha engines installed in 2005 (the F817G genset and F817G pump engine), with a propane-fired Cummins engine rated at 208-hp. In addition, the four 400-barrel crude oil storage tanks and truck unloading station installed in 2005 needed to be included in the permit.

3. *Objectives of Project*: The proposed project would allow EEO to collect crude oil that is trucked in from off-site, and pump it into a pipeline to an off-site tank battery.

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 EEO 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 #3421-00.

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. 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, (see Section 7.F of this EA), and conditions that would be placed in Permit #3421-00. Any impacts from facility construction would be minor due to the relatively small size of the facility and the fact that construction would take place at an existing five acre site. Overall, any impacts to terrestrial and aquatic life and habitats would be minor.

B. Water Quality, Quantity, and Distribution

Minor to moderate impacts could be expected on water quality, quantity, and distribution from the proposed 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 (see Section 7.F of this EA), and conditions that would be placed in Permit #3421-00.

According to review of the topo map of the area, the facility is located close to a drainage area that flows north/northwest and possibly connects to West Charlie Creek. The creek is located approximately one mile to the west of the facility. There is the potential for leaks or spillage due to the amount of crude oil stored at the facility (up to 67,000 gallons). The facility should have a Spill Prevention, Countermeasure and Control (SPCC) Plan to address all spill contingencies.

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. In addition, while deposition of pollutants would occur, the Department determined that the chance of pollutant deposition impacting the geology and soil in the areas surrounding the site would be minor due to the relatively small amount of pollutants emitted (see Section 7.F of this EA). Permit #3421-00 would contain conditions that would also minimize impacts to geology and soil by limiting the amount of equipment 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 and the construction takes place at an existing site. 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 (see Section 7.F of this EA). Permit #3421-00 contains conditions that would also minimize the impacts to vegetation by limiting the amount of equipment 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

Although the facility has existed since 2005, minor impacts would result on the aesthetics of the area because of the installation of the new Genset. A muffler will be installed on the proposed Cummins Genset to mitigate noise. 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 relatively small amounts of NO_x, VOC, and CO, and very small amounts of HAPs, PM_{10}, and SO_2. In addition, air emissions from the facility would be minimized by conditions that would be placed in Permit #3421-00. Conditions would include, but would not be limited to, the requirement to operate BACT and to perform monthly leak checks. Permit #3421-00 would also include conditions requiring EEO to use reasonable precautions to control fugitive dust 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, the atmosphere, (wind speed, wind direction, ambient temperature, etc.) and conditions that would be placed in Permit #3421-00. The Department determined that controlled emissions from the source will not cause or contribute to a violation of any ambient air quality standard. Therefore, any impacts to air quality from the proposed facility would be minor.

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). In this case, the area was defined by the section, township, and range of the proposed location with an additional 1-mile buffer zone. The NRIS search identified no species of special concern. Due to the minor amounts of construction that would be required, the relatively low levels of pollutants that would be emitted, and conditions that would be placed in Permit #3421-00, 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 would be minor because the facility's potential to emit would be relatively small by industrial standards. Any potential impact on water resources should be minor because the facility should address release contingencies in a facility SPCC Plan. The proposed project would have minor impacts on the demand on the environmental resource of energy because propane will be used to operate the Genset. 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 stated that there was a low likelihood that cultural properties would be impacted and that a recommendation for a cultural resource inventory was unwarranted. However, SHPO requested to be contacted to have the site investigated if cultural materials are inadvertently discovered. Therefore, the Department determined that 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. As described in Section 7B and 7E, the potential releases of crude oil and elevated noise levels from the 208-hp engine are potential secondary impacts. Potential emissions from the facility would be relatively small by industrial standards. The Department expects this facility to operate in compliance with all applicable rules and regulations outlined in Permit #3421-00.

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 immediately adjacent to a county road, at a site existing since 2005. 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 immediately adjacent to a county road, at a site existing since 2005. 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. The facility employs one person, which is not expected to change due to the proposed project. In addition, only minor amounts of construction would be needed to complete the project.

D. Agricultural or Industrial Production

The land (approximately five acres) occupied by the facility was open range land (mixed native and cultivated range grasses) used for livestock grazing prior to 2005. The proposed changes will not expand the facility footprint or change the land use since the 2005 construction. The crude oil station may promote future industrial production in the area. 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 #3421-00, 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 not have impacts on the quality of recreational and wilderness activities in the area.

G. Quantity and Distribution of Employment

The proposed project would not affect the quantity and distribution of employment from the one employee currently assigned to the station. 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, at a site existing since 2005. The proposed project would not 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 #3421-00 and to monitor compliance with applicable rules and standards. In addition, the roads in the area may realize a minor increase in vehicle traffic. 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, any new oil & gas well facilities 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 affected by issuing Permit #3421-00. 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 #3421-00. In addition, further cumulative impacts may result from other companies actively drilling in the surrounding area. The companies would likely apply for air quality permits for additional facilities. However, impacts from additional facilities that require air quality permits would be evaluated upon the Department's receipt 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 #3421-00 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: Christine Weaver
Date: February 9, 2006