Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

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POLICY OFFICE

PRELIMINARY DETERMINATION
ON PERMIT APPLICATION

Date of Mailing: July 18, 2006

Name of Applicant: Lodge Creek Pipelines, LLC

Source: The addition of a lean-burn compressor engine up to 1,341 horsepower (hp) equipped with an oxidation catalyst and an air-fuel ratio (AFR) controller

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 3345-02.

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 August 2, 2006. 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, Montana 59620.

For the Department,

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

DK:lr
Enclosures

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: Lodge Creek Pipelines, LLC
Signal Butte Compressor Station
P.O. Box 40
Havre, MT 59501

Air Quality Permit number: 3345-02

Preliminary Determination Issued: July 18, 2006
Department Decision Issued:
Permit Final:

1. *Legal Description of Site*: LCP – Signal Butte Compressor Station is located in Hill County, Montana, near the town of Havre. The legal description is the SE¼ of the SW¼ of Section 35, Township 37 North, Range 15 East, in Hill County, Montana.

2. *Description of Project*: LCP proposes to construct and operate an additional lean-burn engine having a maximum rated design capacity up to 1,341 hp with an oxidation catalyst and an AFR controller for the compression and transportation of natural gas.

3. *Objectives of Project*: The proposed project would provide business and revenue for LCP by facilitating the gathering and selling of natural gas from the nearby gas field. Natural gas would be received and the LCP – Signal Butte Compressor Station would compress the gas for transmission through a natural gas pipeline.

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 LCP 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 #3345-02.

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

Minor impacts to terrestrial and aquatic life and habitats would be expected from the proposed project because deer, antelope, coyotes, geese, ducks, and other terrestrials would potentially use the area around the additional engine and because the additional engine would be a source of air pollutants. The additional engine would emit air pollutants and corresponding deposition of pollutants would occur; however, as described in Section 7.F. of this EA, the Department determined that any impacts from deposition would be minor. In addition, minor land disturbance would occur through additional engine construction activities. Any impacts from the additional engine construction would be minor due to the relatively small size of the project and the relatively short period of time required for construction. Overall, any impacts to terrestrial and aquatic life and habitats would be minor.

B. Water Quality, Quantity, and Distribution

Minor impacts would be expected on water quality, quantity, and distribution from the proposed project. The additional engine would have no discharges into surface water. However, minor amounts of water may be required to control fugitive dust emissions from the access roads and the general facility property. In addition, the additional engine would emit air pollutants and corresponding deposition of pollutants would occur. However, as described in Section 7.F. of this EA, the Department determined that any impact resulting from the deposition of pollutants on water quality, quantity, and distribution would be minor.

Further, water quality, quantity, and distribution would not be impacted from constructing the additional engine because there is no surface water at or relatively close to the site. Furthermore, no direct discharges into surface water would occur and no use of surface water would be expected for the additional engine construction. 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 on approximately one acre would be required to install the additional engine. No discharges, other than air emissions, would occur at the facility. Deposition of pollutants would occur; however, as described in Section 7.F of this EA, the Department determined that any impacts resulting from the deposition of pollutants on the soils surrounding the site would be minor. Any impacts to the geology and soil quality, stability and moisture from the additional engine construction would be minor due to the relatively small size of the project.

D. Vegetation Cover, Quantity, and Quality

Minor impacts would occur on vegetation cover, quantity, and quality because minor construction on approximately one acre would be required to install the additional engine. No discharges, other than air emissions, would occur at the facility. The additional engine would be a source of air pollutants and corresponding deposition of pollutants would occur. However, as described in Section 7.F of this EA, the Department determined that any impacts resulting from the deposition of pollutants on the existing vegetation cover, quantity, and quality would be minor. Overall, any impacts to the vegetation cover, quantity, and quality from the additional engine construction would be minor due to the relatively small size of the project.

E. Aesthetics

Minor impacts would result on the aesthetic values of the area because of the addition of an engine to the facility. However, any visual aesthetic impacts would be minor because the addition is a relatively small addition to an existing industrial facility.

The additional engine would also create additional noise in the area. However, any auditory aesthetic impacts would be minor because the compressor engines would be required to operate enclosed indoors and with an oxidation catalyst. Oxidation catalysts are typically designed to be installed in mufflers. Overall, any aesthetic impacts would be minor.

F. Air Quality

The air quality of the area would realize minor impacts from the proposed project because the additional engine would emit the following air pollutants: NO_X; CO; VOC, including HAPs; and very minor amounts of PM_{10} and sulfur oxides (SO_X). Air emissions from the engine would be minimized by limitations and conditions that would be included in Permit #3345-02. Conditions would include, but would not be limited to, BACT emission limits and opacity limitations on the proposed engine and the general facility.

In addition, based on previous analysis of sources of this type operating under similar conditions, the Department believes that the emissions resulting from the proposed engines exhibit good dispersion characteristics resulting in relatively low deposition impacts. While deposition of pollutants would occur as a result of operating the additional engine, the Department determined that the impacts from deposition of pollutants would be minor due to dispersion characteristics of pollutants (stack height, stack temperature, etc.), the atmosphere (wind speed, wind direction, ambient temperature, etc.), and conditions that would be placed in Permit #3345-02. The air concentration of pollutants would be relatively small, and the corresponding deposition of those air pollutants 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 did not find any unique, endangered, fragile, or limited environmental resources near the proposed site. Due to the minor amounts of construction that would be required and the relatively low levels of pollutants that would be emitted, the Department determined that it would be unlikely that the proposed project would impact any species of special concern and that any potential impacts would be minor.

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

The proposed project would have minor impacts on the demands for the environmental resources of air and water because the additional engine would be a source of air pollutants. Deposition of pollutants would occur as a result of operating the additional engine; however, as explained in Section 7.F of this EA, the Department determined that any impacts on air and water resources from the pollutants (including deposition) would be minor. Since controlled emissions from the proposed station would exhibit good dispersion characteristics and would not exceed any Montana ambient air quality modeling threshold, 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 additional engine would be minor.

The proposed project would be expected to have minor impacts on the demand for the environmental resource of energy because power would be required at the site. The impact on the demand for the environmental resource of energy would be minor because the additional engine would be relatively small by industrial standards. Overall, the impacts for the demands on the environmental resources of water, air, and energy would be minor.

I. Historical and Archaeological Sites

In an effort to identify any historical and archaeological sites located near the proposed project area, the Department contacted the Montana Historical Society, State Historic Preservation Office (SHPO). According to SHPO records, there are no previously recorded historic or archaeological sites within the proposed area. However, SHPO stated that the absence of cultural properties in the area does not mean that they do not exist, but may reflect a lack of previous cultural resource inventories in the area, because SHPO records indicate no previous inventories were conducted. Overall, the Department determined that the chance of the project impacting any historical and archaeological sites in the area would be minor due to the relatively small size of the project.

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 and little construction activities associated with this type of additional engine. The Department believes that this additional engine could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #3345-02.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facilities would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process.

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
B. Cultural Uniqueness and Diversity

The proposed project would not have an impact on social and economic resources in the area. The proposed project would take place in a relatively remote location. Further, the operation of an additional engine does not require any additional employees, and would not result in any immigration of new people to the area for employment purposes; thereby, having no impact on the social and cultural resources of the area.

C. Local and State Tax Base and Tax Revenue

The proposed project would result in minor impacts to the local and state tax base and tax revenue as a result of constructing and operating the additional engine. The proposed project would necessitate relatively little construction and typically would not require an extended period of time for completion. Therefore, any construction related jobs would be temporary and any corresponding impacts on the tax base/revenue in the area would be minor. Overall, any impacts to the local and state tax base would be minor.

D. Agricultural or Industrial Production

The area surrounding the site is grazing land. Since the construction activities associated with the addition of a new engine would be relatively small (approximately one acre), the proposed project would result in only minor impacts to agricultural production.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process. Overall, any impacts to agricultural or industrial production of the area would be minor.

E. Human Health

The proposed project would result in minor, if any, impacts to human health. As explained in Section 7.F of this EA, 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 additional engine. The proposed project would have minor impacts on the quality of recreational and wilderness activities in the area because the additional engine, while relatively small by industrial standards, would be visible and would produce noise. Overall any impacts to the access to and quality of recreational and wilderness activities in the area would be minor.

G. Quantity and Distribution of Employment
H. Distribution of Population

The proposed project would have no impact on the employment and population of the area because no permanent employees would be required for normal operations. Furthermore, construction activities would be minor and not require the addition of any employees. There should be no change in the quantity and distribution of employment or population resulting from this project.

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 Permit #3345-02 and, in the future, to assure compliance with applicable rules, standards, and conditions that would be contained in Permit #3345-02. Overall, any demands for government services to regulate the additional engine or activities associated with the facility would be minor due to the relatively small size of the facility.

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.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process. 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.

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 project, the industrial production, employment, and tax revenue (etc.) impacts resulting from the proposed project would be minor. In addition, the Department believes that this additional engine could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #3345-02.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process.

Recommendation: No EIS is required.

The current permitting action is for the construction and operation of an additional engine. Permit #3345-02 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: Christine Weaver
Date: June 15, 2006