



Montana Department of  
**ENVIRONMENTAL QUALITY**

Brian Schweitzer, Governor

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January 22, 2009

Bart Brinkerhoff  
Encore Energy Partners Operating, LLC  
PO Box 569  
Powell, WY 82435

Dear Mr. Brinkerhoff:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for Elk Basin Battery No. 9. The application was given permit number 3300-03. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by February 6, 2009. This permit shall become final on February 7, 2009, 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) 444-3490

Moriah Peck  
Environmental Engineer  
Air Resources Management Bureau  
(406) 444-4267

VW:MAP  
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:* Encore Energy Partners Operating, LLC  
Elk Basin Battery No. 9  
777 Main Street, Suite 1400  
Fort Wroth, TX 76102

*Air Quality Permit Number:* 3300-03

*Preliminary Determination Issued:* 12/17/08

*Department Decision Issued:* 1/22/09

*Permit Final:*

1. *Legal Description of Site:* Encore owns and operates an oil and gas production battery located approximately 3.5 miles Northwest of Elk Basin, Wyoming, in Section 35, Township 9 South, Range 23 East, in Carbon County, Montana. The battery is known as Elk Basin Battery No. 9.
2. *Description of Project:* Encore proposes to combine its Elk Basin Tensleep Battery No. 2 and Madison Battery No. 9 into a single facility called Elk Basin Battery No. 9. Presently, the two batteries are located adjacent to one another. Combining the two facilities would render some equipment obsolete and require the installation of additional equipment. Two oil storage tanks (1-OT and 2-BT) and two heater treaters (3-HT and 4-HT) would be removed from service and one oil storage tank (6-OT) would change service from a working oil tank to an emergency oil tank. Two new storage tanks (EBM-9-3 and EBM-9-4) would be commissioned and an out-of-service heater treater that has been on-site since the site was originally commissioned (Heater Treater 3) would be returned to service. The two new tanks would be connected to the existing vapor recovery unit to minimize emissions.
3. *Objectives of Project:* The proposed project would allow Encore to continue to generate business and revenue for the company.
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 Encore 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 #3300-03.
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

Various species of animals and birds indigenous to south central Montana inhabit areas surrounding the project site. However, no additional impacts on terrestrial or aquatic habitat would be expected from the proposed project since the project would occur in an already disturbed (industrial) area.

B. Water Quality, Quantity and Distribution

The facility is an existing facility and the proposed project would not involve additional land disturbance. As such, the proposed project would not have any impacts on water quality, quantity, and distribution due to facility construction because any impacts associated with facility construction would already have been realized (construction of concrete pads, the pipeline, etc.).

Impacts would be expected on water quality, quantity, and distribution from facility operation, however. The nearest surface water is Silver Tip Creek, which is approximately 1 mile from the facility. The facility would continue to produce air emissions and corresponding deposition of pollutants would continue to occur. However, as described in Section 7.F of this EA, the Department determined that any impacts from deposition would be minor due to the dispersion characteristics of the pollutants and the atmosphere and due to conditions that would be included in MAQP #3300-03.

Additionally, impacts to water quality, quantity, and distribution would be expected because MAQP #3300-03 would require Encore to use water and/or chemical dust suppressant to control fugitive dust emissions from roads and the general facility property. However, any impacts associated with using water to control fugitive dust would be minor due to the nature of the industry. Typically, these facilities do not require daily activities, which would reduce the amount of dust that would be generated by daily activity at the facility. In addition, any

impacts to water quantity and distribution associated with using water for dust suppression would be minimized by utilizing the ground water that is removed as part of the oil extraction process for dust suppression application.

Overall, any impacts on water quality, quantity, and distribution associated with the proposed project would be minor.

C. Geology and Soil Quality, Stability and Moisture

The facility is an existing facility and the proposed project would not involve additional land disturbance. Therefore, the proposed project would not have any impacts on geology and soil quality, stability, and moisture from facility construction because any impacts associated with facility construction would already have been realized.

D. Vegetation Cover, Quantity, and Quality

The facility is an existing facility and the proposed project would not involve additional land disturbance. Therefore, the proposed project would not have any impacts on vegetation cover, quantity, and quality from facility construction because any impacts associated with facility construction would already have been realized.

Impacts would be expected on vegetation cover, quantity, and quality from facility operation because the facility would continue to produce air emissions and corresponding deposition of pollutants would continue to occur. However, as described in Section 7.F of this EA, the Department determined that any impacts from deposition would be minor due to conditions that would be included in MAQP #3300-03.

Overall, any impacts on vegetation cover, quantity, and quality associated with the proposed project would be minor.

E. Aesthetics

No impacts would result on the aesthetics of the area because the proposed facility is an existing facility. In addition, additional noise would not be expected as a result of this project. Overall, the proposed project would not have any impacts on the aesthetics of the area.

F. Air Quality

The proposed project would reduce emission rates from currently permitted levels. While the facility would continue to be a source of air pollution and corresponding deposition of pollutants would continue to occur, any air quality impacts from deposition of pollutants would be minor due to dispersion characteristics of pollutants (stack height, stack temperature, etc.) and the atmosphere (wind speed, wind direction, ambient temperature, etc.) and due to conditions that would be placed in MAQP #3300-03. Overall, any impacts to air quality resulting from the proposed project 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). The NRIS search identified one species of special concern in the vicinity of the project area: the Greater Sage-Grouse. In this case, the area was defined by the section, township, and range of the proposed location with an additional 1-mile buffer zone.

Because the facility is an existing facility, the Department determined that the proposed project would not impact any unique, endangered, fragile, or limited environmental resources. In addition, due to dispersion characteristics of pollutants and the atmosphere and due to conditions that would be placed in MAQP #3300-03, the Department determined that the chance of the proposed project having any impacts to any unique, endangered, fragile, or limited environmental resources from facility operations 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 water and air because the facility would continue to produce air emissions and corresponding deposition would continue to occur. However, as explained in Sections 7. B and 7.F of this EA, the Department determined that any impacts on the demands on air and water resources would be minor.

The proposed project would also have impacts on the demand on the environmental resource of energy because the facility utilizes several pieces of equipment that consume natural gas. However, any impacts to the non-renewable resource of natural gas would be minor due to the very small size of the equipment that consumes natural gas. In addition, the non-renewable resources of crude oil and natural gas would be impacted because the facility would extract commingled crude oil/natural gas. Overall, any impacts to the non-renewable resources of crude oil and natural gas would be minor due to the relatively small size of the operation.

#### 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 been a few previously conducted cultural resource inventories conducted in or near the proposed area that indicated a few historic or archaeological sites. However, SHPO stated that as long as there will be no disturbance or alteration to structures over 50 years of age, there would be low likelihood that cultural properties would be impacted. 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 because the facility is an existing facility. In addition, 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 MAQP #3300-03.

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 facility is an existing facility. Therefore, there would be no impacts to existing social structures and mores.

B. Cultural Uniqueness and Diversity

The cultural uniqueness and diversity of the area would remain unchanged (no impact) because the facility is an existing facility. Therefore, there would be no impacts to the existing cultural uniqueness and diversity of the area.

C. Local and State Tax Base and Tax Revenue

The local and state tax base and tax revenue would remain unchanged (no impact) because the facility is an existing facility. Because the facility is an existing facility, any impacts to the local and state tax base and tax revenue would already have been realized. In addition, no new employees would be hired as a result of this project.

D. Agricultural or Industrial Production

Because the facility is an existing facility, the proposed project would not displace any agricultural or industrial land. Therefore, the proposed project would not have any impacts to agricultural or industrial production associated with facility construction.

However, the source would continue to be a source of air emissions and corresponding deposition of pollutants would continue to occur. Therefore, agricultural production could be impacted through deposition of pollutants. However, 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 areas surrounding the site would be minor due to dispersion characteristics of pollutants, the atmosphere, and conditions that would be placed in MAQP #3300-03.

Overall, any impacts to agricultural or industrial production would be minor.

E. Human Health

The proposed project would impact human health because the facility would continue to be a source of air pollution and deposition of pollutants would continue to occur. However, as explained in Section 7.F of this EA, the Department determined that the chance of deposition of pollutants impacting human health would be minor due to dispersion characteristics of pollutants, the atmosphere, and conditions that would be placed in MAQP #3300-03. In addition, the proposed project, permitted by MAQP #3300-03, would comply with all applicable air quality rules, regulations, and standards. These rules, regulations, and standards are designed to be protective of human health. Therefore, the Department determined that any impacts on human health resulting from the proposed project would be minor.

F. Access to and Quality of Recreational and Wilderness Activities

Access to and quality of recreational and wilderness activities in the area of the proposed project would remain unchanged (no impact) because the facility is an existing facility. Because the facility is an existing facility, any impacts to the access to and quality of recreational and wilderness activities in the area of the proposed project would already have been realized.

G. Quantity and Distribution of Employment

The quantity and distribution of employment in the area of the proposed project would remain unchanged (no impact) because the facility is an existing facility. Because the facility is an existing facility, any impacts to the quantity and distribution of employment in the area of the proposed project would already have been realized. The proposed project would not create any new permanent or temporary employment in the area.

H. Distribution of Population

The distribution of employment in the area of the proposed project would remain unchanged (no impact) because the facility is an existing facility. Because the facility is an existing facility, any impacts to the quantity and distribution of employment in the area of the proposed project would already have been realized. The proposed project would not create any new permanent employment that would cause an increase in population in the area.

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 MAQP #3300-03 and to monitor compliance with applicable rules, standards, and MAQP #3300-03. However, government services to monitor compliance with MAQP #3300-03 would be equivalent to the government services currently used to monitor compliance with MAQP #3300-02. Overall, any impacts on the demands for government services would be minor.

J. Industrial and Commercial Activity

No impacts would be expected on the local industrial and commercial activity in the area because the facility is an existing facility and would not represent an increase in the industrial and commercial activity in the area.

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 MAQP #3300-03. 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 because the facility is an existing facility. Because the facility is an existing facility, the majority of cumulative and secondary impacts would already have been realized. 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 MAQP #3300-03.

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 commingling of Elk Basin Tensleep Battery No. 2 and Madison Battery No. 9 into a single facility called Elk Basin Battery No. 9. MAQP #3300-03 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, Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: Moriah Peck, P.E.

Date: 12/10/08