



Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

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PRELIMINARY DETERMINATION
ON PERMIT APPLICATION

Date of Mailing: September 29, 2010

Name of Applicant: Abraxas Petroleum, Belle Creek Compressor Station

Source: Compressor Station

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 4569-00.

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 October 14, 2010. 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, MT 59620.

For the Department,

Vickie Walsh
Air Permitting Program Supervisor
Air Resources Management Bureau
(406) 444-9741

Julie Merkel
Air Quality Specialist
Air Resources Management Bureau
(406) 444-3626

VW:JM
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: Abraxas Petroleum
Belle Creek Compressor Station
18803 Meisner Drive
San Antonio, TX 78258

Montana Air Quality Permit Number: 4569-00

Preliminary Determination Issued: September 29, 2010

Department Decision Issued:

Permit Final:

1. *Legal Description of Site:* The legal description of the site is the Section 13, Township 9 South, Range 54 East in Powder River County, Montana.
2. *Description of Project:* Abraxas is proposing to operate a 174 bhp compressor engine with an AFR controller and NSCR. In addition, Abraxas is proposing to operate a TEG dehydration unit and a glycol still vent.
3. *Objectives of Project:* The objective of the project is to permit an existing compressor engine and associated equipment. The objective of the compressor station is to gather and compress natural gas, route it through a dehydrator to remove the moisture and send it to a pipeline for sales.
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 Abraxas 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 #4569-00.
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 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			XX			Yes
B	Water Quality, Quantity, and Distribution			XX			Yes
C	Geology and Soil Quality, Stability and Moisture			XX			Yes
D	Vegetation Cover, Quantity, and Quality			XX			Yes
E	Aesthetics			XX			Yes
F	Air Quality			XX			Yes
G	Unique Endangered, Fragile, or Limited Environmental Resources			XX			Yes
H	Demands on Environmental Resource of Water, Air and Energy			XX			Yes
I	Historical and Archaeological Sites			XX			Yes
J	Cumulative and Secondary Impacts			XX			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 proposed facility would have a minor impact on terrestrial and aquatic life and habitats in the project area. The generator engine would be a minor source of air emissions as well as a source of noise. The Department has determined that any impacts from emissions or deposition of pollutants would be minor due to the dispersion characteristics of the pollutants, the atmosphere, and the conditions contained in MAQP #4569-00.

B. Water Quality, Quantity and Distribution

The proposed facility would have a minor impact on water quality, quantity, and distribution in the project area. The proposed project would not have any discharges into surface water or onto the proposed project site. However, water may be required for fugitive dust control of the access roads and the general facility property.

C. Geology and Soil Quality, Stability and Moisture

The proposed facility would have a minor impact on geology and soil quality, stability, and moisture. The project would be at an existing site that has a compressor engine and associated equipment. Water may be required for fugitive dust control of the access roads and the general facility property.

D. Vegetation Cover, Quantity, and Quality

The project would have a minor affect on the local vegetation. The impacts from emissions or deposition of pollutants would be minor due to dispersion characteristics of the pollutants, the atmosphere, and the conditions that would be placed in MAQP #4569-00.

E. Aesthetics

The proposed project would have a minor affect on the local aesthetics. The surrounding land use is primarily agricultural. The proposed equipment would be at an existing site and therefore a change in aesthetics would be minor.

F. Air Quality

The area surrounding the proposed project is unclassifiable/attainment for the NAAQS for all criteria air pollutants. Emissions of air pollutants would occur as a result of the permit action; however, MAQP #4569-00 would contain conditions limiting opacity and generator emissions and require Abraxas to minimize airborne dust through the use of water or chemical dust suppressants and to operate pollution control equipment to minimize engine emissions of NO_x, CO, and VOC. Compliance with all of the permit conditions would ensure that effects to the local air quality would be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

The proposed project would impact the unique endangered, fragile, or limited environmental resources because emissions of PM₁₀, NO_x, CO, VOC, and SO_x would increase in the area because of the operation of the facility. However, the Department believes that any impacts would be minor due to the relatively small amount of the above listed pollutants emitted, dispersion characteristics of the pollutants and the atmosphere, and conditions placed in MAQP #4569-00, including, but not limited to, BACT requirements discussed in Section III of the permit analysis for this permit.

The Montana Natural Heritage Program (MNHP) identified occurrences of five animal species of concern within the vicinity of the proposed project location that are classified either as sensitive or without classification by the U.S. Bureau of Land Management. Sensitive animal species of concern are the Sprague's Pipit, Baird's Sparrow, McCown's Longspur, and Chestnut-collared Longspur. The unclassified animal is the Grasshopper Sparrow.

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

The proposed project would have a minor impact on environmental resources of water, air, and energy. Water may be required to control dust from the access roads and overall plant area. Energy would be provided by the generator engine, so no line power would be necessary at the site. The engine would be a source of air emissions. The Department has determined that any impacts from emissions or deposition of pollutants would be minor due to the dispersion characteristics of the pollutants, the atmosphere, and the conditions contained in MAQP #4569-00.

I. Historical and Archaeological Sites

The Department contacted the Montana Historical Society, State Historical Preservation Office (SHPO) in an effort to identify any historical and archaeological sites that may be present in the area of operation. According to their records there are no previously recorded sites in the area of the proposed project location and there is a low likelihood of adverse disturbance to any known archaeological or historic site. Therefore, no impacts upon historical or archaeological sites would be expected as a result of this project.

J. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts from this project on the physical and biological

environment in the immediate area would be minor due to the relatively small size and potential environmental impact of the operation. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #4569-00.

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				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 operation would cause no disruption to the native or traditional lifestyles or communities of the area because the facility would be located at an existing site.

B. Cultural Uniqueness and Diversity

The operation would have no impact on the cultural uniqueness and diversity of the area because the facility would be located at an existing site. No current culturally unique or diverse activities are known to be occurring at the proposed site location.

C. Local and State Tax Base and Tax Revenue

The project would have a minor effect on the local and state tax base and revenue due to the taxes generated from the purchase of supplies and the employee payroll.

D. Agricultural or Industrial Production

The project would have a minor effect on the agricultural production because it would be located within land that is primarily used for agriculture. There is no other known industrial activity occurring at or near the proposed site.

E. Human Health

MAQP #4569-00 would incorporate conditions to ensure that the facility would be operated 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

The proposed operations would not affect any access to or aesthetic attribute of recreational and wilderness activities in the area.

G. Quantity and Distribution of Employment

The proposed operations would not disrupt the distribution of employment in the area because no additional employees would be hired, nor would permanent employees be located at the facility.

H. Distribution of Population

The proposed operations would not disrupt the normal population distribution in the area because the facility would be located at an existing site. No additional employees would be hired, nor would permanent employees be located at the facility.

I. Demands for Government Services

Government services would be required for acquiring the appropriate permits from government agencies. In addition, the permitted sources of emissions would be subject to periodic inspections by government personnel. Demands for government services would be minor.

J. Industrial and Commercial Activity

The level of industrial or commercial activity would experience a minor increase as a result of the proposed facility's intent to use the electricity from the generator in the company's natural gas recovery process.

K. Locally Adopted Environmental Plans and Goals

The Department is not aware of any locally adopted environmental plans or goals. MAQP #4569-00 would incorporate conditions to ensure that the facility would be operated in compliance with all applicable rules and standards; therefore, no impact on environmental plans and goals would be expected. .

L. Cumulative and Secondary Impacts

Overall, the revenue generated with this project would result in minor cumulative or secondary impacts that affect the economic and social environment in the immediate area. Air pollution from the facility would be controlled by Department determined BACT and conditions in MAQP #4569-00. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as outlined in MAQP #4569-00.

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 installation and operation of a natural gas compressor engine at an existing station. MAQP #4569-00 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, and previous information obtained from the Montana Historical Society – State Historic Preservation Office, and the Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: Julie Merkel

Date: 8/9/10