

AIR QUALITY PERMIT

Issued to: Westmoreland Resources, Inc. Permit: #1418-03
P.O. Box 449 Modification Request Received: 12/09/98
Hardin, MT 59034 Department Decision on Modification Issued:
12/15/98
Final Permit Issued: 01/02/99
AFS: 030-003-0002

An air quality permit, with conditions, is granted to Westmoreland Resources, Inc. (Westmoreland), pursuant to Sections 75-2-204 and 211 of the Montana Code Annotated (MCA), as amended, and Administrative Rules of Montana (ARM) 17.8.701, *et seq.*, as amended, for the following:

SECTION I: Permitted Facilities

A. Permitted Facility

Westmoreland operates the Absaloka Mine, which is a surface coal mine and handling facility. The facility is in Big Horn County, Hardin, Montana.

B. Current Permit Action

The Department of Environmental Quality (department) received a request from Westmoreland dated December 8, 1998, to modify permit #1418B. Westmoreland has requested renewal of their permit as well as removal of the monitoring requirements. Permit #1418B contained an expiration date because the original mine plan was to be completed by 1998. The department will renew the permit and no expiration date will be placed in the permit, which is consistent with current permitting actions. Also, after reviewing the monitoring data submitted, the monitoring requirements will be removed. This is consistent with the October 9, 1998, guidance policy developed by the department. Permit #1418-03 replaces permit #1418B.

SECTION II: Conditions and Limitations

A. Emission Control Requirements and Emission Limitations

1. Westmoreland shall be limited to a maximum production of 11,000,000 tons of coal on a twelve month rolling period (ARM 17.8.710).
2. Westmoreland shall be limited to a maximum process flow of 3,000 tons/hour from the truck dump into the storage shed (ARM 17.8.710).
3. Westmoreland shall be limited to a maximum process flow of 4,000 tons/hour from the storage shed into the train loading hopper (ARM 17.8.710).
4. Westmoreland shall not cause or authorize to be discharged into the atmosphere, from any coal processing and conveying equipment, coal storage system, or coal transfer and loading system processing coal, visible emissions that exhibit 20% opacity or greater averaged over six consecutive minutes (ARM 17.8.304).
5. Westmoreland shall not cause or authorize the use of any street, road, or parking lot without taking reasonable precautions to control emissions of airborne particulate matter (ARM 17.8.308).

6. Westmoreland shall treat all unpaved portions of the haul roads, access roads, and the general plant area with water and/or chemical dust suppressant as necessary to maintain compliance with the reasonable precautions limitation in Section II.A.5 (ARM 17.8. 308).
7. Westmoreland shall maintain and operate the facility with the following emission control technologies and management practices: (ARM 17.8.710)
 - a. Coal Conveyors – All conveyor belts shall be covered on three sides. Belt transfer points shall be hooded.
 - b. Primary Crusher, Secondary Crusher and Screen – Primary and secondary crushers shall be enclosed. Feed points to the crushers and secondary crusher screen shall be hooded.
 - c. Coal Storage – 50,000 tons coal storage pile enclosed in a storage barn.
 - d. Open Coal Storage – Water or equivalent dust suppressant on open coal storage as necessary.
 - e. Train Loadout – Minimize the free fall distance by the use of a retractable loading chute.
 - f. Overburden and Interburden Removal – Minimize the fall distance from the dragline bucket to the spoil pile.
 - g. Coal Removal – Minimize fall distance from the front-end loader or shovel to the haul trucks.
 - h. Coal and Overburden Drilling – Use water injection on drills
 - i. Coal and Overburden Blasting - Minimize overshooting and minimize the area to be blasted.
 - j. Haul Roads – Chemical dust suppressant or equivalent shall be used. Westmoreland shall submit to the department for approval, a plan for implementation of dust suppression. The plan shall be submitted by November 1, 1980.
 - k. Access Road – Water or equivalent dust suppression to be employed on access road.
 - l. Topsoil Removal and Exposed Areas – Topsoil stripping to precede mining as closely as practicable. Reclaim overburden and interburden piles as closely behind the mining operation as possible.
 - m. Truck Dump – Bottom dump coal haulers to minimize drop distances.
8. Westmoreland shall not burn coal in the boiler containing more than the following limits, and the monthly train composite data may be utilized to represent the quality of coal used in the boiler (ARM 17.8.710):

- a. 0.8% sulfur by weight, monthly average, on an as-received basis; and
 - b. 11.0% ash by weight, monthly average, on an as-received basis.
9. Westmoreland's steam production rates shall be limited to a maximum of 8,600 lbs/hr from each boiler (ARM 17.8.710).
 10. Soot blowing shall be done once per eight-hour shift by manually opening and closing air valves to the front and back blow-down units and actuators (ARM 17.8.710).
 11. Boiler ash shall not be disposed of at a location where wind may cause the material to become airborne (ARM 17.8.710).
- B. All compliance source tests shall be conducted in accordance with the requirements of the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
- C. The department may require testing (ARM 17.8.105).
- D. Operational and Emission Inventory Reporting Requirements
1. Westmoreland shall supply the department with annual production information for all emission points, as required by the department in the annual emission inventory request. The request will include, but is not limited to, all sources of emissions identified in the emission inventory contained in the permit analysis.

Production information shall be gathered on a calendar-year basis and submitted to the department by the date required in the emission inventory request. Information shall be in the units required by the department. This information may be used for calculating operating fees, based on actual emissions from the facility, and/or to verify compliance with permit limitations (ARM 17.8.505).

Westmoreland shall notify the department of any construction or improvement project conducted, pursuant to ARM 17.8.705(1)(q), that would change the facility's annual emission inventory. The notice must be included with the annual emission inventory submitted to the department and must include information sufficient to calculate the facility's estimated actual emissions (ARM 17.8.708).

2. All records compiled in accordance with this permit must be maintained by Westmoreland as a permanent business record for at least five years following the date of the measurement, must be available at the plant site for inspection by the department and must be submitted to the department upon request (ARM 17.8.710).
3. By the 25th of each month, Westmoreland shall total the tons of production of coal during the previous twelve months to verify compliance with the limitation in Section II.A.1. A written report of the compliance verification shall be submitted to the department annually. The report for the previous calendar year shall be submitted no later than March 1 and may be submitted along with the annual inventory (ARM 17.8.710).

SECTION III: General Conditions

- A. Inspection - Westmoreland shall allow the department's representatives access to the source at all reasonable times for the purpose of making inspections, surveys, collecting samples, obtaining data, auditing any monitoring equipment (CEMS, CERMS) or observing any monitoring or testing, and otherwise conducting all necessary functions related to this permit.
- B. Waiver - The permit and all the terms, conditions, and matters stated herein shall be deemed accepted if Westmoreland fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations - Nothing in this permit shall be construed as relieving Westmoreland of the responsibility for complying with any applicable federal or Montana statute, rule or standard, except as specifically provided in ARM 17.8.701, *et seq.* (ARM 17.8.717).
- D. Enforcement - Violations of limitations, conditions and requirements contained herein may constitute grounds for permit revocation, penalties or other enforcement as specified in Section 75-2-401, *et seq.*, MCA.
- E. Appeals - Any person or persons jointly or severally adversely affected by the department's decision may request, within fifteen (15) days after the department renders its decision, upon affidavit setting forth the grounds therefor, a hearing before the Board of Environmental Review. A hearing shall be held under the provisions of the Montana Administrative Procedures Act. The department's decision on the application is not final unless fifteen (15) days have elapsed and there is no request for a hearing under this section. The filing of a request for a hearing postpones the effective date of the department's decision until the conclusion of the hearing and issuance of a final decision by the Board of Environmental Review.
- F. Permit Inspection - As required by ARM 17.8.716, Inspection of Permit, a copy of the air quality permit shall be made available for inspection by department personnel at the location of the permitted source.
- G. Permit Fees - Pursuant to Section 75-2-220, MCA, as amended by the 1991 Legislature, failure to pay the annual operation fee by Westmoreland may be grounds for revocation of this permit, as required by that Section and rules adopted thereunder by the Board of Environmental Review.

ATTACHMENT 1

AMBIENT MONITORING PLAN
WESTMORELAND RESOURCES, INC.
Permit #1418-03

1. Westmoreland has operated PM-10 monitor(s) at their facility for several years. The monitors have shown relatively low readings for the last five years. Therefore, in accordance with an October 9, 1998, guidance document developed by the department, Westmoreland can discontinue operation of their PM-10 ambient monitors.
2. The department may require Westmoreland to conduct additional ambient monitoring if necessary.

PERMIT ANALYSIS
Westmoreland Resources, Inc.
Permit #1418-03

I. Introduction/ Process Description

A. Permit History

On May 11, 1978, permit #1218 was issued to Westmoreland Resources, Inc. (Westmoreland) for the coal handling facilities at the Absaloka mine. The coal handling facilities included a truck dump, primary and secondary crushers, storage barn, loading tipple, and conveyor belts. On May 11, 1978, permit #1219 was also issued for the operation of the two coal fired boilers at the mine. On June 11, 1980, permit #1418 was issued to the mine. This permit covered both permits #1218 and #1219. On February 27, 1985, permit #1418A was issued. The modification required a monthly averaging of sulfur and ash content, and a number of changes were made to the Monitoring and Reporting section for clarification in addition to the deletion of the meteorological monitoring requirements. On August 31, 1986 permit #1418B was issued to Westmoreland in which the reporting requirements regarding coal quality and consumption in the boilers were removed. It was a deletion of permit conditions III.A.1 and 2 in permit #1418A.

B. Current Permit Action

The Department of Environmental Quality (department) received a request from Westmoreland dated December 8, 1998, to modify permit #1418B. Westmoreland has requested renewal of their permit as well as removal of the monitoring requirements. Permit #1418B contained an expiration date because the original mine plan was to be completed by 1998. The department will renew the permit and no expiration date will be placed in the permit, which is consistent with current permitting actions. Westmoreland has submitted a summary of their monitoring results which demonstrated that their monitored ambient concentrations did not exceed the levels in the guidance document that required monitoring. Therefore, in accordance with the October 9, 1998, guidance document developed by the department, the monitoring requirements will be removed from Westmoreland's permit. The ambient monitoring requirements can be reinstated in the future if the department determines that its necessary. Permit #1418-03 replaces permit #1418B.

C. Additional Information

Additional information, such as applicable rules and regulations, BACT determinations, air quality impacts, and environmental assessments are included in the analysis associated with each change to the permit.

II. Applicable Rules and Regulations

The following are partial explanations of some applicable rules and regulations which apply to the facility. The complete rules are stated in the Administrative Rules of Montana and are available upon request from the department. Upon request, the department will provide references for locations of complete copies of all applicable rules and regulations or copies where appropriate.

A. ARM 17.8.101, *et seq.* (Subchapter 1), General Provisions, including, but not limited to:

1. ARM 17.8.101, Definitions. This section includes a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.

2. ARM 17.8.105, Testing Requirements. Any person or persons responsible for the emissions of any air contaminant into the outdoor atmosphere shall, upon written request of the department, provide the facilities and necessary equipment, including instruments and sensing devices, and shall conduct tests, emission or ambient, for such periods of time as may be necessary using methods approved by the department.
3. ARM 17.8.106, Source Testing Protocol. The requirements of this rule apply to any emission source testing conducted by the department, any source, or other entity as required by any rule in this chapter, or any permit or order issued pursuant to this chapter, or the provisions of the Clean Air Act of Montana, 75-2-101, *et seq.*, MCA.

Westmoreland shall comply with the requirements contained in the Montana Source Test Protocol and Procedures Manual, including, but not limited to, using the proper test methods and supplying the required reports. A copy of the Montana Source Testing Protocol and Procedures Manual is available from the department upon request.

4. ARM 17.8.110, Malfunctions. (2) The department must be notified promptly by phone (406-444-3490) whenever a malfunction occurs that can be expected to create emissions in excess of any applicable emission limitation, or to continue for a period greater than four hours.
5. ARM 17.8.111, Circumvention. (1) No person shall cause or permit the installation or use of any device or any means which, without resulting in reduction in the total amount of air contaminant emitted, conceals or dilutes an emission of air contaminant which would otherwise violate an air pollution control regulation. (2) No equipment that may produce emissions shall be operated or maintained in such a manner that a public nuisance is created.

- B. ARM 17.8.201, et seq. (Subchapter 2), Ambient Air Quality. The following ambient air quality standards or requirements apply, including, but not limited to:

ARM 17.8.210, Ambient Air Quality Standards for Sulfur Dioxide, and
ARM 17.8.211, Ambient Air Quality Standards for Nitrogen Dioxide,
ARM 17.8.212, Ambient Air Quality Standards for Carbon Monoxide,
ARM 17.8.213, Ambient Air Quality Standard for Ozone,
ARM 17.8.214, Ambient Air Quality Standard for Hydrogen Sulfide,
ARM 17.8.220, Ambient Air Quality Standard for Settled Particulate Matter,
ARM 17.8.221, Ambient Air Quality Standard for Visibility,
ARM 17.8.222, Ambient Air Quality Standard for Lead,
ARM 17.8.223, Ambient Air Quality Standard for PM₁₀, and
ARM 17.8.230, Fluoride in Forage.

Westmoreland must maintain compliance with the applicable ambient air quality standards. Because there will not be an increase in allowable emissions caused by this permitting action, the department believes it will not lead to a violation of the ambient air quality standards

- C. ARM 17.8.301, et seq. (Subchapter 3), Emission Standards, including, but not limited to:

1. ARM 17.8.304, Visible Air Contaminants. This rule requires that no person may cause or authorize emissions to be discharged to an outdoor atmosphere from any source installed after Nov. 23, 1968, that exhibit an opacity of 20% or greater averaged over 6

consecutive minutes.

2. ARM 17.8.308, Particulate Matter, Airborne. (1) This section requires an opacity limitation of 20% for all fugitive emission sources and that reasonable precautions be taken to control emissions of airborne particulate.
 3. ARM 17.8.309, Particulate Matter, Fuel Burning Equipment. This section requires that no person shall cause, allow, or permit to be discharged into the atmosphere particulate matter caused by the combustion of fuel in excess of the amount determined by this section.
 4. ARM 17.8.310, Particulate Matter, Industrial Process. This section requires that no person shall cause, allow, or permit to be discharged into the atmosphere particulate matter in excess of the amount set forth in this section.
 5. ARM 17.8.322, Sulfur Oxide Emissions - Sulfur in Fuel. This section requires that no person shall burn liquid, solid, or gaseous fuel in excess of the amount set forth in this section.
 6. ARM 17.8.340, Standard of Performance for New Stationary Sources. This section incorporates, by reference, 40 CFR Part 60, Standards of Performance for New Stationary Sources (NSPS). This facility is not an NSPS affected source.
- D. ARM 17.8.501, *et seq.* (Subchapter 5), Air Quality Permit Application, Operation and Open Burning Fees, including, but not limited to:
1. ARM 17.8.504, Air Quality Permit Application Fees. This section requires that an applicant submit an air quality permit application fee concurrent with the submittal of an air quality permit application. A permit application is incomplete until the proper application fee is paid to the department. Westmoreland was not required to submit a permit application fee for the current permit modification.
 2. ARM 17.8.505, Air Quality Operation Fees. An annual air quality operation fee must, as a condition of continued operation, be submitted to the department by each source of air contaminants holding an air quality permit, excluding an open burning permit, issued by the department; and the air quality operation fee is based on the actual or estimated actual amount of air pollutants emitted during the previous calendar year.

An air quality operation fee is separate and distinct from an air quality permit application fee. The annual assessment and collection of the air quality operation fee, as described above, shall take place on a calendar-year basis. The department may insert into any final permit issued after the effective date of these rules such conditions as may be necessary to require the payment of an air quality operation fee on a calendar-year basis, including provisions which pro-rate the required fee amount.
- E. ARM 17.8.701, *et seq.* (Subchapter 7), Permit, Construction and Operation of Air Contaminant Sources, including, but not limited to:
1. ARM 17.8.701, Definitions. This rule is a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.
 2. ARM 17.8.704, General Procedures for Air Quality Preconstruction Permitting. This air quality preconstruction permit contains requirements and conditions applicable to

both construction and subsequent use of the permitted equipment.

3. ARM 17.8.705, When Permit Required, Exclusions. This rule requires a facility to obtain an air quality permit or permit alteration if they construct, alter, or use any air contaminant sources which have the potential to emit more than 25 tons per year of any pollutant.
4. ARM 17.8.706, New or Altered Sources and Stacks - Permit Application Requirements. This section requires that a permit application be submitted prior to installation, alteration or use of a source. Westmoreland was not required to submit a application for the current permitting action.
5. ARM 17.8.710, Conditions for Issuance of Permit. This section requires that Westmoreland demonstrate compliance with applicable rules and standards before a permit can be issued. Also, a permit may be issued with such conditions as are necessary to assure compliance with all applicable rules and standards. Westmoreland has demonstrated compliance with applicable rules and standards as required for permit issuance.
6. ARM 17.8.715, Emission Control Requirements. This section requires a source to install the maximum air pollution control capability which is technically practicable and economically feasible, except that best available control technology (BACT) shall be utilized. A BACT analysis was not required for the current permitting action because no new or altered source will be installed in this permit modification as well as no change in the emissions from the facility.
7. ARM 17.8.716, Inspection of Permit. This rule requires that air quality permits shall be made available for inspection by the department at the location of the source.
8. ARM 17.8.717, Compliance with Other Statutes and Rules. This rule states that nothing in the permit shall be construed as relieving Westmoreland of the responsibility for complying with any applicable federal and Montana statutes, rules and standards, except as specifically provided in ARM 17.8.101, *et seq.*
9. ARM 17.8.720, Public Review of Permit Applications. This rule requires that the applicant notify the public by means of legal publication in a newspaper of general circulation in the area affected by the application for a permit. Westmoreland was not required to submit an affidavit of publication for the current permitting action.
10. ARM 17.8.731, Duration of Permit. An air quality permit shall be valid until revoked or modified as provided in this subchapter, except that a permit issued prior to construction of a new or altered source may contain a condition providing that the permit will expire unless construction is commenced within the time specified in the permit, which in no event may be less than one year after the permit is issued.
11. ARM 17.8.733, Modification of Permit. An air quality permit may be modified for changes in any applicable rules and standards adopted by the board or changed conditions of operation at a source or stack which do not result in an increase in emissions because of those changed conditions. A source may not increase its

emissions beyond those found in its permit unless the source applies for and receives another permit.

12. ARM 17.8.734, Transfer of Permit. This section states an air quality permit may be transferred from one person to another if written notice of intent to transfer, including the names of the transferor and the transferee, is sent to the department.

F. ARM 17.8.801, *et seq.* (Subchapter 8), Prevention of Significant Deterioration of Air Quality, including, but not limited to:

1. ARM 17.8.801, Definitions. This rule is a list of applicable definitions used in this subchapter. This facility is not a PSD source since this facility is not a listed source and the site's potential to emit is below 250 tons per year of any pollutant.

G. ARM 17.8.1201, *et seq.* (Subchapter 12), Operating Permit Program Applicability, including, but not limited to:

1. ARM 17.8.1201, Definitions. (23) Major Source under Section 7412 of the Federal Clean Air Act (FCAA) is defined as any stationary source having:
 - a.
 - i. Potential to Emit (PTE) > 10 tons/year of any one hazardous air pollutant (HAP), or
 - ii. PTE > 25 tons/year of a combination of all HAPs, or
 - iii. lesser quantity as the department may establish by rule.
 - b. PTE > 100 tons/year of any pollutant.
 - c. Sources with the PTE > 70 tons/year of PM-10 in a serious PM-10 nonattainment area.
2. ARM 17.8.1204, Air Quality Operating Permit Program Applicability. (1) Title V of the FCAA Amendments of 1990 requires that all sources, as defined in ARM 17.8.1204 (1), obtain a Title V Operating Permit. In reviewing and issuing Air Quality Permit #1418-03 for Westmoreland the following conclusions were made:
 - a. The facility's PTE is less than 100 tons/year for any pollutant.
 - b. The facility's PTE is less than 10 tons/year of any one HAP and less than 25 tons/year of all HAPs.
 - c. This source is not located in a serious PM-10 nonattainment area.
 - d. This facility is not subject to any current NSPS.
 - e. This facility is not subject to any current NESHAP standards.
 - f. This source is not a Title IV affected source nor a solid waste combustion unit.
 - g. This source is not an EPA designated Title V source.

Based on these facts, the department has determined that Westmoreland will be a minor source of emissions as defined under Title V. Therefore, the Title V permitting program does not apply to the facility.

III. BACT Determination

A Best Available Control Technology (BACT) determination was not required because there is no new or altered source for the current permitting action.

IV. Taking or Damaging Implication Analysis

As Required by 2-10-101 through 105, MCA, the department has conducted a private property taking and damaging assessment and has determined there are no taking or damaging implications.

VII. Environmental Assessment

This permitting action will not result in an increase of emissions from the facility and is considered an administrative action; therefore, an environmental assessment is not required

Analysis Prepared by: Vickie Walsh

Date: December 11, 1998