

## Air Quality Permit

Issued To:	Ocean Energy Inc. Havre Pipeline Company, LLC P.O. Box 2606 Clear Creek Road Havre, Montana 59501	Permit #3060-01 Modification Request Received: 01/26/01 Department Decision on Modification: 02/27/01 Permit Final: 03/15/01 AFS #005-0010
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An air quality permit, with conditions, is hereby granted to Ocean Energy Inc., Havre Pipeline Company, hereinafter referred to as "HPC," pursuant to Sections 75-2-204 and 211, 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. Plant Location

Permit #3060-01 is issued to HPC for the operation of the Blaine County #4 Natural Gas Compressor Station and the associated equipment located in the SW<sup>1</sup>/<sub>4</sub> of Section 8, Township 33 North, Range 19 East, in Blaine County, Montana. A list of permitted equipment is contained in the Permit Analysis.

#### B. Current Permit Action

The current permit action is a modification of permit #3060-00. HPC has requested to add a 60-KW Generac emergency generator to their permitted equipment. HPC requested the generator be added to the permit as a *de minimis* source. The current permit action adds the 60-KW Generac generator to the permit. In addition, the rule references and permit format were updated.

### Section II: Limitations and Conditions

#### A. Emission Limitations

1. Source #01, the 2400-hp Caterpillar natural gas compressor engine, shall be operated as a lean-burn engine. Emissions from this engine shall not exceed the following limits (ARM 17.8.715):

NO <sub>x</sub> <sup>1</sup>	3.71 lb/hr
CO	13.23 lb/hr
VOC	2.65 lb/hr

2. Source #05, the 60-KW Generac generator shall only be used as backup or in emergency situations (ARM 17.8.710).
3. HPC shall operate all equipment to provide the maximum air pollution control for which it was designed (ARM 17.8.715).
4. HPC shall not cause or authorize emissions to be discharged into the outdoor atmosphere from any sources installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6 consecutive minutes (ARM 17.8.304).
5. HPC shall not cause or authorize emissions to be discharged into the atmosphere from haul

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<sup>1</sup> NO<sub>x</sub> reported as NO<sub>2</sub>.

roads, access roads, parking lots, or the general plant property without taking reasonable precautions to control emissions of airborne particulate matter (ARM 17.8.308).

6. HPC shall treat all unpaved portions of the access roads, parking lots, and general plant area with fresh water and/or chemical dust suppressant as necessary to maintain compliance with the reasonable precautions limitation in Section II.A.5 of the permit (ARM 17.8.710).

B. Testing Requirements

1. HPC shall test Source #01, the 2400-hp Caterpillar natural gas compressor engine, for NO<sub>x</sub> and CO, concurrently, to demonstrate compliance with the NO<sub>x</sub> and CO emission limits contained in Section II.A.1. HPC's most recent source test occurred on May 1, 2000. Further testing shall occur on an every-4-year basis from the most recent testing date or according to another testing/monitoring schedule as may be approved by the Department of Environmental Quality (department) (ARM 17.8.105 and ARM 17.8.710).
2. All source tests shall be conducted in accordance with the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
3. The department may require further testing (ARM 17.8.105).

C. Operational Reporting Requirements

1. HPC 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 most recent emission inventory report and sources identified in this permit.

Production information shall be gathered on a calendar-year basis and be submitted to the department by the date required in the emission inventory request. Information shall be in the units required by the department.

In addition, HPC shall submit the following information annually to the department by the date specified in the annual emission inventory request. This will include verifying compliance with permit limitations (ARM 17.8.505):

- a. Hours of operation for the 60-KW Generac generator, and
  - b. A summary report listing the reasons the 60-KW Generac generator was operating.
2. HPC shall notify the department of any construction or improvement project conducted pursuant to ARM 17.8.705(1)(r) that would include a change in control equipment, stack height, stack diameter, stack flow, stack gas temperature, source location, or fuel specifications, or would result in an increase in source capacity above its permitted operation or the addition of a new emission unit. The notice must be submitted to the department, in writing, 10 days prior to start up or use of the proposed de minimis change, or as soon as reasonably practicable in the event of an unanticipated circumstance causing the de minimis change, and must include the information requested in ARM 17.8.705(1)(r)(iv) (ARM 17.8.705).
  3. All records compiled in accordance with this permit must be maintained by HPC as a permanent business record for at least 5 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).

D. Notification

1. HPC shall provide the department with written notification of commencement of construction for installation of the new 2400-hp Caterpillar lean-burn compressor engine and glycol dehydrator within 30 days after commencement of construction.
2. HPC shall provide the department with written notification of the actual start-up date of the 2400-hp Caterpillar lean-burn compressor engine and glycol dehydrator within 15 days of actual start up.

### SECTION III: General Conditions

- A. Inspection - HPC shall allow the department representatives access to the source at all reasonable times for the purpose of making inspections or 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 HPC fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations - Nothing in this permit shall be construed as relieving HPC 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 15 days after the department renders its decision, upon affidavit setting forth the grounds therefor, a hearing before the Board of Environmental Review (Board). 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 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.
- 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 HPC may be grounds for revocation of this permit, as required by that Section and rules adopted thereunder by the Board.
- H. Construction Commencement – Construction must begin within 3 years of permit issuance and proceed with due diligence until the project is complete or the permit shall be revoked (ARM 17.8.731).

Permit Analysis  
Ocean Energy Inc.  
Havre Pipeline Company, LLC  
Permit #3060-01

I. Introduction/Process Description

A. Site Location

Havre Pipeline Company LLC (HPC), Blaine County #4 Compressor Station is located in the SW¼ of Section 8, Township 33 North, Range 19 East, in Blaine County, Montana.

B. Existing Source Description

- Source #01: (1) 2400-hp Caterpillar 3608 TA natural gas, lean-burn compressor engine
- Source #02: (1) 0.3-MMBtu/hr glycol dehydrator
- Source #03: (4) Natural gas space heaters
- Source #04: (1) Glycol dehydrator Vent Stack
- Source #05: (1) 60-KW Genarac Generator to be used as an emergency back up generator

C. Permit History

Permit #3060-00 was issued to HPC on November 20, 1999, for the operation of the Blaine County #4 Natural Gas Compressor Station and the associated equipment located in the SW¼ of Section 8, Township 33 North, Range 19 East, in Blaine County, Montana.

D. Current Permit Action

The current permit action is a modification of permit #3060-00. HPC has requested to add a 60-KW Generac emergency generator to their permitted equipment. HPC requested the generator be added to the permit as a *de minimis* source. The current permit action adds the 60-KW Generac generator to the permit. In addition, the rule references and permit format were updated. Permit #3060-01 replaces permit #3060-00.

E. Additional Information

Additional information, such as applicable rules and regulations, Best Available Control Technology (BACT) determinations, air quality impacts and environmental assessments, is 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 that apply to the facility. The complete rules are stated in the Administrative Rules of Montana (ARM) and are available, upon request, from the Department of Environmental Quality (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, 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

emission 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.

Based on the department's current requirements, the testing necessary to show compliance with the emission limits shall occur within 180 days of start up for the 2400-hp Caterpillar compressor engine and continue on an every-4-year basis or according to another testing/monitoring schedule as may be approved by the department. The department may require further testing.

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.*, Montana Code Annotated (MCA).

HPC 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 Test 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 telephone 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 4 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 that 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, Subchapter 2, Ambient Air Quality, including, but not limited to:

1. ARM 17.8.204 Ambient Air Monitoring
2. ARM 17.8.210 Ambient Air Quality Standards for Sulfur Dioxide
3. ARM 17.8.211 Ambient Air Quality Standards for Nitrogen Dioxide
4. ARM 17.8.212 Ambient Air Quality Standards for Carbon Monoxide
5. ARM 17.8.213 Ambient Air Quality Standard for Ozone
6. ARM 17.8.214 Ambient Air Quality Standard for Hydrogen Sulfide
7. ARM 17.8.220 Ambient Air Quality Standard for Settled Particulate Matter
8. ARM 17.8.221 Ambient Air Quality Standard for Visibility
9. ARM 17.8.222 Ambient Air Quality Standard for Lead
10. ARM 17.8.223 Ambient Air Quality Standard for PM<sub>10</sub>

HPC must maintain compliance with the applicable ambient air quality standards.

C. ARM 17.8, 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 November 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 rule requires an opacity limitation of 20% for all fugitive emission sources and that reasonable precautions be taken to

control emissions of airborne particulate. (2) Under this section, HPC 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.

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 Processes. This section requires 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. Commencing July 1, 1971, no person shall burn any gaseous fuel-containing sulfur compounds in excess of 50 grains per 100 cubic feet of gaseous fuel, calculated as hydrogen sulfide at standard conditions. HPC will consume pipeline-quality natural gas in the compressor engine, the dehydration unit reboiler, and the space heaters, which will meet this limitation.
6. ARM 17.8.324(3) Hydrocarbon Emissions--Petroleum Products. No person shall load or permit the loading of gasoline into any stationary tank with a capacity of 250 gallons or more from any tank truck or trailer, except through a permanent submerged fill pipe, unless such a tank is equipped with a vapor loss control device as described in (1) of this rule, or is a pressure tank as described in (1) of this rule.
7. 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). The HPC, Blaine County #4 compressor station is not an NSPS affected source because it does not meet the definition of a natural gas processing plant as defined in 40 CFR Part 60, Subpart KKK.
8. ARM 17.8.342 Emission Standards for Hazardous Air Pollutants for Source Categories. Owners or operators of oil and natural gas production facilities, as defined and applied in 40 CFR Part 63, shall comply with standards and provisions of 40 CFR Part 63, Subpart HH. The Blaine County #4 Compressor Station is not a NESHAP affected source because the facility is not a major source of hazardous air pollutants (HAP's) as determined by using the GRI-GlyCalc Version 3.0 computer program.

Owners or operators of natural gas transmission or storage facilities, as defined and applied in 40 CFR Part 63, shall comply with standards and provisions of 40 CFR Part 63, Subpart HHH. The Blaine County #4 Compressor Station is not a NESHAP affected source because the facility is not a major source of hazardous air pollutants (HAP's) as determined by using the GRI-GlyCalc Version 3.0 computer program.

- D. ARM 17.8, 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. The current permitting action is considered an administrative action; therefore, an application fee is not required.
  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. 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, 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 that pro-rate the required fee amount.

E. ARM 17.8, 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 an air contaminant source that has the potential to emit more than 25 tons per year of any pollutant. HPC has the potential to emit more than 25 tons per year of CO; therefore, a permit is required.
4. ARM 17.8.706 New or Altered Sources and Stacks--Permit Application Requirements. This rule requires that an application for an air quality permit be submitted for a new or altered source or stack. HPC was not required to submit an application for the current permitting action.
5. ARM 17.8.710 Conditions for Issuance of Permit. This section requires that HPC 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. HPC has demonstrated compliance with applicable rules and standards as required for permit issuance.
6. ARM 17.8.715 Emission Control Requirements. This section requires HPC to install the maximum air pollution control capability which is technically practicable and economically feasible, except that BACT shall be utilized. A BACT analysis was not required for the current permitting action.
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 HPC of the responsibility for complying with any applicable federal or Montana statutes, rules or 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 HPC notify the public by means of legal publication in a newspaper of general circulation in the area affected by the application for a permit. HPC was not required to submit an affidavit of publication for the current permit 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 1 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 that 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 that 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, 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.
  2. ARM 17.8.818 Review of Major Stationary Sources and Major Modifications--Source Applicability and Exemptions. The requirements contained in ARM 17.8.819 through 17.8.827 shall apply to any major stationary source and any major modification with respect to each pollutant subject to regulation under the Federal Clean Air Act (FCAA) that it would emit, except as this subchapter would otherwise allow.

This facility is not a PSD source because it is not a listed source and does not have the potential to emit more than 250 tons per year of any air pollutant.

- G. ARM 17.8, Subchapter 12, Operating Permit Program, including, but not limited to:
1. ARM 17.8.1201 Definitions. (23) Major Source under section 7412 of the FCAA is defined as any stationary source having:
    - a.
      - i. Potential To Emit (PTE) > 10 tons/year of any one HAP,
      - 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 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 #3060-01 for the HPC Blaine County #4 Compressor Station 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. The source is not located in a serious PM-10 nonattainment area.

- d. The facility is not subject to any current NSPS.
- e. The facility is not subject to any current NESHAP standards.
- f. The source is not a Title IV affected source or a solid waste combustion unit.
- g. The source is not an EPA designated Title V source.

Based on these facts, the department has determined the HPC Blaine County #4 Compressor Station will be a minor source of emissions as defined under Title V.

III. BACT Determination

A Best Available Control Technology (BACT) determination is required for each new or altered source. HPC shall install on the new or altered source the maximum air pollution control capability which is technically practicable and economically feasible, except that BACT shall be utilized. However, the current permit action is an administrative action, adding a *de minimis* source; therefore, a BACT analysis is not required for this permit action.

IV. Emission Inventory

Source	PM-10	NO <sub>x</sub>	tons/year		
			VOC	CO	SO <sub>x</sub>
#01 2400-hp Caterpillar Compressor Engine	0.71	16.23	11.59	57.95	0.04
#02 Glycol Dehydration Unit	0.01	0.13	0.01	0.11	0.00
#03 Natural Gas-Fired Space Heaters	0.00	0.06	0.00	0.05	0.00
#04 Miscellaneous VOC Sources	0.00	0.00	3.51	0.00	0.00
#05 Generac Emergency Generator (60 KW)	0.00	0.57	0.01	0.93	0.00
Total	0.73	16.98	15.12	59.04	0.04

\* A complete emission inventory is on file with the department.

V. Existing Air Quality

The current permit action is a modification of permit #3060-00 and adds a *de minimis*-contributing source to the permitted equipment. In the view of the department, the HPC Blaine County #4 Compressor Station will continue to operate in compliance with all applicable rules and regulations that apply to the facility.

VI. 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

An environmental assessment was not required for this permitting action because it is considered an administrative action.

Permit Analysis Prepared By: David Aguirre  
Date: February 6, 2001