



Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

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May 15, 2012

Frann Nunn
Phillips 66 Company
2626 Lillian Avenue
Billings, MT 59101

Dear Ms. Nunn:

Montana Air Quality Permit #2972-03 is deemed final as of May 12, 2012, by the Department of Environmental Quality (Department). This permit is for a distillate/gasoline unloading facility. All conditions of the Department's Decision remain the same. Enclosed is a copy of your permit with the final date indicated.

For the Department,

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

Tashia Love
Environmental Science Specialist
Air Resources Management Bureau
(406) 444-5280

VW:TL
Enclosure

Montana Department of Environmental Quality
Permitting and Compliance Division

Montana Air Quality Permit #2972-03

Phillips 66 Company
2626 Lillian Avenue
Billings, MT 59101

May 12, 2012



MONTANA AIR QUALITY PERMIT

Issued To: Phillips 66 (Phillips) Company
2626 Lillian Avenue
Billings, MT 59101

Permit: #2972-03
Administrative Amendment (AA)
Request Received: 03/30/2012
Department Decision on AA: 4/26/2012
Permit Final: May 12, 2012
AFS #: 089-0007

A Montana Air Quality Permit (MAQP), with conditions, is hereby granted to Phillips 66 Company (Phillips), pursuant to Sections 75-2-204 and 211 of the Montana Code Annotated (MCA), as amended, and Administrative Rules of Montana (ARM) 17.8.740, *et seq.*, as amended, for the following:

Section I: Permitted Facilities

A. Plant Location

Phillips owns and operates a distillate/gasoline unloading facility located in Thompson Falls, Montana. The legal description of the site is Section 15, Township 21 North, Range 29 West in Sanders County, Montana.

B. Current Permit Action

The Department of Environmental Quality (Department) received a letter from Phillips on March 30, 2012, requesting an administrative amendment to change their name from ConocoPhillips Company to Phillips 66 Company. A mailing address change was also requested for the Phillips facility.

Section II: Limitations and Conditions

A. Emission Control Requirements

1. Fixed roof storage tanks T-90 and T-93 shall not store volatile organic liquids as defined by 40 CFR 60.111b(k). The fixed roof tanks shall be submerge filled, and equipped with pressure/vacuum vents. Fixed roof storage tanks T-90 and T-93 may store volatile organic liquids only if the tanks meet the requirements of 40 CFR 60, Subpart Kb (ARM 17.8.749 and ARM 17.8.752).
2. Internal floating roof (IFR) storage tanks T-91, T-92, and T-94 shall meet the requirements of 40 CFR 60, Subpart Kb (ARM 17.8.340 and ARM 17.8.752).
3. Phillips shall only unload tank trucks and railcars into the storage tanks or the pipeline. Phillips is not permitted to load tank trucks or railcars at this facility (ARM 17.8.749).
4. Each calendar month all valves, connections, open-ended lines, loading arms, pump seals, and meters in VOC service shall be inspected for total organic liquid or vapor leaks. Detection methods incorporating sight, sound, or smell are acceptable. If a leak is detected, Phillips shall:
 - a. Make a first attempt to repair any leak not later than 5 calendar days after the leak is detected;

- b. Repair any leak as soon as practicable, but not later than 15 calendar days after it is detected, except as provided below; and
 - c. Delaying equipment repairs will be allowed if the repair is technically infeasible without a process unit shutdown; however, the equipment shall be repaired before the end of the first process unit shutdown after detection of the leak.
5. Phillips shall implement the monthly inspection program during the first full month after final MAQP (#2972-00) issuance. Phillips shall record the date, the findings, and corresponding actions taken for each inspection (ARM 17.8.752).
 6. Phillips shall install, operate, and maintain all emission control equipment and practices to provide the maximum air pollution control for which it was designed (ARM 17.8.752).
 7. Phillips shall not cause or authorize the use of any street, road, or parking lot, or the general plant area, without taking reasonable precautions to control emissions of airborne particulate matter (ARM 17.8.308).
 8. Phillips 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).

B. Compliance Determination

1. Compliance with Section II.A.1 shall be determined by maintaining the following records for fixed roof storage tanks T-90 and T-93:
 - a. Record of the liquid stored;
 - b. The period of storage; and
 - c. The maximum true vapor pressure of the liquid during the respective storage period.
2. Compliance with Section II.A.2 shall be determined by meeting the requirements of 40 CFR 60, Subpart Kb as specified in 60.112b, 60.113b, 60.114b, 60.115b, 60.116b, and 60.117b.
3. Compliance with Section II.A.4 shall be determined by maintaining the records required by that section.
4. Phillips 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.6 (ARM 17.8.749).

C. Testing Requirements

1. All compliance source tests shall conform to the requirements of the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
2. The Department may require further testing. (ARM 17.8.105).

D. Operational Reporting Requirements

1. Phillips 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 to calculate operating fees, based on actual emissions from the facility, and/or to verify compliance with permit limitations (ARM 17.8.505).

2. Phillips shall notify the Department of any construction or improvement project conducted, pursuant to ARM 17.8.745, that would include *the addition of a new emissions unit*, 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. The notice must be submitted to the Department, in writing, 10 days prior to startup 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 17.8.745(l)(d) (ARM 17.8.745).
3. All records compiled in accordance with this permit must be maintained by Phillips 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 17.8.749)

E. Notification

1. Phillips shall provide the Department with written notification as required by 40 CFR 60.7 for internal IFR storage tanks T-91, T-92 and T-94 (ARM 17.8.340).
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 limitations or can be expected to last for a period greater than four hours (ARM 17.8.110).

Section III: General Conditions

- A. Inspection –Phillips shall allow the Department’s 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 the terms, conditions, and matters stated herein shall be deemed accepted if Phillips fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations – Nothing in this permit shall be construed as relieving Phillips of the responsibility for complying with any applicable federal or Montana statute, rule, or standard, except as specifically provided in ARM 17.8.740, *et seq.* (ARM 17.8.756).

- D. Enforcement – Violations of limitations, conditions and requirements contained herein may constitute grounds for permit revocation, penalties, or other enforcement action 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 therefore, a hearing before the Board of Environmental Review (Board). A hearing shall be held under the provisions of the Montana Administrative Procedures Act. The filing of a request for a hearing does not stay the Department’s decision, unless the Board issues a stay upon receipt of a petition and a finding that a stay is appropriate under Section 75-2-211(11)(b), MCA. The issuance of a stay on a permit by the Board postpones the effective date of the Department’s decision until conclusion of the hearing and issuance of a final decision by the Board. If a stay is not issued by the Board, the Department’s decision on the application is final 16 days after the Department’s decision is made.
- F. Permit Inspection – As required by ARM 17.8.755, Inspection of Permit, a copy of the air quality permit shall be made available for inspection by the Department at the location of the source.
- G. Permit Fee – Pursuant to Section 75-2-220, MCA, failure to pay the annual operation fee by Phillips may be grounds for revocation of this permit, as required by that section and rules adopted thereunder by the Board.
- H. Duration of Permit – Construction or installation must begin or contractual obligations entered into that would constitute substantial loss within 3 years of permit issuance and proceed with due diligence until the project is complete or the permit shall expire (ARM 17.8.762).

Permit Analysis
 Phillips 66 Company
 Montana Air Quality Permit (MAQP) #2972-03

I. Introduction/Process Description

A. Permitted Equipment

Phillips 66 Company (Phillips) owns and operates a distillate/gasoline unloading facility located in Thompson Falls, Montana. The legal description of the site is Section 15, Township 21 North, Range 29 West in Sanders County, Montana. The facility is permitted to include miscellaneous fugitive emissions associated with the unloading facility (i.e., component leaks, line purging, tank cleaning, and meter provings) and the following storage tanks:

<u>Tank #</u>	<u>Product</u>	<u>Capacity (bbl)</u>	<u>Roof Type</u>	<u>Diameter (ft)</u>	<u>NSPS</u>
T-90	Distillate	45,000	Fixed	90	N/A
T-91	Gasoline	37,000	IFR	80	Subpart Kb
T-92	Gasoline	25,000	IFR	63	Subpart Kb
T-93	Distillate	27,000	Fixed	63	N/A
T-94	Gasoline	2,000	IFR	25	Subpart Kb
NA	Stormwater	362	Fixed	9	N/A

B. Source Description

The facility is used to transport petroleum products (distillates (#1 and #2 diesel), super unleaded gasoline (N92), and regular unleaded gasoline (N87)) from the Billings area to Eastern Washington. Petroleum products are transported from the Billings area to Missoula via the pipeline, loaded into railcars, and hauled to Thompson Falls. The facility unloads the petroleum products from the railcars into the appropriate tanks, and re-injects the products into the pipeline.

Sensitive areas in the vicinity of the facility include a school approximately 1 mile away, a residential area approximately 1/2 mile away, a State park about 5 miles away, and a wildlife management area one mile away. In addition, there are several fishing and hunting accesses in the area.

C. Permit History

The unloading facility was originally a pump station that serviced the Yellowstone Pipeline. Since the pipeline was shut down, the facility has gone from a pump station, to a truck unloading facility, to a rail unloading facility. Previously, the facility consisted of one gasoline storage tank, a railcar off-loading system, and a truck off-loading system, which was dormant. Gasoline was received from Helena by rail, off-loaded into the storage tank and pumped into the Yellowstone Pipeline. If for some reason rail transportation was not available or sufficient, the facility had the capability of receiving and off-loading product delivered by truck. However, under normal circumstances, product was received only by rail.

On September 17, 1996, the Department of Environmental Quality (Department) received an application from Conoco, Inc. (Conoco) for the Improved Rail Project at the Conoco distillate/gasoline unloading facility. The application was assigned **MAQP #2972-00** and was deemed complete on October 11, 1996. The project was an effort to improve

petroleum product transport from the Billings area to Eastern Washington. Petroleum products are transported by pipeline to Missoula, loaded into railcars and hauled to Thompson Falls to be re-injected into the pipeline. This greatly reduced the rail transport distance, considering that some products were previously being transported from as far as Helena to Spokane.

The project expanded the Conoco unloading facility in Thompson Falls to allow off-loading of additional petroleum products. Previously only N87 was unloaded at the Thompson Falls facility. This project added the capability to distillates and N92. The expansion required four new tanks to be installed: a 45,000 Bbl capacity tank for Diesel #2; a 27,000 Bbl capacity tank for Diesel #1; a 37,000 Bbl capacity tank for N87; and a 25,000 bbl capacity tank for N92. In addition, two 6x8x15 pumps and four 4x6x13 pumps (plus one spare) were installed. A new rail spur was added to the existing one, making room for approximately 36 rail cars to be spotted at once. To facilitate the additional spur, 27 new off load hose assemblies, a new jet fuel header (900 ft.), a new diesel header (900 ft.), and a new N92 header (450 ft.) were installed. Also, eleven new drain pans and drain lines (which tie into the existing drain line) were installed. The existing 2,000 bbl capacity tank for N87 was expected to remain in service. **MAQP #2972-00** became final on November 23, 1996.

On January 10, 2003, Conoco submitted a letter to the Department notifying the Department that Conoco changed their name to ConocoPhillips. In addition, ConocoPhillips requested to change the mailing address for the facility. Permit format and language were updated to reflect current Department permit format and language. **MAQP #2972-01** became final on March 7, 2003, and replaced MAQP #2972-00.

On October 1, 2007, the Department received a request for de minimis modification from ConocoPhillips for the Thompson Falls facility. The de minimis requests proposed to add a 15,200 gallon (362 bbl, 57.5 m³) stormwater run-off collection tank, also occasionally used for product spill containment at the rail unload facilities. The Department confirmed the de minimis change on September 24, 2007. On June 8, 2009, ConocoPhillips submitted correspondence notifying the Department that the responsible official and mailing address for the facility had changed.

The permit action updated the permit to reflect the de minimis change and new mailing address. Finally, the permit was updated to include newly promulgated applicable federal standards and current Department permit format and language. **MAQP #2972-02** replaces MAQP #2972-01.

D. Current Permit Action

On March 30, 2012, Conoco Phillips Company submitted a letter to the Department notifying the Department that Conoco changed their name to Phillips 66 Company. In addition, ConocoPhillips requested to change the mailing address for the facility. **MAQP #2972-03** replaces MAQP# 2972-02.

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. Upon request, the Department will provide references for location 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 rule 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.
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).

Phillips 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 that, without resulting in reduction of 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 as to create a public nuisance.

B. ARM 17.8, Subchapter 2 – Ambient Air Quality, including, but not limited to the following:

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 PM₁₀

Phillips 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 into the 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 less than 20% for all fugitive emission sources and that reasonable precautions be taken to control emissions of airborne particulate matter. (2) Under this rule, Phillips 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 rule 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 rule.
4. ARM 17.8.310 Particulate Matter, Industrial Process. This rule 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 rule.
5. ARM 17.8.322 Sulfur Oxide Emissions--Sulfur in Fuel. This rule requires that no person shall burn liquid, solid, or gaseous fuel in excess of the amount set forth in this rule.
6. ARM 17.8.324 Hydrocarbon Emissions--Petroleum Products. (3) 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 tank is equipped with a vapor loss control device as described in (1) of this rule.
7. ARM 17.8.340 Standard of Performance for New Stationary Sources and Emission Guidelines for Existing Sources. This rule incorporates, by reference, 40 CFR Part 60, Standards of Performance for New Stationary Sources (NSPS). Phillips is considered an NSPS affected facility under 40 CFR Part 60 and is subject to the requirements of the following subparts.
 - a. 40 CFR 60, Subpart A – General Provisions apply to all equipment or facilities subject to an NSPS Subpart as listed below:
 - b. 40 CFR 60, Subpart Kb – Standards of Performance for Volatile Organic Liquid Storage Vessels. The owner or operator of any affected facility for which Construction, Reconstruction, or Modification Commenced After July 23, 1984. As defined in 40 CFR 60 Subpart Kb internal floating roof (IFR) storage tanks are affected facilities. Because T-91, T-92, and T-94 were constructed after July 23, 1984 40 CFR Subpart Kb applies
8. ARM 17.8.342 Emission Standards for Hazardous Air Pollutants for Source Categories. The source, as defined and applied in 40 CFR Part 63, shall comply with the requirements of 40 CFR Part 63, as listed below:
 - a. 40 CFR 63, Subpart A – General Provisions apply to all equipment or facilities subject to an NESHAP Subpart as listed below:

- b. 40 CFR 63, Subpart BBBBBB – National Emission Standards for Hazardous Air Pollutants for Source Category: Gasoline Distribution Bulk Terminals, Bulk Plants and Pipeline Facilities. This subpart applies to the owner or operator of an area source bulk gasoline terminal, pipeline breakout station, or bulk gasoline plant. The Phillips Thompson Falls facility meets the definition of a Pipeline Breakout Station at 40 CFR Part 63.11100. The compliance dates and the required recordkeeping, reporting, best management practices, and emissions limitations vary depending on the compliance methods chosen.

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 rule requires that an applicant submit an air quality permit application fee concurrent with the submittal of an air quality permit application. The current permit action neither adds nor alters any emitting units, and emissions from the facility will not increase; therefore, the current permit action is an administrative action and Phillips was not required to submit a permit application fee.
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 prorate 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 17.8.740 Definitions. This rule is a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.
2. ARM 17.8.743 Montana Air Quality Permits--When Required. This rule requires a person to obtain an air quality permit or permit modification to construct, modify, or use any air contaminant sources that have the potential to emit (PTE) greater than 25 tons per year of any pollutant. Phillips has a PTE greater than 25 tons per year of VOC; therefore, an air quality permit is required.
3. ARM 17.8.744 Montana Air Quality Permits--General Exclusions. This rule identifies the activities that are not subject to the Montana Air Quality Permit program.
4. ARM 17.8.745 Montana Air Quality Permits--Exclusion for De Minimis Changes. This rule identifies the de minimis changes at permitted facilities that do not require a permit under the Montana Air Quality Permit Program.
5. ARM 17.8.748 New or Modified Emitting Units--Permit Application Requirements. (1) This rule requires that a permit application be submitted prior to installation, modification, or use of a source. Phillips submitted the required permit application for the current permit action. (7) 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. The current permit action neither adds nor alters any emitting units, and emissions from the facility will not increase; therefore, the current permit action is an administrative action and Phillips was not required to notify the public.

6. ARM 17.8.749 Conditions for Issuance or Denial of Permit. This rule requires that the permits issued by the Department must authorize the construction and operation of the facility or emitting unit subject to the conditions in the permit and the requirements of this subchapter. This rule also requires that the permit must contain any conditions necessary to assure compliance with the Federal Clean Air Act (FCAA), the Clean Air Act of Montana, and rules adopted under those acts.
7. ARM 17.8.752 Emission Control Requirements. This rule requires a source to install the maximum air pollution control capability that is technically practicable and economically feasible, except that BACT shall be utilized. The required BACT analysis is included in Section III of this permit analysis.
8. ARM 17.8.755 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.
9. ARM 17.8.756 Compliance with Other Requirements. This rule states that nothing in the permit shall be construed as relieving Phillips of the responsibility for complying with any applicable federal or Montana statute, rule, or standard, except as specifically provided in ARM 17.8.740, *et seq.*
10. ARM 17.8.759 Review of Permit Applications. This rule describes the Department's responsibilities for processing permit applications and making permit decisions on those permit applications that do not require the preparation of an environmental impact statement.
11. ARM 17.8.762 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 modified 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.
12. ARM 17.8.763 Revocation of Permit. An air quality permit may be revoked upon written request of the permittee, or for violations of any requirement of the Clean Air Act of Montana, rules adopted under the Clean Air Act of Montana, the FCAA, rules adopted under the FCAA, or any applicable requirement contained in the Montana State Implementation Plan (SIP).
13. ARM 17.8.764 Administrative Amendment to Permit. An air quality permit may be amended for changes in any applicable rules and standards adopted by the Board of Environmental Review (Board) or changed conditions of operation at a source or stack that do not result in an increase of emissions as a result of those changed conditions. The owner or operator of a facility may not increase the facility's emissions beyond permit limits unless the increase meets the criteria in ARM 17.8.745 for a de minimis change not requiring a permit, or unless the owner or operator applies for and receives another permit in accordance with ARM 17.8.748, ARM 17.8.749, ARM 17.8.752, ARM 17.8.755, and ARM 17.8.756, and with all applicable requirements in ARM Title 17, Chapter 8, Subchapters 8, 9, and 10.

14. ARM 17.8.765 Transfer of Permit. This rule 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 ARM 17.8.827 shall apply to any major stationary source and any major modification, with respect to each pollutant subject to regulation under the FCAA that it would emit, except as this subchapter would otherwise allow.

This facility is not a major stationary source since this facility is not a listed source and the facility's potential to emit is below 250 tons per year of any pollutant (excluding fugitive emissions).

G. ARM 17.8, 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 FCAA is defined as any source having:
 - a. PTE > 100 tons/year of any pollutant;
 - b. PTE > 10 tons/year of any one hazardous air pollutant (HAP), PTE > 25 tons/year of a combination of all HAPs, or lesser quantity as the Department may establish by rule; or
 - c. PTE > 70 tons/year of particulate matter with an aerodynamic diameter of 10 microns or less (PM₁₀) in a serious PM₁₀ nonattainment area.
2. ARM 17.8.1204 Air Quality Operating Permit Program. (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 MAQP #2972-03 for Phillips, 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 for any one HAP and less than 25 tons/year for all HAPs.
 - c. This source is not located in a serious PM₁₀ 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, or 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 the Phillips facility will be a minor source of emissions as defined under Title V. However, if minor sources subject to NSPS are required to obtain a Title V Operating Permit, Phillips will be required to obtain an operating permit.

III. BACT Determination

A BACT determination is required for each new or altered source. Phillips shall install on the new or altered source the maximum air pollution control capability, which is technically practicable and economically feasible, except that the BACT shall be utilized. However, a BACT analysis was not required for the current permit action because new or altered sources are not proposed and emissions are not increasing. The current permit action is an administrative action.

IV. Emission Inventory

Source	Tons/Year	VOC
Fugitive VOC Emissions		0.52
T-90 Distillate		0.83
T-91 Gasoline		2.57
T-92 Gasoline		2.41
T-93 Distillate		0.87
T-94 Gasoline		2.63
Line Purge Emissions		19.19
Stormwater Collection Tank		0.52
Miscellaneous VOC Emissions		0.90
Total Emissions		30.44

Fugitive VOC Emissions

Component Type	Number of Components	Emission Factor (lb/hr/component)	VOC Emissions (lb/yr) (tons/year)	
Valves	165	0.000095	137.02	0.07
Connections	660	0.000017	99.44	0.05
Open Ended Lines	4	0.0065	227.76	0.11
Loading Arms	58	0.00087	442.03	0.22
Pumps & Meters	14	0.00117	143.49	0.07
			1049.75	0.52

Storage Tank Emissions

Tank #	Product	Capacity (bbls)	Roof Type	Losses (lb/yr)			Total (ton/yr)
				Standing	Withdrawal	Total	
T-90	Distillate	45000	Fixed	54.86	1608.081662.94		0.83
T-91	Gasoline	37000	IFR	4186.01	960.05 5146.06		2.57
T-92	Gasoline	25000	IFR	3601.64	1219.164820.8		2.41
T-93	Distillate	27000	Fixed	38.21	1693.811732.02		0.87
T-94	Gasoline	2000	IFR	2063.79	3194.835258.62		2.63
NA	Stormwater	762	Fixed	773.68	271.11 1044.79		0.52
				10718.51	8947.1119665.2		9.83

Tank emissions are based on AP-42 and are calculated using TANKS version 2.0 and version 4.0.9d

Line Purge Emissions

$$Ll = 12.46 (S \cdot P \cdot M / T)$$

Ll = Loading Loss Factor (lb/1000 gal)

S = Saturation Factor AP-42 (Table 4.4-1) = 1.00 (Saturated Vapors)

P = True Vapor Pressure of Liquid (psia)

M = Molecular Weight of the Vapor (lb/lb-mole)

T = Ambient Temperature (from average annual meteorological data) (deg R)

Product Loaded	Saturation Factor (S)	TVP (psia) (P)	MW (lb/lb-mole) (M)	Temp (deg R) (T)	Uncontrolled Emission Factor (lb/kgal) (Ll)	Annual Throughput (kgal/yr)	Uncontrolled Emissions
							(tpy)
Gasoline	1.0	4.5612	64.00	505	7.20	5317	19.15
Distillate	1.0	0.0051	130.00	505	0.02	5122	0.04
							19.19

Miscellaneous VOC Emissions

Other emissions at the facility include emissions from tank cleaning and meter provings. Emissions estimations are based on process knowledge and engineering calculations.

V. Existing Air Quality

Phillips is located in Section 15, Township 21 North, Range 29 West in Sanders County at 5315 Highway 200, Thompson Falls MT. The air quality of this area is classified as either better than National Standards or unclassifiable/attainment for the National Ambient Air Quality Standards (NAAQS) for criteria pollutants.

VI. Air Quality Impacts

Sensitive areas in the vicinity of the facility include a school approximately 1 mile away, a residential area approximately 1/2 mile away, a State park about 5 miles away, and a wildlife management area one mile away. In addition, there are several fishing and hunting accesses in the area.

In the view of the Department, the amount of emissions generated by this project will cause minimal air quality impacts. There will be no significant emissions of toxic air pollutants. The Department does not believe that this source will cause or contribute to a violation of any ambient air quality standard.

VII. Taking or Damaging Implication Analysis

As required by 2-10-105, MCA, the Department conducted the following private property taking and damaging assessment.

YES	NO	
X		1. Does the action pertain to land or water management or environmental regulation affecting private real property or water rights?
	X	2. Does the action result in either a permanent or indefinite physical occupation of private property?
	X	3. Does the action deny a fundamental attribute of ownership? (ex.: right to exclude others, disposal of property)
	X	4. Does the action deprive the owner of all economically viable uses of the property?
	X	5. Does the action require a property owner to dedicate a portion of property or to grant an easement? [If no, go to (6)].
		5a. Is there a reasonable, specific connection between the government requirement and legitimate state interests?
		5b. Is the government requirement roughly proportional to the impact of the proposed use of the property?
	X	6. Does the action have a severe impact on the value of the property? (consider economic impact, investment-backed expectations, character of government action)
	X	7. Does the action damage the property by causing some physical disturbance with respect to the property in excess of that sustained by the public generally?
		7a. Is the impact of government action direct, peculiar, and significant?
		7b. Has government action resulted in the property becoming practically inaccessible, waterlogged or flooded?
		7c. Has government action lowered property values by more than 30% and necessitated the physical taking of adjacent property or property across a public way from the property in question?
	X	Takings or damaging implications? (Taking or damaging implications exist if YES is checked in response to question 1 and also to any one or more of the following questions: 2, 3, 4, 6, 7a, 7b, 7c; or if NO is checked in response to questions 5a or 5b; the shaded areas)

Based on this analysis, the Department determined there are no taking or damaging implications associated with this permit action.

VIII. Environmental Assessment

This permitting action will not result in an increase of emissions from the facility that requires a permit and is considered an administrative action; therefore, an Environmental Assessment is not required.

Analysis prepared by: Tashia Love

Date: April 26, 2012