



Montana Department of
ENVIRONMENTAL QUALITY

Marc Racicot, Governor

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May 15, 2000

John Balkenbush
Balko, Inc.
P.O. Box 1383
Conrad, MT 59425

Dear Mr. Balkenbush:

Air Quality Permit #3053-01 is deemed final as of May 13, 2000 by the Department of Environmental Quality. This permit is for the transfer of a permit from Ballard Petroleum, LLC to Balko, Incorporated. 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,

David L. Klemp
Air Permitting Section Supervisor
Air & Waste Management Bureau
(406) 444-3490

DK:jw

Enclosure

Montana Department of Environmental Quality
Permitting and Compliance Division

Air Quality Permit #3053-01

Balko, Incorporated - Ledger Field Compressor Station
845 - 12th Street West
Billings, Montana 59102

May 13, 2000



AIR QUALITY PERMIT

Issued to: Balko, Incorporated
Ledger Field Compressor Station
845 12th Street West
Billings MT 59102

Permit: #3053-01
Modification Request Received: 03/31/00
Department's Decision on Modification: 4/27/00
Final Permit Issued: 05/13/00
AFS #073-0004

An air quality permit, with conditions, is hereby granted to the Balko, Incorporated, Ledger Field Compressor Station, hereinafter referred to as "Balko," 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. Plant Location

The Ledger Field Compressor Station is located at NE¼, SE¼, Section 14, Township 29 North, Range 2 West, Pondera County, Montana. The Ledger Field Compressor Station consists of one (1) 400-HP White Superior compressor engine and one (1) Glycol dehydration unit.

B. Current Permit Action:

On March 31, 2000, the Department of Environmental Quality (department) received, from Ballard Petroleum, LLC, a request to transfer Permit #3053-00 for the Ledger Field Compressor Station from Ballard Petroleum, LLC to Balko, Incorporated. The current permit modification is an administrative action that transfers the Ledger Field Compressor Station from Ballard Petroleum, LLC to Balko, Incorporated. Permit #3053-01 replaces permit #3053-00.

SECTION II: Conditions and Limitations

A. Emission Control Requirements and Emission Limitations

1. The 400-HP White Superior compressor engine emissions shall not exceed the following limits [ARM 17.8.710]:

NOx	13.23 lbs/hr
CO	13.23 lbs/hr

2. Balko shall not cause or authorize emissions from the 400-HP White Superior compressor engine to be discharged into the outdoor atmosphere that exhibit an opacity of twenty percent (20%) or greater averaged over six (6) consecutive minutes [ARM 17.8.304 and ARM 17.8.710].
3. Balko shall not cause or authorize emissions to be discharged into the atmosphere from haul 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].

4. Balko 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 [ARM 17.8.710].

B. 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 testing [ARM 17.8.105].

C. Operational and Emission Inventory Reporting Requirements

1. Balko 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].

Balko 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 emissions 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].

2. All records compiled in accordance with this permit must be maintained by Balko 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].

SECTION III: General Conditions

- A. Inspection – Balko shall allow the department's representatives access to the source at all 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 Balko fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations – Nothing in this permit shall be construed as relieving Balko 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 (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 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.
- 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 Fee – Pursuant to Section 75-2-220, MCA, as amended by the 1991 Legislature, failure to pay the annual operation fee by Balko may be grounds for revocation of this permit, as required by that Section and rules adopted thereunder by the Board.

PERMIT ANALYSIS
Balko, Incorporated
Permit #3053-01

I. Introduction/Process Description

A. Site Location

The Ledger Field Compressor Station is located at NE¼, SE¼, Section 14, Township 29 North, Range 2 West, Pondera County, Montana.

B. Source Description

The Ledger Field Compressor Station was initially constructed by Montana Power in/around 1979. The facility was purchased by Balcron Oil Company in 1980 and then in 1987 Balcron Oil Company was purchased by Equitable Resources Energy Company. Ballard Petroleum purchased the facility from Equitable Resources in 1994.

The Ledger Field Compressor Station is a small, unmanned facility located five miles east of interstate Highway 15 and approximately eight miles northeast of the town of Conrad, Montana. The Ledger town site is located three-quarters of a mile southeast of the facility and includes a post office and approximately three (3) family dwellings.

The Ledger Field Compressor Station consists of one (1) 400-HP White Superior compressor engine and one (1) Glycol dehydration unit. These units were installed during the initial construction of the facility. This facility gathers, compresses and dehydrates natural gas for further transportation to major market areas.

C. Permit History

On April 6, 1999, Ballard submitted a complete application for the Ledger Field Compressor Station. This facility has been operated by various owners since approximately 1979. On May 16, 1999, Permit #3053-00 was issued for the operation of a natural gas compressor station.

D. Current Permit Action

On March 31, 2000, the department received, from Ballard Petroleum, LLC, a request to transfer Permit #3053-00 for the Ledger Field Compressor Station to Balko, Incorporated. The current permit action is an administrative action that transfers the Ledger Field Compressor Station from Ballard Petroleum, LLC, to Balko, Incorporated. Permit #3053-01 replaces #3053-00.

E. Additional Information

Additional information, such as applicable rules and regulations, 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 (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 17.8.101, *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.

Balko 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, 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 (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 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:

1. ARM 17.8.210, Ambient Air Quality Standards for Sulfur Dioxide;
2. ARM 17.8.211, Ambient Air Quality Standards for Nitrogen Dioxide;
3. ARM 17.8.212, Ambient Air Quality Standards for Carbon Monoxide;
4. ARM 17.8.213, Ambient Air Quality Standard for Ozone;
5. ARM 17.8.214, Ambient Air Quality Standard for Hydrogen Sulfide;
6. ARM 17.8.220, Ambient Air Quality Standard for Settled Particulate Matter;
7. ARM 17.8.221, Ambient Air Quality Standard for Visibility;
8. ARM 17.8.222, Ambient Air Quality Standard for Lead; and,
9. ARM 17.8.223, Ambient Air Quality Standard for PM₁₀.

Balko must maintain compliance with the applicable ambient air quality standards. The current permit action is an administrative action that will not result in an increase in emissions from the facility. Therefore, the department does not believe this facility will cause or contribute to a violation of the Montana Ambient Air Quality Standards (MAAQS).

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 into an outdoor atmosphere from any source installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over six consecutive minutes.
2. ARM 17.8.308, Particulate Matter, Airborne. (1) This section requires an opacity limitation of 20% for all fugitive emissions sources and that reasonable precautions be taken to control emissions of airborne particulate.

(2) Under this section, Balko 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 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 17.8.315, Emission Standards, Odors. This rule requires that no person shall cause, suffer, or allow any emissions of gases, vapors, or odors beyond his property line in such manner as to create a public nuisance. A person operating any business or using any machine, equipment, device, facility or process which discharges into the outdoor air any odorous matter or vapors, gases, dusts, or any combination thereof, which create odors, shall provide, properly install, and maintain in good working order and operation such odor control devices or procedures as may be specified by the department.
6. 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. Balko will consume pipeline quality natural gas, which will meet this limitation, in the compressor engines and the dehydration unit reboiler.
7. 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.

8. 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 Subpart KKK affected source because it does not meet the definition of a natural gas processing facility.

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. The current permit action is an administrative action. Therefore, a permit 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; 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. Balko has the potential to emit greater than 25 tons of NO_x and CO; therefore, a permit is required.
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. The current permit action is an administrative action. Therefore, the submittal of a new permit application is not required.
5. ARM 17.8.707, Waivers. ARM 17.8.706 requires that a permit application be submitted 180 days before construction begins. This section allows the department to waive this time limit.

6. ARM 17.8.710, Conditions for Issuance of Permit. This section requires that Balko 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. Balko has demonstrated compliance with applicable rules and standards as required for permit issuance.
 7. 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. The current permit action is an administrative action. Therefore, a BACT analysis is not required.
 8. 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.
 9. ARM 17.8.717, Compliance with Other Statutes and Rules. This rule states that nothing in the permit shall be construed as relieving Balko 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.*
 10. 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. The current permit action is an administrative action. Therefore, public notice is not required.
 11. 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 (1) year after the permit is issued.
 12. 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.
 13. 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:

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, including, but not limited to:

The department has determined that the Ledger Compressor Station will be a minor source of emissions as defined under Title V, since:

- 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 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.

III. Emission Inventory

	TSP	PM10	Tons/year NOx	CO	SOx	VOC
400-HP White Superior Compressor Engine		0.152	57.95	57.95	0.009	7.73
Glycol Dehydrator	0.02	0.003	0.110	0.038	0.001	0.003
Glycol Dehydrator Vent Stack						0.284
TOTAL	0.02	0.16	58.06	57.99	0.01	8.01

Complete calculations are available from the department.

IV. Existing Air Quality and Ambient Air Impact Analysis

The air quality classification for the area is "Better than National Standards" or unclassifiable attainment for the National Ambient Air Quality Standards for criteria pollutants. There are no nonattainment areas in the immediate vicinity of the site. Glacier National Park, the nearest Class I area, is approximately 60 miles west of the Ledger Compressor Station. Because the potential emissions at this facility are low, the department believes Ledger Compressor Station will not cause or contribute to violation of any ambient air quality standard.

V. 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.

VI. Environmental Assessment

The current permit action is an administrative action that will not result in an increase in emissions from the facility. Therefore, an environmental assessment is not required.

Permit Analysis Prepared By: Mary Louise Hendrickson
Date: April 24, 2000