



Montana Department of  
**ENVIRONMENTAL QUALITY**

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May 21, 2010

Mr. Patrick M. Montalban  
Genesis Energy, Inc.  
PO Box 488  
Cut Bank, Montana 59427

Dear Mr. Montalban:

Montana Air Quality Permit #2739-06 is deemed final as of May 21, 2010, by the Department of Environmental Quality (Department). This permit is for a natural gas compressor station. 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

Shawn Juers  
Environmental Engineer  
Air Resources Management Bureau  
(406) 444-2049

VW:SJ  
Enclosure

Montana Department of Environmental Quality  
Permitting and Compliance Division

Montana Air Quality Permit #2739-06

Genesis Energy, Inc.  
P.O. Box 488  
Cut Bank, Montana 59427

5/21/2010



## MONTANA AIR QUALITY PERMIT

Issued To: Genesis Energy, Inc.  
P.O. Box 488  
Cut Bank, Montana 59427

MAQP: #2739-06  
Administrative Amendment (AA)  
Request Received: 3/9/2010  
Department Decision on AA: 5/5/2010  
Permit Final: 5/21/2010  
AFS #:073-0003

A Montana Air Quality Permit (MAQP), with conditions, is hereby granted to Genesis Energy, Inc. (Genesis Energy), 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

Genesis Energy owns and operates a natural gas compressor station and associated equipment located in the NE¼ of the NE¼ of Section 2, Township 29 North, Range 4 West, in Pondera County, Montana. The facility is known as the Shelby Williams Field, Station 041-1.

#### B. Current Permit Action

On March 9, 2010, the Montana Department of Environmental Quality (Department) received a de minimis request from Genesis Energy to remove the existing engine permitted as Compressor Unit #02 and replace the engine with a different engine. Further information was received regarding the potential uncontrolled and controlled emissions from the proposed engine on March 17, 2009, with follow up documentation reconfirming the controlled emissions on March 19, 2009. The current permit action updates the permit to reflect the de minimis change, as requested by Genesis Energy in a letter on March 22, 2010. The current action also updates the permit to the current format used by the Department.

### SECTION II: Conditions and Limitations

#### A. Emission Limitations

1. Emissions from the 360-horsepower (hp) White Superior Compressor Engine (Compressor Unit #01) shall not exceed the following pound per hour (lb/hr) limits (ARM 17.8.752):

Oxides of Nitrogen (NO <sub>x</sub> <sup>1</sup> ):	8.73 lb/hr
Carbon Monoxide (CO):	1.59 lb/hr
Volatile Organic Compounds (VOC):	3.96 lb/hr

2. The maximum rated design capacity of Compressor Unit #02 shall not exceed 95 hp (ARM 17.8.749).

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

3. Compressor Unit #02 shall be a natural gas-fired rich-burn engine fitted with a Non Selective Catalytic Reduction (NSCR) unit and Air-to-Fuel Ratio (AFR) controller. Emissions from Unit #02 shall not exceed the lb/hr emission limits as calculated using the following equation and the pollutant specific gram per brake horsepower-hour (g/bhp-hr) emission factors (ARM 17.8.752):

Emission Limit Equation:

$$\text{lb/hr} = \text{emission factor (g/bhp-hr)} * \text{maximum rated design capacity of engine (hp)} * 0.002205 \text{ lb/g}$$

Emission Factors:

NO<sub>x</sub>: 1.0 g/bhp-hr  
CO: 1.0 g/bhp-hr  
VOC: 1.0 g/bhp-hr

4. Genesis Energy 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. Genesis Energy 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. Genesis Energy shall treat all unpaved portions of the haul roads, access roads, parking lots, and 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 17.8.749).
7. Genesis Energy shall operate all equipment as designed to provide the maximum control of air pollutants (ARM 17.8.752).
8. Genesis Energy shall comply with any applicable standards and limitations, reporting, recordkeeping and notification requirements contained in 40 CFR 63, Subpart ZZZZ, National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines, and 40 CFR 60, Subpart JJJJ, Standards of Performance for Stationary Spark Ignition Internal Combustion Engines (ARM 17.8.340; ARM 18.7.342; 40 CFR 63, Subpart ZZZZ; and 40 CFR 60, Subpart JJJJ).

#### 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 further testing (ARM 17.8.105).

#### C. Operational Reporting Requirements

1. Genesis Energy 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. Genesis Energy 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 Genesis Energy 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).

### SECTION III: General Conditions

- A. Inspection – Genesis Energy 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 (continuous emissions monitoring system (CEMS), continuous emissions rate monitoring system (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 Genesis Energy fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations – Nothing in this permit shall be construed as relieving Genesis Energy 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 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 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 Genesis Energy 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).

Montana Air Quality Permit (MAQP) Analysis  
Genesis Energy, Inc.  
MAQP #2739-06

I. Introduction/Process Description

Genesis Energy, Inc. (Genesis Energy) owns and operates a natural gas compressor station and associated equipment located in the NE<sup>1</sup>/<sub>4</sub> of the NE <sup>1</sup>/<sub>4</sub> of Section 2, Township 29 North, Range 4 West, in Pondera County, Montana. The facility is known as the Shelby Williams Field, Station 041-1.

A. Permitted Equipment

The facility consists of the following equipment:

- One 360-horsepower (hp) White Superior Compressor Engine (installed 1979)
- One 75-thousand British thermal unit per hour (MBtu/hr) BS&B glycol dehydrator
- One 4-stroke natural gas-fired rich-burn compressor engine, up to 95 hp.

B. Source Description

The complex has two primary purposes. The first is to boost the field gas to the natural gas transmission system. This initial compression of the gas is accomplished with the 360-hp White Superior compressor engine. In late 2005, Genesis Energy began construction of a 3.5 mile gas gathering line to allow the new Lake Frances Gas production field to be gathered separately from the Williams Gas Field. In 2006, Genesis Energy proposed to add a smaller booster compressor to accommodate the expanded gathering system. The compressor is a 4-stroke natural gas-fired rich-burn compressor engine, up to 95 hp, with an air-to-fuel ratio (AFR) controller and a non-selective catalytic reduction (NSCR) unit.

The second purpose of the complex is to "dry" the gas as it is being processed. The gas contains some moisture, which must be removed from the system prior to being sent into the transmission system. This is accomplished with the BS&B 75 MBtu/hr dehydrator, also commonly called a reboiler or glycol unit. The gas stream is "dried" by contacting the water-saturated gas with the triethylene glycol (TEG), also known as lean glycol. The TEG-to-water ratio (how many gallons of TEG are required to absorb 1 pound of water) varies between 2 and 5 gallons of TEG per pound of water; the industry accepted rule-of-thumb is 3 gallons of TEG per pound of water removed.

The rich glycol stream, laden with moisture, methane, and Volatile Organic Compound (VOC), is processed in the TEG regenerator, also known as the reboiler, to remove the absorbed water, remaining methane and volatile organic compounds (VOC). The glycol is heated to about 300 degrees Fahrenheit (°F) in order to drive off the water in the form of steam. The heat that is necessary for this is generated by burning natural gas in the dehydrator reboiler. The TEG regenerator off gas, including VOC, will be directly emitted from the still vent. Emissions are related to the glycol recirculation rate.

C. Permit History

On April 13, 1993, the Montana Power Company (MPC) was issued **MAQP #2739-00** for the operation of a natural gas compressor station. The compressor station was constructed in 1979 and was identified as the Williams Field, Station 041-1.

On December 17, 1993, MPC requested an administrative amendment to MAQP #2739-00. The administrative amendment revised the emission limitations from a gram per brake horsepower-hour (g/bhp-hr) limit to a pound per hour (lb/hr) limit. Rather than limit the engines to a g/bhp-hr limit, an hourly emission limit allowed for operational flexibility. The modification allowed MPC to account for varying parameters such as engine revolutions per minute (RPM), operating load (hp) ambient air temperature, gas temperature, site elevation, fuel gas quality, air-to-fuel ratio, field gas conditions, and etc.

In addition, to clarify oxides of nitrogen (NO<sub>x</sub>) mass emission calculations, NO<sub>x</sub> emission limitations were identified as nitrogen dioxide (NO<sub>2</sub>). Furthermore, as requested by MPC on July 30, 1993, the derating information was corrected to use a more accurate altitude derating curve. **MAQP #2739-01** replaced MAQP #2739-00 on March 1, 1994.

On September 4, 1998, MPC requested an administrative amendment to MAQP #2739-00 to remove the testing requirements for the 360-hp White Superior Compressor Engine. The Department of Environmental Quality (Department) agreed to remove the testing requirements for the 360-hp White Superior Compressor Engine because the action was consistent with the Department's testing policy. In addition, the permit format, language, and rule references were updated. **MAQP #2739-02** replaced MAQP #2739-01 on November 22, 1998.

On March 4, 1999, the Department received written notice from MPC and Montalban Oil and Gas Operations, Inc. (MOGO) requesting the Department to transfer MAQP #2739-02 from MPC to MOGO. **MAQP #2739-03** replaced MAQP #2739-02 on April 4, 1999.

On April 28, 2003, the Department received written notice from MOGO and Genesis Energy requesting the Department to transfer MAQP #2739-03 from MOGO to Genesis Energy. The current permit action transfers MAQP #2739-03 from MOGO to Genesis Energy. In addition, the permit format, language, and rule references were updated to reflect current Department permit format, language, and rule references. **MAQP #2739-04** replaced MAQP #2739-03.

On January 5, 2006, the Department received a permit application to add a natural gas-fired 4-stroke rich-burn compressor engine, referred to as Compressor Unit #02, up to 86-hp, with an AFR controller and a NSCR unit. In addition, on February 22, 2006, the Department received a de minimis notification, requesting the addition of VOC emissions from the existing glycol dehydrator to the emission inventory. **MAQP #2739-05** replaced MAQP #2739-04.

#### D. Current Permit Action

On March 9, 2010, the Department received a de minimis request from Genesis Energy to remove the existing engine permitted as Compressor Unit #02 and replace the engine with a different engine. Further information was received regarding the potential uncontrolled and controlled emissions from the proposed engine on March 17, 2009, with follow up documentation reconfirming the controlled emissions on March 19, 2009. The current permit action updates the permit to reflect the de minimis change, as requested by Genesis Energy in a letter on March 22, 2010. The current action also updates the permit to the current format used by the Department.

#### E. Additional Information

Additional information, such as applicable rules and regulations, Best Available Control Technology (BACT)/Reasonably Available Control Technology (RACT) 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).

Genesis Energy 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 PM<sub>10</sub>

Genesis Energy 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, Genesis Energy 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. (4) Commencing July 1, 1972, no person shall burn liquid or solid fuels containing sulfur in excess of 1 pound of sulfur per million Btu fired. (5) 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. Genesis Energy will burn pipeline quality natural gas in its compressor engines and dehydration unit, which will meet this limitation.
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). This facility is not an NSPS affected source because it does not meet the definition of any NSPS subpart defined in 40 CFR Part 60.
  - a. 40 CFR 60, Subpart A – General Provisions apply to all equipments or facilities subject to an NSPS subpart.
  - b. 40 CFR 60, Subpart JJJJ - Standards of Performance for Stationary Spark Ignition Internal Combustion Engines (SI ICE). Owners and operators of stationary SI ICE that commence construction after June 12, 2006, where the stationary SI ICE are manufactured on or after July 1, 2008, for engines with a maximum engine power less than 500-hp, and owners and operators of stationary SI ICE that commence modification or reconstruction after June 12, 2006, are subject to this rule.
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 a New Emissions Standards for Hazardous Air Pollutants (NESHAP) Subpart as listed below:
- b. 40 CFR 63, Subpart HH - National Emission Standards for Hazardous Air Pollutants From Oil and Natural Gas Production Facilities. Owners or operators of oil and natural gas production facilities, as defined and applied in 40 CFR Part 63, shall comply with the applicable provisions of 40 CFR 63, Subpart HH. In order for a natural gas production facility to be subject to conditions of 40 CFR 63, Subpart HH requirements, certain criteria must be met. First, the facility must be a major or area source of hazardous air pollutants (HAP) as determined according to paragraphs (a)(1)(i) through (a)(1)(iii) of 40 CFR 63, Subpart HH. Second, a facility that is determined to be major for HAP must also either process, upgrade, or store hydrocarbon liquids prior to the point of custody transfer, or process, upgrade, or store natural gas prior to the point at which natural gas enters the natural gas transmission and storage source category or is delivered to a final end user. Third, the facility must also contain an affected source as specified in paragraphs (b)(1) through (b)(2) of 40 CFR 63, Subpart HH. Finally, if the first three criteria are met, and the exemptions contained in paragraphs (e)(1) and (e)(2) of 40 CFR 63, Subpart HH do not apply, the facility is subject to the applicable provisions of 40 CFR 63, Subpart HH. Based on the information submitted by Genesis, the facility is subject to the provisions of 40 CFR 63, Subpart HH because the facility is an area source of HAPs and it contains a triethylene glycol dehydration unit, which is considered an affected source pursuant to paragraph (b)(2) of 40 CFR 63, Subpart HH.
- c. 40 CFR 63, Subpart HHH National Emission Standards for Hazardous Air Pollutants From Natural Gas Transmission and Storage Facilities. Owners or operators of natural gas transmission or storage facilities, as defined and applied in 40 CFR Part 63, shall comply with the standards and provisions of 40 CFR 63, Subpart HHH. In order for a natural gas transmission and storage facility to be subject to 40 CFR 63, Subpart HHH requirements, certain criteria must be met. First, the facility must transport or store natural gas prior to the gas entering the pipeline to a local distribution company or to a final end user if there is no local distribution company. In addition, the facility must be a major source of HAPs as determined using the maximum natural gas throughput as calculated in either paragraphs (a)(1) and (a)(2) or paragraphs (a)(2) and (a)(3) of 40 CFR 63, Subpart HHH. Second, a facility must contain an affected source (glycol dehydration unit) as defined in paragraph (b) of 40 CFR 63, Subpart HHH. Finally, if the first two criteria are met, and the exemptions contained in paragraph (f) of 40 CFR 63, Subpart HHH, do not apply, the facility is subject to the applicable provisions of 40 CFR 63, Subpart HHH. Based on the information submitted by Genesis Energy, this facility is not subject to the provisions of 40 CFR 63, Subpart HHH because the facility is not a major source of HAPs.
- d. 40 CFR 63, Subpart ZZZZ National Emission Standards for Hazardous Air Pollutants For Stationary Reciprocating Internal Combustion Engines (RICE). An owner or operator who owns or operates a stationary RICE at a major or area source of HAP emissions is subject to this subpart. Therefore, Genesis Energy is subject to this subpart.

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. A permit application is incomplete until the proper application fee is paid to the Department. A permit fee is not required for the current permit action because the permit action is considered an administrative permit change.
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. Genesis Energy has a PTE greater than 25 tons per year of NO<sub>x</sub>; therefore, a Montana 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. Genesis Energy was not required to submit an application because the current permit action is considered an administrative permit change. (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. This action is an administrative action for changes made under ARM 17.8.745. Therefore, no public notice was required.
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 Genesis Energy 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 because this facility is not a listed source and the facility's PTE 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 (PM<sub>10</sub>) in a serious PM<sub>10</sub> 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 #2739-06, 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 PM<sub>10</sub> nonattainment area.
  - d. This facility is not subject to any current NSPS.
  - e. This facility is subject to area source provisions of a current NESHAP standards (40 CFR 63, Subpart HH; in addition, 40 CFR 63, Subpart ZZZZ is relevant to this source but currently has no applicable rules).
  - 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 determined that Genesis Energy will be a minor source of emissions as defined under Title V.

### III. BACT Determination

A BACT determination is required for each new or modified source. Genesis Energy shall install on the new or modified source 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 permit action because the current permit action is considered an administrative permit action.

IV. Emission Inventory\*

Tons/year					
Source	PM <sub>10</sub>	NO <sub>x</sub>	VOC	CO	SO <sub>x</sub>
360-hp White Superior Compressor Engine	0.13	38.24	17.38	6.96	0.01
75 MBtu/hr BS & B Glycol Dehydrator	0.00	0.03	3.09	0.03	0.00
95-hp Natural-gas fired Compressor Engine	0.06	0.92	0.92	0.92	0.00
<b>Total</b>	<b>0.19</b>	<b>39.19</b>	<b>21.39</b>	<b>7.91</b>	<b>0.01</b>

\*Note

PM<sub>10</sub> = particulate matter with an aerodynamic diameter of 10 microns or less  
 NO<sub>x</sub> = oxides of nitrogen  
 VOC = volatile organic compounds  
 CO = carbon monoxide  
 SO<sub>x</sub> = oxides of sulfur  
 SO<sub>2</sub> = sulfur dioxide

bhp = brake horsepower  
 g/bhp-hr = grams per brake horsepower-hour  
 Btu = british thermal unit  
 MM denotes 10<sup>6</sup>  
 M denotes 10<sup>3</sup>  
 TPY = tons per year

Updated emission calculations:

**95-hp Compressor Engine**

Rated bhp: 95 bhp  
 Hours Operation: 8760 hr/yr

NO<sub>x</sub> Emissions

Emissions Factor: 1.0 g/bhp-hr (MAQP Limit)  
 Calculations: 1 g/bhp-hr \* 95 bhp \* 8760 hr/yr \* 0.002205 lb/g. = 1835.00 lb/yr  
**0.92 TPY**

CO Emissions

Emissions Factor: 1.0 g/bhp-hr (MAQP Limit)  
 Calculations: 1 g/bhp-hr \* 95 bhp \* 8760 hr/yr \* 0.002205 lb/g. = 1835.00 lb/yr  
**0.92 TPY**

VOC Emissions

Emissions Factor: 1.0 g/bhp-hr (MAQP Limit)  
 Calculations: 1 g/bhp-hr \* 95 bhp \* 8760 hr/yr \* 0.002205 lb/g. = 1835.00 lb/yr  
**0.92 TPY**

PM<sub>10</sub> Emissions

Emissions Factor: 0.01941 lb/MMBtu (AP-42 Table 3.2-3 (07/2000))  
 Max Fuel Rate: 7000 Btu/bhp-hr  
 Calculations: 0.0194 lb/MMBtu \* 10<sup>-6</sup> MMBtu/Btu \* 7000 Btu/bhp-hr = 0.0001 lb/bhp-hr  
 0.00013587 lb/bhp-hr \* 95 bhp \* 8760hr/yr = 113.07 lb/yr  
**0.06 TPY**

SO<sub>2</sub> Emissions

Emissions Factor: 0.000588 lb/MMBtu (AP-42 Table 3.2-3 (07/2000))

Max Fuel Rate: 7000 Btu/bhp-hr  
 Calculations: 0.0006 lb/MMBtu \* 10<sup>-6</sup> MMBtu/Btu \* 7000 Btu/bhp-hr = 0.00000497 lb/bhp-hr  
 0.000004965072 lb/bhp-hr \* 95 bhp \* 8760hr/yr = 4.13 lb/yr  
**0.0021 TPY**

The complete emission inventory for MAQP #2739 is on file with the Department.

V. Existing Air Quality

The Genesis Energy Shelby Williams Field, Station 041-1 is located in the NE¼ of the NE¼ of Section 2, Township 29 North, Range 4 West, in Pondera County, Montana. Pondera County is unclassifiable/attainment for the National Ambient Air Quality Standards (NAAQS) for all criteria pollutants.

VI. Ambient Air Impact Analysis

The Department determined that the impacts from this permitting action will be minor. The Department believes it will not 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	
XX		1. Does the action pertain to land or water management or environmental regulation affecting private real property or water rights?
	XX	2. Does the action result in either a permanent or indefinite physical occupation of private property?
	XX	3. Does the action deny a fundamental attribute of ownership? (ex.: right to exclude others, disposal of property)
	XX	4. Does the action deprive the owner of all economically viable uses of the property?
	XX	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?
	XX	6. Does the action have a severe impact on the value of the property? (consider economic impact, investment-backed expectations, character of government action)
	XX	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?
	XX	7a. Is the impact of government action direct, peculiar, and significant?
	XX	7b. Has government action resulted in the property becoming practically inaccessible, waterlogged or flooded?
	XX	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?
	XX	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

The current permit action is an Administrative Action; therefore, an Environmental Assessment is not required.

Analysis Prepared By: Shawn Juers  
Date: 3/30/2010