

November 9, 2020

Ken Parker
Crusoe Energy Systems, Inc.
1660 17th Street, Suite 350
Denver, CO 80202

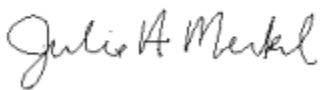
Dear Mr. Parker:

The Department of Environmental Quality (Department) has made its decision on the Montana Air Quality Permit application for Crusoe Energy Systems, Inc. The application was given permit number 5255-00. The Department's decision may be appealed to the Board of Environmental Review (Board). A request for hearing must be filed by December 9, 2020. This permit shall become final on November 25, 2020, unless the Board orders a stay on the permit.

Procedures for Appeal: Any person jointly or severally adversely affected by the final action may request a hearing before the Board. Any appeal must be filed before the final date stated above. The request for a hearing shall contain an affidavit setting forth the grounds for the request. Any hearing will be held under the provisions of the Montana Administrative Procedures Act. Submit requests for a hearing in triplicate to: Chairman, Board of Environmental Review, P.O. Box 200901, Helena, Montana 59620.

Conditions: See attached.

For the Department,



Julie A. Merkel
Permitting Services Section Supervisor
Air Quality Bureau
(406) 444-3626



John P. Proulx
Air Quality Specialist
Air Quality Bureau
(406) 444-5391

JM:JP
Enclosures

MONTANA AIR QUALITY PERMIT

Issued To: Crusoe Energy Systems Inc.
Dagney 33-21 CTB
1660 17th Street, Suite 350
Denver, CO 80202

MAQP: #5255-00
Application Complete: 9/25/2020
Preliminary Determination Issued: 10/15/2020
Department's Decision Issued: 11/9/2020
Permit Final:

A Montana Air Quality Permit (MAQP), with conditions, is hereby granted to Crusoe Energy Systems, Inc. (Crusoe) for the Dagney 33-21 CTB facility, 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. Permitted Equipment

Crusoe proposes to install and operate multiple Waukesha 9394 GSI engines with a combined brake horsepower (bhp) not to exceed 10,000 (Emission Unit 1 (EU01)) and multiple Doosan engines with a combined bhp not to exceed 2,970 (EU02) at the Dagney 33-21 CTB facility. The permit is written in a de minimis friendly format so that the limitation is on the total horsepower permitted for each emission unit and not the exact number of engines on site, as long as the resulting engines meet the appropriate emission factors. The engines would be used to generate electricity through the combustion of gas that would otherwise be flared from an existing oil and gas facility. All engines combust gas from a nearby oil and gas facility, and each engine utilizes an air fuel ratio controller and a three-way catalyst to reduce emissions.

B. Plant Location

This facility is to be located approximately 7.2 miles northwest of Sidney, Montana, in Section 4, Township 25 North, Range 59 East, in Richland County, 47.95344°N, latitude and -104.10544°W, longitude.

Section II: Conditions and Limitations

A. Emission Limitations

1. The combined maximum rated brake horse power (bhp) of the Waukesha Engines (EU01) shall not exceed 10,000 bhp (ARM 17.8.749).
2. The combined maximum rated bhp of the Doosan Engines (EU02) shall not exceed 2,970 bhp (ARM 17.8.749).

3. Crusoe shall not exceed the following limits for oxides of nitrogen (NOX), carbon monoxide (CO), and volatile organic compounds (VOCs) for individual engines (ARM 17.8.752);

EU01

NO_x – 0.15 g/bhp-hr
CO – 0.30 g/bhp-hr
VOC – 0.010 g/bhp-hr

EU02

NO_x – 1.0 g/bhp-hr
CO – 2.0 g/bhp-hr
VOC – 0.7 g/bhp-hr

4. Crusoe shall operate and maintain a non-selective catalytic reduction (NSCR) unit and an air/fuel ratio (AFR) controller on EU01 within the parameters recommended by the equipment manufacturer (ARM 17.8.752).
5. Crusoe 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).
6. Crusoe 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).
7. Crusoe shall comply with all applicable standards and limitations, and the reporting, recordkeeping and notification requirements contained in 40 CFR 60, Subpart A and 40 CFR 60, Subpart JJJJ (ARM 17.8.340 and 40 CFR 60, Subpart A and JJJJ).
8. Crusoe shall comply with all applicable standards and limitations, and the reporting, recordkeeping and notification requirements contained in 40 CFR 63, Subpart A and 40 CFR 63, Subpart ZZZZ (ARM 17.8.340 and 40 CFR 63, Subpart A and ZZZZ).

B. Testing Requirements

1. For engines in EU01, Crusoe shall demonstrate compliance with the permit limits in Section II.A.3 via source testing within 180 days after equipment commencement. Source testing shall be conducted for NO_x, CO, and VOCs simultaneously. Compliance test results are determined by the average of three 1-hour or longer runs. Results shall be submitted to the Department to demonstrate compliance with the emission limitations in Section II.A.4 (ARM 17.8.105 and ARM 17.8.749).
2. For engines in EU02, compliance with the emission limitations in Section II.A.3 may be demonstrated by maintaining certification with 40 CFR Subpart JJJJ. If Subpart JJJJ certification is lost on any engine, Crusoe shall demonstrate compliance with the permit limits in Section II.A.3 via source testing of each model of engine that certification is lost within 180 days after losing certification.

Source testing shall be conducted for NO_x, CO, and VOCs simultaneously in accordance with 40 CFR 60 Subpart JJJJ.

Results shall be submitted to the Department to demonstrate compliance with the emission limitations in Section II.A.3. If there are multiple duplicate models of engines on site, only one of the same model engines needs to be tested (ARM 17.8.105, ARM 17.8.749, ARM 17.8.340 and 40 CFR 60 Subpart JJJJ).

3. Following the calendar date of the initial compliance demonstration for engines in EU01, compliance with the emissions limits in Section II.A.3 shall be demonstrated via source testing for NO_x, CO and VOCs simultaneously within 8,760 engine operating hours or 3 years, whichever comes first. Source testing shall follow the methods defined in 40 CFR 60 Subpart JJJJ or equivalent methods approved by the Department. Future compliance demonstration shall be required at this same frequency for each model of engine on site from the date of the last compliance demonstration (ARM 17.8.105, ARM 17.8.749, ARM 17.8.340 and 40 CFR 60 Subpart JJJJ).
4. Following the calendar date of the initial compliance demonstration for engines in EU02 that have lost 40 CFR 60 Subpart JJJJ certification, compliance with the emissions limits in Section II.A.3 shall be demonstrated via source testing for NO_x, CO and VOCs simultaneously within 8,760 engine operating hours or 3 years, whichever comes first. Source testing shall follow the methods defined in 40 CFR 60 Subpart JJJJ or equivalent methods approved by the Department. Future compliance demonstration shall be required at this same frequency for each model of uncertified engine on site from the date of the last compliance demonstration (ARM 17.8.105, ARM 17.8.749, ARM 17.8.340 and 40 CFR 60 Subpart JJJJ).
5. All compliance source tests shall conform to the requirements of the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
6. The Department of Environmental Quality (Department) may require further testing (ARM 17.8.105).

C. Operational Reporting Requirements

1. Crusoe 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. Crusoe 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 Crusoe 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. These records may be stored at a location other than the plant site upon approval by the Department (ARM 17.8.749).

D. Notification

1. Crusoe shall notify the Department in writing of the date of commencement of operation of the engines within 30-days following the date of commencement and confirm the number and type of engines placed into service.

SECTION III: General Conditions

- A. Inspection – Crusoe 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 such as Continuous Emission Monitoring Systems (CEMS) or Continuous Emission Rate Monitoring Systems (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 Crusoe fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations – Nothing in this permit shall be construed as relieving Crusoe 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 Crusoe 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
 Crusoe Energy Systems, Inc. – Dagney 33-21 CTB
 MAQP #5255-00

I. Introduction/Process Description

Crusoe Energy Systems, Inc. (Crusoe) owns and operates multiple Waukesha and Doosan engines at the Dagney 33-21 CTB facility. This facility is to be located approximately 7.2 miles northwest of Sidney, Montana, in Section 4, Township 25 North, Range 59 East, in Richland County, 47.95344°N, latitude and -104.10544°W, longitude.

A. Permitted Equipment

Crusoe proposes to install and operate multiple Waukesha 9394 GSI engines with a combined brake horsepower (bhp) not to exceed 10,000 (Emission Unit 1 (EU01)) and multiple Doosan engines with a combined bhp not to exceed 2,970 (EU02) at the Dagney 33-21 CTB facility. The permit is written in a de minimis friendly format so that the limitation is on the total horsepower permitted for each emission unit and not the exact number of engines on site, as long as the resulting engines meet the appropriate emission factors. The engines would be used to generate electricity through the combustion of gas that would otherwise be flared from an existing oil and gas facility. All engines combust gas from a nearby oil and gas facility, and each engine utilizes an air fuel ratio controller and a three-way catalyst to reduce emissions.

B. Source Description

Crusoe owns and operates multiple natural gas fired engines located on an already existing site. The engines will be used to generate electricity for small data centers.

C. Response to Public Comments (only if there are comments received)

Person/Group Commenting	Permit Reference	Comment	Department Response
Pinyon Environmental	MAQP – Section I.A and MAQP Analysis – Section I.A	“Can condition I.A and I.A of the Permit Analysis mirror the other Crusoe issued permits?”	The Department has made the requested change to the MAQP
	MAQP – Section II.A.7	” Condition II.A.7 has not been in our other issued permits. Because the road is not owned by Crusoe, the watering and use of chemical suppressant would not be the responsibility of Crusoe.”	The Department has made the requested change to the MAQP
	MAQP Analysis –	“The engines are not mercury emitting generating units and that condition has not been in	The Department has made the requested change to the MAQP Analysis

	Section II.E.17	other issued permits. Can Item II.E.17 in the Permit Analysis be removed.”	
	MAQP Analysis – Section IV	“Different PM and SO2 annual emissions were submitted than in the Permit Analysis. I think I found some of the discrepancies in inputs, but let me know if you want to discuss.”	The Department has made the requested change to the MAQP Analysis

D. 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 of Environmental Quality (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).

Crusoe 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
11. ARM 17.8.230 Fluoride in Forage

Crusoe 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, Crusoe 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 17.8.316 Incinerators. This rule requires that no person may cause or authorize emissions to be discharged into the outdoor atmosphere from any incinerator, particulate matter in excess of 0.10 grains per standard cubic foot of dry flue gas, adjusted to 12% carbon dioxide and calculated as if no auxiliary fuel had been used. Further, no person shall cause or authorize to be discharged into the outdoor atmosphere from any incinerator emissions that exhibit an opacity of 10% or greater averaged over 6 consecutive minutes.
6. 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.
7. 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.
8. 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). Crusoe 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 JJJJ Standards of Performance for Stationary Spark Ignition Internal Combustion Engines. The proposed engines will be ordered after June 12, 2006, and manufactured after either July 1, 2007 and July 2, 2008, as applicable based on horsepower. Therefore, the engines operated at this facility are subject to this regulation.
10. 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 ZZZZ National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines. Subpart ZZZZ applies to the new reciprocating engines but compliance with Subpart ZZZZ is demonstrated by compliance with 40 CFR 60 Subpart JJJJ. If 40 CFR 63 Subpart ZZZZ undergoes revision and specifies new or different requirements

for the applicable engines, then Crusoe shall comply with those new requirements.

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. Crusoe submitted the appropriate permit application fee for the current permit action.
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.
The Crusoe Dagney 33-21 CTB has a PTE greater than 25 tons per year of oxides of nitrogen (NO_x) and carbon monoxide (CO); 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. Crusoe 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. Crusoe submitted an affidavit of publication of public notice for the September 30, 2020 issue of the Sidney Herald, a newspaper of general circulation in the Town of Sidney in Richland County, as proof of compliance with the public notice requirements.

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 Crusoe 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 17.8.760 Additional Review of Permit Applications. This rule describes the Department's responsibilities for processing permit applications and making permit decisions on those applications that require an environmental impact statement.
12. 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.
13. 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).
14. 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.

15. 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.
16. ARM 17.8.770 Additional Requirements for Incinerators. This rule specifies the additional information that must be submitted to the Department for incineration facilities subject to 75-2-215, Montana Code Annotated (MCA).

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 conventional pollutant.

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 #5255-00 for Crusoe, 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 subject to current NSPS; 40 CFR 60, Subpart A and JJJJ.
 - e. This facility is subject to current NESHAP; 40 CFR 63, Subpart A and ZZZZ.
 - 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 Crusoe 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, Crusoe will be required to obtain a Title V Operating Permit.

III. BACT Determination

A BACT determination is required for each new or modified source. Crusoe 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 submitted by Crusoe in permit application #5255-00, addressing available methods of controlling the combustion emissions from the engines at the Dagney 33-21 CTB facility. The Department reviewed these methods, as well as previous BACT determinations.

The following control options have been reviewed by the Department in order to make the following BACT determination. As all of the proposed engines are rich burn engines, the different engine models are summarized under one BACT analysis since the resulting control technologies for each were identical.

NO_x

The following options were reviewed for NO_x control.

Water/steam injection
Dry low NO_x combustion
Selective catalytic reduction (SCR)
Selective non-catalytic reduction (SNCR)
Non-selective catalytic reduction (NSCR)
Oxidation catalyst

EMx catalyst system

Both the water/steam injection and the dry low NO_x combustion are technologies that would require modifications to the existing engines and are considered technically infeasible for the proposed engines. SCR and SNCR require specific exhaust temperatures for optimal destruction and the exhaust temperatures for the proposed engines are not within the required range for either SCR or SNCR. They are deemed technically infeasible since the exhaust temperature from the proposed engines would be below the recommended ranges. Oxidation catalyst is best suited for lean burn engines and therefore is also eliminated from consideration.

The two remaining identified technologies include NSCR and EMx catalyst. Each of these are considered feasible. EMx is able to operate at the exhaust temperature from the proposed engines, but the costs associated with EMx are more than the costs associated with a non-selective catalyst. The NSCR is estimated to provide up to 90 percent emission reduction. Therefore, NSCR with air fuel ratio controller (AFR) is selected as BACT for NO_x.

VOC and CO Emissions

VOC and CO emissions primarily occur as the result of incomplete combustion. Similar to NO_x control, catalysts that react with CO and VOC's can be used to convert these pollutants to CO₂. Therefore, employing NSCR which uses a 3-way catalyst to treat CO, VOC's and NO_x is selected as BACT. Finding the optimum point in a slightly rich environment can produce very high destruction efficiencies for both CO and VOC's and NO_x at the same time. Just as for NO_x, the use of an AFR is necessary to control the concentration in a slightly rich environment.

Emission levels associated with NSCR and an AFR for the proposed engine models for each pollutant are proposed as follows:

Waukesha 9394GSI Engine or equivalent

NO_x – 0.15 g/bhp-hr
CO – 0.30 g/bhp-hr
VOC – 0.010 g/bhp-hr

Doosan Engine or equivalent

NO_x – 1.0 g/bhp-hr
CO – 2.0 g/bhp-hr
VOC – 0.7 g/bhp-hr

The control options selected have controls and control costs comparable to other recently permitted similar sources and are capable of achieving the appropriate emission standards.

IV. Emission Inventory

CONTROLLED Emission Source	tons/year						
	PM	PM₁₀	PM_{2.5}	NO_x	CO	VOC	SO₂
10000 bhp Compressor Engine	0.026	0.026	0.026	14.48	28.97	0.97	0.20
2970 bhp Compressor Engine	0.007	0.007	0.007	28.68	57.36	20.08	0.05

Total Emissions	0.033	0.033	0.033	43.16	86.33	21.04	0.25
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Notes:

1. Values in table reflect "controlled" cells from subsequent worksheets

Waukesha Engine

Note: Emissions are based on the power output of the engine (10000 hp).

Operational Capacity of Engine = 10,000 hp	10000 hp
Hours of Operation = 8,760.00 hours	8760 hours
BTU per mmSCF = 0 btu/mmscf	0.0015 btu/mmscf
BTU per SCF = 52,093 scf/hr	52093.0 scf/hr
grams per pound = 0.002205 g/lb	0.002205 g/lb

PM Emissions:

PM Emissions = 0.026 ton/yr (Assume all PM < 1.0 um)	0.026 ton/yr
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PM-10 Emissions:

Emission Factor = 0.0000771 lbs/mmBtu (AP-42, Sec. 3.2, Table 3.2-2, 10/96)	7.71E-05 lbs/mmBtu
Calculation: ((52,093.0 scf/hr) * (0.001500 btu/mmscf) * (0.0000771 lbs/mmBtu) * (8,760 hours) * (ton/2000 lb) = 0.026 ton/yr	0.026 ton/yr

PM2.5 Emissions

Emission Factor = 0.0000771 lbs/mmBtu (AP-42, Sec. 3.2, Table 3.2-2, 10/96)	7.71E-05 lbs/mmBtu
Calculation: ((52,093.0 scf/hr) * (0.001500 btu/mmscf) * (0.0000771 lbs/mmBtu) * (8,760 hours) * (ton/2000 lb) = 0.026 ton/yr	0.026 ton/yr

NOx Emissions:

Emission Factor = 0.15 g/bhp*hr (BACT)	0.15 g/bhp*hr
Calculation: (0.2 g/bhp*hr) * (10,000 hp) * (8,760 hours) * (0.002205 g/lb) * (ton/2000 lb) = 14.48 ton/yr	14.48 ton/yr

CO Emissions:

Emission Factor = 0.3 g/bhp*hr (BACT)	0.3 g/bhp*hr
Calculation: (0.3 g/bhp*hr) * (10,000 hp) * (8,760 hours) * (0.002205 g/lb) * (ton/2000 lb) = 28.97 ton/yr	28.97 ton/yr

VOC Emissions:

Emission Factor = 0.01 g/bhp*hr (BACT)	0.01000 g/bhp*hr
Calculation: (0.01 g/bhp*hr) * (10,000 hp) * (8,760 hours) * (0.002205 g/lb) * (ton/2000 lb) = 0.97 ton/yr	0.97 ton/yr

SOx Emissions:

Emission Factor = 0.000588 lbs/mmBtu (AP-42, Sec. 3.2, Table 3.2-2, 10/96)	5.88E-04 lbs/mmBtu
Calculation: ((52,093.0 scf/hr) * (0.001500 btu/mmscf) * (0.0005880 lbs/mmBtu) * (8,760 hours) * (ton/2000 lb) = 0.201 ton/yr	0.20 ton/yr

Doosan Engine

Note: Emissions are based on the power output of the engine (2970 hp).

Operational Capacity of Engine = 2,970 hp	2970 hp
Hours of Operation = 8,760.00 hours	8760 hours
BTU per mmSCF = 0 btu/mmscf	0.0015 btu/mmscf
BTU per SCF = 13,757 scf/hr	13757.0 scf/hr
grams per pound = 0.002205 g/lb	0.002205 g/lb

PM Emissions:

PM Emissions = 0.007 ton/yr (Assume all PM < 1.0 um) 0.007 **ton/yr**

PM-10 Emissions:

Emission Factor = 0.0000771 lbs/mmBtu (AP-42, Sec. 3.2, Table 3.2-2, 10/96) 7.71E-05 **lbs/mmBtu**
 Calculation: ((13,757.0 scf/hr) * (0.001500 btu/mmscf) * (0.0000771 lbs/mmBtu) * (8,760 hours) * (ton/2000 lb) = 0.007 ton/yr 0.007 **ton/yr**

PM2.5 Emissions

Emission Factor = 0.0000771 lbs/mmBtu (AP-42, Sec. 3.2, Table 3.2-2, 10/96) 7.71E-05 **lbs/mmBtu**
 Calculation: ((13,757.0 scf/hr) * (0.001500 btu/mmscf) * (0.0000771 lbs/mmBtu) * (8,760 hours) * (ton/2000 lb) = 0.007 ton/yr 0.007 **ton/yr**

NOx Emissions:

Emission Factor = 1 g/bhp*hr (BACT) 1 **g/bhp*hr**
 Calculation: (1.0 g/bhp*hr) * (2,970 hp) * (8,760 hours) * (0.002205 g/lb) * (ton/2000 lb) = 28.68 ton/yr 28.68 **ton/yr**

CO Emissions:

Emission Factor = 2 g/bhp*hr (BACT) 2 **g/bhp*hr**
 Calculation: (2.0 g/bhp*hr) * (2,970 hp) * (8,760 hours) * (0.002205 g/lb) * (ton/2000 lb) = 57.36 ton/yr 57.36 **ton/yr**

VOC Emissions:

Emission Factor = 0.7 g/bhp*hr (BACT) 0.70000 **g/bhp*hr**
 Calculation: (0.7 g/bhp*hr) * (2,970 hp) * (8,760 hours) * (0.002205 g/lb) * (ton/2000 lb) = 20.08 ton/yr 20.08 **ton/yr**

SOx Emissions:

Emission Factor = 0.000588 lbs/mmBtu (AP-42, Sec. 3.2, Table 3.2-2, 10/96) 5.88E-04 **lbs/mmBtu**
 Calculation: ((13,757.0 scf/hr) * (0.001500 btu/mmscf) * (0.0005880 lbs/mmBtu) * (8,760 hours) * (ton/2000 lb) = 0.053 ton/yr 0.05 **ton/yr**

V. Existing Air Quality

Richland County is currently designated as attainment/unclassifiable for all pollutants.

VI. Ambient Air Impact Analysis

The Department determined, based on amount of allowable emission, 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	
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?

YES	NO	
	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?
	X	7a. Is the impact of government action direct, peculiar, and significant?
	X	7b. Has government action resulted in the property becoming practically inaccessible, waterlogged or flooded?
	X	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

An environmental assessment, required by the Montana Environmental Policy Act, was completed for this project. A copy is attached.

DEPARTMENT OF ENVIRONMENTAL QUALITY
Air, Energy & Mining Division
Air Quality Bureau
P.O. Box 200901, Helena, Montana 59620
(406) 444-3490

ENVIRONMENTAL ASSESSMENT (EA)

Issued To: Crusoe Energy Systems, Inc.
Dagney 33-21 CTB
1660 17th Street, Suite 350
Denver, CO 80202

Montana Air Quality Permit number (MAQP): 5255-00

EA Draft: October 15, 2020

EA Final: November 9, 2020

Permit Final:

1. *Legal Description of Site:* Section 4, Township 25 North, Range 59 East, in Richland County
2. *Description of Project:* Crusoe Energy Systems, Inc. (Crusoe) is proposing to install numerous engines of varying sizes and models on an already existing site for the purpose of generating electricity to power small data centers.
3. *Objectives of Project:* The objective of this project would be to use otherwise flared gas from an existing oil and gas facility as fuel for power generating engines.
4. *Alternatives Considered:* In addition to the proposed action, the Department also considered the “no-action” alternative. Crusoe submitted all of the appropriate application documentation, fees, and public notices. Therefore, the “no-action” alternative was eliminated from further consideration.
5. *A Listing of Mitigation, Stipulations, and Other Controls:* A list of enforceable conditions, including a BACT analysis, would be included in MAQP #5255-00.
6. *Regulatory Effects on Private Property:* The Department considered alternatives to the conditions imposed in this permit as part of the permit development. The Department determined that the permit conditions are reasonably necessary to ensure compliance with applicable requirements and demonstrate compliance with those requirements and do not unduly restrict private property rights.

7. *SUMMARY OF COMMENTS ON POTENTIAL PHYSICAL AND BIOLOGICAL EFFECTS*: The following comments have been prepared by the Department.

A. *Terrestrial and Aquatic Life and Habitats*

The proposed project would not have any additional effect on terrestrial or aquatic life and habitats because the project would be located in an already existing facility.

B. *Water Quality, Quantity and Distribution*

The proposed project would not have any additional effect on water quality, quantity, and distribution because the project would be located in an already existing facility.

C. *Geology and Soil Quality, Stability and Moisture*

The proposed project would have only minor effects on geology, soil quality, stability, and moisture. The minor effects include ground preparation and some minor heavy equipment travel while installing the engines.

D. *Vegetation Cover, Quantity, and Quality*

The proposed project would not have any additional vegetative cover, quantity, and quality because the project would be located in an already existing facility.

E. *Aesthetics*

The proposed project would not have only minor effects on the aesthetics because the engines would be placed in an already existing facility.

F. *Air Quality*

No significant impacts are expected to air quality.

G. *Unique Endangered, Fragile, or Limited Environmental Resources*

The amount of allowable emissions which would be permitted by MAQP #5255-00 would be small on an industrial scale. The site location is an existing oil and gas development site. No significant impacts to unique endangered, fragile, or limited environmental resources would be expected from the normal operations emissions from the facility.

In an effort to identify any unique endangered, fragile, or limited environmental resources in the area, the Department contacted the Montana Natural Heritage Program, Natural Resource Information System (NRIS) on the original permit application. The area was defined by the section, township, and range of the proposed location with an additional 1 mile buffer zone. The Species of Concern Data Report include one species occurrence of Whooping Crane, along with other observed species of Hayden's Shrew, Baird's Sparrow, Swift Fox, Sharp-tailed Grouse, Blue Sucker, Brook Stickleback, Burbot, Creek Chub, Iowa Darter, Northern Redbelly Dace, Paddlefish, Pallid Sturgeon, Sauger, Sicklefin Chub, and Sturgeon Chub. There were numerous other potential species identified which match the type of habitat in the selected area.

H. *Sage Grouse Executive Order*

The location is not located within Sage Grouse Habitat as identified under the EO.

I. *Demands on Environmental Resource of Water, Air and Energy*

As discussed in Sections 7.B and 7.F above, no significant impacts to water or air quality is expected. Demand for energy in the form of electricity would be reduced by the generation of electricity from the proposed engines. Demands on water, air, and energy is not expected to be significant.

J. *Historical and Archaeological Sites*

The proposed project would not have any additional effect on historical and archaeological sites because the project would be located in an already existing facility.

K. *Cumulative and Secondary Impacts*

This project would support data centers in the area. MAQP #5255-00 would require control of these emissions, with the resulting amount of allowable emissions being minor on an industrial scale. Any impacts as a result of air emissions which would be authorized in MAQP #5255-00 would be expected to be minor, if any discernable amount at all.

8. *SUMMARY OF COMMENTS ON POTENTIAL ECONOMIC AND SOCIAL EFFECTS:*
The following comments have been prepared by the Department.

A. *Social Structures and Mores*

The project location is rural. No increase in employees is expected to be required as a result of this project. Impacts to social structures and mores, if any, would be expected to be minor.

B. *Cultural Uniqueness and Diversity*

The project location is rural. No increase in employees is expected to be required as a result of this project. Impacts to cultural uniqueness and diversity, if any, would be expected to be minor.

C. *Local and State Tax Base and Tax Revenue*

This project would provide electrical generation. It is unclear whether the resulting electricity would provide an impact on the tax base and tax revenue.

D. *Agricultural or Industrial Production*

Impacts to agricultural or industrial production at the project location would be expected to be minor, if any at all.

E. *Human Health*

MAQP #5255-00 would be written in accordance with rules designed to protect human health. The amount of allowable emissions contained in MAQP #5255-00 would be small on an industrial scale. No significant impact to human health would be expected.

F. *Access to and Quality of Recreational and Wilderness Activities*

The project is not located at or nearby wilderness or recreational access route. Normal operation emissions would not be visible and would be in amounts that are minor on an industrial scale. Noise at the site would exist only at close range. Impacts to access of or quality of recreational and wilderness activities would be expected to be minor, if any.

G. *Quantity and Distribution of Employment*

No increase in the permanent number of people employed by Crusoe would be expected as the result of this project. Temporary construction would be required. Impacts to quantity and distribution of employment, if any, would be expected to be minor.

H. *Distribution of Population*

No increase in the number of people employed by Crusoe would be expected as the result of this project. Temporary construction would be required. Impacts to distribution of population, if any, would be expected to be minor.

I. *Demands for Government Services*

The project would require a Montana Air Quality Permit and the associated administration of that permit. The project would consist of a minor source of emissions. Minor impacts would be expected.

J. *Industrial and Commercial Activity*

Short term construction activities would occur. Once construction would be complete, any impacts to industrial or commercial activity would be expected to be minor, if any at all.

K. *Locally Adopted Environmental Plans and Goals*

The Department is not aware of any other locally adopted environmental plans and goals which this project would affect. MAQP #5255-00 would be issued in accordance with applicable state rules which are designed to protect public health.

L. *Cumulative and Secondary Impacts*

This project supports electricity generation which would be used by area oil and gas infrastructure sites. Using locally produced electricity may mitigate other impacts which might have been caused by getting fuel and electricity to the site.

Recommendation: No Environmental Impact Statement (EIS) is required.

If an EIS is not required, explain why the EA is an appropriate level of analysis: The current permitting action is for the construction and operation of natural gas fired engines. MAQP #5255-00 includes conditions and limitations to ensure the facility would operate in compliance with all applicable rules and regulations. In addition, there are no significant impacts associated with this proposal.

Other groups or agencies contacted or which may have overlapping jurisdiction: Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program – Montana Sage Grouse Conservation Program

Individuals or groups contributing to this EA: Department of Environmental Quality – Air Quality Bureau, Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: John P. Proulx
Date: October 2, 2020