

**Decision on Action and Application for Categorical Exclusion
For Activities Associated with Oil and Gas Development
Section 390, Energy Policy Act of 2005**

Hilcorp Alaska, LLC
DOI-BLM-AK-010-2012-0020-CX

Bureau of Land Management
Anchorage Field Office

Proposed Action

Hilcorp Alaska, LLC proposes to construct a buried pipeline corridor containing 9,723 feet (1.84 miles) of six-inch steel pipeline within the Swanson River Unit (refer to attached figure, *Figure - 2: SRF 6" Pipeline Installation – Section Delineations*).

The underground pipeline route will be constructed in Sections 22, 27, 28 and 33 of Township 8 North, Range 9 West, Seward Meridian, within Federal leases A028399 and A028406. These leases are located within the Kenai National Wildlife Refuge.

The surface is managed by the U.S. Fish and Wildlife Service. The mineral estate is federal and is managed by the Bureau of Land Management (BLM).

The total existing surface disturbance on lease A028399 is 25.8 acres.

The total existing surface disturbance on lease A028406 is 45.5 acres

The total amount of surface disturbance for the proposed action is 1.3 acres.

The pipeline will convey oil and produced fluids from the north end of the unit to the south end for processing and storage (from Oil Line Heater #52 at Tank Setting 1-27 south to Oil Line Heater #50 at Tank Setting 1-33). There will also be a tie-in with an existing piping culvert from Tank Setting 2-15.

Existing disturbance in the area will be used along the majority of its length. The pipeline may be connected to existing lines as they are encountered and future tap sites may be installed where anticipated to accommodate further development of the field. Infrastructure of the pipeline will also include valve, pigging, and metering facilities that will be installed as needed.

The pipeline will be approximately 9,723 feet (1.84 miles) in length and traverse adjacent to an existing gravel road, which will be useful for routine inspection and maintenance of the pipeline. Five road crossings are proposed as part of this project.

Activities associated with the installation will be the excavation of a trench to a depth of six feet, using a ditch witch, excavator, or trenching unit. A six-inch pipeline will then be placed in a

sand-bedded trench and buried. The trench width will not exceed six feet, except at tie-ins, where a larger working area may be needed for welding. Staging area for all equipment and pipe will be on an existing well pad. Soil excavated during trenching will be stockpiled and efforts will be taken to minimize damage to the surface vegetation mat so that it can be placed back at the surface to close the excavation. Slopes disturbed during the project will be reseeded as soon as practical.

Work is anticipated to begin early summer 2012. Hilcorp Alaska, LLC will be contracting the pipeline construction and installation. The crew will be housed in a temporary camp constructed in a designated housing area within the Swanson River Unit.

Plan Conformance

As required by 43 CFR 1610.5, the proposed action is in conformance with the terms and the conditions of the Approved Resource Management Plan for the Public Lands Administered by the BLM, the Ring of Fire Approved Resource Management Plan (RMP) and Record of Decision (ROD), March 2008.

The proposed action has also been determined to consider potential environmental effects associated with the proposed activity at a site-specific level, as stated in the Final Revised Comprehensive Conservation Plan and Environmental Impact Statement for the Kenai National Wildlife Refuge, approved August 2009. This plan addresses management of existing oil and gas units, stating industry will operate under current State and Federal regulations and proceed diligently to avoid contamination and unnecessary surface disturbance.

Plan of Operations

The proposal is designed in conformance with all bureau standards and incorporates appropriate best management practices, required and designed mitigation measures determined to reduce the effects on the environment.

Compliance with the Energy Policy Act of 2005

The proposed activity has been determined to be statutorily categorically excluded from NEPA documentation in accordance with Section 390 of the National Energy Policy Act of 2005.

The applicable Categorical Exclusion in Section 390 of the Energy Policy Act of 2005 is exclusion number 1: *“Individual surface disturbances of less than 5 acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously completed.”*

Persons and Agencies Consulted

Cultural:

The BLM Anchorage Field Office archaeologist has reviewed this undertaking, and determined that, based upon previous surveys, and because this project occurs in previously disturbed areas, the potential for encountering intact cultural resources is extremely low. The BLM Anchorage Field Office has determined that there is *no effect on historic properties* and that there is no need for further Section 106 review.

Wildlife:

The impact of the proposed action on threatened and endangered plants and animals and their habitats has been evaluated in accordance with the Endangered Species Act of 1973, as amended. Based on currently available information, the proposed action would not affect any threatened or endangered species or their habitats. Therefore, no consultation with the U.S. Fish and Wildlife Service is considered necessary pursuant to Section 7 of the Act and none will be undertaken.

Subsistence:

The proposed action occurs on Federal lands within the Kenai National Wildlife Refuge, managed by the U.S. Fish and Wildlife Service. The proposed action occurs on Federal Public Lands as defined in Alaska National Interest Lands Conservation Act (ANILCA) Section 102(3) and falls under the regulatory authority of the Federal Subsistence Board and Program. The area also occurs within Game Management Unit 15A, which provides for Federal subsistence hunting opportunities for the residents of Cooper Landing, Ninilchik, Nanwalek, Port Graham, and Seldovia. The proposed action will not significantly restrict subsistence uses. As a result of the proposed action, there are no reasonably foreseeable significant decreases in the abundance or distributions of subsistence resources and no reasonably foreseeable limitations to subsistence access.

Extraordinary Circumstances

“Extraordinary circumstances” are circumstances in which actions that are otherwise categorically excluded from the requirement under NEPA to prepare an EA or EIS may have a significant environmental effect and require additional analysis and action. This action does not meet any of the applicable extraordinary circumstances.

Decision and Rationale on Action

I have reviewed the proposal to ensure that the appropriate Categorical Exclusion, as described in Section 390 of the Energy Policy Act of 2005, has been correctly applied. The proposed action would disturb less than five acres on the site and the total current disturbance on the entire leaseholds is less than 150 acres (including the proposed action). Oil and gas exploration and development is analyzed in the Ring of Fire Resource Management Plan and the Comprehensive Conservation Plan and Environmental Impact Statement for the Kenai National Wildlife Refuge. I have reviewed the plan conformance statement(s) and have determined that the proposed activity is in conformance with the applicable BLM land use plan(s). It is my determination that no further environmental analysis is required.

Therefore, I have decided to implement Hilcorp Alaska's Sundry Notice of Intent for the installation of the pipeline and associated surface disturbance with the following Conditions of Approval (COAs):

The operator must comply with all Required Operating Procedures, terms and conditions, and stipulations outlined in the Ring of Fire Resource Management Plan and Record of Decision and the Comprehensive Conservation Plan and Environmental Impact Statement for the Kenai National Wildlife Refuge.

The above COAs and terms and conditions provide justification for this decision and may not be segregated from project implementation without further NEPA review.

/s/ Doug Ballou, Acting for

05/30/2012

James M. Fincher,
Field Manger, Anchorage Field Office

Date

Administrative Review or Appeal Opportunities

Under the Bureau of Land Management's regulation addressed in 43 CFR 3165, the decision to approve a Sundry Notice is subject to appeal and administrative review. An administrative review must be conducted in accordance with 43 CFR 3165.3 and must take place prior to pursuing an appeal to the Interior Board of Land Appeals.

Any adversely affected party may request an administrative review, before the State Director, either with or without oral presentation. Such a request must include information required under 43 CFR 3165.3(b) (State Director Review), including all supporting documentation. Such a request must be filed in writing to the State Director, Bureau of Land Management, 222 West 7th Avenue, Anchorage, AK, 99513 no later than 20 business days from the date this Decision Record is received or considered to have been received.

Upon request and showing of good cause, an extension for submitting supporting/additional data may be granted by the State Director.

Any party who is adversely affected by the State Director's decision, may appeal that decision to the Interior Board of Land Appeals in accordance with 43 CFR 3165.4.

Contact Person

For additional information concerning this decision, contact:

Sharon Yarawsky
Mineral Law Specialist
Bureau of Land Management
222 West 7th Avenue, #13
Anchorage, AK 99513
907-271-5683
syarawsk@blm.gov