

Excerpt from the *Record of Decision for the Supplemental Environmental Impact Statement for the Alpine Satellite Development Plan for the Proposed Greater Mooses Tooth One Development Project* (dated February 13, 2015) and Errata Sheet (dated February 19, 2015)

Supplemental Best Management Practice 1— Establishment of Compensatory Mitigation Fund and Regional Mitigation Strategy

Objective: To off-set identified impacts, including major impacts to subsistence uses that cannot be fully mitigated by avoidance and minimization, the permittee has agreed to contribute \$8 million dollars to BLM to establish a compensatory mitigation fund that will provide for the development and implementation of a landscape-level regional mitigation strategy (RMS) and to finance mitigation projects as identified by the RMS as discussed further below.

Requirement/Standard: To address the impacts associated with the construction and operation of GMT1, the permittee must contribute to the BLM (1) \$1 million within 60 days of issuance of the ROD, to develop and implement a landscape-level RMS for the Northeastern NPR-A region, and (2) \$7 million in 2 payments of (a) \$3.5 million within 30 days after installation of first gravel during the first GMT1 ice road season, and (b) \$3.5 million within 30 days after completion of the pad, road, and pipeline, to fund mitigation projects identified in the RMS that compensate for residual impacts of the project within the Fish Creek and Tinmiaqsigvik (Ublutuoch) River setbacks, including major impacts to subsistence use. The RMS will be completed within 18 months unless otherwise approved by the Authorized Officer.

A. Compensatory Mitigation Fund

Several types of potential new compensatory mitigation measures were reviewed in the Final SEIS. The Final SEIS also recognized that in lieu of providing separate funding streams for multiple compensatory mitigation measures, the permittee might instead contribute funds to a single new compensatory mitigation fund. In this decision, BLM has concluded that a single compensatory mitigation fund would provide greater efficiency and ease of administration, and has therefore consolidated these mitigation requirements.

The funds provided by the permittee will be used to create a compensatory mitigation fund to support development and implementation of a regional mitigation strategy and to finance various future compensatory mitigation projects or other measures to offset major impacts to subsistence uses that cannot be fully mitigated by avoidance and minimization stipulations in the 2013 NPR-A IAP/EIS ROD. Such projects will be identified through a transparent, stakeholder driven process to develop a regional mitigation strategy and will be implemented as funds become available through the payment schedule described above. Mitigation projects may include, but are not limited to, establishment of conservation easements or leases on Kuukpik Corporation lands along Fish Creek, or other areas with critical environmental, subsistence or cultural significance, and cleanup of previously disturbed sites (e.g. legacy well reserve pits, landfills, etc.).

The fund may be administered by BLM or through other arrangements, in consultation with relevant stakeholders, and would be used to implement a variety of new compensatory mitigation measures identified by the RMS. The fund will give BLM flexibility to direct

expenditures towards those mitigation measures determined to be most appropriate and effective, and to better coordinate compensatory mitigation efforts with other regulatory agencies and non-profit organizations.

B. Regional Mitigation Strategy

Consistent with Secretarial Order No. 3330, Improving Mitigation Policies and Practices of the Department of the Interior, BLM's obligations under FLPMA, and the principles of Integrated Arctic Management (IAM) – a science-based, multi-stakeholder approach required by the National Strategy for the Arctic Region, the RMS will identify priority areas within the Northeastern NPR-A region for avoidance and future compensatory mitigation actions. The RMS will be developed through public process and in consultation with Federal, state, Native and other relevant stakeholders. The RMS will be based on the best available science including studies and monitoring conducted pursuant to General Supplemental BMP 1: Establishment and Implementation of an Effectiveness Monitoring Program at BLM, described further below. Implementation actions may occur incrementally and adaptively as subsequent developments occur in the Northeastern NPR-A region, and linkages may be established with similar strategies developed in the future for adjacent areas in the NPR-A. The RMS will serve as a roadmap for mitigating impacts from GMT1 and future projects enabled or assisted by the existence of GMT1. The RMS process will also provide additional transparency for permittees as well as provide tangible opportunities for permittees to support public-private partnerships as a direct outcome of GMT1, and to remain a leader in the field of corporate social responsibility on the North Slope.

In addition to GMT1, the RMS will consider future foreseeable habitat and subsistence-impacting land uses that are enabled or assisted by the existence of GMT1, primarily oil and gas development and related infrastructure, as well as associated foreseeable impacts to resources, values, and functions in the region, including socioeconomic impacts.

The general geographic scope of this effort is the Northeastern NPR-A region. The BLM will work through a public process to define more specifically the geographic region for the RMS with consideration to: (1) the scientifically-based relevant scale necessary to sustain goals and objectives for resources, values, and functions (e.g., species' ranges, subsistence use areas) that will be foreseeably impacted by future land uses, including oil and gas development; (2) the geographic extent of land uses (e.g., oil and gas lease tracts, units and participating areas); and, (3) existing compensatory mitigation programs.

The RMS will identify resources, values, and functions that warrant mitigation due to foreseeable residual impacts and identify possible avoidance or compensatory mitigation actions or projects to address those impacts. The strategy's objectives will include, but not be limited to, (1) maintaining functioning habitat necessary to sustain fish and wildlife species abundance and distribution; (2) ensuring continued access to subsistence use areas in areas with important ecological or cultural significance; and, (3) contributing to the cleanup of previously disturbed sites that pre-date the production phase of NPR-A development. The RMS may include the following elements (additional components may be included following stakeholder engagement during development of the RMS):

- Identification of opportunities for avoidance of or additional protection of special areas;

- Identification of goals and objectives for resource values and functions that warrant mitigation;
- Evaluation and prioritization of mitigation actions, including compensatory mitigation sites that will support the achievement of identified goals and objectives, including considerations of each site's durability and the additionality of mitigation actions;
- Compensatory mitigation investment options in the region (e.g. conservation easements, mitigation banks, in lieu fee funds, permittee-responsible actions);
- Durability, maintenance, compliance monitoring, effectiveness monitoring, and adaptive management strategies to maximize the effectiveness of mitigation actions;
- Development of a framework to provide for compensatory mitigation for deviations to established BMPs where appropriate; and
- Development of climate change resilience/adaptation projects to support continued subsistence use.

The RMS will be designed such that BLM will include the identified avoidance, minimization, and compensatory mitigation recommendations in future NEPA analysis for BLM management actions and third party actions, in this region of the NPR-A, that could foreseeably result in additional habitat loss and degradation, and result in outcomes that benefit subsistence users most directly impacted by the GMT1 project, including members of the Native Village of Nuiqsut and residents of the community of Nuiqsut.