

**U.S. Department of the Interior
Bureau of Land Management
Great Falls Oil and Gas Field Office
1101 15th Street North
Great Falls, MT 59401**

**Upper Missouri River Breaks National Monument
Lewistown Field Office
920 NE Main
Lewistown, MT 59457**

**Finding of No Significant Impact
Environmental Assessment
DOI-BLM-MT-M040-2012-0003-EA and L070-2010-0023-EA**

Background:

The Federal Well #30-1 Natural Gas Pipeline proposed installation is located approximately 20 miles north of Winifred in Blaine County, Montana. The well and pipeline are located along Ervin Ridge road on the north side of the Missouri River and lies within the Upper Missouri River Breaks National Monument (UMRBNM). The Bureau of Land Management (BLM) proposes to approve the pipeline which would allow Sleepy Hollow Oil and Gas and Kykuit Resources to install the pipeline from Well #30-1 to an existing line between Federal Wells #22-28 and #29-15. An interdisciplinary team of BLM resource specialists completed an environmental assessment (EA) which analyzes the effects of this action.

Finding of No Significant Impact:

Based on our review of the Federal Well #30-1 Natural Gas Pipeline EA (DOI-BLM-MT-M040-2012-0003-EA and L070-2010-0023-EA) and all other available information, we have determined that the proposal, including the implementation of required stipulations, is not a major federal action and will not significantly affect the quality of the human environment, individually or cumulatively with other actions in the general area. No potential environmental effects associated with the project meet the definition of significance in context or intensity as defined in 40 CFR 1508.27, nor do potential effects exceed those effects described in the Upper Missouri River Breaks National Monument Resource Management Plan (RMP) and accompanying Environmental Impact Statement (EIS) (2008). Therefore, an EIS is not required.

This determination is based on the context and intensity of the project as described:

Context:

The Preferred Alternative (Alternative B) would occur on Federal Lease MTM 13821A and on Right of Way MTM-99446 on BLM lands that transect Ervin Ridge road. The Lease and Ervin Ridge road are within the UMRBNM boundary and would have local impacts on the resources similar to and within the scope of those described and considered in the UMRBNM RMP/FEIS (2008). The project is an action directly involving approximately 14 acres of BLM surface estate. This action, by itself, does not have international, national, regional, or state-wide importance.

Intensity:

The following discussion is organized around the Ten Significance Criteria described in 40 CFR 1508.27 and incorporated into resources and issues considered (includes supplemental authorities Appendix 1 H-1790-1) and supplemental Instruction Memorandum, Acts, regulations and Executive Orders.

The following have been considered in evaluating intensity for this proposal:

1. Impacts may be both beneficial and adverse: Direct, indirect and cumulative environmental impacts have been disclosed in the EA. Mitigating measures and stipulations to reduce impacts to the various resources were identified in the preferred alternative.

2. The degree to which the selected alternative will affect public health or safety: Public health and safety would not be adversely impacted. There are no known or anticipated concerns with project waste or hazardous materials.

3. Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farm lands, wetlands, wilderness, wild and scenic rivers, or ecologically critical areas: Unique characteristics present within the project area include historic and cultural resources, wilderness study area, and wild and scenic rivers. These characteristics have been determined to not be affected by the preferred alternative with the additional mitigating measures attached to the Sundry Notice and Right of Way Grant. There are no impacts to park lands, prime farmlands, wetlands or ecologically critical areas.

4. The degree to which the effects on the quality of the human environment are likely to be highly controversial: Because this action occurs within the UMRBNM and adjacent to the Ervin Ridge Wilderness Study Area, any oil and gas action is considered controversial. The preferred alternative conforms with current BLM land use plan guidance and the UMRBNM RMP which specifically allows for the development of existing oil and gas leases.

5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks: Sufficient information on risk is available based on information in the EA and other past actions of a similar nature. There are no predicted effects that are highly uncertain or involve unique or unknown risk.

6. The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration: This project neither establishes a precedent nor represents a decision in principle about future actions. Any future site-specific, proposed exploration or development on other mineral leases in the Monument would be subject to additional site-specific NEPA analysis and documentation. The actions considered in the selected alternative were considered by the interdisciplinary team within the context of past, present, and reasonably foreseeable future actions.

7. Whether the action is related to other actions with individually insignificant but cumulatively significant impacts – which include connected actions regardless of land ownership: The interdisciplinary team evaluated the possible actions in context of past, present and reasonably foreseeable actions. No cumulative effects beyond those addressed in the RMP/EIS were identified or predicted.

8. The degree to which the action may adversely affect districts, sites, highways, structures, or other objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources: Based on previous cultural surveys, and through mitigation by avoidance, no adverse impacts to cultural resources were identified or anticipated. There are no known features within the project area listed or eligible for listing in the National Register of Historic Places that would be adversely affected by the preferred alternative.

9. The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973, or the degree to which the action may adversely affect: 1) a proposed to be listed endangered or threatened species or its habitat, or 2) a species on BLM's sensitive species list: The EA determined that the action would not adversely affect any endangered, threatened species or its habitat, including proposed listings or any species on the BLM's sensitive species list.

10. Whether the action threatens a violation of a federal, state, local, or tribal law, regulation or policy imposed for the protection of the environment, where on-federal requirements are consistent with federal requirements: The preferred alternative does not violate any known federal, state, local or tribal law or requirements imposed for the protection of the environment. In addition, the project is consistent with applicable land management plans, policies and programs.

Concurrence by:

Zane Fullbright
Zane L. Fullbright, Acting Monument Manager

8/2/2012
Date

Approved by:

Donato J. Judice
Donato J. Judice, Oil and Gas Field Manager

7/31/2012
Date

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**Decision Record
Environmental Assessment
DOI-BLM-MT-M040-2012-0003-EA
L070-2010-0023-EA**

Decision:

We have decided to approve the Sundry Notice (Lease MTM 13821A) for Kykuit Resources LLC and authorize the Right of Way Grant (MTM-99446) for Sleepy Hollow Oil and Gas LLC for the installation of a buried natural gas pipeline from Federal Well #30-1 as described in Alternative B – Proposed Action in the environmental analysis (EA) DOI-BLM-MT-M040-2012-0003-EA and L070-2010-0023-EA. The Federal Well #30-1 and pipeline is located on public lands in P.M.M., T. 24N., R. 20 E., secs. 25-27 and T. 24N., R. 21 E., Sec 30 and 31, Blaine County, Montana.

This decision is subject to the following terms and conditions:

1. SH/K would be required to pressure wash or otherwise thoroughly clean all construction equipment and vehicles at an approved wash station prior to entering BLM land in the project area as a preventative weed control measure. SH/K would also be required to control noxious weeds which may become established within the ROW/SN; this requirement would be for the life of the well. SH/K is responsible for consultation with the authorized officer for acceptable weed control methods and materials.
2. All surface disturbances requiring stabilization and/or rehabilitation as determined by the authorized officer should be mitigated. The project as proposed should create minimal surface disturbance, however, if the authorized officer determines any surface disturbance requires re-contouring and/or rehabilitation, SH/K would be required to mitigate the disturbance. A reclamation/rehabilitation plan would be prepared by SH/K and submitted to the authorized officer for approval prior to initiation of mitigation work.
3. Construction/installation and maintenance activities shall not be performed during periods when the soil is too wet to adequately support equipment/vehicles. If equipment/vehicles create ruts in excess of 3 inches deep, operations must cease as the soil will be deemed too wet to adequately support equipment/vehicles.
4. Prior to backfilling the trench, trench breakers shall be installed on slopes where necessary to limit the potential for trench line erosion.

5. SH/K shall be responsible for erosion control and sediment containment for the life of the ROW/SN. SH/K shall install the appropriate erosion control and sediment containment devices/structures as directed by the Authorized Officer. Erosion control and sediment containment devices/structures will be both temporary and permanent. SH/K shall be responsible for maintaining those devices for their intended function and shall inspect them on a regular schedule and within 24 hours of a rainfall event of 0.5 inches or greater.
6. SH/K shall backfill the trench in a manner to reduce the potential for trench line differential settling or subsidence. SH/K will be required to monitor for and repair of any differential settling or subsidence for the life of the ROW/SN.
7. Pipeline installation and road re-construction will not be allowed from December 1 - March 31 to protect wintering big game and from April 1 to June 15 for bighorn sheep lambing. Exceptions to these measures may be allowed on a case by case basis following consultation with the Monument Wildlife Biologist and Monument Manager.
8. The operator shall prepare a seedbed by: (a) scarifying the disturbed area; and, (b) disking the topsoil.

The operator shall seed all disturbed areas and the entire roadway starting at Station 0+00 to 8+00 with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)/acre. All seed shall be State of Montana Certified or Registered seed (or certified/registered by the state of origin). Seed shall be planted at a suitable depth for germination. Care should be exercised to prevent burying the seed deeper than one inch (1"). The seeded areas shall be harrowed or raked to cover the seed. The seeding shall be repeated until a satisfactory stand is established as determined by the authorized officer. The authorized officer is to be notified a minimum of 10 days prior to seeding of the project. Seeding shall be completed in the late fall/early winter or early spring between the dates of 10/01 and 05/15. Seeding between 10/01 and 11/15 is preferred. Seeding should not be made when the soil is frozen or snow covered. Spring seeding should be attempted only when soil moisture is adequate at or very near the surface and to a substantial depth in the profile.

Seed Mixture

| <u>Common Name</u> | <u>Cultivar</u> | <u>Broadcast Seeding Rate PLS lbs/acre</u> |
|------------------------------|-----------------|--|
| Western wheatgrass | Rosana | 6.4 |
| Slender wheatgrass | Pryor | 3.0 |
| Inland saltgrass | N/A | 1.5 |
| Sandberg bluegrass | High Plains | 0.4 |
| Blue grama | Bad River | 0.4 |
| Prairie Sandreed | Goshen | 0.8 |
| QuickGuard Sterile Triticale | N/A | 20.0 |

9. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public or Federal land shall immediately report to the authorized officer. Operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer. An evaluation of the discovery will be made by authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator will be responsible for the cost of evaluation and any decision as to proper mitigation measure will be made by the authorized officer after consulting with the operator.

10. Right-of-Way Grant Stipulations:

No surface disturbing activities shall take place on the subject right-of-way until the associated Sundry Notice (SN) is approved. The holder will adhere to the Conditions of Approval for the Sundry Notices, relevant to any right-of-way facilities.

The holder shall conduct all activities associated with the construction, operation and termination of the right-of-way within the authorized limits of the right-of-way.

Construction holes left open overnight shall be covered. Covers shall be secured in place and be strong enough to prevent livestock or wildlife from falling into the hole.

All design, material and construction, operation, maintenance and termination practices shall be in accordance with safe and proven engineering practices.

As directed by the authorized officer, all road segments shall be winterized by providing a well-drained roadway by water barring, maintaining drainage and any additional measures necessary to minimize erosion and other damage to the roadway or the surrounding public lands.

The holder shall submit a contingency plan for any pipeline emergencies to the authorized officer prior to scheduled start up.

- Include provisions for any pollutant control.
- The agencies responsible for contingency plans in Montana shall be among the first to be notified in the event of any pipeline system failure resulting in a spill of any pollutant.
- Provide for restoration of the affected resource.
- Provide that the authorized officer shall approve any materials or devices used for hazard control and any disposal sites or techniques selected to handle pollutants.
- Include separate and specific techniques and schedules for cleanup of spills of pollutants on land or water.

If during any phase of the construction, operation or termination of the pipeline or related facilities, any oil or other pollutant should be discharged from the pipeline system or from containers or vehicles impacting Federal lands, the control and total removal, disposal, and

cleanup of any pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of holder to control, cleanup or dispose of such discharge on or affecting Federal Lands, or to repair all damage to Federal lands resulting therefrom, the authorized officer may take such measures as he deems necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the authorized officer shall not relieve the holder of any liability or responsibility.

The authorization will be effective on the date this decision record is signed.

Rationale for the Decision:

Our decision to authorize the pipeline installation on right-of-way grant MTM-99446 and Lease MTM 13821A will allow for natural gas production and development of a federal lease in compliance with federal law and BLM regulations. The terms and conditions applied to this authorization and approval will ensure that surface resources are protected.

Our decision is consistent with BLM policy to direct and control the use of rights-of-way on public lands in a manner that protects human safety and the natural resources on both public and adjacent lands.

Authorities:

The authority for this decision is contained in the Mineral Leasing Act of 1920 (MLA), as amended (30 U.S.C. 185), Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761) (FLPMA), 43 Code of Federal Regulations (CFR) 2800, 43 CFR 2880 and the Federal Onshore Oil and Gas Leasing Reform Act of 1987.

Plan Conformance and Consistency:

The proposed action has been reviewed and found to be in conformance with the land use decisions as described in the Upper Missouri River Breaks National Monument Approved Resource Management Plan (2008).

A Finding of No Significant Impact (FONSI) was prepared for the EA and determined that the proposed action will not have significant effects on the quality of the human environment or cause unnecessary or undue degradation of the natural environment.

Public Involvement:

A public comment period was provided for this EA and notification of the drafting of an environmental analysis document pursuant to the National Environmental Policy Act (NEPA) was posted on the Monument NEPA Log website (<http://www.blm.gov/mt/st/en/info/nepa.html>) on May 26, 2010.

Administrative Remedies:

If you believe that you have been affected adversely by this decision, or that you believe the decision is incorrect, you may have the right to appeal this decision.

For the Right of Way: The decision granting a Right of Way may be appealed to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR

Part 4. If an appeal is taken, your notice of appeal must be filed in the Central Montana District Office, 920 NE Main, Lewistown, MT 59457 within 30 days of this decision. A copy of the notice of appeal and any statement or reasons, written arguments, or briefs must also be served on the Office of the Solicitor at the USDI Field Solicitor's Office, P.O. Box 31394, Billings, MT 59107-1394. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition, pursuant to regulation 43 CFR 4.21(b), the petition for stay should accompany your notice of appeal and shall show sufficient justification. The provisions of 43 CFR 4.21(b) defines the standards and procedures for filing a petition to obtain a stay pending appeal.

For the Sundry Notice: You have the right to request a State Director Review of the decision to approve the Sundry Notice pursuant to 43 CFR 3165.3(b). An SDR request, including all supporting documentation, shall be filed with the Montana State Office, State Director (MT-920) at 5001 Southgate Drive, Billings, Montana 59101-4669, within 20 business days of your receipt of this decision. If adversely affected by the State Director's decision, it can be further appealed to the Interior Board of Land Appeals (IBLA) pursuant to 43 CFR 3165.4, 43 CFR 4.411 and 43 CFR 4.413. If a statement of reasons for the appeal is not included with the notice, it must be filed with the Interior Board of Land Appeals, Office of Hearings and Appeals, U.S. Department of the Interior, 801 North Quincy St., Suite 300, Arlington, VA 22203, within 30 days after the notice of appeal is filed with the authorized officer.

If you wish to file a petition, pursuant to regulation 43 CFR 4.21(b), the petition for stay should accompany your notice of appeal and shall show sufficient justification. The provisions of 43 CFR 4.21(b) defines the standards and procedures for filing a petition to obtain a stay pending appeal.

If a petition for stay is submitted with the notice of appeal, a copy of the notice of appeal and petition for stay must be served on each party named in the decision from which the appeal is taken, and with the IBLA at the same time it is filed with the authorized officer.

A copy of the notice of appeal, any statement of reasons, and all pertinent documents must be served on each adverse party named in the decision from which the appeal is taken and on the Office of the Regional Solicitor, U.S. Department of the Interior, PO Box 31394, Billings, Montana 59107-1394, not later than 15 days after filing the document with the authorized officer and/or IBLA.

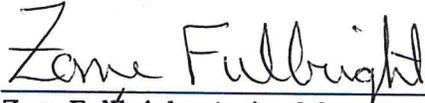
Should you fail to timely request an SDR, or after receiving the State Director's decision, fail to timely file an appeal with IBLA, no further administrative review of this decision would be possible.



Donato J. Judice, Oil and
Gas Field Manager

7/31/2012

Date



Zane Fulbright, Acting Monument Manager

8/2/2012

Date