



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
Great Plains Regional Office
115 Fourth Avenue S.E.
Aberdeen, South Dakota 57401



IN REPLY REFER TO:
DESCRM
MC-208

JUL 14 2010

MEMORANDUM

TO: Superintendent, Fort Berthold Agency

FROM: Regional Director, Great Plains Region 

SUBJECT: Environmental Assessment and Finding of No Significant Impact

In compliance with the regulations of the National Environmental Policy Act (NEPA) of 1969, as amended, for the proposed Addendum to Environmental Assessment to Authorize Land Use for Gathering Pipelines connecting Dakota-3-Bearstail #32-29H to the Arrow Phase 1B – Highway 22 Gathering Pipeline on the Fort Berthold Reservation, an Environmental Assessment (EA) has been completed and a Finding of No Significant Impact (FONSI) has been issued.

All the necessary requirements of the National Environmental Policy Act have been completed. Attached for your files is a copy of the EA, FONSI and Notice of Availability. The Council on Environmental Quality (CEQ) regulations require that there be a public notice of availability of the FONSI (1506.6(b)). Please post the attached notice of availability at the agency and tribal buildings for 30 days.

If you have any questions, please call Marilyn Bercier, Regional Environmental Scientist, Division of Environment, Safety and Cultural Resources Management, at (605) 226-7656.

Attachment

cc: Marcus Levings, Chairman, Three Affiliated Tribes (with attachment)
Perry "No Tears" Brady, THPO (with attachment)
Roy Swalling, BLM, Dickenson, ND (with attachment)
John Shelman, US Army Corps of Engineers
Dawn Charging, Virtual One Stop Shop

Finding of No Significant Impact

Zenergy Operating Company, LLC (Zenergy)

Addendum to Environmental Assessment to Authorize Land Use for Gathering Pipelines Connecting Dakota-3 Beartstail #32-29H to Arrow Phase 1B – Highway 22 Gathering Pipeline

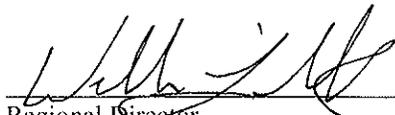
Fort Berthold Indian Reservation Dunn and McKenzie Counties, North Dakota

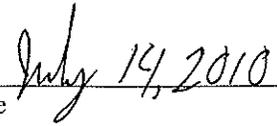
The U.S. Bureau of Indian Affairs (BIA) has received a proposal for an addendum to authorize land use for a gathering pipeline connecting one exploratory oil/gas well (Dakota-3 Bearstail #32-29H) and related infrastructure to the Arrow Phase 1B- Highway 22 Gathering Pipeline. Associated federal actions by BIA include a determination of effect regarding cultural resources, and approvals of leases, rights-of-way and easements.

The potential of the proposed action to impact the human environment is analyzed in the attached addendum to an existing Environmental Assessment (EA), as required by the National Environmental Policy Act. Based on the recently completed addendum to the EA, I have determined that the proposed project will not significantly affect the quality of the human environment. No Environmental Impact Statement is required for any portion of the proposed activity.

This determination is based on the following factors:

1. Agency and public involvement was solicited and environmental issues related to the proposal were identified.
2. Protective and prudent measures were designed to minimize impacts to air, water, soil, vegetation, wetlands, wildlife, public safety, water resources, and cultural resources. The remaining potential for impacts was disclosed for both the proposed actions and the No Action alternative.
3. Guidance from the U.S. Fish and Wildlife Service has been fully considered regarding wildlife impacts, particularly in regard to threatened or endangered species.
4. The proposed actions are designed to avoid adverse effects to historic, archaeological, cultural and traditional properties, sites and practices. Compliance with the procedures of the National Historic Preservation Act is complete.
5. Environmental justice was fully considered.
6. Cumulative effects to the environment are either mitigated or minimal.
7. No regulatory requirements have been waived or require compensatory mitigation measures.
8. The proposed project will improve the socio-economic condition of the affected Indian community.


Regional Director


Date

**ENVIRONMENTAL ASSESSMENT
Addendum**

United States Bureau of Indian Affairs

**Great Plains Regional Office
Aberdeen, South Dakota**



Zenergy Operating Company, LLC

**Addendum to Environmental Assessment to Authorize Land Use for Gathering
Pipelines Connecting Dakota-3 Beartstail #32-29H to Arrow Phase 1B – Highway 22
Gathering Pipeline**

Fort Berthold Indian Reservation

July 2010

For information contact:
Bureau of Indian Affairs, Great Plains Regional Office
Division of Environment, Safety and Cultural Resources Management
115 4th Avenue SE, Aberdeen, South Dakota 57401
(605) 226-7656

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1. Purpose and Need for the Proposed Action

Zenergy is proposing to drill exploratory oil and gas wells on the Fort Berthold Indian Reservation to evaluate and possibly develop the commercial potential of natural resources. Developments have been proposed on land held in trust by the United States in Dunn and McKenzie Counties, North Dakota. The BIA is the surface management agency for potentially affected tribal lands and individual allotments. The BIA also holds title to subsurface mineral rights. The economic development of available resources and associated BIA actions are consistent with BIA's general mission. Leasing and development of mineral resources offers substantial economic benefits to the Three Affiliated Tribes of the Mandan, Hidatsa, and Arikara Nations and to individual tribal members.

The purpose of the proposed action is to authorize the land use by Zenergy for the construction and installation of three gathering pipelines: one 6-inch-diameter oil line, one 6-inch-diameter gas line, and one 4-inch-diameter water line. The proposed gathering pipelines would transport oil, gas, and produced water from productive wells to markets and disposal facilities. A buried electrical line may be installed in the future.

2. Authorities

Oil and gas exploration and development activities are conducted under authority of the Indian Mineral Leasing Act of 1938 (25 United States Code [USC] 396a, et seq.), the Indian Mineral Development Act of 1982 (25 USC 2101, et seq.), and the Energy Policy Act of 2005 (42 USC 15801, et seq.).

3. Legal Land Description for Proposed Action

Dakota-3 Bearstail #32-29H gathering lines would be located on tribal land off of the west side of the well pad, approximately 4.4 miles southwest of the Mandaree, North Dakota, in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township (T) 149 North (N), Range (R) 94 West (W), 5th Prime Meridian (P.M.), McKenzie County, North Dakota and terminating in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1, T148N, R95W, 5th Prime Meridian (P.M.), Dunn County, North Dakota (Figure 1).

4. Scope of Work for Proposed Action

Zenergy proposes to construct and install oil, gas, and water gathering pipelines on tribal land originating from the west side of the Dakota-3 Bearstail #32-29H well pad and joining the existing Arrow Phase 1B – HWY 22 Gathering Pipeline. Oil, gas, and water pipelines would be buried in either two 2.5-foot wide trenches, spaced 5 feet apart or one 5-foot wide trench. Oil and gas pipelines would be 6 inches in diameter and constructed of steel. Water pipelines would be 4 inches in diameter and constructed of Fiberspar[®] or similar material. Approximately 3,223 feet of oil, gas, and water line would be needed to connect the Dakota-3 Bearstail #32-29H well pad to the Arrow Phase 1B – HWY 22 Gathering Pipeline (Appendix A). All construction disturbance would occur within a 100-foot temporary right-of-way and permanent surface disturbance would occur within a 50-

foot right-of-way between the Dakota-3 Bearstail #32-29H well pad and the Arrow Phase 1B – HWY 22 Gathering Pipeline, which has been surveyed for impacts to natural and cultural resources with no significant findings. In total, approximately 7.5 acres will be disturbed as a result of activities associated with the construction of the proposed gathering pipeline. Pipeline plats can be located in Appendix A.

5. Applicable National Environmental Policy Act (NEPA) Documents(s)

Environmental Assessment: Zenergy Operating Company, LLC, Dakota-3 Mandan #3-13H, Dakota-3 Brugh #15-32H, Dakota-3 TAT (694A) #3-11H, and Dakota-3 Clara #14-17H (July 2009)

Addendum to Environmental Assessment to Authorize New Bottom Hole Location and 1,280 Spacing Unit for the Dakota-3 Bearstail #32-29H (November 2009)

6. Other Relevant Documentation

Environmental Assessment: Arrow Midstream Holdings East Mandaree Oil, Gas, and Water Gathering System (December 2009)

7. NEPA Adequacy Criteria

This document has identified a previously prepared NEPA document, *Environmental Assessment: Zenergy Operating Company, LLC, Dakota-3 Mandan #3-13H, Dakota-3 Brugh #15-32H, Dakota-3 TAT (694A) #3-11H, and Dakota-3 Clara #14-17H (July 2009)*, which adequately describes the environmental consequences of the newly proposed action described herein, and meets the following NEPA Adequacy Criteria.

1. The proposed action is substantially the same action and at the site specifically analyzed in the existing NEPA documents.
2. The range of alternatives is reasonable with respect to the current proposed action in the existing NEPA documents, which appropriately considers and analyzes current environmental concerns, interests, and resource values.
3. The existing analysis and conclusions are adequate in the existing NEPA documents. The analysis is still valid in light of new studies or resource assessment information.
4. The methodology and analytical approach used in the existing NEPA documents continues to be appropriate for the proposed action.
5. The direct and indirect impacts of the proposed action are unchanged from those identified in the existing NEPA documents.
6. The cumulative impacts that would result from implementation of the proposed action are unchanged from those analyzed in the existing NEPA documents.
7. A 30-day comment period involving public input and interagency review was used in the development of the existing NEPA documents.

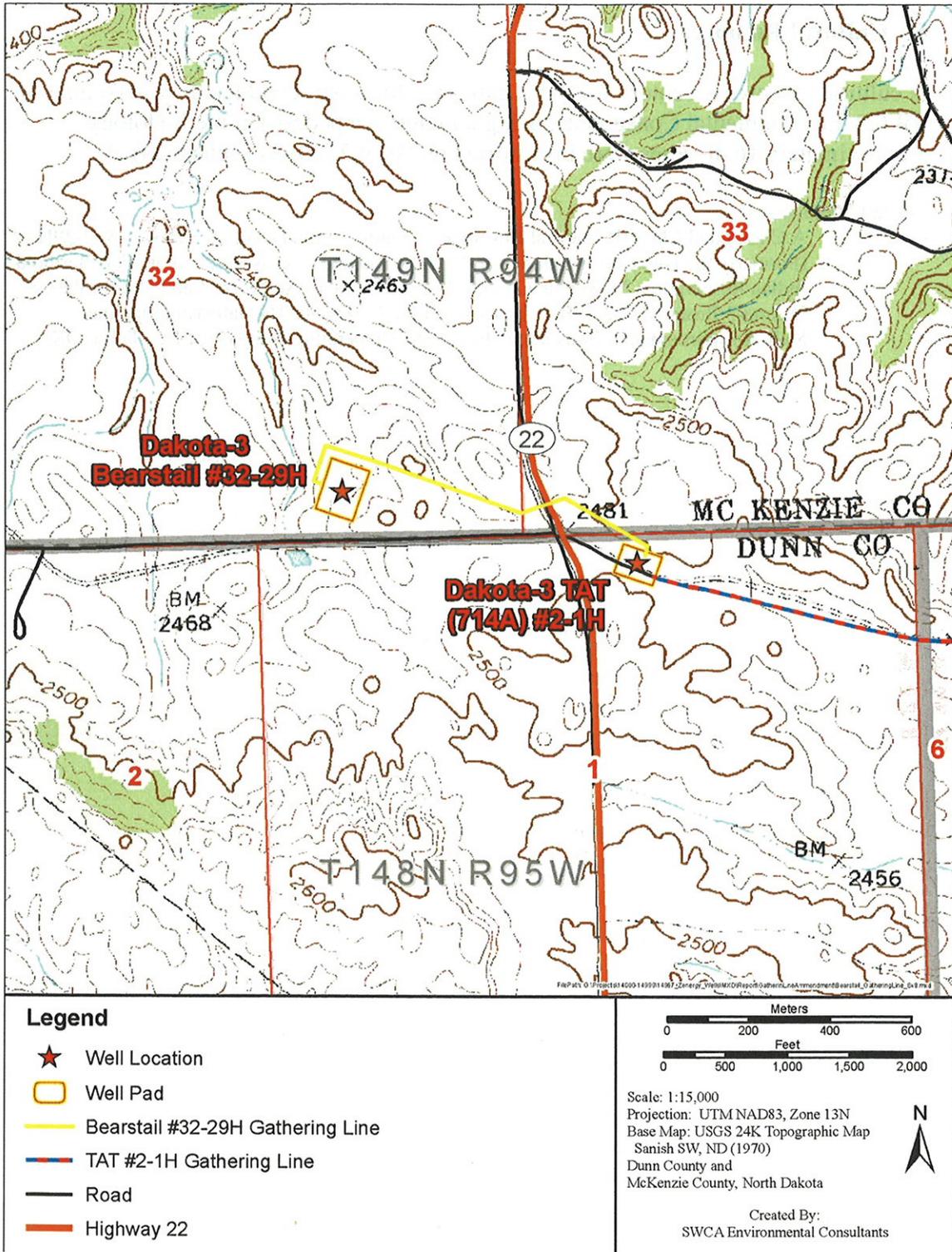
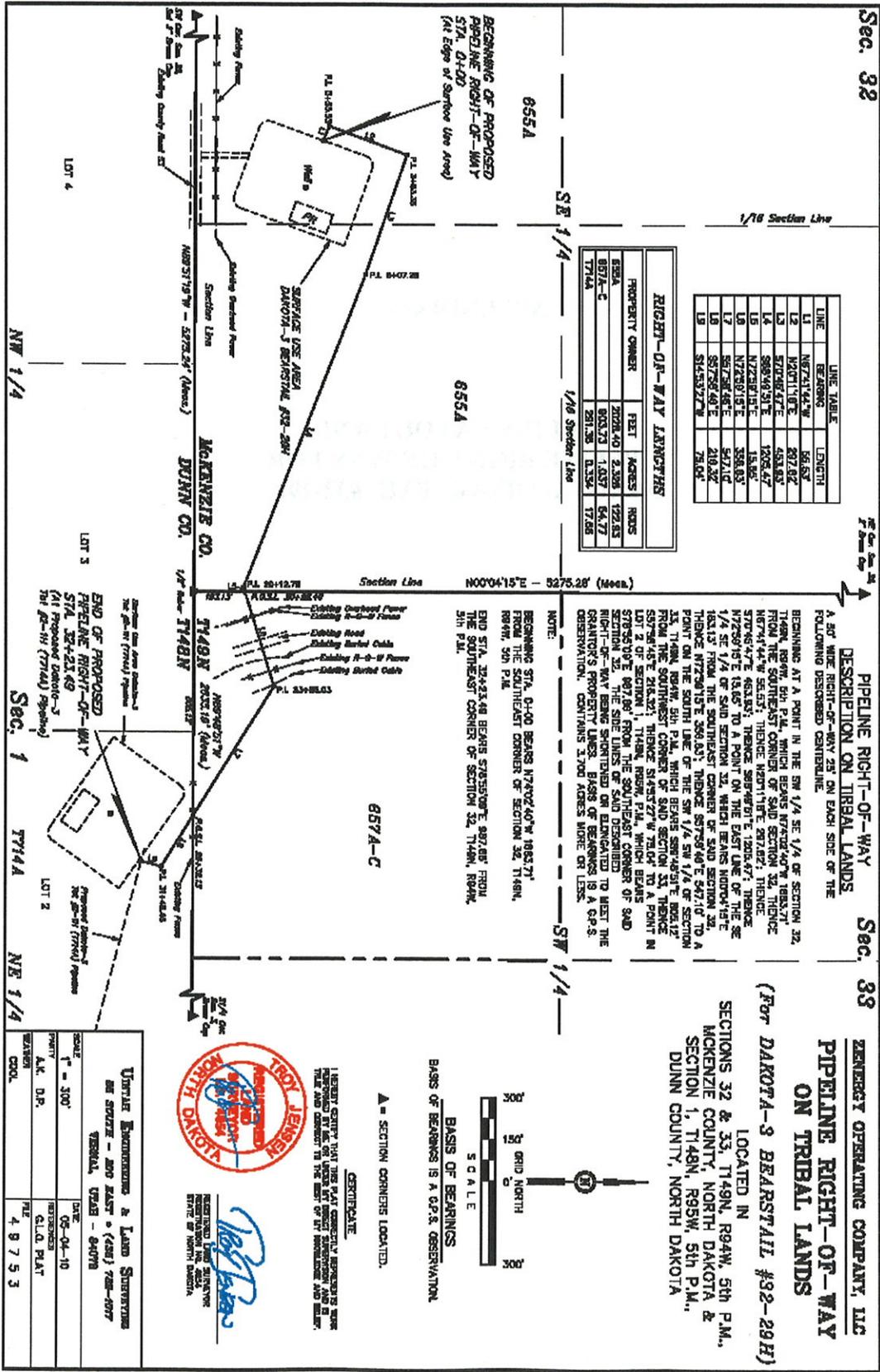


Figure 1. Proposed Dakota-3 Bearstail #32-29H gathering line and associated well pad.

APPENDIX A

**PIPELINE LAYOUT AND
PIPELINE RIGHT-OF-WAY FOR
DAKOTA-3 BEARSTAIL #32-29H**



Notice of Availability and Appeal Rights

Zenergy: Addendum to Environmental Assessment to Authorize Land Use for Gathering Pipelines Connecting Dakota-3 Bearstail #32-29H to Arrow Phase 1B – Highway 22 Gathering Pipeline

The Bureau of Indian Affairs (BIA) is planning to issue administrative approvals related to an Addendum to Environmental Assessment to Authorize Land Use for Gathering Pipelines Connecting Dakota-3 Bearstail #32-29H to Arrow Phase 1B Gathering Pipeline as shown on the attached map. Construction by Zenergy is expected to begin in the Summer of 2010.

An environmental assessment (EA) determined that proposed activities will not cause significant impacts to the human environment. An environmental impact statement is not required. Contact Howard Bemer, Superintendent at 701-627-4707 for more information and/or copies of the EA and the Finding of No Significant Impact (FONSI).

The FONSI is only a finding on environmental impacts – it is not a decision to proceed with an action and *cannot* be appealed. BIA’s decision to proceed with administrative actions *can* be appealed until August 13, 2010, by contacting:

**United States Department of the Interior
Office of Hearings and Appeals
Interior Board of Indian Appeals
801 N. Quincy Street, Suite 300, Arlington, Va 22203.**

Procedural details are available from the BIA Fort Berthold Agency at 701-627-4707.

Project locations

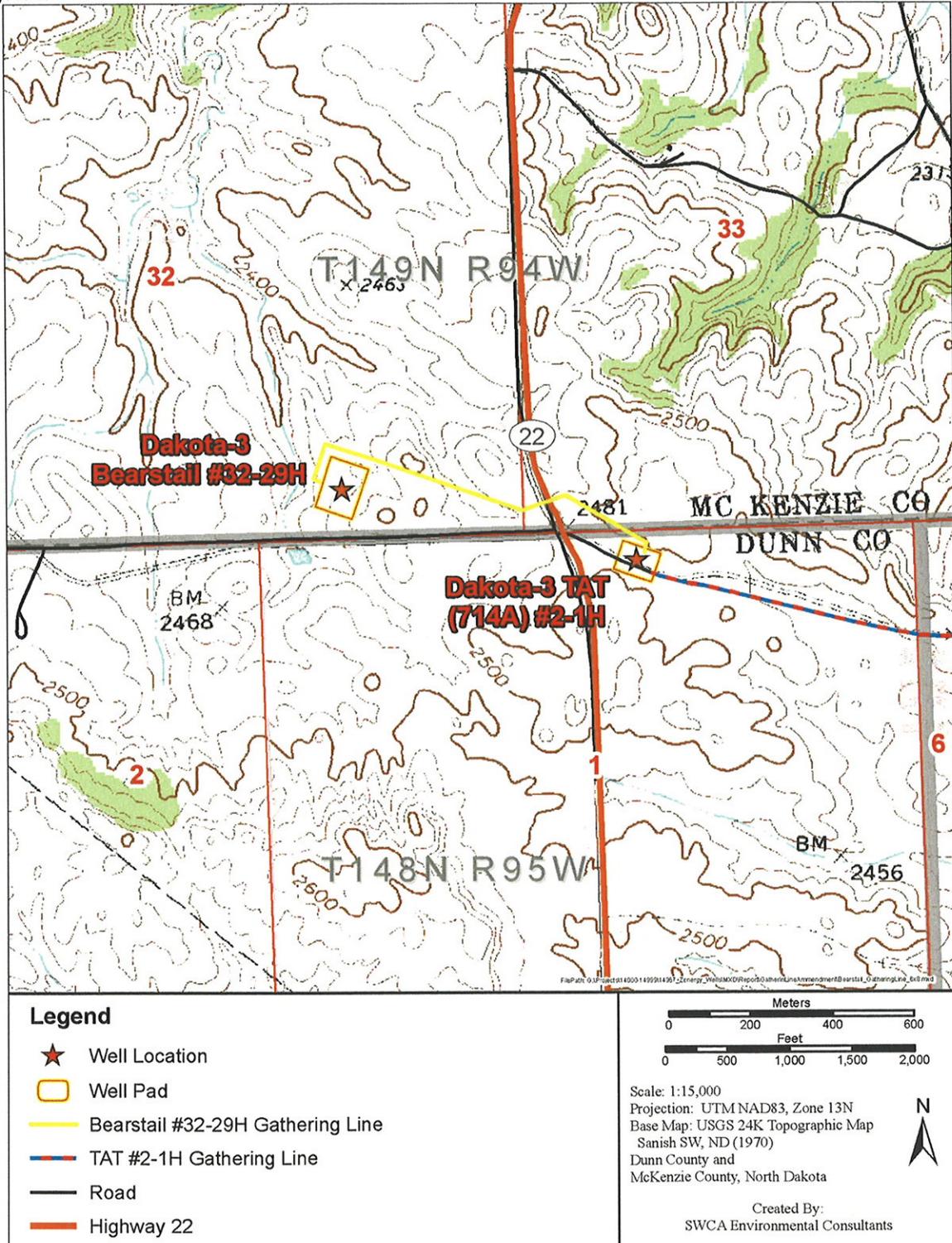


Figure 1. Proposed Dakota-3 Bearstail #32-29H gathering line and associated well pad.