

United States Department of the Interior

BUREAU OF INDIAN AFFAIRS Great Plains Regional Office 115 Fourth Avenue S.E., Suite 400 Aberdeen, South Dakota 57401



IN REPLY REFER TO: DESCRM MC-208

NOV 0 1 2011

MEMORANDUM

TO:

Superintendent, Fort Berthold Agency

FROM: Acting Regional Director, Great Plains Region

SUBJECT:

Environmental Assessment Addendum and Finding of No Significant Impact

In compliance with the regulations of the National Environmental Policy Act (NEPA) of 1969, as amended, an Addendum has been completed and a Finding of No Significant Impact (FONSI) has been issued. The addendum authorizes land use for the well pad expansion of the Mason #2-11H on the Fort Berthold Indian Reservation.

All the necessary requirements of the National Environmental Policy Act have been completed. Attached for your files is a copy of the EA Addendum, FONSI and Notice of Availability. The Council on Environmental Quality (CEQ) regulations require that there be a public notice of availability of the FONSI (40 C.F.R. Part 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: Tex Hall, Chairman, Three Affiliated Tribes (with attachment) Elgin Crows Breast, Tribal Historic Preservation Officer (with attachment) Derek Enderud, BLM, Bureau of Land Management (with attachment) Ryan Krapp, Carlsonmeccain (with attachment) Jonathon Shelman, Corps of Engineers (with attachment) Jeff Hunt, Fort Berthold Agency

Finding of No Significant Impact Dakota-3 E&P

Addendum to Environmental Assessment to Authorize a Well Pad Expansion of the Mason #2-11H

Fort Berthold Indian Reservation Mountrail County, North Dakota

The U.S. Bureau of Indian Affairs (BIA) has received a proposed Addendum to Environmental Assessment to Authorize a Well Pad Expansion of the Mason #2-11H on the Fort Berthold Indian Reservation in McKenzie County, North Dakota. Associated federal actions by BIA include determinations of effect regarding cultural resources, approvals of leases, rights-of-way and easements, and a positive recommendation to the Bureau of Land Management regarding the Applications for Permit to Drill.

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

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 action 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. This guidance includes the Migratory Bird Treaty Act (16 U.S.C. 703 et seq.) (MBTA), the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321 et seq.) (NEPA), the Bald and Golden Eagle Protection Act (16 U.S.C. 668-668d, 54 Stat. 250) (BGEPA), Executive Order 13186 "Responsibilities of Federal Agencies to Protect Migratory Birds", and the Endangered Species Act (16 U.S.C. 1531 et seq.) (ESA).
- 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 projects will improve the socio-economic condition of the affected Indian community.

Regional Director

ENVIRONMENTAL ASSESSMENT Addendum

United States Bureau of Indian Affairs

Great Plains Regional Office Aberdeen, South Dakota



Dakota-3 E&P Company, LLC

Addendum to Environmental Assessment to Authorize a Well Pad Expansion of the Mason #2-11H

Fort Berthold Indian Reservation

October 2011

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

Table of Contents

| 1.0 | Purpose and Need of Action | 3 |
|-------|---|---|
| 2.0 | Purpose and Need of Action | 3 |
| 3.0 | Legal Land Descriptions of Proposed Action | 3 |
| 4.0 | Scope of Work for Proposed Action | 3 |
| 5.0 | Cultural and Natural Resource Surveys | |
| 6.0 | Applicable National Environmental Policy Act (NEPA) Document(s) | |
| 7.0 | Other Relevant Documentation | |
| 8.0 | NEPA Adequacy Criteria | 5 |
| | List of Figures | |
| Figur | re 1. Mason #2-11H Location | 7 |
| | re 2. Proposed well pad expansion area photograph | |
| , | | |

Appendicies

APPENDIX A Plats, Drawings, and Diagrams for the Revised Mason #2-11H Well Pad

1.0 Purpose and Need of Action

Dakota-3 E&P Company, LLC (Dakota-3 E&P), a subsidiary of Williams, is proposing to drill additional horizontal oil and gas wells on the Fort Berthold Indian Reservation to develop the commercial potential of natural resources. Developments have been proposed on land held in trust by the United States in Mountrail County, North Dakota. The Bureau of Indian Affairs (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 Dakota-3 E&P to expand the previously approved well pad for the Mason #2-11H (formerly the Mason #3-2H) an additional 250 feet on the west side of the original pad (Figure 1). The pad expansion will allow for three additional wells (Mason #2-11HX, Mason #2-11HW, and Mason #2-11HA) to be drilled on the site.

2.0 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.).

3.0 Legal Land Descriptions of Proposed Action

The Mason #2-11H well site is located in the NE ¼ of the NW ¼ of Section 2, Township 150 North, Range 92 West, Mountrail County.

4.0 Scope of Work for Proposed Action

Dakota-3 E&P proposes to expand the approved well pad for the Mason #2-11H by approximately 2.73 acre of additional disturbance. The surface use of proposed expansion area is currently fallow agricultural land. The total pad size for the four well bores will be 7.63 acres (1.91 acre per well average). Additional heater treaters and tanks will be erected near existing facilities and containment structures expanded.

5.0 Cultural and Natural Resource Surveys

Carlson McCain was the lead for the natural resource evaluation with cultural resource surveys conducted by SWCA Environmental Consultants (SWCA). The cultural resource report is

presented in separate report (SWCA, 2011). Surveys were conducted within 200 feet of the proposed disturbance (approx. 40 acres) to determine potential impacts to cultural and natural (i.e., biological and physical) resources. Potential impacts to cultural resource sites are the result of direct disturbance, and/or the loss, of sites eligible for the National Register of Historic Places; disturbance and loss of native vegetation and wildlife habitats; soil removal and mixing; and erosion during construction. However, potential impacts as a result of the proposed action would be mitigated by surveying for and avoiding any eligible cultural resource sites within 200 feet or 40 acres around the proposed well pad expansion.

A cultural resource inventory of this proposed well pad expansion was conducted by personnel of SWCA Environmental Consultants, using an intensive pedestrian methodology. Approximately 41.67 acres were inventoried between July 1 and 6, 2011 (Yost et al. 2011). No historic properties were located that appear to possess the quality of integrity and meet at least one of the criteria (36 CFR 60.6) for inclusion on the National Register. As the lead federal agency, and as provided for in 36 CFR 800.5, on the basis of the information provided, BIA reached a determination of no historic properties affected for this undertaking. This determination was communicated to the THPO on September 28, 2011; however the THPO did not respond within the allotted 30 day comment period.

Natural resource surveys and the supplementary assessment of the potential impacts of the proposed action were completed on July 7, 2011. Right-of-Way on-site inspections with final plats were conducted on September 9, 2011, confirming the plan discussed at original onsite and within this addendum.

The survey of proposed well pad expansion and area within 200 feet of the proposed action revealed the area to be an agricultural field that was abandoned at the time of the survey. Bare ground with excessive regrowth of sow thistle (Sonchus arvensis) and horseweed (Conyza Canadensis) dominated the untilled or non-herbicide sprayed area (Figure 2). In addition the noxious weed species, Canada thistle (Cirsium arvense), was observed on the east side of the proposed expansion near soil stock piles. A natural (non-hydric) ephemeral drainage is found on the west and south sides of the expansion area. Mitigation efforts included rounding the pad corners to keep the pad from going over the bank slopes.

Due to the close proximity of the well to natural drainage to the west and a wetland to the east an 18 inch containment berm will be built on top of the pad to contain surface water from transferring off of the pad. Dakota-3 E&P and BIA resource officers will conduct monitoring of berm and all other potential erosion areas periodically to ensure proper functioning condition. Topsoil depth across site is approximately 12 inches. Soil stockpiles will be placed on the south side of the pad to direct any surface runoff around the pad. The 18 inch containment berm will remain and continue to divert water around pad after interim reclamation. It is BIA policy and Dakota-3 E&P is committed to having a good faith effort towards interim reclamation started within 6 months of original disturbance. Use of BMPs including soil compaction, berms, straw matting, wattles, fabric to reduce erosion will be used

to prevent erosion and siltation of the natural drainage. Maintenance will occur as needed to maintain environmental protections.

The initial Mason #2-11H was drilled using fluid and cuttings pit lined with an impervious (plastic/vinyl) liner to prevent drilling fluid seepage and contamination of the underlying soil. Due to the natural resources in the area and the advancement and availability of closed-loop drilling system rigs, Dakota-3 E&P commits to drilling these wells utilizing closed loop drilling (pit-less) system. Drilling materials will be disposed of properly at an approved waste disposal facility.

Wildlife species surveys conducted did not reveal any nesting migratory birds or raptors at this time largely due to limited habitat and timing of survey. Suitable raptor and migratory bird nesting habitat is found near the area and if construction is to take place between Feb 1st and July 15th a migratory bird survey will be conducted 5 days prior.

6.0 Applicable National Environmental Policy Act (NEPA) Document(s)

Environmental Assessment: Zenergy Operating Company, LLC, D-3 Brady #4-12H, D-3 Brunsell #16-9H,D-3 FBIR #3-13H, D-3 Mason #3-2H, D-3 North Segment #4-6H, D-3 Olson #4-1H, D-3 Wolf #4-18H. September, 2009. Finding of No Significant Impact: Zenergy Operating Company, LLC, D-3 Brady #4-12H, D-3 Brunsell #16-9H,D-3 FBIR #3-13H, D-3 Mason #3-2H, D-3 North Segment #4-6H, D-3 Olson #4-1H, D-3 Wolf #4-18H. October, 2009.

7.0 Other Relevant Documentation

(SWCA, 2011) Authors: Scott Yost, Damien Reinhart, and Chandler S. Herson Title: A Class I and Class III Cultural Resource Inventory of the Mason #2-11H Well Pad Expansion, Fort Berthold Indian Reservation, Mountrail County, North Dakota Report submittal to BIA: September 26, 2011.

8.0 NEPA Adequacy Criteria

This document has identified a previously prepared NEPA document, Environmental Assessment: Zenergy Operating Company, LLC, D-3 Brady #4-12H, D-3 Brunsell #16-9H,D-3 FBIR #3-13H, D-3 Mason #3-2H, D-3 North Segment #4-6H, D-3 Olson #4-1H, D-3 Wolf #4-18H (September 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 document.
- 2. The range of alternatives is reasonable with respect to the current proposed action in the existing NEPA document, which appropriately considers and analyzes current environmental concerns, interests, and resource values.

- 3. The existing analysis and conclusions are adequate in the existing NEPA document. 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 document 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 document.
- 6. The cumulative impacts that would result from implementation of the proposed action are unchanged from those analyzed in the existing NEPA document.
- 7. A 30-day comment period involving public input and interagency review was used in the development of the existing NEPA document.

Figure 1. Mason #2-11H Location



Figure 2. Proposed well pad expansion area photograph.





United States Department of the Interior

TAKE PRIDE

BUREAU OF INDIAN AFFAIRS Great Plains Regional Office 115 Fourth Avenue S.E., Suite 400 Aberdeen, South Dakota 57401

SEP 2 8 2011

IN REPLY REFER TO DESCRM MC-208

> Elgin Crows Breast, THPO Mandan, Hidatsa and Arikara Nation 404 Frontage Road New Town, North Dakota 58763

Dear Mr. Crows Breast:

We have considered the potential effects on cultural resources of two proposed oil well pads in McKenzie and Mountrail Counties, North Dakota. Approximately 134.92 acres were intensively inventoried using a pedestrian methodology. Potential surface disturbances are not expected to exceed the areas depicted in the enclosed reports. No historic properties were located that appear to possess the quality of integrity and meet at least one of the criteria (36 CFR 60.4) for inclusion on the National Register of Historic Places. No properties were located that appear to qualify for protection under the American Indian Religious Freedom Act (42 USC 1996).

As the surface management agency, and as provided for in 36 CFR 800.5, we have therefore reached a determination of no historic properties affected for these undertakings. Catalogued as BIA Case Number AAO-1993/FB/11, the proposed undertakings, locations, and project dimensions are described in the following reports:

Herson, Chandler S., and Andrew Lantz

(2011) A Class I and Class III Cultural Resource Inventory of the Bird #30-31H Well Pad and Utility Corridor, Fort Berthold Indian Reservation, McKenzie County, North Dakota. SWCA Environmental Consultants for Dakota-3 E&P Company, LLC, Denver.

Yost, Scott, Damien Reinhart and Chandler S. Herson

(2011) A Class I and Class III Cultural Resource Inventory of the Mason #2-11 Well Pad Expansion, Fort Berthold Indian Reservation, Mountrail County, North Dakota. SWCA Environmental Consultants for Dakota-3 E&P Company, LLC, Denver.

If your office concurs with this determination, consultation will be completed under the National Historic Preservation Act and its implementing regulations. We will adhere to the Standard Conditions of Compliance.

If you have any questions, please contact Dr. Carson N. Murdy, Regional Archaeologist, at (605) 226-7656.

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Regional Director

Enclosure

: Chairman, Three Affiliated Tribes Superintendent, Fort Berthold Agency

APPENDIX A

Plats, Drawings, and Diagrams for the Revised Mason #2-11H Well Pad

DAKOTA-3 E&P COMPANY, LLC MASON #2-11HA, #2-11HW & #2-11HX LOCATED IN MOUNTRAIL COUNTY, NORTH DAKOTA SECTION 2, T150N, R92W, 5th P.M.

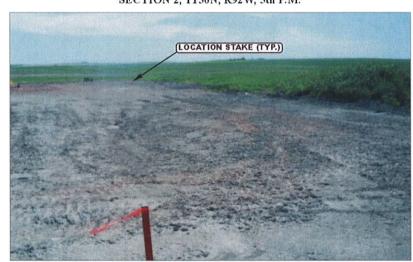


PHOTO: VIEW OF LOCATION STAKES

CAMERA ANGLE: SOUTHERLY

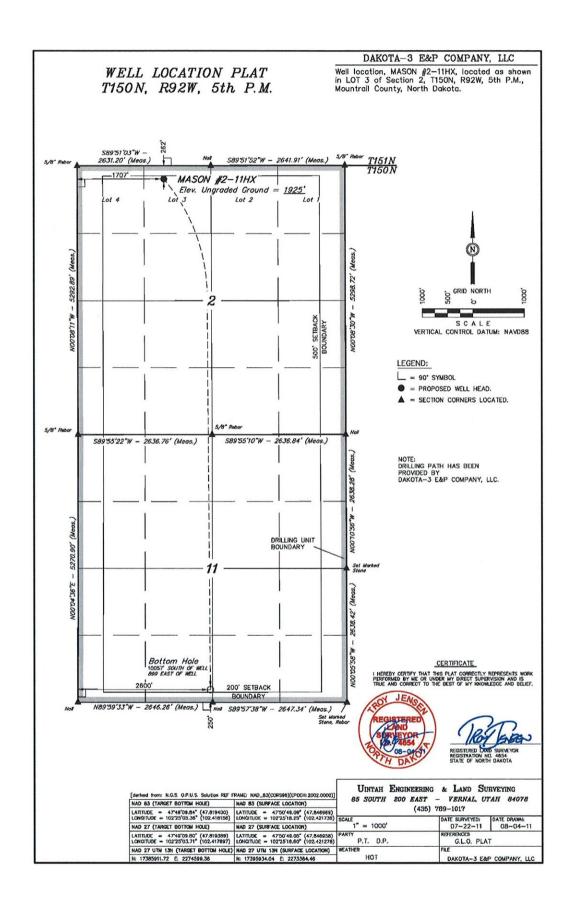


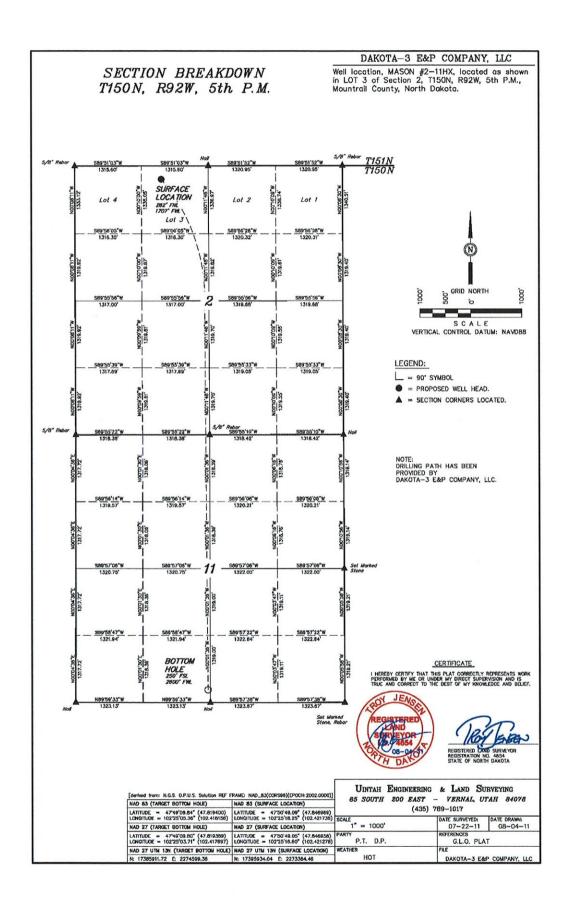
PHOTO: VIEW OF LOCATION STAKES

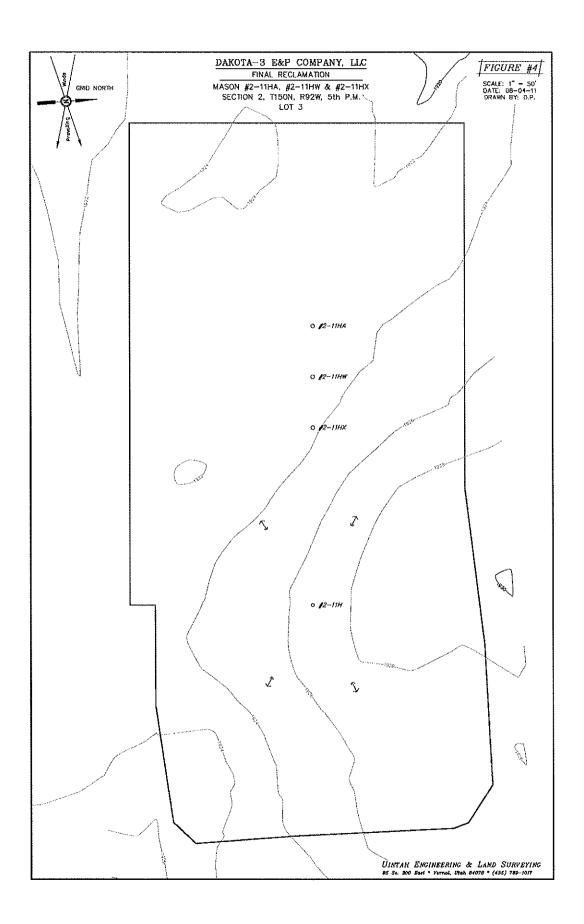
CAMERA ANGLE: WESTERLY

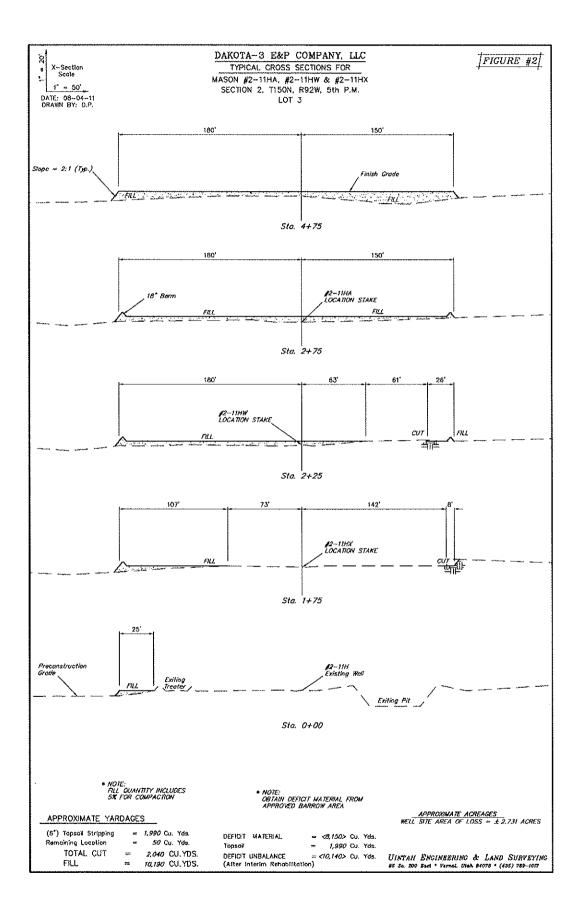


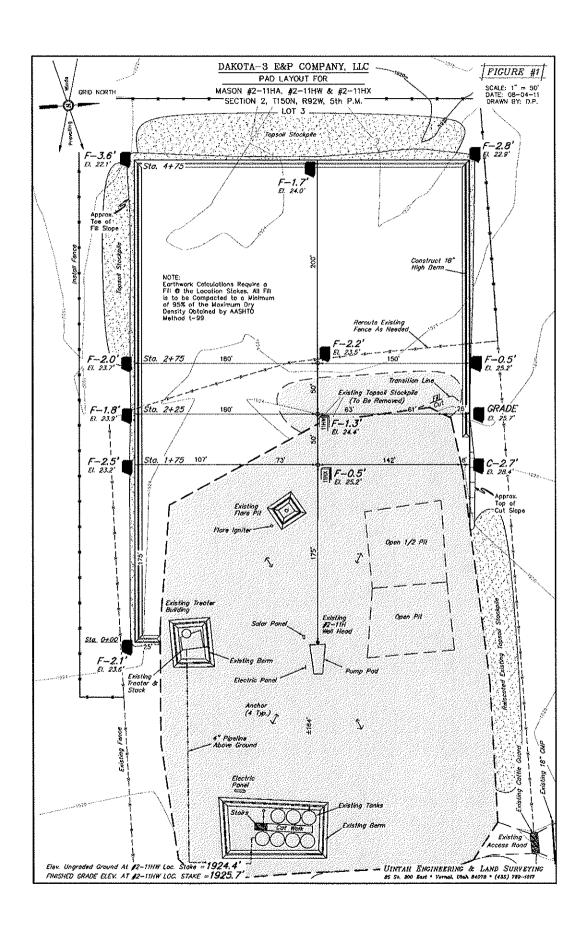


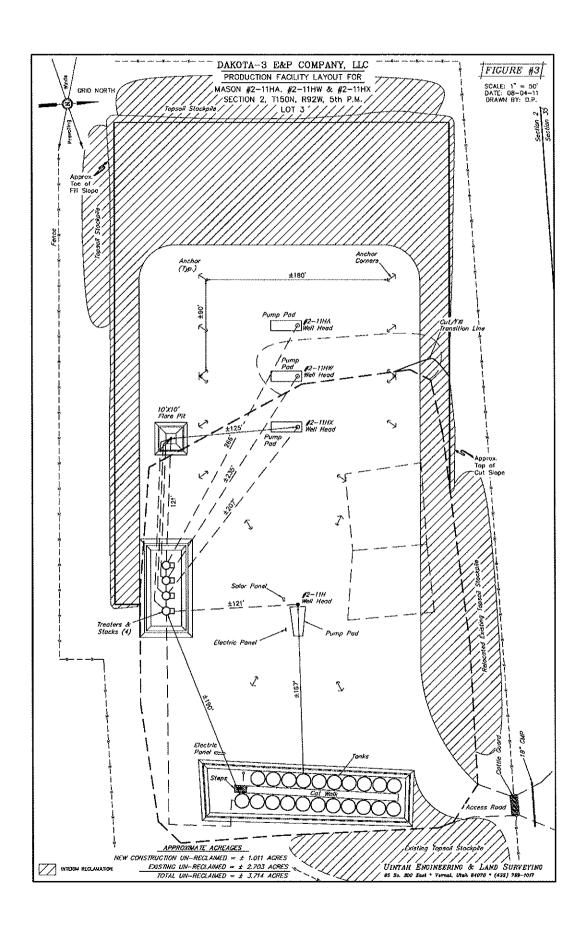








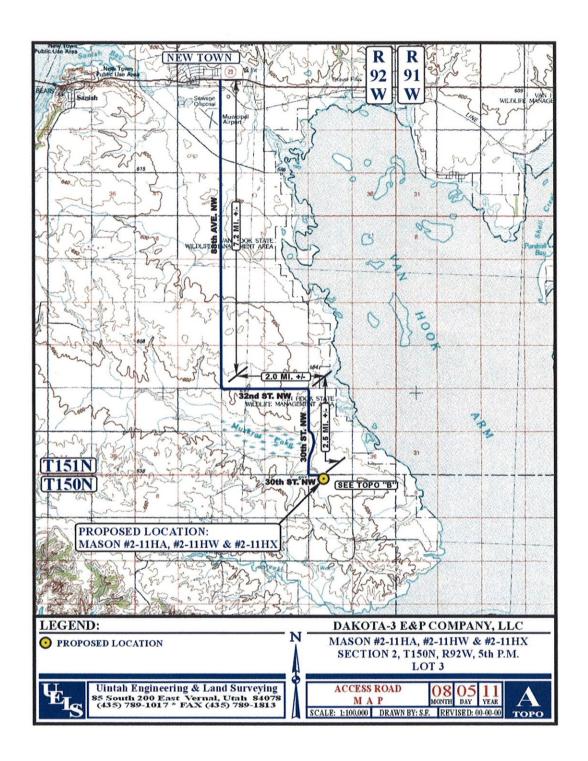


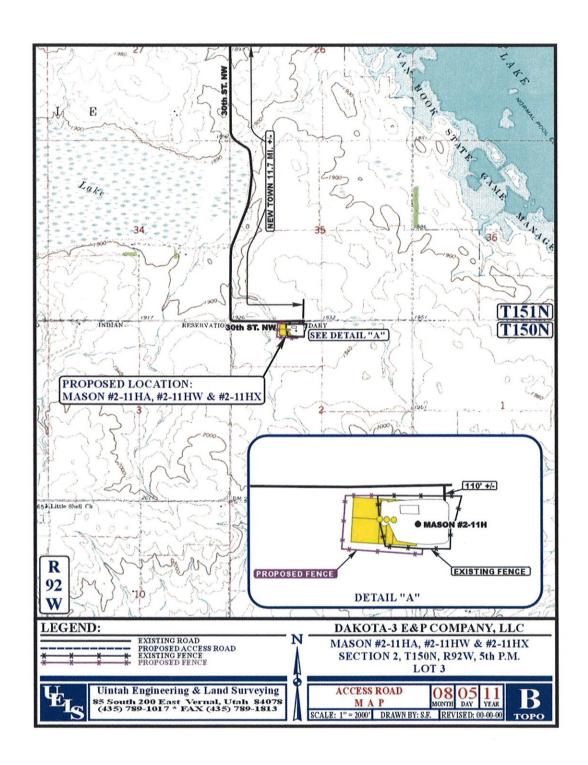


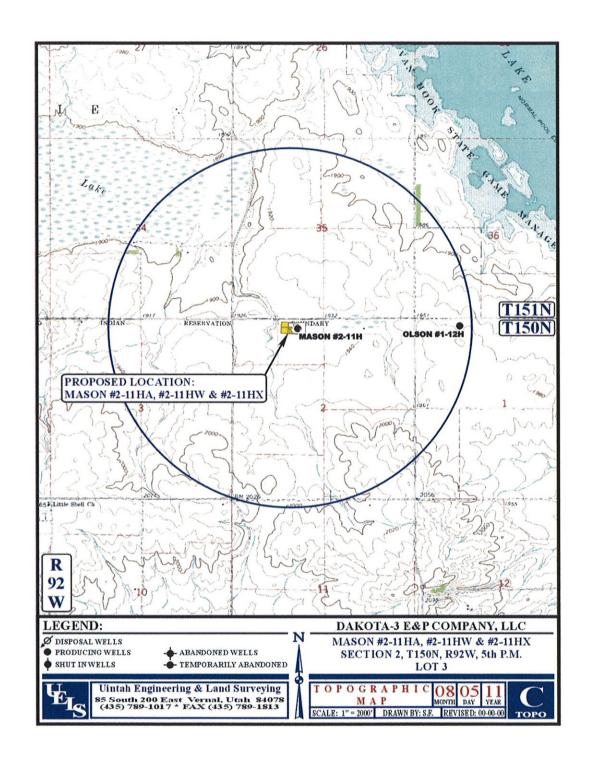
DAKOTA-3 E&P COMPANY, LLC MASON #2-11HA, #2-11HW & #2-11HX SECTION 2, T150N, R92W, 5th P.M.

PROCEED IN A SOUTHERLY DIRECTION FROM NEW TOWN, NORTH DAKOTA ALONG 88TH AVE NW APPROXIMATELY 7.2 MILES TO THE JUNCTION OF THIS ROAD AND 32ND ST NW TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 2.0 MILES TO THE JUNCTION OF THIS ROAD AND 30TH ST NW TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY, THEN EASTERLY DIRECTION APPROXIMATELY 2.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 110° TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM NEW TOWN, NORTH DAKOTA TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 11.7 MILES.







Notice of Availability and Appeal Rights

Dakota-3 E&P: Addendum to Environmental Assessment to Authorize Land Use for Gathering Pipelines Connecting the Skunk Creek #23-14C Well to the Arrow Two Shields Butte #2-24-12H/Skunk Creek #2-24-25H Gathering Pipeline System

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 the Skunk Creek #23-14C Well to the Arrow Two Shields Butte #2-24-12H/Skunk Creek #2-24-25H Gathering Pipeline System on the Fort Berthold Reservation as shown on the attached map. Construction by Dakota-3 E&P Resources is expected to begin in 2011.

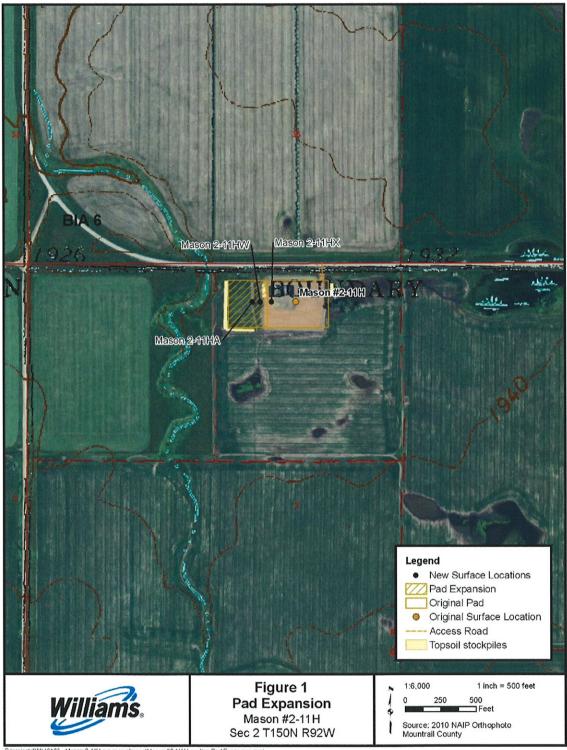
An environmental assessment (EA) determined that proposed activities will not cause significant impacts to the human environment. An environmental impact statement is not required. Contact Earl Silk, Superintendent at 701-627-4707 for more information and/or copies of the EA and the Finding of No Significant 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 December 1, 2011, 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.



R \projects\WIL\3433 - Mason 2-11H expansion\maps\Mason #2-11H Location Pad Expansion mxd