

Record of Decision

Shadura Natural Gas Development Project

Kenai National Wildlife Refuge, Alaska

June, 2013

This Record of Decision is for the Shadura Natural Gas Development Project on the Kenai National Wildlife Refuge, Alaska, June, 2013. It documents my decision and includes a summary of public involvement in the decision making process and the basis for making this decision.

Abstract

In 2012, the U.S. Fish and Wildlife Service received a right-of-way application from NordAq Energy, Inc. for the construction and operation of facilities associated with exploration for and production of natural gas in the northwestern portion of the Kenai National Wildlife Refuge. The United States owns the surface estate, which is managed by the U.S. Fish and Wildlife Service as part of the Kenai National Wildlife Refuge, and Cook Inlet Region, Inc. (CIRI), owns the subsurface estate of coal, oil, and gas in the project area. CIRI has entered into a lease with NordAq to develop the gas resources. NordAq's application for a right-of-way was made subject to Alaska National Interests Lands Conservation Act (ANILCA) Section 1110 (b), Access to Inholdings. The Shadura Natural Gas Development Project Environmental Impact Statement (EIS) was developed – in compliance with the National Environmental Policy Act – to solicit public opinion, develop alternatives, and analyze potential impacts.

Subsurface Ownership History

Several actions have altered the land ownership patterns of the Refuge, including litigation over ownership of submerged lands, settlement of aboriginal claims, and legislatively directed land exchanges.

The Alaska Native Claims Settlement Act of 1971 (ANCSA) settled land claims of Alaska Natives, created 12 land based regional corporations, more than 200 village corporations, and provided for the conveyance of federal land to the newly established corporations. CIRI is one of the Alaska Native regional corporations.

On January 2, 1976 the Department of the Interior, the State of Alaska, and CIRI ratified an agreement entitled “Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area” which authorized the conveyance of 10,240 acres of surface land and 218,880 acres of subsurface interests within the Refuge to CIRI.

Through ANCSA and several subsequent legal settlement agreements, 187,647 acres of subsurface interests with potential coal, oil, and gas resources, and 16,106 acres of subsurface estate within the Kenai NWR have been conveyed to CIRI. CIRI also has selected an additional 26,241 acres with potential for coal, oil, and gas resources that have not yet been conveyed. This entitlement provides CIRI the opportunity to explore, develop, and transport these resources in, on, or from the Refuge subject to reasonable regulations (USFWS 2010,3-4).

Alternatives Considered

Alternative 1 – No Action:

The No Action alternative is required by the National Environmental Policy Act to present the current situation for comparison with the other alternatives.

Action Alternatives (Alternatives 2–5)

Under any of the action alternatives (alternatives 2–5), the Shadura Natural Gas Development Project would be constructed, operated, maintained, decommissioned, and reclaimed. During the first stage of the project, a gravel road, gravel storage yards, and a minimal drilling/processing pad would be constructed. Then one natural gas well would be drilled and tested. If the results of this testing were unfavorable, all equipment and gravel would be removed and the affected areas would be restored to approximate preconstruction conditions. If the results of testing were favorable, the second stage would be constructed.

The second stage of construction would involve expanding the drilling/processing pad to its final size and configuration; drilling five additional natural gas wells, an industrial water well, and a Class II disposal well; and constructing production facilities.

Once constructed, the Project would operate for about 30 years. At the end of the Project's useful life, it would be decommissioned and the impacted areas reclaimed.

Alternative 2—Applicant's Proposed Action:

The access road would extend from the North Kenai Spur Highway along the west and south sides of Salmo Lake to a drilling/processing pad. That portion of the access road outside the Refuge has already been permitted by the State of Alaska as part of another project.

The access road would be 4.3 miles long, about 2.7 miles of which would be on the Kenai NWR. The remaining 1.6 miles are on State and other lands. Of that portion on the Kenai NWR, about 1.7 miles of the road would be constructed in upland areas and about one mile would be in wetlands. The metering pad, gathering lines, and communication cable would be located parallel to the access road.

Alternative 3—Natural Gas Development with Northern Access:

Under this alternative, the access road would be constructed around the north and east sides of Salmo Lake. The access road would be 4.6 miles long, of which 2.2 miles would be constructed on State and other lands, and 2.4 miles would be on the Kenai NWR. About 3.7 miles would be in upland areas and about 0.9 mile would be in wetlands. The North Kenai Spur Highway would provide primary access to the project area. The metering pad, gathering lines, and communication cable would be located parallel to the access road.

Alternative 4—Natural Gas Development with Eastern Access:

Under this alternative, the access road would be constructed from the east. The access road would be 3.3 miles long—all on the Kenai NWR. About 2.7 miles would be constructed in upland areas and about 0.5 mile would be in wetlands.

The metering pad, gathering lines, and communication cable would not follow the access road but be constructed in the same locations as for Alternative 2. They would be installed cross-country between the

drilling/processing pad and the previously permitted road on State lands. The segment between the Kenai NWR boundary and metering pad would follow this previously permitted road. The North Kenai Spur Highway would provide primary access to the metering pad.

Alternative 5—Natural Gas Development with Southern Access:

Under this alternative, an access road would be constructed from the southeast. The access road would be 5.5 miles long—all on the Kenai NWR. About 5.3 miles would be constructed in upland areas and about 0.2 mile would be in wetlands.

The metering pad, gathering lines, and communication cable would be constructed in the same locations as for Alternatives 2 and 4. They would be installed cross-country between the drilling/processing pad and the previously permitted road on State lands. The segment between the Kenai NWR boundary and metering pad would follow this previously permitted road. The North Kenai Spur Highway would provide primary access to the metering pad.

Subsistence Use Evaluation and Finding (Alaska National Interests Land Conservation Act: Section 810)

A subsistence use evaluation and finding of no significant restriction is found in Section 4.5.9 of the Shadura Natural Gas Development Project EIS. None of the alternatives contained actions that would reduce subsistence uses or change the availability of resources by altering their distribution, migration, or location; or place any limitations on access to harvestable resources used for subsistence purposes.

Public Involvement and Comments Received

Public involvement and comments have been requested, considered, and incorporated throughout the planning process. Special mailings, newspaper advertisements, and other media announcements informed the public of opportunities to meet with project staff at public meetings and how to provide written comments. The Notice of Intent to develop the Shadura Natural Gas Development Project EIS was published in the Federal Register on May 17, 2012 (Vol 77, No 96, page 29358). Open houses were held in communities on the Kenai Peninsula and in Anchorage.

The Notice of Availability for the Draft Shadura Natural Gas Development Project EIS was published in the Federal Register on December 21, 2012 (Vol 77, No 246, page 75646); public comments were accepted through February 19, 2013. We received 108 comments on the Draft EIS Public meetings were held in Kenai on January 16, 2013 and in Anchorage on January 17, 2013. The EIS and information pertaining to the right-of-way application for the project are and have been available for viewing and downloading at <http://alaska.fws.gov/nwr/planning/nepa.htm>. Our Responses to Comments on the Draft EIS is presented in Appendix C of the EIS.

The Notice of Availability for the Shadura Natural Gas Development Project Final EIS was published in the Federal Register by the Environmental Protection Agency on May 24, 2013 (Vol 78, No 101, page 31540) and by the Fish and Wildlife Service on May 29, 2013 (Vol 78, No 103, page 32270).

Basis for Decision

Alternative 1 is not feasible as ANILCA §1110 (b) requires that we allow adequate and feasible access to inholdings.

Our regulations, in 43CFR36.10(e), stipulate that the Federal agency shall specify in a right-of-way permit the route(s) and method(s) of access across the area(s) desired by the applicant, unless it is determined that:

- (i) The route or method of access would cause significant adverse impacts on natural or other values of the area and adequate and feasible access otherwise exists; or
- (ii) The route or method of access would jeopardize public health and safety and adequate and feasible access otherwise exists; or
- (iii) The route or method is inconsistent with the management plan(s) for the area or purposes for which the area was established and adequate and feasible access otherwise exists; or
- (iv) The method is unnecessary to accomplish the applicant's land use objective.

The applicant's proposed action does not conform with any of the above statements (i, ii, iii, or iv).

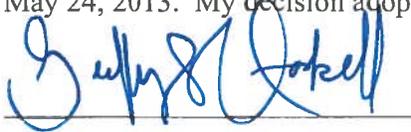
Decision

It is my decision to adopt Alternative 2, the applicant's proposed action, as described in the Shadura Natural Gas Development Project Final Environmental Impact Statement. Alternative 2 reflects the Service's intent to manage Kenai Refuge to achieve the mission of the National Wildlife Refuge System, meet the purposes for which the Refuge was established, and meet our legal obligations.

The Kenai National Wildlife Refuge Comprehensive Conservation Plan (2010) is hereby amended to change the land classification in this project area from minimal to intensive. This intensive classification will extend ¼ mile from the centerline of the road or the edge of the drilling/processing pad. (Figure 1) Approximately 890 acres will be affected by this classification change. This change in classification is specific to this project and only for the duration of this project. Upon termination of the Shadura Natural Gas Development Project, land classification shall revert to that of the adjacent areas of the Refuge.

Decision Timing

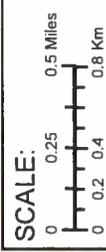
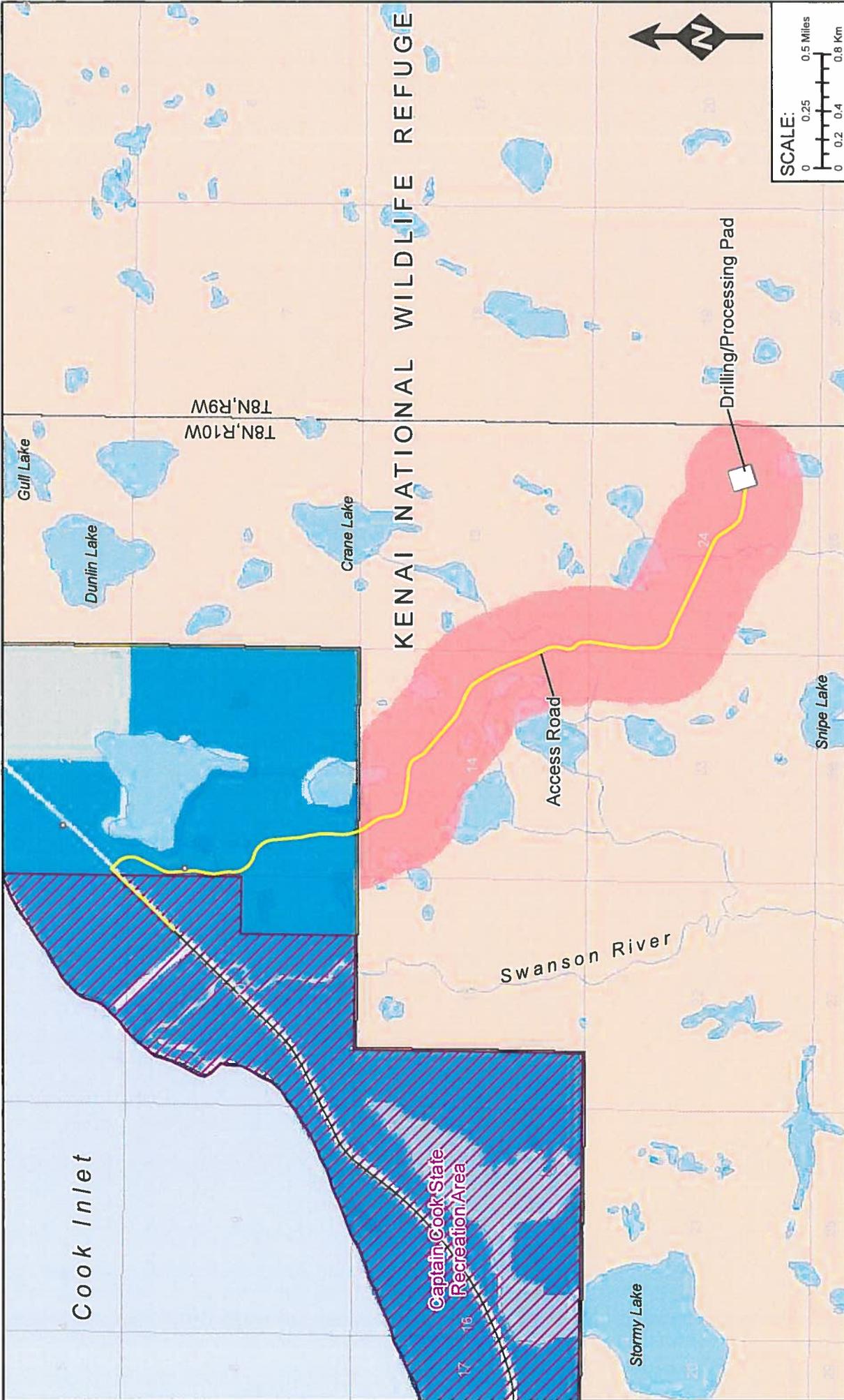
It has been more than thirty (30) days since the Notice of Availability for the Final EIS was published on May 24, 2013. My decision adopting Alternative 2, is effective immediately.



Geoffrey L. Haskett
Regional Director



Date



SHADURA NATURAL GAS DEVELOPMENT PROJECT ROD

FIGURE:

MANAGEMENT CATEGORIES

1



CCP Management Category

- Intensive
- Minimal

- Alternative 2 Access Road
- Drilling/Processing Pad
- Kenai National Wildlife Refuge Boundary
- Captain Cook State Recreation Area
- Kenai Peninsula Borough Lands
- State Lands

Projection: State Plane Alaska Zone 4 (feet), NAD83
Seward Meridian