DECISION NOTICE and FINDING OF NO SIGNIFICANT IMPACT

Sheep Gas Gathering System
Gunnison Energy Corporation

USDA FOREST SERVICE, ROCKY MOUNTAIN REGION
GRAND MESA, UNCOMPAHGRE, AND GUNNISON NATIONAL FORESTS
PAONIA RANGER DISTRICT
Gunnison County, Colorado

I. INTRODUCTION

An Environmental Assessment (EA) has been prepared that analyzes the surface effects of the Sheep Gas Gathering System (SGGS). Gunnison Energy Corporation (GEC) submitted the SGGS proposal for pipeline construction, operation and maintenance on the Grand Mesa, Uncompahgre and Gunnison National Forests (GMUG), Paonia Ranger District, Gunnison County, Colorado.

GEC, the current holder of nearby federal and private oil and gas leases and the Special Use Permit (SUP) for the Ragged Mountain Pipeline (RMP), proposed the SGGS pipeline to exercise their rights to transport their gas reserves from the respective leases to the RMP.

The GMUG issues and administers Road Use Permits (RUPs) for the use of classified National Forest System Roads (NFSRs) for commercial operations. GEC will be required to obtain an RUP to account for use of NFSRs as part of the proposed activities.

II. SCOPE OF DECISION AND AUTHORITY

Scope of Decision: With this Decision Notice, I am approving the SGGS SUP for construction, operation and maintenance of a 12" gas pipeline and a 6" produced water pipeline within the same trench. I am also deciding to authorize the RUP for construction, reconstruction, use, upgrading, and/or maintenance of existing and/or the temporary road needed for access to the pipeline construction ROW, timber removal from the ROW and a temporary use permit granted for a temporary staging area (EA, Section 1.8). The pipeline is 10.8 miles long with only 6.6 miles of National Forest lands affected.

The terms and conditions for this activity are identified in the Plan of Development (POD) and the SUP Operation and Maintenance Plan.

Components of this decision framework for approval of the activities in the address:

1. Issue SUP for the 12" natural gas pipeline and 100-foot construction ROW and 50-foot permanent ROW
2. Issue SUP for 6" produced water pipeline located within the same trench
3. One new temporary road location of 267';
4. GEC's use, maintenance and possible upgrade of existing National Forest System Roads
5. Timber removal within ROW
6. Temporary Special Use Permit for temporary staging area.
7. SUP Operating Plan, POD, design features, and mitigation measures designed to protect surface resources.

Authorities: This decision, to authorize a Special Use Permit pursuant to the authority of the Mineral Leasing Act of 1920 (as amended), the National Environmental Policy Act of 1969, and Federal Land Policy and Management Act of 1976. Regulations cited in 36 Code of Federal Regulations [CFR] 228 Subpart E, promote cooperation between the Forest Service, industry, and the public. Executive Order 13212, dated May 18, 2001, provides for expeditious review of permits and other actions to increase the supply of natural gas while maintaining safety, public health, and environmental protections. .

Use of existing National Forest System Roads (NFSRs) would require a Forest Service Road Use Permit and will be authorized under 36 CFR Section 261.54(c) and GMUG Forest Supervisor Order 01-01.

III. DECISION

I have decided to approve the SGGS as designed in the Proposed Action (EA, Section 2.2.2). This approval incorporates Plan of Development (project file); assumes compliance by GEC with the stipulations attached to the SUP or as described in this Decision Notice; and implementation by GEC of the design features and mitigation measures of the Proposed Action.

This decision authorizes GEC to conduct activities associated with construction, operation and maintenance of natural gas and produced water pipelines, a new temporary road, and existing National Forest System Roads subject to the POD (project file), Design Features and Mitigation measures found in the EA.

My decision approves the location of the pipeline corridor, issuance of a SUP, Temporary Special Use Permit for the staging area and road use with the following modifications:

A. New Road Corridor

The one new temporary road (267') is depicted on the decision map and will be verified on the ground by GEC and the Forest Service (FS). The new temporary road will be decommissioned by obliteration (meaning the road prism will be removed, the land surface returned to approximate original contour and revegetated) when it is no longer needed.

When laying out, designing and constructing the new road within the project area, priority will be given to lay the route "as light on the land" as possible.

B. Use and Upgrade of Existing National Forest System Roads or Trails

My decision authorizes GEC to use the following existing roads within the Gunnison National Forest under the terms and conditions of a Forest Service RUP:

1. NFSR 265 (Buzzard Divide Road to the junction with NFSR 704)
2. NFSR 851 (Little Henderson Road) to and between private lands,
3. NFSR 849.1A (Wolverton private through FS to Martin private)
4. NFSR 849.1B (Road Gulch)
5. NFSR 849.1B1 (Ault private through FS to Sheep Park private)

Also, Appendix A of the document (EA, Appendix A) states that GEC must provide specific improvement and use parameters using the AASHTO design criteria (Guideline for geometric design of very low volume roads (2001 edition) and Design guide for pavement structures (1993 edition)) or as approved by Forest Engineer, to be designed by a Colorado Registered Professional Civil Engineer, and submitted for Forest Service (FS) approval for each road segment. The Engineer's recommendations must be approved and implemented before any project related traffic may use that part of the Forest Road system. Also all cattleguards on roads under RUP will be brought up to State legal load limits.

D. Design Features, Mitigation measures and Plan of Development designed to reduce effects on surface resources.

The Design Features and Mitigations (Appendix A, EA) were identified in the resource effects analysis disclosed in the EA (EA, Chapter 3), or are administrative measures (POD in the project file) that must be followed during project implementation. The POD includes: Biological Resources Protection Plan, Blasting Plan, Cultural Resources Protection Plan, Environmental Compliance Management Plan, Forest Prevention and Suppression Plan, Fugitive Dust Control Plan, Hazardous Materials Management and Spill Prevention, Containment, and Countermeasure Plan, Pressure Testing Plan, Noxious Weed Management Plan, Safety Plan, Transportation Management Plan, and Environmental Protection Plan. Resource-based design features, mitigations or POD may have been modified by the Interdisciplinary Team after review of public comments on the EA. Such modifications are documented in the errata and Response to Comments document in the project record.

This decision will be implemented through issuance of this Decision Notice, including GEC obtaining any other permits for use of NFS lands, resources and/or improvements. GEC is also responsible to secure any additional Local, State or Federal permits as applicable and required by law.

In the event of any contradiction or conflict between descriptions or depictions of authorized actions, my decision is to be taken from the project documents in the following order of precedence: first the description in this Decision Notice, second the representations on the Decision Map, third the representation in Appendix A of this EA, and finally descriptions in the EA.

IV. REASONS FOR THE DECISION

Applicable Laws, Regulations, and Policy

This decision is consistent with applicable laws, regulations, and policies (refer to Sections II and VII of this document and EA, Section 1.5 and 2.2.2.15). Activities approved by this decision are consistent with rights granted under the federal oil and gas leases, and are consistent with Forest Land and Resource Management Plan (LMP) direction (EA, Section 1.3).

How Issues Were Considered

Concerns related to the project's effects on the natural and human environment were identified as Issues (EA, Section 1.7) addressed in the effects analysis. Most of these concerns were addressed by careful design of the proposed action/preferred alternative (EA, Section 2.2.2, Chapter 3 and listed in Appendix A of EA). Where the effects analysis found that additional design features or mitigations were needed to further protect the resources, these measures were identified (EA, Chapter 3). A selected group of these design features and mitigations are included in this Decision, displayed in the EA Appendix A.

Specific discussion on how key resource issues were addressed in the analysis is given below:

The effect of pipeline construction, operation and maintenance on visual resources - The Proposed Action has few negative visual effects to the surrounding forest landscape. This is because 4.2 miles of the pipeline are over private lands and the majority of it lies within a valley bottom that has little visibility or access by the public. Also, due to a portion of the pipeline location within or adjacent to grasslands or existing road prisms, the disturbance will lessen within three years when reclaimed (EA, Section 3.3.4.2).

Effects of pipeline construction on geologic hazards, geology, and soils - As discussed in detail in the EA (Sections 3.1 and 3.10.6) and Response to Comments (project file), the Proposed Action mostly avoids steep slopes and unstable soils.

The short term effects of construction activities such as exhaust emissions, burning and fugitive dust on

ambient air quality standards and nearby Class I airsheds. - Air quality impacts associated with pipeline construction would be short term (estimated 153 days - 5 months) due to emissions from construction related vehicle emissions and fugitive dust. For the purpose of this analysis no long term emissions were felt to be directly or indirectly connected to the proposed action

The effect of pipeline construction, operation and maintenance on roads, traffic and safety concerns.- Short term effects are increased traffic loading and potential increased sediment movement due to soil disturbance. While short-term effects will be substantial to recreation activities, local users and wildlife. Long-term effects should remain minimal, including the 1-2 pickup trucks per day increase associated with pipeline maintenance, upkeep and servicing activity (EA, Section 3.4.4).

Effects on Big Game Wildlife Habitat - Effects of the Proposed Action on big-game, dispersed recreation and hunting were identified as key issues for the analysis (EA, Section 1.7). Pipeline ROW construction activities could adversely affect wildlife use of summer range and calving and fawning habitat due to displacement and/or loss of habitat Effects to wildlife are disclosed in Section 3.2 and elk are very adaptable, and use a wide variety of habitats, the conversion of existing vegetation to a grass/forb cover type would not have any measurable effects.

Ground water resources - Constructing perennial stream crossings at times of year when water table is lower (generally June and later) and managing any ground water pumped from trenches will minimize the impacts to ground water (EA, Section 3.10.5 and Appendix A).

The short and long term effects of all aspects of pipeline construction, operation and maintenance on dispersed recreation, especially during hunting season. - Pipeline construction could disrupt recreational experience, and affect noise, safety and access issues. Dispersed camping opportunity is limited to existing sites, and during big game hunting season (the primary recreational period) those sites are at or near capacity (D. Garrison, personal observation). Elk populations in the area are not anticipated to increase (if anything, they are expected to decrease to meet DOW objectives). Without an increase in recreational opportunities, campsites, or numbers of game animals, we do not see a substantial increase in hunting-related recreation (Response to Comments 9.17 (project file))

The short and long term effects of all aspects of pipeline construction on noxious weeds. - Pipeline construction could promote the entry of noxious weeds if not properly reclaimed. The design features, mitigation measures and the POD all address reclamation.

The impacts that construction of pipeline construction may have on the various aquatic related resources, which includes riparian areas, surface waters, aquatic species, fisheries and wetland situations.

The short and long term effects of all aspects of pipeline construction on reclamation and noxious weeds. - Short-term effect during construction and operation. Reclamation and monitoring for noxious weeds for life of the pipeline in POD and Special Use Authorizations will mitigate any long term effect

<u>Pipeline crossing on West Muddy Creek.</u> The Fisheries prescription at page 150, Section 3.7.5.2, states “any construction through fish bearing streams should divert all flow around the instream work to minimize downstream impacts.” (Response to Comments 9.20 project file)

<u>Cumulative Effects -</u> Although the presence of the Sheep pipeline would create a situation in which the area is more attractive for natural gas production operations, there are no assurances that other leases in the area would be developed by drilling because natural gas development depends on gas price and demand, among many other variables. There are too many variables to predict future activities with any certainty, beyond what is currently proposed or under approval (EA, Appendix G). Additionally, this gas gathering system is intended to support existing leases many of which are privately owned (fee) leases on private lands. There is also no guarantee that GEC would allow use of their pipeline by any other potential operator.

The scope of cumulative analysis was carefully considered, and it is unreasonable to expect the EA to include the analysis of effects associated with speculative oil and gas development. Further, we believe that

an increasing nationwide demand for clean-burning natural gas is the primary driving force behind the growing level of exploration and development in the Rocky Mountain region during the last several years. Additional infrastructure to transport gas is a result, not a cause, of development.

Capacity of Existing RMP - We know of no evidence that pipeline capacity would affect gas development.

Further, according to GEC, operator of the Ragged Mountain pipeline, the Ragged Mountain Pipeline is not currently at maximum capacity. Gas transportation capacity is currently limited by the firm transport available on the Rocky Mountain Natural Gas Pipeline to which the Ragged Mountain Pipeline connects. The pipeline situation in the area is very dynamic as several companies to the north of GEC's leasehold acreage have recently expanded their pipeline infrastructure. Should these companies relinquish their current transport in the Rocky Mountain Natural Gas Pipeline, additional capacity may become available to GEC. The capacity of the Rocky Mountain Natural Gas Pipeline, and therefore the capacity of the Ragged Mountain Pipeline, is largely dependent on factors completely outside of GEC's authority or control.

The Sheep Gas Gathering System is designed to connect to a regional pipeline for long-term testing of existing oil and gas wells (up to a year) and potentially production. According to GEC (project file) the 12" pipe proposed for the Sheep gas gathering system will allow gas to flow with a lower pressure drop over the length of the pipeline, thus the backpressure from the pipeline on the wells would be reduced. With a reduced line pressure, less compression would be required to run the system because the 12" inch line reduces overall pressure in the system. That the 12" Sheep Gas Gathering Pipeline connects to the 6" Ragged Mountain Pipeline is not relevant and will not create operational difficulties mandating additional compression.

In the event that additional capacity is required in the future, the proposed 12" pipeline should handle any additional natural gas production or discoveries. This will prevent GEC from needing to upgrade the pipeline in the future. Because the 12" pipe also helped reduce backpressure, a 12" pipe was recommended by engineering in an attempt to eliminate the need for a future disturbance in the area.

Although future production can not be estimated, nor is future production necessarily foreseeable at this time, GEC brought forward a proposal to minimize its potential environmental impact by providing for potential future production.

In the event additional capacity on the Rocky Mountain Pipeline is not available, GEC will still be able to test the wells in vicinity of the Sheep Gas Gathering System effectively by reducing the gas production rates from other wells currently producing in the area. (Response to Comments 9.15)

Bull Mountain Pipeline- The Sheep Gas gathering System and Bull Mountain are projects brought forth by differing proponents connecting to different level markets, and are each being considered on their own merits. Effects of the Bull Mountain pipeline as applicable to the cumulative effects areas for each resource for this project have been included in the EA (Chapter 3, Appendix G and J).

Further the Bull Mountain pipeline is not a NEPA decision being made by the Forest Service, rather it is under the jurisdiction of the BLM. The approval of Sheep is not dependent on the status of the Bull Mountain project, hence will proceed on its own merits. (Response to Comments 10.14)

MIS

In May 2005 the Forest Supervisor on the Grand Mesa, Uncompahgre and Gunnison National Forests (GMUG) issued an amendment that, in part, revised the list of Management Indictor Species (MIS). This list revision was completed under the authority and guidance provided in 36 CFR 219.19 (1982 Rule). Also as part of this amendment, the GMUG used authority provided in 36 CFR 219.14(f) in the 2005 planning Rule (2005 Rule) to make monitoring of MIS populations discretionary. However, on March 30, 2007 the Forest Service was enjoined by the 9th Circuit District Court from implementation of the 2005 Rule. That ruling invalidated the authority provided by 36 CRF 219.14(f).

Revision of the GMUG list of MIS was completed under authorities provided in the 1982 Rule and, therefore, remains valid and in effect. However, since the 2005 Rule has been enjoined and, therefore, authority granted in 36 CFR 219.14(f) invalidated, the GMUG has reinstated MIS requirements per the 1982 planning regulations to monitor both habitat and populations. Regardless of the planning rule in effect, the GMUG has considered and will continue to consider the "best available science" in forest and project level planning, including data and analysis needs for MIS.

The scope of analysis for management indicator species is determined by forest plan management direction, specifically, its standards and guidelines (Chapter II) and monitoring direction (Chapter IV). The GMUG National Forest's Forest Plan (Forest Plan) establishes monitoring and evaluation requirements that employ both habitat capability relationships and, at the appropriate scale, population data. The analysis completed for this project examined how the project directly or indirectly affects selected MIS habitat and populations and how these local effects could influence Forest-wide habitat and population trends. Further the analysis indicates that the project contributes to meeting Forest Plan direction for MIS.

Other Resource Concerns: Some resource effects cannot be completely mitigated and will occur from implementation of my decision during the two- to five-year life of the project. Some effects could continue for multiple years until final site reclamation occurs. These include:

1. Construction of new natural gas and water gathering lines will disturb and remove vegetation from approximately 80 acres of National Forest System lands, resulting in loss of approximately 58 animal unit months of grazing capacity. Immediately following reclamation, grass and forb production should increase slightly due to the reduction of shrubs in the reclaimed areas (EA, Section 3.5.4.2).

2. The removal of vegetation for construction of the gathering lines will result in the long-term loss of about 10 acres of aspen/spruce-fir. (EA, Sections 3.2.7.12).

Benefits will also occur from implementation of my decision. Revegetation of disturbed areas will result in a temporary increase of wildlife and livestock forage. Road maintenance and upgrades will potentially decrease the sedimentation into the streams and facilitate traffic movement and access. My decision facilitates providing energy resources to the nation.

Factors Other Than Environmental Effects Considered In Making The Decision

The purpose and need of this project is to authorize GEC to use NFS lands to construct, operate and maintain a 12-inch natural gas pipeline, a 6-inch water pipeline and associated facilities within a 100 foot construction ROW and a 50-foot permanent ROW subject to terms and conditions of a SUP, and temporary use area permit along with operating plans and/or stipulations for use of federal lands. The proposed pipeline is sized at 12 inches in order to accommodate anticipated natural gas production in addition to future possible, though currently unknown, capacity needs that could arise from other leased production areas.

The overall purpose of the SGGS project is to transport natural gas produced from existing private and federal leases across federal lands to processing and distribution facilities, and ultimately to the local and regional markets. This project would contribute to meeting the need for regional energy resources.

My decision supports the Purpose and Need for this project.

My decision fulfills the Federal Government's policy to foster and encourage mineral development (Mining and Mineral Policy Act of 1970), supports the Forest Service objectives to ensure that exploration, development and production of energy resources are conducted in an environmentally sensitive manner and to facilitate orderly exploration, development and production of energy resources within NFS lands. By providing for energy mineral development, the LMP acknowledges that these areas could at some time be needed to support the facilities necessary for the production and transportation of natural gas. This proposal complies with the GMUG Forest Plan direction to encourage environmentally sound energy development (Forest Plan, page II-61).

The No Action (EA, Section 2.5.3) was not selected because it would not meet the direction of the Forest Plan. Additionally, the No Action alternative would not meet the purpose and need for the project because it would not support the right of the lessee to produce/transport gas from private lands and federal oil and gas leases. The federal oil and gas lease grants the lessee the right to explore for and develop the mineral resources. .

Identification of the Environmental Documents Considered in Making the Decision

This decision was made after carefully considering the contents of the EA, public comments, agency response to comments, and the supporting project record. The EA analysis (Section 3 and Appendix A) incorporated design features and mitigation measures identified in it as appropriate for the site-specific conditions.

How Considerations Were Weighed and Balanced In Arriving At the Decision

Existing oil and gas leases underlie the surface, giving the leaseholder the right to develop the oil and gas resources, subject to the lease stipulations. This project facilitates exercising these lease rights by allowing transportation of the gas.

The Design Features of the Proposed Action pipeline, a temporary road and use area (EA, Section 2.2.2 and listed in Appendix A), along with the additional mitigation measures selected for inclusion (EA, Appendix A), limit the effects of the proposed activities to a level that presents little risk to resources (EA, Table 2-12).

In the Forest Service analysis, we considered the best available body of scientific evidence, methodologies and interpretations; along with current data to the extent they were available in assessing effects. We discerned that the project activities would not impart measurable effects to resources including ground water or surface water quantity regardless of the method of interpretation used or assumptions made.

I acknowledge that the differing interpretations expand the body of knowledge, and allow me to make a decision that considers all the available science.

Relationship to Public Involvement

Public comments were sought throughout this project (EA Appendices U and V). The potential design features and mitigation measures described in the EA were modified in response to public comment, and these modifications appear in the SUP, Operating Plan and POD. I considered public comment while making this decision.

As a mineral-related activity, oil and gas exploration and transportation is a recognized use of National Forest System lands, and approving and administering these activities is part of the Forest Service mission.

I recognize that some commenters believe the potential cumulative impacts; potential impacts to public safety; the potential for large-scale gas development to occur, and other reasons should be further studied. I carefully considered the written comments expressing these concerns. For clarification, this project (a pipeline off a lease) falls under the FS special uses program (EA, Sections 1.4, 1.5.1 and 1.5.2), therefore, issues related to the oil and gas leasing analysis are not germane to this Proposed Action and Purpose and Need (EA, Section 1.4 and 2.2.2).

I concluded that the environmental analysis performed and the environmental assessment written adequately studied the potential consequences of the proposed actions and the alternatives. I concluded that no significant impacts would occur as the result of my decision (refer to Section VII of this document for a detailed Finding of No Significant Impact). I concluded that preparation of an EIS is not warranted for this decision.

V. SUMMARY OF ALTERNATIVES CONSIDERED

Ten alternatives were considered in the EA, (Section 2.5), and two carried forward for detailed analysis. The selected action is the Preferred Alternative as modified (See Section II of this document). A summary of the action alternatives considered in detail in the EA follows.

Alternative 1, No-Action Alternative

In the No Action Alternative, the current management plans would continue to guide management of the project area, and the gas and water pipelines and associated facilities would not be authorized or built.

Under the No Action Alternative, there would be no effective means to transport natural gas produced from existing wells on federal and private lands to the regional market. This would result in no increase in the domestic natural gas supply available to the regional market. Some existing valid federal lease rights may not be exercised, and other pipeline routes to transport gas from existing leased production areas to distribution areas would likely be proposed.

Under the No Action Alternative, wells would have no effective means to transport natural gas and thus they would not produced gas. If another pipeline route is proposed, water produced from the existing and proposed wells would have to be disposed of in an approved location on-site (i.e. disposal well) or would have to be stored on site in tanks and hauled to an approved disposal facility.

Under the No Action Alternative, there would be no project-related uses of existing access roads, except as authorized for other uses and projects. Road reconstruction associated with this pipeline proposal would not occur. The existing system of NFSRs would continue to provide access to federal lands for fire suppression, other land management activities, and recreation. All the existing uses, activities and natural processes currently permitted or occurring would continue. No additional mitigation or monitoring would be required under the No Action alternative. If the No Action alternative were selected, the proponent could reapply to construct, operate and maintain a pipeline in the future. This alternative did not meet the purpose and need of the project, and would not honor valid existing rights.

Alternative 2, Proposed Action

Under the Proposed Action, the Preferred Alternative, the Forest Service would approve with conditions (Operating Plan, EA Appendix A and POD), the associated road use and construction, and installation of gas and water pipelines. The project activities would be implemented over a one- to two-year timeframe. Only one new temporary road (267') is needed to construct the SGGS.

The pipeline gathering system is proposed to collect natural gas and produced water from the 2 wells permitted through COGCC, proposed locations along with 6 existing wells and transport it to GEC's existing permitted gathering system (Ragged Mountain Pipeline). No compressor facilities relating to this proposed are proposed on federal lands. The Proposed Action includes the temporary use of a staging area off NFSR 704. The Proposed Action also incorporates the Design Features, as described in EA Appendix A, which serve to protect the surface resources.

VI. PUBLIC INVOLVEMENT

Public scoping comments for the project proposal were solicited from appropriate agencies, specific interested parties, and the general public. Section 1.6, Public Involvement, and Chapter 4 of the EA provide a discussion of public involvement, and consultation undertaken for the project. Mailing lists used for the scoping effort are contained in the project file.

The GMUG published a legal notice inviting comments for scoping on the proposed project in the *Grand Junction Daily Sentinel* on September 28, 2007. News releases on scoping were submitted to the *Grand Junction Daily Sentinel and Delta County Independent.* A notification letter was sent to 119 known interested

parties on September 28, 2007. Scoping comments were received from 7 parties in writing, via fax or by e-mail.

Scoping input was reviewed, analyzed, and summarized to represent the issues and concerns of the respondents. Based on the issues and concerns of the respondents, and in response to the issues raised (Summary Section, 1.7 and 2.2.3 of the EA), alternatives were developed that address both the project issues and the purpose and need for the project, as described in Section 2.2.3.in the EA.

The project is included on the Schedule of Proposed Actions (SOPA) for the GMUG National Forest starting in September 2006. The SOPA is made available to the public on the GMUG Internet website.

The completed EA was sent out for 30-day public review and comment on April 13, 2007. The EA was mailed to 7 addressees (those indicating interest during the scoping period). A legal notice which announced the availability of the EA for public review and official comment appeared in the in the *Grand Junction Daily Sentinel* on April 13, 2007, and also in the *Delta County Independent* on April 18, 2007. The EA was also available on the GMUG external website. Eleven (11) parties commented on the EA during the official comment period. A summary of the public comment and the Forest Service Response to Comments are included in the EA as Appendix V.

VII. FINDING OF NO SIGNIFICANT IMPACT

Based on my review of the EA and supporting project record, and upon my conclusions immediately below, I find that actions resulting from my decision do not constitute major Federal actions significantly affecting the quality of the human environment, as defined in the Code of Federal Regulations Title 40 Part 1508, section 27 (40 CFR 1508.27) in terms of either context or intensity, and that an environmental impact statement need not be prepared.

Context

Locality: SGGS is a 10.6 mile gas gathering system, with 6.6 miles on the NF. Construction of the pipelines would disturb approximately 130 acres for the 100-foot ROW and 1.4 acres for the staging area over all ownerships. The 50-foot permanent ROW would encumber approximately 40 acres of NFS lands. Only one short (267') temporary road would be constructed to access the West Muddy Creek crossing and would be reclaimed.

Short-term impacts are mitigated by project design features, and application of the EA, Appendix A, POD, and SUP Operating Plan (project file). Required interim and final reclamation of ROW, staging area and the temporary road would alleviate long-term impacts to the land.

Short term effects will occur as a result of maintenance or potential upgrades to roads, project related traffic using forest and non-forest roads in the area, however, these effects will be short term in duration seasonally and would occur over one to two years, and then reduce to non-noticeable levels. Recreationists could have temporary reductions in motorized as some delays or closures are expected, however, these would occur on a temporary basis.. Requirements in the SUP, design features and POD address restoring this experience.

The land disturbance associated with this project does not substantially change the existing character of this local landscape. Oil and gas operations have been a part of this landscape for over 30 years. The inclusion of this project's activities is part of the overall management scheme for this area.

The project could provide some short term benefits to the local economy through out of state crews using local services including hotels, restaurants, and GEC hiring local contractors for certain aspects of the work. And as the wells and pipeline come to full operation levels, taxes and Federal lease royalties will be collected benefiting Gunnison County mainly (EA, Section 3.11.2).

Thus, the effects on NFS lands and users over both the short-term and long-term would remain consistent with that which is presently occurring and has occurred in the past decade. No short or long term significant impacts are expected as a result of this decision in the local context (EA, Chapter 3).

Affected Interests and Affected Region. Affected interests for this project are permittees in the project area, people who use the project areas for recreation, people using Forest roads, residents in Gunnison and Delta County, the project proponent and other natural gas companies. This decision allows continued use by livestock permit holders, recreational users of the areas, and users of Forest roads. Design features, mitigation measures and the POD are prescribed in this decision to reduce effects on other forest uses. Other required permits would specify terms of use to further reduce effects on other forest uses. No short or long term significant impacts on affected interests are expected as a result of this decision in the regional context (EA, Chapter 3).

Society as a Whole. This decision provides the opportunity for GEC to transport/produce domestic natural gas resources, and potentially contribute to filling the nation's need for natural gas. Given the exploratory nature of this project, and the uncertainty associated with the presence of a producible natural gas field in the area, and the localized nature of the proposal, there would be no effects to society as a whole.

Intensity

1. Consideration of Beneficial and Adverse Impacts. Beneficial and adverse impacts were described in the EA (Chapter 3) and considered in Section III of this Decision Notice. Impacts of this decision will be similar to those of previous decisions regarding oil and gas exploration, oil and gas development in portions of this project area, and in adjacent areas on the GMUG. A benefit of the project would be providing natural gas to help meet the nation's energy needs.

Although both beneficial and adverse effects are disclosed, none are severe enough to be considered significant. None of the expected beneficial or adverse impacts have a significant amount of intensity that would require documentation in an EIS.

2. Consideration of Public Health and Safety. Public health and safety issues pertaining to public safety on roads to be shared with road maintenance and pipeline construction traffic (EA, Section 3.4.4.2) were considered in the EA. The project design features and mitigation measures reduce the risk to public health and safety to very low levels.

3. Consideration of Unique Characteristics such as Proximity to Historic or Cultural Resources, Park Lands, Prime Farmlands, Wetlands, Wild and Scenic Rivers, or Ecologically Critical Areas. Historic and cultural resources are addressed in the EA, Section 3.9. There are no prime farmlands, rangeland, or forest land as defined in the Secretary of Agriculture's Memorandum Number 1827, Supplement 1, identified on the Gunnison National Forest within the project area. Project design has generally avoided wetlands, except four crossings of perennial streams, once on West Muddy Creek, twice on Sheep Creek (1 NFS) and at the junction with the Ragged Mountain Pipeline. There are no identified parklands or Wild and Scenic rivers in proximity to the project. The area of my decision has not been identified by any source as an ecologically critical area (Project File - Biological Assessment and Biologic Evaluation).

4. Consideration of the Degree to Which the Effects on the Quality of the Human Environment Are Likely to be Highly Controversial. This decision and its effects are not unique. Mineral-related (oil, gas and produced water) pipeline decisions have been made on this National Forest for the past 30 years. Furthermore, it was acknowledged when these lands were made available for oil and gas leasing, that site-specific operations could be proposed, and would have to be considered and included as part of the management scheme for the area.

Surface related impacts are expected to be consistent with past impacts from similar projects in this project area and elsewhere in the project vicinity. The quality and use of the human environment in the project area is understood and have been analyzed and are not highly controversial from a scientific standpoint. Given

that construction will occur for short periods of time at specific locations, there is very low risk of effects spreading to local communities. Monitoring of other pipeline projects has shown that revegetation and rehabilitation of impacted areas can successfully occur.

Given the small scale, localized impacts associated with this project, the understanding of local resource conditions, results of water effects through various methods, the intensity of this factor does not require documentation in an EIS.

5. Consideration of the Degree to Which the Possible Effects on the Human Environment are Highly Uncertain or Involve Unique or Unknown Risks. This decision is not unique for this area, as mineral related pipeline projects have been previously approved in close proximity to the project area. The Forest Service has experience in implementing and monitoring similar projects, the effects of which have been found to be reasonably predictable. The risks associated with increased or delayed traffic are understood, and can be predicted. No effects from this decision would be classified as highly uncertain or involving unique or unknown risks. The intensity of this factor does not require documentation in an EIS.

6. Consideration of 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 decision is not precedent setting. The Forest has previously analyzed and permitted oil and gas pipeline activities in the immediate area, and areas in proximity to this project area, and on other areas on the Forest. My decision follows the implementing regulations for oil and gas activities (EA, Section 1.5), and is an identified and anticipated activity in the GMUG Forest Plan. Although the presence of the Sheep pipeline would create a situation in which the area is more attractive for natural gas production operations, there are no assurances that other leases in the area would be developed by drilling because natural gas development depends on gas price and demand, among many other variables. There are too many variables to predict future activities with any certainty, beyond what is currently proposed or under approval (EA, Appendix G). Additionally, this gas gathering system is intended to support existing leases many of which are privately owned (fee) leases on private lands. Any future proposals would have to be evaluated on their own merits based on the issues and effects related to the location, timing and intensity of each action.

My decision does not set a precedent or represent a decision in principle about a future consideration therefore documentation in an EIS is not required.

7. Consideration of the Action in Relation to Other Actions with Individually Insignificant but Cumulatively Significant Impacts. Oil and gas drilling has occurred in or adjacent to the project areas over the past 30 years (EA, Appendix G). Use of interim and final reclamation techniques for pipelines and access has successfully returned the land to a state where other land uses of the area can continue unimpeded. Immediate reclamation of the ROW to approximate original contour and revegetating reduces cumulative impacts. Previously approved pipeline activities in the area have shown that reclamation is successful and sustains the land in a productive and useable condition. The proposed project is short term (1-2 years), with periods of intense use in the specific areas that could have extended local use for a longer period of time. Long-term disturbance is estimated to be 40 acres on NF (EA, Section 2.2.2.8) with only 10-12 feet over the pipeline centerline would be manage4s as herbaceous vegetation (9.6 acres, EA, Section 2.2.2.13). Total surface use in the project area from pipeline activities is approximately 131 acres (EA, Table 6).

8. Consideration of the Degree to Which the Action May Adversely Affect Areas or 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. The project record and field reviews support that no cultural or historic sites would be affected by this decision (EA, section 3.9.5.2, and project file). When implementing the decision, any previously unidentified sites inadvertently discovered would be avoided or mitigated so there would be no effect upon them (EA, Appendix A).

9. Consideration of the Degree to Which the Action May Adversely Affect an Endangered or Threatened Species or Its Habitat Has Been Determined Not to be Critical Under The Endangered Species Act -.

A Biological Assessment has been conducted for this decision (Project File -Biological Assessment and Evaluation). All known endangered or threatened species were considered. Te proposed action should not cause water depletion because they are pneumatically testing the pipeline, and will have "No Effect" on the endangered fish species or their habitat (EA, Section 3.7.3). Implementation of the project "may affect, but is not likely to adversely affect" the lynx (EA, Section 3.2.3.3.2). If additional findings regarding threatened or endangered, proposed or sensitive species are discovered, a new biological assessment or evaluation will be written, and any mitigation incorporated into the SUP Operating Plan or POD.

10. Consideration of Whether the Action Threatens a Violation of Law or Requirement Imposed for the Protection of the Environment. To the best of my knowledge, this decision does not threaten violation of any laws and regulations imposed for the protection of the environment (refer to Section VII of this document).

VIII. FINDINGS REQUIRED BY OTHER LAWS AND REGULATIONS

To the best of my knowledge, this decision complies with all applicable laws and regulations. In the following, I have summarized the association of my decision to some pertinent legal requirements.

Executive Order 13212 of May 18, 2001. This Order called the federal agencies to expedite their review of permits for energy-related projects while maintaining safety, public health, and environmental protections. My decision is consistent with this Order.

Federal Land Policy and Management Act of 1976: This Act allows the granting of land use permits on National Forest System lands. The regulations at Code of Federal Regulations Title 36 Part 251 (36 CFR 251) guide the issuance of permits under this Act. Land use permits are granted on National Forest System lands when the need for such is consistent with planned uses.

National Forest Management Act of 1976: The Forest Plan was approved in 1983 and amended in 1991, as required by this Act. This long-range land and resource management plan provides guidance for all resource management activities in the Forest. The National Forest Management Act requires all projects and activities to be consistent with the Forest Plan. The Forest Plan has been reviewed in consideration of this project (EA, Section 1.6). This decision is consistent with the Forest Plan.

Mineral Leasing Act of 1920, as amended by the Federal On Shore Oil and Gas Leasing Reform Act of 1987. This Act authorizes the federal agencies to grant ROW's for pipeline purposes for the transportation of oil, natural gas, synthetic liquid or gaseous fuels, or any refined product produces (Section 28(a)). The MLA Section 28 (e)) further gives federal agencies authority to allow temporary uses of federal lands for construction, operation and maintenance of pipelines. Further, this Act assigned the Secretary of Agriculture responsibility to approve surface use plans for oil and gas operations. This decision is consistent with this Act.

National Historic Preservation Act: All areas of potential disturbance have been surveyed for cultural resources. Significant sites, potentially eligible for inclusion on the Register of Significant Cultural have been identified, and through project design avoided. Hence there is not impact to significant cultural or historic properties. A report has been submitted to SHPO and we have received concurrence with this finding. The letter from SHPO is in the project record. Ongoing consultation has identified no places of American Indian cultural or religious significance (EA, Section 3.9).

Endangered Species Act: Compliance with this Act is addressed in Section VI, of this document.

National Environmental Policy Act: The documentation for this project supports compliance with this Act. The process of environmental analysis and decision making for this proposed action, and the associated documentation, have been conducted to fully comply with the requirements of NEPA. These include requirements of the Act itself, CEQ regulations at 40 CFR 1500, Forest Service policies at Forest Service Handbook 1909.15, and the requirements that evolved through the practice of NEPA, and from case law.

Energy Policy Act of 2005. With respect to oil and gas, this Act called the USDA-Forest Service to ensure timely action on applications for permits to drill and ensure compliance with all applicable environmental and cultural resource laws.

IX. IMPLEMENTATION DATE AND ADMINISTRATIVE REVIEW AND APPEAL OPPORTUNITY

This decision is subject to administrative review pursuant to Federal Regulations at 36 CFR 215.11. Appeals (including attachments) must be in writing and filed (regular mail, fax, e-mail, hand-delivery, express delivery, or messenger service) with the Appeal Deciding Officer (§ 215.8) within 45 days following the date of publication of a legal notice of this decision in the *Grand Junction Daily Sentinel (paper of record)*. Attachments received after the 45-day appeal period will not be considered. The publication date of the legal notice in the newspaper of record is the exclusive means for calculating the time to file an appeal (§ 215.15 (a)). Those wishing to appeal should not rely upon dates or timeframe information provided by any other source.

The appeal must be filed (regular mail, fax, email, hand-delivery, or express delivery) with the Appeal Deciding Officer at:

USDA, Forest Service, Region 2
Attn: Appeal Deciding Officer
P.O. Box 25127
Lakewood, CO 80225-25127

For Express delivery or messenger services:
740 Simms Street
Golden, CO 80401

Fax: 303-275-5134 to the attention of Appeals
Email: appeals-rocky-mountain-regional-office@fs.fed.us

The office business hours for those submitting hand-delivered appeals are: 8:00 am through 4:30 pm, Monday through Friday, excluding holidays. Electronic appeals must be submitted in a format such as an email message, or Word (.doc) to the email address above. In cases where no identifiable name is attached to an electronic message, a verification of identity will be required. A scanned signature is one way to provide verification.

The notice of appeal must meet the appeal content requirements at 36 CFR 215.14. It is an appellant's responsibility to provide sufficient activity-specific evidence and rationale, focusing on the decision, to show why the Responsible Official's decision should be reversed. At a minimum, an appeal must include the following (§215.14):

(1) Appellant's name and address (§ 215.2), with a telephone number, if available;
(2) Signature or other verification of authorship upon request (a scanned signature for electronic mail may be filed with the appeal);
(3) When multiple names are listed on an appeal, identification of the lead appellant (§ 215.2) and verification of the identity of the lead appellant upon request;
(4) The name of the project or activity for which the decision was made, the name and title of the Responsible Official, and the date of the decision;
(5) The regulation under which the appeal is being filed, when there is an option to appeal under either this part or part 251, subpart C (§ 215.11(d));
(6) Any specific change(s) in the decision that the appellant seeks and rationale for those changes;
(7) Any portion(s) of the decision with which the appellant disagrees, and explanation for the disagreement;
(8) Why the appellant believes the Responsible Official's decision failed to consider the substantive

comments; and
(9) How the appellant believes the decision specifically violates law, regulation, or policy.

Notices of Appeal that do not meet the requirements of 36 CFR 215.14 will be dismissed.

If no appeal is filed, this decision may be implemented five business days from the close of the appeal-filing period.

X. CONTACT PERSON

For additional information concerning this decision, please contact Nancy Schwieger, Realty Specialist, Paonia Ranger District, P. O. Box 1030, Paonia, CO 81428, 970-527-4131, or via email at nschwieger@fs.fed.us .

XI. SIGNATURE AND DATE

/Kendall Clark/ 6-29-07

KENDALL CLARK DATE
Acting-Forest Supervisor
Grand Mesa-Uncompahgre-Gunnison National Forests

The U.S. Department of Agriculture (USDA) prohibits discrimination on all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

APPENDIX A-ChChanges to EA based on official comment period.

Page	Change
20	Response to comment 11.20, insert FLPMA wording
38	Response to comment 11.24, wording changed to state those roads identified in the required road engineering study.
43	Response to comment 9.20, delete open cut method and state flume preferred
44	Response to comment 9.22 deleted “in general” and replaced with “it will be required”
45	Response to comment 9.23 remove “otherwise in”
67	Response to comment 11.24, wording changed to state those roads identified in the required road engineering study.
87	Response to comment 11.32, Marten winter survey results included
119	Response to comment 11.36, wording changed to read “Maintenance/repair/reconstruction activities authorized under the RUP and SUP will be performed by the commercial users for roads they use.”
122	Change hare to have and preformed to performed
122 & Appendix A	Response to comment 8.4 replace “…along forest access roads” with “…or in locations determined by the Forest Service where infestations originated within the authorized area.”
137	Table 35 changed O2 to SO2 and 2 well to 4 wells per J. Almy
225	Response to comments 11.41, Appendix A remove “standard”
251 & 255	Response to comment Appendix H, Notes included to see Table 35, page 136 for TES fish Appendix G updated with new information on cumulative effects

Chapter 3, Section 3.2 Wildlife Region 2 Sensitive Species list (USDA 2007a) and the species matrix used to identify species for analysis by forest (USDA 2007b) were updated in 2007. An addendum to the Biological Assessment, Biological Evaluation, and Wildlife Specialist Report for the Sheep Gas Gathering System was added to the project file. These updates resulted in changes to the list of species which need to be considered for this project. Neither the vertebrate species, the Rocky Mountain bighorn sheep and the desert bighorn sheep were known or suspected to occur in or near the project area. Therefore, these species will not be further addressed in the EA. Six plant species which were originally included are no longer considered as occurring or likely to occur on the GMUG. Plant species not addressed in the initial BE include Eriophorum shamissonis, Phacelia scopulina var. submutica, Salix candida and Utricularia minor. None of the above plant species are suspected to occur in the area, and none were found during plant surveys conducted for the project (SWCA 2006). Therefore, the EA has only been updated to reference the USDA 2007a and USDA2007b references.