1.0 Purpose of and Need for the Proposed Action

1.1 Proposed Action

The Huron-Manistee National Forests (Forest Service) and the Bureau of Land Management (BLM) received a Surface Use Plan of Operation (SUPO) and an Application for Permit to Drill (APD) from Savoy Energy, LP. Savoy's request is to drill the USA & State South Branch 1-8 (SB 1-8) exploratory well at Township 25 North, Range 1 West, Sections 7, 8, & 9. It also includes a request for a production facility and flowline if Savoy determines the well could produce a commercial product.

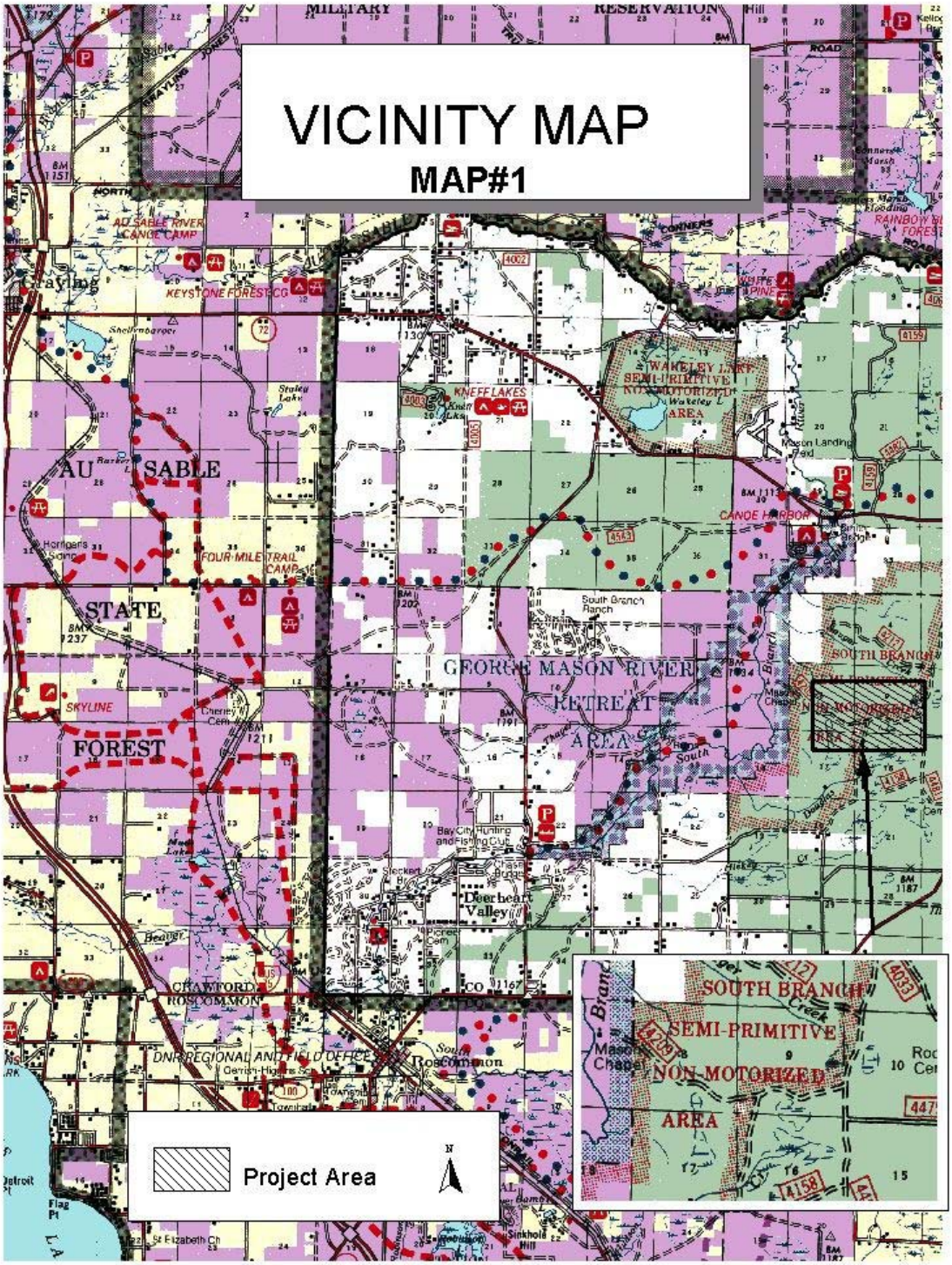
The SB 1-8 exploratory well proposal includes:
Constructing approximately 50 feet of road.
Reconstructing approximately 1 mile of road.
Constructing a well pad and reserve pit.
Drilling directionally to a depth of approximately two miles.

And if the well is productive,
Stimulation and completion of the well.
Constructing approximately 1.7 miles of flowlines.
Constructing a production facility that could include a tank battery, a heater-treater, a separator, and a compressor (compressors are housed in a small building).
Rehabilitating a portion of the well pad not needed for long-term well operation.

And if the well is not productive,
Rehabilitating the entire well pad and road.
Plugging the well.

Note: Implementation of the exploratory well is expected during the fall/winter of 2004-5. If the well is productive the additional construction would continue immediately after the well is completed. Construction of the well pad and road would take approximately 4 days. The well would take approximately 45 days to drill. The flowline/pipeline installation would take about two weeks and construction of the production facility would take approximately two more months.

Map 1. Vicinity Map for USA & State South Branch 1-8 Well Project



1.2 Need

The need of this document is to respond to a request and submittal from Savoy Energy, LP, (Savoy) to conduct exploratory drilling and related operations including possible commercial development of oil and gas from subsurface mineral leases. A response is needed, because Savoy has lawful oil and gas rights to 3 state and 3 federal leases in a 640 acre drilling unit. The responsibility of the Bureau of Land Management (BLM) and the Forest Service is to evaluate both subsurface and surface activities in relation to the terms and stipulations of federal mineral leases, the required submittals, and identify any additional conditions needed to protect the resources.

Savoy submitted an Application for Permit to Drill (APD) to the BLM. The request is to drill a directional well with the bottomhole located in Federal mineral lease, MIES 50521. Savoy also submitted a Surface Use Plan of Operation (SUPO) that was forwarded by the BLM to the Forest Service, the surface management agency. Savoy has already obtained a permit to drill an exploratory well and approval of the drilling unit from the Michigan Department of Environmental Quality (MDEQ) (Permit 55956, issued November 26, 2003).

1.3 Purpose (Objectives)

The purpose of this project is to comply with many existing laws that require Federal agencies to foster and encourage the orderly exploration and development of the nation's mineral resources. This action is also consistent with the Huron-Manistee National Forests Land Management Plan (Forest Plan) direction, agencies' policies and regulations, and recognizes the operator's development rights. The following is a list of specific laws, regulations, and policies that provide the basis for the objectives for this project.

1. This action responds to BLM responsibilities listed in 43 CFR 3161.2, Responsibility of the authorized officer.

   "The authorized officer is authorized and directed … to approve and monitor other operator proposals for drilling, development or production of oil and gas; …to approve, inspect and regulate the operations that are subject to the regulations in this part; to require compliance with lease terms, with the regulations in this title and all other applicable regulations promulgated under the cited laws; and to require that all operations be conducted in a manner which protects other natural resources and the environmental quality, protects life and property and results in the maximum ultimate recovery of oil and gas with minimum waste and with minimum adverse effect on the ultimate recovery of other mineral resources. …Before approving operations on leasehold, the authorized officer shall determine that the lease is in effect, that acceptable bond coverage has been provided and that the proposed plan of operations is sound both from a technical and environmental standpoint."

2. It also responds to Forest Service responsibilities as stated in 36 CFR 228.107, "Review of surface use plan of operations.

   "(a) Review. The authorized officer shall review a surface use plan of operations… and ensure that (1) The surface use plan of operations is consistent with the lease, including the lease stipulations, and applicable Federal laws; (2) To the extent consistent with the rights conveyed by the lease, the surface use plan of operations is consistent with, or is

modified to be consistent with, the applicable current approved forest land and resource management plan; (3) The surface use plan of operations meets or exceeds the surface use requirements… of this subpart; and (4) The surface use plan of operations is acceptable, or is modified to be acceptable, to the authorized Forest officer based upon a review of the environmental consequences of the operations. …"

3. The Forest Plan goals state:

   - "…to manage the National Forests in a manner which complies with Federal laws and regulations" (Management Direction, Minerals and Geology, pg. IV-1).

   - "…Such (mineral) developments are designed to satisfy national and local needs and provide for economically and environmentally sound exploration, extraction, and reclamation practices." (Management Direction, Minerals and Geology, pg. IV-13).

   - "The Forest Service will protect the rights of the Federal Government, encourage inventory and development of Federal minerals, respect private mineral rights, and ensure operators take reasonable and prudent measures to prevent unnecessary disturbance to the surface." (Management Direction, Minerals and Geology, pg. IV-65).

4. In Forest Plan, Standards and Guidelines, page IV-78, 2800 Minerals and Geology, the Plan states,

   "I. Allow mineral exploration and development on a case-by-case basis following a site-specific environmental analysis. Permit surface-disturbing exploration in most areas, especially where there is a potential to discover minerals …, with stipulations for protection of other resources.

   II. USDA consent to mineral extraction plans will be determined on an individual and continuing basis or determined by the environmental protection guidelines and consistency with the Recreation Opportunity Spectrum (ROS) class. "

5. USDI 43 CFR 3160 – Onshore Oil and Gas Operations: General, 3160.0-4 Objectives, which states, "The objective of these regulations is to promote the orderly and efficient exploration, development and production of oil and gas."

6. The Mining and Minerals Policy Act of 1970 states, "Foster and encourage private enterprise in the development of economically sound and stable industries, and in the orderly and economic development of domestic resources to help assure satisfaction of industrial, security, and environmental needs."

7. Forest Service Manual 2800 Zero Code states, "…The mission of the Forest Service in relation to minerals management is to encourage, facilitate, and administer the orderly exploration, development, and production of mineral and energy resources on National Forest System lands to help meet the present and future needs of the Nation."

8. BLM policy for management of mineral resources on public lands include: "BLM actively encourages and facilitates the development of private industry of public land mineral resources in a manner that satisfies national and local needs and provides for economically and environmentally sound exploration, extraction, and reclamation practices." And "BLM will process mineral patent applications, permits, operating plans,

mineral exchanges, leases, and other use authorizations for public lands in a timely and efficient manner."

9. Federal leases state, " This lease is issued granting exclusive right to drill for, mine, extract, remove and dispose of all oil and gas (except helium)… together with the right to build and maintain necessary improvements there upon… Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of the lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance…"

1.4 Decisions Already Made

Savoy Energy, L.P. holds 6 subsurface mineral leases of a 640 acre drilling unit in South Branch Township, Crawford County, Michigan, E ½, Section 7 & W ½, Section 8, T 25 N, R 1 W. There are three state and three federal oil and gas leases affected by this site-specific analysis. The leases are listed below.

Table 1, Savoy Oil & Gas Leases in 640 acre drilling unit.

Tract	Mineral Ownership	Surface Ownership	Lease	Section	Acres	Lease Issued
1	Federal	FS	MIES 48779	8	240	7/27/1997
2	Federal	State	MIES 50521	7	120	1/29/2000
3	Federal	FS	MIES 51563	8	40	7/31/2002
4	State of Michigan	State	N-35679	7	80	01/04/1999
5	State of Michigan	State	N-35681	7	120	01/04/1999
6	State of Michigan	FS	N-35684	8	40	01/04/1999

Background of Lease Obligations

The USDI, Bureau of Land Management (BLM) and the USDA, Forest Service are cooperating federal agencies in managing and administrating exploration and development of federal leasable mineral resources under National Forest System (NFS) lands.

The Mineral Leasing Act of 1920 provides the authority for leasing public domain minerals. Public mineral interests are attached to lands that were claimed by the Federal government. This Act also states that all public lands are open to oil and gas leasing unless a specific land order is issued to close an area. The Mineral Leasing Act of 1947 amended the 1920 Act to provide authority for leasing mineral interests associated with lands that were acquired. These are lands under Federal ownership through purchase, exchange or donation. This 1947 Act gave the Forest Service consent authority for all leasing of acquired mineral interests that is, the BLM could not lease over the objection of the Forest Service. The consent authority was extended to public domain mineral interests by the Federal Onshore Oil and Gas Leasing

Reform Act of 1987 (Reform Act). The Reform Act also established a decision process for oil and gas leasing, exploration, and development. The decisions subject to the National Environmental Policy Act (NEPA) and an environmental analysis are:

1. Lands available for leasing
2. Applications for exploration, and
3. Applications for field development if oil or gas is found.

The Reform Act gave the Forest Service authority to "regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, …" The BLM is responsible for issuing and supervising operations of federally owned mineral permits and leases and has the authority for regulating the downhole aspects of the drilling operation.

As the Surface Management Agency, the Forest Service cooperates with the BLM. Forest Service responsibilities are "to ensure that management goals and objectives are achieved, that impacts upon surface resources are mitigated to the maximum degree possible, and that the land affected is rehabilitated." (FSM 2822, pg. 1). The FS administers and monitors surface activities including rehabilitation and reclamation.

The Forest Service consents to oil and gas resource availability according to an environmental analysis, Forest Plan Direction and Standards and Guidelines. The Forest Service also identifies additional lease conditions and stipulations to address specific environmental considerations.

A 1996 environmental analysis and decision amended the Huron-Manistee National Forests Land and Resource Management Plan (Forest Plan) to address control of surface use for oil and gas exploration/development for certain management areas and consent for leasing availability for those areas (Tract 1). The amendment specified a maximum surface development density of 1 well location for every 640 acres in Management Area 6.1. These areas are described as Semiprimative Nonmotorized (SPNM) Sandy Plains and Hills. The 1996 decision also required a no surface occupancy stipulation in river corridors designated under the Wild and Scenic Rivers' Act. No surface occupancy restricts access to these public lands, but allows development of the oil and gas resources by directional drilling or pooling (combining smaller irregular tracts into a unit large enough to meet state spacing regulations) agreements.

In 1999, the BLM conducted an environmental analysis on various split estate lands; lands with State of Michigan surface rights over federal mineral rights. The 1999 BLM decision leased 120 of the split estate (state/federal) acres in Section 7, T25N, R1W, Crawford County (Tract 2). In 2001, the Huron-Manistee National Forests completed an analysis of 9,500 acres nominated for federal oil and gas leases. As a result of the analysis, the BLM offered 9,500 acres for lease in 2002 (Tract 3).

Once the BLM offers the leases through a competitive oral auction, the successful bidder is issued a lease. **The lease grants the holder the right to extract and dispose of the specific mineral resource covered by the lease, subject to the terms and conditions of the lease.** To implement the lease, the holder is required to submit an Application for Permit to Drill, Deepen, or Plug Back, Form 3160-3, to the BLM (43 CFR 3162.3-1 (d)). If the surface is managed by the Forest Service, the Surface Use Plan of Operations (included in the Application for Permit to Drill), is forwarded to the Forest Service. The site specific request to

drill and occupy the surface for exploration initiates the National Environmental Policy Act (NEPA) analysis that this document addresses.

The State of Michigan also offers subsurface mineral leases for state owned minerals (Tracts 4, 5 & 6). Some State mineral leases are located below National Forest System (NFS) lands. In the establishment of National Forests in Michigan, lands were exchanged with the State of Michigan to consolidate ownership. When state and federal lands were exchanged, the State of Michigan reserved the mineral rights creating split estates (federal surface/state mineral).

On the split estate parcels, the Forest Service reviews the proposed State lease tracts which are offered two times each year. The Forest Service makes recommendations regarding the offerings for surface occupancy and use restrictions, using lease stipulations established by the Michigan Department of Natural Resources.

The BLM, Forest Service, and the State of Michigan already made decisions to lease these mineral rights and issued oil and gas leases as listed in Table 1. The decision in this document addresses the site-specific submittal to explore and develop those rights granted the holder to extract and dispose of the specific mineral resource covered by those leases, and subject to the terms and conditions of the leases.

1.5 Decisions to be Made

The Huron-Manistee Forests Supervisor will decide whether to approve, approve subject to specified conditions, or disapprove for stated reasons, the proposed Surface Use Plan for development of the well and construction and operation of the flowline/pipeline and production facilities. Similarly, the BLM Assistant Field Manager in Milwaukee will decide whether to approve the Application for Permit to Drill as submitted, approve subject to appropriate modifications or conditions, or disapprove for stated reasons.

The Responsible Officials, Forest Supervisor and Assistant Field Manager, must also determine if the selected alternative would or would not constitute a major Federal action, significantly affecting the quality of the human environment. If the Responsible Official determines that the selected alternative would not significantly affect the quality of the human environment, the Responsible Official can prepare and sign a Finding of No Significant Impact (FONSI), and the project can proceed.

If the Responsible Officials determine the selected alternative would significantly affect the quality of the human environment, then an Environmental Impact Statement (EIS) and Record of Decision (ROD) must be prepared and signed before the project can proceed.

The BLM and the Forest Service are cooperating federal agencies in managing and administrating exploration and development of federal leasable mineral resources under NFS lands.

The BLM and the Forest Service entered into an Interagency Agreement (IA) on November, 1991, “to establish procedures for the coordinated administration of oil and gas operations on Federal leases within the National Forest System (NFS).” The IA identifies the responsibilities of the agencies to provide efficient, effective adherence to rules and regulations for each. Specifically, the IA states,

"A. General – No oil and gas operations involving surface disturbance on NFS lands are permitted without approval from the FS. The FS shall have the lead for National Environmental Policy Act (NEPA) analysis and documentation for such operations. The BLM shall be responsible for addressing down-hole aspects of proposals. A single NEPA document is to be prepared to support all decisions to be made by FS or BLM on the proposed action, including decisions on off lease uses. NEPA documents shall be tiered to existing documents to the extent possible."

This IA is consistent with the NEPA regulations, 40 CFR 1501.5 Lead Agency and 1501.6 Cooperating agencies, identifying the Forest Service as the lead agency and the BLM as the cooperating agency.

1.6 Scope of this Environmental Assessment

The proposed management of the project area is consistent with the documents listed in section 1.3, meeting all the laws, regulations, policies, standards, guidelines, and management direction they provide. This Environmental Assessment is consistent with the existing Huron-Manistee National Forests Land and Resource Management Plan, dated July 16, 1986, as amended, and is tiered to the Final Environmental Impact Statement (FEIS) for the Forest Plan.

This proposed action responds to rights granted to oil and gas lessees associated with State of Michigan and Federal leases on a 640 acre drilling unit.

This Environmental Assessment discloses the environmental effects of implementing Alternative 1: Do Not Permit (No Action), Proposed Action (Savoy's proposal), and Alternative 2, (Modified Proposed Action with Conditions of Approval). The effects are described with respect to the issues defined in Section 1.8, including past, present, and foreseeable activities. Drilling and completion of the well is expected to take approximately 45 days. If productive, installation of flowline and production facilities would also be necessary and occur immediately after well completion.

History of the Planning Process

The following depicts current and past agency activities in processing the Application for Permit to Drill and Surface Use Plan of Operation for Savoy's proposed SB 1-8 well.

Actions to date:

May 5, 2003 - Savoy Energy, LP (Savoy) filed a State drilling permit application with the Michigan Department of Environmental Quality (MDEQ).

May 7, 2003 - Savoy filed a Federal Application for Permit to Drill with the BLM, Milwaukee, Wisconsin. The BLM sent copy to the Forest Service for review and approval of the Surface Use Plan of Operations. The BLM cannot approve the Federal drilling permit without the Forest Service's approval of the Surface Use Plan of Operations.

May 15, 2003 - A field inspection of the proposed well location was conducted by the BLM, Forest Service, and Savoy. This inspection is required under the Federal regulations/orders

(i.e., Onshore Order No. 1) for processing of Federal drilling applications. Purpose of inspection was to review the surface use and drilling plans and discuss concerns with the operator.

June 3, 2003 – The BLM issued a letter to Savoy for additional information in order to complete its Federal drilling permit application package. The Forest Service issues a letter requesting public comment on the proposal as part of the environmental analysis process.

June 18, 2003 - Savoy provided additional information to BLM as requested by letter of June 3, 2003.

July 2, 2003 - A field inspection of the proposed well location and operating plan was held with MDEQ, Michigan Department of Natural Resources (MDNR) and Forest Service. As the surface owner of the Mason Tract, the MDNR heard many public concerns about potential effects to recreational values and aesthetic qualities associated with the Mason Tract and the entrance to the Mason Chapel. The agencies met to discuss specific concerns and identify potential measures to mitigate impacts. Measures discussed include 1) moving the production facility approximately 1.7 miles to the east to mitigate concerns associated with noise, odors, and truck traffic, 2) minimizing disturbance associated with flowline construction along the edge of the access road, 3) movement of the flowline from the south side of the road to the north side of the road, and 4) possible alternate location for the well pad.

July 10-16 2003 - State Senator Bruce Patterson sponsored a public meeting in Grayling, Michigan to solicit comments on the proposal.
Governor Granholm wrote a letter to the Forest Service requesting reconsideration of the proposed location of the SB 1-8 and associated facilities.

MDEQ issued a letter to Savoy requesting additional information in order to complete its State drilling permit application package.

Senator Bruce Patterson held an Energy and Technology Committee hearing to receive comments on the proposal in Lansing, Michigan.
MDEQ, MDNR, and Forest Service met on-site to look further into reasonable alternatives for the proposed well location as well as access.

July 23, 2003 - MDEQ, Forest Service, and Savoy met on-site to consider all reasonable alternatives for wellpad location and other measures to mitigate concerns. Potential locations within approximately 2,000 feet of the bottomhole location were investigated. Three alternatives to the initial proposed site were identified.

Forest Service sent a letter to Governor Granholm offering to meet with her and agency representatives to discuss proposal.

August 18, 2003 - A public meeting was held in Grayling sponsored by MDEQ, in cooperation with the Forest Service, BLM, and MDNR.

September 11, 2003 – Savoy filed new drilling permit applications with the MDEQ and BLM.

September 2003 - State and Federal agencies reviewed new drilling application.

October 8-16 2003 - The BLM sent a letter to Savoy outlining what additional information is needed to complete the Federal drilling permit application package.
MDEQ sent a letter to Savoy outlining what additional information is needed to complete the State drilling permit application package.

Savoy responded to BLM and MDEQ letters with requested information.

November 26, 2003 - MDEQ approved the State drilling permit.

March 19, 2004 - Forest Service mailed out update letters.

March 29, 2004 – Forest Service e-mails the update letter.

May- June, 2004 - Conducted noise impact assessment.

1.7 Public Involvement

The proposal was listed in the Huron-Manistee National Forests Quarterly NEPA Project Update, October 2003 to the present. The NEPA Project Update is mailed to approximately 260 people. The proposal was provided to the public and other agencies for comment during scoping letters sent out in the mail on June 3, 2003 to 43 interested parties. The project has also been included on the Huron-Manistee National Forest website, "Proposed well site – Crawford County", since November, 2003. In addition, the Forest Service sent updates by mail and e-mail on March 19, 2004 and March 29, 2004, respectively. Many newspapers both in- and out-state, printed articles about the project informing people of the proposal.

All agencies, MDNR, MDEQ, BLM, and Forest Service, participated in a public meeting on this proposal August 18, 2003 in Grayling, Michigan. In addition, the agencies have met on-site on several occasions to discuss the proposal and public and agency concerns. (Section 1.6).

Documentation of these scoping efforts is filed in the project administrative record at the Mio Ranger District Office.

Using the comments from the public, other agencies, and local officials, (Section 1.8), the interdisciplinary team developed a list of issues to be addressed within this environmental assessment.

1.8 Issues

The ID Team carefully considered all the issues raised by the public, other agencies, Tribes, and Forest Service resource specialists The Forest Service separated the issues into two groups: significant and non-significant issues. Significant issues were defined as those directly or indirectly caused by implementing the proposed action. Non-significant issues were identified as those: 1) outside the scope of the proposed action; 2) already decided by law, regulation, Forest Plan, or other higher level decision; 3) irrelevant to the decision to be made; or 4) conjectural and not supported by scientific or factual evidence. The Council for Environmental Quality (CEQ) NEPA regulations require this delineation in Sec. 1501.7, "…identify and eliminate from detailed study the issues which are not significant or which have been covered by prior environmental review (Sec. 1506.3)…" A list of non-significant issues

and reasons regarding their categorization as non-significant may be found in Section 7, Appendix A.

Issues Studied in Detail

The Forest Service identified one significant issue raised during scoping. The issue is:

1. The proposed drilling and associated road widening, flowline/pipeline burying, and constructed facilities (if needed) would reduce the quality of the outdoor recreation experience of visitors to the Mason Tract, South Branch of the Au Sable River, Mason Chapel and the Semiprimitive Nonmotorized (SPNM) area. Specifically there are concerns related to noise, odor, and visual quality values.

Indicators measured: Noise would be described at four sites, meeting Visual Quality Objectives, distance the odor could be detected.

1.9 Applicable Regulatory Requirements

Organic Act of 1897 – codified at 16 U.S.C. 475, 477, 478, and 551. Acknowledged the value of and need for mineral resources on federal lands

Onshore Oil and Gas Order No. 1 states, "Lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which… (5) affords adequate safeguards for the environment; (6) results in the proper reclamation of the disturbed lands;… (8) assures that underground sources of fresh water will not be endangered by any fluid injection operation; and (9) otherwise assures the protection of the public health and safety." 36 CFR 228.105(a)(3) states that Onshore Orders are binding on all operations conducted on National Forest System lands.

Onshore Oil and Gas Order No. 2 provides the BLM's uniform national standards for the minimum levels of performance expected from lessees and operators when conducting drilling operations on Federal and Indian lands and for abandonment immediately following drilling.

Onshore Oil and Gas Order No. 6 states, "The purpose of this Order is to protect public health and safety and those personnel essential to maintaining control of the well. This Order identifies the Bureau of Land Management's uniform national requirements and minimum standards of performance expected from operators when conducting operations involving oil or gas that is known or could reasonably be expected to contain hydrogen sulfide (H2S) or which results in emission of sulfur dioxide (SO2) as a result of flaring H2S."

Mining and Minerals Policy Act, 1970 states, "Foster and encourage private enterprise in the development of economically sound and stable industries, and in the orderly and economic development of domestic resources to help assure satisfaction of industrial, security, and environmental needs."

The Federal Onshore Oil and Gas Leasing Reform Act of 1987 grants the Forest Service consent authority on leasing of public domain minerals on NFS lands and responsibility related to surface use operations.

The Federal Land Policy and Management Act of 1976 directs lands be managed in a manner which recognizes the Nation's need for domestic sources of mineral and other resources And provides for improved inventory, planning, and decision processes.

Title 36 – Parks, Forests, and Public Property, Sec. 228.107 Review of surface use plan of operations. (a) Review. The authorized officer shall review a surface use plan of operations… and ensure that (1) The surface use plan of operations is consistent with the lease, including the lease stipulations, and applicable Federal laws; (2) To the extent consistent with the rights conveyed by the lease, the surface use plan of operations is consistent with, or is modified to be consistent with, the applicable current approved forest land and resource management plan; (3) The surface use plan of operations meets or exceeds the surface use requirements… of this subpart; and (4) The surface use plan of operations is acceptable, or is modified to be acceptable, to the authorized Forest officer based upon a review of the environmental consequences of the operations.

Safe Drinking Water Act

Underground injection wells, used for disposal of drilling/production liquid wastes, are permitted under the Underground Injection Control program to ensure protection of underground sources of drinking water (USDW). Oil and gas well casing and cementing programs are designed to protect USDW.

Clean Water Act

Spill Prevention, Control, and Countermeasure (SPCC) Plans are required for oil and gas production facilities with potential to discharge to navigable U.S. waters. Drilling rigs are also required to have SPCC plans in place.

Resource Conservation and Recovery Act

The operator must comply with this Act for the management of solid and hazardous wastes.

Comprehensive Environmental Response, Compensation Liability Act

The operator is required to follow reporting and cleanup requirements for release of hazardous substances.

Natural Gas Pipeline Safety Act

The operator is required to construct pipelines in accordance with requirements under this Act.

Endangered Species Act

Under the federal Endangered Species Act of 1973 (ESA), the Forest Service is required to carry out programs for the conservation of endangered and threatened species (ESA, Section 7a).

Michigan DNR, State Best Management Practices

The proposed project would adhere to State Best Management Practices (BMPs) as described in the mitigation for the Proposed Action and Alternative 2.

National Historic Preservation Act (NHPA)
NHPA established a requirement for consideration of potential effects on historic properties. Surveys were conducted (Cultural Resources Reconnaissance Report 09-04-05-202) for archaeological and historic sites. No historic sites are located in the project area. A determination of "no effect" was made. A copy of the report will be sent to the SHPO for their review and comment.

Michigan Department of Environmental Quality's Oil and Gas Regulations – Part 615 Supervisor of Wells and the Administrative Rules

BLM Oil and Gas Operating Regulations – 43 CFR Part 3160.

Forest Service Oil and Gas Operating Regulations – 36 CFR 228 Subpart E.

Agency Policies
Production, transmission, and conservation of energy are national priorities as reflected in the National Energy Policy, Forest Service Energy Implementation Plan and the fourth goal of the Forest Service Strategic Plan (i.e., help meet energy resource needs).

Forest Service Minerals Policy – reiterates the federal government's policy for mineral resource management as expressed in the Mining and Minerals Policy Act of 1970.

BLM policy – reiterates the federal government's policy for mineral resource management as expressed in the Mining and Minerals Policy Act of 1970. The BLM guiding principles include: "BLM actively encourages and facilitates the development by private industry of public land mineral resource in a manner that satisfies national and local needs and provides for economically and environmentally sound exploration, extraction, and reclamation practices." "BLM will process mineral patent applications, permits, operating plans, mineral exchanges leases, and other use authorizations for public lands in a timely and efficient manner.

1.10 Permits and Agency Approvals Required

The following permits or authorizations are required for project implementation:

- Forest Service consultation with the USDI Fish and Wildlife Service on the Biological Assessment, addressing listed species, in accordance with the Endangered Species Act as needed.

- Forest Service consultation with the Michigan Historic Preservation Office regarding the identification, evaluation, and determination of effect of the project on heritage resources as needed to meet the requirements of Section 106 of the National Historic Preservation Act.

- Savoy is required to obtain a Drilling Permit from the Michigan Department of Environmental Quality. *MDEQ permit to Savoy was issued, November 26, 2003.*

- Savoy is required to obtain a waiver of nondevelopment classification on lease N-35684 to permit surface occupancy from the Michigan Department of Natural

Resources. *The Michigan Department of Natural Resources approved it on May 7, 2004.*

- Savoy is required to consult with the Crawford County Road Commission regarding the flowline installation within the right-of-way along River Lake Road.

- Savoy is required to have approval of SUPO by the Forest Service.

- Savoy is required to have approval of APD by the BLM.

- Savoy is required to submit a Sundry Notice to the BLM for installation of pipeline and construction of production facility.