

BUREAU OF LAND MANAGEMENT
DEPARTMENT OF THE INTERIOR

RECORD OF DECISION

FOR THE

TRANS-ALASKA GAS SYSTEM

(Case File Nos. F-83941 and AA-53559)

EIS Jointly prepared with the
U.S. Army Corps of Engineers, Department of the Army

Cooperating Agencies:

Department of Agriculture
Forest Service

Department of Commerce
National Marine Fisheries Service

Department of Energy
Economic Regulatory Administration

Department of the Interior
Bureau of Indian Affairs
Bureau of Mines
Fish and Wildlife Service
Geological Survey
Minerals Management Service
National Park Service

Department of Transportation
Coast Guard
Federal Highway Administration
Office of Pipeline Safety

Environmental Protection Agency

Federal Energy Regulatory Commission

State of Alaska
Division of Governmental Coordination
Department of Fish and Game
Department of Natural Resources
Department of Transportation
& Public Facilities
Department of Environmental
Conservation

DECISION

This decision is based on the information contained and referenced in the Environmental Impact Statement for the Trans-Alaska Gas System (TAGS), June 1988.

In approving the proposed action, the Bureau of Land Management will issue a Right-of-Way grant (attached) pursuant to Section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185). The Grant will authorize the Yukon Pacific Corporation (YPC) to construct, operate and terminate a natural gas pipeline (36 inch outside diameter) and related facilities along approximately 400 miles of lands managed by BLM, as described in the proposed action of the Environmental Impact Statement. The route of the pipeline will be from Prudhoe Bay to Anderson Bay, Port Valdez. The Grant will be issued subject to all valid existing rights, including the State of Alaska and holders of other Right-of-way grants.

The Grant will reserve to the United States all rights reserved by law and as otherwise indicated in the Grant. The Grant will contain stipulations covering (among other things) final design and approval of the system, its construction, operation and termination, especially with respect to:

1. Protection of the environment;
2. Integrity of the Pipeline System;
3. Integrity and protection of adjacent or intersecting facilities;
4. Public health and safety; and
5. Effects on socioeconomic, subsistence and cultural resources.

The Grant will terminate, in accordance with 43 CFR 2883.6:

1. 30 years from the date of issuance, subject to renewal (43 CFR 2881.1-1(e));
2. Upon final adverse finding, pursuant to Section 12 of the Alaska Natural Gas Transportation Act of 1976, 15 USC 719j, that export of North Slope Alaska Natural Gas is not in the National interest; or
3. Upon final denial of an export license application.

In accordance with 43 CFR 2883.6, the authorized officer may institute procedures for suspension or termination of the Right-of-Way Grant if it is determined that:

1. The holder (YPC or its successors), its agent, employees, contractors or subcontractors (at any tier) have failed to comply with any applicable provision of Section 28 of the Mineral Leasing Act of 1920 as amended (30 U.S.C. 185) or any applicable law or regulation, or any term, condition or stipulation of the Grant (43 CFR 2883.6-1(a)(1));
2. A deliberate failure of the holder to use the Right-of-Way for the purpose for which it was granted or renewed for a continuous two year period (43 CFR 2883.6-1(b)); or
3. As may be otherwise indicated in the Grant.

PROPOSED ACTION AND ALTERNATIVES CONSIDERED

YPC has proposed to build and operate a 796.5 mile, 36 inch outside diameter, buried, chilled, high pressure natural gas pipeline from the Prudhoe Bay area of Alaska to tidewater at Valdez where the natural gas would be liquefied for ocean

transport to export markets in Pacific Rim countries. Up to 2.3 billion cubic feet a day of natural gas would be transported through the Trans-Alaska Gas System (TAGS) pipeline. A liquefied natural gas (LNG) plant would be constructed at Anderson Bay on Valdez Arm to convert natural gas to its liquid state at -295°F along with four LNG storage tanks and a marine terminal to handle two LNG tankers. The LNG, once loaded into the specially designed cryogenic LNG tankers, would be delivered to various ports in the Asian Pacific Rim.

The proposed pipeline route closely parallels the Trans-Alaska (Oil) Pipeline System (TAPS) in an existing transportation corridor. The entire project is located in Alaska. Up to ten compressor stations may be built at regular intervals along the pipeline. Operations and control center for the TAGS project would be in Valdez; headquarters and administration in Anchorage, and maintenance in Fairbanks.

YPC first proposed to construct a pipeline, LNG plant, and marine facilities in applications filed with the Bureau of Land Management (BLM) in May 1984. At that time, YPC considered a route in the existing transportation corridor from Prudhoe Bay to Livengood. At Livengood the initial YPC route would have proceeded south to an LNG plant and marine terminal located on the Kenai Peninsula. Further analysis by YPC concluded that this option was not feasible or prudent. YPC amended its original application with the BLM in December of 1986.

Alternatives Considered

A broad range of alternatives to the proposed project were considered in the EIS. Initially analyzed alternatives included:

1. Different modes and systems,
2. Statewide alternative pipeline routes and coastal terminal sites,
3. Regional alternative pipeline routes and sites for LNG facilities/terminals, and
4. Environmental and engineering criteria of potentially feasible routes and terminal sites.

Transport of Prudhoe Bay natural gas to Lower 48 markets has been addressed in BLM and Federal Power Commission (FPC) EISs for previous proposed projects. Information on optional proposals to transport Prudhoe Bay natural gas to the domestic markets is presented in those EISs published for three projects: Alaskan Arctic Pipeline Company Proposal (BLM 1976), El Paso Alaska Company proposal (FPC 1976a), and Northwest Alaskan Pipeline Company (formerly ALCAN) proposal (FPC 1976b). Further, the TAGS alternatives discussion assumes that the authorized but not yet constructed ANGTS project will be built and does not represent an alternative to the proposed TAGS project.

Three major alternatives were considered in detail in the EIS, the proposed project, the Cook Inlet - Boulder Point route and the no action alternative.

The Proposed Project: TAGS Prince William Sound - Anderson Bay Route: A 796.5 mile pipeline route beginning at Prudhoe Bay and terminating at Anderson Bay on Port Valdez at the location of the proposed LNG plant and marine terminal facility. The pipeline route traverses the State of Alaska basically adjacent to the existing TAPS oil pipeline passing through or near Livengood, Fairbanks, Delta Junction, Glennallen and Valdez. Ten compressor stations and a bridge across the Yukon River may be required.

Cook Inlet - Boulder Point Alternative: A 791 mile pipeline route beginning at Prudhoe Bay and terminating at Boulder Point on the Kenai Peninsula. The alternative pipeline route would diverge from the proposed route in the vicinity of Livengood (Milepost 395 of proposed TAGS) and proceed in a southerly direction to Cook Inlet adjacent to the Parks Highway and Alaska Railroad for much of the alignment and passing through and adjacent to Denali National Park. A 15 mile subsea crossing of Cook Inlet would be required. The LNG plant and marine terminal would be located at the Boulder Point terminus.

No Action Alternative: The proposed TAGS project would not be constructed. No Prudhoe Bay natural gas would be converted to LNG and available to overseas markets.

Environmentally Preferred Alternative

Of the two construction alternatives analyzed in detail in the EIS, the proposed action is the environmentally preferred alternative.

The proposed action and the Cook Inlet alternative use the same technology in similar environments, the Cook Inlet subsea crossing excepted. Therefore, the site specific impacts to the natural environment are of about the same nature and degree for both alternatives. As summarized in the EIS, air quality, vegetation, wetlands, recreation, aesthetics and wilderness would be subject to moderate impact. Minor impacts would occur related to noise, geology, surface water and ground water, marine environments, fish and wildlife. Moderate impacts also affect land use. Transportation, subsistence and cultural resources are subject to minor impacts. Impacts to threatened or endangered species would be negligible.

The primary difference between these alternatives is where the impacts occur. In two cases, the locations are notable. The Cook Inlet alternative would impact the subsistence resources and use of the Minto Flats area and would impact visitors to Denali National Park and Preserve. Minto Flats is an area of considerable importance to subsistence users and relatively undeveloped. By contrast, the proposed action uses an existing transportation corridor. It is preferable to attempt to confine the impacts to a recognized transportation corridor rather than impact new areas. Denali National Park and Preserve is a foremost attraction for visitors and travelers to the state. Crossing Denali National Park and Preserve along the Parks Highway Corridor would impact visitors and travelers, especially during pipeline construction. It is preferable to avoid impacting the Park. Finally, the Cook Inlet alternative includes a 15 mile subsea crossing. This is not a significant barrier and the technology does exist for an environmentally acceptable crossing, but it is an impact to an ecosystem that does not occur under the proposed action.

Therefore, three factors discussed in the EIS indicate that the proposed action is environmentally preferable to the Cook Inlet alternative. First, the Cook Inlet Alternative creates new disturbance in Minto Flats, an important subsistence use area. By contrast, the impacts of the proposed action are in an existing transportation and utility corridor. Second, the Cook Inlet Alternative crosses Denali National Park and Preserve, and would impact visitors traveling to and from the Park. While the proposed action would impact visitors and travelers elsewhere, Denali has the greater concentration. Finally, the Cook Inlet alternative includes a 15 mile subsea crossing, an impact to an ecosystem that does not occur under the proposed action.

The no action alternative would have the least direct impact. It would avoid the impacts to the natural environment, the negative impacts related to construction and operation of the system and the positive impact of making a relatively non-polluting fuel available for market. The no action alternative would avoid the negative and positive impacts to the socioeconomic environment. The positive socioeconomic effects include creating and stimulating employment in Alaska, increasing local and state government revenues, and helping to offset a nationwide balance of trade deficit. A direct, quantitative comparison of socioeconomic values to values of the natural environment is nearly impossible. Nevertheless, the proposed action, with the stipulations attached to the Right-of-Way grant, minimizes the short and long term negative impacts of the action, as well as irreversible and irretrievable commitments of resources. The impacts of the proposed action are comparable with those of the TAPS, a project approved by both federal and state governments.

With the above discussions in mind, I find that the proposed action will best meet the goals described in Section 101(b) [42 U.S.C. 4331(6)], of NEPA, and therefore is the environmentally preferred alternative.

MANAGEMENT CONSIDERATIONS

The following factors were also considered in the decision to issue the Right-of-way grant.

The proposed project has the potential for major economic impact on Alaska, as well as the potential for affecting national balance of payments. YPC projects sales as high as \$2.5 billion annually. This will help offset trade imbalances with the projected markets, Taiwan, Korea and Japan. Inside Alaska, construction will create a significant number jobs, up to 7,000 during the peak year. Operations will employ about 550 people directly, and support over 1000 more jobs indirectly. Royalty payments, state taxes and property taxes will produce about \$377 million in state government annual revenues.

The BLM Minerals Policy of December 1, 1982, repeats and follows The Mining and Minerals Policy Act of 1970 (30 U.S.C. 21a), declaring Bureau policy to "... foster and encourage private enterprise in the development of a stable domestic minerals industry and orderly and economic development of domestic mineral resources."

Compatibility of TAGS with ANGTS and TAPS: The proposed TAGS project would be proximate to TAPS, the existing state highway system, the authorized ANGTS project, and other energy rights-of-way located within the 796.5 mile transportation utility corridor. At Delta Junction the proposed TAGS pipeline route would separate from the authorized ANGTS route and proceed south proximate to the TAPS oil pipeline and the Richardson Highway to Valdez. At Valdez the proposed TAGS pipeline and plant site/marine terminal would traverse and be located near the TAPS oil terminal.

A technical evaluation has been done to determine if the proposed TAGS project meets the requirement that subsequent federal approvals under the Mineral Leasing Act be compatible with prior federal authorizations under the provisions of 43 CFR 2881.1-1 and 2881.1-3. (See Appendix B of the EIS; printed in the draft, not reprinted in the final.) This evaluation was based upon information available in the public sector. Consistent with this evaluation, provisions similar to those developed between ANGTS and TAPS have been included in the TAGS Right-of-Way grant to protect the property and interests of third parties.

Based on the technical evaluation and the January 12, 1988 Presidential finding concerning the export of natural gas, a finding of compatibility has been recommended.

SUBSISTENCE SUMMARY: SECTION 810 - ANILCA (16 U.S.C. 3120)

The YPC proposed project was evaluated pursuant to the requirements of Section 810 of the Alaska National Interest Lands Conservation Act (ANILCA) regarding potential effects on subsistence uses and needs. The resulting information and findings are found in Appendix L of the EIS. It was determined that the proposed action: 1) is necessary and consistent with sound management of public lands, 2) involves the minimum amount of public lands and 3) will be subject to all reasonable steps to minimize adverse impacts upon subsistence resources. Using a worst case analysis it was determined that a significant restriction of subsistence uses could occur in limited areas. The duration would be short-term and limited to that period of time during the 34 month pipeline construction period when actual construction activities would occur within the respective areas. The areas where the short-term significant restriction could occur under the worst case scenario include the Northern Corridor and Glennallen - Copper Center communities. Appropriate Notices concerning these findings were given and public subsistence hearings on the DEIS were subsequently held at Glennallen, Stevens Village and Coldfoot (See section 4.0, Determinations, in Appendix L of the EIS for further details.)

MITIGATION

As discussed in the EIS (FEIS, p 4-144), the applicant and the government are using a tiered approach in the design and approval of the project. Therefore, the discussions of mitigation tend to be generic in the EIS and refer to site specific designs not yet done. Consistent with that, stipulations are attached to the Grant of right-of-way for TAGS which specify that the applicant will submit for government approval certain plans and site specific designs. These stipulations and subsequent plans will set forth the standards of performance for construction, operation and termination of the pipeline. Mitigation of environmental impacts and monitoring of the project will be primarily through monitoring, enforcement and action under these stipulations. These stipulations adopt all practicable means to avoid or minimize environmental harm.

The grant holder will submit design criteria to include comprehensive plans and/or programs involving, but not limited to, the following:

air quality	oil and hazardous substances control,
access roads	cleanup and disposal
blasting	overburden and excess material disposal
camps	pesticides, herbicides and chemicals
clearing	pipeline contingency
corrosion control	quality assurance/quality control
cultural resource preservation	restoration
environmental briefings	river training structures
erosion and sedimentation control	siting of compressor stations
fire control	snow & ice workpads, snow & ice access roads
geologic hazards	solid waste management

human-carnivore interaction
liquid waste management
mineral material exploration and
extraction

stream, river and floodplain crossings
surveillance and maintenance
visual resources
wetland construction.

Final designs, schedules, maps and other reports will be submitted prior to the approval of field activity.

Other environmental stipulations will address:

Pollution control,
Air and water pollution
Chemicals, pesticides and herbicides
Waste disposal
Buffer strips (& screens)
Erosion and sedimentation control
Wetland and waterway crossings
Fish and wildlife

Mineral materials sites
Clearing (timber and vegetation)
Water use and/or disturbance
Traffic off ROW
Visual resources
Explosives
Restoration (revegetation)
Oil, gas and hazardous materials.

Other concerns covered by stipulations include:

1. Protection of the Trans-Alaska Oil Pipeline,
2. Protection of the Alaska Natural Gas Transportation System,
3. Cultural resources,
4. Public and private improvements,
5. Regulation of public access,
6. Electronically operated devices,
7. Hunting, fishing and trapping,
8. Small craft passage,
9. Survey monuments, and
10. Fire prevention and suppression.

The size, constituency and/or organization of the teams and offices responsible for design review, field monitoring, and any further NEPA compliance will vary depending on a number of factors, including construction schedules, environmental issues being addressed, areas of responsibility and so on. As these factors become known, the Bureau, working with other responsible federal and State of Alaska agencies, will develop specific points of contact and responsibility to meet our obligations under this record of decision, the grant of right-of-way and statute.

PUBLIC INVOLVEMENT

Since the project was first proposed, prior to the application for Right-of-Way grant, this project has been subject to media attention and public discussion. The environmental review process under NEPA began with YPC's application for Right-of-Way Grant and application to the U.S. Army Corps of Engineers (USACE) for permit to dredge and fill. The State of Alaska also participated in the federal review process to meet its review requirements.

A Notice of Intent to do an EIS for the project was published in the Federal Register on November 17, 1986 (51 F.R. 41542). To help determine the scope of the analysis and identify EIS issues, public meetings were held in Barrow, Fairbanks,

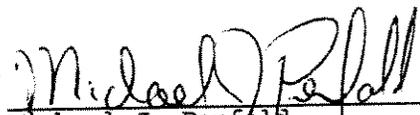
Glennallen, Valdez, Soldotna, and Anchorage. Prior to each meeting, a team composed of representatives from BLM, USACE, and YPC held workshops to discuss the proposal and answer questions either about the project or the environmental review and permitting processes. These meetings were attended by the public, representatives of special interest groups, and representatives of interested and concerned industry. A list of issues and responses was developed and printed in the Draft EIS, and the scope of the analysis and EIS were indeed affected by the comments.

The Draft EIS was sent by mail to various organizations, government agencies and individuals in mid-September 1987, the Notice of Availability appearing in the Federal Register September 25, 1987 (52 F.R. 36095). Public hearings were held in eight locations to gather comments on the Draft EIS and subsistence findings pursuant to Section 810 of ANILCA. The locations were Soldotna, Anchorage, Valdez, Glennallen, Fairbanks, Barrow, Stevens Village, and Coldfoot. Written comments were also invited and received. A summary of the hearings (prepared from transcripts) and copies of the written comments were printed in the final EIS with responses to the comments.

The final EIS was distributed in June of 1988. The Federal Register Notice of Availability appeared July 8, 1988 (53 F.R. 25661).

CONCLUSION

The EIS details our consideration of the environmental impacts of the proposed project and discusses the mitigation strategy for those impacts. The positive socioeconomic impacts are significant. All practicable means to avoid or minimize adverse environmental impacts have been adopted and the degree of residual impact is within the range of that associated with two previously approved projects. Therefore, I find that the proposed action best meets the goals set forth in Section 101(b) of NEPA [42 U.S.C. 4331(b)] and, therefore, is the environmentally preferred alternative. Furthermore, it has been determined pursuant to Section 810 of ANILCA (16 U.S.C. 3120) that the proposed action: 1) is necessary and consistent with sound management of public lands, 2) involves a minimum amount of public lands, and 3) will be subject to all reasonable steps to minimize adverse impacts upon subsistence resources. Approval of the proposed action is also consistent with the Mining and Minerals Policy Act of 1970 (30 U.S.C. 21a) and Bureau policy (BLM Manual 3000.06). The issue of compatibility with prior Federal authorizations has been examined and the proposed action found to be compatible with such authorizations. In addition to compatibility, all of the other conditions of the Mineral Leasing Act (30 U.S.C. 185) and the implementing regulations (43 CFR Part 2880) precedent to the issuance of a right-of-way grant to YPC have been satisfied. On the basis of the foregoing reasons, I hereby approve the proposed action and will, pursuant to such approval, subsequently issue a right-of-way grant of the form attached hereto.



Michael J. Penfold
Alaska State Director
Bureau of Land Management

10-17-88
Date