



US Army Corps
of Engineers
Alaska District

Regulatory Division (1145)
CEPOA-RD
2175 University Avenue, Suite 201E
Fairbanks, Alaska 99709-4927

Public Notice of Application for Permit and Notice of Availability for Draft Environmental Impact Statement

PUBLIC NOTICE DATE: September 1, 2017

EXPIRATION DATE: October 16, 2017

REFERENCE NUMBER: POA-2015-25

WATERWAY: Colville River

Project Information: The U.S. Army Corps of Engineers (Corps) received a permit application from Repsol E & P USA, Inc. on June 15, 2015 requesting authorization for the placement of fill in Waters of the U.S. (WOUS), including wetlands, for the Nanushuk Project (Project). The Project was subsequently transferred to Armstrong Energy, LLC (Applicant), and an updated permit application was submitted on April 6, 2016. The Applicant provided additional Project details on May 3, 2016, including changes to design, relocation of Drill Site 3, an increase in the proposed production volume, and an increase in number of proposed wells. The Applicant submitted a revised permit application on July 10, 2017, which included the following: 1) change road side slopes from 3:1 to 2:1, 2) change road surface widths from 38 to 35 feet, and 3) change fill volume from 3.22 to 2.76 million cubic yards.

Armstrong proposes to drill wells and construct and operate infrastructure and facilities to produce and transport sales-quality oil to the Trans-Alaska Pipeline System (TAPS). Project components include: the Nanushuk Pad (composed of DS1 and central processing facility), two standalone gravel drill sites (DS2 and DS3), an operations center, a tie-in pad, infield pipelines on vertical support members (VSMS), the Nanushuk Pipeline on VSMS, gravel infield roads, a gravel access road, road bridges at the Miluveach and Kachemach Rivers, and a potable water intake system. **Armstrong proposes placement of 2,756,520 cubic yards (cy) of clean fill material into 271.6 acres of waters of the U.S. including wetlands to construct the Project. The Project also includes temporary discharges to 5.8 acres of jurisdictional waters of**

the U.S., (Harrison Bay of the Beaufort Sea), for screeding activities in front of the existing Oliktok Dock and trenching for power and fiber optic cables at pipeline-road crossings. See Project Description for specific volumes and acreage of fill for project components. All work would be performed in accordance with the Nanushuk Development Project, USACE Permit Application Figure Set, (sheets 1-53), dated June 16 and July 5, 2017. Additional information can also be found in the Nanushuk Development Project, Project Description, (Pages 1-26, July 2017). All supplemental information listed above is available at <http://www.poa.usace.army.mil/Missions/Regulatory/Public-Notices/>.

This proposed project is currently being evaluated in an Environmental Impact Statement (EIS). Because the timing of the completion of the draft EIS, the changes to the Project submitted in the revised application received July 10, 2017 will be included in the final EIS. This Public Notice (PN) for a permit application for the proposed Nanushuk Project does reflect the revised Permit Application submitted July 10, 2017 and thus the total acreages reflected in this PN may differ from the numbers in the draft EIS. The changes reflected in the revised permit are not expected to increase Project effects described in the draft EIS, though it may decrease them. All revisions will be included in the final EIS.

Applicant: Armstrong Energy, LLC, 1421 Blake Street, Denver, Colorado, 80202

Agent: Patrick Conway, Armstrong Energy, LLC, 510 L Street, Suite 310, Anchorage, Alaska 99501; patrick@armstrongoilandgas.com, 907-375-6938.

Location: The Project would be located in the North Slope Borough (NSB) in the Pikka Unit between Kuparuk and the Colville River Unit development (Alpine). The Project would extend west from existing Kuparuk infrastructure into an area with recent exploration and development activity, (e.g., Oooguruk and Nuna projects to the northeast and Mustang to the southeast), to the East Channel of the Colville River. The community of Nuiqsut, the closest village to the Project, is located on the west side of the Colville River, and would be approximately 6.5 miles southwest of the nearest Project feature.

Project Purpose: The applicant's stated purpose is to safely produce commercial quantities of liquid hydrocarbons in Armstrong Energy, LLC's State of Alaska oil and gas leasehold by operating from a site east of the Colville River Delta; to process hydrocarbons on or near the drill sites; and to transport sales-quality oil through a new export pipeline to the Kuparuk sales oil pipeline, and then to TAPS. A secondary purpose of the Project is to further delineate geological features and hydrocarbon accumulations in Armstrong's leasehold utilizing the proposed infrastructure.

Permit Authority: The proposed project would involve work in navigable waters of the U.S., and the discharge of fill material in waters of the U.S., including wetlands. Therefore, the project is subject to Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act.

Mitigation: The applicant has proposed a variety of avoidance and minimization measures. Additionally, "...Armstrong submits that compensatory mitigation is not appropriate for the Nanushuk Development Project...[due to the] relatively insignificant areal extent of the Project within the [Colville River Delta Watershed, the Kachemach River Watershed and the Miluveach River Watershed]." (10-digit Hydrologic Unit Code (HUC) 1906030410, 1906030411 and 1906030412 respectively). Additional information can be found in the Applicant Proposed Mitigation Statement July 2017.pdf, Pages 1 – 14.

Other Environmental Review and Consultation Requirements: Other environmental review and consultation requirements include Executive Order 13175 Consultation and Coordination with Indian Tribal Governments, Executive Order 12898 Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, 106 of the National Historic Preservation Act of 1966, Endangered Species Act Section 7 consultation and Magnuson-Stevens Act Essential Fish Habitat.

- Endangered Species: The Corps has determined that the proposed project may affect, but is not likely to adversely affect polar bears (*Ursus maritimus*), polar bear critical habitat, and Steller's eiders (*Polysticta stelleri*). The project may adversely affect spectacled eiders (*Somateria fischeri*). Additionally, the project may affect, but is not likely to adversely affect bowhead whales (*Balaena mysticetus*) and bearded seal (*Erignathus barbatus nauticus*). The Corps has initiated section 7 consultation with the U.S. Fish and Wildlife Service and National Marine Fisheries Service.
- Essential Fish Habitat: The Corps has determined that the proposed project may affect marine essential fish habitat and is initiating consultation with the National Marine Fisheries Service, under the Magnuson-Stevens Act.
- Historic Properties: The Corps has made a determination that historic properties exist within the permit area but the Project is not likely to adversely affect historic properties. The Corps has initiated consultation with the State Historic Preservation Office under 106 of the National Historic Preservation Act. Additionally, the Alaska District fully supports tribal self-governance and government-to-government relations between federally recognized Tribes and the Federal government. Tribes with protected rights or resources that could be significantly affected by a proposed Federal action (e.g., a permit decision) have the right to consult with the Alaska District on a government-to-government basis. Views of each Tribe regarding protected rights and resources will be accorded due consideration in this process. Notification of invitation to participate in government-to-government consultation, additional opportunities to obtain project related information, request for participation in decision-making

processes regarding the protected Tribal right or resources and opportunities to provide comments were provided by phone, email correspondence, and hardcopy to the Tribes within the area potentially affected by the proposed work. Additionally, consultation may be initiated by the affected Tribe upon written request to the District Commander during the public comment period. The Corps will be available to conduct government to government consultations with all affected federally recognized tribes.

Application Location for Download: The permit application, including descriptions of proposed work and structures, plan and elevation drawings, type, composition and quantity of fill discharge by location, and other supporting information is available for public review at the project website:

<http://www.nanushukeis.com/projects/nanushukeis/index.html>. This Public Notice with attachments can be found at

<http://www.poa.usace.army.mil/Missions/Regulatory/Public-Notices/>. For a hard copy of the Permit Application, please contact the Agent for the Applicant, Mr. Patrick Conway; contact information listed above.

Draft EIS Location for Download: A Draft Environmental Impact Statement (Draft EIS) has been prepared for this project and is also available for review. Notification of scheduled public meeting locations and dates have been provided by separate notification and are posted on the project website:

<http://www.nanushukeis.com/projects/nanushukeis/index.html>.

The Corps has been designated the lead federal agency and the U.S. Environmental Protection Agency (EPA), U.S. Fish and Wildlife Service (USFWS), the Native Village of Nuiqsut, and the State of Alaska are participating as cooperating agencies in the Environmental Impact Statement (EIS) development process.

Comments: Comments can be submitted via the U.S. Postal Service to: U.S. Army Corps of Engineers, CEPOA-RD, Ms. Ellen Lyons, 2175 University Avenue, Suite 201E, Alaska 99709-4927 or also via email at: Ellen.H.Lyons@usace.army.mil. We request that you include with your comments: (1) Your name, address, and affiliation (if any); (2) Be as specific as possible when stating your concern or comment and whether it is specific to the Draft EIS, the permit application or both; and (3) Provide any background documents to support your comments, as necessary.

The Corps is soliciting comments from the public; Federal, State, and local agencies and officials; Indian Tribes; and other interested parties in order to consider and evaluate the impacts of this proposed activity. Any comments received will be considered by the Corps to determine whether to issue, modify, condition or deny a permit for this proposal. To make this decision, comments are used to assess impacts on endangered species, water quality, conservation, economics, aesthetics, wetlands, cultural values, navigation, fish and wildlife values, water supply, and any other factors judged important to the needs and welfare of the people. The decision to issue a DA

permit or not will be based on an evaluation of the potential impacts, including direct, indirect, and/or cumulative impacts of the proposed project on the public interest. That decision will reflect the national concern for both the protection and utilization of important resources. The benefit which reasonably can be expected to accrue from the proposal must be balanced against its reasonably foreseeable detriments. For the discharge of fill into special aquatic sites, evaluation of the impact of the activity on the public interest will include application of the 404(b)(1) guidelines promulgated by the Administrator of the Environmental Protection Agency (40 CFR Part 230). Subject to the preceding sentence and any other applicable guidelines or criteria (see 40 CFR Part 320.2 and 320.3), a permit will be granted unless the District Commander determines that it would be contrary to the public interest.

Development of the EIS will assist the Corps in determining whether to issue a DA permit, issue a DA permit with special conditions, or deny a DA permit.

Public Hearing: Any person may request, in writing, within the designated comment period specified in this notice, that a public hearing be held to consider the application. Requests for public hearings shall state, with particularity, the reasons for public hearing and shall be submitted to the Corps, using the contact information referenced above.

- THE DEADLINE FOR PROVIDING COMMENTS IS OCTOBER 16, 2017 –

District Engineer
U.S. Army, Corps of Engineers