

## **Army Corps adds wetlands questions to Alaska LNG work list**

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The U.S. Army Corps of Engineers has added to the list of more information requested by federal regulators of the state-led Alaska North Slope natural gas development project. The Army Corps, in a 24-page letter filed July 2 with the Federal Energy Regulatory Commission (FERC), said the information the state team submitted “does not sufficiently characterize the proposed project’s impacts” on wetlands.

“The provided draft wetland mitigation plan does not appear to be commensurate with the scope and scale of the proposed project’s impacts,” the Army Corps said, responding to supplemental information supplied March 19 by the Alaska Gasline Development Corp. (AGDC). “A more robust wetland mitigation plan should be provided prior to the ... permit application public notice to generate substantive and meaningful comments.”

Some of the information the Corps requested of AGDC is dependent on the agency finishing its review and accepting the project’s wetlands mapping — it’s called a preliminary jurisdictional determination. The Corps acknowledged in its July 2 filing that AGDC will provide more information after the determination is issued.

AGDC needs an Army Corps permit under the Clean Water Act for its work in wetlands and any discharges of dredged or fill material into rivers, streams, lakes and other waterbodies. While the Corps would rely on FERC’s environmental impact statement (EIS), it would issue its own permits for the project that encompasses a gas treatment plant at Prudhoe Bay, 807 miles of pipeline through the state, and a liquefaction plant and marine terminal in Nikiski, on Cook Inlet.

The Army Corps’ request comes as the state corporation is nearing the end of its responses to questions FERC presented this past spring. The commission is preparing the project’s draft EIS. In April, AGDC told federal regulators it would submit the last answers by Aug. 1, though that self-imposed timeline is subject to change — and federal regulators are not restricted in asking for more data. FERC sent a request for additional information to AGDC on May 31.

### **PORT MACKENZIE INFORMATION STILL TO COME**

Among the information that the state still owes to FERC is a more detailed analysis of building the LNG plant and marine terminal at Port MacKenzie instead of Nikiski. AGDC reported to FERC on June 11 that it planned to turn in the additional Port MacKenzie analysis by July 1.

The Matanuska-Susitna Borough, which owns the port land, has long advocated for its location as a better site for the multibillion-dollar construction job. FERC earlier this year accepted the borough's request to participate as an intervenor in the application.

The state-led project is working to finish answering questions so that FERC can maintain its schedule of issuing a draft environmental impact statement in March 2019.

The state corporation took over the project about two years ago when North Slope oil and gas producers declined to spend the \$1 billion or more to finish permitting, design and engineering work needed to reach a final investment decision on the \$43 billion development. AGDC has contracted with two banks to look for possible investors to help fund those development costs.

The Army Corps is the latest regulatory agency to request more information from AGDC, including:

- The type of wetlands in each impacted location.
- Whether the effects would be permanent or temporary.
- The volume of material that would be discharged into navigable waters.
- Updated acreage counts after the Corps has reviewed and accepted the wetlands mapping.
- Additional sampling of the areas in Cook Inlet where dredged material would be dumped from construction and operation of the marine offloading facility (barge and ship landing) at the LNG plant site in Nikiski.
- The location of the work yard in Seward where 40-foot sections of pipeline would be welded together and coated in 80-foot sections. The pipeline segments would be landed at the Port of Seward, jointed and coated, then loaded on flatcars for transport by the Alaska Railroad.
- Could the proposed location of the Fairbanks pipe yard be moved to an area with less effect on wetlands?
- Sites where AGDC might add additional off-take points from the main pipeline for local distribution of gas. The state has identified three off-takes: Fairbanks; Cook Inlet West, to connect with the ENSTAR pipeline system; and Cook Inlet East, near the LNG plant in Nikiski. AGDC has long promoted at least five in-state off-take points to serve local needs, and the Corps said it needs to know more about potential sites to determine the project's cumulative impacts.
- As construction is at least a couple of years away, the Corps said, "is AGDC taking measures now to stockpile preferred seeds for revegetation and restoration efforts?"

## **WETLANDS RESTORATION**

The letter also addressed the issue of restoring wetlands to their original condition after project construction. AGDC has said restoring all wetlands "is not practicable," giving as an example that removing temporary fill placed in wetlands during construction could "introduce open water and erosion and can do more harm than good." The Army Corps answered: "Removal of

gravel fill after temporary use may leave open waters, but only if not properly restored. Any required restoration would not allow for this to occur.”

In particular, the Corps said gravel fill over thaw-sensitive permafrost warrants further discussion in the alternative analysis of the EIS. “Although removal of gravel fill, in addition to other restorative actions, may not result in 100 percent restoration of previous functions and values, some functions and values would return. Without removal of fills, the Corps would consider all functions and values of that area of wetland permanently and totally lost.”

The Corps’ request for more information is separate from its work on another AGDC-led gas pipeline project, the Alaska Stand Alone Pipeline, promoted by the state Legislature since 2010 as a back-up plan if the larger, export-oriented project does not go ahead.

The Army Corps on June 22 published its final supplemental EIS for the ASAP project, more than six years after issuing its first draft EIS — much of the time was due to state design changes to the project. The public comment period on the final EIS closes July 23, with the Corps scheduled to issue its record of decision 30 days later.

The back-up pipeline would use smaller-diameter pipe — 32-inch versus 42-inch — and would end at Big Lake in the Matanuska Valley instead of continuing across Cook Inlet to Nikiski. It also would not include a liquefaction plant. Even so, it was still pegged at \$10 billion, and that estimate is 4 years old.

AGDC has been pushing FERC to incorporate the Army Corps’ review of the back-up line into the EIS of the larger project, contending that the projects — and impacts — are similar for hundreds of pipeline miles.

The state in November requested that FERC “issue an order ... formally adopting or otherwise incorporating” the Corps’ EIS for the Alaska Stand Alone Pipeline “as it pertains to the methods, processes and techniques for constructing the pipeline segments of the Alaska LNG project through Alaska wetlands and assessing the impacts of, and mitigation required for, such construction through wetlands.”

FERC never responded to the state’s request that it issue such an order.

### **AGDC CONTINUES WORKING THROUGH QUESTIONS**

Before receiving the Army Corps’ work list, AGDC on June 11 provided answers to more than 40 requests for information from FERC and other federal agencies:

- AGDC provided more details on its proposed wildlife avoidance and mitigation plan, though it noted “finalization of the plan is not possible until all permitting for the project with state and federal resource and land management agencies is complete and measures from the permits are incorporated into the plan.”

- The project has eliminated all open-cut waterbody crossings for the Point Thomson gas pipeline, which would run 62 miles to connect the Point Thomson field to the gas treatment plant at Prudhoe Bay. Instead, all water crossings — including the main channel of the Sagavanirktok River — would be aboveground on dual-pile supports, typical of North Slope pipelines. Federal regulators had voiced concerns about the impact on permafrost of buried pipelines.
- AGDC plans to cross the west channel of the Sagavanirktok River by installing its line on an existing pipeline bridge operated by BP, which would remove two abandoned pipelines from the bridge to accommodate the new gas line. “Final negotiation of the bridge-sharing agreement would be needed,” AGDC reported to FERC.

Responding to questions about its mitigation measures to protect Cook Inlet beluga whales from underwater sounds during construction of the cargo offloading facility in Nikiski, AGDC has proposed employing protected species observers during all pile-driving activities. The observers would have the authority to stop construction or order reduced work and sound levels whenever belugas are seen within the acoustic zones.

AGDC also outlined its plans to start pile-driving at the site with low-energy initial strikes of the impact hammer, “thereby alerting mammals of impending hammering noise and allowing them to vacate the general area before they become exposed to harassing sound levels.”

The state team last month answered another question FERC had been asking about — the project’s intent to reroute several miles of the Kenai Spur Highway around the LNG plant for safety and security reasons. The corporation last month told the community of Nikiski that it had selected the shortest and least expensive reroute, at an estimated \$31 million and about 5 miles of new highway.

AGDC would need to purchase all or portions of more than 80 properties to make room for the new stretch of highway, though any land acquisition, road design, permitting and construction is dependent on funding.

In its review of the LNG plant design, FERC on June 28 requested that the state consider providing — at its expense — a third-party contractor to assist FERC staff with review of the plant’s fire-protection system, including spill-containment design, hazard detection and emergency response plans.

The third-party contractor would be similar to the contractor that is assisting FERC with preparation of the project’s environmental impact statement. The federal agency directs the contractor’s work, with the bills going to the applicant for payment.