



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Farmington Field Office
6251 College Blvd Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

In Reply Refer To:
2800 (F01210) sh

November 17, 2014

Subject: Public Scoping for the Saddle Butte San Juan Midstream LLC's Piñon Pipeline Project, Multiple Counties, New Mexico

Dear Interested Public,

This letter is to inform you that a 30-day public scoping period for the Saddle Butte San Juan Midstream, LLC (Saddle Butte) Piñon Pipeline project will commence on December 1, 2014, and will conclude on December 31, 2014. The Bureau of Land Management (BLM) Farmington Field Office is considering Saddle Butte's application for a 75-foot right-of-way for the construction, operation, and maintenance of a crude oil pipeline and gathering system, crude terminal, and related facilities. Saddle Butte would construct and operate approximately 50 miles of 6- to 8-inch- diameter crude oil gathering pipeline and 80 miles of 10- to 12-inch-diameter crude oil transport pipeline from the proposed Lybrook Terminal facility in Rio Arriba County, New Mexico, to a point along the Burlington Northern Santa Fe (BNSF) rail line in McKinley County, near the city of Milan, New Mexico. The project would cross BLM, private, State of New Mexico, and Navajo tribal lands.

In accordance with the National Environmental Policy Act (NEPA), the BLM is preparing an environmental assessment (EA) to assess the potential impacts to the human environment associated with approval of the project's Proposed Action or an alternative.

Scoping is the process that leads to the identification of the issues to be addressed and the range of actions and alternatives to be analyzed in the EA. It is a process, not an event, that continues throughout the development of a NEPA document and results in identification of the proper scope of the analysis. The scoping meeting is an opportunity for the public to learn more about the project, as well as to discuss route alignment, construction details, resource mitigations, safety concerns, or other questions about the project. Comments received will be incorporated into the planning process and used to develop the scope of the environmental document.

You are invited to attend a public scoping meeting regarding this project:

Meeting Date	Time	Location/Address
Thursday, December 4, 2014	5:00 p.m.	Lybrook Elementary School--9935 U.S. 550, Lybrook, NM (<i>appx. 52 mi. south of the intersection of Hwys. 550 & 64 in Bloomfield, NM; at mile marker 99.5</i>)

Project Background

Saddle Butte is requesting a right-of-way grant for approximately 130 miles of gathering and transport pipelines to gather produced crude oil from the Lybrook area and transport it to a rail facility where the product can ultimately reach market. The total right-of-way is 75 feet wide including 40 feet of permanent and 35 feet of temporary work space. The need for the project is to provide adequate takeaway capacity for the large amount of product currently under extraction and to meet the need to transport future volumes. Currently one (smaller) pipeline and trucking are the only available ways to export the crude out of the area to any delivery point. Saddle Butte proposes to alleviate the restriction by building the Piñon Pipeline system, thereby providing ample capacity for the current predictions of crude oil production. The proposed pipeline route would be designed to accommodate initial startup volumes of 15,000 barrels per day of oil from Lybrook and would follow existing pipeline/utility corridors wherever possible to minimize the surface impact and resource conflicts.

If the right-of-way is granted, construction would commence in the summer of 2015 and is anticipated to conclude by the end of 2015. More details regarding construction, equipment, staging areas, road access, associated facilities, and health and safety precautions will be provided at the upcoming public scoping meeting on December 4, 2014, at Lybrook Elementary School, and will be described in detail in the Draft EA (to be released in early Spring 2015).

The BLM and Saddle Butte are currently evaluating additional alternatives to be analyzed in the EA and are interested in the public's feedback regarding issues or concerns.

Comments

If you have any information or comments regarding this Proposed Action, please use one of the following methods to submit your comment on or prior to December 31, 2014:

Email: BLM_NM_Comments@blm.gov

Fax: 505-564-7607

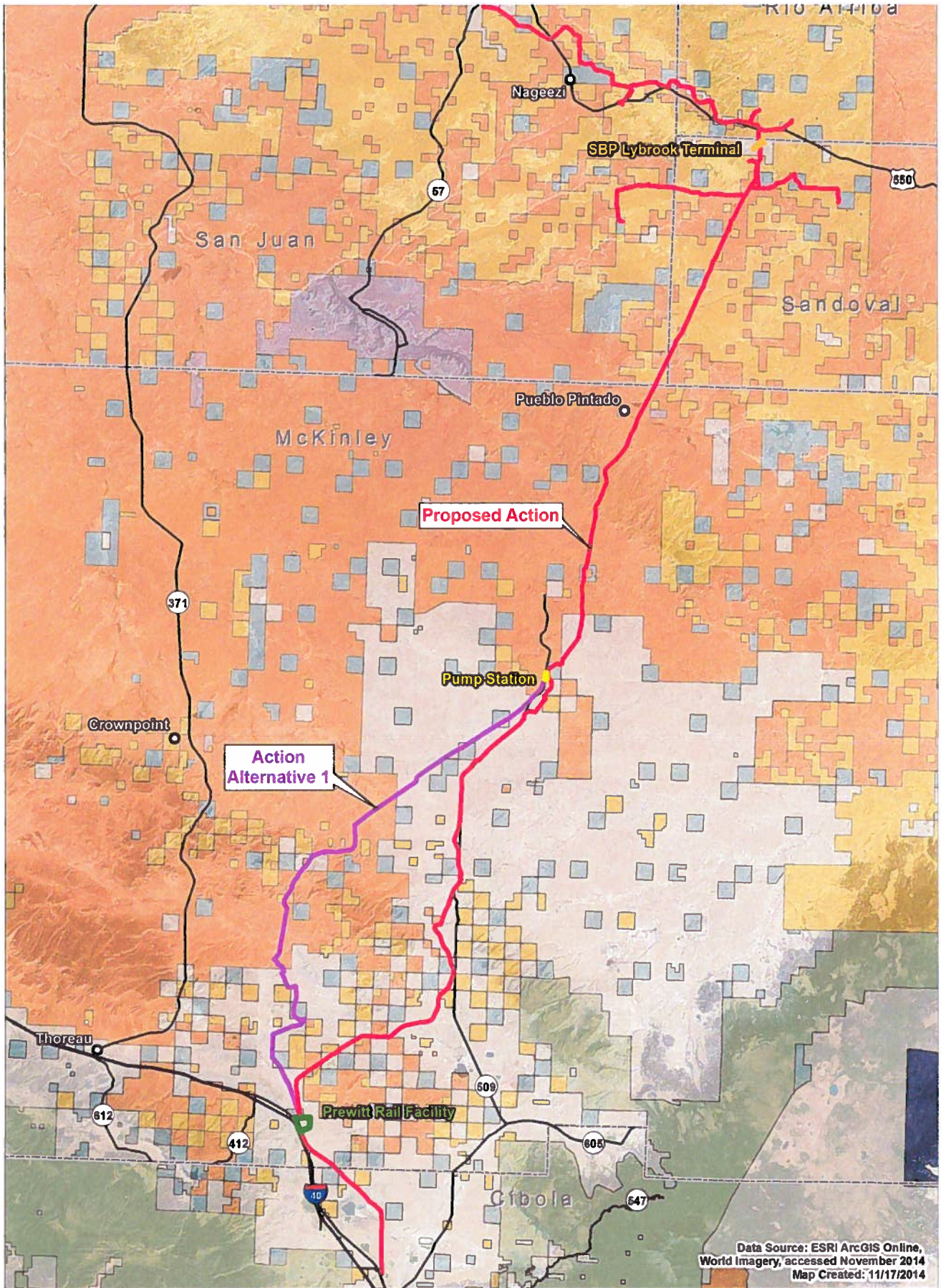
Mail: Bureau of Land Management
c/o Scott Hall
6251 College Blvd. Suite A
Farmington, NM 87402

For additional information, please contact Scott Hall, Realty Specialist, at (505) 564-7721 or at shall@blm.gov. We greatly appreciate your interest in our management of public lands and hope to see you at the upcoming meeting on December 4, 2014, at 5 p.m. at the Lybrook Public Elementary School.

Sincerely,



Dave Mankiewicz
Assistant Field Manager for
BLM Farmington Field Office



Data Source: ESRI ArcGIS Online, World Imagery, accessed November 2014
 Map Created: 11/17/2014

Proposed Action	City/Town
Action Alternative 1	Roadway
Pump Station	County Boundary
Lybrook Site	Land Ownership
Prewitt Rail Facility	BLM
	Private
	USFS
	State
	Tribal
	NMGFD

Piñon Project Alternatives

Miles: 0 2.5 5 10
 Kilometers: 0 5 10 20

1:400,000

APPLICATION FOR TRANSPORTATION AND
 UTILITY SYSTEMS AND FACILITIES
 ON FEDERAL LANDS

RECEIVED

JUL 31 2014

FORM APPROVED
 OMB Control Number: 0596-0082
 Expiration Date: 1/31/2017

FOR AGENCY USE ONLY

Application Number
 NMNM 133052

Date Filed 7/31/2014

3. Telephone (area code)
 Applicant
 970-828-2071 Ryan Cheese
 Authorized Agent
 970-375-6813 Debra Bartel

NOTE: Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

1. Name and address of applicant (include zip code)
 Saddle Butte San Juan Midstream, LLC
 858 Main Avenue, Ste 301
 Durango, Colorado 81301

2. Name, title, and address of authorized agent if different from item 1 (include zip code)
 CH2M HILL
 150 Tech Center Drive, Ste E
 Durango, Colorado 81301

4. As applicant are you? (check one)
 a. Individual
 b. Corporation*
 c. Partnership/Association*
 d. State Government/State Agency
 e. Local Government
 f. Federal Agency

5. Specify what application is for: (check one)
 a. New authorization
 b. Renewing existing authorization No.
 c. Amend existing authorization No.
 d. Assign existing authorization No.
 e. Existing use for which no authorization has been received *
 f. Other*

* If checked, complete supplemental page

* If checked, provide details under item 7

6. If an individual, or partnership are you a citizen(s) of the United States? Yes No

7. Project description (describe in detail): (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (Length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)

PLEASE REFER TO PLAN OF DEVELOPMENT FOR MORE DETAILED INFORMATION ON THIS PROJECT

a: Crude oil pipeline gathering system and crude oil terminal near Lybrook, New Mexico. Crude oil pipeline mainline transporting the crude oil from Lybrook to proposed rail terminal located near Thoreau, New Mexico.
 b: Related structures are further detailed in the Plan of Development.
 c: The gathering line right of way is approximately 49.5 miles in length. The mainline right of way is approximately 89.5 miles in length. Proposed permanent right of way width is thirty (30) feet. BLM acreage is 1534 acres total.
 d: Term length requested is the standard thirty year term.
 e: Once constructed the pipelines, terminal and rail facility will operate year round.
 f: The anticipated volume is 50,000 barrels per day (BPD) of crude oil.
 g: The proposed construction will take six months to one year and is intended to start construction in the summer of 2015.
 h: All temporary use areas will be shown in the attached Plan of Development Appendix C.

8. Attach a map covering area and show location of project proposal

9. State or Local government approval: Attached Applied for Not Required

10. Nonreturnable application fee: Attached Not required

11. Does project cross international boundary or affect international waterways? Yes No (if "yes," indicate on map)

12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.

Saddle Butte San Juan Midstream, LLC has the technical and financial capability to construct, operate, maintain, and terminate this proposed pipeline and associated facilities as requested. Saddle Butte was formed in 2009 and is a privately held firm backed by Yorktown Energy Partners. Saddle Butte has access to capital including Yorktown X Investments. Saddle Butte has successfully built multiple projects in other states of larger size and capacity.

13a. Describe other reasonable alternative routes and modes considered.
Two other alternatives have been reviewed in addition to the proposed action.
Please refer to the Plan of Development for further details.

b. Why were these alternatives not selected?
Alternative B was not selected due to the increased impacts to the land and environment. Alternative C (Belen) was not chosen at this time due to the higher cost of construction due to much longer length of mainline pipeline to the rail facility. For further details please refer to the Plan of Development.

c. Give explanation as to why it is necessary to cross Federal Lands.
Federal lands are interspersed with Navajo Nation, State of New Mexico and fee lands. The route is following known previously disturbed pipeline routes.

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)
No other authorizations have been requested through the BLM. Additional applications will be filed with State of New Mexico Land Department, Navajo Nation as well as fee land acquisitions and ancillary permits through multiple counties.

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

The Pinon Pipeline transports crude oil from federal and fee mineral ownership wells to the national energy market. Overall reduction in crude oil transportation costs by providing access to a larger marketplace increasing royalties to the mineral owners. Public benefits include a decrease in truck traffic.

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.
The project would not have significant impacts to social or economic aspects of rural lifestyles in this region. The areas disturbed by the construction will be reclaimed therefore not impacting recreation or livestock grazing on the federal lands.

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

Any impacts to resources a-f would be temporary, ending after construction. See Plan of Development, Environmental Assessment and pending permit stipulations for specifics related to items a - f.

18. Describe the probable effects that the proposed project will have on (a) populations of fish, plantlife, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

Impacts to plants and wildlife will be disclosed in the Environmental Assessment. The preliminary bio/arch resources survey will begin in September 2014 along the proposed pipeline route. a) There would be no impact to T&E species. b) No impacts to marine mammals. The project would follow all Condition of Approvals to protect wildlife.

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

No hazardous material would be used, produced, transported, or stored on or within the right-of-way or any facilities associated with the right-of-way.

20. Name all the Department(s)/Agency(ies) where this application is being filed.
Bureau of Land Management - Farmington Field Office
6251 College Blvd, Ste A
Farmington, New Mexico 87402

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of Applicant

Date

07/31/2014

Title 18, U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.