ADOPTION OF EXISTING ENVIRONMENTAL REVIEW (EA/EIS)

Part I. Proposed Action Description

Applicant/Contact Name & Address: TransCanada Keystone Pipeline, LP
717 Texas Street, Suite 2400
Houston, TX 77002

Type of Action: Application for Beneficial Water Use Permit No. 42M 30065512

Location Affected by Action: Govt Lot 7 NWNE Section 23, T13N R53E, Dawson County
Govt Lot 2 SWNW Section 13, T13N R53E, Dawson County

Narrative Summary of Proposed Action: This project is for the temporary diversion of water from the Yellowstone River to aide in the construction of the TransCanada Keystone Pipeline. This project will divert at a maximum flow of 3000 GPM up to 146.33 AF from January 1- December 31, 2013 - 2016. The water will be used for industrial use including: horizontal directional drilling (HDD), hydrostatic testing (HST) and dust control (DC) at 300 GPM up to 3.38 AF, 3000 GPM up to 122.75 AF and 300 GPM up to 20.25AF, respectively. The primary point of diversion is located in Govt Lot 7, NENWNE Section 23, T13N R53E Dawson County. There are two secondary points of diversion on either side of the Yellowstone River. On the North it is located in Govt Lot 2, SESWNW Section 13, T13N R53E and on the South Govt Lot 7, SENWNE Section 23, T13N R53E, Dawson County. The place of use on the south primary and secondary are located Govt lot 7, NENWNE Section 23 T13N R53E and Govt lot 7, SENWNE Section 23, T13N R53E Dawson County, respectively. The place of use for the North secondary is Govt Lot 3, SWSE Section 14, T13N R53E Dawson County. The water used for hydrostatic testing is non-consumptive and will be discharged back into the Yellowstone River.

Part II. Existing Environmental Review Information

Title: Final Environmental Impact Statement Keystone XL Project
Publication Date: August 26, 2011
Lead Agency: U.S. Department of State
Location Where Interested Parties Can View or Obtain the Document:: DNRC - Glasgow Water Resources Regional Office

Part III. Criteria for Adopting Existing Environmental Review

_X_Yes __No Does the existing environmental review cover an action paralleling or closely related to the proposed action?

_X_Yes __No Is the information in the existing environmental review accurate and clearly presented?

_X_Yes __No Is the information in the existing environmental review applicable to the action being considered?

_X_Yes __No Were all appropriate Agencies consulted during preparation of the existing environmental review?

_X_Yes __No Were alternatives to the proposed action evaluated as part of the existing environmental review effort?

_X_Yes __No Have all of the impacts of the proposed action been accurately identified as part of the existing environmental review?

_X_Yes __No If the existing environmental review identifies any significant impacts as a result of the proposed action, will they be mitigated below the level of significance?

Part IV. Conclusion

If the answers to ALL of the questions listed above are "Yes", the existing environmental review can be considered sufficient to satisfy DNRC's MEPA review responsibilities.
Yes___ No_**X**_ Based on the significance criteria evaluated in this EA, is an EIS required?

Name: Heather Harris
Title: Water Resource Specialist
Date: August 5, 2013
Signature: Heather Harris

Montana Department of Natural Resources and Conservation
Water Resources Division
Water Rights Bureau

ENVIRONMENTAL ASSESSMENT
For Routine Actions with Limited Environmental Impact

Part I. Proposed Action Description

1. Applicant/Contact name and address: TransCanada Keystone Pipeline, LP
717 Texas Street, Suite 2400
Houston, TX 77002

2. Type of action: Application for Beneficial Water Use Permit No 42M 30065512 Hydrostatic testing (HST), Horizontal Directional Drilling (HDD), Dust Control (DC).

3. Water source name: Yellowstone River

4. Location affected by project:

   - Primary: Govt Lot 7, NENWNE Section 23, T13N R53E, Dawson County
   - North Secondary: Govt Lot 2, SESWNW Section 13, T13N R53E, Dawson County
   - South Secondary: Govt Lot 7, SENWNE Section 23, T13N R53E, Dawson County

Narrative summary of the proposed project, purpose, action to be taken, and benefits:

This project is for the temporary diversion of water from the Yellowstone River to aide in the construction of the TransCanada Keystone Pipeline. This project will divert at a maximum flow of 3000 GPM up to 146.33 AF from January 1- December 31, 2013 - 2016. The water will be used for industrial use including: horizontal directional drilling (HDD), hydrostatic testing (HST) and dust control (DC) at 300 GPM up to 3.38 AF, 3000 GPM up to 122.75 AF and 300 GPM up to 20.25AF, respectively. The primary point of diversion is located in Govt Lot 7, NENWNE Section 23, T13N R53E Dawson County. There are two secondary points of diversion on either side of the Yellowstone River. On the North it is located in Govt Lot 2, SESWNW Section 13, T13N R53E and on the South Govt Lot 7, SENWNE Section 23, T13N R53E, Dawson County. The place of use on the south primary and secondary are located Govt lot 7, NENWNE Section 23 T13N R53E and Govt lot 7, SENWNE Section 23, T13N R53E Dawson County, respectively. The place of use for the North secondary is Govt Lot 3, SWSE Section 14, T13N R53E Dawson County. The water used for hydrostatic testing is non-consumptive and will be discharged back into the Yellowstone River.

The DNRC shall issue a water permit if the applicant proves criteria in 85-2-311, MCA are met.

5. Agencies consulted during preparation of the Environmental Assessment: (include agencies with overlapping jurisdiction)

Montana Department of Environmental Quality - Web site
Montana Natural Heritage Program
Montana Department of Fish, Wildlife & Parks
National Wetlands Inventory
United States Department of Agriculture - Web Soil Survey

Environmental Impact Statement prepared by TransCanada Keystone XL and finding of no significant impact dated August 26, 2011. To obtain a copy of the EIS, please contact:

Montana Department of Natural Resources
Glasgow Water Resource Office
PO Box 1269
Glasgow, MT 59230
406-228-2561

Part II. Environmental Review

1. Environmental Impact Checklist:

PHYSICAL ENVIRONMENT

WATER QUANTITY, QUALITY AND DISTRIBUTION

Water quantity *- Assess whether the source of supply is identified as a chronically or periodically dewatered stream by DFWP. Assess whether the proposed use will worsen the already dewatered condition.*

Determination: The reach of the Yellowstone River that the point of diversion is located is not identified as a chronically or periodically dewatered stream by the Montana Department of Fish Wildlife & Parks. The DFWP has a water reservation on this portion of the Yellowstone River that ranges from 2,670 (August) to 25,140 (June) CFS to maintain instream flows. As this is a temporary diversion project, it is likely to have a temporary limited and minor impact on surface water flows. The majority of water requested will be used for hydrostatic testing, is essentially nonconsumptive and will eventually return to the source.

Water quality *- Assess whether the stream is listed as water quality impaired or threatened by DEQ, and whether the proposed project will affect water quality.*

Determination: The lower Yellowstone River is listed on the 2012 Montana 303(d) list as fully supporting agriculture and partially supporting aquatic life and warm water fishery. Probable causes of impairment are fish passage barriers. Probable sources are dam construction (other than upstream flood control projects).

Potential impacts from construction of stream crossings include siltation, sedimentation, bank erosion and sediment deposition.

The applicant's supporting information for the Montana Environmental Policy Act Review identified construction processes that may result in minor, short term impact to stream channels. The impacts will be localized and limited to the period of instream construction activities. The applicant will attempt to conduct stream crossings during low flow periods in order to minimize sedimentation, turbidity, stream bank and bed disturbances. Also, Keystone has agreed to minimize vehicle contact with surface waters

This project will have no significant or long term impact on water quality.

Groundwater - *Assess if the proposed project impacts ground water quality or supply. If this is a groundwater appropriation, assess if it could impact adjacent surface water flows.*

Determination: This surface water appropriation should have no significant impact on groundwater in the area.

DIVERSION WORKS - *Assess whether the means of diversion, construction and operation of the appropriation works of the proposed project will impact any of the following: channel impacts, flow modifications, barriers, riparian areas, dams, well construction.*

Determination:
The HDD method involves drilling a pilot hole under the waterbody and banks, then enlarging the hole through successive ream borings with progressively larger bits until the hole is large enough to accommodate a pre-welded segment of pipe. Throughout this process a water-bentonite slurry would be circulated to lubricate the drilling tools, remove drill cuttings, and provide stability to the drilled holes. Pipe sections long enough to span the entire crossing would be staged and welded along the construction work area on the opposite side of the waterbody and then pulled through the drilled hole. The welded drill string would be hydrostatically tested for 4 hours prior to being pulled into place.
Keystone would use industry standard procedures to ensure pipe and coating integrity are maintained during HDD installations. During HDD operations, the hole that is reamed to allow the pipeline to be pulled through is much larger than the pipe diameter (approximately a 42-inch-diameter hole or larger for the 36-inch-diameter pipe). The bentonite drilling mud would be used to reduce friction and provide lubrication and buoyancy for the pipe during the pull back, assuring minimal contact with the walls of the drill hole.

For hydrostatic testing, a single stage centrifugal pump would be placed at a single diversion point. The single stage centrifugal pump that would be driven by a 325 - 350 horsepower diesel engine set back from the source. The particular pump used will depend on the contractor.

For the withdrawal of water for hydrostatic testing the pump will be a Godwin Diesel Dri-Prime pumps one of three Models: CD80D, CD150M, CD225M. The pump will

have an operating capacity of approximately 1,500 - 3,000 GPM. This single stage pump typically will feed a second high head pump of approximately the same horse power set approximately 100 feet from the 1st pump connected by 6 inch or 8 inch welded steel piping. The second pump will be a 3-stage centrifugal pump capable of pumping a higher pressure (up to 300 or 400 psi) that is required to overcome the elevation differences in the test section. Depending on the location of the test section the second stage pump will be connected with 6 inch or 8 inch steel welded piping. Overall the total volume of the withdrawal would be limited by the capacity of the 1st first stage pump (i.e., 1,500 - 3,000 gallons per minute). Both the 1st stage and 2nd stage fill pumps will be within a secondary containment structure composed of sandbags and an impermeable lining, a metal pan, or similar secondary containment structure. The 2nd stage pump will deliver the water to a squeeze pump, which will fill the particular test sections with the required volume at the required test pressure. The squeeze pump is typically a positive displacement 3-cylinder piston pump capable of delivering from 50 - 400 GPM at the required test pressure. The squeeze pump is connected to the test head manifolds with 2 inch high pressure hoses that have a working pressure of 5000 psi (the actual test pressure will be less than half of that). The squeeze pump is powered by a 250 - 450 horsepower diesel motor. The actual squeeze pump will be fed water through the fill line with usually just the 1st stage pump running at an idle as the volume we require to pressurize is within the power range of the pump; 50 - 400 gallons per minute.

The pumps and steel pipe are too large to be hand carried so power equipment will be needed to carry materials to the diversion point at the water and to remove them once HST is complete. Ground disturbance and vegetation removal will be kept at minimum necessary to accomplish the work.

The pump intake will be fully submerged and screened to prevent entrainment of debris and fish. The pump will be monitored during operation and spill containment and recovery materials would be stockpiled in proximity.

When hydrostatic testing is complete, the hydrostatic test water will be tested during discharge to an energy dissipater. The energy dissipater is designed to prevent scouring and erosion and the point of discharge. The discharge operation will be monitored at all times.

The HDD operation is a closed system to minimize the discharge of drilling mud, fluids, and cuttings outside of the work area. To minimize the possibility of fluid escape, mud pits shall be used to contain the drilling fluids. The drilling fluids are cleaned and recycled to the extent possible. Tanks or dumpsters will be installed in lined pits.

Dust Control

For dust control, a small gas operated pump will be placed adjacent to the source within a secondary containment to fill water trucks. The particular pump used will depend on the contractor. Typical pumps that could be used are Godwin Diesel Dri-Prime pump Models: GWP-80HX, GWP-100HX. The pump will typically have a maximum flow rate of 300 GPM. After loading, the tanker trucks will disperse water along the project right-

of-way as required. The total volume used during dust control efforts will be monitored by logging the total number of tanker trucks filled.
Montana DEQ has approved these plans within the Project's Major Facility Siting Act Certification.

Horizontal directional drilling would minimize impacts to the stream or river because it involves drilling well below the streambed. This has been selected at the Yellowstone River to avoid disturbing the streambeds and streamflow and to reduce the potential that deep scour during flooding would endanger pipeline integrity.

Potential impacts from construction of stream crossings include siltation, sedimentation, bank erosion, sediment deposition, short-term delays in movements of fish, and transport and spread of aquatic invasive animals and plants. Keystone has agreed to minimize vehicle contact with surface waters and to clean equipment to prevent transportation of aquatic invasive animals and
plants on equipment.

At crossing, Keystone agreed to use vegetative buffer strips, drainage diversion structures, and sediment barriers, and limit vegetation clearing to reduce siltation and erosion. After construction, the right-of-way would be restored and revegetated to reduce the potential for erosion of the stream bank.

Following completion of waterbody crossings, waterbody banks would be restored to preconstruction contours, or at least to a stable slope. Stream banks would be seeded for stabilization, and mulched or covered with erosion control fabric in accordance with the CMR Plan and applicable state and federal permit conditions.

This diversion will not cause a significant impact.

UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES

Endangered and threatened species *- Assess whether the proposed project will impact any threatened or endangered fish, wildlife, plants or aquatic species or any "species of special concern," or create a barrier to the migration or movement of fish or wildlife. For groundwater, assess whether the proposed project, including impacts on adjacent surface flows, would impact any threatened or endangered species or "species of special concern."*

Determination: According to the Montana Natural Heritage Program website, the Bureau of Land Management (BLM), lists the Spiny Softshell Turtle, Blue Sucker, Sturgeon Chub, Sicklefin Chub, Paddlefish, Sauger and Bald Eagle as Sensitive. The Pallid Sturgeon is listed by BLM as Special Status. The US Forest Service (USFS), lists the Bald Eagle and Sensitive and the Pallid Sturgeon as Endangered. The US Fish and Wildlife Service lists the Pallid Sturgeon as Endangered. There are no federally- listed plants species within the project area.

Spiny Softshell Turtle

They occupy larger rivers and tributaries. Both sexes have been observed basking together on partially submerged logs in backwater sites of slow-moving water, and on sandy or muddy riverbanks (P. Hendricks personal observation).

Generally, the Spiny Softshell is primarily a riverine species, occupying large rivers and river impoundments, but also occurs in lakes, ponds along rivers, pools along intermittent streams, bayous, irrigation canals, and oxbows. It usually is found in areas with open sandy or mud banks, a soft bottom, and submerged brush and other debris. Spiny Softshells bask on shores or on partially submerged logs. They burrow into the bottoms of permanent water bodies, either shallow or relatively deep (0.5 to 7.0 meters), where they spend winter. Eggs are laid in nests dug in open areas in sand, gravel, or soft soil near water. No specific information is available for Montana, but data from other locations indicate that eggs are laid mostly in the second half of May and in June (most areas). Hatchlings emerge in 55 to 125 days in late August to early October (mainly September). Nesting sites need to be identified and protected from disturbance by human activities.

The HDD method avoids any direct disturbance to the river, channel bed, or banks.

Blue Sucker

The blue sucker is a species of concern in Montana. It inhabits larger rivers and the lower reaches of major tributaries, and is usually found in channels and flowing pools with moderate current, and in some impoundments. Adults probably winter in deep pools. Young are present in shallower and less swift water than adults. The blue sucker spawn in deep riffles (1-2 meters) with cobble and bedrock substrate (NatureServe 2009). They potentially occur within suitable habitat in rivers crossed by or downstream of proposed Project river crossing including the Yellowstone river in Montana

Occurrence surveys are not planned for the blue sucker because the river crossings where these suckers may occur within the proposed Project area would be crossed using the HDD method, which would avoid impacts to suckers and their habitats and water intake will occur to prevent entrainment.

Sturgeon Chub

The sturgeon chub prefers large turbid sandy rivers over substrate of small gravel and coarse sand. It is often found in areas swept by currents especially at the head of islands or exposed sandbars. Sturgeon chubs occur in the Yellowstone River.

Yellowstone River will be crossed using HDD method avoiding instream impacts; screening of water intake to prevent entrainment; ongoing consultation with agencies regarding spawning periods and construction schedules.

Sicklefin Chub

The sicklefin chub inhabits the shallows of warm large rivers that are continuously and heavily turbid, with strong currents over stable gravel and sand substrates (NatureServe 2009).

Yellowstone River would be crossed using HDD method avoid impacts; screening of water intake to prevent entrainment.

Paddlefish

Paddlefish occur in Yellowstone river in Montana. This fish inhabits slow moving water of large rivers or reservoirs, usually in water deeper than four feet (130 cm). Paddlefish require large volumes of slow flowing water in order to reproduce.
Construction through streams during spawning periods could result in disruption of spawning and loss of eggs and young. Additionally, construction methods that lead to increased siltation and turbidity could cause temporarily displacement, although construction conservation measures to reduce fine sediment would minimize this impact. Water withdrawals for use in the HDD crossing method or for hydrostatic test purposes could lead to entrainment of fish. Water withdrawal would be consistent with permit requirements and intake hoses would be screened to prevent entrainment of fish. Protections for aquatic life during water withdrawal for HDD and hydrostatic testing would be implemented for all proposed water sources. Construction timing considerations and BMPs for maintaining water quality and flow would minimize potential impacts.

Surveys for paddlefish are not planned in Montana because the major rivers crossed by the proposed Project in which paddlefish could occur would be crossed using the HDD method, which would avoid impacts to in river habitats.

Sauger

Sauger inhabit the larger turbid rivers and the muddy shallows of lakes and reservoirs. They spawn in gravelly or rocky areas in shallow water and seem to prefer turbid water.

Yellowstone River crossed using HDD method; screening of water intake to prevent entrainment; ongoing consultation with agencies regarding spawning periods and construction schedules.

Bald Eagle

Bald Eagle is primarily a species of riparian and lacustrine habitats, especially during the breeding season. Important year-round habitat includes wetlands, major water bodies, spring spawning streams, ungulate winter ranges and open water areas (Bureau of Land Management 1986). Wintering habitat may include upland sites. Nesting sites are generally located within larger forested areas near large lakes and rivers where nests are usually built in the tallest, oldest, large diameter trees. Nesting site selection is dependent upon maximum local food availability and minimum disturbance from human activity (Montana Bald Eagle Working Group 1994).
There could be loss or alteration of nest, roost or foraging sites; disturbance to breeding, roosting, foraging areas during construction, electrocution or collision mortality from project associated power lines.

Surveys for nest and communal roost sites were conducted within 1 mile prior to construction; nest location was assessed to determine if construction would cause nest abandonment, if so activities would be restricted within 0.5 mile of active bald eagle nests or active winter roost sites (Keystone XL FEIS).

They applicant would comply with Montana Bald Eagle Management Plan if applicable or defer to USFWS guidelines (MFWP) and restrict construction activities within 0.62 miles of all active territories from March 15 to July 15.

No Bald Eagle Nests are found near the Yellowstone Crossing in Montana. Keystone would inform electrical power providers, BEPC, and Western of the requirement to consult with USFWS under the BGEPA relative to impacts to bald eagles.

Pallid Sturgeon
Potential impacts to pallid sturgeon would be reduced as a result of using the HDD crossing method at the Yellowstone river. The HDD method avoids any direct disturbance to the river, channel bed, or banks. While the HDD method poses a small risk of frac-out (i.e., release of bentonite-based drilling fluids), drilling fluid spills are rare and are contained by best management practices that are described within the HDD Contingency Plans required for drilled crossings. Most leaks of HDD drilling fluids occur near the entry and exit locations for the drill and are quickly contained and cleaned up. Frac-outs that release drilling fluids in aquatic environments are difficult to contain primarily because bentonite readily disperses in flowing water and quickly settles in standing water. Bentonite is non-toxic, but in sufficient concentration may physically inhibit respiration of adult fish and eggs.

Larval life stages could be entrained through water withdrawals for both HDD and hydrostatic testing and would not likely survive. Newly emerged pallid sturgeon larvae drift with currents for many days and over large distances (Braaten 2008) before they achieve any volitional movements. At streams and rivers crossed by the HDD method, the water pump intake hose would be screened using an appropriate mesh size to prevent entrainment of larval fish, debris or other aquatic organisms. The withdrawal rates for the pumps would be controlled, also reducing the potential for entrainment or entrapment of aquatic species. All water pump intake screens would be periodically checked for entrainment of fish during water withdrawals and care would be taken to prevent erosion or scouring of the waterbody bed and banks during discharge.

The applicant has obtained a 310 permit from the Richland County Conservation District to develop the pump site. The 310 application was forwarded to the Montana Department of Fish, Wildlife & Parks and the US Army Corp of Engineers to determine if a 124 permit or 404 permit would also be required.

This is a onetime temporary permit and all diversion points are located adjacent to access roads. It is unlikely that any of the above listed wildlife would be impacted.

Wetlands - *Consult and assess whether the apparent wetland is a functional wetland (according to COE definitions), and whether the wetland resource would be impacted.*

Determination: No known wetlands exist in the project area.

Ponds - *For ponds, consult and assess whether existing wildlife, waterfowl, or fisheries resources would be impacted.*

Determination: Not applicable

GEOLOGY/SOIL QUALITY, STABILITY AND MOISTURE - *Assess whether there will be degradation of soil quality, alteration of soil stability, or moisture content. Assess whether the soils are heavy in salts that could cause saline seep.*

Determination:

From McCone County to Fallon County along the proposed pipeline route (east central Montana), soils are formed on eroded plateaus and terraces. These soils are shallow to very deep, well-drained, and clayey or loamy.

Pipeline construction activities, including clearing, grading, trench excavation, backfilling, equipment traffic, and restoration along the construction ROW, could adversely affect soil resources. In addition, the construction of pump stations, access roads, construction camps and the tank farm could also affect soil resources. Potential impacts could include temporary and short-term soil erosion, loss of topsoil, short-term to long-term soil compaction, permanent increases in the proportion of large rocks in the topsoil, soil mixing, and short-term to permanent soil contamination.

Following completion of waterbody crossings, waterbody banks would be restored to preconstruction contours, or at least to a stable slope. Stream banks would be seeded for stabilization, and mulched or covered with erosion control fabric in accordance with the CMR Plan and applicable state and federal permit conditions.

This project will have little or no long term effects to soil quality, stability or moisture.

VEGETATION COVER, QUANTITY AND QUALITY/NOXIOUS WEEDS - *Assess impacts to existing vegetative cover. Assess whether the proposed project would result in the establishment or spread of noxious weeds.*

Determination: Large power equipment is need to carry large materials to the diversion point and then remove once HST is completed therefore this project will cause minor disturbances to the area. Ground disturbance and vegetation removal will be kept to the minimum necessary to accomplish work. With the additional truck traffic, the project area may see a slight increase in the introduction of noxious weeds.

To reduce the potential for the transfer of aquatic invasive species resulting from hydrostatic testing, hydrostatic test waters would not be discharged to watersheds outside of the withdrawal basins (i.e., no inter-basin transfers) and hydrostatic test water would be returned to the same water source within the same general vicinity. Withdrawal pumps would be equipped with 500 mesh (0.001 in, 0.025 mm) screens capable of stopping macroinvertebrates.

The Applicant will be responsible for monitoring and controlling the establishment or spread of noxious weeds.

AIR QUALITY - *Assess whether there will be a deterioration of air quality or adverse effects on vegetation due to increased air pollutants.*

Determination: Air quality impacts from construction would include emissions from construction equipment, temporary fuel transfer systems, fuel storage tanks, and dust and smoke from open burning. Most of these emissions would occur only intermittently, would be limited to active construction areas, and would be controlled to the extent required by state and local agencies.
Since it is short term, this project will likely have little or no long term effects to air quality.

HISTORICAL AND ARCHEOLOGICAL SITES - *Assess whether there will be degradation of unique archeological or historical sites in the vicinity of the proposed project if it is on State or Federal Lands. If it is not on State or Federal Lands simply state NA-project not located on State or Federal Lands.*

Determination: Not applicable; this project is not located on State Trust or Federal lands.

DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AND ENERGY - *Assess any other impacts on environmental resources of land, water and energy not already addressed.*

Determination: No additional impacts on other environmental resources were identified.

HUMAN ENVIRONMENT

LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS - *Assess whether the proposed project is inconsistent with any locally adopted environmental plans and goals.*

Determination: There are no known local environmental plans or goals in this area.

ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES - *Assess whether the proposed project will impact access to or the quality of recreational and wilderness activities.*

Determination: The project is located in a rural area that has historically been used for agricultural purposes and will not have an impact on recreation or wilderness activities.

HUMAN HEALTH - *Assess whether the proposed project impacts on human health.*

Determination: This project will have no impact on human health.

PRIVATE PROPERTY - *Assess whether there are any government regulatory impacts on private property rights.*
Yes___ No_X__ If yes, analyze any alternatives considered that could reduce, minimize, or eliminate the regulation of private property rights.

Determination: There are no additional government regulatory impacts on private property rights associated with this application.

OTHER HUMAN ENVIRONMENTAL ISSUES - *For routine actions of limited environmental impact, the following may be addressed in a checklist fashion.*

Impacts on:

(a) *Cultural uniqueness and diversity?* No significant impact.

(b) *Local and state tax base and tax revenues?*
During construction, there would be temporary, positive socioeconomic impacts as a result of local employment, taxes on worker income

(c) *Existing land uses?* No significant impact.

(d) *Quantity and distribution of employment?*
During construction, there would be temporary, positive socioeconomic impacts as a result of local employment. Construction of the entire proposed Project, including the pipeline and pump stations, would result in hiring approximately 5,000 to 6,000 workers over the three year construction period. It is expected that roughly 10 to 15 percent of the construction work force would be hired from local labor markets (Keystone XL FEIS).

(e) *Distribution and density of population and housing?*

Some more rural areas within Montana do not have sufficient temporary housing in the vicinity of the proposed route to house all construction personnel working on spreads in those areas. In those areas, four temporary work camps would be constructed to meet the housing needs of the construction work force. The two Montana camps would be located near Nashua in Valley County and near Baker in Fallon County (Keystone XL FEIS).

(f) *Demands for government services?*
The influx of construction workers into local communities has the potential to generate additional demands on local public services (e.g., emergency response, medical, police, and fire protection services). Various types of emergency events that required medical response could occur during construction (e.g. worker accidents). Few non-local workers would likely be accompanied by family members because of the short construction period and transient nature of the work. Therefore, potential overall public service impacts associated with temporary increases in population would be short-term and minor in much of the proposed Project area (Keystone XL FEIS).

Keystone will work with local law enforcement, fire departments, and emergency service providers, including medical aid facilities, to establish appropriate and effective emergency response measures. This information would be included in

the emergency response plan (ERP) developed prior to the implementation of the proposed Project.

(g) *Industrial and commercial activity?*
During construction there would be intermittent, temporary, and localized increases in sound levels as construction activities move through an area. To reduce construction noise impacts, Keystone agreed to limit the hours during which activities with high-decibel noise levels are conducted in residential areas, require noise mitigation procedures, monitor sound levels, and develop site specific mitigation plans to comply with regulations. As a result, the potential noise impacts associated with construction would be minor and temporary (Keystone XL FEIS).

(h) *Utilities?* No significant impact.

(i) *Transportation?* No significant impact.

(j) *Safety?* No significant impact.

(k) *Other appropriate social and economic circumstances?*
During construction, there would be temporary, positive socioeconomic impacts as a result of local employment, taxes on worker income, spending by construction workers, and spending on construction goods and services.

2. ***Secondary and cumulative impacts on the physical environment and human population:***

Secondary Impacts This assessment does not indicate possible secondary impacts on the physical environment and/or the local human population.

Cumulative Impacts This assessment does not indicate possible cumulative impacts on the physical environment and/or the local human population.

3. ***Describe any mitigation/stipulation measures:*** N/A

4. ***Description and analysis of reasonable alternatives to the proposed action, including the no action alternative, if an alternative is reasonably available and prudent to consider:*** An alternative analysis of the project identified a no action alternative to the construction of the pipeline. This alternative would not have any direct impacts that are typically associated with construction and operation of the pipeline. The no-action alternative would not allow the Applicant to meet the purpose of and need for the project.

5.

PART III. Conclusion

1. ***Preferred Alternative***

2 *Comments and Responses*

3. *Finding:*

*Yes___ No_**X**_ Based on the significance criteria evaluated in this EA, is an EIS required?*

If an EIS is not required, explain why the EA is the appropriate level of analysis for this proposed action:

No significant impacts were identified in this environmental assessment for the proposed project. Furthermore an EIS has already been completed by TransCanada.

Name of person(s) responsible for preparation of EA:

Name: Heather Harris
Title: Water Resource Specialist
Date: 07/29/2013