



June 15, 2017

**Decision of No Substantial New Information
2017 Beaufort Sea, North Slope, and North Slope Foothills Areawide Lease Sales**

Introduction

Under AS 38.05.035(e), the Alaska Department of Natural Resources (DNR), Division of Oil and Gas (Division) may hold an oil and gas areawide lease sale after a written finding by the Division director that the interests of the state will be best served. A written best interest finding for areawide lease sales expires ten years after issuance. Under AS 38.05.035(e)(6)(F), a most recent areawide final best interest finding is subject to annual public Calls for New Information (CFNI) to facilitate that years' lease sale and, if the director determined that substantial new information had become available, the final best interest finding would be supplemented with new information. The following tables show the decision history for the Beaufort Sea (BS), North Slope (NS), and North Slope Foothills (NSFH) areawide final best interest findings:

Beaufort Sea Areawide Oil and Gas Lease Sale Decision Documents	
<i>Date</i>	<i>Decision Document</i>
November 9, 2009	Final Finding of the Director
July 8, 2010	Decision of Substantial New Information and Supplement to the 2009 Beaufort Sea Areawide Final Finding of the Director
July 14, 2011	Decision of Substantial New Information and Supplement to the 2009 Beaufort Sea Areawide Final Finding of the Director
July 13, 2012	Decision of No Substantial New Information
July 1, 2013	Decision of No Substantial New Information
June 26, 2014	Decision of No Substantial New Information
June 12, 2015	Decision of No Substantial New Information
June 24, 2016	Decision of No Substantial New Information

North Slope Areawide Oil and Gas Lease Sale Decision Documents	
<i>Date</i>	<i>Decision Document</i>
July 15, 2008	Final Finding of the Director
June 26, 2009	Decision of No Substantial New Information
July 8, 2010	Decision of Substantial New Information and Supplement to the 2008 North Slope Areawide Final Finding of the Director
July 14, 2011	Decision of Substantial New Information and Supplement to the 2008 North Slope Areawide Final Finding of the Director
July 13, 2012	Decision of No Substantial New Information
July 1, 2013	Decision of No Substantial New Information
June 26, 2014	Decision of No Substantial New Information
June 12, 2015	Decision of No Substantial New Information
June 24, 2016	Decision of No Substantial New Information

North Slope Foothills Areawide Oil and Gas Lease Sale Decision Documents	
<i>Date</i>	<i>Decision Document</i>
May 26, 2011	Final Finding of the Director
July 13, 2012	Decision of No Substantial New Information
July 1, 2013	Decision of No Substantial New Information
June 26, 2014	Decision of No Substantial New Information
June 12, 2015	Decision of No Substantial New Information
June 24, 2016	Decision of No Substantial New Information

On April 4, 2017, Division issued a CFNI regarding the 2017 North Slope, North Slope Foothills, and Beaufort Sea Areawide best interest findings. The CFNI requested interested parties to submit to the Division substantial new information that has become available over the past year to supplement the most recent final findings for the areas. The submission period ended on May 12, 2017.

As stated in the CFNI, the Division generally considers substantial new information to include published research, studies, or data directly relevant to the matters listed in AS 38.05.035(g) and to the lands covered in the final findings that have become publicly available over the past year. Matters listed in AS 38.05.035(g) include:

- property descriptions and locations;
- petroleum potential of the sale area, in general terms;
- fish and wildlife species and their habitats in the area;
- current and projected uses in the area, including uses and value of fish and wildlife;
- governmental powers to regulate the exploration, development, production, and transportation of oil and gas or of gas only;
- reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on the sale area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources;
- lease stipulations and mitigation measures, including any measures to prevent and mitigate releases of oil and hazardous substances, to be included in the leases, and the protections offered by these measures;
- method or methods most likely to be used to transport oil or gas from the lease sale area, and the advantages, disadvantages, and relative risks of each;
- reasonably foreseeable fiscal effects of the lease sale and the subsequent activity on the state and affected municipalities and communities, including the explicit and implicit subsidies associated with the lease sale, if any;
- reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to the lease sale area;
- the bidding method or methods adopted by the commissioner under AS 38.05.180.

In response to the CFNI, the Division received three timely comments regarding the Beaufort Sea, North Slope, and North Slope Foothills Areawide Best Interest Findings that referred to and included supporting documentation. The director has reviewed and considered the timely public comments, including the supporting documentation.

Decision

The director finds that no substantial new information was received in response to the CFNI that justifies a supplement to the Beaufort Sea, North Slope, or North Slope Foothills final best interest findings.

Responses to Timely Public Comments

The timely comments, including the director's responses, are summarized below.

Daniel K. Donkel

Comment 1: Lease Terms and Conditions

Comment Summary: Mr. Donkel provided comments stating that current oil and gas lease sale terms and conditions are unreasonable. He stated that the increased costs and reduced term have resulted in reduced oil and gas activity by pricing competitors out of the oil and gas leasing process. Mr. Donkel requested that the Division offer all tracts with different terms which should be permanent, such as \$10.00 per acre minimum bonus bid, \$1.00 per acre annual rent, 10-year term, and 12.5% royalty. Mr. Donkel also stated that the lease tracts should be a minimum of 2,560 acres.

In support of these comments Mr. Donkel provided copies of the Fraser Institute's 2016 Global Petroleum Survey, a copy of a Division of Oil and Gas presentation entitled, "Alaska's 10-year Oil Production Outlook and Potential Future Developments Report," and BLM's Notice of Competitive Oil and Gas Lease Sale for January 25, 2017, for New Mexico, Oklahoma, Texas, and Kansas.

Director's Response: Mr. Donkel's comments relate to the state's processes for lease sales after disposal. The lease sale terms and conditions are outside the scope of the Best Interest Findings and this Call for New Information. Mr. Donkel's suggestions have been forwarded to the DNR commissioner and the Division director for consideration when setting terms and conditions for lease sales in accordance with AS 38.05.180(f).

Jack Winters, Alaska Department of Fish and Game (ADF&G)

Comment 1: Habitat, Fish and Wildlife

Comment Summary: ADF&G stated that since 2009, the Central Arctic caribou herd declined from approximately 70,000 caribou in 2010 to a July 2016 population estimate of 22,630 caribou. In support of this comment ADF&G provided a copy of the Winter 2016-2017 Central Arctic Caribou Herd News publication.

Director's Response: The new information on the Central Arctic Caribou Herd population will be considered for incorporation into the North Slope Areawide Preliminary Best Interest Finding that is currently being drafted. Although this new information is pertinent to the North Slope Foothills and Beaufort Sea Areawide Best Interest Findings, it does not rise to the level of substantial new information that would justify supplementing the existing Final Best Interest Findings. However, this information will be retained and reviewed when the Division begins drafting new best interest findings for the Beaufort Sea and North Slope Foothills.

Comment 2: Habitat, Fish and Wildlife

Comment Summary: ADF&G stated that since 2009, Game Management Unit 26B, which spans from the Canning River to the Coleville River on the North Slope, moose populations have declined from an estimated 564 moose in 2009 to 138 in April 2016.

Director's Response: The new information on the North Slope moose population will be considered for incorporation into the North Slope Areawide Preliminary Best Interest Finding that is currently being drafted. Although this new information is pertinent to the North Slope Foothills and Beaufort Sea Areawide Best Interest Findings, it does not rise to the level of substantial new information that would justify supplementing the existing Final Best Interest Findings. However, this information will be retained and reviewed when the Division begins drafting new best interest findings for the Beaufort Sea and North Slope Foothills.

Sarah Conn, United States Fish and Wildlife Service (USFWS)

Comment 1: Habitat, Fish and Wildlife

Comment Summary: USFWS submitted new information regarding waterfowl in marine and terrestrial habitats in the lease sale areas and stated that they may be impacted by nearshore and coastal oil and gas activities. Attached to the comment USFWS provided updates in waterfowl population status in Northern Alaska and a link to their migratory bird management reports website.

Director's Response: The new information on the North Slope waterfowl population status will be considered for incorporation into Chapter Four, Habitat, Fish, and Wildlife of the North Slope Areawide Preliminary Best Interest Finding that is currently being drafted. Although this new information is pertinent to the North Slope Foothills and Beaufort Sea Areawide Best Interest Findings, it does not rise to the level of substantial new information that would justify supplementing the existing Final Best Interest Findings. However, this information will be retained and reviewed when the Division begins drafting new best interest findings for the Beaufort Sea and North Slope Foothills.

Comment 2: Habitat, Fish and Wildlife

Comment Summary: USFWS submitted new information regarding polar bears in the habitats of the lease sale areas and stated that they may be impacted by nearshore and coastal oil and gas activities. USFWS included mention of the February 2017 5-year status report for polar bears, the December 2016 polar bear conservation management plan, and a polar bear annual report and provided links to these documents. Additionally, USFWS described and provided a link to the August 2016 federal register notice implementing incidental take regulations for the non-lethal, incidental take of small number of polar bears and Pacific walrus associated with oil and gas activities in the Beaufort Sea area.

Director's Response: The new information on the North Slope polar bear population status will be considered for incorporation into Chapter Four, Habitat, Fish, and Wildlife of the North Slope Areawide Preliminary Best Interest Finding that is currently being drafted. Although this new information is pertinent to the North Slope Foothills and Beaufort Sea Areawide Best Interest Findings, it does not rise to the level of substantial new information that would justify supplementing the existing Final Best Interest Findings. However, this information will be

retained and reviewed when the Division begins drafting new best interest findings for the Beaufort Sea and North Slope Foothills.

Conclusion

The director has considered the comments submitted in response to the CFNI for the 2017 Beaufort Sea, North Slope, and North Slope Foothills Areawide lease sales, and finds that the comments do not provide substantial new information that justifies a supplement to the North Slope Areawide Final Best Interest Finding, North Slope Foothills Areawide Final Best Interest Finding, or Beaufort Sea Areawide Final Best Interest Finding. However, information received will be reviewed and updated when the Division begins drafting new best interest findings for the North Slope, North Slope Foothills, and Beaufort Sea Areawide lease sale areas.

An eligible person affected by this decision may appeal it in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov.

This decision takes effect immediately. If no appeal is filed by the appeal deadline this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.



Chantal Walsh
Director, Division of Oil and Gas

June 15, 2017
Date

cc: Daniel Donkel
Jack Winters (ADF&G)
Sarah Conn (USFWS)