

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

FRANK H. MURKOWSKI, GOVERNOR

550 WEST 7TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8800
FAX: (907) 269-8938

July 25, 2005

NOTICE OF COMPETITIVE OIL AND GAS LEASE SALE AND ISSUANCE OF FINAL BEST INTEREST FINDING AND ALASKA COASTAL MANAGEMENT PROGRAM DETERMINATION FOR ALASKA PENINSULA AREAWIDE 2005

The Alaska Department of Natural Resources (ADNR), Division of Oil and Gas (DO&G), will offer lands for competitive oil and gas leasing in Alaska Peninsula Areawide 2005 (AP 2005) oil and gas lease sale on October 26, 2005. Bid opening begins at 8:30 a.m. in the Wilda Marston Theater, in the Loussac Public Library, 3600 Denali St., in Anchorage.

In order to focus industry attention on AP 2005, and to spread the work load of participants and staff more evenly over the annual schedule, **the North Slope and Beaufort Sea Areawide lease sales, originally scheduled for this October, are rescheduled to February, 2006.** The Department of Natural Resources has worked hard to evaluate and organize AP 2005, and this sale deserves our full attention this October.

The Alaska Peninsula Areawide sale area is divided into 1,047 tracts ranging in size from 1,280 to 5,760 acres. The sale area encompasses onshore and offshore acreage that stretches from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to just north of Cold Bay.

Alaska Peninsula Areawide

Bidding Method: Cash bonus bidding with a minimum bid of \$5 per acre on all tracts.
Royalty Rate: Leases on all tracts will have a fixed royalty rate of 12.5%.
Length of Lease: All leases will have a term of 10 years.

Rental

Annual rental on all state leases is \$1.00 per acre for the first year, \$1.50 per acre for the second year, \$2.00 per acre for the third year, \$2.50 per acre for the fourth year, and \$3.00 per acre for the fifth and following years.

Sale & Bidding Information

Complete details regarding this lease sale, including the sale announcement, regional tract map, instructions to bidders, and Final Best Interest Finding are available on the division's website: www.dog.dnr.state.ak.us. If you are unable to access this information, contact Anna Motschenbacher, (907) 269-8814, email at am@dnr.state.ak.us. The Final Best Interest Finding, regional tract map, and sale related documents for AP 2005 are also available in the following libraries: Bristol Bay Middle/High School, King Cove School, Cold Bay School, Sand Point School, False Pass School, Nelson Lagoon School, Akutan School and Z. J. Loussac Library. These documents will also be available in the following government offices: Bristol Bay Borough, Lake and Peninsula Borough, Aleutians East Borough and Division of Oil and Gas. Printed copies of the regional tract maps will also be available, for \$25 per set, at the division's office.

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

Best Interest Finding and ACMP Consistency Determination

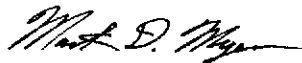
In support of this lease sale, the Director of DO&G has prepared a written final finding and decision under AS 38.05.035(e) and (g), which sets forth the facts, policies, and applicable laws upon which he has based his determination that this sale will best serve the interests of the state. In addition, a final coastal zone consistency determination has been made that this sale is consistent with the Alaska Coastal Management Program (ACMP), Aleutians East Borough Coastal Management Plan, Bristol Bay Coastal Resource Service Area Coastal Management Plan, Bristol Bay Borough Coastal Management Plan, and Lake and Peninsula Borough Coastal Management Plan under AS 46.40.

Appeal Procedures

A person affected by this decision who provided timely written comment or public hearing testimony on this Best Interest Finding may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received by August 15, 2005 and may be mailed or delivered to Tom Irwin, 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@dnr.state.ak.us. If reconsideration is not requested by that date or if the commissioner does not order reconsideration on his own motion, this decision goes into effect as a final order and decision on August 24, 2005. Failure of the commissioner to act on a request for reconsideration by August 24, 2005 is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. An eligible person must first request reconsideration of 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.

Americans with Disabilities Act Compliance

The State of Alaska, DNR, DO&G complies with Title II of the Americans with Disabilities Act 1990. This Publication will be made available in alternative communication formats upon request. Please contact Anna Motschenbacher, (907) 269-8814, to make any necessary arrangements.



Mark D. Myers
Director

