



June 12, 2015

**Decision of No Substantial New Information  
2015 Beaufort Sea, North Slope, and North Slope Foothills  
Areawide Oil and Gas Lease Sales**

**Introduction**

Under 38.05.035(e), a written finding that an oil and gas lease sale will best serve the interests of the state is required before the Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G) may hold an oil and gas lease sale. The final written finding for the 2009-2018 Beaufort Sea Areawide oil and gas lease sales (Beaufort Sea Final Finding) was issued on November 9, 2009. The final written finding for the 2008-2017 North Slope Areawide oil and gas lease sales (North Slope Final Finding) was issued on July 15, 2008, and the final written finding for the 2011-2020 North Slope Foothills Areawide oil and gas lease sales (North Slope Foothills Final Finding) was issued on May 26, 2011.

Beaufort Sea, North Slope and North Slope Foothills Areawide oil and gas lease sales have been held annually under these final findings since 2009, 2008, and 2011, respectively. Under AS 38.05.035(e)(6)(F), the most recent written final finding would be supplemented if the director determined that substantial new information had become available to justify a supplement. To gather this information, public calls for new information have been issued each year since the final findings were issued. Supplements to the Beaufort Sea and North Slope Final Findings were issued on July 8, 2010, and July 14, 2011; decisions of no substantial new information were issued in the other cases.

On March 20, 2015, DO&G issued a Call for New Information regarding the 2015 Beaufort Sea, North Slope, and North Slope Foothills Areawide oil and gas lease sales. The call requested interested parties to submit to DO&G substantial new information to supplement the most recent final findings for the areas. The submission period ended on April 20, 2015.

As stated in the Call for New Information, DO&G generally considers "substantial new" information to be 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 and production, and transportation of oil and gas or of gas only;
- reasonably foreseeable cumulative effects of exploration, development and 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 and production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to the lease sale area; and
- bidding method or methods adopted by the commissioner under AS 38.05.180.

In response to the Call for New Information, DO&G received timely comments from the Alaska Regional Office of the National Park Service. DO&G has reviewed and considered those comments.

### **Decision**

The DO&G Director finds that no substantial new information was received in response to the Call for New Information, dated March 20, 2015, to justify a supplement to the Beaufort Sea Final Finding, North Slope Final Finding, or the North Slope Foothills Final Finding.

### **Responses to Timely Public Comments**

Each timely comment is summarized below, along with the DO&G Director's response to each.

#### **1. Alaska Regional Office, National Park Service (NPS) submitted by Debora Cooper, Associate Regional Director for Resources**

- a. ***Comment Summary:*** NPS provided comments related to the North Slope Foothills lease sale area's shared boundary with the Gates of the Arctic National Park and Preserve. The comments were regarding the effects that oil and gas activities may have on park resources. NPS stated that oil and gas operations are incompatible with the purposes for which the park and preserves were established. NPS is opposed to any portions of the proposed sale area that are located adjacent to nationally significant areas. NPS stated that the effects of park and preserve resources and values from oil and gas activities on adjacent state lands should be evaluated and factored into the decision to lease these lands.

NPS suggested that the least environmentally damaging technology should be used in areas that are visible from the park or preserve. NPS requested the opportunity to review lease sale information when it is available specifically for lands leased near the boundaries of the park and preserve.

Additionally the comments expressed concern over the Bureau of Land Management's responsibility for the protection of federally-owned minerals. NPS suggested development of lease sale stipulations to address the environmental conditions and resource values of the area.

***Director's Response:*** Mitigation measures in the final finding along with state and federal requirements are sufficient to protect park resources, as discussed below. Therefore, DO&G will not supplement the North Slope Foothills final finding with new lease sale stipulations as suggested by NPS. Regarding concerns about drainage of minerals, the Alaska Oil and Gas Conservation Commission statutes were established to, among other things, protect correlative rights. Additionally, the state of Alaska has a long standing working relationship with the Bureau of Land Management regarding the protection of federally owned minerals.

The final decision to lease state land in the North Slope Foothills Areawide sale was made at the time of the Final Finding of the Director published on May 26, 2011. Agency information was requested, as was information from the public to define areas of special concern that required mitigation. No comments were made or areas identified at that time and no specific substantial new information is offered in the NPS comment.

Lease sale results information is available on the DO&G website and the direct link to the lease sale results is <http://dog.dnr.alaska.gov/Leasing/SaleResults.htm>.

Chapter Four of the North Slope Foothills Areawide Oil and Gas Lease Sales Final Finding of the Director, entitled Habitat, Fish, and Wildlife, includes discussion of the federally managed refuges, critical habitat areas, parks, and preserves as well as other designated areas. Chapter Four also states that specific legislation provides additional protection of habitat that is important to fish and wildlife populations and recreational opportunities.

Chapter Seven of the North Slope Foothills Areawide finding, entitled Governmental Powers, discusses how lessees are responsible for familiarity and compliance with all applicable state, federal, and local laws, regulations, policies, and ordinances.

In addition to existing laws and regulations applicable to oil and gas activities, paragraph 26 of the state's standard oil and gas lease contract requires that leases are subject to all applicable state and federal statutes and regulations in effect on the effective date of the lease. Leases are subject to all future laws and regulations in effect after the effective date of the leases to the full extent constitutionally permissible and are affected by any changes to the responsibilities of oversight agencies.

Chapter Eight of the North Slope Foothills Areawide finding, entitled Reasonably Foreseeable Effects of Leasing and Subsequent Activity, discusses how oil and gas activities may affect habitats, fish and wildlife populations, and their uses of the lease sale area.

Chapter Nine of the North Slope Foothills Areawide finding, entitled Mitigation Measures and Other Regulatory Requirements (Lessee Advisories), addresses additional concerns of the NPS regarding system integrity, the siting of facilities, seasonal restrictions on oil and gas activities, fuel and hazardous substance transfer and storage, and drilling waste.

## Conclusion

The director has considered the comments submitted in response to the Call for New Information for the 2015 Beaufort Sea, North Slope, and North Slope Foothills Areawide oil and gas lease sales. The comments received do not provide substantial new information to justify supplements to the Beaufort Sea, North Slope, or North Slope Foothills final findings.

An eligible person affected by this decision may appeal, in accordance with 11 AAC 02. Any request for reconsideration 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 Commissioner, Department of Natural Resources, 550 W. 7<sup>th</sup> Avenue, Suite 1400, Anchorage, Alaska 99501, or sent by electronic mail to [dnr.appeals@alaska.gov](mailto:dnr.appeals@alaska.gov).

An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. If the commissioner does not act on a request for reconsideration within 30 days after issuance of this decision, the request for reconsideration is considered denied and this decision becomes a final administrative order and decision on the 31<sup>st</sup> day after issuance for the purposes of an appeal to Superior Court. A copy of 11 AAC 02 is available from any regional information office of the Department of Natural Resources.

  
Corri A. Feige  
Director, Division of Oil and Gas

  
Date:

cc: Debora Cooper  
Associate Regional Director for Resources  
Alaska Regional Office  
National Park Service