

Application for Assignment of Working Interest or Initial Separation of Overriding Royalty Interest in State of Alaska Oil and Gas, Gas Only, or Geothermal Leases



Division of Oil & Gas
Alaska Department of Natural Resources
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General Information and Instructions

The Department of Natural Resources (DNR) evaluates assignments and transfers of interest to ensure they will not adversely affect the State's interests; no assignment or transfer is binding upon the State unless approved by the commissioner (11 AAC 82.605). During this process, DNR evaluates liability for dismantlement, removal, and restoration (DR&R). Any party holding an interest in the assigned leases may be required to enter into a financial assurances agreement in the future to ensure dismantlement, removal, and restoration obligations can be met.

DNR endeavors to assist applicants in meeting their timing goals associated with their transaction. Statutory, regulatory, logistical, and workload realities may constrain the agency, including, for example, unit operator transfer timing requirements, time required to evaluate the financial and risk aspects of the transfer and to determine any financial assurances that may be required, and effective date options for assignments (11 AAC 82.605 and lease provisions).

- ✓ Use this packet to transfer working interest or create an initial separation of overriding royalty interest in any state oil and gas, gas only, or geothermal lease.
- ✓ Use this packet to transfer leases and assets to a subsidiary or LLC; and/or when control of the assets or leases is being transferred to a different entity such as through a change of LLC membership, merger, acquisition, stock or other ownership interest sale (11 AAC 82.605).
- ✓ This packet initiates the transfer process with DNR, coordinated through the Division of Oil & Gas (DO&G). If the State is lessor together with a private lessor, such as Arctic Slope Regional Corporation, the applicant must contact the private lessor directly for its transfer application and instructions.
- ✓ Please read all instructions carefully. Errors or omissions in the application may result in delays.
- ✓ Contact DO&G at the numbers above if you have questions. **DO&G staff are available for a pre-application meeting.**

Document Submission Information (*submit the following to DNR as soon as possible*)

- All sections of this packet.
 - Completed Lease Assignment Form (pages 6-8) for each ADL being transferred (11 AAC 82.605-615). See page 5 for detailed instructions.
 - The filing fee of \$150 per Lease Assignment Form must accompany the packet. Fees may be paid by including a check or money order made payable to the Department of Natural Resources.
- Submit the following as applicable. DNR reserves the right to request additional information as necessary to fully analyze and evaluate the transfer and risks to the State. DO&G may request additional documents or information.***
- Financial standing documentation. To protect the State's interests, applicants may be required to execute additional bonding and/or establish a financial assurances agreement with DNR.
 - Corporate structure chart for intercompany assignments, audited financial statements for both the assignor (if the assignor is cosigning on a DR&R agreement) and assignee for the last three years (annual report, balance sheet, income statement, cash flow statement).
 - Request to transfer plans of operation.
 - Unit operator resignation and unit operator successor.
 - Easement assignment applications, and letters and applications to transfer authorizations issued by other DNR agencies. DO&G will assist with and coordinate these transfers.
 - Purchase and sale agreement; may be held confidential under AS 38.05.035(a)(8) if applicable and requested by the applicant.
 - Estimates of abandonment costs generated by the lessee or a third party, and updated production forecasts (including estimates of when abandonment may occur), if there are any improvements on the surface or subsurface.
 - Reserves report if determined that additional bonding or financial assurances are required.

SECTION 1. Transaction Information

State of Alaska Working Interest Assignment



Today's Date:	Date Sale Was Publically Announced:	Anticipated Closing Date:
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Assignor/Seller Name:	Assignee/Buyer Name:
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1. Information about the transaction. Fully describe the nature of the transaction. If the transaction will be effected through a series of actions such as stock sale, sale of membership, and name change, list and describe each action. Attach any maps, as-builts, exhibits or other information to assist DNR in understanding the location and extent of the leases and assets being transferred. Attach additional sheets as necessary to fully explain the transaction.

2. List primary contacts for this transfer.

Primary Contact for Assignor/Seller:	
Name:	Phone:
Title:	Email:
Company:	
Primary Contact for Assignee/Buyer:	
Name:	Phone:
Title:	Email:
Company:	



SECTION 3. Assignment Form

State of Alaska Working Interest Assignment or
Initial Separation of Overriding Royalty Interest



ASSIGNMENT OF INTEREST IN OIL AND GAS LEASES, GAS ONLY LEASES, AND GEOTHERMAL LEASES DNR FORM DO&G 25-84 (revised 7/17)

General Information and Instructions

- The assignment requirements are found at 11 AAC 82.605 – 11 AAC 82.615.
- This form must be used for transferring a working interest; or to create an initial separation of overriding royalty interest from a working interest.
- Use Form 25-84A to transfer an existing overriding royalty interest.
- Only information requested on the Lease Assignment Form may be included on it. If extraneous information is included on the Assignment Form, it will be deemed in error and will be returned to the applicant for correction.
- If the application is approved, the effective date of the transfer is the first day of the month following the date on which the assignment application is filed and the filing fee paid. Upon prior written request, the effective date of the transfer may be the first day of the month in which the assignment application is filed.
- Ownership percentage must be expressed in decimals with five or fewer digits to the right of the decimal, unless previously approved by the state.
- The assignor/seller and assignee/buyer must be qualified before the application can be approved. Individuals qualified to hold an oil and gas, gas only, or geothermal lease are not assigned qualification numbers. Please see the Entity and Individual Qualification forms on DO&G's webpage for questions regarding qualifications. Qualification requirements can be found under 11 AAC 82.200 – 11 AAC 82.205.
- The addresses for the assignor and assignee should be the addresses on file with DO&G. Qualifications reports to verify and/or obtain the address currently on file may be obtained from DO&G's website. If the addresses on file are no longer current, please complete the appropriate Qualification form with the assignment application. ***Notice of approval or denial of assignment will be returned to these addresses.***
- Each form must:
 - Have only one assignor/seller.
 - Have only one assignee/buyer.
 - Have only one lease. If different ownership percentages are being transferred in different segments of one ADL, a separate form must be used for each segment.
 - Be filed in triplicate. One copy will be returned to the assignor, one will be returned to the assignee, and one will be retained by the state.
 - Be accompanied by a \$150 filing fee for the transfer of working interest or the initial separation of overriding royalty interest. Fees may be paid by including a check or money order made payable to the Department of Natural Resources.
 - Be filed within 90 days of the final signing of the transfer by the assignor/seller; however, an assignment not filed within 90 days may be approved, at the discretion of the commissioner, where no intervening interest is filed.
 - ***Not*** include any added stipulations or extraneous information.
- If the notification lessee has changed, please designate a notification lessee in the space provided. The notification lessee is an agent authorized to receive notices on behalf of all lessees from the State of Alaska in connection with a lease. ***Please leave this field blank if the assignor or assignee for the assignment is not the current notification lessee.***
- The signature page must contain original signatures of both the assignor/seller and assignee/buyer witnessed by a notary public, the date, printed or typed name and title of the signatories, and if applicable, the company names and qualification file numbers. Individuals qualified to hold an oil and gas, gas only, or geothermal lease are not assigned qualification numbers.

**APPLICATION FOR ASSIGNMENT OF INTEREST IN OIL AND GAS,
GAS ONLY OR GEOTHERMAL LEASE
STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

1. Lease ADL #: _____ Segment: _____
2. Assignor/Seller: _____
3. Assignor's Address: _____

4. Assignee/Buyer: _____
5. Assignee's Addresses: _____

	<u>Working Interest</u>	<u>Existing Overriding Royalty Interest</u>	<u>Initial Separation of Overriding Royalty</u>
6. Assignor's Current Ownership			
7. Amount to be Assigned			
8. Assignor is Retaining			

Ownership percentage must be expressed in decimals with five or fewer digits to the right of the decimal unless previously approved.

9. LANDS AFFECTED by this assignment of interest (attach Exhibit A if necessary)

T _____, R _____, _____ Meridian

Containing _____ acres, more or less

10. The Notification Lessee for the purpose of receiving any and all notices from the State of Alaska in connection with the lease will be:

Name: _____ **Attn:** _____

Address: _____

City, State, Zip: _____ **Phone No.:** _____

We, the undersigned, affirm (1) that the information provided on this application is true and correct and that it is filed pursuant to 11 AAC 82.605 and 11 AAC 82.615, and (2) that both parties to this agreement are qualified to transfer or hold an interest in oil and gas leases pursuant to 11 AAC 82.200 and 11 AAC 82.205. If the assignor were to surrender this lease or this lease were to terminate, the assignor would be required to deliver up the land in good order and condition to the satisfaction of the commissioner, which may include the requirements that the assignor plug and abandon all existing wells, remove all existing surface facilities, and fill and grade all existing pits in compliance with this lease and applicable regulations (Obligations). After the effective date of this assignment, the assignee is responsible for performing the Obligations. The assignee is primarily responsible for performing the Obligations and any other work necessary to deliver up the land in good order and condition. But if the assignee fails to perform the Obligations, the assignor is the assignee's surety and is secondarily responsible for performing the Obligations.

ASSIGNOR/SELLER SIGNATURE

Authorized Signature

Date

Name & Title (Print or Type)

Corporation/Company Name

UNITED STATES OF AMERICA

DO&G Qualification File # _____

STATE OF _____

THIS CERTIFIES that on the _____ day of _____, 20_____, before me appeared _____, known to me to be the person(s) named as assignor(s) or the assignor's authorized representative who executed this assignment and acknowledged voluntarily signing it.

Notary Public

My Commission Expires

ASSIGNEE/BUYER SIGNATURE

Authorized Signature

Date

Name & Title (Print or Type)

Corporation/Company Name

UNITED STATES OF AMERICA

DO&G Qualification File # _____

STATE OF _____

THIS CERTIFIES that on the _____ day of _____, 20_____, before me appeared _____, known to me to be the person(s) named as assignee(s) or the assignee's authorized representative who executed this assignment and acknowledged voluntarily signing it.

Notary Public

My Commission Expires

DO&G SIGNATURE

Division of Oil & Gas Decision	Working Interest	Initial Separation of Overriding Royalty
Approved		
Denied		

Chantal Walsh, Director
Division of Oil & Gas, State of Alaska

Effective Date

Exhibit A
(Legal Description Only)
ADL _____