

MEMORANDUM OF UNDERSTANDING

Between

ALASKA DEPARTMENT OF NATURAL RESOURCES

And

ALEUTIANS EAST BOROUGH, BRISTOL BAY BOROUGH, AND LAKE AND
PENINSULA BOROUGH

To

SUPPORT OIL AND GAS LEASE SALES AND LICENSING OF STATE LAND IN THE
BRISTOL BAY and ALASKA PENINSULA REGION and COMPLETION OF MUNICIPAL
ENTITLEMENTS

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into by and between the Alaska Department of Natural Resources (DNR) and the Aleutians East Borough, Bristol Bay Borough, and Lake and Peninsula Borough, collectively referred to as "the Parties." The purpose of this MOU is to contribute to the achievement of common goals and objectives of the Parties and to establish an effective communication framework between the Parties.

Background:

- A. The DNR is tasked with managing the State of Alaska's land in southwest Alaska and the natural resources contained therein, including oil, gas, and minerals.
- B. Each borough has remaining municipal entitlement selections that must be processed by DNR and certain lands conveyed to each borough.
- C. Like the North Slope and Cook Inlet regions of Alaska, the basin within the Bristol Bay and Alaska Peninsula region has been identified as having good potential for commercial quantities of oil and gas deposits.
- D. The residents of the Bristol Bay and Alaska Peninsula are heavily dependent upon the fish and wildlife resources found in the region.
- E. While the boroughs are in support of resource development, all development related activities must include a process of due diligence in order to minimize potential negative impacts to fish and wildlife resources.
- F. The boroughs are in strong support of the State's recent efforts to advance oil and gas exploration in the Bristol Bay and Alaska Peninsula region.
- G. Exploration of oil and gas resources is a vital component to stimulating the local economy and providing new sources for jobs and economic opportunities in the region.
- H. The discovery of commercial quantities of oil and gas would provide an opportunity for low cost energy in the region, further stimulating the local and regional economies.
- I. Within the Bristol Bay and Alaska Peninsula Region the Southwest Vocational Education Training Center has been established to serve the training needs of the region.
- J. Any discoveries of commercial quantities of oil and gas in the Bristol Bay region will benefit both residents of southwest Alaska and the State of Alaska.
- K. Residents of the boroughs have requested that the State facilitate on-shore oil and gas exploration in the region by holding annual areawide lease sales, beginning as soon as possible.

- L. Like other mineral deposits, oil and gas resources know no political boundaries, therefore it is often logical and desirable for adjacent landowners to have similar land management objectives and leasing and support programs.

Agreements:

The Parties agree to the following provisions:

- The Parties will work cooperatively to facilitate onshore oil and gas development, including supporting harbor and transportation facilities through their various programs.
- The Parties will cooperate to ensure all development projects in the Bristol Bay and Alaska Peninsula region will be pursued in an environmentally responsible manner and will minimize impacts to fishery and wildlife resources.
- The Parties will use the existing decision making process, including the best interest finding process and Alaska Coastal Management Program, to maximize their cooperation and coordination.
- The Parties will help facilitate the design and construction of a transportation network that will make oil, gas, and other mineral prospects more accessible and inter-connect communities in the region.
- DNR will process each borough's remaining entitlement to the extent possible following the anticipated completion of the Bristol Bay Area Plan amendments during the summer of 2004. The boroughs recognize DNR's workload and will assist by establishing a single priority list.
- The Parties will communicate their development goals to other interested entities in southwest Alaska, such as tribal organizations, village corporations, and city governments. Additionally, DNR and the boroughs will work cooperatively to establish an email, fax and mail information distribution list which includes tribal organizations, village corporations, and city governments.
- The Parties will not act contrary to applicable laws, regulations, policies, and procedures.
- To the extent allowable by statutes and regulations, the Parties will share information that will assist in accomplishing the objectives of this agreement.
- Where reasonable, the Parties will issue joint press releases on matters related to this MOU and will coordinate responses to media questions.
- Notices regarding actions under this MOU will be sent to (for each party):

DNR Commissioner
State of Alaska
550 W. 7th Ave., Suite 1450
Anchorage, AK 99501


Mayor
Aleutians East Borough
PO Box 349
Sand Point, AK 99661

Mayor
Bristol Bay Borough
PO Box 189
Naknek, AK 99633

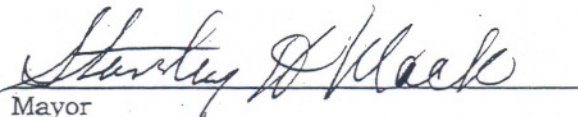
Manager
Lake and Peninsula Borough
PO Box 495
King Salmon, AK 99613

- The term of this MOU will be five (5) years from the effective date and can be extended for five-year periods thereafter with the written agreement of the Parties.
- This MOU may be terminated with thirty days written notice by any Party.
- This MOU can be modified upon written consent of the Parties.
- Others may become party to this MOU upon written consent of the Parties.

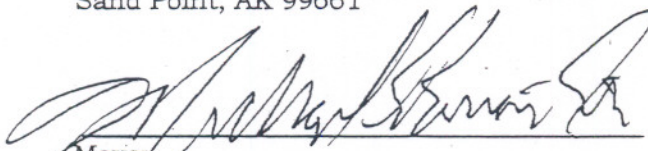
Approved:


Thomas E. Irwin, Commissioner
Alaska Dept. of Natural Resources

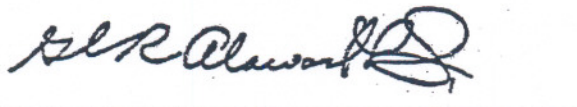
2/15/04
Date


Mayor
Aleutians East Borough
PO Box 349
Sand Point, AK 99661

3-17-04
Date


Mayor
Bristol Bay Borough
PO Box 189
Naknek, AK 99633

3-17-04
Date


Glen Alsworth, Sr., Mayor
Lake and Peninsula Borough
PO Box 495
King Salmon, AK 99613

1/20/04
Date