

**State of Alaska
Department of Natural Resources
State Pipeline Coordinator's Pipeline Office
411 West 4th Avenue, Suite 2C
Anchorage, Alaska 99501**

**Commissioner's Final Written Determination
for the
Anchor Point Energy, LLC
North Fork Pipeline
Right-of-Way Lease Application
ADL 230928**

Action:

The Commissioner of the State of Alaska, Department of Natural Resources, pursuant to AS 38.35.110, proposes to award an AS 38.35 pipeline Right-of-Way (ROW) Lease to Anchor Point Energy, LLC for a 7.4 (approximate) mile buried natural gas pipeline located on the Kenai Peninsula for the maximum period authorized by law.

Background:

The State Pipeline Coordinator's Office (SPCO) received an application for the pipeline ROW Lease on February 18, 2010. The SPCO requested additional information which was provided by the applicant. Public notice for the application was posted on March 4, 2010 for 60 days per AS 38.35.070. No objections (AS 38.35.200) were received during the notice period.

The Commissioner published a Proposed Written Determination on May 28, 2010, with a recommendation to issue a Lease for 30 years. Copies of the Proposed Written Determination were provided to the Lessee, placed in three public libraries in communities in the general area of the pipeline corridor for public review, posted on the Joint Pipeline Office website, and made available to the public upon request. A public hearing was held in Anchor Point, Alaska on June 29, 2010. No testimony was given at the hearing. The public comment period for the Commissioner's Analysis and Proposed Decision closed on July 6, 2010 at 5:00 p.m. Only two comments were received during the comment period, both in support of the project (see attachment A for summary of public process).

Minor Modification:

Anchor Point Energy, LLC requested a minor modification to add a buried fiber optic line placed in the same trench as the North Fork Pipeline. The fiber optic does not impact the pipeline design or the traditional uses of the surrounding area. The fiber optic will improve communications for the safe operation of the North Fork Pipeline System. The definition of "pipeline" or "pipeline facility" (AS 38.35.230 (7)) includes communication systems and therefore may be authorized under the Right-of-Way Leasing Act. The Pipeline System must be used only for the transportation of Natural Gas, and it must not

be used for any other purpose without meeting all statutory and regulatory requirements and obtaining the prior written approval of the Commissioner.

Discussion:

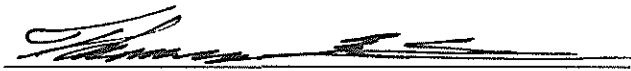
As demonstrated in the Commissioner's Analysis and Proposed Decision the applicant was determined to be fit, willing and able to construct, operate and maintain a pipeline, as proposed in their application. Awarding a pipeline Right-of-Way lease for the proposed alignment is in the best interest of the State and is consistent with the State's goal to develop resources by making them available for maximum use consistent with public interest. The project was determined to have little to no long term impacts on the existing uses of the land and will improve the State's infrastructure necessary for the development and delivery of natural gas resources.

Final Finding and Decision:

The finding presented has been reviewed and considered. Public notice has been accomplished in accordance with applicable Alaska statutes and codes. No significant changes were made to the Commissioner's Analysis and Proposed Decision. The case file has been found to be complete and the requirements of all applicable statutes have been satisfied. The proposed actions are consistent with constitutional and statutory intent for state land. Therefore, I find that it is in the best interest of the State of Alaska to award a Right-of-Way lease for the North Fork Pipeline to Anchor Point Energy, LLC.

Determination:

I have reviewed the administrative record of this process, which includes information cited and relied upon in the May 28, 2010, Commissioner's Analysis and Proposed Decision and the public comments and responses thereto. Based on this review, the decision reached in the Commissioner's Analysis and Proposed Decision is not revised and therefore I find that it is in the best interest of the State of Alaska to award a Right-of-Way Lease for the North Fork Pipeline to Anchor Point Energy, LLC for a period of 30 years. This is the final agency determination.



Tom Irwin, Commissioner
Alaska Department of Natural Resources

9/22/10
Date

Attachment A

**Public Comment
for
Commissioner's Analysis and Proposed Decision
Anchor Point Energy, LLC
North Fork Pipeline
Right-of-Way Lease Application
ADL 230928**

Public Comments:

Two comments were received during the public notice period and have been incorporated into the administrative record for public review. Comments received were both in support of the project and in favor of awarding Armstrong Oil and Gas an AS 38.35 Pipeline Right-of-Way.

Public Notice was posted in the following locations:

- Newspapers
 - Anchorage Daily News 5/28/2010
 - Homer Tribune 6/2/2010
 - Peninsula Clarion 5/28/2010
- Postmaster
 - Soldotna
 - Kenai
 - Kasilof
 - Nikiski
 - Clam Gulch
 - Ninilchik
 - Anchor Point
 - Homer
- Libraries
 - Anchor Point Public Library
 - Kasilof Public Library
 - Ninilchik Community Library
 - Homer Public Library
 - Kenai Community Library
 - Soldotna Public Library
- Websites
 - Joint Pipeline Office website
 - State of Alaska online public notification

A public hearing was held in Anchor Point at the Anchor River Inn on June 29th, 2010. No testimony was given at that time.