



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

COMMISSIONER'S OFFICE

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January 30, 2017

Ramona Monroe
Stoel Rives LLP
510 L Street, Suite 500
Anchorage, AK 99501

Re: Appeal of Approval of Kitchen Lights Unit 4th Plan of Development

Dear Ms. Monroe:

I have reviewed your December 29, 2016 letter purporting to appeal a Division of Oil and Gas (Division) approval of the Kitchen Lights Unit (KLU) 4th Plan of Development (Decision). Your letter requests clarification of two statements in the Decision: (1) that "under 11 AAC 83.356(e), the Director, on delegation from the Commissioner, may exercise her discretion to contract the unit area 10 years after the effective date of the unit agreement, which was February 1, 2007"; and (2) that the Plan of Development (POD) "covers development activities in the Corsair block, with a possibility for exploration activities in the North block." Neither statement is a finding or decision regarding potential unit contraction and therefore Furie's appeal is denied as premature.

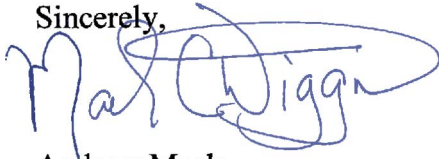
The first statement advises Furie of the discretionary contraction regulation, 11 AAC 83.356(e), and mentions the effective date of the unit agreement. Neither this statement nor the decision as a whole makes findings about a potential unit contraction or a date when that might occur. Furie's appeal of this statement is thus premature. If the Division contracts the unit in the future, that decision, including the date on which the Division issues the decision, will be appealable.

The second statement similarly makes no findings about a potential contraction. The full sentence states that "Furie's proposed 4th POD covers development activities in the Corsair block, with a possibility for exploration activities in the North block." This sentence appropriately and accurately describes the location within the KLU where Furie proposed activities for the POD period. Furie asks the Department to confirm that the statement "is a description of the work commitments for 2017 rather than a limitation on the scope of the geographic area covered by the POD." It appears that Furie's concern is that the Decision is making a finding about the extent of the POD for purposes of a unit contraction under 11 AAC 83.356(e). Again, the Decision approves Furie's POD, not a unit contraction that may or may not occur. If the Division does contract the unit in the future, that decision, and any findings about the land covered by a POD, will be appealable.

Because the Director's Decision approving Furie's POD did not make findings regarding a potential contraction under 11 AAC 83.365(e), Furie's appeal is denied. In the future, if Furie has questions about a Director's decision, Furie is encouraged to contact the Division.

This Commissioner's Decision is the final administrative order and decision of the Department for the purpose of an appeal to the superior court. An appellant affected by this administrative order and decision may appeal to superior court within 30 days in accordance with the Alaska Rules of Court and to the extent permitted by applicable law

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew Mack", with a large, sweeping loop at the end.

Andrew Mack
Commissioner
Department of Natural Resources