



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS
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March 16, 2018

Dale Hoffman
Manager, Land and External Affairs
Caelus Energy Alaska
3700 Centerpoint Dr., Suite 500
Anchorage, AK 99503

Re: Request for Extended Confidentiality, CT-1 and CT-2 Wells, Smith Bay, Alaska

Dear Mr. Hoffman:

Caelus Energy Alaska (Caelus) has requested extended confidentiality for data from its CT-1 and CT-2 wells in Smith Bay. Although Caelus submitted its request pursuant to 20 AAC 25.537(d), the Director's authority to grant extended confidentiality for the CT wells stems from AS 31.05.035(c), 11 AAC 83.153, and AS 43.55.025.

Caelus requests extended confidentiality on the basis that information from its CT-1 and CT-2 wells is significant information relating to the valuation of unleased land in the vicinity of the wells. The unleased lands relevant to Caelus's request are located within the federal National Petroleum Reserve in Alaska (NPR-A) and are currently subject to a Department of Interior, Bureau of Land Management (BLM) Integrated Activity Plan (IAP) that makes them unavailable for oil and gas leasing. However, Secretary of the Interior Ryan Zinke issued Secretarial Order No. 3352 on March 31, 2017, directing the BLM to review and revise the IAP to ensure efficient and effective maximization of tracts offered for sale during the next NPR-A lease sale.

I have considered the information Caelus seeks extended confidentiality for as well as the status of the unleased land Caelus bases its request on, and the requirements and intent of AS 31.05.035, 11 AAC 83.153, and AS 43.55.025. I find as follows:

- The information Caelus seeks extended confidentiality for is "significant information relating to the valuation of unleased land within a three-mile radius" of the CT-1 and CT-2 wells for purposes of AS 31.05.035 and 11 AAC 83.153.
- The unleased land at issue is located within the NPR-A and currently subject to an IAP that makes it unavailable for leasing.
- AS 31.05.035 and its accompanying regulations do not contemplate or provide for the indefinite extension of confidentiality.
- Further, extended confidentiality is necessary under AS 43.55.025(f)(2)(C)(i) only to the extent the unleased NPR-A land may be offered for lease as a result of Secretarial Order No. 3352.

- Caelus's request is granted, but shall expire 90 days after the next NPR-A lease sale, regardless of whether acreage relevant to Caelus's request is offered at that sale.
- If the unleased land relevant to this request is not offered at the next NPR-A lease sale, but Caelus can proffer evidence that they will be offered in a timeframe that necessitates an additional extension of confidentiality, the Department will consider a second request for extension at that time.

A person affected by this decision may appeal it in accordance with 11 AAC 02. Any appeal 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 Andrew T. Mack Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to (907) 269-8918, or sent via electronic mail to dnr.appeals@alaska.gov.

This decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional office of the Department of Natural Resources.

Sincerely,



Chantal Walsh
Director

Cc: Cathy Foerster, Commissioner, AOGCC
Paul Decker, Resource Evaluation
Jessica Spuhler, Department of Law