

State of Alaska

FIVE-YEAR PROGRAM OF PROPOSED OIL AND GAS LEASE SALES

January 2014



Cover Photo: Hilcorp's Saxon Rig 147 at Frances 1 Well, Kenai Peninsula, AK
Photo by Jennifer Adleman, Division of Oil and Gas

This publication was produced by the Department of Natural Resources,
Division of Oil and Gas. It was printed at a cost of \$7.89 per copy.
The purpose of the publication is to meet the mandate of AS 38.05.180
150 copies were printed in Anchorage, Alaska

State of Alaska

**FIVE-YEAR PROGRAM
OF PROPOSED OIL AND GAS
LEASE SALES**

With Reports on
Exploration Licensing,
Geothermal Lease Sales,
Financial Incentives,
and Tax Credit Programs

Sean Parnell, Governor

Joe Balash, Commissioner
Department of Natural Resources

January 2014

Table of Contents

Introduction	7
Five-Year Program of Proposed Oil and Gas Lease Sales	8
Areawide Leasing	8
Best Interest Findings	9
Lease Sale Process With New Best Interest Finding	11
Annual Lease Sale Process	12
Alaska Peninsula Areawide Oil and Gas Lease Sale	13
Cook Inlet Areawide Oil and Gas Lease Sale	15
Beaufort Sea Areawide Oil and Gas Lease Sale	17
North Slope Areawide Oil and Gas Lease Sale	22
North Slope Foothills Areawide Oil and Gas Lease Sale	24
Recent Areawide Oil and Gas Lease Sale Results	26
Alaska Peninsula Areawide 2013	26
North Slope Foothills Areawide 2013	26
Beaufort Sea Areawide 2013	27
Cook Inlet Areawide 2013	29
North Slope Areawide 2013	31
Summary of State Competitive Lease Sales 1959-1998	34
Summary of State Competitive Areawide Lease Sales 1998-2013	35
State Competitive Sale Areas 1959-2013	36
Exploration Licensing	40
Geothermal Leasing	42
Qualifications for Bidding	44
Summary of Oil and Gas Incentives	45
Exploration Incentive Credits	52

In Fiscal Year 2013, approximately 92 percent of the State of Alaska's income was generated from a process that begins with the work done within the Division of Oil and Gas, including the state's oil and gas lease sales.¹

Article VIII, Section 1 of the Alaska Constitution states that "[i]t is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." Section 2 further states that "[t]he legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the state, including land and waters for the maximum benefit of its people."

Although the purpose of the state's oil and gas leasing program is to enable and manage oil and gas development on state lands and realize the subsequent economic benefits,² the leasing program itself has been a significant revenue source.

There were five lease sales in 2013, resulting in over \$8.6 million in bonus-bid income to the state.³ This reflects bids received for Cook Inlet, North Slope and Beaufort Sea. No bids were received for the Alaska Peninsula and North Slope Foothills. A report on the final results of the 2012 lease sales and preliminary results of the 2013 lease sales are included in this report.

Alaska statutes provide that "the people of Alaska have an interest in the development of the state's oil and gas resources," and AS 38.05.180 tasks the commissioner of the Department of Natural Resources (DNR) with annually preparing a five-year proposed oil and gas leasing program.

The Five-Year Oil and Gas Leasing Program provides a stable and predictable schedule of proposed lease sales, to help promote the further development of Alaska's petroleum resources. This program has become a reliable way for the petroleum industry to plan for exploration and development expenditures. Business and labor use the program to prepare for resultant economic opportunities.

The program is annually updated and is available on the Division of Oil and Gas website. This document presents DNR's proposed lease sales for 2014 through 2018.

¹ FY2013 taxes, royalty, settlement, rental, federal share, and bonus revenue as percentage of general fund unrestricted revenue.

² Preliminary results are subject to title and administrative review, and may change significantly.

³ As a result of oil and gas revenue from bonus bids, lease rentals, and royalty payments (including federal shares), and settlements during Fiscal Year 2013, approximately \$1.77 billion was deposited into the general fund and \$1.04 billion into the Permanent Fund, Constitutional Budget Reserve, and School Fund.



Photo: DOG Staff

Central Gas Processing Facility, North Slope.

DNR has identified five areas of moderate to high potential for oil and gas development and designated these areas for leasing through competitive bid sales. This report contains a brief description of the process leading up to a lease sale, a brief description of each sale area, and the program of sales for the next five years. A list of all state oil and gas lease sales held since 1959 is listed in the "Summary of State Competitive Lease Sales" starting on page 35.

A total of 25 proposed areawide lease sales are scheduled over the next five years, with one sale scheduled annually for each of the following areas: Alaska Peninsula, Cook Inlet, Beaufort Sea, North Slope, and North Slope Foothills. Fact sheets and maps describing the proposed sale areas begin on page 13.

In addition to oil and gas lease sales, DNR authorizes and manages the exploration licensing program for areas outside the areawide sale boundaries. A summary of the program and the status of exploration licensing areas begin on page 41.

DNR is also responsible for geothermal leasing. Information about this program can be found on page 42.

Five-Year Program of Proposed Oil and Gas Lease Sales

Five-Year Program of Oil and Gas Areawide Sales 2014-2018

Sale Area	Annually Held In
Alaska Peninsula Areawide	Spring
Cook Inlet Areawide	Spring
Beaufort Sea Areawide	Fall
North Slope Areawide	Fall
North Slope Foothills Areawide	Fall

DNR expects to continue areawide leasing for the next five-year program cycle, annually offering the five existing sale areas for leasing by competitive bidding. The best interest finding issued for each sale area allows DNR to conduct areawide lease sales for up to ten years without repeating the best interest finding process each year. However, before holding a sale in the years following the issuance of the finding, DNR must determine whether a supplement to the finding is required.

DNR annually calls for comments from the public before a proposed lease sale, requesting substantial new information, such as reports, data, and research that has become available over the past year.

Based on a determination of whether or not the information justifies a supplement, DNR issues either a “Decision of New Substantial Information” and a supplement to the finding, or a “Decision of No New Substantial Information” at least 90 days before the lease sale.

Several months before a scheduled sale, DNR prepares a geologic and economic evaluation of the sale area to determine the bidding method, leasing method, and the lease terms for the sale. Several months before a scheduled sale, DNR prepares a geologic and economic evaluation of the sale area to determine the bidding method, leasing method, and the lease terms for the sale.

Areawide Leasing

Every year, the state offers for lease all available state acreage within five specific geographic regions with known hydrocarbon potential. Tracts in these areawide lease sales are offered by competitive bidding, as required by statute.

The areawide leasing system was designed to achieve stability and predictability in the oil and gas leasing program, and in response to industry’s request for more frequent sales. The system makes it easier for companies to include Alaska in their exploration strategies and budgets, which most of the time happens years in advance. It is also cost-effective for the state.

A regular schedule of areawide lease sales allows for quick turnaround of leases that have expired, termi-

nated, or contracted out of units, for reoffer in the next annual sale. The result is a shortened time between leasing and exploration and, if successful, development. The annual lease sale model also allows smaller companies and individuals to acquire leases in areas of less interest to the major oil companies. The state has conducted annual areawide sales each year since 1998, totaling 66 sales.¹

¹ 1998 to 2013 areawide sales: 16 were in the North Slope, 15 in Cook Inlet (added in 1999), 14 in Beaufort Sea (added in 2000), 13 in North Slope Foothills (added in 2001), and 8 in Alaska Peninsula (added in 2005).

Administrative Process

Before a sale, DNR generally divides each lease sale area into tracts, without determining the details of the state's ownership interest in each tract. After a lease sale, DNR verifies state title and land status only for the acreage within tracts that receive bids. This process eliminates determining ownership status for acreage that did not receive bids. A sale tract may contain land that the state cannot legally lease (e.g., land that is within an existing lease or is federal, Native, or private land). For bidding purposes, DNR assigns an estimated acreage figure to each tract, and the per acre bonus bid reflects the assigned acreage. The actual acreage available may differ, depending on the title and land status within each tract. Acreage not owned by the state, already leased, clouded by title claims, withdrawn, or otherwise unavailable for leasing is excluded from the lease.

As a service to potential bidders, DNR publishes area-wide tract maps showing generalized land status. However, it is the bidder's responsibility to determine availability of the land within a tract before bidding. Current title or land status for tracts can be obtained from state land records at DNR's Public Information Center, 550 West 7th Ave., Suite 1260, Anchorage; (907) 269-8400; or at <http://dnr.alaska.gov/Landrecords/>.

DNR sends out a public notice for the competitive lease sale 45 to 90 days before the sale. Sealed bids must be received by a specified date as stated in the Instructions to Bidders. Bids received are opened and read in public at the sale location, and apparent high bidders are announced.

Once the state title to the tracts receiving bids is verified and the acreage calculated, the bonus bid amounts are adjusted and the lease is issued based on the actual available acreage. Depending on the number of tracts receiving bids and the complexity of the land ownership, it may take several months following the lease sale before the leases are issued.

Leasing Methods

Alaska has several leasing method options designed to encourage oil and gas exploration and maximize state revenue, as described in AS 38.05.180(f) and (w). These methods include combinations of fixed and variable bonus bids, royalty shares, and net profit shares. Minimum bids for state leases vary but have recently ranged from \$5 to \$25 per acre. Fixed royalty rates are generally 12 1/2 percent or 16 2/3 percent, although some have been as high as 20 percent. A sliding scale royalty has also been used. Primary lease terms are initially set between five and ten years.

Best Interest Findings

Before disposing of an interest in state land, including in an oil and gas lease sale, DNR must prepare a written finding that determines if the sale is in the best interest of the state.

If a finding determines it is in the state's best interest to hold an oil and gas lease sale in a particular area, DNR may conduct lease sales in that area for ten years without having to repeat the entire best interest finding process. However, before each subsequent sale, DNR calls for substantial new information from the public and determines whether new information received justifies a supplement to the most recent best interest finding.

The development of a new best interest finding is a lengthy process that begins years before a sale. The process involves the participation of state agencies, with DNR serving as the lead, along with federal agencies, Native corporations, local governments, non-governmental agencies, industry, and the public.

In the written finding for an oil and gas lease sale, DNR considers and discusses the facts that are known at the time of preparation of the finding and that are material to the following: property descriptions, petroleum potential, fish and wildlife species and their habitats, current and projected uses, governmental powers to regulate oil and gas, reasonably foreseeable cumulative effects, lease stipulations and mitigation measures, methods most likely to be used to transport oil or gas, reasonably foreseeable effects on municipalities and communities, bidding methods, and the basis for the finding that, on balance, leasing the area is in the state's best interest.

A preliminary finding is made available to the public at least six months before a sale and provides an opportunity for public comment for a period of at least 60 days. DNR gives public notice of a preliminary written finding by publishing legal advertisements in news-

papers, posting in conspicuous locations such as post offices and libraries, notifying parties known or likely to be affected, and other methods (such as the State of Alaska online public notice) calculated to reach affected parties.

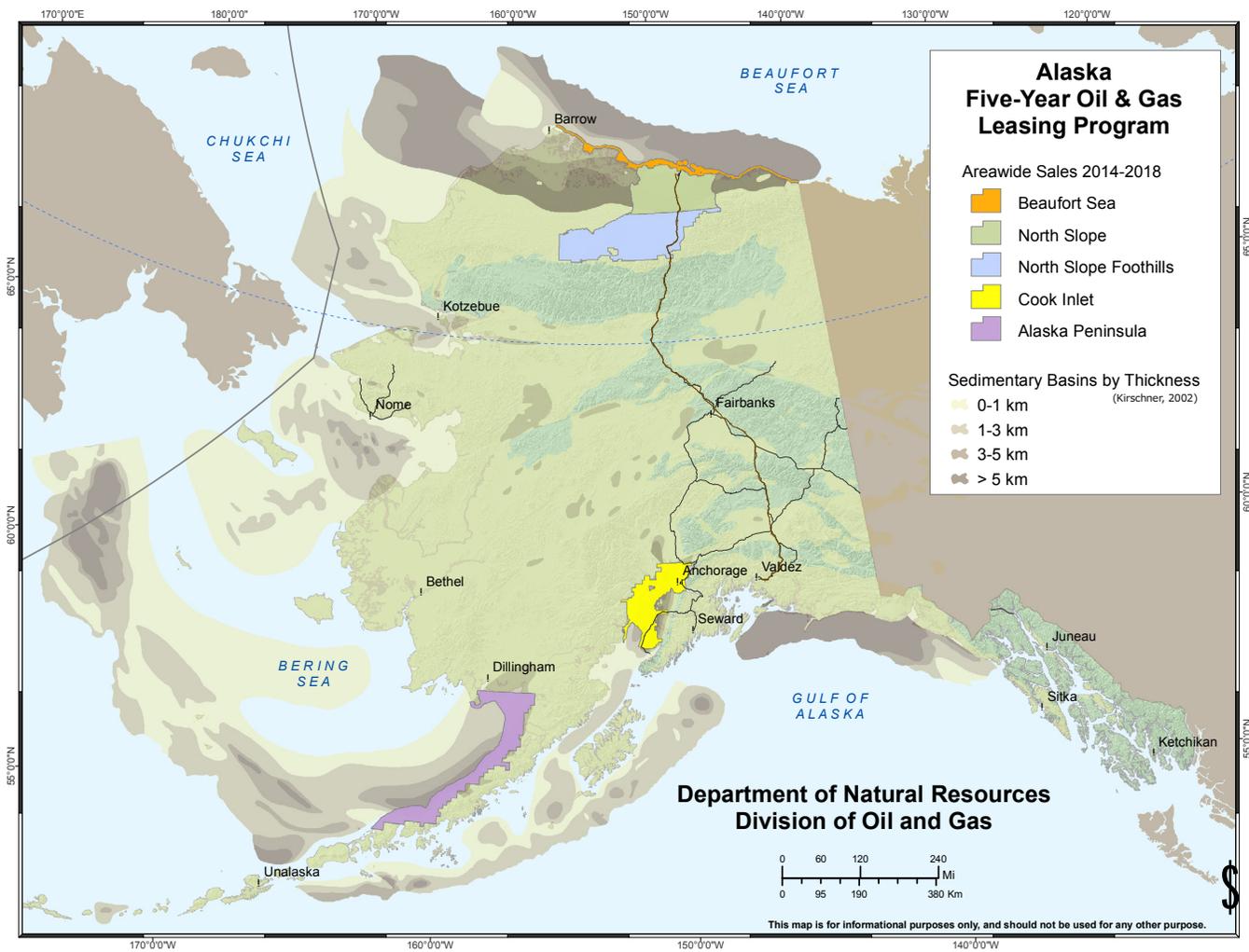
During the public comment period, DNR may conduct workshops or hold open houses, public hearings, or public meetings in one or more of the affected communities. If the land is within the boundaries of a municipality or a regional corporation, that municipality or regional corporation may also hold a hearing with department personnel attending. Comments received during the public comment period help in developing a final finding.

DNR releases the final finding, which determines whether the sale is in the state's best interests, at least 90 days before a scheduled sale.

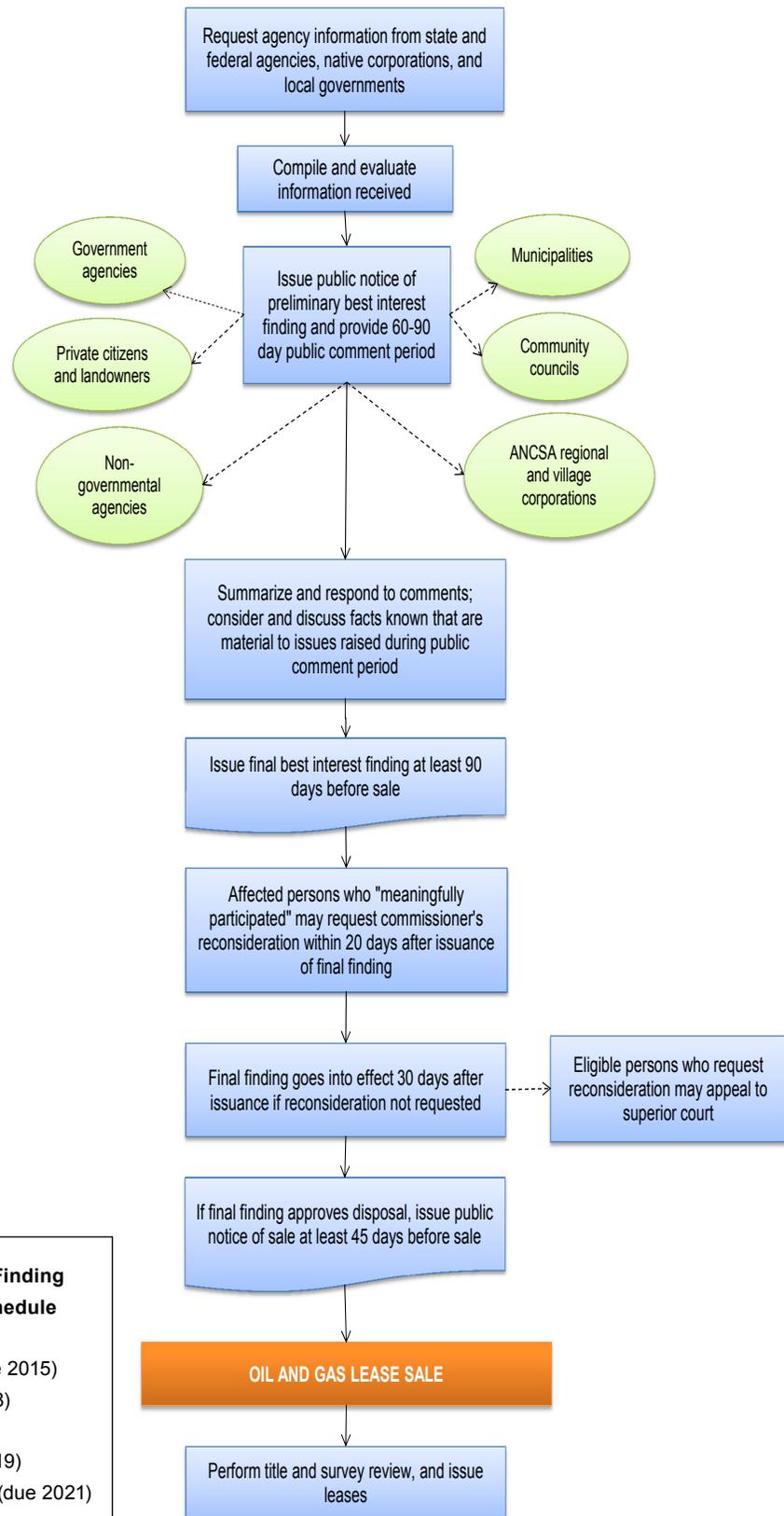
Annual Lease Sales

In the ten years following the issuance of a best interest finding, DNR annually issues a "Call for New Information." The Call for New Information is a request for any substantial new information including studies, data, or research that has become available over the past year. The Call for New Information provides opportunity for public comment for a period of at least 30 days. Based on the information received, the commissioner determines whether it justifies supplementing the finding. The commissioner issues a supplement to the finding or a "Decision of No New Substantial Information" at least 90 days before the lease sale. The supplement has the status of a final written best interest finding.

Mitigation measures identified in the best interest finding and supplements are included as terms of the lease in all sales during the effective period of a finding.



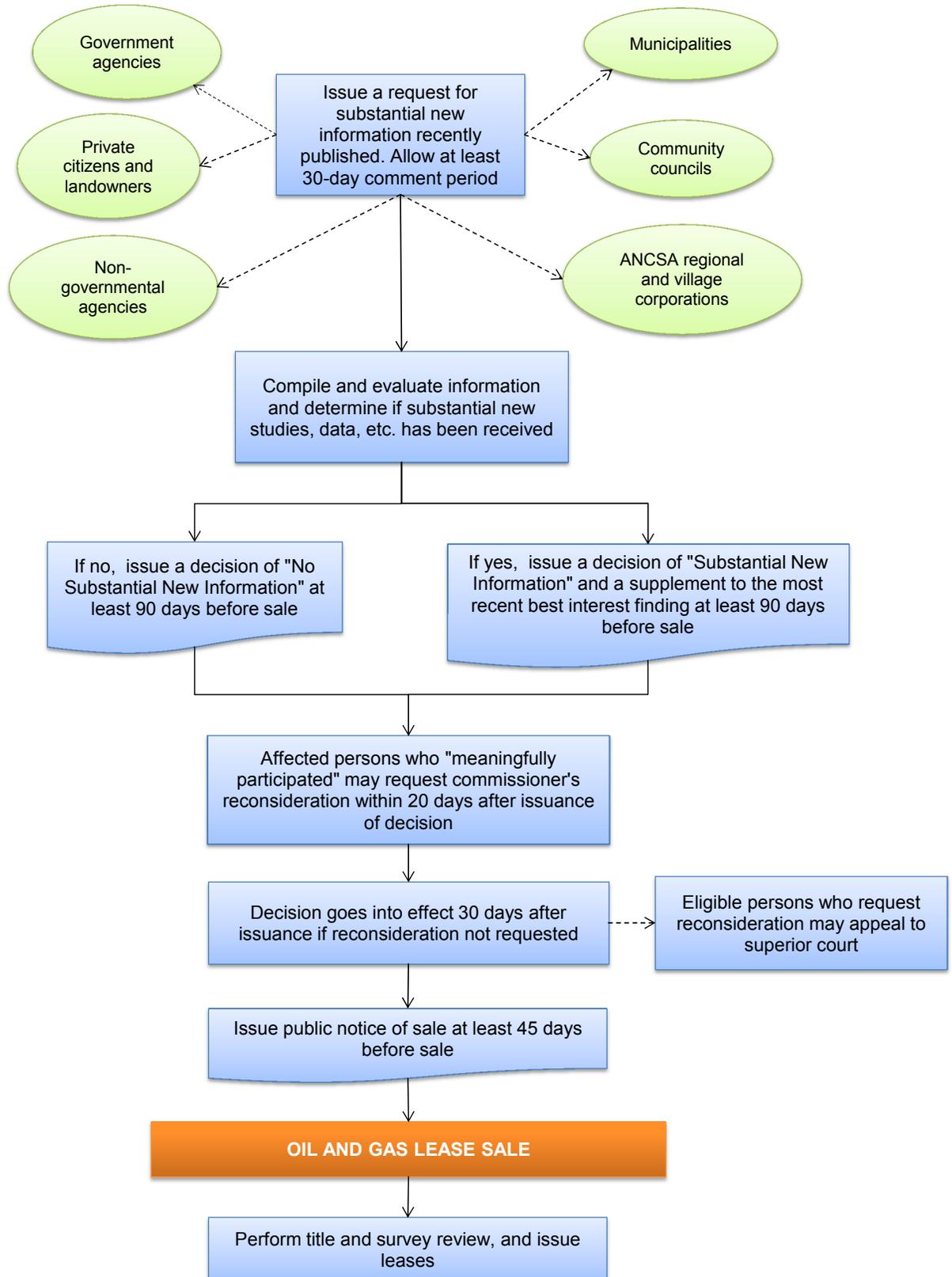
Lease Sale Process With New Best Interest Finding



Ten-Year Best Interest Finding Estimated Release Schedule	
2014	Alaska Peninsula (due 2015)
2015	North Slope (due 2018)
2017	Cook Inlet (due 2019)
2019	Beaufort Sea (due 2019)
2021	North Slope Foothills (due 2021)

Annual Lease Sale Process

(between scheduled best interest findings)



Alaska Peninsula Areawide Oil and Gas Lease Sale

Annually Held in Spring

Property Description and Location: The proposed 2014-2018 Alaska Peninsula oil and gas lease sale area is located on the north side of the Alaska Peninsula. It stretches from the Nushagak Peninsula in the north, then south and west to the vicinity of Cold Bay. The lease sale area covers about 5.8 million acres, and is divided into 1,047 tracts ranging in size from 1,280 to 5,760 acres.

Approximately 1.75 million acres of the gross sale area are offshore on state submerged lands. The lease sale area contains tracts in which the state owns both the land estate and the mineral estate; and tracts where the state owns the mineral estate while the land estate may be privately owned or owned by a municipality. The most recent best interest finding for the Alaska Peninsula was issued on July 25, 2005.

On October 9, 2013, DNR called for substantial new information that has become available over the past year. Based on a determination of whether substantial new information justifies a supplement to the most recent best interest finding, DNR will issue either a "Decision of New Substantial Information" and a supplement to the finding or a "Decision of No New Substantial Information" at least 90 days before a proposed Spring 2014 lease sale.

Petroleum Potential: Petroleum potential in the area is considered low to moderate.

Other Resource Issues: The proposed lease sale area contains some of the state's most productive fish and wildlife populations. Fish and wildlife populations in the area are extensively harvested for commercial, sport, and subsistence use, and significantly contribute to the state and local economy.

A wide variety of mammals inhabit the region including caribou, brown bear, moose, Pacific walrus, beluga whale, gray whale, Steller sea lion, harbor seal, and sea otter. The Steller sea lion is listed as threatened under the federal Endangered Species Act, and several established rookery sites and critical habitat areas exist within Bristol Bay. The spotted seal is also listed as threatened under the Endangered Species Act. No critical habitat is established for the spotted seal since their southern

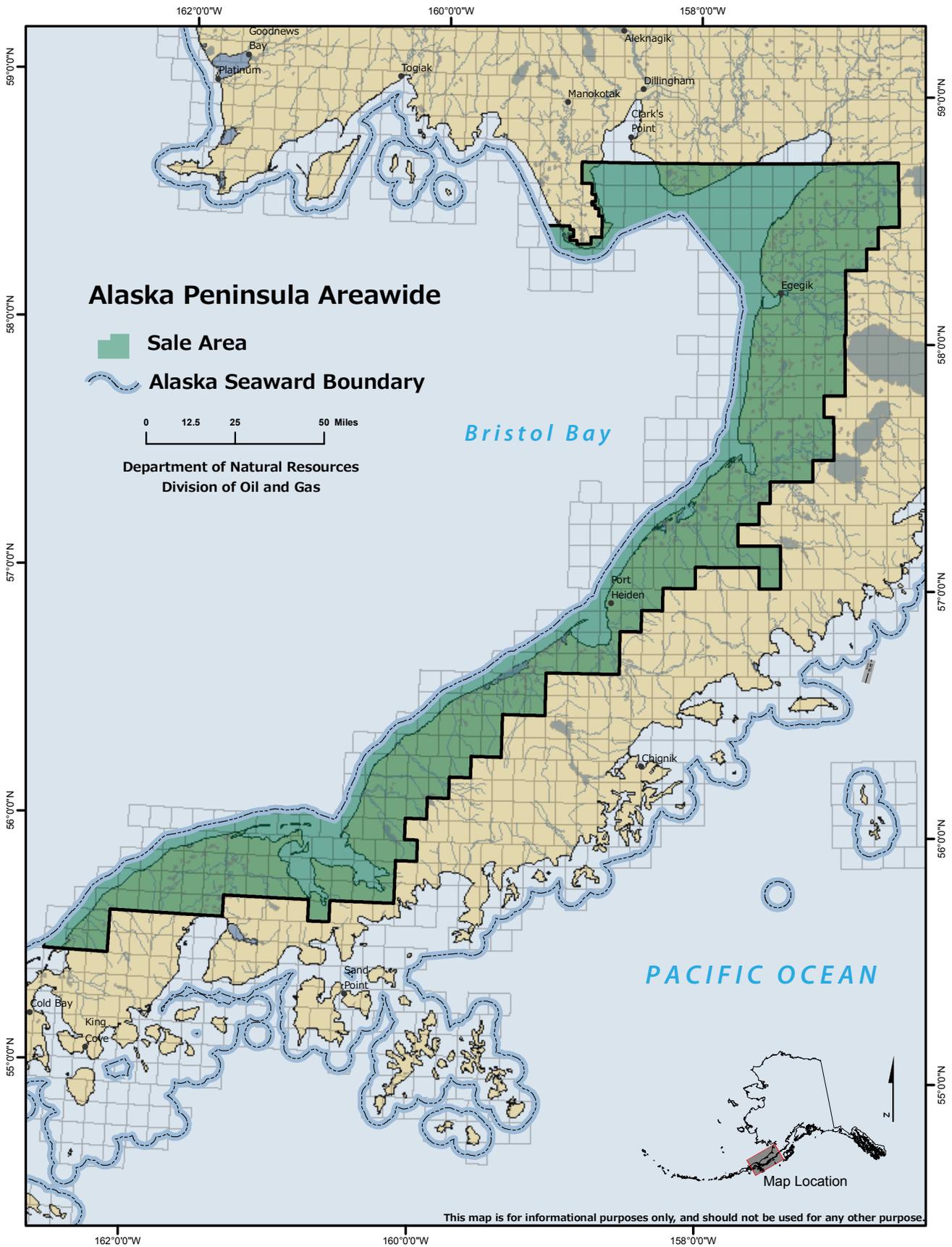
distinct population segment occurs outside the United States. The southwest Alaska Distinct Population Segment of the northern sea otter is listed as threatened under the federal Endangered Species Act, and critical habitat is designated in the Port Moller and Herendeen Bay area. The area provides staging, feeding, and nesting habitat for hundreds of species of shorebirds and waterfowl, numbering in the millions of birds. All five species of Pacific salmon occur in the area, as well as Dolly Varden, rainbow trout, Arctic grayling, burbot, and other fishes.

Municipalities and Communities: Portions of the proposed lease sale area lie within the boundaries of the Bristol Bay, Lake and Peninsula, and Aleutians East boroughs and the Dillingham Census Area.

Municipalities & Communities

Community	Population (2010)
Aleutians East Borough	3,141
Bristol Bay Borough	997
Lake & Peninsula Borough	1,631
Dillingham	2,329
Cold Bay	108
Port Heiden	102
Egegik	109
Pilot Point	68
Naknek	544
King Salmon	374
South Naknek	79
Nelson Lagoon	52
Ugashik	12

Source: http://www.commerce.state.ak.us/lea/commdb/CF_BLOCK.htm



Cook Inlet Areawide Oil and Gas Lease Sale

Annually Held in Spring

Property Description and Location: The 2014-2018 Cook Inlet Areawide oil and gas lease sale area consists of state-owned uplands in the Matanuska and Susitna river valleys generally south and west of Houston and Wasilla, the Anchorage bowl, the western and southern Kenai Peninsula from Point Possession to Anchor Point, and the western shore of Cook Inlet from the Beluga River to Harriet Point. The lease sale area also includes the tide and submerged lands in upper Cook Inlet from Knik Arm and Turnagain Arm south to Anchor Point and Tuxedni Bay. The area is bounded on the east by the Chugach and Kenai mountains and on the west by the Aleutian Range. The area is about 4.2 million acres and is divided into 815 tracts ranging from 640 to 5,760 acres.

A best interest finding for Cook Inlet was issued on January 20, 2009. On October 9, 2013, DNR called for substantial new information that has become available over the past year. Based on a determination of whether substantial new information has become available that justifies a supplement to the most recent best interest finding, DNR will issue either a “Decision of New Substantial Information” and a supplement to the finding or a “Decision of No New Substantial Information” at least 90 days before a proposed lease sale date.

Petroleum Potential: Petroleum potential in the area is considered moderate to high.

Other Resources: The Cook Inlet region is extensively used for recreation, subsistence and sport fishing, hunting and gathering, and commercial and personal use fishing. Five species of Pacific salmon are commercially fished throughout Cook Inlet. Numerous important anadromous fish streams are within the lease sale area. The area provides important habitat for moose, black and brown bear, caribou, and waterfowl.

Marine mammals found near or within the area include beluga whales, Steller sea lions, sea otters, and harbor seals. Species listed as threatened or endangered under the federal Endangered Species Act that inhabit the lease sale area include Steller’s eider (Alaska breeding population, threatened), Cook Inlet beluga whale (endangered), and Steller sea lion (east of 144 degrees longitude, threatened; west of 144 degrees longitude, endangered). The southwest Alaska Distinct Population Segment of the northern sea otter is listed as threatened under the federal Endangered Species Act, and critical habitat is designated around Chisik Island and Tuxedni Bay. On April 8, 2011, the National Marine Fisheries Ser-

vice designated critical habitat for beluga whales in the upper portions of Cook Inlet, Turnagain Arm and Knik Arm and in the middle of Cook Inlet, along the western shore of lower Cook Inlet, and Kachemak Bay along the eastern shore of Cook Inlet near Homer.

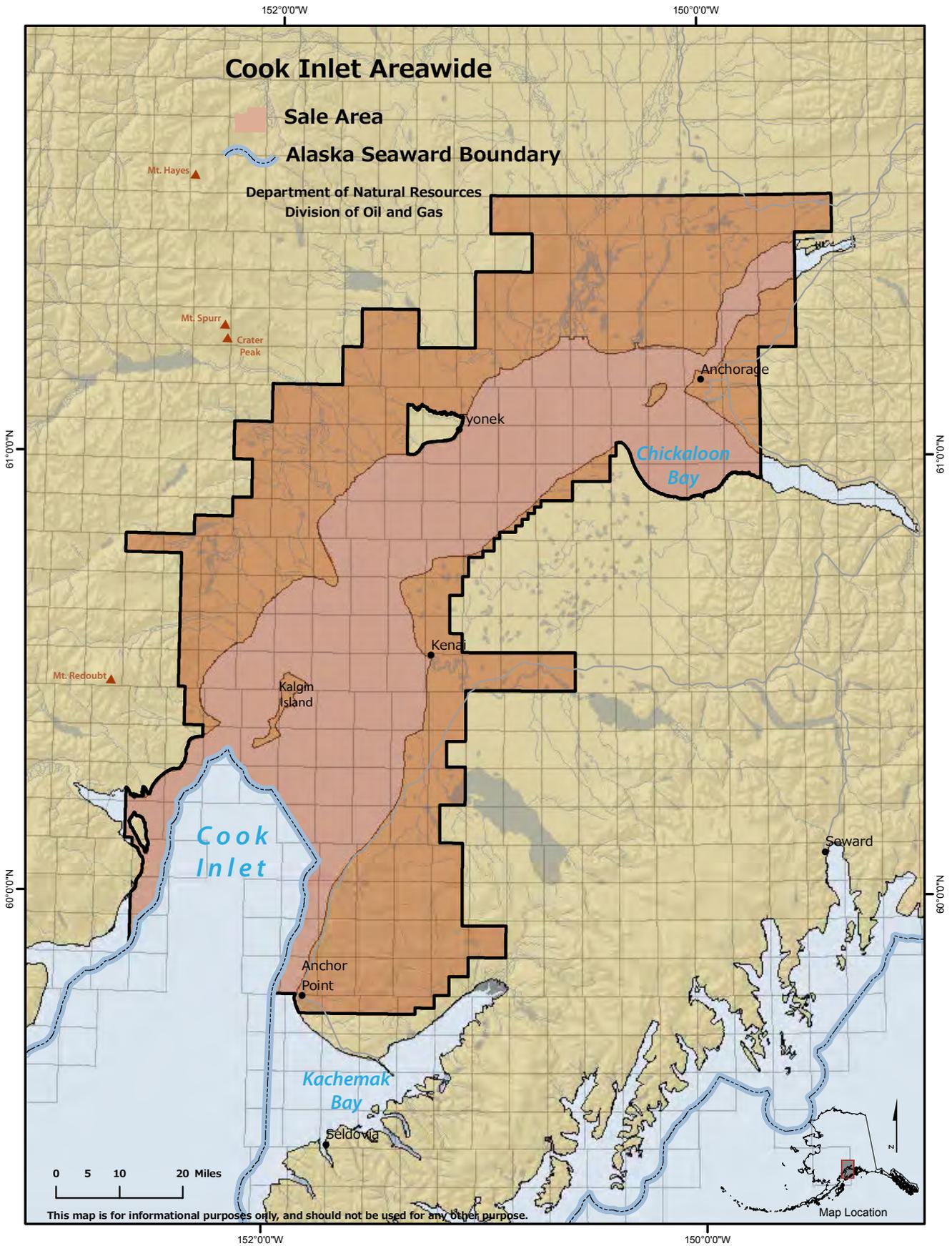
A number of state and federal wildlife refuges, critical habitat areas, recreation areas, and parks exist within or near the lease sale area. These areas encompass important fish and wildlife habitat, and have significant scenic and recreational value.

Municipalities and Communities: The sale area is within the boundaries of the Matanuska-Susitna Borough, the Municipality of Anchorage, and the Kenai Peninsula Borough.

Cook Inlet Municipalities & Communities

Community	Population (2010)
Municipality of Anchorage	291,826
Kenai Peninsula Borough	55,400
Matanuska-Susitna Borough	88,995
Kenai	7,100
Palmer	5,937
Homer	5,003
Seldovia	255
Soldotna	4,163
Wasilla	7,831
Houston	1,912
Anchor Point	1,930
Big Lake	3,350
Clam Gulch	176
Cohoe	1,364
Eklutna	not defined as community in census
Happy Valley	593
Hope	192
Kalifornsky	7,850
Kasilof	549
Knik-Fairview	14,923
Nanwalek	254
Nikiski	4,493
Nikolaevsk	318
Port Graham	177
Ridgeway	2,022
Salamatof	980
Seldovia	165
Village	
Sterling	5,617
Tyonek	171

Source: http://www.commerce.state.ak.us/dca/commdb/CF_BLOCK.htm



Beaufort Sea Areawide Oil and Gas Lease Sale

Annually Held in Fall

Property Description and Location: The 2014-2018 oil and gas lease sale area of the Beaufort Sea consists of state-owned tide and submerged lands located along the Beaufort Sea coast, between the U.S.-Canada border and Point Barrow. The lease sale area also includes some coastal uplands between the Canning and Colville Rivers.

The lease sale area encompasses about 2 million acres divided into 573 tracts, ranging in size from 640 to 5,760 acres.

A new best interest finding for the Beaufort Sea was issued on November 9, 2009. On March 22, 2013, DNR called for comments from the public requesting substantial new information that had come available since the most recent best interest finding. No appropriate information was received and DNR issued a "Decision of No New Substantial Information" on July 1, 2013. The Beaufort Sea 2013 lease sale was held on November 6, 2013. A request for new information will be publicized in early 2014.

Petroleum Potential: The petroleum potential in the area is considered moderate to high.

Other Resources: The marine and coastal environments along the Beaufort Sea lease sale area provide denning habitat for polar bears and pupping habitat for ringed seals. Bowhead and beluga whales migrate through the lease sale area during spring and fall. Numerous species of waterfowl, shorebirds, and seabirds migrate along the Beaufort Sea and nest, stage, and molt

in the lagoon areas. Nearshore waters provide habitat for many fish species. Caribou, brown bear, and moose are found along major rivers. Residents of Barrow, Nuiqsut, and Kaktovik use the area's fish and wildlife resources for subsistence; fall and spring bowhead whale hunts are especially important.

Four species found in the lease sale area are listed as threatened or endangered under the federal Endangered Species Act: polar bear (threatened), spectacled eider (threatened), Steller's eider (threatened), and bowhead whale (endangered).

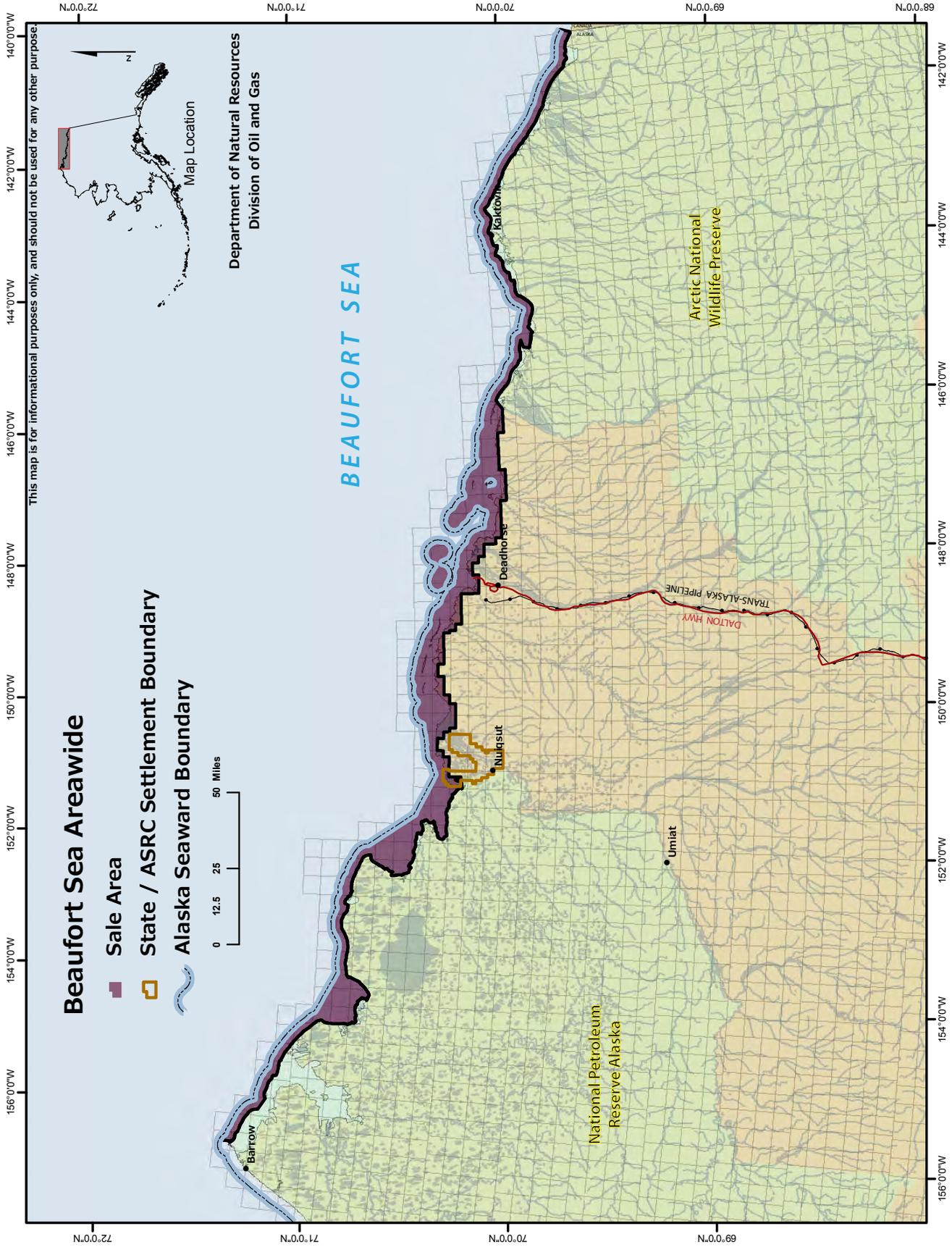
Bowhead whales are classified as depleted under the Marine Mammal Protection Act. However, the National Marine Fisheries Service has not designated bowhead whale critical habitat under the Endangered Species Act because "the decline and reason for listing the species was overexploitation by commercial whaling, and habitat issues were not a factor in the decline; there is no indication that habitat degradation is having any negative impact on the increasing population in the present; the population is abundant and increasing; and existing laws and practices adequately protect the species and its habitat."

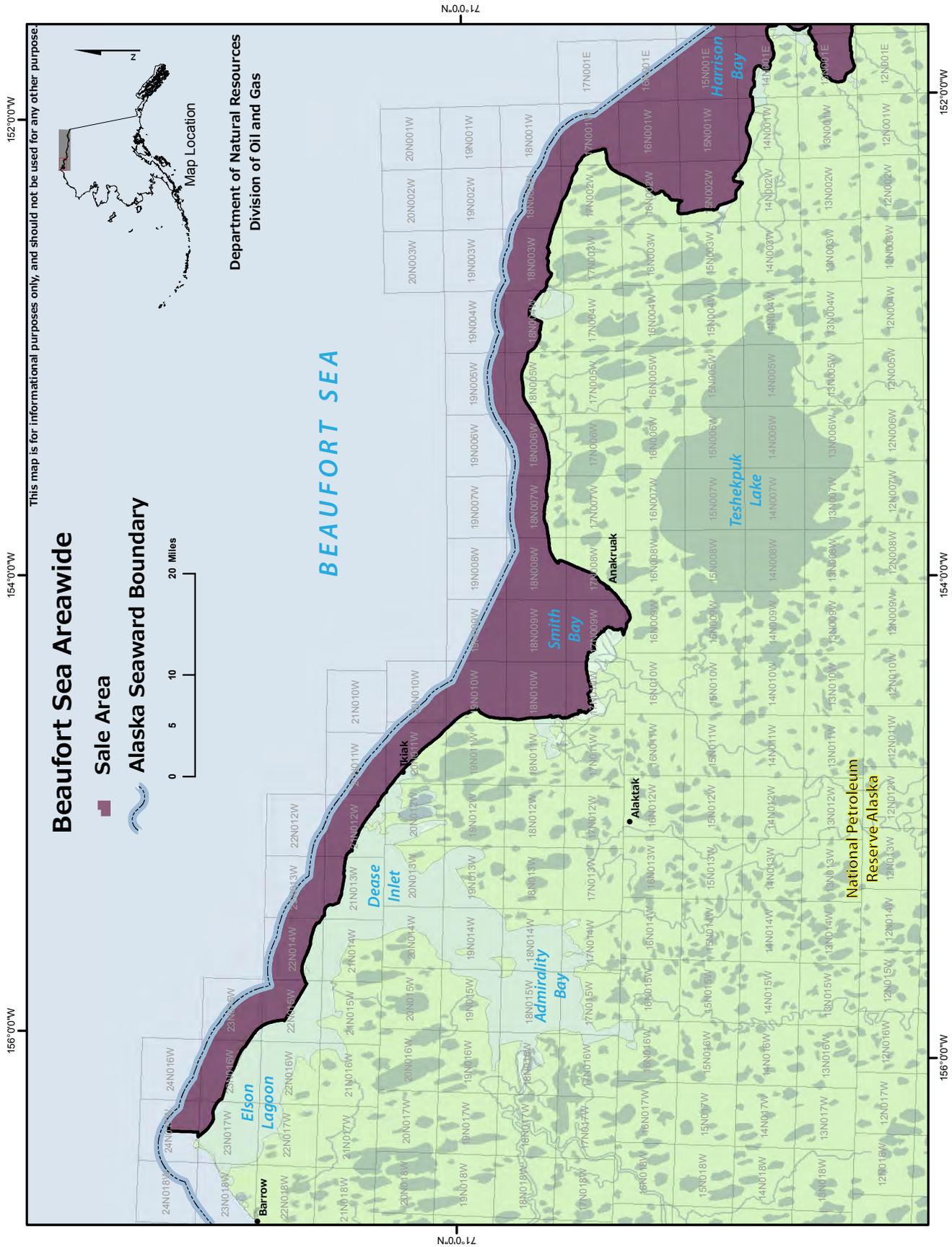
Municipalities and Communities: The North Slope Borough's comprehensive plan and land management regulations may impose restrictions on oil and gas activity in the lease sale area.

Municipalities & Communities

Community	Population (2010)
North Slope Borough	9,430
Barrow	4,212
Atqasuk	233
Kaktovik	239
Prudhoe Bay/Deadhorse	2,174
Nuiqsut	402

Source: http://www.commerce.state.ak.us/dca/commdb/CF_BLOCK.htm





71°00'N

70°00'N

156°00'W

154°00'W

152°00'W

156°00'W

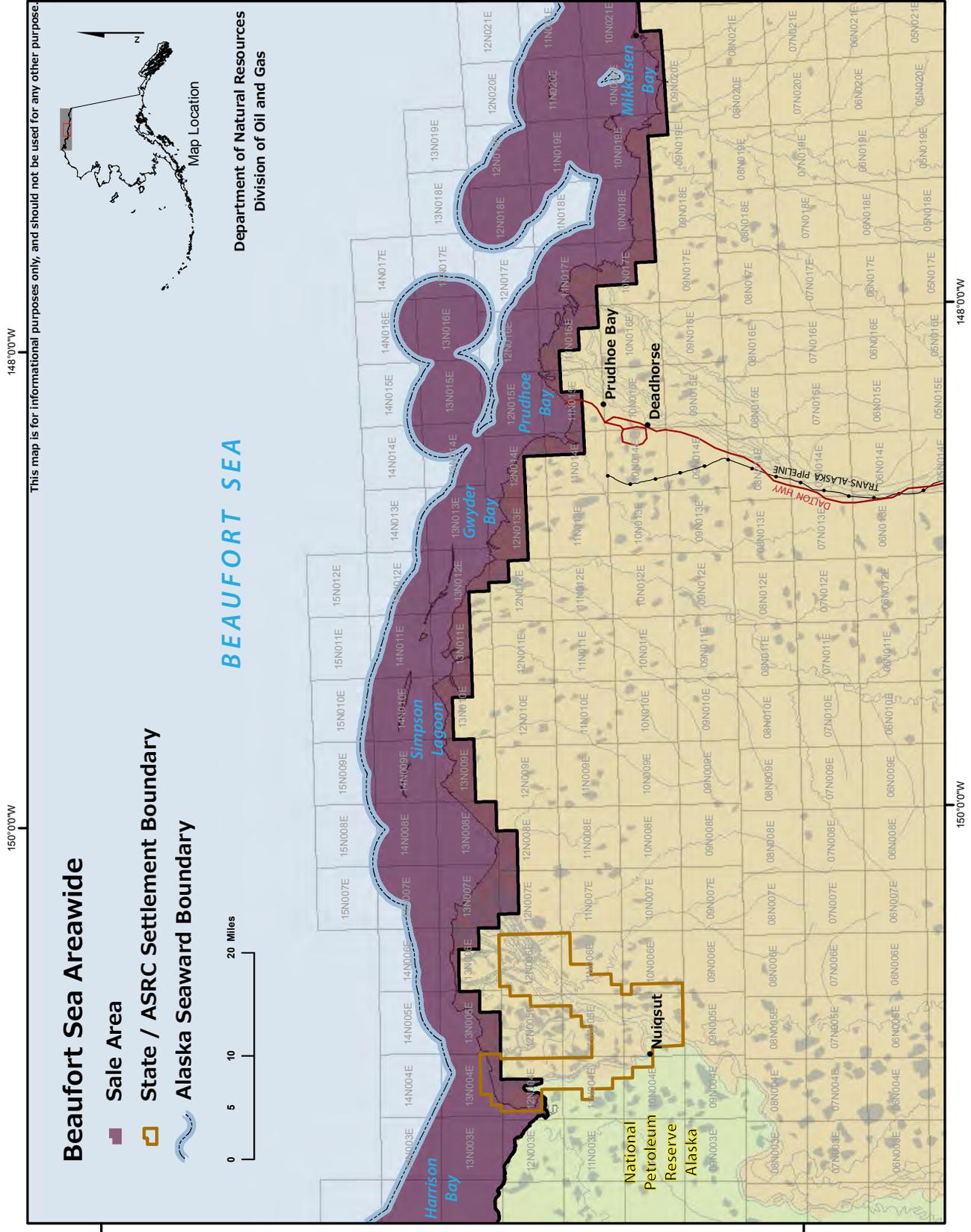
154°00'W

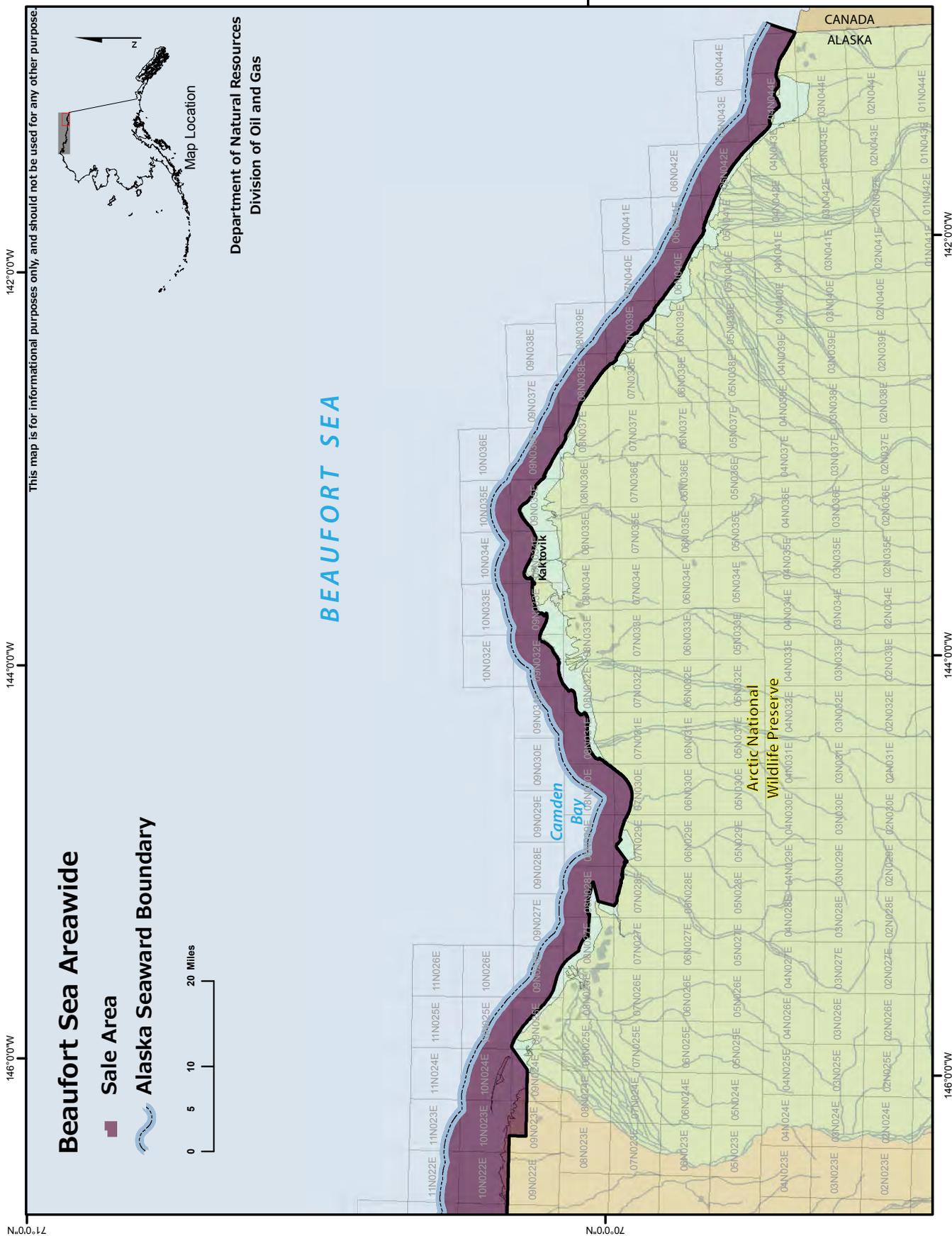
152°00'W

71°00'N

70°00'N

69°00'N





North Slope Areawide Oil and Gas Lease Sale

Annually Held in Fall

Property Description and Location: The 2014-2018 North Slope Areawide oil and gas lease sale area consists of state-owned lands between the National Petroleum Reserve-Alaska (NPR-A) and the Arctic National Wildlife Refuge (ANWR), and from the Beaufort Sea in the north to the Umiat Meridian Base-line in the south.

The gross lease sale area is approximately 5.1 million acres and is divided into 1,225 tracts. In 2011, the Division of Oil and Gas for the first time subdivided some tracts into smaller parcels to encourage timely development of leases. This subdivision of leases was continued in the 2012 and 2013 lease sales.

The most recent best interest finding for the North Slope was issued on July 15, 2008. On March 22, 2013, DNR called for comments from the public requesting new information that has become available since the most recent best interest finding. No substantial, new information was received and on July 1, 2013, DNR issued a "Decision of No New Substantial Information." The North Slope 2012W lease sale was held on November 6, 2013. A request for new information will be publicized in early 2014.

Petroleum Potential: Petroleum potential in the area is considered moderate to high with the potential generally increasing from south to north.

Other Resources: The lease sale area supports a variety of wildlife. Caribou from the Central Arctic herd

and the Teshekpuk Lake herd use parts of the region. Brown bears and moose are found along the Colville and Itkillik Rivers. Polar bear dens have been documented in the Colville River delta. Spotted seals haul out on sandbars in the Colville River delta. Arctic fox, wolverine, and wolves also inhabit the area. Millions of birds migrate through or near the area during the summer, stopping to feed or rest on the numerous small tundra ponds typical of the area. The Colville River delta wetlands provide important staging, nesting, feeding, and molting habitat for many species of birds. Freshwater resident fish include Arctic grayling, burbot, and whitefish. Anadromous and amphidromous fish include Dolly Varden, Arctic Char, cisco, whitefish, and salmon.

Residents of Nuiqsut and Anaktuvuk Pass use the area for fishing and hunting birds, caribou, and other species.

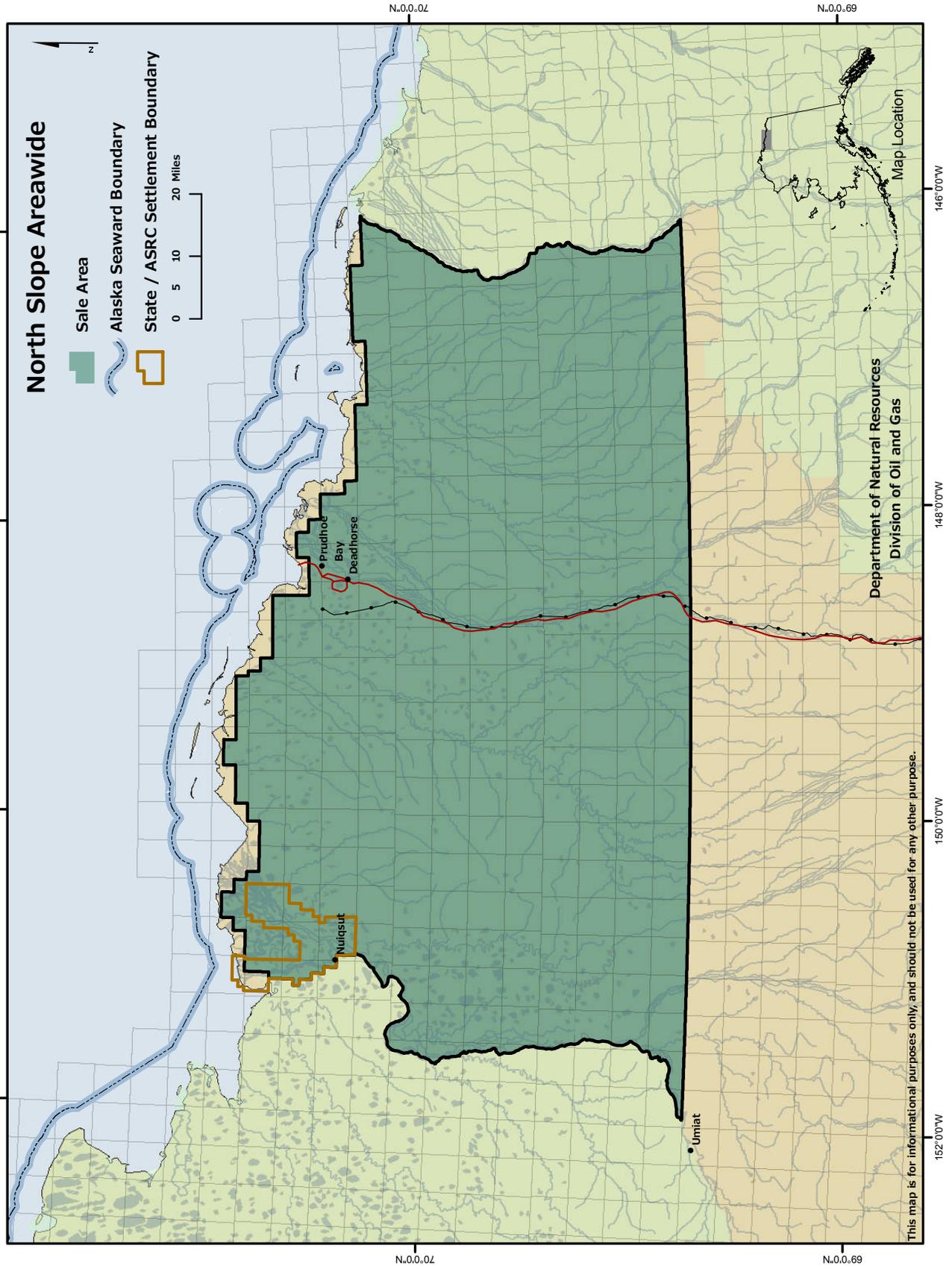
Four species found in the lease sale area are listed as threatened or endangered under the federal Endangered Species Act: polar bear (threatened), spectacled eider (threatened), and Steller's eider (threatened).

Municipalities and Communities: The North Slope Borough has adopted a comprehensive plan and land management regulations that may impose restrictions on oil and gas activity in the lease sale area.

Municipalities & Communities

Community	Population (2010)
North Slope Borough	9,430
Prudhoe Bay/Deadhorse	2,174
Nuiqsut	402
Anaktuvuk Pass	324

Source: http://www.commerce.state.ak.us/dca/commdb/CF_BLOCK.htm



North Slope Foothills Areawide Oil and Gas Lease Sale

Annually Held in Fall

Property Description and Location: The 2014-2018 North Slope Foothills Areawide oil and gas lease sale area lies between the National Petroleum Reserve-Alaska (NPR-A) and the Arctic National Wildlife Refuge (ANWR), south of the Umiat Baseline and north of the Gates of the Arctic National Park and Preserve.

The gross lease sale area is approximately 7.6 million acres and is divided into 1,347 tracts ranging from 1,280 to 5,760 acres.

The most recent best interest finding for the North Slope Foothills was issued May 26, 2011. On March 22, 2013, DNR requested new information that had become available since the most recent best interest finding. No appropriate information was received and on July 1, 2013, DNR issued a "Decision of No New Substantial Information." The North Slope Foothills 2013 lease sale was held on November 6, 2013. A request for new information will be publicized in early 2014.

Petroleum Potential: Petroleum potential in the area is considered relatively high for gas, and relatively low for oil.

Other Resources: Four caribou herds use the lease sale area: the Western Arctic herd, the Central Arctic herd, the Teshekpuk Lake herd, and the Porcupine herd. Caribou use the lease sale area as winter range

and travel along the river drainages and mountain passes to summer calving areas along the Beaufort Sea coast.

Riparian habitats found within the lease sale area are important to a variety of species including moose, brown bears, muskoxen, wolves, furbearers, and numerous species of birds. Some of the higher mesa or butte areas are used by Dall sheep for lambing and mineral licks.

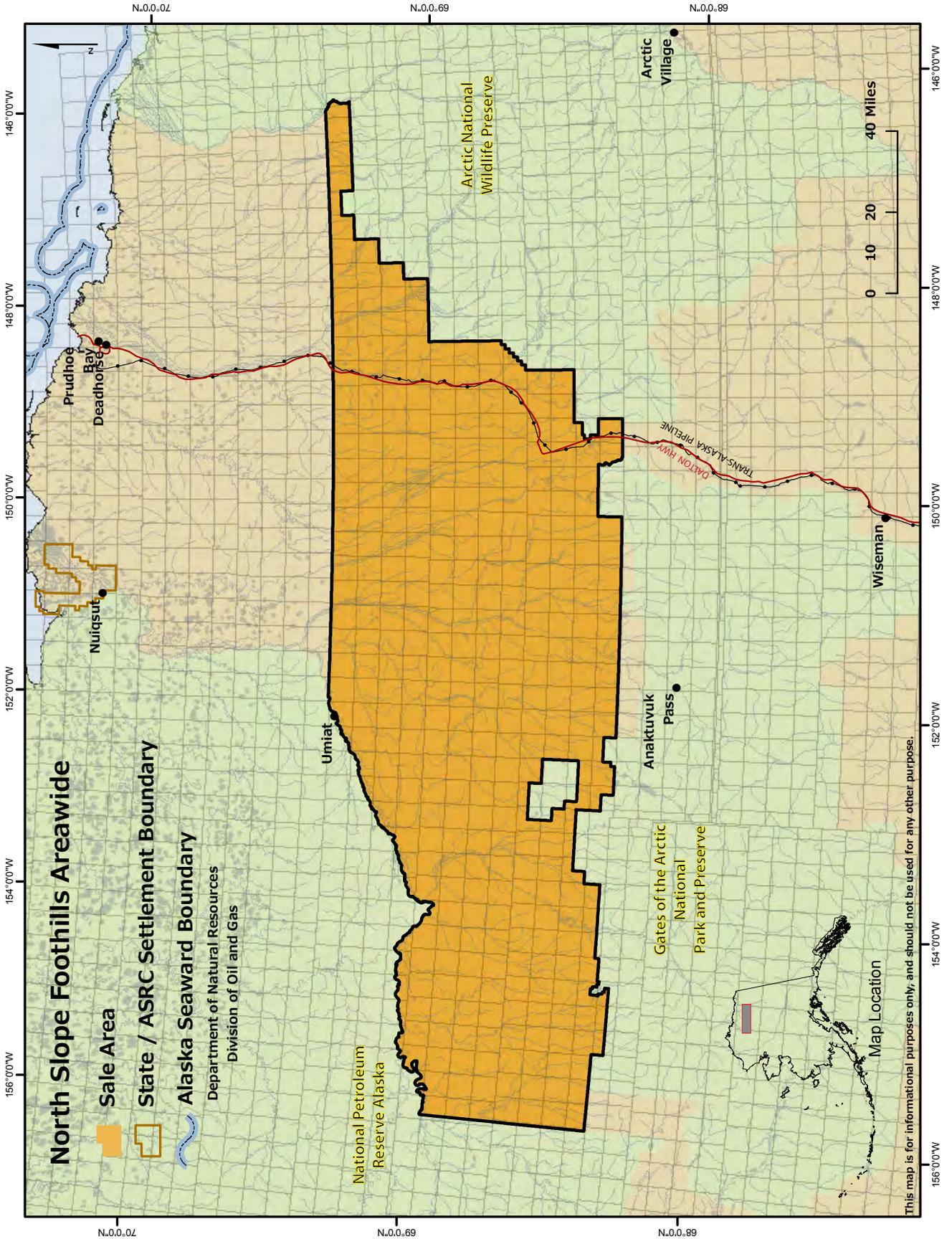
Major river valleys, where willow thickets are most abundant, provide valuable moose habitat. Moose concentrate in these areas throughout the year, with peak use during winter. Brown bears are frequently associated with riparian habitats in the area, especially in the spring and fall. The North Slope's tundra and foothills support numerous migratory bird species in this area. Dall sheep live on ridges, dry meadows, and steep mountain slopes. Residents of Anaktuvuk Pass are the most frequent users of fish and wildlife in the lease sale area; however, Barrow, Nuiqsut, and Kaktovik residents harvest species in the area.

Municipalities and Communities: The North Slope Borough has adopted a comprehensive plan and land management regulations that may impose restrictions on oil and gas activity in the lease sale area.

Municipalities & Communities

Community	Population (2010)
North Slope Borough	9,430
Prudhoe Bay/Deadhorse	2,174
Nuiqsut	402
Anaktuvuk Pass	324
Barrow	4,212
Kaktovik	239

Source: http://www.commerce.state.ak.us/dca/commdb/CF_BLOCK.htm



This map is for informational purposes only, and should not be used for any other purpose.

Recent Areawide Oil and Gas Lease Sale Results

2012 Sale Results

Sale	Date	Acres Leased	High Bonus Bids	Status
Alaska Peninsula 2012	May 16, 2012	0	0	No bids received
Beaufort Sea 2012W	November 7, 2012	80,699	\$1,781,235	Final
Cook Inlet 2012W	May 16, 2012	128,230	\$4,564,459	Final
North Slope 2012W	November 7, 2012	152,067	\$10,542,283	Final
North Slope Foothills 2012W	November 7, 2012	45,476	\$948,646	Final
Totals:		406,472	\$17,836,623	

2013 Sale Results*

Sale	Date	Acres Leased	High Bonus Bids	Status
Alaska Peninsula 2013	May 8, 2013	0	\$0	No bids received
Beaufort Sea 2013W	November 6, 2013	2,560	\$52,403	Final
Cook Inlet 2013W	May 8, 2013	100,322	\$3,081,417	Final
North Slope 2013W	November 6, 2013	162,163	\$5,510,260	Preliminary
North Slope Foothills 2013W	November 6, 2013	0	\$0	No bids received
Totals:		265,045	\$8,644,080	

* Individual results of the 2013 lease sales are reported on the following pages. Once leases have been issued, final results will be posted on the division's website at <http://dog.dnr.alaska.gov/>

Alaska Peninsula Areawide 2013

North Slope Foothills Areawide 2013

No bids received

Beaufort Sea Areawide 2013



Division of Oil & Gas

Alaska Department of Natural Resources

Sale Results Summary

Beaufort Sea Areawide 2013W

** These numbers represent the acreage that was determined leasable following the title and survey review process **

Final Report

Date of Sale: 11/6/2013

Total Number of Valid Bids: 2
 Total Tracts Sold: 2
 Total Tracts With Lease Award: 2
 Total Acres Awarded: 2,560.00
 Total High Bonus Bids: \$52,403.20
 Average High Bid Per Acre: \$20.47

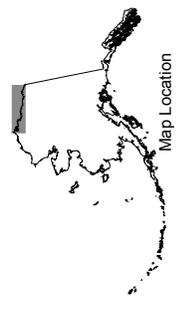
Highest Bid: \$33,113.60
 Tract Number: 390
 Submitted By: 70 & 148

Highest Bid/Acre: \$25.87
 Tract Number: 390
 Submitted By: 70 & 148

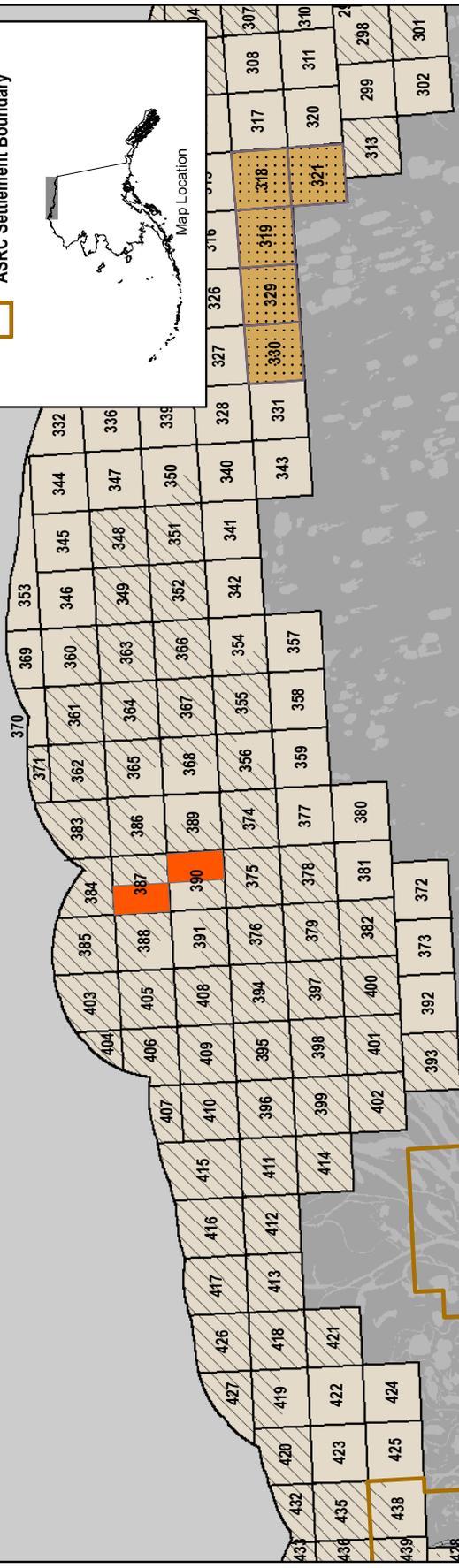
Bidder Company or Group Name	Number of Tracts Bid	Number of Tracts Won	Number of Tracts Awarded	Total Of Bonus Bids	Total Acreage
70 & 148, LLC 100.00000%	2	2	2	\$52,403.20	2,560.00
Total		2	2	\$52,403.20	2,560.00

State of Alaska
 Department of Natural Resources
 Division of Oil and Gas
 Beaufort Sea Area-wide 2013W
 Oil & Gas Lease Sale

- High Bidders**
- 70 & 148, LLC
 - Leased Tracts
 - Deferred Tracts
 - ASRC Settlement Boundary



Beaufort Sea





Division of Oil & Gas
Alaska Department of Natural Resources

Sale Results Summary

Cook Inlet Areawide 2013W

**** These numbers represent the acreage that was determined leasable following the title and survey review process ****

Final Report

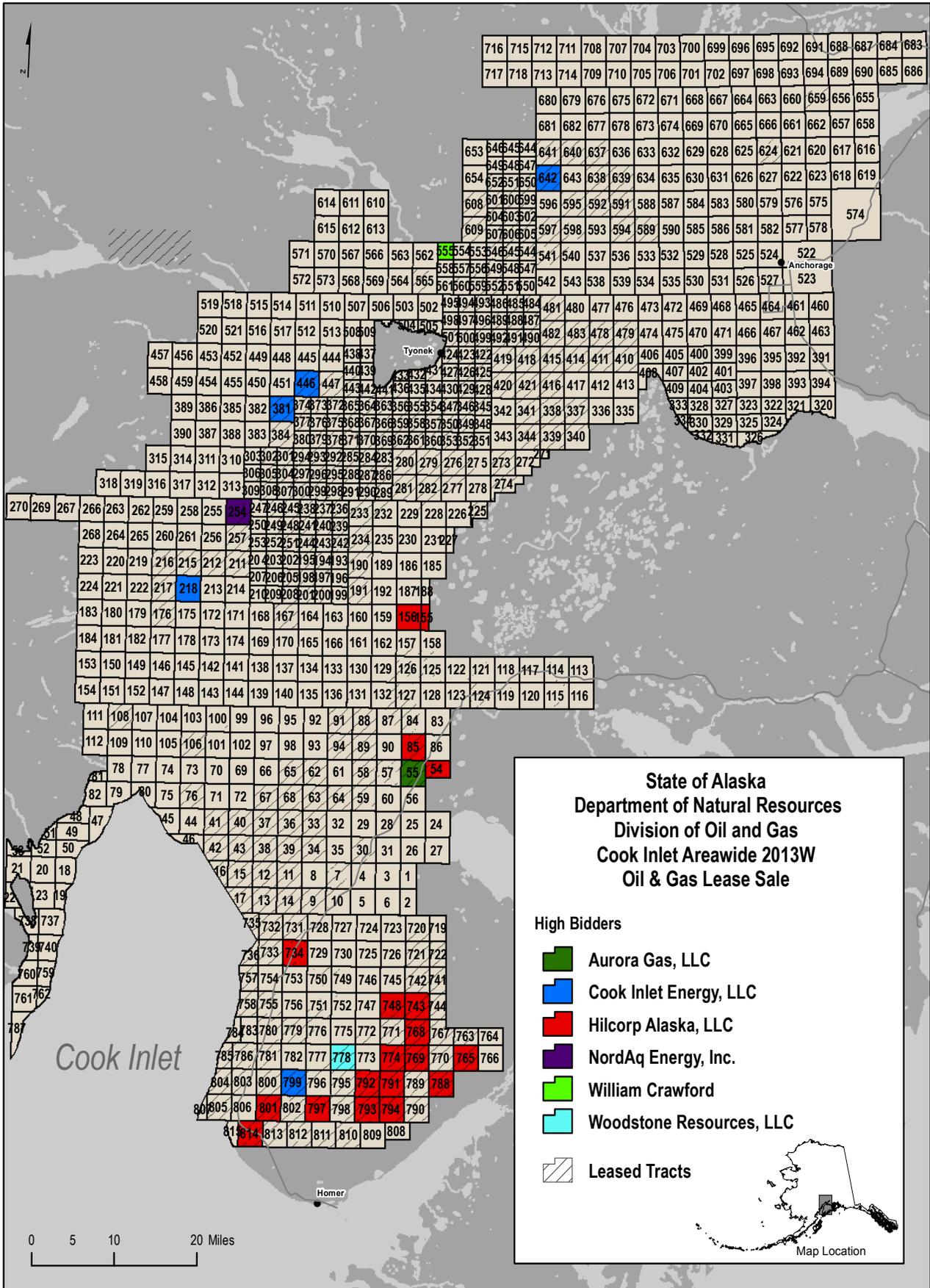
Date of Sale: 5/8/2013

Total Number of Valid Bids: 33
 Total Tracts Sold: 28
 Total Tracts With Lease Award: 24
 Total Acres Awarded: 100,321.68
 Total High Bonus Bids: \$3,081,416.90
 Average High Bid Per Acre: \$30.72

Highest Bid: \$314,880.00
 Tract Number: 778
 Submitted By: Woodstone Resources

Highest Bid/Acre: \$82.00
 Tract Number: 778
 Submitted By: Woodstone Resources

Bidder Company or Group Name	Number of Tracts Bid	Number of Tracts Won	Number of Tracts Awarded	Total Of Bonus Bids	Total Acreage
Hilcorp Alaska, LLC 100.00000%	22	19	16	\$1,570,846.96	60,758.55
COOK INLET ENERGY, LLC 100.00000%	6	5	5	\$849,678.17	28,074.12
AURORA GAS, LLC 100.00000%	1	1	1	\$144,859.77	4,449.01
NordAq Energy Inc 100.00000%	1	1	1	\$201,152.00	3,200.00
William M Crawford 100.00000%	1	1	0	\$0.00	0.00
Woodstone Resources LLC 100.00000%	1	1	1	\$314,880.00	3,840.00
SAMUEL G NAPPI 100.00000%	1	0	0		
Total		28	24	\$3,081,416.90	100,321.68



State of Alaska
 Department of Natural Resources
 Division of Oil and Gas
 Cook Inlet Areawide 2013W
 Oil & Gas Lease Sale

- High Bidders
- Aurora Gas, LLC
 - Cook Inlet Energy, LLC
 - Hilcorp Alaska, LLC
 - NordAq Energy, Inc.
 - William Crawford
 - Woodstone Resources, LLC

 Leased Tracts



North Slope Areawide 2013



Division of Oil & Gas

Alaska Department of Natural Resources

Sale Results Summary

North Slope Areawide 2013W

**** These bids are subject to further adjudication. No guarantee is made to the accuracy of the information contained in this report until title and survey review is complete ****

Preliminary Report

Date of Sale: 11/6/2013

11/6/2013

	Royalty Rate	Minimum Bid Per Acre
Total Number of Valid Bids: 90		
Total Tracts Sold: 89	12.50000%	\$10.00
Total Acres Sold: 162,162.88		
Total High Bonus Bids: \$5,510,260.04	12.50000%	\$25.00
Sum of All Valid Bids: \$6,027,252.04	16.66667%	\$25.00
Average High Bid Per Acre: \$33.98		

Highest Bid: \$576,000.00

Tract Number: 1069

Submitted By: AVCG

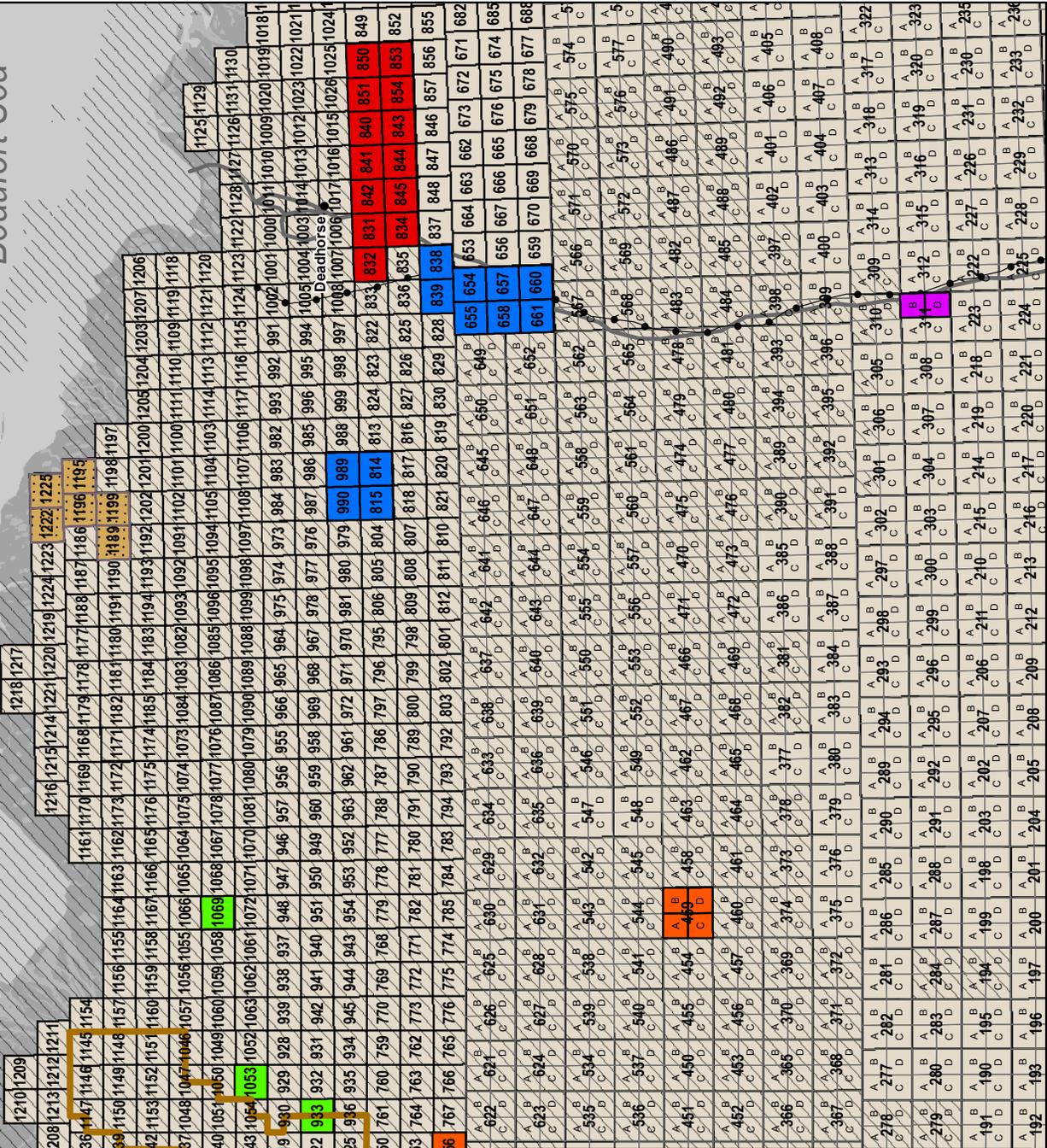
Highest Bid/Acre: \$225.00

Tract Number: 1069

Submitted By: AVCG

Bidder Company or Group Name	Number of Tracts Bid	Total of All Bids	Number of Tracts Won	Total of High Bids	Total Acreage Won
NordAq Energy Inc 100.00000%	52	\$2,308,665.60	52	\$2,308,665.60	74,880.00
CONOCOPHILLIPS ALASKA, INC. 100.00000%	14	\$947,916.80	14	\$947,916.80	35,840.00
Great Bear Petroleum Ventures II, LLC 100.00000%	12	\$771,993.60	12	\$771,993.60	30,720.00
70 & 148, LLC 100.00000%	5	\$231,622.40	5	\$231,622.40	8,320.00
AVCG, LLC 100.00000%	3	\$1,117,644.80	3	\$1,117,644.80	7,680.00
Burgundy Xploration LLC 100.00000%	2	\$97,070.40	2	\$97,070.40	2,880.00
SAVANT ALASKA LLC 100.00000%	1	\$35,346.44	1	\$35,346.44	1,842.88
CONOCOPHILLIPS ALASKA, INC. 55.40237%; BP ALASKA EXPLORATION INC 39.28223%; CHEVRON U.S.A. INC. 4.95060%; EXXONMOBIL ALASKA PRODUCTION INC 0.36480%	1	\$516,992.00	0		
Total		\$6,027,252.04	89	\$5,510,260.04	162,162.88

Beaufort Sea



National Petroleum Reserve-Alaska

State of Alaska
 Department of Natural Resources
 Division of Oil and Gas
 North Slope Area-wide 2013W
 Oil & Gas Lease Sale

High Bidders

- AVCG,LLC.
- Burgundy Exploration
- ConocoPhillips Alaska, Inc.
- Great Bear Petroleum Ventures II
- 70 & 148, LLC.

- Deferred Tracts
- Leased Tracts
- ASRC Settlement Boundary

Map Location

Map Location



Summary of State Competitive Oil and Gas Lease Sales 1959-1998

Sale Date	Sale	Sale Area	Acres Offered	Acres Leased	Percent Leased	Average \$/Acre	Tracts Offered	Tracts Leased	Bonus Received	Bid Variable	Fixed Terms
12/10/1959	1	Cook Inlet	88,055	77,191	87.66%	\$52.08	37	31	\$4,020,342	Bonus; No Min	12.5% Royalty
7/13/1960	2	Cook Inlet	17,568	16,506	93.96%	\$24.70	27	26	\$407,655	Bonus; No Min	12.5% Royalty
12/7/1960	3	Mixed	73,048	22,867	31.30%	\$1.54	26	9	\$35,325	Bonus; No Min	12.5% Royalty
1/25/1961	4	Cook Inlet	400	400	100.00%	\$679.04	3	3	\$271,614	Bonus; No Min	12.5% Royalty
5/23/1961	5	Mixed	97,876	95,980	98.06%	\$74.71	102	99	\$7,170,465	Bonus; No Min	12.5% Royalty
8/4/1961	6	Gulf Ak	13,257	13,257	100.00%	\$8.35	6	6	\$110,672	Bonus; No Min	12.5% Royalty
12/19/1961	7	Mixed	255,708	187,118	73.18%	\$79.43	68	53	\$14,863,049	Bonus; No Min	12.5% Royalty
4/24/1962	8	Cook Inlet	1,062	1,062	100.00%	\$4.80	8	8	\$5,097	Bonus; No Min	12.5% Royalty
7/11/1962	9	Mixed	315,669	264,437	83.77%	\$59.42	89	76	\$15,714,113	Bonus; No Min	12.5% Royalty
5/8/1963	10	Cook Inlet	167,583	141,491	84.43%	\$29.23	200	158	\$4,136,225	Bonus; No Min	12.5% Royalty
12/11/1963	12	Cook Inlet	346,782	247,089	71.25%	\$12.31	308	207	\$3,042,681	Bonus; No Min	12.5% Royalty
12/19/1964	13	Mixed	1,194,373	721,224	60.39%	\$7.68	610	341	\$5,537,100	Bonus; No Min	12.5% Royalty
7/14/1965	14	North Slope	754,033	403,000	53.45%	\$15.25	297	159	\$6,145,473	Bonus; \$1/acre Min	12.5% Royalty
9/28/1965	15	Cook Inlet	403,042	301,751	74.87%	\$15.49	293	216	\$4,674,344	Bonus; \$1/acre Min	12.5% Royalty
7/19/1966	16	Mixed	184,410	133,987	72.66%	\$52.55	205	153	\$7,040,880	Bonus; \$1/acre Min	12.5% Royalty
11/22/1966	17	Cook Inlet	19,230	18,590	96.67%	\$7.33	36	35	\$136,280	Bonus; \$1/acre Min	12.5% Royalty
1/24/1967	18	Mixed	47,729	43,657	91.47%	\$33.90	23	20	\$1,479,906	Bonus; \$1/acre Min	12.5% Royalty
3/28/1967	19	Kachemak Bay	2,560							RULED INVALID 12/9/74	
7/25/1967	20	Cook Inlet	311,250	256,447	82.39%	\$73.14	295	220	\$18,757,341	Bonus; \$1/acre Min	12.5% Royalty
3/26/1968	21	AK Peninsula	346,623	164,961	47.59%	\$18.24	308	147	\$3,009,224	Bonus; \$1/acre Min	12.5% Royalty
10/29/1968	22	Cook Inlet	111,199	60,272	54.20%	\$17.29	230	125	\$1,042,220	Bonus; No Min	12.5% Royalty
9/10/1969	23	North Slope	450,858	412,548	91.50%	\$2,181.66	179	164	\$900,041,605	Bonus; No Min	12.5% Royalty
5/12/1971	24	Cook Inlet	196,635	92,618	47.10%	\$4.92	244	106	\$455,641	Bonus; No Min	12.5% Royalty
9/26/1972	25	Cook Inlet	325,401	178,245	54.78%	\$7.43	259	152	\$1,324,673	Bonus; No Min	12.5% Royalty
12/11/1972	26	Cook Inlet	399,921	177,973	44.50%	\$8.75	218	105	\$1,557,849	Bonus; No Min	12.5% Royalty
5/9/1973	27	Cook Inlet	308,401	113,892	36.93%	\$9.92	210	96	\$1,130,325	Bonus; No Min	12.5% Royalty
12/13/1973	28	Cook Inlet	166,648	97,804	58.69%	\$253.77	98	62	\$24,819,190	Bonus; No Min	16.67% Royalty
10/23/1974	29	Cook Inlet	278,269	127,120	45.68%	\$8.19	164	82	\$1,040,910	Bonus; No Min	16.67% Royalty
7/24/1979	29B	Copper River	34,678	34,678	100.00%	\$4.56	20	20	\$158,042	Bonus; No Min	20% Royalty
12/12/1979	30	Beaufort Sea	341,140	296,308	86.86%	\$1,914.87	71	62	\$567,391,497	Net Profit Share (NPS)	20% Royalty; \$850 & \$1750/acre
9/16/1980	31	North Slope	196,268	196,268	100.00%	\$63.12	78	78	\$12,387,470	Bonus; No Min	20% Royalty; 30% NPS
5/13/1981	33	Cook Inlet	815,000	429,978	52.76%	\$10.00	202	103	\$4,299,782	Royalty; 20% Min	\$10/acre Bonus
8/25/1981	32	Cook Inlet	202,837	152,428	75.15%	\$10.00	78	59	\$1,524,282	Royalty; 20% Min	\$10/acre Bonus
2/2/1982	35	Cook Inlet	601,172	131,191	21.82%	\$10.00	149	31	\$1,311,907	Royalty; 12.5% Min	\$10/acre Bonus
5/26/1982	36*	Beaufort Sea	56,862	56,862	100.00%	\$573.02	13	13	\$32,583,452	Bonus; No Min	12.5% Royalty & 40% NPS
8/24/1982	37*	Copper River	852,603	168,849	19.80%	\$3.33	217	33	\$562,944	Bonus; No Min	12.5% Royalty & 30% NPS
8/24/1982	37A	Cook Inlet	1,875	1,875	100.00%	\$52.00	1	1	\$97,479	Bonus; No Min	43% Royalty
9/28/1982	34*	North Slope	1,231,517	571,954	46.44%	\$46.70	261	119	\$26,713,018	Bonus; No Min	Royalty: 16.67%-40%NPS; 12.5%-30%NPS
5/17/1983	39*	Beaufort Sea	211,988	211,988	100.00%	\$99.05	42	42	\$20,998,101	Bonus; \$10/acre Min	12.5% Royalty & 30% or 40% NPS
9/28/1983	40	Cook Inlet	1,044,745	443,355	42.44%	\$7.17	284	140	\$3,177,178	Bonus; \$1/acre Min	12.5% Royalty
5/22/1984	43	Beaufort Sea	298,074	281,784	94.53%	\$114.32	69	66	\$32,214,794	Bonus; \$10/acre Min	16.67% Royalty
5/22/1984	43A*	North Slope	76,079	76,079	100.00%	\$125.44	15	15	\$1,612,583	Bonus; \$10/acre Min	12.5% Royalty & 30% NPS
9/18/1984	41	Bristol Bay	1,437,930	278,939	19.40%	\$3.03	308	63	\$843,965	Bonus; No Min	12.5% Royalty
2/26/1985	46A	Cook Inlet	248,585	190,042	76.45%	\$13.28	65	50	\$2,523,334	Bonus; \$1/acre Min	12.5% & 16.67% Royalty
9/24/1985	45A	North Slope	606,385	164,885	27.19%	\$28.25	113	32	\$4,657,478	Bonus; \$5/acre Min	16.67% Royalty
9/24/1985	47	North Slope	192,569	182,560	94.80%	\$63.79	50	48	\$11,645,003	Bonus; \$5/acre Min	12.5% Royalty
2/25/1986	48	North Slope	526,101	266,736	50.70%	\$9.16	104	54	\$2,444,342	Bonus; \$5/acre Min	12.5% Royalty
2/25/1986	48A	Beaufort Sea	42,053	42,053	100.00%	\$12.13	11	11	\$510,255	Bonus; \$5/acre Min	12.5% Royalty
6/24/1986	49	Cook Inlet	1,189,100	394,881	33.21%	\$2.40	260	98	\$947,171	Bonus; \$1/acre Min	12.5% & 16.67% Royalty
1/27/1987	51	North Slope	592,142	100,632	16.99%	\$2.88	119	26	\$289,625	Bonus; \$2/acre Min	12.5% Royalty
6/30/1987	50	Beaufort Sea	118,147	118,147	100.00%	\$56.05	35	35	\$6,621,723	Bonus; \$5/acre Min	16.67% Royalty
1/26/1988	54*	North Slope	421,809	338,687	80.29%	\$13.83	89	72	\$4,683,388	Bonus; \$5/acre Min	12.5% Royalty
9/28/1988	55	Beaufort Sea	201,707	96,632	47.91%	\$152.13	56	25	\$14,700,602	Bonus; \$10&\$25/ac Min	12.5% & 16.67% Royalty
9/28/1988	69A	North Slope	775,555	368,490	47.51%	\$16.61	155	75	\$6,119,135	Bonus; \$5/acre Min	12.5% Royalty
1/24/1989	52	Beaufort Sea	175,981	52,463	29.81%	\$33.12	43	15	\$1,737,513	Bonus; \$10/acre Min	12.5% Royalty
1/24/1989	72A	North Slope	677	677	100.00%	\$671.90	1	1	\$454,977	Bonus; \$10/acre Min	12.5% Royalty
1/29/1991	67A*	Cook Inlet	549,364	191,588	34.87%	\$28.77	140	55	\$5,511,338	Bonus; \$5/acre Min	12.5% Royalty
1/29/1991	70A*	North Slope	532,153	420,568	79.03%	\$65.88	135	109	\$27,707,541	Bonus; \$5/acre Min	12.5% Royalty
6/4/1991	64	North Slope	754,542	34,143	4.52%	\$7.10	141	6	\$242,389	Bonus; \$5/acre Min	12.5% Royalty
6/4/1991	65*	Beaufort Sea	491,091	172,865	35.20%	\$40.46	108	36	\$6,993,949	Bonus; \$5/acre Min	16.67% Royalty
9/24/1991	74A*	Cook Inlet	605,851	26,605	4.39%	\$12.06	134	5	\$320,853	Bonus; \$5/acre Min	12.5% Royalty
1/22/1992	61	North Slope	991,087	260,550	26.29%	\$9.32	181	46	\$2,429,551	Bonus; \$5/acre Min	12.5% Royalty
6/2/1992	68	Beaufort Sea	153,445	0	0.00%	\$0.00	36	0	\$0	Bonus; \$10/acre Min	12.5% Royalty
12/8/1992	75	North Slope	217,205	124,832	57.47%	\$78.11	90	55	\$9,750,111	Bonus; \$10/acre Min	Royalty: State =12.5% & ASRC =16.67%
1/26/1993	76	Cook Inlet	393,025	141,504	36.00%	\$461.25	86	36	\$65,269,167	Bonus; \$5/acre Min	12.5% Royalty
1/26/1993	67-A-W	Cook Inlet	282,577	129,810	45.94%	\$18.75	69	33	\$2,433,864	Bonus; \$5/acre Min	12.5% Royalty
5/25/1993	77	North Slope	1,260,146	45,727	3.63%	\$25.47	228	8	\$1,164,555	Bonus; \$5/acre Min	12.5% Royalty
5/25/1993	70-A-W	North Slope	37,655	28,055	74.51%	\$48.41	11	8	\$1,358,027	Bonus; \$10/acre Min	12.5% Royalty
9/21/1993	57	North Slope	1,033,248	0	0.00%	\$0.00	196	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
9/21/1993	75A	North Slope	14,343	14,343	100.00%	\$31.36	11	11	\$449,847	Bonus; \$10/acre Min	16.67% Royalty
10/30/1994	78	Cook Inlet	396,760	136,307	34.36%	\$12.14	90	34	\$1,654,137	Bonus; \$5/acre Min	12.5% Royalty
11/14/1994	67A-W2	Cook Inlet	152,768	13,804	9.04%	\$7.29	36	3	\$100,638	Bonus; \$5/acre Min	12.5% Royalty
11/14/1995	74W	Cook Inlet	66,703	17,015	25.51%	\$31.76	16	4	\$540,406	Bonus; \$5/acre Min	12.5% Royalty
11/14/1995	76W	Cook Inlet	251,614	14,220	5.65%	\$5.61	50	4	\$79,722	Bonus; \$5/acre Min	12.5% Royalty
11/14/1995	78W	Cook Inlet	260,453	36,478	14.01%	\$7.06	56	11	\$257,583	Bonus; \$5/acre Min	12.5% Royalty
12/5/1995	80	North Slope	951,302	151,567	15.93%	\$22.02	202	42	\$3,337,485	Bonus; \$10/acre Min	12.5% Royalty
10/1/1996	86A	North Slope	15,484	5,901	38.11%	\$343.40	13	5	\$2,026,247	Bonus; \$100/acre Min	16.67%&16.67-33.33% Sliding Scale Rylty
12/18/1996	85A	Cook Inlet	1,061,555	173,503	16.33%	\$17.92	234	44	\$3,109,603	Bonus; \$5/acre Min	12.5% Royalty
11/18/1997	86	Beaufort Sea	365,054	323,835	88.70%	\$86.42	181	162	\$27,985,125	Bonus; \$10/acre Min	16.67% Royalty
2/24/1998	85A-W	Cook Inlet	757,878	98,011	12.90%	\$8.46	157	24	\$828,807	Bonus; \$5/acre Min	12.5% Royalty

* Economic Incentive Credits were offered for these sales.

Summary of State Competitive Oil and Gas Areawide Lease Sales 1998-2013

Sale Date	Sale	Sale Area	Acres Leased	Average \$/Acre	Tracts Leased	Bonus Received	Bid Variable	Fixed Terms
6/24/1998	87	North Slope	518,689	\$99.86	137	\$51,794,173	Bonus; \$5/acre Min	12.5% Royalty
2/24/1999	NS 1999	North Slope	174,923	\$14.85	40	\$2,596,838	Bonus; \$5/acre Min	12.5% Royalty
4/21/1999	CI 1999	Cook Inlet	114,269	\$11.42	41	\$1,434,950	Bonus; \$5/acre Min	12.5% Royalty
8/16/2000	CI 2000	Cook Inlet	69,928	\$8.72	27	\$609,538	Bonus; \$5/acre Min	12.5% Royalty
11/15/2000	BS 2000	Beaufort Sea	25,803	\$13.13	11	\$338,922	Bonus; \$10/acre Min	12.5% & 16.67% Royalty
11/15/2000	NS 2000	North Slope	657,520	\$15.39	145	\$10,117,367	Bonus; \$5/acre Min	12.5% & 16.67% Royalty
5/9/2001	CI 2001	Cook Inlet	102,523	\$9.05	29	\$928,085	Bonus; \$5/acre Min	12.5% Royalty
5/9/2001	NSF 2001	NS Foothills	858,811	\$11.41	170	\$9,799,277	Bonus; \$5/acre Min	12.5% Royalty
10/24/2001	BS 2001	Beaufort Sea	36,331	\$94.90	24	\$3,447,734	Bonus; \$10/acre Min	12.5% & 16.67% Royalty
10/24/2001	NS 2001	North Slope	434,938	\$15.89	110	\$6,911,572	Bonus; \$5/acre Min	12.5% & 16.67% Royalty
5/1/2002	CI 2002	Cook Inlet	64,923	\$7.05	21	\$421,841	Bonus; \$5/acre Min	12.5% Royalty
5/1/2002	NSF 2002	NS Foothills	213,374	\$14.32	46	\$2,889,532	Bonus; \$5/acre Min	12.5% Royalty
10/24/2002	BS 2002	Beaufort Sea	19,226	\$26.34	15	\$506,405	Bonus; \$10 & \$100/acre Min	12.5%, 16.67% & 20% Royalty
10/24/2002	NS 2002	North Slope	29,451	\$11.32	7	\$333,259	Bonus; \$10/acre Min	12.5%, 16.67% & 16.67-33.33% Sliding Scale Ryty
5/7/2003	CI 2003	Cook Inlet	73,869	\$9.34	27	\$689,949	Bonus; \$5/acre Min	12.5% Royalty
5/7/2003	NSF 2003	NS Foothills	5,760	\$6.35	1	\$36,576	Bonus; \$5/acre Min	12.5% Royalty
10/29/2003	BS 2003	Beaufort Sea	36,995	\$36.71	20	\$1,358,187	Bonus; \$5 & \$10/ac Min	12.5 % & 16.66667% Royalty
10/29/2003	NS 2003	North Slope	210,006	\$17.08	75	\$3,586,400	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
5/19/2004	CI 2004*	Cook Inlet	227,475	\$7.33	72	\$1,667,967	Bonus; \$5/acre Min	12.5% Royalty
5/19/2004	NSF 2004	NS Foothills	19,796	\$5.37	5	\$106,305	Bonus; \$5/acre Min	12.5% Royalty
10/27/2004	BS 2004	Beaufort Sea	113,570	\$36.90	28	\$4,190,782	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
10/27/2004	NS 2004	North Slope	197,916	\$38.40	57	\$7,599,193	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
5/18/2005	CI 2005*	Cook Inlet	174,661	\$5.98	55	\$1,044,661	Bonus; \$5/acre Min	12.5% Royalty
5/18/2005	NSF 2005	NS Foothills	55,505	\$5.76	12	\$319,959	Bonus; \$5/acre Min	12.5% Royalty
10/26/2005	AK PEN 2005	Alaska Peninsula	190,494	\$6.03	37	\$1,149,253	Bonus; \$5/acre Min	12.5% Royalty
3/1/2006	BS 2006	Beaufort Sea	204,260	\$37.62	62	\$7,685,032	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
3/1/2006	NS 2006	North Slope	564,600	\$27.88	145	\$15,741,677	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
5/24/2006	CI 2006	Cook Inlet	223,165	\$12.81	71	\$2,857,846	Bonus; \$10/acre Min	12.5% Royalty
5/24/2006	NSF 2006	NS Foothills	160,750	\$7.50	45	\$1,274,224	Bonus; \$5/acre Min	12.5% Royalty
10/25/2006	BS 2006A	Beaufort Sea	29,157	\$17.90	13	\$521,871	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
10/25/2006	NS 2006A	North Slope	138,088	\$14.27	44	\$2,079,006	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
2/28/2007	AK PEN 2007	Alaska Peninsula	5,728	\$6.77	1	\$38,778	Bonus; \$5/acre Min	12.5% Royalty
2/28/2007	NSF 2007	NS Foothills	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
5/23/2007	CI 2007	Cook Inlet	133,858	\$13.30	45	\$1,780,415	Bonus; \$10/acre Min	12.5% Royalty
10/24/2007	BS 2007	Beaufort Sea	43,250	\$13.81	21	\$597,363	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
10/24/2007	NS 2007	North Slope	64,421	\$20.37	18	\$1,223,726	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
2/27/2008	AP 2008	Alaska Peninsula	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
2/27/2008	FH 2008	NS Foothills	26,607	\$5.20	5	\$138,356	Bonus; \$5/acre Min	12.5% Royalty
5/21/2008	CI 2008	Cook Inlet	10,989	\$11.95	9	\$172,374	Bonus; \$10/acre Min	12.5% Royalty
10/28/2008	BS 2008	Beaufort Sea	75,820	\$25.74	32	\$1,951,912	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
10/28/2008	NS 2008	North Slope	197,774	\$28.92	60	\$5,719,724	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
5/20/2009	AP 2009	Alaska Peninsula	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
5/20/2009	CI 2009	Cook Inlet	5,733	\$14.07	4	\$80,678	Bonus; \$10/\$1000/acre Min	12.5% Royalty & 17.707% Royalty
10/22/2009	FH 2009	NS Foothills	0	\$5.22	0	\$0	Bonus; \$5/acre Min Lease Forfeited	12.5% Royalty
10/22/2009	NS 2009	North Slope	303,346	\$26.50	80	\$8,039,235	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
2/24/2010	BS 2010	Beaufort Sea	41,579	\$17.41	18	\$724,102	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
5/26/2010	AP 2010	Alaska Peninsula	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
5/26/2010	CI 2010	Cook Inlet	104,629	\$16.40	35	\$1,716,407	Bonus; \$10/acre Min	12.5% Royalty
10/27/2010	FH2010	NS Foothills	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
10/27/2010	NS2010	North Slope	558,683	\$14.81	123	\$8,271,480	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
10/27/2010	BS2010A	Beaufort Sea	62,965	\$10.08	21	\$634,485	Bonus; \$10/acre Min	12.5 % & 16.66667% Royalty
6/22/2011	AP 2011	Alaska Peninsula	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
6/22/2011	CI 2011 A & B	Cook Inlet	545,050	\$20.16	108	\$10,986,826	Bonus; \$10/\$50/acre Min	12.5% Royalty
12/7/2011	FH2011	NS Foothills	0	\$0.00	0	\$0	Bonus; \$10/acre Min	12.5% Royalty
12/7/2011	†BS2011W	Beaufort Sea	281,095	\$24.46	78	\$6,874,657	Bonus; \$10/\$25 acre Min	12.5% & 16.66667% Royalty
12/7/2011	NS2011W	North Slope	289,433	\$40.90	161	\$11,838,289	Bonus; \$10/\$25 acre Min	12.5% & 16.66667% Royalty
5/16/2012	AP 2012	Alaska Peninsula	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
5/16/2012	CI 2012	Cook Inlet	128,300	\$35.58	41	\$4,564,459	Bonus; \$25/acre Min	12.5% Royalty
11/7/2012	FH 2012	NS Foothills	45,476	\$20.88	8	\$948,646	Bonus; \$10/acre Min	12.5% Royalty
11/7/2012	BS 2012W	Beaufort Sea	80,699	\$17.86	25	\$1,440,888	Bonus; \$10/\$25 acre Min	12.5% & 16.66667% Royalty
11/7/2012	NS 2012W	North Slope	152,067	\$69.33	86	\$10,542,283	Bonus; \$10/\$25 acre Min	12.5% & 16.66667% Royalty
5/8/2013	AP 2013	Alaska Peninsula	0	\$0.00	0	\$0	Bonus; \$5/acre Min	12.5% Royalty
5/8/2013	CI 2013	Cook Inlet	100,322	\$30.72	24	\$3,081,417	Bonus; \$25/acre Min	12.5% Royalty
11/6/2013	FH2013	NS Foothills	0	\$0.00	0	\$0	Bonus; \$10/acre Min	12.5% Royalty
11/6/2013	BS2013W	Beaufort Sea	2,560	\$20.47	2	\$52,403	Bonus; \$10/\$25 acre Min	12.5% & 16.66667% Royalty
11/6/2013	†NS2013W	North Slope	162,163	\$33.98	89	\$5,510,260	Bonus; \$10/\$25 acre Min	12.5% & 16.66667% Royalty

* Economic Incentive Credits were offered for these sales.

†Acres Leased, Average \$/Acre, and Bonus Received are preliminary figures.

State Competitive Sale Areas 1959-2013

DATE	SALE	COMPETITIVE SALE AREA
12/10/59	1.	Wide Bay; offshore Kenai to Ninilchik, Kachemak Bay
07/13/60	2.	Kenai Pen., West Forelands, Nushagak Bay; offshore/uplands
12/07/60	3.	Katalla, Kalifonsky Beach, Herendeen Bay; offshore Kodiak>
01/25/61	4.	Uplands Ninilchik
05/23/61	5.	Tyonek, Controller Bay, Pavlov Bay; offshore/uplands
08/04/61	6.	Controller Bay (Special Sale); offshore
12/19/61	7.	Icy, Yakutat & Kachemak Bays, So. Kenai Pen., N. Cook Inlet; offshore/uplands
04/24/62	8.	Big Lake; uplands
07/11/62	9.	Tyonek, W. Forelands, Knik Arm/Kalgin Is., Chisik Is., So. Kenai Pen.,Wide Bay; offshore/uplands
05/08/63	10.	Tyonek, Kenai; offshore/uplands
12/11/63	12.	S. of Forelands, Knik & Turnagain Arms, Upper Cook Inlet, Kenai Pen., Tyonek to Katunu River; offshore/uplands
12/09/64	13.	Fire Is., W. Forelands, Trinity Is., Prudhoe West; offshore/uplands
07/14/65	14.	Prudhoe West to Canning R.; offshore/uplands
09/28/65	15.	Fire Is. & N. Cook Inlet, Kalgin Is., Redoubt Bay, Knik, S. Kenai Pen.;offshore/uplands
07/19/66	16.	Kenai Pen. & Knik, Middleton Is., Fire Is., Redoubt Bay, Kalgin Is., Iliamna Mt., N. Cook Inlet; offshore/uplands
11/22/66	17.	Big Lake, Kenai; offshore/uplands
01/24/67	18.	Katalla, Prudhoe; offshore/uplands
03/28/67	19.	Lower Cook Inlet; offshore RULED INVALID ON 12/09/74
07/25/67	20.	Big Lake, Knik, Iliamna Mt., Belukha, N. Cook Inlet, Kalgin Is.,Ninilchik; offshore/uplands
03/26/68	21.	Port Heiden & Port Moller; offshore
10/29/68	22.	Big Lake, Knik, Belukha, West Forelands, Ninilchik, Kachemak & Kenai; uplands
09/10/69	23.	Colville to Canning R.; offshore/uplands
05/12/71	24.	Big Lake, Knik, Kenai, West Forelands; uplands>
12/11/72	26.	Cook Inlet (Between Forelands & Turnagain Arm); offshore/uplands
09/26/72	25.	Big Lake, Knik, Belukha, North Cook Inlet; offshore/uplands
05/09/73	27.	Tuxedni, Ninilchik, Kenai, Kalgin; offshore/uplands
12/13/73	28.	Ninilchik, Kachemak Bay, Belukha; offshore/uplands
10/23/74	29.	Kalgin & West Forelands, Chisik, Ninilchik, N. Cook Inlet, Turnagain, Big Lake; offshore/uplands
07/24/79	29B.	Copper River Basin
12/12/79	30.	Beaufort Sea (Joint Federal & State Sale): offshore Milne Pt. east to Flaxman Is.
09/16/80	31.	Prudhoe Uplands: Kuparuk R. to Mikkelsen Bay
08/25/81	32.	Lower Cook Inlet: Kenai Pen. and offshore
05/13/81	33.	Upper Cook Inlet: Kenai Pen., Trading Bay,Beluga, Susitna R., Susitna Flats, uplands; offshore Cook Inlet north of Salamatof
02/02/82	35.	Lower Cook Inlet: Kenai Pen., Redoubt Cr. north to Drift R., uplands; offshore lower Cook Inlet
05/26/82	36.	Beaufort Sea: Pt. Thomson area; offshore/uplands
08/24/82	37.	Middle Tanana & Copper River Basins

State Competitive Sale Areas 1959-2013

08/24/82	37A.	Chakok River Exempt (Kenai Pen.); uplands
09/28/82	34.	Prudhoe Uplands: Sagavanirktok R. to Canning R.
05/17/83	39.	Beaufort Sea: Qwydyr Bay to Harrison Bay; offshore/uplands
09/28/83	40.	Upper Cook Inlet: Anchorage south to Homer; offshore/uplands
05/22/84	43.	Beaufort Sea: Pitt Point east to Harrison Bay; offshore
05/22/84	43A.	Colville R. Delta/Prudhoe Bay Uplands Exempt: West of Kavik R.offshore/uplands
09/18/84	41.	Bristol Bay Uplands: Kvichak R. to Port Heiden
02/26/85	46A.	Cook Inlet Exempt: Kenai Pen., Susitna R., Pt. MacKenzie, uplands; upper Cook Inlet
09/24/85	45A.	North Slope Exempt: Canning R. to Colville R.; offshore/uplands
09/24/85	47.	Kuparuk Uplands: South of Prudhoe Bay
02/25/86	48.	Kuparuk Uplands: South of Kuparuk oil field
02/25/86	48A.	Mikkelsen Exempt: Mikkelsen Bay, Foggy Is. Bay; offshore/uplands
06/24/86	49.	Cook Inlet: Kalgin Is., Kahiltna, Yentna, Skwentna rivers, Alexander Cr.offshore/uplands
01/27/87	51.	Prudhoe Bay Uplands: Canning R. to Sagavanirktok R.
05/17/83	50.	Camden Bay: Flaxman Is. to Hulahula R.; offshore
09/28/88	55.	Demarcation Point: Canning R. to U.S./Canadian border; offshore
05/22/84	69A.	Kuparuk Uplands Exempt: Canning R. to Colville R.
01/26/88	54.	Kuparuk Uplands: Colville River Delta
01/24/89	52.	Beaufort Sea: Pitt Point to Tangent Point; offshore
01/24/89	72A.	Oliktok Point Exempt: Uplands
09/24/85	45A.	North Slope Exempt: Canning R. to Colville R.; offshore/uplands
01/29/91	67A.	Cook Inlet Exempt: Anch., lower Susitna Valley, Redoubt Bay, Trading Bay, Kenai Pen. uplands; upper Cook Inlet, offshore
01/29/91	70A.	Kuparuk Uplands Exempt: Canning R. to Colville R.
06/04/91	64.	Kavik: Canning R. to Sagavanirktok R.; uplands
06/24/91	65.	Beaufort Sea: Pitt Point to Canning R.; offshore
09/24/91	74.	Cook Inlet: Nikishka to Ninilchik, Drift R., West Forelands, uplands; Kalgin Is. north to Kenai Pen., offshore
01/22/92	61.	White Hills: Colville R. to White Hills;uplands
06/02/92	68.	Beaufort Sea: Nulavik to Tangent Point; offshore
12/08/92	75.	Kuparuk Uplands: Between NPRA and Sagavanirktok R.; Colville R. Delta ASRC lands
01/26/99	76.	Cook Inlet: Big Lake to Salamatof; onshore/offshore
01/26/93	67A-W	Cook Inlet Reoffer: Nancy Lake to West Forelands; onshore/offshore
05/25/93	77.	Nanushuk: North Slope Foothills, Chandler R. to Ivanshak R
05/25/93	70A-W	Kuparuk Uplands Reoffer: Between Canning R. and Kavik R.; onshore
09/21/93	57.	North Slope Foothills: Brooks Range foothills, Sagavanirktok R. to Killik R
09/21/93	75A.	Colville River Exempt: Colville River Delta onshore
10/31/94	78.	Cook Inlet: Susitna R. to Stariski Cr.; onshore/offshore
10/31/94	67A-W2.	Cook Inlet Reoffer: Trading Bay and Susitna R., onshore/offshore
11/14/95	74W.	Cook Inlet Reoffer: Onshore/offshore, mouth of Kasilof R.
11/14/95	76W	Cook Inlet Reoffer: Onshore between Tyonek and Palmer, Knik Arm
11/14/95	78W.	Cook Inlet Reoffer: Forelands to Little Susitna R, Kasilof R. to Stariski Pt., onshore/offshore
12/05/95	80	Shaviovik: Sag R. to Canning R., southern Kaparuk Uplands, Gwydyr Bay, Foggy Island Bay, onshore/offshore
10/01/96	86A.	Colville River Exempt: Colville R, offshore, state/ASRC onshore/offshore

State Competitive Sale Areas 1959-2013

12/18/96	85A.	Cook Inlet Exempt: Anchor Pt. and Tuxedni Bay to Turnagain Arm, Beluga R. offshore/onshore
11/18/97	86.	Central Beaufort Sea: Harrison Bay to Flaxman Island
02/24/98	85A-W.	Cook Inlet Reoffer: Onshore/offshore; Tyonek to Tuxedni Bay and Chickaloon Bay to Ninilchik
06/24/98	87.	North Slope Areawide: All acreage between NPRA and ANWR, north of the Umiat Baseline
02/24/99	NS Areawide	All available acreage between NPRA and ANWR, north of the Umiat Baseline
04/21/99	CI Areawide 1999	All available acreage within the Cook Inlet region.
08/16/00	CI Areawide 2000	All available acreage within the Cook Inlet region.
11/15/00	BS Areawide 2000	All available acreage within the Beaufort Sea region.
11/15/00	NS Areawide 2000	All available acreage within the North Slope region.
05/09/01	CI Areawide 2001	All available acreage within the Cook Inlet region.
05/09/01	NS Foothills Areawide 2001	All available acreage within the North Slope Foothills region.
10/24/01	BS Areawide 2001	All available acreage within the Beaufort Sea region.
10/24/01	NS Areawide 2001	All available acreage within the North Slope region.
05/01/02	CI Areawide 2002	State acreage between Anchor Pt. and Houston
05/01/02	NS Foothills Areawide 2002	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/24/02	NS Areawide 2002	State acreage between NPRA and ANWR, north of the Umiat Baseline
10/24/02	BS Areawide 2002	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
05/07/03	CI Areawide 2003	State acreage between Anchor Pt. and Houston
05/07/03	NS Foothills Areawide 2003	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/29/03	NS Areawide 2003	State acreage between NPRA and ANWR north of the Umiat Baseline
10/29/03	BS Areawide 2003	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
5/19/04	CI Areawide 2004	State acreage between Anchor Pt. and Houston
5/19/04	NS Foothills Areawide 2004	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/27/04	BS Areawide 2004	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
10/27/04	NS Areawide 2004	State acreage between NPRA and ANWR, north of the Umiat Baseline
5/18/05	CI Areawide 2005	State acreage between Anchor Pt. and Houston
5/18/05	NS Foothills Areawide 2005	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/26/05	AP Areawide 2005	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
3/1/06	BS Areawide 2006	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
3/1/06	NS Areawide 2006	State acreage between NPRA and ANWR, north of the Umiat Baseline
5/24/06	NS Foothills Areawide 2006	State acreage between NPRA and ANWR, south of the Umiat Baseline
5/24/06	CI Areawide 2006	State acreage between Anchor Pt. and Houston
10/25/06	BS Areawide 2006A	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
10/25/06	NS Areawide 2006A	State acreage between NPRA and ANWR, north of the Umiat Baseline
2/28/07	AP Areawide 2007	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay

State Competitive Sale Areas 1959-2013

2/28/07	NS Foothills Areawide 2007	State acreage between NPRA and ANWR, south of the Umiat Baseline
5/23/07	CI Areawide 2007	State acreage between Anchor Pt. and Houston
10/25/07	BS Areawide 2007	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
10/25/07	NS Areawide 2007	State acreage between NPRA and ANWR, north of the Umiat Baseline
2/27/08	AP Areawide 2008	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
2/27/08	NS Foothills Areawide 2008	State acreage between NPRA and ANWR, south of the Umiat Baseline
5/21/08	CI Areawide 2008	State acreage between Anchor Pt. and Houston
10/22/08	BS Areawide 2008	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
10/22/08	NS Areawide 2008	State acreage between NPRA and ANWR, north of the Umiat Baseline
5/20/09	AP Areawide 2009	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
5/20/09	CI Areawide 2009	State acreage between Anchor Pt. and Houston
10/28/09	NS Foothills Areawide 2009	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/28/09	NS Areawide 2009	State acreage between NPRA and ANWR, north of the Umiat Baseline
	BS Areawide 2009	Sale was postponed
2/24/10	BS Areawide 2010	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
5/26/10	AP Areawide 2010	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
5/26/10	CI Areawide 2010	State acreage between Anchor Pt. and Houston
10/27/10	NS Foothills Areawide 2010	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/27/10	NS Areawide 2010	State acreage between NPRA and ANWR, north of the Umiat Baseline
10/27/10	BS Areawide 2010A	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
6/22/11	AP Areawide 2011	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
6/22/11	CI Areawide 2011 A & B	State acreage between Anchor Pt. and Houston
12/7/11	NS Foothills Areawide 2011	State acreage between NPRA and ANWR, south of the Umiat Baseline
12/7/11	NS Areawide 2011W	State acreage between NPRA and ANWR, north of the Umiat Baseline
12/7/11	BS Areawide 2011W	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
6/16/12	AP Areawide 2012	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
6/16/12	CI Areawide 2012W	State acreage between Anchor Pt. and Houston
11/7/12	NS Foothills Areawide 2012	State acreage between NPRA and ANWR, south of the Umiat Baseline
11/7/12	NS Areawide 2012W	State acreage between NPRA and ANWR, north of the Umiat Baseline
11/7/12	BS Areawide 2012W	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
5/8/13	AP Areawide 2013	State acreage from the Nushagak Peninsula in the north, down the north side of the Alaska Peninsula to the vicinity of Cold Bay
5/8/13	CI Areawide 2013W	State acreage between Anchor Pt. and Houston
11/6/13	NS Foothills Areawide 2013	State acreage between NPRA and ANWR, south of the Umiat Baseline
11/6/13	NS Areawide 2013W	State acreage between NPRA and ANWR, north of the Umiat Baseline
11/6/13	BS Areawide 2013W	State acreage within the 3-mile limit, between Dease Inlet and Barter Island

Exploration Licensing

Exploration licensing supplements the state's oil and gas leasing program and encourages oil and gas exploration outside of the known oil and gas provinces in the Alaska Peninsula, Cook Inlet, Beaufort Sea, North Slope, and North Slope Foothills areas. The holder of an oil and gas exploration license has the exclusive right to explore an area between 10,000 acres and 500,000 acres for up to ten years. Rather than an up-front bonus payment to the state, as is done in competitive leasing, a licensee must commit direct expenditures for exploration.

Because a license has no annual rental payments, the only money guaranteed the state is a one-time \$1 per acre licensing fee, which is paid upon acceptance. However, the state is provided all of the geological and geophysical information acquired by the licensee so it may evaluate an area's resource potential.

Each application for an exploration license must go through a public notice and written finding process to determine whether issuance of a license is in the state's best interest. DNR first issues a notice of intent to evaluate the exploration license proposal and solicits any competing proposals for the area. It then requests public comment on the proposal(s) and goes through a written finding process similar to that for oil and gas leasing to determine whether issuing a license for the area is in the best interest of the state.

If competing proposals are submitted for an area, the applicants must submit sealed bids. The successful bidder is determined by the highest bid in terms of the minimum work commitment dollar amount. The

licensee must commit 25 percent of the total specified work commitment by the fourth anniversary of the exploration license. Once the total work commitment is met, the licensee may convert all or a portion of the license area to oil and gas leases without going through a competitive bidding process. Upon conversion, the lessee begins paying the state annual rental fees of \$3 per acre. Should exploration lead to development and production, the state is entitled to a royalty share of at least 12.5 percent.

Licensing Program

DNR accepts proposals for oil and gas exploration licenses during April of each year, as specified in 11 AAC 82.909. Land not eligible for licensing is specified in AS 38.05.131. The following table shows current active licenses and pending applications, and their current status.

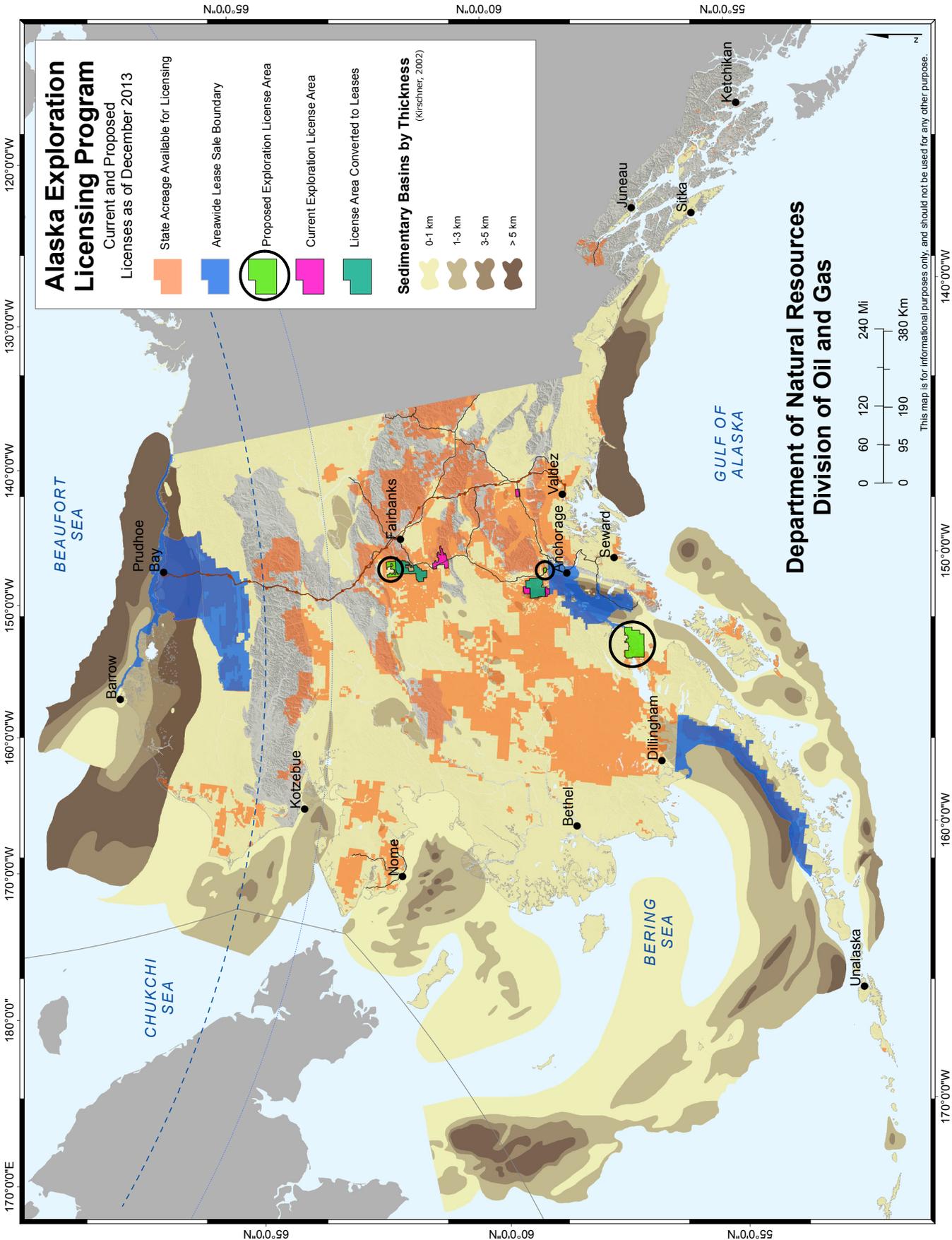
The Division received exploration license proposals for two new areas, North Nenana and Southwest Cook Inlet.

A five-year exploration license was issued to Ahtna, Inc. on December 1, 2013.

The Division has nearly completed converting the Nenana Basin and Susitna Basin II exploration licenses to leases, which will result in approximately 482,000 acres of new leases.

Exploration Licenses

License Name	ADL	Status	Licensee	Acres	Work Commitment	Effective Date	Term (years)
Healy Basin Gas Only	390606	Active	Usibelli Coal Mine Inc.	208,630	\$500,000	1/1/2011	10
Houston-Willow Basin	-	Application	Pending	Pending	Pending	Pending	Pending
North Nenana	-	Application	Pending	Pending	Pending	Pending	Pending
Southwest Cook Inlet	-	Application	Pending	Pending	Pending	Pending	Pending
Susitna Basin IV	391628	Active	Cook Inlet Energy LLC	62,909	\$2,250,000	4/1/2011	10
Susitna Basin V	391794	Active	Cook Inlet Energy LLC	45,764	\$250,000	4/1/2012	5
Tolsona	392209	Active	Ahtna, Inc.	43,492	\$415,00	12/1/2013	5



Geothermal Leasing

Geothermal leasing and prospecting permits are handled differently. Based on available geologic information and indications of interest, land may be designated for a competitive lease sale or for noncompetitive prospecting permits for geothermal exploration and development.

DNR has held a total of four geothermal lease sales, three in areas along the southern flanks of Mount Spurr, located about 40 miles northwest of Tyonek, and one at Augustine Island, located in lower Cook Inlet. The first two sales, held in 1983 and 1986, did not result in any development. In 2006, amid renewed interest in Alaska's geothermal resource potential, DNR received requests from industry to make Mt. Spurr available for geothermal leasing again.

On September 10, 2008, DNR held the Mount Spurr Geothermal Lease Sale No. 3, and received 20 bids on all 16 available tracts, generating \$3,527,073.34 in bonus bids.

Ormat Technologies, Inc. acquired 15 geothermal leases, located approximately 75 miles west of Anchorage on the flanks of Mt Spurr volcano, in the 2008 lease sale.

In 2013, Ormat has relinquished 5 of its leases, totaling 10,423.51 acres.

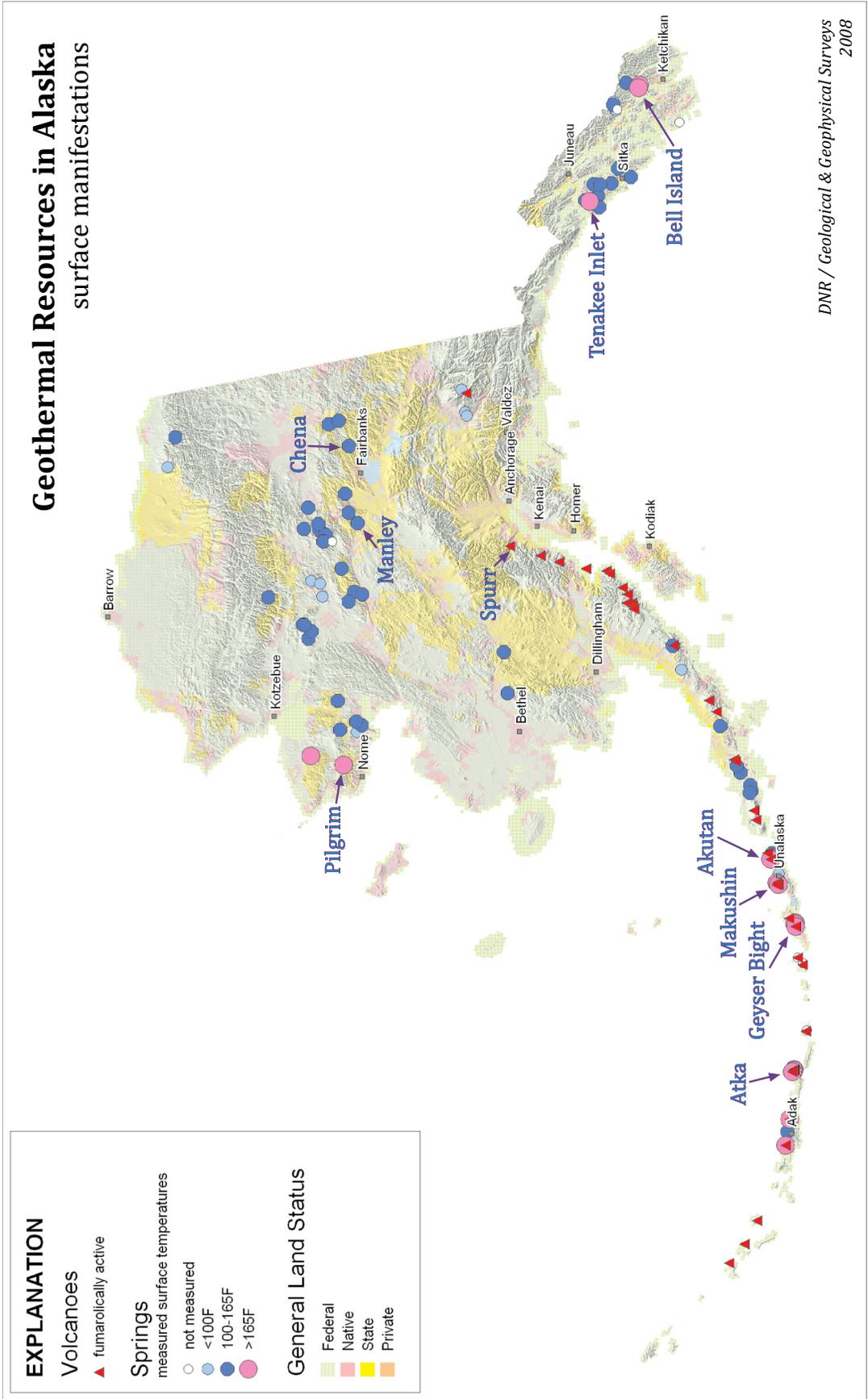
DNR has also received interest in geothermal resource development on Augustine Island, located in lower Cook Inlet. DNR evaluated the area and determined it to be in the state's best interest to offer the area for geothermal leasing. A written finding of the director was

issued January 14, 2013, and the Augustine Island Geothermal Lease Sale No. 4 was held May 8, 2013. A bonus bid of \$2,544.90 was received on one tract.

For more information on the state's geothermal leasing program, please see the division's web page at <http://dog.dnr.alaska.gov/Leasing/GeothermalLeasing.htm>

Active Geothermal Leases

Location	ADL	Lessee	Acres	Effective Date	Expires
Mt. Spurr	391354-391358, 391360-391364	Ormat Nevada Inc.	25,385.39	11/1/2008	10/30/2018
Mt. Augustine	392470	Nicholas Van Wyck	2495	10/1/2013	9/30/2023



Data from: Motyka, R.J., Moorman, M.A., and Liss, S.A., 1983, Geothermal resources of Alaska: Alaska Division of Geological & Geophysical Surveys Miscellaneous Publication 8, 1 sheet, scale 1:2,500,000.
<http://www.dggs.dnr.state.ak.us/pubs/pubs/?reqtype=citation&ID=671>

Qualifications for Bidding

QUALIFYING TO APPLY FOR, OBTAIN, OR TRANSFER AN INTEREST, PERMIT, OR LEASE RELATING TO OIL AND GAS IN ALASKA

Who Must File

Every individual, association or partnership, corporation, or person authorized to act on behalf of another party must qualify with the Division of Oil and Gas prior to bidding for lease tracts. Qualification also must be obtained prior to applying for, obtaining, or transferring interest in a permit or lease issued under AS 38.05.135 - 38.05.184.

Where to File

Address any required information or inquiries regarding qualifications to State of Alaska, Department of Natural Resources, Division of Oil and Gas, 550 West 7th Avenue, Suite 1100, Anchorage, Alaska 99501-3560. Hand-carried material should be delivered to the same address.

How to File

The following is a list of the information and documents required when qualifying under 11 AAC 82.200 - 11 AAC 82.205. Information and documents that have been filed previously and are still current may be sufficient to qualify individuals or other entities.

A. Individuals

11 AAC 82.205(a)(2). Individuals must submit a signed, dated statement that includes the applicant's name, address, and telephone number, preferably notarized, attesting that:

The individual has reached the age of majority (in Alaska the age of majority is 18 years, except for those who are emancipated earlier by marriage or by court order), a citizen of the United States or an alien qualified under AS 38.05.190.

Forms may be obtained from the Division of Oil and Gas upon request, or online at: http://www.dog.dnr.state.ak.us/oil/programs/leasing/leaseadmin/stmn-qual_rev04-09.pdf or a statement including the necessary information may be composed and submitted by an individual.

Any legal representative, guardian, or trustee for an individual must submit a certified copy of the court order authorizing the representative to act in that capacity and to fulfill, on behalf of the individual, all obligations arising under the lease or permit. The representative must also submit a signed statement as to the age of the individual and themselves.

Agents for an individual must submit an original or certified copy of a notarized power of attorney instrument authorizing the agent to act on behalf of the individual.

B. Corporations and LLCs

Corporations must submit:

- 1) the current name, mailing address, phone and fax numbers of the corporation;
- 2) a list of the individuals (officers for corporations; members/managers for LLCs) authorized to act on its behalf with respect to oil and gas leasing or permitting;
- 3) an original or certified copy of a notarized power of attorney authorizing any agent who is not a current officer/member/manager but who has been authorized by the corporation/LLC to act on its behalf with respect to the mineral specified in the permit or lease;
- 4) a current Certificate of Compliance (Certificate of Good Standing) for those corporations qualified to do business in Alaska;

-or-

- 5) if filing for the first time, either:
 - a) a Certificate of Incorporation (Certificate of Organization for an LLC) from those corporations which have been incorporated in the state of Alaska (also known as "domestic" corporations), or
 - b) a Certificate of Authority (Certificate of Registration for an LLC) from those corporations which have been incorporated outside the state of Alaska (also known as "foreign" corporations).

The required certificates must be requested from the Alaska Department of Commerce, Community and Economic Development (DCCED). Certificates may be purchased online at www.commerce.alaska.gov/dnn/cbpl, e-mail: corporations@alaska.gov.

These documents may also be obtained by mail from:

Alaska Department of Commerce, Community and Economic Development (DCCED)
Attention: Corporations Section
9th Floor, State Office Building
P. O. Box 110808
Juneau, Alaska 99811-0808
(907) 465-2550

-or-

Alaska Department of Commerce, Community, and Economic Development
Attention: Corporations Section
550 W 7th Ave., Suite 1500
Anchorage, Alaska 99501
(907) 269-8160

Inquiries about incorporating in the state of Alaska, or qualifying as a foreign corporation to do business in the state of Alaska should be addressed to personnel at either of the above addresses.

C. Unincorporated Associations

Unincorporated Associations, partnerships or joint ventures must submit:

- 1) a statement describing the business relationships between members of the association, partnership or joint venture;
- 2) a statement of qualifications for each member of the association, partnership, or joint venture (outlined in Section A);

-and/or-

if some or all of the members are incorporated entities, all information required for corporations (described in Section B) must also be submitted; and

- 3) in the case of an agent acting on behalf of an individual, an original or certified copy of a notarized power of attorney defining the agent's authority to sign with respect to the mineral specified in the permit or lease on behalf of the partnership, association or joint venture.

If still current, material previously filed with the department satisfying all or part of the requirements of this section may be incorporated in an application by appropriate reference together with a statement as to any material changes or amendments. Qualified parties are responsible for ensuring that any changes in this information are updated with the division.

Sources:

- 11 AAC 82.200
- 11 AAC 82.205
- AS 38.05.020
- AS 38.05.145(a)

Further Information

For further information regarding qualifying for Alaska oil and gas leases, please contact the State of Alaska, Department of Natural Resources, Division of Oil and Gas, 550 West 7th Avenue, Suite 1100; Anchorage, Alaska 99501-3560; Phone (907) 269-8800 or visit our Web site at <http://www.dog.dnr.state.ak.us>.

Summary of Oil and Gas Incentives

Alaska has adopted exploration and development incentive programs to encourage active exploration and the timely development of the state's oil and gas resources. These programs are described below.

Department of Revenue (DOR) Production Tax Credits under AS 43.55

Under AS 43.55.011(e) the State assesses a production tax of 35 percent of a measure of production tax value. In determining production tax value, field operating and capital expenditures ("lease expenditures") are deductible from the gross value at the point of production. Also, in determining net cash flow, for New Fields on the North Slope, 20 percent of the gross revenue is excluded. This "Gross Value Reduction," established in AS 43.55.165(f), applies to revenue generated from these New Fields. New Fields are defined as being either new units (post 2003), new participating areas (post 2011), or expansions of current participating areas (post 2013). In the Cook Inlet, there is a tax

ceiling; the production tax on oil produced anywhere in Cook Inlet is zero. For natural gas produced in the Cook Inlet, production taxes are generally capped at \$0.177 per thousand cubic feet. For gas produced anywhere in the state and sold in state, the production tax is capped at \$0.177 per thousand cubic feet. This special tax treatment for gas used in-state sunsets in 2022. Effective January 1, 2013, under AS 43.55.011(p), for areas south of 68 degrees North latitude and outside the Cook Inlet the production tax is limited to a maximum of four percent of the gross value for the first seven years of commercial production. Commercial production must begin before 2022 to be eligible for this limit. For more information on the DOR Production Tax Credits summarized below please contact Destin Greeley at (907) 269-6642.

Qualified Capital Expenditures (QCE) Credit under AS 43.55.023(a)

The QCE credit is a 20 percent credit based on Qualified

Capital Expenditures, as defined by AS 43.55.023(o).¹ Starting January 1, 2014 the QCE no longer applies to expenditures incurred for the exploration and development of North Slope fields. The QCEs must also be Allowable Lease Expenditures under AS 43.55.165. If the expenditures are incurred in connection with geological or geophysical exploration or an exploration well under AS 43.55.023(a)(2), then there are also certain data requirements² that must be met with the Department of Natural Resources (DNR) before credits can be issued. For more information on these data requirements please contact Heather Ann Heusser at (907) 269-0137.

The QCE credit cannot be taken from the same expenditure that is the basis of the credit taken under AS 43.55.023(l) for Well Lease Expenditures (see below), or under AS 43.55.025 (see below). The lease expenditure that is the basis of the QCE is still deductible in computing a taxpayer's taxable income, and can be the basis of a Carried-Forward Annual Loss Credit under AS 43.55.023(b) (see below).

Uses of Credit

This credit may be applied directly against a producer's tax liability in the year it was incurred by taking the total credit allowed for the year and applying it equally against the liability for each month of the year.³ This credit may also be requested as a tax credit certificate,⁴ but no more frequently than once per calendar quarter.⁵ To receive a credit certificate, an application⁶ must be submitted to the Department of Revenue (DOR) with all relevant backup required under regulation⁷ after the expenditures have been incurred.⁸ The DOR has until the later of 120 days from the date that the application is received by the Department or 120 days from March 31 of the calendar year following the calendar year in which the expenditures were incurred⁹ to grant or deny the application. Credits for expenditures south of 68 degrees North latitude, including "Middle Earth"¹⁰ and Cook Inlet, may be issued as one certificate all available in the year it was issued.¹¹ If the credit is issued as a certificate, the credit certificate may then be sold or transferred to another company, applied to tax liability under AS 43.55.011(e),¹² or if all requirements are met under AS 43.55.028, redeemed for cash from the state by the original applicant. The credit may not be used to reduce a person's tax liability below zero for any tax year.¹³

Pertinent Statutes and Regulations

AS 43.55.023; AS 43.55.165-170; 15 AAC 55.250-290; 15 AAC 55.305-381; 15 AAC 55.900

Carried-Forward Annual Loss Credit under AS 43.55.023(b)

The carried-forward annual loss credit is available for a percentage of a producer or explorer's adjusted lease expenditures¹⁴ that were not deductible in calculating production tax values for that calendar year under AS 43.55.160.¹⁵ For expenditures associated with the Cook Inlet and Middle Earth, the credit percentage is 25 percent. For expenditures associated with the North Slope, for two years (2015 and 2016 credit year, 2014 and 2015 loss year), the percentage is 45 percent, and thereafter 35 percent. This credit may also be requested as a tax credit certificate, but not earlier than January 1 of the calendar year following the calendar year in which the loss was incurred.¹⁶ The Carried-Forward Annual Loss credit can be taken in conjunction with the QCE credit (see above), or the Well Lease Expenditure credit (see below), or the Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(1)-(4) (see below).

Uses of Credit

This credit may be applied directly against a producer's tax liability in the year following the year it was incurred by taking the total credit allowed for the year and applying it equally against the liability for each month of the year.¹⁷ This credit may also be requested as a tax credit certificate.¹⁸

To receive a credit certificate, an application¹⁹ must be submitted to the Department of Revenue (DOR) with all relevant backup required under regulation²⁰ after the expenditures have been incurred.²¹ The DOR has until the later of 120 days from the date that the application is received by the Department or 120 days from March 31 of the calendar year following the calendar year in which the expenditures were incurred²² to grant or deny the application. Credits for expenditures south of 68 degrees North latitude, including "Middle Earth" and Cook Inlet, may be issued as one certificate all of which is available in the year it was issued.²³ If the credit is issued as a certificate, the credit certificate may then be transferred to another company, applied to a tax levied by AS 43.55.011(e),²⁴ or redeemed for cash from the State by the original applicant if all requirements are met under AS 43.55.028.

Pertinent Statutes and Regulations

AS 43.55.023; AS 43.55.165-170; 15 AAC 55.250-290; 15 AAC 55.305-381; 15 AAC 55.900

Well Lease Expenditure Credit under AS 43.55.023(l) for Cook Inlet and Middle Earth

The Well Lease Expenditure credit is a 40 percent credit based on Well Lease Expenditures incurred south of 68 degrees North latitude, which includes "Middle Earth" and Cook Inlet, after June 30, 2010. The Well Lease Ex-

penditures must also be allowable lease expenditures under AS 43.55.165, qualified capital expenditures under AS 43.55.023(o), and intangible drilling and development costs²⁵ authorized under 26 U.S.C. (Internal Revenue Code). If the expenditures are incurred in connection with geological or geophysical exploration or an exploration well under AS 43.55.023(l)(2), then there are also certain data requirements²⁶ that must be met with the Department of Natural Resources (DNR) before credits can be issued. For more information on these data requirements, please contact Heather Ann Heusser at (907) 269-0137.

A lease expenditure that is the basis of a Well Lease Expenditure Credit cannot also be the basis for a QCE credit (see above), or an Alternative Exploration Credit under AAS 43.55.025. However, the lease expenditure is still deductible and can be the basis of a Carried-Forward Annual Loss Credit (see above).

Uses of Credit

This credit may be applied directly against a tax levied by AS 43.55.011(e) in the year it was incurred by taking the total credit allowed for the year and applying it equally against the liability for each month of the year.²⁷ This credit may also be requested as a tax credit certificate,²⁸ but no more frequently than once per calendar quarter.²⁹ To receive a credit certificate, an application³⁰ must be submitted to the Department of Revenue (DOR) with all relevant backup required under regulation³¹ after the expenditures have been incurred.³² DOR has until the later of 120 days from the date that the application is received by the Department or 120 days from March 31st of the calendar year following the calendar year in which the expenditures were incurred³³ to grant or deny the application. This credit is issued as one certificate available in the year it was issued.³⁴ If the credit is issued as a certificate, the credit certificate may then be transferred to another company, applied to a tax levied by AS 43.55.011(e),³⁵ or redeemed for cash from the state by the original applicant if all requirements are met under AS 43.55.028.

Pertinent Statutes and Regulations

AS 43.55.023; AS 43.55.165-170; 15 AAC 55.250-290; 15 AAC 55.305-381; 15 AAC 55.900

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(1)

For a qualifying exploration well with a bottom hole located more than three miles from a pre-existing well,³⁶ other than in Cook Inlet, and qualified by the commissioner of natural resources before the well is spud, a company may receive a 30 percent credit.³⁷

All credit requests under this section are audited before

a certificate is issued. These credits are only for costs incurred for work performed after June 30, 2008 and before July 1, 2016 except for exploration conducted in Middle Earth, where an exploration expenditure must be incurred for work performed after June 30, 2008 and before January 1, 2022. For more information on data requirements please contact Heather Ann Heusser at (907) 269-0137.

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(2)

For a qualifying exploration well that is at least 25 miles outside the outer boundary as delineated on July 1, 2003, of any unit that is under a plan of development, except for an exploration well for a Cook Inlet prospect must be located at least 10 miles outside the outer boundary as delineated on July 1, 2003, of any unit that is under a plan of development, is not required to obtain pre-qualification, and may receive a 30 percent credit.³⁸

All credit requests under this section are audited before a certificate is issued and a tax credit certificate is always issued. These credits are only for costs incurred for work performed after June 30, 2008 and before July 1, 2016, except for exploration conducted outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude, an exploration expenditure must be incurred for work performed after June 30, 2008 and before January 1, 2022. For more information on data requirements please contact Heather Ann Heusser at (907) 269-0137.

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(3)

For a qualifying exploration well that is both more than three miles from a pre-existing well and at least 25 miles outside the outer boundary as delineated on July 1, 2003, of any unit that is under a plan of development, except for an exploration well for a Cook Inlet prospect must be located at least 10 miles outside the outer boundary as delineated on July 1, 2003, of any unit that is under a plan of development, and pre-qualified by the commissioner of natural resources before the well is spud, a company may receive a 40 percent credit.³⁹

All credit requests under this section are audited before a certificate is issued and a tax credit certificate is always issued. These credits are only for costs incurred for work performed after June 30, 2008 and before July 1, 2016 except for exploration conducted outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude, an exploration expenditure must be incurred for work performed after June 30, 2008 and

before January 1, 2022. For more information on data requirements and pre-qualification please contact Heather Ann Heusser at (907) 269-0137.

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(4)

For a qualifying seismic project outside a unit, a company may receive a 40 percent credit.⁴⁰ No pre-qualification is required and the applicant must submit required data sets to the Department of Natural Resources (DNR) before credits can be issued. A credit application⁴¹ must be completed and received by the Department of Revenue within six months of the completion of the exploration activity.⁴² The application must be either submitted by a single applicant that holds a 100-percent interest in the project and incurred 100-percent of the expenditures or submitted by a designated joint applicant on behalf of and signed by all partners.⁴³ All credit requests under this section are audited before a certificate is issued and a tax credit certificate is always issued. These credits are only for costs incurred for work performed after June 30, 2008 and before July 1, 2016 except for exploration conducted outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude, an exploration expenditure must be incurred for work performed after June 30, 2008 and before January 1, 2022.

Uses of Credit

The credit itself may be applied against a producer's tax liability in the year in which it was incurred and also before the tax credit certificate is issued.⁴⁴ The credit certificate may be transferred, applied to tax liability,⁴⁵ or cashed out with the State under AS 43.55.028 by the original applicant.

Pertinent Statutes and Regulations

AS 43.55.025; 15 AAC 55.305-381

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(5) (Jack-up Rig Tax Credit)

Signed into effect May 20, 2010,⁴⁶ AS 43.55.025(a)(5) and (l) were added to provide tax credits for a jack-up rig in Cook Inlet applicable to costs incurred for work performed after March 31, 2010 and before July 1, 2016. These sections added credits of 100 percent of qualifying exploration expenditures, up to \$25 million, for the first well, 90 percent of qualifying exploration expenditures, up to \$22.5 million for the second well, and 80 percent of qualifying exploration expenditures, up to \$20 million, for the third well incurred for exploratory drilling with a jack-up rig in Cook Inlet. The wells must be drilled by unaffiliated parties, using the same

jack-up rig, and penetrate and evaluate a prospect in the pre-Tertiary zone. The determination of whether the well perforated the Pre-Tertiary zone is made by the commissioner of natural resources. There are also certain data requirements³⁰ that must be met with the Department of Natural Resources (DNR) before credits can be issued. If production results from the drilling of a well that receives this credit, the operator shall repay 50 percent of credit over 10 years following production startup. Once the three wells are drilled by unaffiliated parties, using the same jack-up rig, this credit as established will no longer be available.

All credit requests under this section are audited before a certificate is issued. This credit shall be taken in lieu of other credits under AS 43.55.023 (the QCE Credit, Well Lease Expenditure Credit, the Carried-Forward Annual Loss Credit) and AS 43.55.025(a)(1)-(4) (the Alternative Exploration Credit). For more information on data requirements and post-drill determinations please contact Heather Ann Heusser at (907) 269-0137.

Uses of Credit

The credit itself may be applied against a producer's tax liability in the year in which it was incurred and also before the certificate is issued.⁴⁷ The credit certificate may be transferred, applied to tax liability,⁴⁸ or cashed out with the State under AS 43.55.028 by the original applicant.

Pertinent Statutes and Regulations

AS 43.55.025; 15 AAC 305-381

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(a)(6)-(7)(Frontier Basin Tax Credit)

Under AS 43.55.025(a)(6)-(7), passed by the Alaska Legislature in 2012,⁴⁹ a company can obtain a tax credit of 80 percent of qualifying drilling expenditures, up to \$25 million, or 75 percent of qualified seismic exploration expenditures, up to \$7.5 million, if those expenses are incurred in one of six statutorily defined Alaska frontier basins: Kotzebue, Fairbanks, Emmonak, Glennallen, Egegik, or Port Moller. The drilling credit only applies to the first four wells drilled (not more than two in any one area) or the first four seismic projects (not more than one in any area). Expenditures qualifying for these Frontier Area credits cannot also qualify for the QCE, Well Lease Expenditure, or Carry-Forward Annual Loss credits. Expenditures must be made after June 1, 2012 and before July 1, 2016 in order to qualify for this credit. For more information on pre-qualification and

data requirements please contact Heather Ann Heusser at (907) 269-0137.

Alternative Tax Credit for Oil and Gas Exploration under AS 43.55.025(k)

A five percent credit for exploration expenditures performed before July 1, 2003 and applied for before January 1, 2016 is available for seismic exploration performed outside the boundaries of an existing production unit if the commissioner of the Department of Natural Resources determines public distribution of the seismic information is in the best interest of the state.⁵⁰

The Alternative Tax Credit cannot be taken for the same expenditure that is the basis of the QCE Credit (see above) or the Well Lease Expenditure Credit (see above). It can be taken with the Carried-Forward Annual Loss Credit (see above). For more information on pre-qualification and data requirements please contact Heather Ann Heusser at (907) 269-0137.

Uses of Credit

The credit itself may be applied against a producer's tax liability in the year in which it was incurred and also before the tax credit certificate is issued.⁴⁴ The credit certificate may be transferred, applied to tax liability,⁴⁵ or cashed out with the State under AS 43.55.028 by the original applicant.

Pertinent Statutes and Regulations

AS 43.55.025; 15 AAC 55.305-381

Transitional Investment Expenditure (TIE) Credit under AS 43.55.023(i)

The TIE credit is a 20 percent credit for qualified capital expenditures incurred between April 1, 2001, and March 31, 2006. The credit may not exceed 1/10 of the AS 43.55.023(a) QCE credit taken from the period April 1, 2006, through December 31, 2007, and may only be taken by a company that did not have commercial production before January 1, 2008.

Uses of Credit

This credit may be applied against a tax levied by AS 43.55.011(e), but not for any calendar year after 2013.⁵¹ The credit is NOT transferable, is NOT available to be issued as a certificate, and may not be used to reduce a person's tax liability below zero for any tax year. An application form⁵² must be submitted with the annual return for the year that the credit is applied with all applicable backup.

Additional Nontransferable Tax Credits (Middle

Earth Credit, Small Producer Credit, New Field Per Barrel Credit, and Legacy Field per Barrel Credit) under AS 43.55.024(a), (c), (i), and (j)

Under AS 43.55.024(a), a prorated credit up to \$6,000,000 may be applied against a producer's tax liability levied by AS 43.55.011(e) for a calendar year for oil and gas produced outside of Cook Inlet and south of 68 degrees North latitude⁵³ aka "Middle Earth."⁵⁴ This credit may not be taken after the later of 2016 or after the 9th calendar year after the calendar year in which the producer first had commercial production before May 1, 2016⁵⁵ from at least one lease or property in "middle earth."

Tax credits under AS 43.55.024(c), also known as the "small producer credit," may be applied for a calendar year in which the producer's tax liability exceeds zero against a producer's tax levied by AS 43.55.011(e) for a producer whose average amount of oil and gas produced a day and taxable under AS 43.55.011(e) is less than 100,000 BTU equivalent barrels a day. If a producer's average taxable production is more than 50,000 and less than 100,000 BTU equivalent barrels per day, a producer may apply a prorated portion of the \$12,000,000 credit for the calendar year.⁵⁶ A producer may not take a tax credit under (c) of this section after the later of 2016; or if the producer did not have commercial oil or gas production from a lease or property in the state before April 1, 2006, the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, 2016, from at least one lease or property in the state.⁵⁷

Under AS 43.55.024(i), for each barrel of taxable oil from New Fields (per AS 43.55.165(f)) on the North Slope there is a \$5 credit. Under AS 43.55.165(f), New Fields are defined as being either new units (post 2003), new participating areas (post 2011), or expansions of current participating areas (post 2013).

Per AS 43.55.024(j), for North Slope oil production that does not qualify as coming from a New Field, a legacy field per oil barrel credit is available. The legacy field per barrel credit is as high as \$8 at low (less than \$80) oil netback values, and ratchets down by a dollar for every \$10 increase in netback value per barrel until the credit goes to zero. The legacy oil per barrel credit is limited to the production tax liability in excess of the minimum tax (usually four percent of the gross value) plus any other non-transferable credits taken.

Uses of Credit

These credits may be applied against a tax levied by AS 43.55.011(e). The credits are NOT transferable and are

NOT available to be issued as a certificate. An unused tax credit or portion of a tax credit under this section may not be carried forward for use in a later calendar year.⁵⁸ The credit may not be used to reduce a tax liability for any calendar year below zero.⁵⁹ For a calendar year during which two or more producers that qualify under AS 43.55.024(e) are succeeded through merger, acquisition, or a similar transaction by a single producer that qualifies under AS 43.55.024(e), they are each only allowed a portion of the credit.⁶⁰

DOR Income Tax Credits under AS 43.20

Natural Gas Exploration Tax Credit under AS 43.20.043

Natural gas exploration tax credits under AS 43.20.043 are applicable only to operators and working interest owners engaged in exploration for and development of natural gas resources and reserves south of 68 degrees north latitude. The program allows for a 25 percent tax credit equivalent of qualified capital investments made after December 31, 2009, and 25 percent of the annual cost of activity in the state during each tax year. The total allowable yearly tax credit, which is applicable against corporate income tax only, may not exceed 75 percent of the taxpayer's total tax liability. Unused tax credit may be carried forward for up to five years. Credit is transferable only as part of a conveyance, assignment, or transfer of the taxpayer's business. Credit under this program may be used in conjunction with any other credit authorized by AS 43.20, but not for tax credit or royalty modification provided under any other title. This program expires January 1, 2016.

Gas Storage Incentives

Under AS 43.20.046, passed by the Alaska Legislature in 2010, natural gas storage tax credits are established for any natural gas storage facility commencing operations between December 31, 2010 and January 1, 2016. The credit equals \$1.50 per thousand cubic feet of "working gas" storage capacity, up to lesser of \$15 million or 25 percent of the costs incurred to establish gas storage facility. This credit may be used to offset up to 100 percent of corporate income tax liability, and any excess credit is available for state purchase. In 2012 the Alaska Legislature provided for a similar credit for a liquefied natural gas storage facility, limited to \$15 million or 50 percent of the costs of that facility.

To receive the credit under this statute, the facility shall operate as a public utility regulated by the Regulatory Commission of Alaska (RCA) with open access for third parties. The storage capacity shall be

determined by the Alaska Oil and Gas Conservation Commission (AOGCC).

Additionally, under AS 38.05.180(u), passed by the Alaska Legislature in 2010, natural gas storage that qualifies for a credit under AS 43.20.046 is exempt from rents, fees and royalties for ten years following startup of commercial operation. Non-native natural gas injected and stored in the storage reservoir is presumed to be first out. All credits and exemption from rent, fee and royalty payments shall be passed through to rate payers.

DNR Royalty Incentives under AS 38.05

Exploration Incentives under AS 38.05.180(i)

The exploration incentive statute, AS 38.05.180(i), authorizes the commissioner of the Department of Natural Resources to establish an exploration incentive credit (EIC) system. Credits may be made available for both drilling and geophysical survey costs. This EIC must be designated by the commissioner as a lease sale term for state-owned lands only and is not allowed for exploration costs on unleased acreage.

For drilling, credits may provide up to 50 percent of costs incurred, depending on well depth and location. For geophysical surveys, credits may provide up to 50 percent of costs incurred, if that work is performed during the two seasons immediately preceding an announced lease sale on land included within the sale area and the geophysical information is made public 30 days after the lease sale date. Credits are granted by the commissioner for a limited period. Credits may be applied against royalty and rental payments to the state, or taxes payable under AS 43.55. Amounts due the Alaska Permanent Fund (AS 37.13.010) are considered before the application of credits. Since the state began offering EICs under this program, 22 exploratory wells qualifying for credit have been drilled on state leases. There have been no applications for geophysical EICs. The last claim for this credit was made for a well drilled in 1994.

Royalty Incentives

Under AS 38.05.180(f)(4) (Cook Inlet Discovery Royalty) an explorer that discovers a new pool in Cook Inlet and drills a well capable of producing in paying quantities from that pool, pays only a 5 percent royalty for the first 10 years of production.

Under AS 38.05.180(f)(5), the state automatically grants royalty reduction for certain Cook Inlet fields identified in the statute for the first 10 years of production.

Under AS 38.05.180(f)(6), for certain platforms in the Cook Inlet, if production falls below a certain level (ranging from 750 to 1,200 barrels per day depending on the field) in barrels per day over a calendar quarter, the royalty is reduced to 5 percent.

Nonconventional Natural Gas Rent and Royalty Incentive

Under AS 38.05.180(n)(2), if the lessee under a gas only lease demonstrates that the potential resources underlying the lease are reasonably estimated to be nonconventional gas, the annual rental payment on the lease will be reduced to \$1 per acre and the royalty may be reduced to 6.25 percent.

Royalty Modification

Under AS 38.05.180(j), DNR may reduce royalties to as low as 5 percent for delineated reservoirs from which production would not otherwise be economically fea-

sible. For a field already in production, the royalty may be reduced to as low as 3 percent. For more information about royalty modification, please contact Greg Bidwell at (907) 269-3565.

Exploration Licensing

The state generally awards leases in areawide competitive lease sales for five defined areas. However, for state owned land outside of the five defined areas in Alaska, the state may issue exploration licenses under AS 38.05.132. For these licenses, instead of paying a bonus bid, the licensee specifies a work commitment and posts a bond in the amount of the work commitment along with a \$1 per acre fee. The licensee must make progress toward completing the work commitment over the term of the license, including annually submitting data and reporting on work to date. Later, the licensee has the opportunity to convert the license to a lease without competitive sale.

Footnotes:

- 1 Definition of a QCE was re-lettered as a revisors edit to AS 43.55.023(o) after HB 280 passed in 2010
- 2 The data requirements are outlined in AS 43.55.025(f)(2)
- 3 Per AS 43.55.020(a)(1)
- 4 Under AS 43.55.023(d) or (m)
- 5 Per 15 AAC 55.320(a)(1)
- 6 Form 0405-330 located on the tax division website at <http://www.tax.alaska.gov//programs/programs/forms/index.aspx?60650>
- 7 See 15 AAC 55.320 and .345 for filing requirements
- 8 See regulation for "When cost is incurred" under 15 AAC 55.290
- 9 Per AS 43.55.023(d)
- 10 "Middle Earth" is a term commonly used to describe the land south of 68 degrees North latitude and outside of the Cook Inlet sedimentary basin
- 11 AS 43.55.023(m)
- 12 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment
- 13 No credit or portion of credit may be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below zero. See; 43.55.023(c); 43.55.025(f) and (g); and 43.55.025(i)
- 14 Under AS 43.55.165 and .170
- 15 Under AS 43.55.023(d) or (m)
- 16 Per 15 AAC 55.320(a)(2)
- 17 Per AS 43.55.020(a)(1)
- 18 Under AS 43.55.023(d) or (m)
- 19 Form 0405-330 located on the tax division website at <http://www.tax.alaska.gov//programs/programs/forms/index.aspx?60650>
- 20 See 15 AAC 55.320 and 345 for filing requirements
- 21 See regulation for "When cost is incurred" under 15 AAC 55.290
- 22 Per AS 43.55.023(d)
- 23 AS 43.55.023(m)
- 24 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment.
- 25 AS 43.55.023(n)
- 26 The data requirements are outlined in AS 43.55.025(f)(2)
- 27 Per AS 43.55.020(a)(1)
- 28 Under AS 43.55.023(d) or (m)
- 29 Per 15 AAC 55.320(a)(1)
- 30 Form 0405-330 located on the tax division website at <http://www.tax.alaska.gov//programs/programs/forms/index.aspx?60650>
- 31 See 15 AAC 55.320 and .345 for filing requirements
- 32 See regulation for "When cost is incurred" under 15 AAC 55.290
- 33 Per AS 43.55.023(d)

- 34 AS 43.55.023(m)
- 35 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment.
- 36 Per AS 43.55.025(p)(2)
- 37 AS 43.55.025(a)(1) and (c)
- 38 AS 43.55.025(a)(2) and (d)
- 39 AS 43.55.025(a)(3), (c), and (d)
- 40 AS 43.55.025(a)(4) and (e)
- 41 Form 0405-310
- 42 The completion date of an exploration well is defined under 15 AAC 55.900(b)(10) and the completion date of a seismic project is generally the date that the initial processing of the seismic data has been completed.
- 43 15 AAC 55.355(a) and 15 AAC 55.356
- 44 15 AAC 55.370(c)
- 45 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment
- 46 Senate Bill 309, (Ch. 15 SLA 2010)
- 47 15 AAC 55.370(c)
- 48 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment
- 49 SB 23
- 50 AS 43.55.025(c)(2)
- 51 AS 43.55.023(i)(3)(A)
- 52 Form 0405-330
- 53 AS 43.55.024(a)
- 54 "Middle Earth" is a phrase commonly used to describe the land south of 68 degrees North latitude and outside of the Cook Inlet Sedimentary Basin
- 55 AS 43.55.024(b)
- 56 AS 43.55.024(c)(2)
- 57 AS 43.55.024(d)
- 58 AS 43.55.024(h)
- 59 AS 43.55.024(g)
- 60 15 AAC 55.335(b)

This summary is only intended as an informational guide. The State of Alaska makes no warranty, expressed or implied, as to the accuracy of this summary. Refer to the current official printed version of the statutes and regulations.

Exploration Incentive Credits

AS 38.05.180(i)

ADL	WELL	COMPANY	CERTIFICATION DATE	TOTAL AMOUNT
343109	G-2 Well	Exxon Company USA	10/05/83	\$6,197,625.00
		Sohio Alaska Petro.	12/27/83	4,152,408.75
		BP Alaska Exploration	10/05/83	2,045,216.25
344010	Leffingwell	ARCO Alaska Inc.	10/02/84	\$3,706,000.00
		Unocal	10/02/84	3,706,000.00
344033	J-1 Well	Exxon Company USA	10/31/84	\$5,119,500.00
355005	Long Island Well	Exxon Company USA	11/14/84	\$1,367,738.00
		Sohio Alaska Petroleum	11/14/84	1,378,076.00
345130	Totek Hills	ARCO Alaska Inc.	08/02/85	\$715,530.81
355037	Colville Delta #1	Texaco Inc.	07/09/86	\$952,179.00
		Amerada Hess	07/08/86	888,594.00
		Diamond Shamrock (Maxus)	07/08/86	100,128.00
		Rosewood Resources	07/08/86	12,662.00
		Hunt Petroleum Co.	07/08/86 (1)	8,866.36
		BP Alaska Exploration	02/31/87	475,631.00
		Mobil	02/05/87	432,511.00
364478 (2)	Colville Delta Area AHC 25-13-6 #1 Well	Amerada Hess	10/12/87 (3)	\$140,071.13
		Texaco Inc.	10/12/87 (4)	771,743.46
		Maxus Exploration	10/12/87 (5)	100,297.41
		Rosewood Resources	10/12/87 (6)	4,111.82
355038 (2)	Colville Delta #2	Amerada Hess	10/28/87	\$757,731.46
		Texaco Inc.	10/28/87	898,563.40
		BP Alaska Exploration	10/28/88	423,982.26
355039 (2)	Colville Delta #3	Amerada Hess	10/28/87 (7)	\$ 0.00
		Texaco Inc.	10/28/87 (8)	0.00
		BP Alaska Exploration	10/28/87 (9)	63,228.39
		Union Texas Petroleum	10/28/87 (10)	14,097.50
344176	Gyr #1	ARCO Alaska, Inc.	11/15/90 (11)	\$699,302.43
		Amerada Hess	11/15/90 (11)	732,804.63
		Conoco	11/15/90 (12)	732,804.62
355021	NW Milne #1	Conoco	07/10/92 (13)	\$1,371,691.42
		Conoco	02/09/93	660,321.00
375044	Sequoia #1	Conoco	07/10/92 (13)	\$275,521.32
		Petrofina	07/10/92 (14)	227,594.08
		Conoco	02/09/93	16,333.56
		Petrofina	02/09/93	19,963.24

Exploration Incentive Credits (continued)

ADL	WELL	COMPANY	CERTIFICATION DATE	TOTAL AMOUNT
375076	Cirque #2	ARCO Alaska, Inc.	02/09/93 (15)	\$845,018.43
375108	Tarn #1	ARCO Alaska, Inc.	02/09/93 (16)	\$727,939.95
355036	Kalubik #1	ARCO Alaska, Inc.	02/09/93 (17)	\$2,599,602.13
		ARCO Alaska Inc. (UTP)	03/04/93	250,822.50
		ARCO Alaska Inc. (UTP)	04/22/93	11,779.91
372104	Fiord #1	ARCO Alaska Inc. (UTP)	02/09/93 (18)	\$1,811,218.84
		ARCO Alaska Inc.	03/04/93	191,018.62
372006	Tulaga #1	ARCO Alaska Inc.	03/25/93 (19)	\$1,241,177.00
355011	Jones Island #1	ARCO Alaska Inc.	07/12/93	\$2,160,000.00
		ARCO Alaska Inc. (UTP)	07/20/93 (20)	1,910,175.00
375133	Cascade Well #1	BP Exploration (AK) Inc	04/04/94 (21)	\$893,245.73
375061	Yukon Gold #1	BP Exploration (AK) Inc	08/08/94 (22)(23)	\$2,394,546.77
		Union Oil Co. of Cal (H)	08/23/94 (24)	487,240.46
TOTAL EICs GRANTED TO-DATE:				\$54,692,614.64

- (1) Hunt's EIC balance reduced through a commissioner's decision dated March 18, 1998. Hunt made a subsequent payment in April 1998.
- (2) Colville Delta wells were settled through the Colville Delta EIC settlement agreement dated 12/31/98.
- (3) Amerada Hess EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (4) Texaco's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/28/99.
- (5) Maxus' EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/26/99.
- (6) Rosewood's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/7/99.
- (7) Amerada Hess EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (8) Texaco's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/28/99.
- (9) BP's EIC balance reduced through an EIC settlement agreement and subsequent payment on 12/31/98.
- (10) Union Texas' EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (11) ARCO and Amerada's EIC balances reduced through an EIC audit and subsequent payment in February 1997.
- (12) Conoco's EIC balance reduced through an EIC audit and subsequent payment in March 1997.
- (13) Conoco's EIC balance reduced through an EIC audit and subsequent payment in July 1997.
- (14) \$125,190.33 of EIC expired for Petrofina on March 31, 1996.
- (15) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (16) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (17) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (18) ARCO's EIC balance increased through an EIC audit and subsequent payment in December 1997.
- (19) Union Texas (ARCO) EIC balance reduced through an EIC audit and subsequent payment on 8/18/98.
- (20) Union Texas (ARCO) EIC balance reduced through an EIC audit and subsequent payment on 8/18/98.
- (21) BP's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (22) BP's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (23) BP's EIC balance reduced through an EIC audit and subsequent payment on 12/31/98.
- (24) Union's EIC balance reduced through an EIC audit and subsequent payment in July 1998.

Source: Alaska Department of Natural Resources, Division of Oil and Gas