

STATE OF ALASKA

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DEPARTMENT OF NATURAL RESOURCES

Division of Oil and Gas

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January 12, 2009

Dear Coastal Consistency Review Participant:

SUBJECT: Conclusive Consistency Determination—Cook Inlet Areawide Oil and Gas Lease Sale

The Alaska Department of Natural Resources (ADNR), Division of Oil and Gas (DO&G), has reviewed the proposed Cook Inlet Areawide Oil and Gas Lease Sale Preliminary Finding of the Director dated September 29, 2008, for consistency with the Alaska Coastal Management Program (ACMP) and the enforceable policies of the Matanuska-Susitna Borough Coastal Management Program (MSBCMP), Municipality of Anchorage Coastal Management Program (MOACMP), and Kenai Peninsula Borough Coastal Management Program (KPBCMP). The proposed lease sale area lies predominately within the Alaska Coastal Zone. DO&G issued a proposed consistency determination under 11 AAC 110.255 on January 5, 2009.

Project History

On September 29, 2008, DO&G issued an Alaska Coastal Management Program Consistency Analysis for the Proposed Cook Inlet Areawide Oil and Gas Lease Sale along with a Preliminary Finding of the Director (<http://www.dog.dnr.state.ak.us/oil/>). Agencies, local governments, the oil industry, environmental organizations, and the public were invited to comment on the proposed lease sale's consistency with the ACMP, MSBCMP, MOACMP, and KPBCMP. DO&G received 19 timely comments on the preliminary best interest finding. None of the comments DO&G received addressed the consistency analysis or contended that the proposed lease sale is inconsistent with an enforceable policy of the program.

In the 9 years following the issuance of this best interest finding, ADNR will annually issue a "Call for New Information." The Call for New Information is a request for any new information that has become available since the most recent best interest finding or supplement for that lease sale area was issued. The Call for New Information provides opportunity for public comment for a period of not less than 30 days. Based on the information received, the commissioner determines whether it is necessary to supplement the finding. The commissioner then either issues a supplement to the finding or a "Decision of No New Substantial Information" 90 days before the lease sale. The supplement has the status of a final written best interest finding. The supplement is subject to a new consistency review only if the supplement may cause significant additional impacts to coastal uses or resources (11 AAC 110.820).

Consistency Determination

DO&G has reviewed the proposed sale for consistency with the statewide standards of the Alaska Coastal Management Program set out in 11 AAC 112 and the enforceable policies of the

MSBCMP, MOACMP, and KPBCMP. This conclusive consistency determination is based upon the lease contract, and mitigation measures and lease advisories developed by DO&G in consultation with the other resource agencies. Mitigation measures are legally binding terms of any lease that might result from a Cook Inlet areawide oil and gas lease sale. Lessee advisories alert lessees to other regulatory requirements and additional restrictions that may be imposed at the permitting stage of a proposed project or activity where entities other than DO&G have regulatory, permitting, or management authority.

An oil and gas lease grants the lessee the exclusive right to drill for, extract, remove, clean, process, and dispose of oil, gas, and associated substances. However, it does not authorize subsequent activities. Subsequent activities, other than activities that would not require a land use permit under ADNR's regulations, must be approved by a plan of operations. A plan of operations is subject to public notice, the opportunity for public comment, and an ACMP review if the proposed activities are within the coastal zone.

This conclusive consistency determination is based upon the consistency analysis issued on September 29, 2008, and the revised mitigation measures and lessee advisories that were amended based upon the comments received during the comment period. The revised and complete mitigation measures, including lessee advisories, and the lease contract were attached to the proposed consistency determination issued on January 5, 2009.

Conclusion

Based upon the review of all currently available information, including public, coastal district, and agency input, ADNR has independently determined that the proposed Cook Inlet areawide oil and gas lease sale, conditioned by the mitigation measures and lessee advisories, is consistent with the standards of the ACMP, MSBCMP, MOACMP, and KPBCMP


for Greg Curney
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