

State of Alaska Oil and Gas Lease Sales

Alaska Peninsula and Cook Inlet Areawide 2011

Call for New Information
November 18, 2010

Alaska Department of Natural Resources
Division of Oil and Gas

The Alaska Department of Natural Resources (ADNR), Division of Oil and Gas (DO&G), is requesting new information regarding its proposals to offer all available state acreage in the Alaska Peninsula Areawide and Cook Inlet Areawide 2011 oil and gas lease sales. Through these requests for new information, DO&G provides an opportunity for interested parties to submit new information to DO&G that has become available since the issuance of the most recent best interest findings for these areas. The Alaska Peninsula Areawide final best interest finding for 2005-2014 was issued on July 25, 2005. The Cook Inlet Areawide final best interest finding for 2009-2018 was issued on January 20, 2009. These documents are available on DO&G's website: www.dog.dnr.state.ak.us. ADNR will either issue supplements to the findings or decisions of no substantial new information for these sales.

What is a Call for New Information?

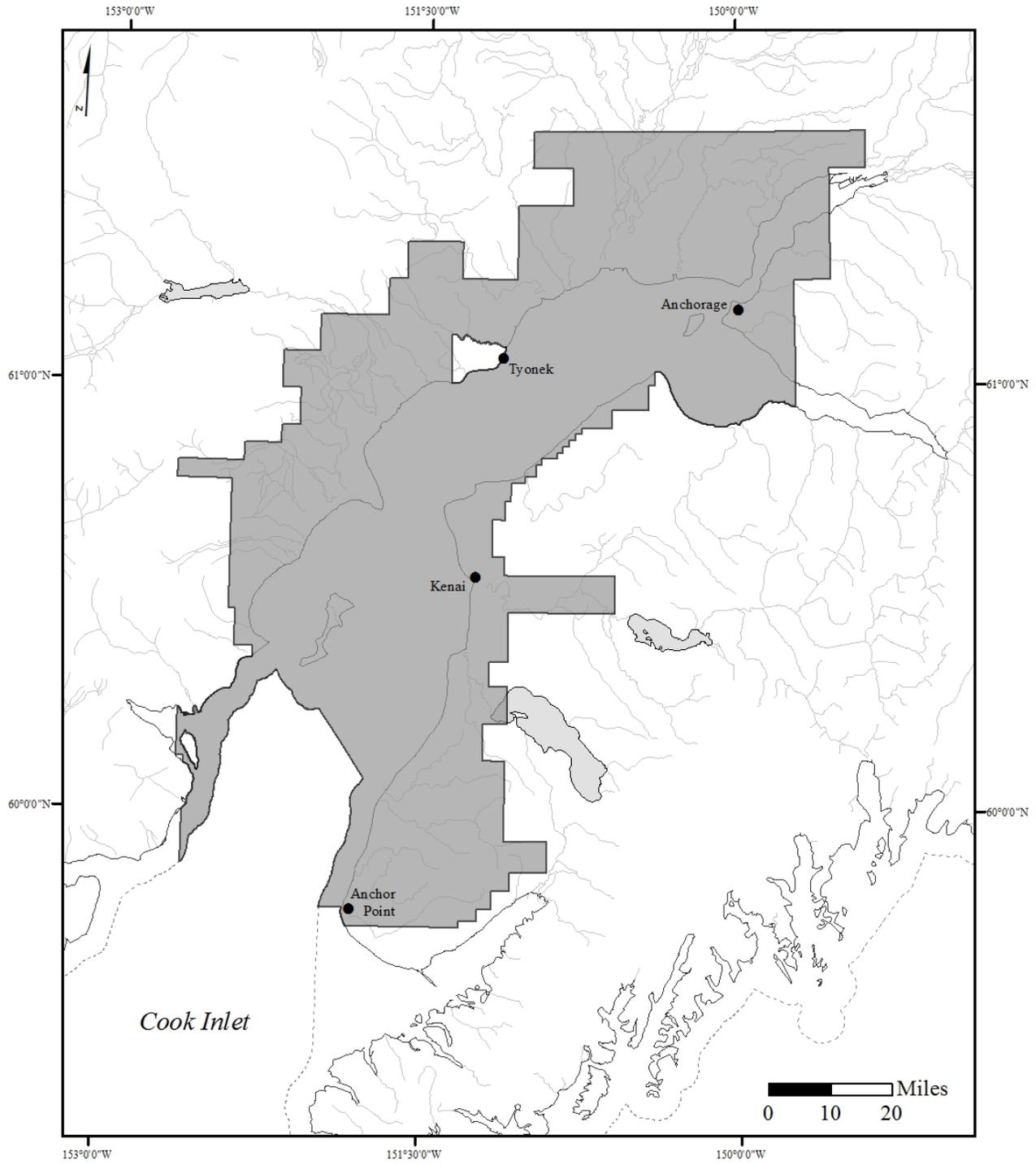
Before an oil and gas lease sale, ADNR issues a call for new information that has become available since the most recent best interest finding for the sale area. Agencies and the public are given an opportunity for comment. Based on the comments received, ADNR will determine whether there is "substantial new information" that justifies a supplement to the finding. Either a supplement to the finding, or a "decision of no substantial new information," will be issued not later than 90 days before the sale.

Alaska Peninsula Areawide 2011 Cook Inlet Areawide 2011	opens	closes
Call for New Information	11/18/10	12/20/10
Supplement to the best interest finding or decision of no new information	February 2011	
Tentative Sale Date	May 25, 2011	

Mitigation measures developed in the Alaska Peninsula Areawide and Cook Inlet Areawide best interest findings will be carried on leases sold during the 10-year life of the findings unless, as a result of substantial new information, ADNR deems it necessary to change or add measures through a supplement to the finding. A new Alaska Coastal Management Program consistency review is done whenever the commissioner determines that new information or conditions suggest a proposed lease sales may no longer be consistent with ACMP standards.

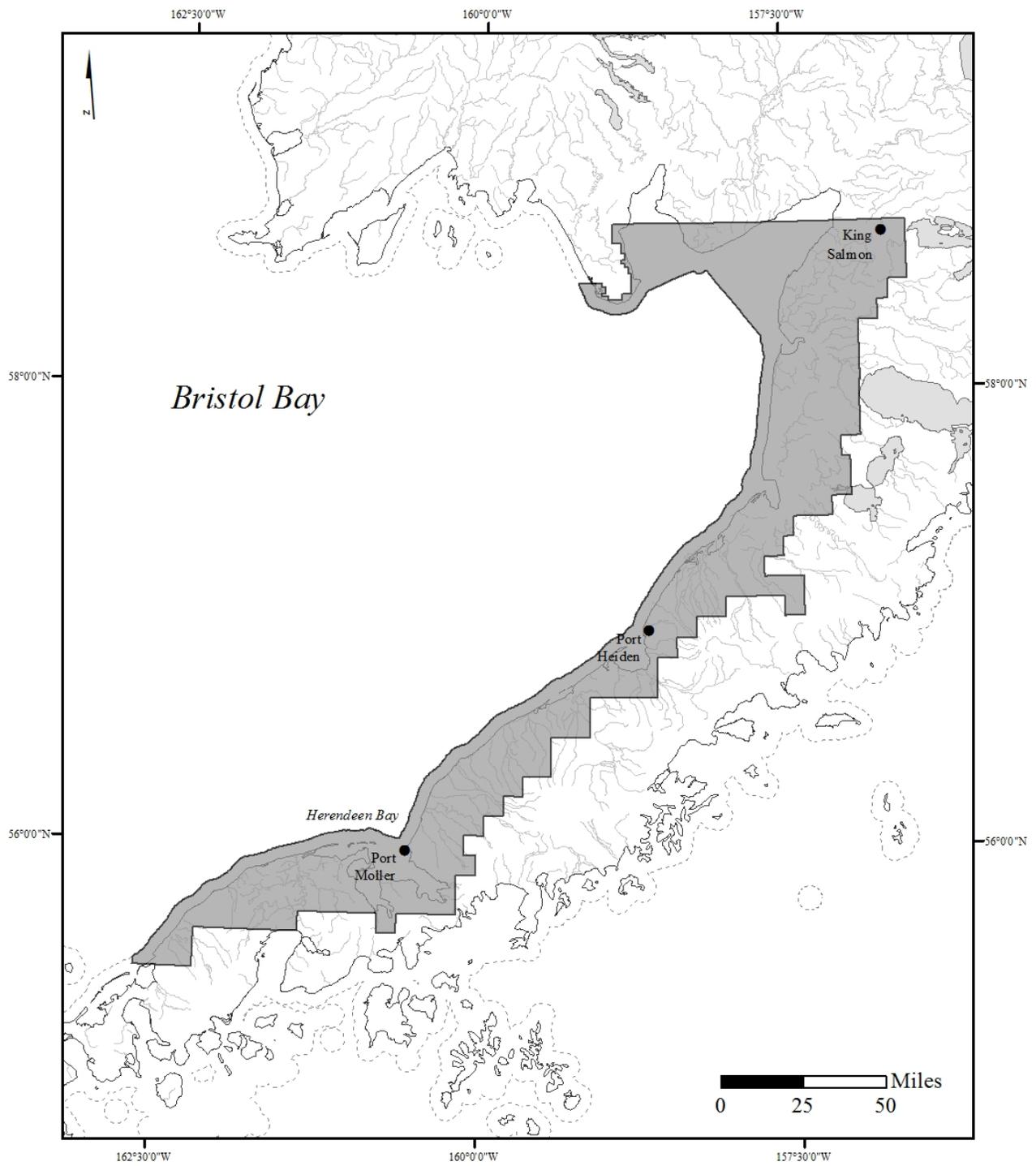
The Division is requesting new information concerning:

- fish and wildlife species and their habitats in the area;
- current and projected uses in the area, including uses and value of fish and wildlife such as subsistence and recreation;
- potential geophysical hazards within the proposed sale area;
- reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas on the sale area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources;
- lease stipulations and mitigation measures, including any measures to prevent and mitigate releases of oil and hazardous substances, to be included in the leases, and a discussion of the protections offered by these measures;
- reasonably foreseeable fiscal effects of the lease sale and the subsequent activity on the state and affected municipalities and communities, including the explicit and implicit subsidies associated with the lease sale, if any;
- air and water quality;
- reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas on municipalities and communities within or adjacent to the lease sale area.



Cook Inlet Lease Sale Area 2011





Alaska Peninsula Lease Sale Area 2011



Alaska's Oil and Gas Lease Sale Program

Alaska's oil and gas lease sale program allows DO&G to produce and then supplement, as necessary, a best interest finding for a specified geographic region of the state. Once a best interest finding for an area is written, ADNDR can conduct lease sales in that area for up to ten years without having to issue a new finding for each sale provided that before each subsequent sale, ADNDR solicits new information and makes a determination whether substantial new information has become available that justifies a supplement to the most recent best interest finding (AS 38.05.180(w)). Following a decision of either no substantial new information or a decision to supplement, the division may proceed with a lease sale that offers all available state acreage within that region. The result is a predictable and stable leasing program, which allows a thorough, region wide analysis of issues. It allows industry to plan its exploration strategy years in advance, increases government efficiency, and allows annual information updates and public comments.

What is a Best Interest Finding?

Under Alaska state law, the commissioner may not dispose of state land, resources, property, or interests in them unless the commissioner first determines in a written finding that the interests of the state will be best served (AS 38.05.035(e)). A best interest finding for an oil and gas lease sale is a written analysis that describes facts and relevant laws pertaining to the proposed lease sale area and discusses the potential effects of oil and gas exploration, development, production and transportation. It also contains mitigation measures to be imposed on leases and plans of operation that are designed to reduce or eliminate negative effects. A best interest finding for an exempt oil and gas lease sale is in effect for up to 10 years.

The Alaska Peninsula Areawide lease sale area, located on the north side of the Alaska Peninsula, encompasses a gross area of approximately 5.8 million acres divided into 1,047 tracts ranging in size from 1,280 to 5,760 acres. The lease sale area consists of onshore and offshore acreage stretching from the Nushagak Peninsula in the north, south to just north of Cold Bay. Portions of these tracts are located within the Bristol Bay Borough, Lake and Peninsula Borough, and Aleutians East Borough; affected communities may include Dillingham, Egegik, King Salmon, Naknek, South Naknek, Pilot Point, Port Heiden, Nelson Lagoon, and Ugashik.

The Cook Inlet Areawide lease sale area consists of all state-owned uplands located 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 all state owned 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 gross area is about 4.2 million acres and is divided into 815 tracts ranging from 640 to 5,760 acres.

The Alaska Peninsula Areawide and Cook Inlet Areawide lease sales contain tracts in which the state owns both the land estate and the mineral estate; and tracts where the state owns just the mineral estate, while the land estate might be either privately owned or owned by a municipality. Only those free and unencumbered state-owned oil and gas mineral estates within the tracts will be included in any lease issued. The best interest findings for the Alaska Peninsula Areawide 2005-2014 and the Cook Inlet Areawide 2009-2018 oil and gas lease sales are available on DO&G's website:

How to submit comments

Submit comments and new information to:

Saree Timmons, Natural Resource Specialist
Division of Oil & Gas
550 W 7th Ave., Suite 800
Anchorage, Alaska 99501-3560

By Fax: 907-269-8938
By email: saree.timmons@alaska.gov

The comment period ends December 20, 2010.

To be considered, new information must be submitted to the following address and be received by the deadline.

Please submit only information specific to this sale. When providing information, please be as specific as possible. For example, if your information is from a published study, please provide a copy of the study or a complete citation so that DO&G staff can obtain a copy for consideration. A person is eligible to file a request for reconsideration of the commissioner's decision and file any subsequent appeal to the Superior Court only if the person has meaningfully participated in the process by either submitting written comment during the period for receipt of public comment or has presented oral testimony at a public hearing, if a public hearing was held, and is affected by the final written finding (AS 38.05.035(i)).

http://www.dog.dnr.state.ak.us/oil/programs/leasing/best_interest_findings/best_interest_findings.html .