

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

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May 25, 2011

Dear Coastal Consistency Review Participant:

**SUBJECT: Alaska Coastal Management Program
Conclusive Consistency Determination for
North Slope Foothills Areawide Oil and Gas Lease Sales, 2011-2020**

The Alaska Department of Natural Resources (ADNR), Division of Oil and Gas (DO&G), has reviewed the proposed North Slope Foothills Areawide oil and gas lease sales, 2011-2020 for consistency with the Alaska Coastal Management Program (ACMP). There are currently no enforceable policies in effect for the North Slope Borough, and therefore there are no district enforceable policies against which to review the lease sales. Portions of the proposed lease sale area are located within the coastal zone where activities are subject to the Alaska Coastal Management Program. DO&G issued a proposed consistency determination under 11 AAC 110.255 on May 19, 2011.

Project History

On January 13, 2011, DO&G issued the Proposed North Slope Foothills Areawide Oil and Gas Lease Sales Alaska Coastal Management Program Consistency Evaluation, along with the North Slope Foothills Areawide Oil and Gas Lease Sales Preliminary Finding of the Director (Preliminary Finding). Agencies, affected districts, local governments, the oil industry, environmental organizations, and the public were invited to comment on the proposed lease sales' consistency with the ACMP. DO&G received comments addressing consistency from two organizations: the Alaska Department of Natural Resources, Office of History and Archaeology (OHA), and the North Slope Borough (NSB). OHA stated that they did not have any comments relating to the ACMP evaluation. The ACMP comments received from the NSB stated that although they would have liked a more rigorous analysis of foreseeable activities in relation to the ACMP standards, the current ACMP evaluation is a great improvement over the previous 2009 Beaufort Sea Areawide ACMP analysis. The NSB did not contend that the project is inconsistent with any of the ACMP statewide standards.

In the 9 years following the issuance of a best interest finding, ADNR annually issues a Call for 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. At least 90 days before the lease sale, the commissioner either issues a "Decision of Substantial New Information" and a supplement to the finding, or a "Decision of No Substantial New Information." The supplement has the status of a final written best interest finding. The supplement is subject to a new consistency review if the supplement may cause significant additional impacts to coastal uses or resources and (1) a new resource agency authorization subject to the consistency review process or new federal authorization under 11 AAC 110.400 is required, or (2) a change to an existing resource agency or federal authorization is required (11 AAC 110.820).

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Consistency Determination

As the coordinating agency, DO&G has reviewed the proposed North Slope Foothills Areawide oil and gas lease sales, 2011-2020 for consistency with the statewide standards of the Alaska Coastal Management Program set out in 11 AAC 112. DO&G finds that the North Slope Foothills Areawide oil and gas lease sales, 2011-2020 are consistent with the ACMP.

This conclusive consistency determination is based upon the consistency evaluation issued on January 13, 2011, mitigation measures and lessee advisories developed by DO&G in consultation with the other resource agencies as revised based on public comment, and the lease contract. The revised and complete mitigation measures, including lessee advisories, and the lease contract were attached to the proposed consistency determination. Mitigation measures are legally binding terms of any lease that might result from a North Slope Foothills 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, issuance of a lease does not authorize these activities. These activities, which occur subsequent to leasing, must be approved by a plan of operations. A plan of operations is subject to an ACMP consistency review and public notice with the opportunity for public comment if the proposed activities are within the coastal zone.

Conclusion

Based upon the review of all currently available information, including public, coastal district, and agency input, ADNDR has independently determined that the proposed North Slope Foothills Areawide oil and gas lease sales, 2011-2020, conditioned by the mitigation measures and lessee advisories, are consistent with the standards of the ACMP.

Appeal

This final consistency response is a final administrative order and decision under the ACMP and for purposes of Alaska Appellate Rules 601-612. Any appeal from this decision to the superior court of Alaska must be made within thirty (30) days of the date this determination is issued.



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