

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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July 13, 2012

Decision of No Substantial New Information for 2012 Beaufort Sea, North Slope, and North Slope Foothills Areawide Oil and Gas Lease Sales

On February 17, 2012, the Alaska Department of Natural Resources (ADNR), Division of Oil and Gas (DO&G) issued a Call for New Information regarding its proposal to offer all available state acreage in the 2012 Beaufort Sea, North Slope, and North Slope Foothills Areawide oil and gas lease sales. The period for comment closed on March 19, 2012. During that time, interested persons could submit to DO&G any substantial new information that had become available since issuance of the best interest findings for these areas. The current Beaufort Sea Areawide final best interest finding was issued on November 9, 2009 (Beaufort Sea Final Finding). The current North Slope Areawide final best interest finding was issued on July 15, 2008 (North Slope Final Finding), and the current North Slope Foothills final best interest finding was issued on May 26, 2011 (North Slope Foothills Final Finding).

In response to the call, DO&G received comments from Peter McKay of Kenai, Alaska. Mr. McKay directed his comments to the Beaufort Sea, North Slope, and North Slope Foothills areas. His comments are summarized below along with DO&G's responses.

Under AS 38.05.035(e)(6)(F), a written finding is not required for an oil and gas lease sale of acreage subject to a best interest finding issued within the previous 10 years unless the commissioner determines that substantial new information is available that justifies a supplement to the most recent best interest finding.

Decision

Based on comments received in response to the Call for New Information, the ADNR commissioner finds that there is no substantial new information that justifies supplements to the most recent best interest findings for the Beaufort Sea, North Slope, and the North Slope Foothills Areawide lease sales.

A lease only gives the lessee the *right* to conduct activities such as exploration, development, and production. It does not authorize the *performance* of these activities. A plan of operations or a unit plan of operations must be approved before any activities begin on or in the leased area. In addition, all oil and gas activities are subject to numerous federal, state, and local laws, regulations, policies, and ordinances with which the lessee must comply.

"To responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest."

Public Comments Received

1. Peter McKay's Comments

- a. Mr. McKay stated that the February 15, 2012, blowout at Repsol's Qugruk Number 2 well sets a new benchmark for well blowout response in the Arctic during winter. He referred to a March 18, 2012, article in the Anchorage Daily News describing the incident.¹ He stated that the state must develop lease stipulations and mitigation measures that ensure that if and when releases of oil and gas do occur the permit holder does a better job of responding to and controlling those events.

DO&G Response: The Beaufort Sea, North Slope, and North Slope Foothills current findings contain lessee advisories alerting lessees that the Alaska Department of Environmental Conservation requires an approved oil discharge prevention and contingency plan (C-Plan) before beginning operations. The plan must include a response action plan describing how a spill response would occur, a prevention plan describing the spill prevention measures taken at the facility, and supplemental information providing background and verification information (Beaufort Sea Final Finding at Chapter 9, B.2.a.; North Slope Final Finding at Chapter 7, B.2.a.; and North Slope Foothills Final Finding at Chapter 9, B.2.a.). Neither Mr. McKay's comments nor the newspaper article to which he refers mention any research, studies, or data directly relevant to the matters listed in AS 38.05.035(g) that has become publically available over the last year. Therefore, Mr. McKay's comments do not contain or reference substantial new information that justifies a supplement to the current findings.

Summary

DO&G has reviewed the comments submitted by Peter McKay and has determined that no substantial new information has become available that justifies supplements to the most recent best interest findings for the 2012 Beaufort Sea, North Slope, and North Slope Foothills Areawide oil and gas lease sales.

A person who provided timely written comment and is affected by this decision may request reconsideration in accordance with 11 AAC 02. Any reconsideration request must be received by the 20th day after the date of issuance this decision and may be mailed or delivered to:

Daniel S. Sullivan, Commissioner
Alaska Department of Natural Resources
550 W. 7th Avenue, Suite 1400
Anchorage, Alaska 99501
faxed to 1-907-269-8918
or emailed to dnr.appeals@alaska.gov

¹ "Well Damaged in Blowout is Plugged, Under Control", Anchorage Daily News. March 18, 2012.

If reconsideration is not requested by that date or if the commissioner does not order reconsideration on his own motion, this decision goes into effect as a final order and decision on the 31st day after the date of issuance. Failure of the commissioner to act on a request for reconsideration within 30 days after issuance of this decision is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision may be appealed to Superior Court within a further 30 days in accordance with the rules of the court and to the extent permitted by applicable law. An eligible person must first request reconsideration of this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.



Daniel S. Sullivan
Commissioner

cc: Peter McKay, 55441 Chinook Rd., Kenai, AK 99611