

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

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April 4, 2006

## NOTICE OF ISSUANCE OF GAS STORAGE LEASE BEST INTEREST FINDING AND FINAL CONSISTENCY DETERMINATION

The Department of Natural Resources (DNR), Division of Oil & Gas (division) gives notice under AS 38.05.945(a)(3)(C), that it plans to issue a Gas Storage Lease (ADL 390821) to Marathon Oil Company (Marathon) within the Kenai River Unit, located approximately seven miles west of Soldotna, Alaska. The lease is entirely within the Kenai Peninsula Borough and contains 2,637.96 acres of state-owned mineral estate, more or less.

### Annual Fee

Marathon must pay the state's proportionate share of a minimum fee of \$300,000 per year or 5-cents per thousand cubic feet injected monthly, whichever is higher.

### Lease Term

The lease has a primary term of ten (10) years.

### Lease Form

The lease will be executed on Gas Storage Lease Form # DOG200603.

### Best Interest Finding

On April 7, 2006 the Director, Division of Oil and Gas (director), issued a final finding and decision under AS 38.05.035(e), with the concurrence of the Commissioner, Department of Natural Resources. This finding sets forth the facts, policies, and laws upon which the determination was made.

The Best Interest Finding and Final Consistency Determination are available on the division's Website: [www.dog.dnr.state.ak.us/oil](http://www.dog.dnr.state.ak.us/oil). Copies of the finding are also available for public review at the Division's offices, the Kenai Peninsula Borough offices, as well as the Loussac Public Library in Anchorage. Individuals may obtain copies of the finding and consistency determination from the division: 550 West 7<sup>th</sup> Avenue, Suite 800; Anchorage, Alaska 99501. To order, call Anna Motschenbacher at (907) 269-8814, or e-mail at [Anna\\_Motschenbacher@dnr.state.ak.us](mailto:Anna_Motschenbacher@dnr.state.ak.us).

### Mitigation Measures

AS 38.05.035(e) and the departmental delegation of authority provide the director the authority to impose conditions or limitations, in addition to those imposed by law, to ensure that the disposal best serves the interests of the state. To meet this requirement, the director has adopted Mitigation Measures and Lessee Advisories that impose standards of conduct that must be met and inform the lessee of possible future limitations. These measures and advisories are deemed necessary to protect

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biological, cultural and archeological resources as well as to mitigate social impacts. These measures will be enforced throughout the lease term.

**Reconsideration and Appeal**

This finding is a final administrative decision of the department. A person affected by this decision who provided timely written comment or public hearing testimony on this decision may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received by 5:00 p.m. (local time), April 27, 2006 and may be mailed or delivered to Michael Menge, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to [dnr\\_appeals@dnr.state.ak.us](mailto:dnr_appeals@dnr.state.ak.us) . 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 May 8, 2006. 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 then 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.

The State of Alaska, DNR, Division of Oil & Gas complies with Title II of the Americans with Disabilities Act 1990. This Publication will be made available in alternative communication formats upon request. Please contact Anna Motschenbacher at (907) 269-8814 to make any necessary arrangements.



William Van Dyke  
Acting Director

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