

Mt. Spurr Geothermal Lease Sale Fact Sheet

- **1983 Sale** ADNR held its first geothermal lease sale in the Mount Spurr area on May 17, 1983. 10,240 acres in 16 tracts were offered. Only one tract received a bid. The lease for that tract was terminated in 1992.
- **1986 Sale** On June 24, 1986, ADNR offered 2,640 acres in two tracts. One lease was terminated in 1990 and the other lease expired in 1996.
- **Call for Applications** On April 9, 2007, DO&G issued a call for applications and comments for the proposed Mt. Spurr Geothermal Exploration Area. The sale area encompasses 36,057 acres and is divided into 16 tracts ranging in size from 250 to 2,560 acres. The majority of the tracts received at least two applications, requiring a competitive sale process for awarding the leases.
- **Best Interest Finding Process** On December 27, 2007 the division issued the preliminary best interest finding and requested public comments. The final finding for the sale was issued June 16, 2008
- **2008 Sale** The sale announcement for a competitive sealed bid auction for geothermal leases was published July 17, 2008. The application period was a minimum 45 days. The lease sale was held September 10, 2008.
- **Description of Sale Area** The sale area includes state-owned uplands lying about 40 miles west of the village of Tyonek, northwest of Trading Bay. The sale area is located on the southern flank of Mt Spurr, generally east of the east end of Chakachamna Lake and north of the Chakachatna River, within Ts. 13 & 14 N., Rs. 16 & 17 W., Seward Meridian. The area along the Chakachatna River within the coastal zone boundary is excluded from the sale area.
- **Sale Terms** Tracts are awarded to bidders submitting the highest bid per acre. The state's title has already been determined for the sale tracts. Once the bids have been adjudicated and approved the leases will be awarded.
- **Effective Date** The effective date of the leases will be the first day of the month following the director's signature.
- **Lease Term** Leases for all tracts will have a primary term of ten (10) years, renewable for an additional five years. Leases may be extended for the duration of commercial production.
- **Royalty Rate** All leases will have a royalty rate of ten percent (10.0%) of the gross revenues derived from the production, sale, or use of geothermal resources under the lease.
- **Lease Form** Leases will be executed on Competitive Geothermal Resources Lease Form No. DO&G 200807GL. The geothermal lease is on the division's web site at <http://www.dog.dnr.state.ak.us/oil/>.
- **Rental** Annual rental will be \$3.00 per acre. The state is not required to give notice that rentals are due by billing the lessee. The lessee is responsible for timely payments.

- **Plan of Exploration** A proposed plan of exploration must be submitted within one year after the issuance of the lease. No exploration of the leased area may occur until a plan of exploration has been approved by the state.
- **Plan of Operations** Before any operations are undertaken, a plan of operations must be approved. A plan of operations is not required for activities that do not require a land use permit.
- **Plan of Development** A proposed plan of development must be approved before commencing development activities. The plan of development must be submitted by the ninth anniversary of the lease.
- **Bonding** Before beginning lease operations, a surface damage bond of a minimum of \$10 per acre or \$10,000, whichever is greater, per operation is required. The commissioner may require additional unusual-risk bonds as necessary. Additional bonding may be required depending on the operation or activities proposed.