



March 18, 2016

**NOTICE OF SALE
ALASKA PENINSULA AREAWIDE 2016 AND
COOK INLET AREAWIDE 2016W
COMPETITIVE OIL AND GAS LEASE SALES**

The Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G), is giving notice pursuant to AS 38.05.945(a)(4) that it is offering State lands for competitive oil and gas leasing in the Alaska Peninsula Areawide 2016 (APA 2016) and the Cook Inlet Areawide 2016W (CIA 2016W) Competitive Oil and Gas Lease Sales. This notice is available on the State of Alaska Online Public Notice System at <http://aws.state.ak.us/OnlinePublicNotices/>.

In-person bid submission – Monday, May 2, 2016 from 9:00 a.m. to 4:00 p.m. at Suite 800 of the Atwood Building, 550 West 7th Avenue, Anchorage, Alaska or by mail to DNR Division of Oil & Gas, Attn: Lease Sale, 550 W 7th Avenue, Suite 1100, Anchorage, Alaska 99501-3560.

Public bid opening – Wednesday, May 4, 2016 from 9:00 a.m. until all bids are read at Suite 108 of the Atwood Building, 550 West 7th Avenue, Anchorage, Alaska.

Areawide Lease Sale Locations

The Alaska Peninsula Areawide lease sale encompasses about 4 million gross onshore acres and 1.75 million gross acres of offshore State waters. There are 1,047 tracts ranging in size from 640 to 5,760 acres. The sale area is located on the north side of the Alaska Peninsula. It stretches from the Nushagak Peninsula in the north, then south and west to the vicinity of Cold Bay. The sale area lies within the Aleutians East Borough, Bristol Bay Borough, Lake & Peninsula Borough, and the Dillingham Census Area.

The Cook Inlet Areawide lease sale encompasses about 4.2 million gross acres divided into 815 tracts currently ranging in size from 640 to 5,760 acres. These tracts are located within the Municipality of Anchorage, the Matanuska-Susitna and Kenai Boroughs, and consist of State-owned uplands located in the Matanuska and Susitna river valleys generally south and west of Houston and Wasilla, the Anchorage bowl, and the western shore of Cook Inlet from Beluga River to Harriet Point. The lease sale area also includes the 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.

Sale Documents

Complete details regarding these lease sales are on the DO&G website at <http://dog.dnr.alaska.gov/Leasing/SaleDocuments.htm>. Sale documents include this Notice of Sale, Sale Announcement and Instructions to Bidders, Attachment A with estimated acreages and deferred tracts, lease forms, mitigation measures, Bid Form for DNR Areawide Oil & Gas Lease Sale, and tract map. These documents are also available in the following locations:

Alaska Peninsula: King Cove School Library, Sand Point School Library, Nelson Lagoon School Library, Chignik Bay School Library, Dillingham Public/School Library, Egegik Village Library, and Pilot Point Library; Z.J. Loussac Public Library in Anchorage; Alaska Resources Library & Information Services on the University of Alaska Anchorage campus; Bristol Bay Borough offices in Naknek; Lake and Peninsula Borough offices in King Salmon; and Aleutians East Borough offices in Sand Point.

Cook Inlet: Public libraries in Wasilla, Ninilchik, Homer, Soldotna, Anchor Point, Seldovia, and Willow; Tyonek School Library; Matanuska-Susitna Borough Planning Department offices in Palmer; Kenai Peninsula Borough Planning Department offices in Soldotna; Municipality of Anchorage Clerk's office; Z.J. Loussac Public Library in Anchorage; and Alaska Resources Library & Information Services on the University of Alaska Anchorage campus.

If you are unable to access this information, call the Asset Management Section at (907) 269-8800 or email dog.leasing@alaska.gov. You may subscribe to lease sale email announcements at <http://list.state.ak.us/soalists/DOG.Licensing/jl.htm>.

Sale Terms and Conditions

Alaska Peninsula Areawide 2016 Competitive Oil and Gas Lease Sale Terms and Conditions						
Lease Sale Tracts	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Lease Form
All APA 2016 Tracts	Cash Bonus	\$5.00 per acre	12.5% Fixed	10 Years	Year 1: \$1.00 per acre Year 2: \$1.50 per acre Year 3: \$2.00 per acre Year 4: \$2.50 per acre Years 5-10: \$3.00 per acre	DOG201503

Cook Inlet Areawide 2016W Competitive Oil and Gas Lease Sale Terms and Conditions						
Lease Sale Tracts	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Lease Form
All CIA 2016W Tracts	Cash Bonus	\$10.00 per acre	12.5% Fixed	10 Years	Years 1 – 7: \$10.00 per acre Years 8-10: \$250.00 per acre*	DOG201503W

*Annual rental will be as listed above; except that beginning in the year after the year in which sustained production commences on the lease or the State otherwise determines in its sole discretion, upon request, that the lessee has exercised reasonable diligence in exploring and developing the lease, the annual rental will be \$10.00 per acre or fraction of an acre. In evaluating a request to decrease rental based on the exercise of reasonable diligence, the State will consider the funds expended by the lessee to explore and develop the lease and the types of work completed by or on behalf of the lessee on this lease.

Tracts Deferred or Deleted from Sale

Deferred or deleted lease sale tracts will not be offered for lease in this sale, but may be included in future lease sales. DO&G reserves the right to delete or defer any additional acreage or tracts from the sale at any time prior to issuance of the lease. Currently deferred or deleted lease sale tracts are listed on Attachment A of the Sale Announcement and Instructions to Bidders. Check <http://dog.dnr.alaska.gov/Leasing/SaleDocuments.htm> for updated Attachment A documents.

Best Interest Findings to Offer Oil and Gas Leases in Areawide Sales

These lease sales are being held under AS 38.05.035(e) and AS 38.05.180. Under these statutes, land that is subject to a best interest finding issued within the previous 10 years may be offered for oil and gas leasing. The finding sets forth the facts, policies, and applicable laws and regulations upon which the Director based his determination that oil and gas lease sales in an Areawide sale will best serve the interests of the State. Every year the Director requests substantial new information that may justify a supplement to the finding and issues a response to information received. Best interest finding documents and supplements for these sales are available online at <http://dog.dnr.alaska.gov/Leasing/BestInterestFindings.htm>. If you are unable to access this information, call the Asset Management Section at (907) 269-8800 or email dog.bif@alaska.gov.

Americans with Disabilities Act Compliance

The State of Alaska, DNR, DO&G complies with Title I of the Americans with Disabilities Act 1990. This publication will be made available in alternative communication formats upon request. Please call (907) 269-8800 or email dog.leasing@alaska.gov to make any necessary arrangements.



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Director, Division of Oil and Gas