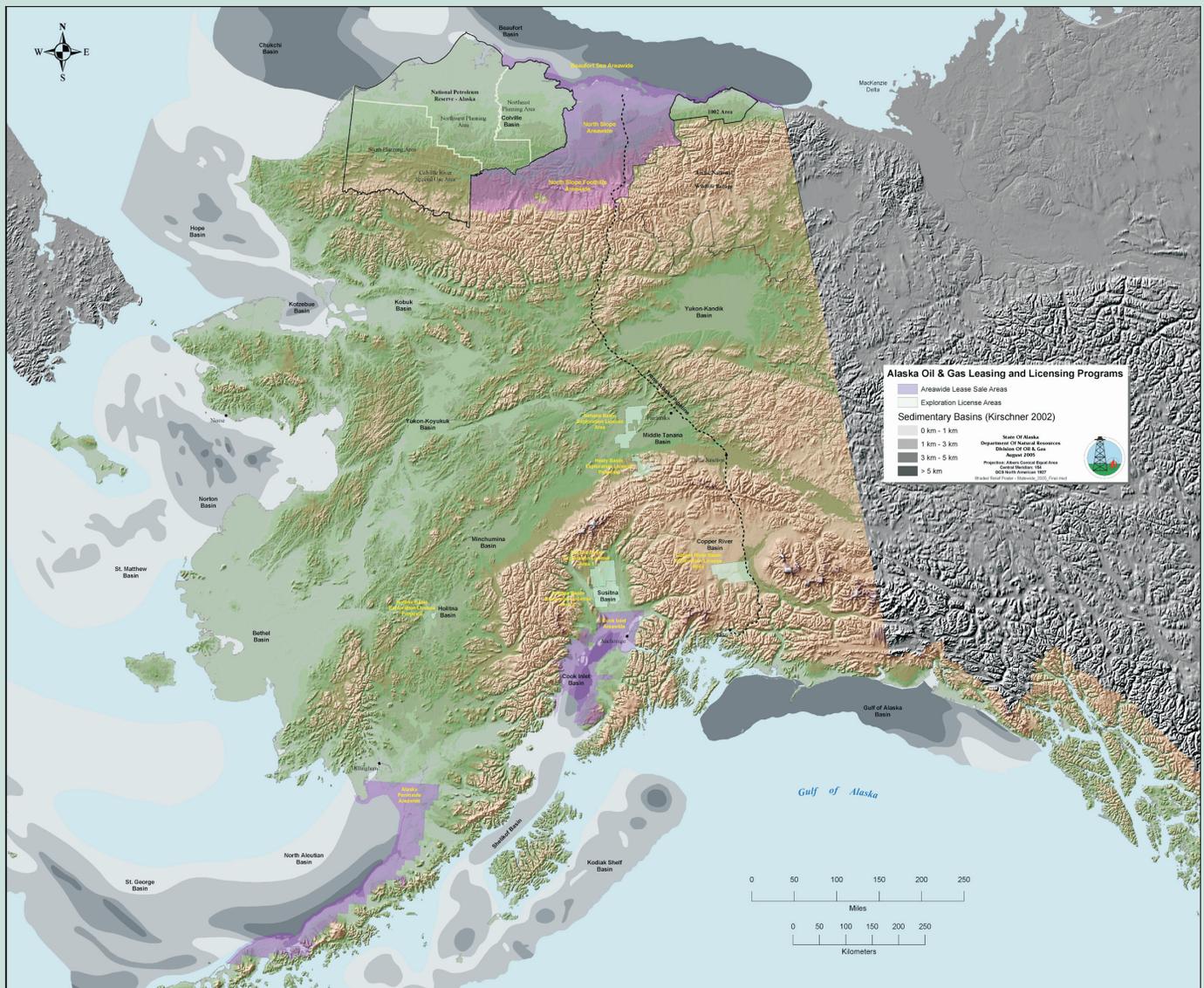


FIVE-YEAR OIL AND GAS LEASING PROGRAM

January 2006

With Reports On:
Exploration Licensing And Exploration Incentive & Tax Credit Programs



Alaska Department of
**NATURAL
RESOURCES**
DIVISION OF OIL AND GAS

Cover: This Statewide map of Alaska combines DO&G Leases Sales and Exploration License Areas, USGS Shaded Relief With Sedimentary Basins from Kirschner 2002. Originally published as a 36" Wide Poster for the 2005 NAPE Exposition.

Map by Olen D. Smith, Cartographer II
AK Division of Oil & Gas



Bill Van Dyke - Current Acting Director, Division of Oil and Gas - Greets attendees to the divisions booth at the North American Prospects Expo NAPE®, the largest oil and gas exploration and production event in the world.

Photo courtesy of Brian Havelock - DO&G.

This publication was produced by the Department of Natural Resources, Division of Oil and Gas. It was printed at a cost of \$8.10 per copy. The purpose of the publication is to meet the mandate of AS 38.05.180.

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TABLE OF CONTENTS

Introduction	1
Areawide Leasing	2
Leasing Methods and Exploration Incentive Credits	7
Qualifications for Bidding	11
Exploration Licensing	14
State of Alaska Five-Year Oil and Gas Leasing Program	17
North Slope Areawide Sales	20
Beaufort Sea Areawide Sales	22
North Slope Foothills Areawide Sales	24
Cook Inlet Areawide Sales	26
Alaska Peninsula Areawide Sales	30
Oil and Gas Lease Sale Results, 2004 and 2005	33
State Competitive Sales Areas	44
Summary of State Competitive Lease Sales	46
DIVISION WEBSITE SITE MAP	On Inside Back Cover

INTRODUCTION

Oil and gas lease sales are the initial step in a process that generates nearly 80 percent of the state's income. The legislature has found that "the people of Alaska have an interest in the development of the state's oil and gas resources" and has specified in AS 38.05.180 that the Commissioner of the Department of Natural Resources (DNR) prepare a five-year proposed oil and gas leasing program. The program is updated annually and is available on the Division of Oil and Gas website. This document presents DNR's proposed lease sales for 2006 through 2010.

The Five-Year Oil and Gas Leasing Program provides a stable and predictable schedule of proposed lease sales, which, if held, could result in the further development of Alaska's petroleum resources. The petroleum industry has come to rely on this program to plan for exploration and development expenditures. Business and labor use the program to prepare for the resultant economic opportunities.

Although the primary purpose of leasing state lands is to provide for oil and gas development and the subsequent economic benefits¹, the program in itself has been a significant revenue source. During 2005, 104 lease tracts were sold in three sales, resulting in \$3.09 million in bonus bid income to the state. A report on the results of these sales begins on page 33.

All lease sales since 1959 are listed in "Summary of State Competitive Lease Sales" (page 46). A brief description of lands included in each sale is found in "State Competitive Sale Areas" (page 44).

Sale Areas: A total of 26 lease sales are scheduled over the next five years – 11 on the North Slope, 5 in Cook Inlet, 6 in the Beaufort Sea and 4 on the Alaska Peninsula. Fact sheets and maps describing these proposed sale areas begin on page 20.

¹ As a result of oil and gas revenue from bonus bids, rentals, and royalty payments (including federal shares), and settlements during Fiscal Year 2005, approximately \$1.419 billion were deposited into the General Fund, \$476.2 million into the Permanent Fund, and \$9.5 million into the School Fund.

AREAWIDE LEASING

To achieve stability and predictability in the leasing program, and in response to industry's request for more frequent sales, the state has implemented annual areawide leasing. Under areawide leasing the state annually offers for lease all available state acreage within the North Slope, Beaufort Sea and Cook Inlet areas, and has added sales on the Alaska Peninsula. Conducting annual areawide sales allows companies to fiscally plan for and develop their exploration strategies and budgets years in advance. The result is more efficient exploration, leading to earlier development. The state's first areawide sale was conducted on the North Slope in June 1998. Since then, the state has conducted 25 areawide sales.

Administrative Process

Areawide leasing necessitated changes to DNR's administrative process prior to and following a sale. Previously, industry was asked to nominate areas to include in a sale, and DNR sought public comment on the proposed sale areas being considered for addition to the program. Since areawide leasing includes all available state acreage within each geographic region, there is no longer a need for industry nominations. Additionally, since the sale area within each region remains the same, it is no longer necessary to solicit public comment on the inclusion of these lands prior to issuing the five-year schedule.

DNR has divided each sale area into tracts that will remain fixed for future sales. Because of the large number of tracts involved, the extent of the state's ownership interest in these tracts is no longer determined prior to a sale. Instead, following a sale, DNR verifies title only for the acreage within tracts that are leased. Therefore, should a potential bidder require title or land status information for a particular tract prior to the sale, it is the bidder's responsibility to obtain that information from DNR's public records. Land records are maintained at the department's Public Information Center, located in Suite 1260 at 550 West 7th Ave., Anchorage [(907) 269-8400]. A tract may contain land that the state cannot legally lease (i.e., part of an existing lease; federal, Native or private land; etc.). DNR assigns an acreage figure to each tract, which in many cases will be higher than the actual acreage available, and the bonus bid must reflect that assigned acreage. Once title has been verified, bids will be adjusted to reflect the actual acreage and the lease will be issued. Depending upon the number of tracts involved and the complexity of the land holdings, it could take several months following the lease sale before all of the leases are conveyed.

The lease sale consists of a public opening and reading of sealed bids received by DNR. The highest qualified bidder on a tract is awarded that lease.

Best Interest Finding Process

In 1996, to facilitate areawide leasing, the Alaska State Legislature passed legislation establishing that a best interest finding developed for a lease sale would be valid for ten years. Previously, a finding was good for only five years. Once a finding for an area is written, DNR can conduct lease sales in that area for ten years, without having to repeat the entire process. However, prior to each subsequent sale, DNR is required to solicit information from the public and make a determination on whether significant new information has become available justifying a supplement to the most recent best interest finding.

A Finding is Required: The planning and execution of an oil and gas lease sale that requires a best interest finding is a lengthy process beginning years before a sale, and it involves the participation of a number of state agencies, with DNR serving as the lead. It also involves federal agencies, industry, local communities, environmental organizations and the public.

DNR researches and analyzes social, economic, environmental, geological and geophysical information about a sale area and develops a preliminary best interest finding. The preliminary finding describes the sale area and discusses the potential effects that may occur as a result of oil and gas exploration, development, production and transportation. It also contains mitigation measures to be imposed on plans of operation as permit terms designed to reduce or eliminate negative effects. The preliminary finding is published at least nine months before the sale and is followed by a public comment period of at least 60 days. During the public comment period, DNR may conduct workshops or hold public meetings in one or more of the affected communities. Local boroughs and municipalities may also conduct hearings, which division personnel will attend. Comments received during the comment period help in developing a final finding that includes a decision as to whether or not the sale is in the state's best interests. DNR releases the final finding and decision at least 90 days before a scheduled sale.

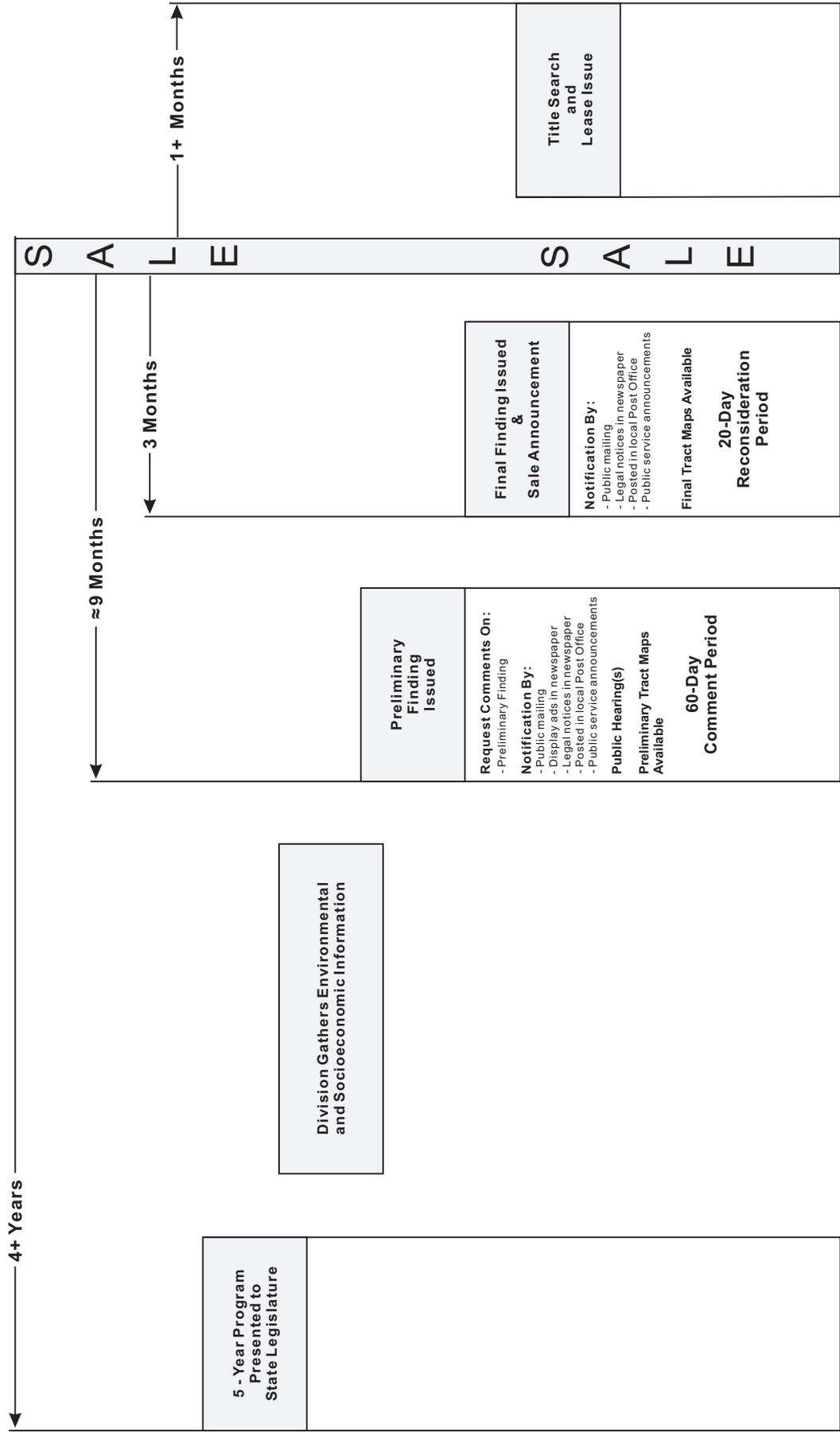
Concurrent with a best interest finding, when a sale involves land within the state's coastal zone, DNR analyzes a proposed lease sale for consistency with the Alaska Coastal Management Program (ACMP), including any affected local coastal management plans. The ACMP consistency analysis is published with the preliminary finding; the final ACMP consistency determination is issued concurrently with the final finding

A Finding is Not Required: In subsequent years following the issuance of a best interest finding, DNR issues a "Call for New Information" prior to the notice of a lease sale, requesting any new information that has become available since the most recent best interest finding for that region was completed. Based on the information received, DNR determines whether or not a supplement to the best interest finding is justified. DNR then issues either a supplement 90 days prior to a sale, or a decision that there is no significant new information requiring a supplement.

Mitigation measures required in the best interest finding are included in all sales during the effective period of a finding. A new coastal management consistency review will be done whenever the commissioner determines that new information or conditions suggest a proposed lease sale may no longer be consistent with ACMP standards.

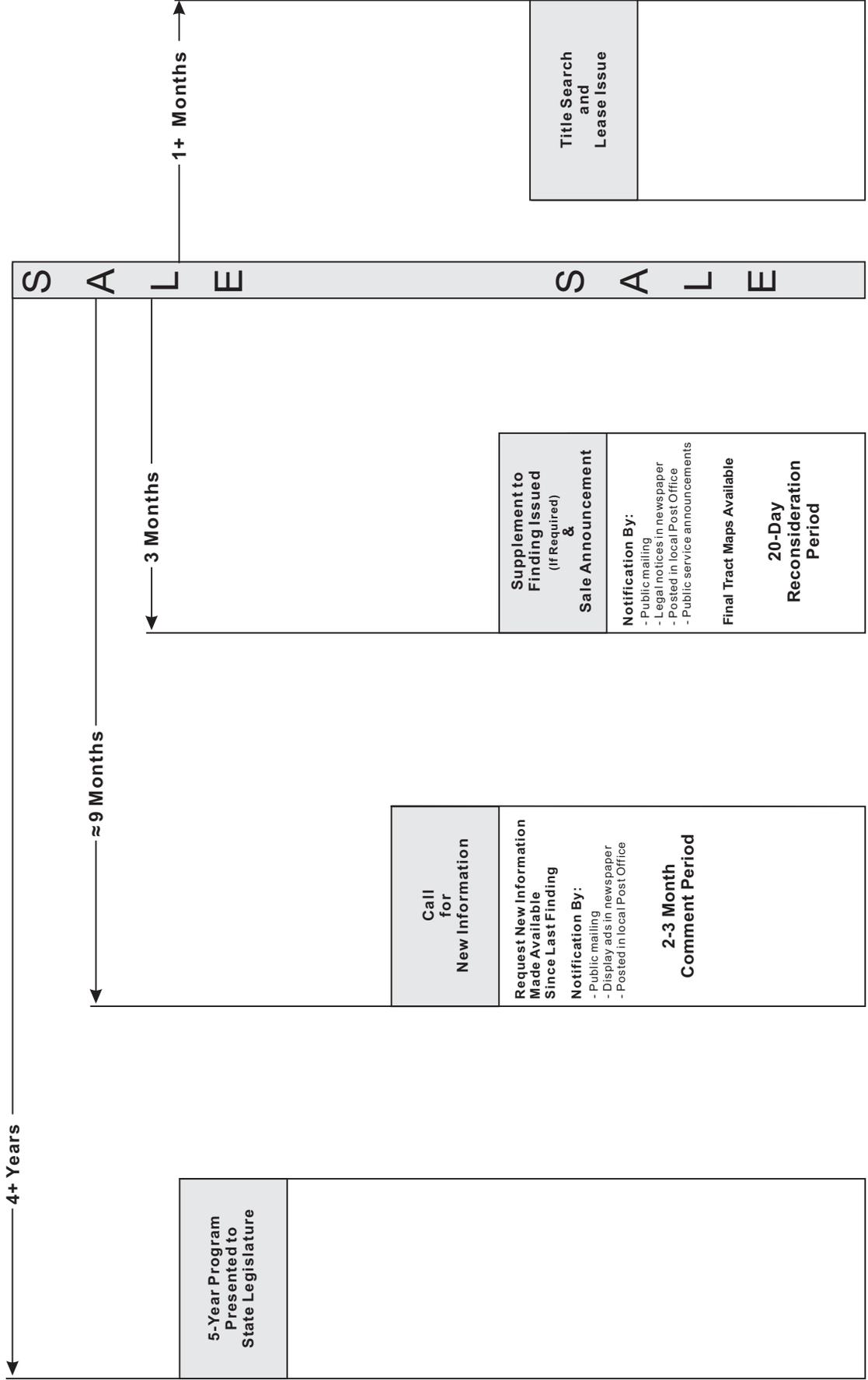
OIL & GAS LEASE SALE PUBLIC NOTIFICATION PROCESS

(When Finding is Required)



OIL & GAS LEASE SALE PUBLIC NOTIFICATION PROCESS

(When Finding is Not Required)



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**LEASING METHODS
AND
EXPLORATION INCENTIVE & TAX CREDIT PROGRAMS**

Leasing Methods:

Alaska has several leasing method options designed to encourage oil and gas exploration and maximize state revenue. These methods include combinations of fixed and variable bonus bids, royalty shares and net profit shares. Minimum bids for state leases are generally \$5 or \$10 per acre. Fixed royalty rates are generally 12-1/2 percent or 16-2/3 percent, although others have been as high as 20 percent. A sliding scale royalty has also been used on occasion. Lease terms are set at 5, 7, or 10 years, depending on geographical location.

Exploration Incentive Credit (EIC) & Tax Credit Programs:

AS 38.05.180(i): This statute authorizes the Commissioner of Natural Resources to establish an EIC system under which a lessee drilling an exploratory well on state-owned land may earn credits based upon the footage drilled and the region in which the well is located. This EIC must be designated by the Commissioner as a lease sale term. Drilling information is held confidential for two years. If demonstrated by the lessee as necessary, confidentiality may be extended. The statute also provides for an EIC for geophysical work on state land, if that work is performed during the two seasons immediately preceding an announced lease sale and is on land included within the sale area. The geophysical information must then be made public following the sale. Credits are granted by the commissioner for a limited period and may be assigned. A credit may not exceed 50 percent of the cost of the drilling or geophysical work. Credits may be applied against royalty and rental payments to the state, or taxes payable under AS 43.55. Amounts due the Alaska permanent fund (AS 37.13.010) are considered before the application of credits.

Since the state began offering EICs under this program twenty exploratory wells qualifying for credit have been drilled on state leases. Lessees have claimed credits totaling approximately \$54.7 million. There have been no applications for geophysical EICs.

AS 41.09.010: This program was adopted in 1994, and allows the Commissioner of Natural Resources to grant an EIC for exploratory drilling, the drilling of a stratigraphic test well and for geophysical work on land in the state, regardless of whether the land is state-owned. This program is designed to encourage oil and gas exploration within remote parts of the state and to provide a means for the state to obtain exploration data from federal lands and certain private lands. As with the first program, credits may be applied against oil and gas royalties and rentals payable to the state, or taxes payable under AS 43.55, or they may be assigned. Data derived from drilling will be kept confidential for two years, but no extensions are allowed. Copies of geophysical data may be shown to interested parties by the state but may not be transferred to third parties. Credits may be as high as 50 percent of eligible costs if performed on state land, and as high as 25 percent of eligible costs if performed on private or federal land. A credit may not exceed \$5 million per eligible project, and the total of all credits issued under this program may not exceed \$30 million. Drilling credits are based upon the footage drilled. All activity qualifying for this EIC must be completed by July 1, 2007.

AS 43.55.025: This program was adopted in 2003, and allows for a production tax credit of 20 percent of the cost of an exploratory well if the bottom hole location is three or more miles from the bottom hole location of a preexisting well that was spud more than 150 days, but less than 35 years, prior to the spud date of the eligible exploration well, and 40 percent of the cost of an exploratory well if the bottom hole location is at least 25 miles from the boundary of any unit under a plan of development as of July 1, 2003. The program also offers seismic exploration tax credits of 40 percent of eligible costs for those portions of activities outside of a unit that is under a plan of development or plan of exploration. Seismic data qualifying for this credit will be held confidential for 10 years and 30 days. This tax credit is transferable. This program expires on July 1, 2007 for the North Slope, and July 1, 2010 for elsewhere.

AS 43.020.043: This program was adopted in 2003, and is applicable only to operators and working interest owners engaged in exploration for and development of gas resources and reserves south of 68 degrees North latitude. The program allows for a 10 percent tax credit equivalent of qualified capital investments made after June 30, 2003, and 10 percent of the annual cost of activity in the state during each tax year. The total allowable yearly tax credit may not exceed 50 percent of the taxpayer's total tax liability. Unused tax credit may be carried forward for up to five years. Credit is transferable only as part of a conveyance, assignment, or transfer of the taxpayer's business. Credit under this program may be used in conjunction with any other credit authorized by AS 43.20, but not for tax credit or royalty modification provided under any other title. This program expires January 1, 2013.

Nonconventional Gas Incentive: Under AS 38.05.180(n)(2), if the lessee under a gas only lease demonstrates that the potential resources underlying the lease are reasonably estimated to be nonconventional gas, the rental payment on the lease will be reduced and the royalty may be reduced to 6.25%.

Royalty Reduction: The state also allows for royalty reduction under certain circumstances. These reductions are explained in AS 38.05.180(f)(5) and AS 38.05.180(j).

EXPLORATION INCENTIVE CREDITS

AS 38.05.180(i)

Report Month: October 2004

<u>ADL</u>	<u>WELL</u>	<u>COMPANY</u>	<u>CERTIFICATION DATE</u>	<u>TOTAL AMOUNT</u>
343109	G-2 Well	Exxon Company USA	10/05/83	\$6,197,625.00
		Sohio Alaska Petro.	12/27/83	4,152,408.75
		BP Alaska Exploration	10/05/83	2,045,216.25
344010	Leffingwell	ARCO Alaska Inc.	10/02/84	\$3,706,000.00
		Unocal	10/02/84	3,706,000.00
344033	J-1 Well	Exxon Company USA	10/31/84	\$5,119,500.00
355005	Long Island Well	Exxon Company USA	11/14/84	\$1,367,738.00
		Sohio Alaska Petroleum	11/14/84	1,378,076.00
345130	Totek Hills	ARCO Alaska Inc.	08/02/85	\$715,530.81
355037	Colville Delta #1	Texaco Inc.	07/09/86	\$952,179.00
		Amerada Hess	07/08/86	888,594.00
		Diamond Shamrock (Maxus)	07/08/86	100,128.00
		Rosewood Resources	07/08/86	12,662.00
		Hunt Petroleum Co.	07/08/86 (1)	8,866.36
		BP Alaska Exploration	02/31/87	475,631.00
		Mobil	02/05/87	432,511.00
364478 (2)	Colville Delta Area AHC 25-13-6 #1 Well	Amerada Hess	10/12/87 (3)	\$140,071.13
		Texaco Inc.	10/12/87 (4)	771,743.46
		Maxus Exploration	10/12/87 (5)	100,297.41
		Rosewood Resources	10/12/87 (6)	4,111.82
355038 (2)	Colville Delta #2	Amerada Hess	10/28/87	\$757,731.46
		Texaco Inc.	10/28/87	898,563.40
		BP Alaska Exploration	10/28/88	423,982.26
355039 (2)	Colville Delta #3	Amerada Hess	10/28/87 (7)	\$ 0.00
		Texaco Inc.	10/28/87 (8)	0.00
		BP Alaska Exploration	10/28/87 (9)	63,228.39
		Union Texas Petroleum	10/28/87 (10)	14,097.50
344176	Gyr #1	ARCO Alaska, Inc.	11/15/90 (11)	\$699,302.43
		Amerada Hess	11/15/90 (11)	732,804.63
		Conoco	11/15/90 (12)	732,804.62
355021	NW Milne #1	Conoco	07/10/92 (13)	\$1,371,691.42
		Conoco	02/09/93	660,321.00
375044	Sequoia #1	Conoco	07/10/92 (13)	\$275,521.32
		Petrofina	07/10/92 (14)	227,594.08
		Conoco	02/09/93	16,333.56
		Petrofina	02/09/93	19,963.24

ADL	WELL	COMPANY	CERTIFICATION DATE	TOTAL AMOUNT
375076	Cirque #2	ARCO Alaska, Inc.	02/09/93 (15)	\$845,018.43
375108	Tarn #1	ARCO Alaska, Inc.	02/09/93 (16)	\$727,939.95
355036	Kalubik #1	ARCO Alaska, Inc.	02/09/93 (17)	\$2,599,602.13
		ARCO Alaska Inc. (UTP)	03/04/93	250,822.50
		ARCO Alaska Inc. (UTP)	04/22/93	11,779.91
372104	Fiord #1	ARCO Alaska Inc. (UTP)	02/09/93 (18)	\$1,811,218.84
		ARCO Alaska Inc.	03/04/93	191,018.62
372006	Tulaga #1	ARCO Alaska Inc.	03/25/93 (19)	\$1,241,177.00
355011	Jones Island #1	ARCO Alaska Inc.	07/12/93	\$2,160,000.00
		ARCO Alaska Inc. (UTP)	07/20/93 (20)	1,910,175.00
375133	Cascade Well #1	BP Exploration (AK) Inc	04/04/94 (21)	\$893,245.73
375061	Yukon Gold #1	BP Exploration (AK) Inc	08/08/94 (22)(23)	\$2,394,546.77
		Union Oil Co. of Cal (H)	08/23/94 (24)	487,240.46
TOTAL EICs GRANTED TO-DATE:				\$54,692,614.64

- (1) Hunt's EIC balance reduced through a commissioner's decision dated March 18, 1998. Hunt made a subsequent payment in April 1998.
- (2) Colville Delta wells were settled through the Colville Delta EIC settlement agreement dated 12/31/98.
- (3) Amerada Hess EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (4) Texaco's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/28/99.
- (5) Maxus' EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/26/99.
- (6) Rosewood's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/7/99.
- (7) Amerada Hess EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (8) Texaco's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/28/99.
- (9) BP's EIC balance reduced through an EIC settlement agreement and subsequent payment on 12/31/98.
- (10) Union Texas' EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (11) ARCO and Amerada's EIC balances reduced through an EIC audit and subsequent payment in February 1997.
- (12) Conoco's EIC balance reduced through an EIC audit and subsequent payment in March 1997.
- (13) Conoco's EIC balance reduced through an EIC audit and subsequent payment in July 1997.
- (14) \$125,190.33 of EIC expired for Petrofina on March 31, 1996.
- (15) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (16) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (17) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (18) ARCO's EIC balance increased through an EIC audit and subsequent payment in December 1997.
- (19) Union Texas (ARCO) EIC balance reduced through an EIC audit and subsequent payment on 8/18/98.
- (20) Union Texas (ARCO) EIC balance reduced through an EIC audit and subsequent payment on 8/18/98.
- (21) BP's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (22) BP's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (23) BP's EIC balance reduced through an EIC audit and subsequent payment on 12/31/98.
- (24) Union's EIC balance reduced through an EIC audit and subsequent payment in July 1998.

Source: Alaska Department of Natural Resources, Division of Oil and Gas

QUALIFYING TO APPLY FOR, OBTAIN, OR TRANSFER AN INTEREST, PERMIT OR LEASE RELATING TO OIL AND GAS IN ALASKA

Who Must File

Every individual, association or partnership, corporation, or person authorized to act on behalf of another party must qualify with the Division of Oil and Gas prior to bidding for lease tracts. Qualification must also be obtained prior to applying for, obtaining, or transferring interest in a permit or lease issued under AS 38.05.135 - 38.05.184.

Where to File

Address any required information or inquiries regarding qualifications to State of Alaska, Department of Natural Resources, Division of Oil and Gas, 550 West 7th Avenue, Suite 800, Anchorage, Alaska 99501-3560. Hand-carried material should be delivered to the same address.

How to File

The following is a list of the information and documents required when qualifying under 11 AAC 82.200 - 11 AAC 82.205. Information and documents that have been filed previously and are still current may be sufficient to qualify individuals or other entities.

A. Individuals

Individuals must submit a signed, dated statement that includes the applicant's name, address, telephone number, preferably notarized, attesting that:

The individual has reached the age of majority (in Alaska the age of majority is 18 years, except for those who are emancipated earlier by marriage or by court order).

Forms may be obtained from the division upon request or a statement including the necessary information may be composed and submitted by an individual.

Any legal representative, guardian, or trustee for an individual must submit a certified copy of the court order authorizing the representative to act in that capacity and to fulfill, on behalf of the individual, all obligations arising under the lease or permit. The representative must also submit a signed statement as to the age of the individual and themselves (11 AAC 82.205(a)(2)).

Agents for an individual must submit an original or certified copy of a notarized power of attorney instrument authorizing the agent to act on behalf of the individual.

B. Corporations

Corporations must submit:

- 1) the current address of the corporation,

- 2) a list of the individuals authorized to act on its behalf with respect to oil and gas leasing or permitting,
- 3) an original or certified copy of a notarized power of attorney authorizing any agent who is not a current officer but who has been authorized by the corporation to act on its behalf with respect to the mineral specified in the permit or lease,
- 4) a Certificate of Compliance for those corporations qualified to do business in Alaska,

-or-

- 5) if filing for the first time, either a Certificate of Incorporation from those corporations which have been incorporated in the state of Alaska (also known as “domestic” corporations), or a Certificate of Authority from those corporations which have been incorporated outside the state of Alaska (also known as “foreign” corporations).

These documents may be obtained from:

Alaska Department of Commerce and Economic Development
Division of Banking, Securities and Corporations
Attention: Corporations Section
9th Floor, State Office Building
P. O. Box 110808
Juneau, AK 99811-0808
(907) 465-2530

-or-

Alaska Department of Commerce and Economic Development
Division of Banking, Securities and Corporations
550 W 7th Ave., Suite 1940
Anchorage, AK 99501
(907) 269-8140

Inquiries about incorporating in the state of Alaska, or qualifying as a foreign corporation to do business in the state of Alaska should be addressed to personnel at either of the above addresses.

C. Unincorporated Associations

Unincorporated Associations must submit

- 1) a statement describing the business relationships between members of the association or partnership,
- 2) a statement of qualifications for each member of the association or partnership (outlined in Section A),

-and/or-

if some or all of the members are incorporated entities, all information required for corporations (described in Section B) must also be submitted, and

- 3) in the case of an agent acting on behalf of an individual, an original or certified copy of a notarized power of attorney defining the agent's authority to sign with respect to the mineral specified in the permit or lease on behalf of the partnership or association.

If still current, material previously filed with the department satisfying all or part of the requirements of this section may be incorporated in an application by appropriate reference together with a statement as to any material changes or amendments.

Sources

11 AAC 82.200
11 AAC 82.205
AS 38.05.020
AS 38.05.145(a)

Further Information

Should you have any further questions regarding qualifying for Alaska oil and gas leases, please contact Alaska Division of Oil and Gas, 550 West 7th Avenue, Suite 800; Anchorage, Alaska 99501-3560. Phone number (907) 269-8810.

EXPLORATION LICENSING

Exploration Licensing supplements the state's oil and gas leasing program and encourages oil and gas exploration within remote areas of the state outside of the known oil and gas provinces -- the North Slope, Beaufort Sea, Cook Inlet, and Alaska Peninsula. The holder of an exploration license has the exclusive right to explore an area between 10,000 and 500,000 acres in size for a term of up to 10 years. Rather than an up-front bonus payment to the state, as is done in conventional leasing, a licensee must commit direct expenditures for exploration. If there is competition for a license, the party committing the most dollars to exploration is granted a license. Since there are no annual rental payments for a license, the only money guaranteed the state is a \$1 per acre licensing fee, which is paid upon acceptance. The state is, however, provided all of the geological and geophysical information acquired by the licensee, and so can gain a better understanding of an area's resource potential.

Once the work commitment is met, the licensee may convert all or a portion of the license area into oil and gas leases. Upon conversion, the lessee begins paying the state annual rental fees of \$3 per acre. Should exploration lead to development and production, the state is entitled to a royalty share that cannot be less than 12-1/2 percent.

Five-Year Licensing Program

The department will accept all proposals for consideration that are submitted during the month of April of each year, as specified in 11 AAC 82.909. Areas not eligible for licensing are specified in AS 38.05.131.

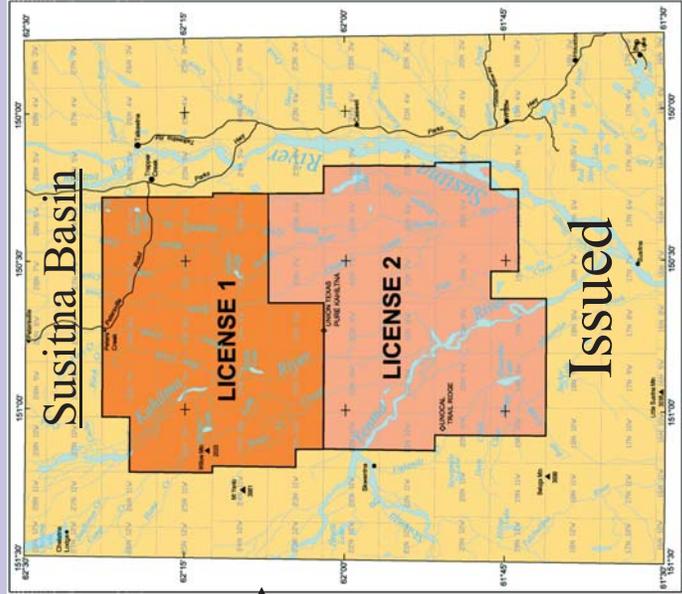
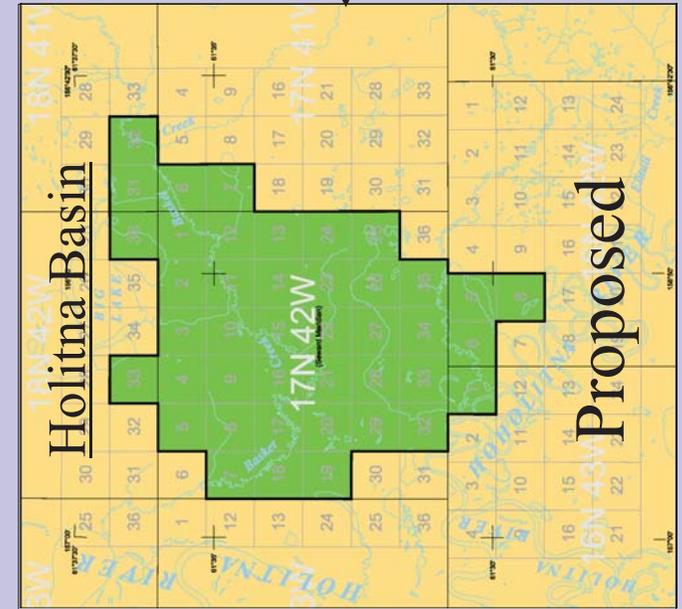
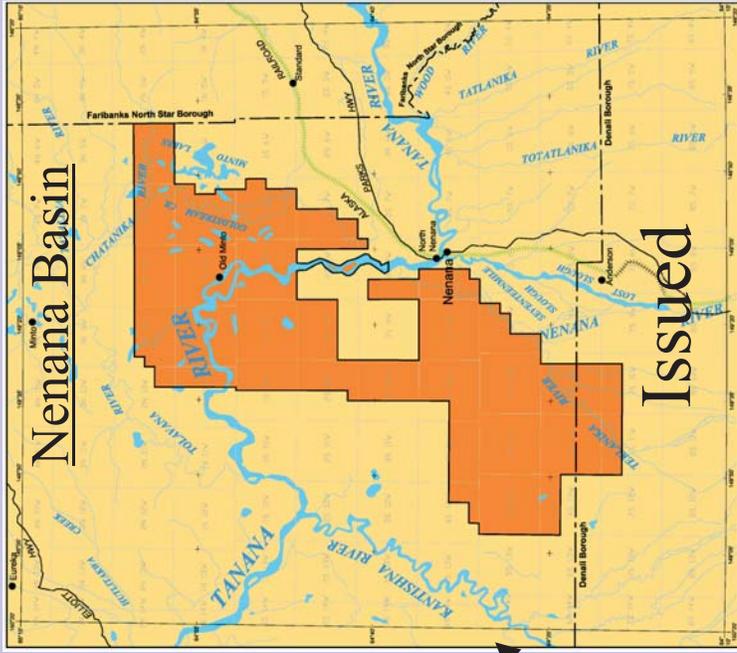
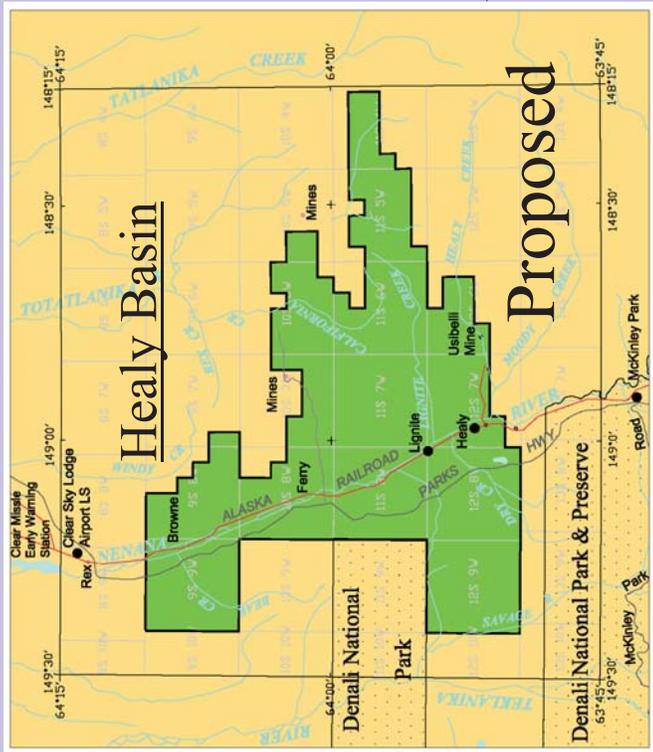
LICENSES IN EFFECT

<u>Location</u>	<u>Licensee</u>	<u>Acres</u>	<u>Work Commitment</u>	<u>Effective Date</u>	<u>Term</u>
Nenana Basin	Andex Resources	482,942	\$2,525,000	10/1/2002	7 Yrs
Susitna Basin No. 1	Forest Oil Corp.	386,207	\$2,520,000	11/1/2003	7 Yrs
Susitna Basin No. 2	Forest Oil Corp.	471,474	\$3,000,000	11/1/2003	7 Yrs

LICENSES PROPOSED

<u>Location</u>	<u>Licensee</u>	<u>Acres</u>	<u>Work Commitment</u>	<u>Effective Date</u>	<u>Term</u>
Holitna Basin	Holitna Energy, LLC	26,880	\$1 per acre	TBD	3 Yrs
Healy Basin	Usibelli Coal Mine Co.	208,630	\$500,000	TBD	10 Yrs

Exploration Licensing Program



ADNR 1/06

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**STATE OF ALASKA
FIVE-YEAR OIL AND GAS LEASING PROGRAM**

2006 through 2010

<u>Sale</u>	<u>Held In</u>
North Slope Areawide	March (2006) October (2006 – 2010)
Beaufort Sea Areawide	March (2006) October (2006 – 2010)
North Slope Foothills Areawide	May (2006) February (2007 – 2010)
Cook Inlet Areawide	May (2006 – 2010)
Alaska Peninsula Areawide	February (2007 – 2010)

**FIVE-YEAR OIL AND GAS LEASING PROGRAM
PUBLIC NOTIFICATION SCHEDULE**

ALASKA
DEPARTMENT OF
NATURAL RESOURCES
DIVISION OF OIL & GAS

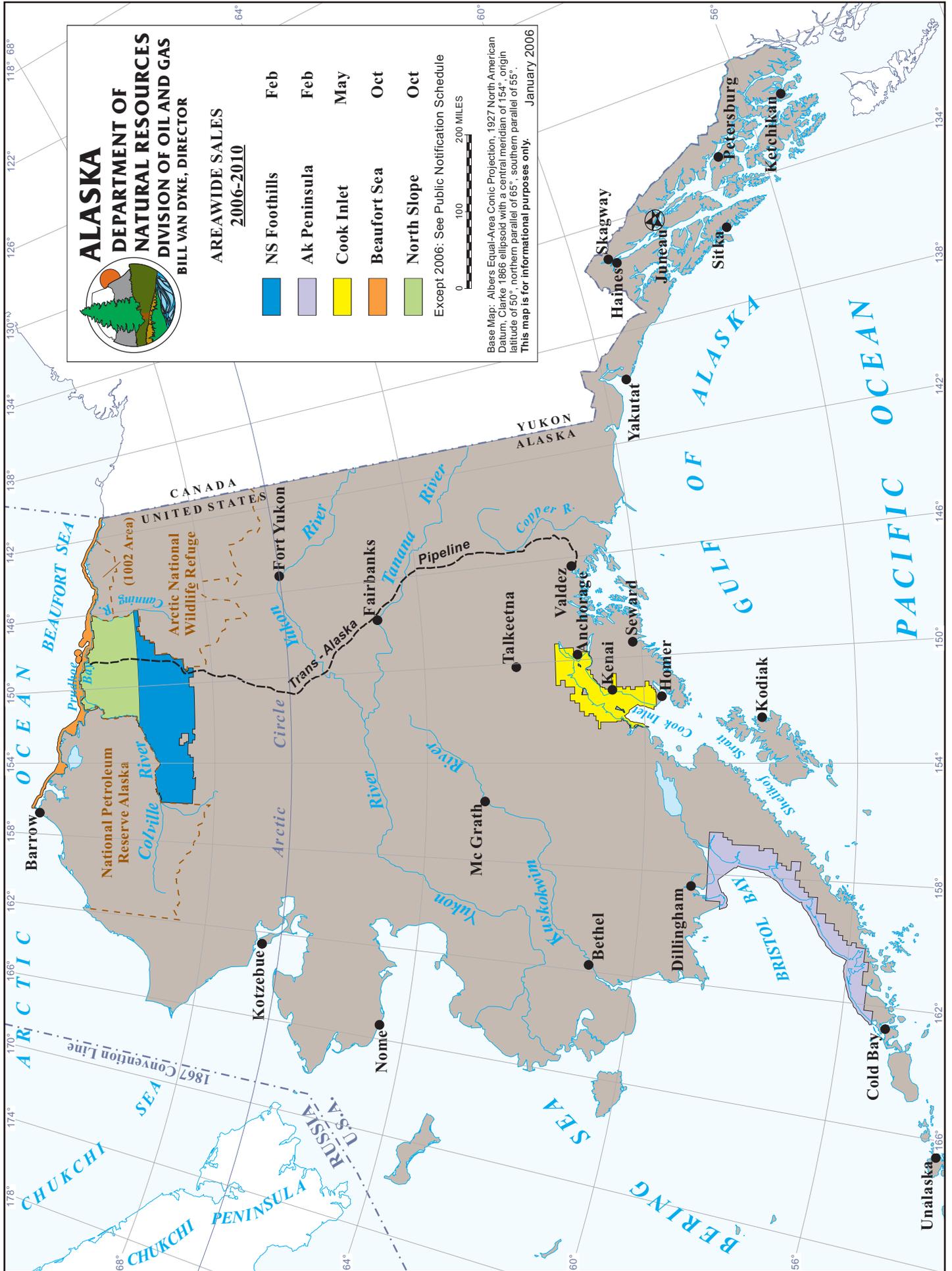


January
2006

Proposed State Area & Date	2006												2007												2008												2009												2010											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
North Slope Areawide 2006 *Mar	S																																																											
Beaufort Sea Areawide 2006 *Mar	S																																																											
North Slope Foothills Areawide 2006 *May																																																												
Cook Inlet Areawide 2006 May																																																												
North Slope Areawide 2006 A Oct																																																												
Beaufort Sea Areawide 2006 A Oct																																																												
Alaska Peninsula Areawide 2007 Feb																																																												
North Slope Foothills Areawide 2007 Feb																																																												
Cook Inlet Areawide 2007 May																																																												
North Slope Areawide 2007 Oct																																																												
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Alaska Peninsula Areawide 2010 Feb																																																												
North Slope Foothills Areawide 2010 Feb																																																												
Cook Inlet Areawide 2010 May																																																												
North Slope Areawide 2010 Oct																																																												
Beaufort Sea Areawide 2010 Oct																																																												

C = Call for Comments; Request for New Information Made Available Since Last Finding. * = 2006 Only
 E = End of Comment Period. P = Preliminary Best Interest Finding / A CMP Consistency Analysis.
 F = Final Finding. S = Supplement to Final Finding and/or Notice of Sale and Terms.
 N = Notice of Sale and Terms. S = Sale.
 www.dnr.state.ak.us
 1/20/06
 Public Process

ALASKA OIL AND GAS LEASING PROGRAM



ALASKA
DEPARTMENT OF
NATURAL RESOURCES
DIVISION OF OIL AND GAS
BILL VAN DYKE, DIRECTOR

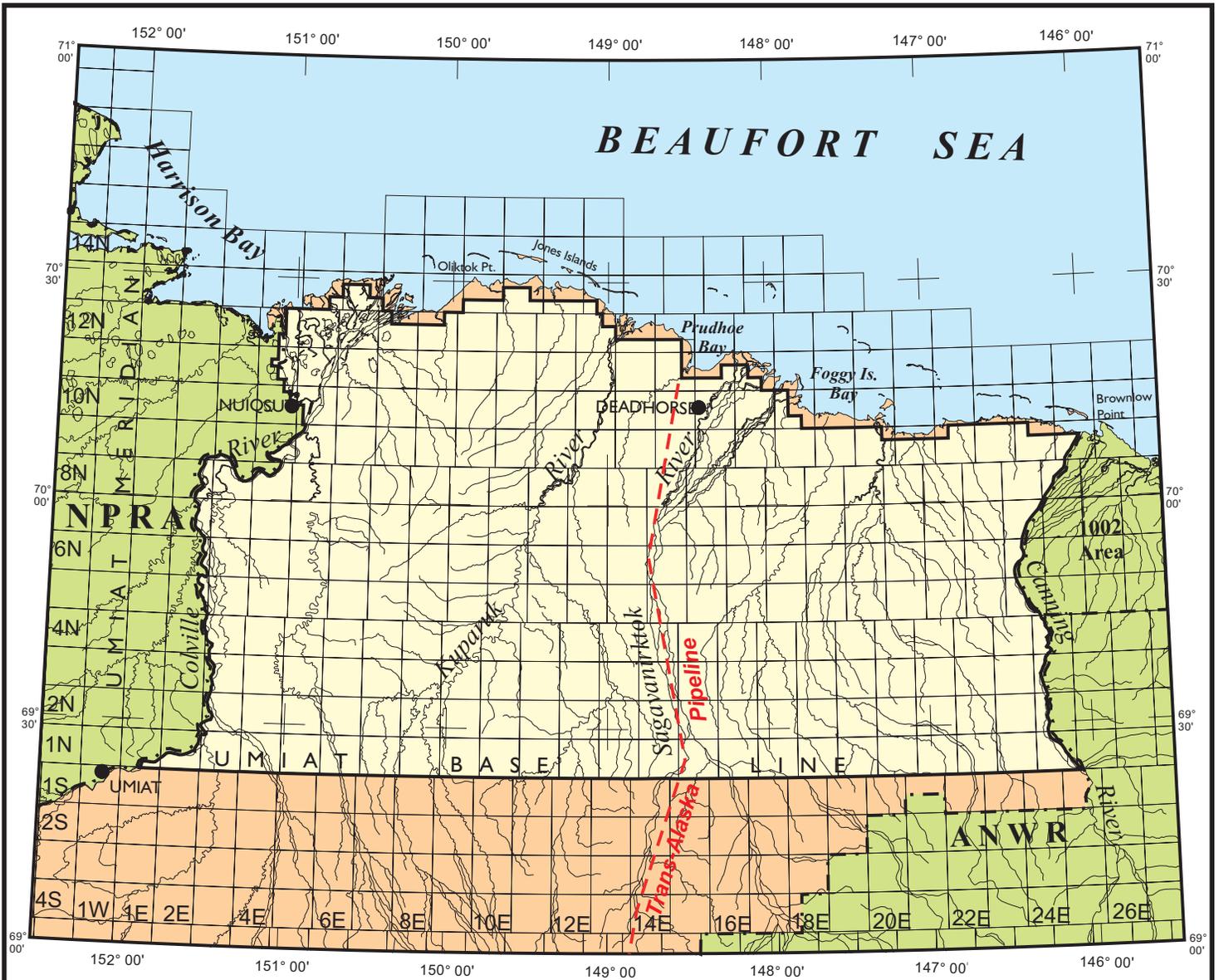
AREAWIDE SALES
2006-2010

	NS Foothills	Feb
	Ak Peninsula	Feb
	Cook Inlet	May
	Beaufort Sea	Oct
	North Slope	Oct

Except 2006: See Public Notification Schedule

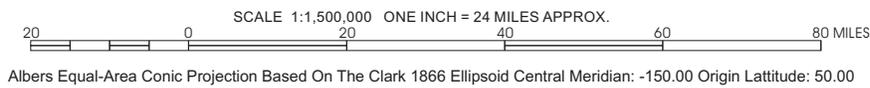
0 100 200 MILES

Base Map: Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 154°, origin latitude of 50°, northern parallel of 65°, southern parallel of 55°.
This map is for informational purposes only. January 2006



STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS

NORTH SLOPE AREAWIDE



Proposed Sale Area

North Slope Areawide Lease Sales:

**Held In March 2006
October 2006 - 2010**

Description of Sale Area: These six proposed areawide sales consist of all unleased, state-owned lands lying between the National Petroleum Reserve-Alaska (NPRA) and the Arctic National Wildlife Refuge (ANWR), and from the Beaufort Sea in the north to the Umiat Meridian Baseline in the south. The proposed area contains as much as 5,100,000 acres and is divided into 1225 tracts. The sale area also includes unleased lands within the area of the 1991 settlement agreement between the Arctic Slope Regional Corporation (ASRC) and the state of Alaska. As a result of this agreement, a portion of the subsurface estate along the Colville River is owned jointly by the state and ASRC.

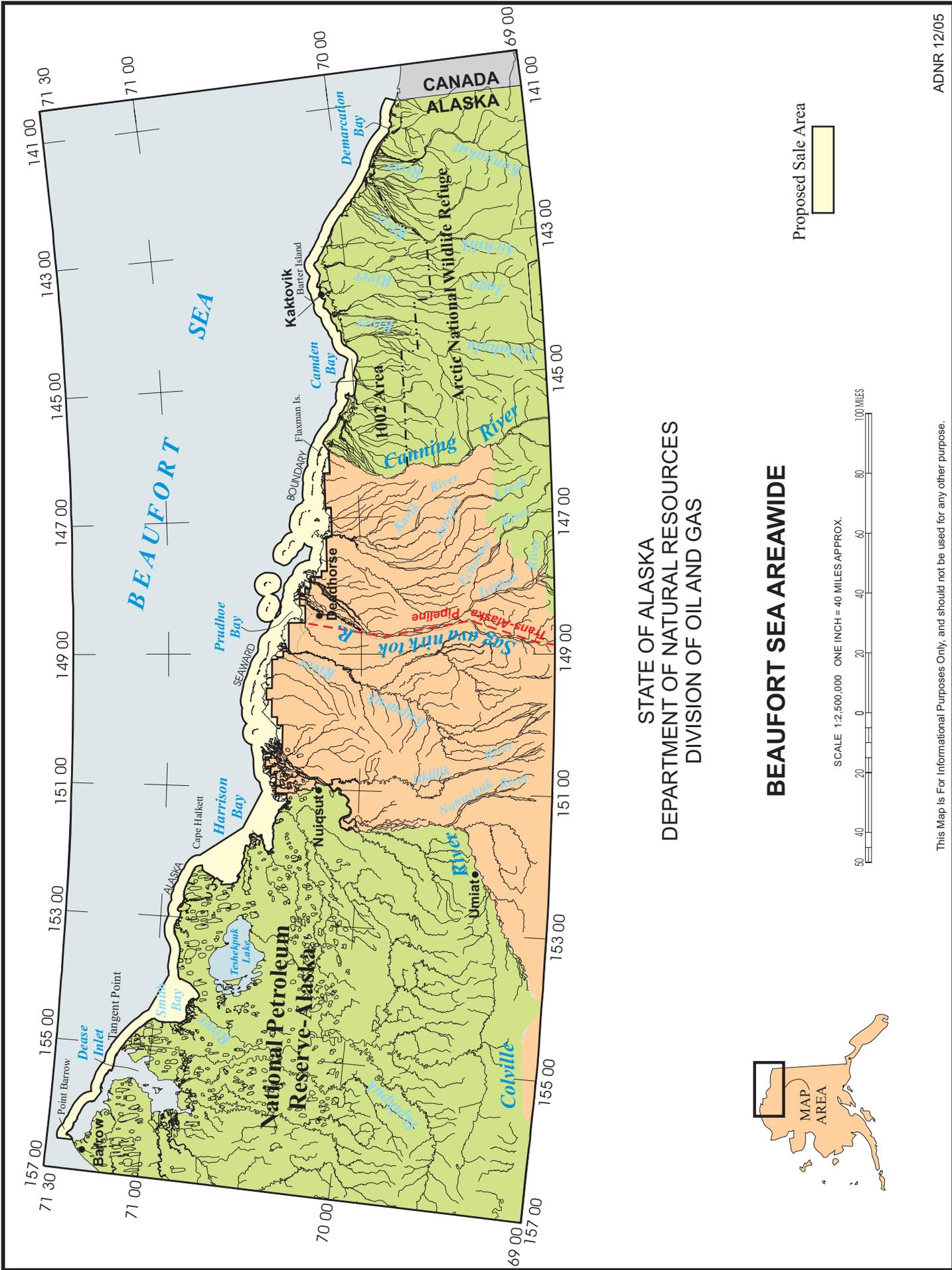
Hydrocarbon Potential: Hydrocarbon potential in the area is considered moderate to high.

Other Resource Issues: The proposed sale area supports a variety of wildlife. Caribou from the Central Arctic Herd and the Teshekpuk Lake Herd utilize parts of the region. Grizzly bears and moose are found along the Colville and Itkillik rivers. Polar bear dens have been documented in the Colville River Delta. Spotted seals haul out on sand bars in the Colville River Delta. Arctic fox, wolverine, and wolves also inhabit the area. Millions of birds migrate through or near the area during the summer, stopping to feed or rest on the numerous small tundra ponds typical of the area. The Colville River Delta wetlands provide important staging, nesting, feeding, and molting habitat for many species of birds. Freshwater fish include grayling, burbot, and whitefish. Anadromous fish include arctic char, cisco, whitefish, and salmon. Residents of Nuiqsut and Anaktuvuk Pass use the area for fishing and hunting birds, caribou, and other species.

Community Information: Portions of the proposed sale area lie within the boundaries of the North Slope Borough Coastal Management District. Oil and gas activities in this area of the state's coastal zone must be consistent with the Alaska Coastal Management Program, which includes the borough's program. The North Slope Borough has adopted a Comprehensive Plan and Land Management Regulations that may impose restrictions on oil and gas activity in the proposed sale area.

Community	Municipal Classification	Population (2000)
North Slope Borough	Home rule borough	9,430
Prudhoe Bay/Deadhorse	Unincorporated	5
Nuiqsut	Second class city	433
Anaktuvuk Pass	Second class city	282

Status of Sales: Other than the March 2006 sale, no decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in March 1998. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director's decision, will be issued at least 90 days before each sale.



STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS

BEAUFORT SEA AREA WIDE

This Map is For Informational Purposes Only, and should not be used for any other purpose.

Beaufort Sea Areawide Lease Sales:

**Held in March 2006
October 2006 - 2010**

Description of Sale Area: The area for these six proposed sales consists of all unleased state-owned tide and submerged lands lying between the Canadian Border and Point Barrow, and some coastal uplands acreage located along the Beaufort Sea between the Canning and Colville Rivers. The gross proposed sale area is in excess of 2,000,000 acres and is divided into 576 tracts. The state of Alaska and the Arctic Slope Regional Corporation own a portion of the subsurface estate offshore of the mouth of the Colville River jointly. The state and agencies within the U.S. Department of the Interior have agreed upon a boundary line between state waters and those within the National Petroleum Reserve – Alaska and an administrative boundary between state waters and the Arctic National Wildlife Refuge.

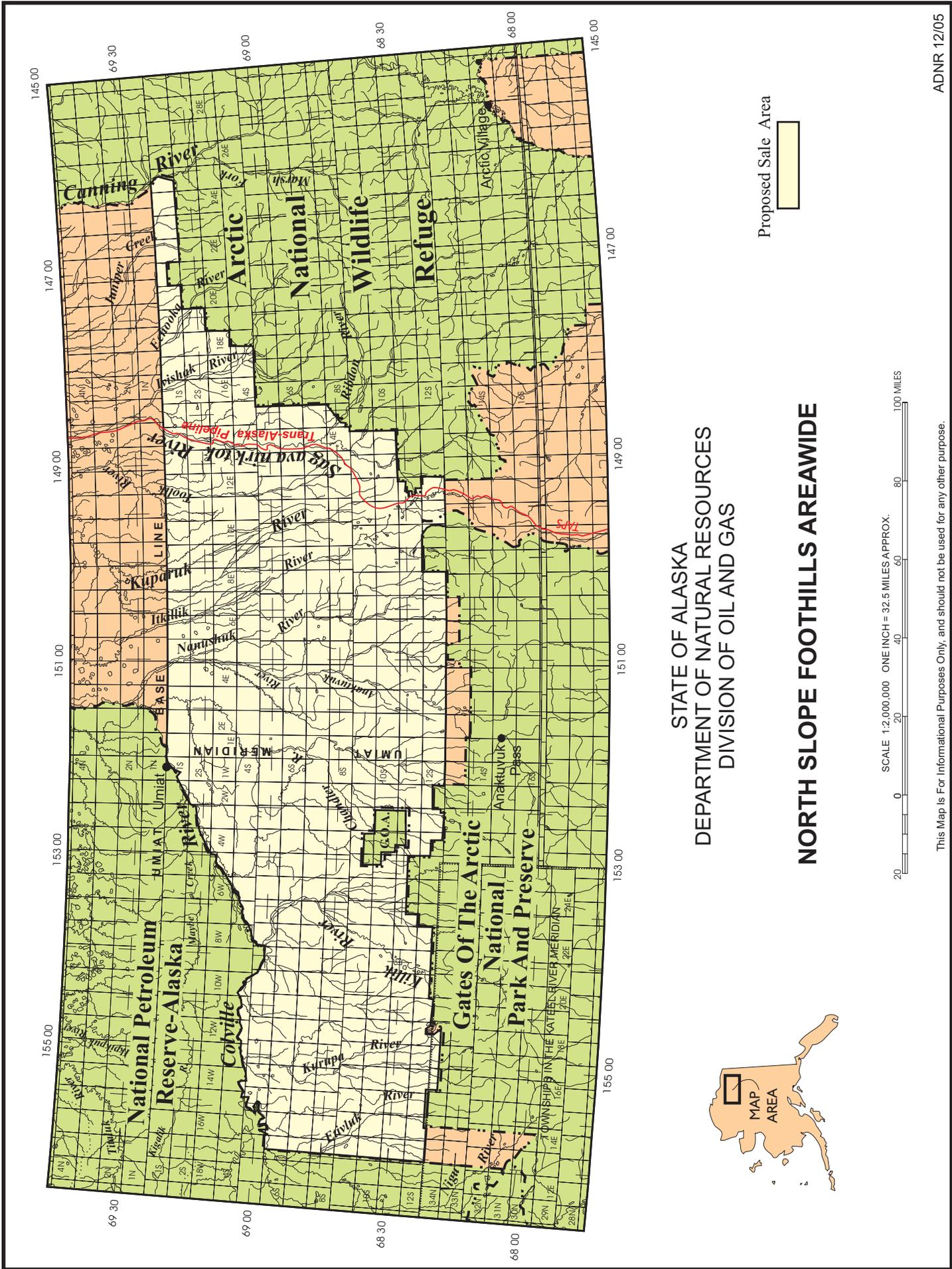
Hydrocarbon Potential: The hydrocarbon potential in the area is considered moderate to high.

Other Resource Issues: The marine environment along the Beaufort Sea coast provides denning habitat for polar bears and pupping habitat for ringed seals. Bowhead whales occur in the proposed sale vicinity during the fall migration, and a bowhead whale feeding area has been documented in the Demarcation Point vicinity. Beluga whales may also be found in the general vicinity during the summer. Numerous species of waterfowl, shorebirds, and seabirds migrate along the Beaufort Sea, and nest, stage, and molt in the lagoonal areas. Nearshore waters provide habitat for many marine and anadromous fish species. Caribou, grizzly bear and moose are found along major rivers. Residents of Barrow, Nuiqsut and Kaktovik use the fish and wildlife resources in the area for subsistence. The fall and spring hunts for bowhead whales are especially important to their subsistence needs.

Community Information: The proposed sale area lies within the boundaries of the North Slope Borough Coastal Management Program. Oil and gas activities in these areas of the state’s coastal zone must be consistent with the Alaska Coastal Management Program, which includes the borough’s program. The North Slope Borough has adopted a Comprehensive Plan and Land Management Regulations that may impose restrictions on oil and gas activity in the proposed sale area.

Community	Municipal Classification	Population (2000)
North Slope Borough	Home rule borough	9,430
Barrow	First class city	4,581
Atqasuk	Second class city	228
Kaktovik	Second class city	293
Prudhoe Bay/Deadhorse	Unincorporated	5
Nuiqsut	Second class city	433

Status of Sales: Other than the March 2006 sale, no decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in July 1999. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director’s decision, will be issued at least 90 days before each sale.



STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS

NORTH SLOPE FOOTHILLS AREA WIDE

Proposed Sale Area



SCALE 1:2,000,000 ONE INCH = 32.5 MILES APPROX.
 0 20 40 60 80 100 MILES

This Map is For Informational Purposes Only, and should not be used for any other purpose.

ADNR 12/05

North Slope Foothills Areawide Lease Sales

**Held in May 2006
February 2007 - 2010**

Description of Sale Area: These five areawide sales will consist of all unleased, state-owned lands lying between the National Petroleum Reserve-Alaska (NPRA) and the Arctic National Wildlife Refuge (ANWR), south of the Umiat Baseline and north of the Gates of the Arctic National Park and Preserve. The gross proposed sale area is in excess of 7,000,000 acres and is divided into 1,392 tracts. A significant amount of acreage within the sale area has only been selected by the state under the Alaska Statehood Act. Certain ANCSA native village and regional corporations have also selected portions this acreage. The ultimate availability of this acreage for leasing by the state will depend on the outcome of the Bureau of Land Management’s adjudication of the competing selections.

Hydrocarbon Potential: Hydrocarbon potential in the area is considered low to moderate.

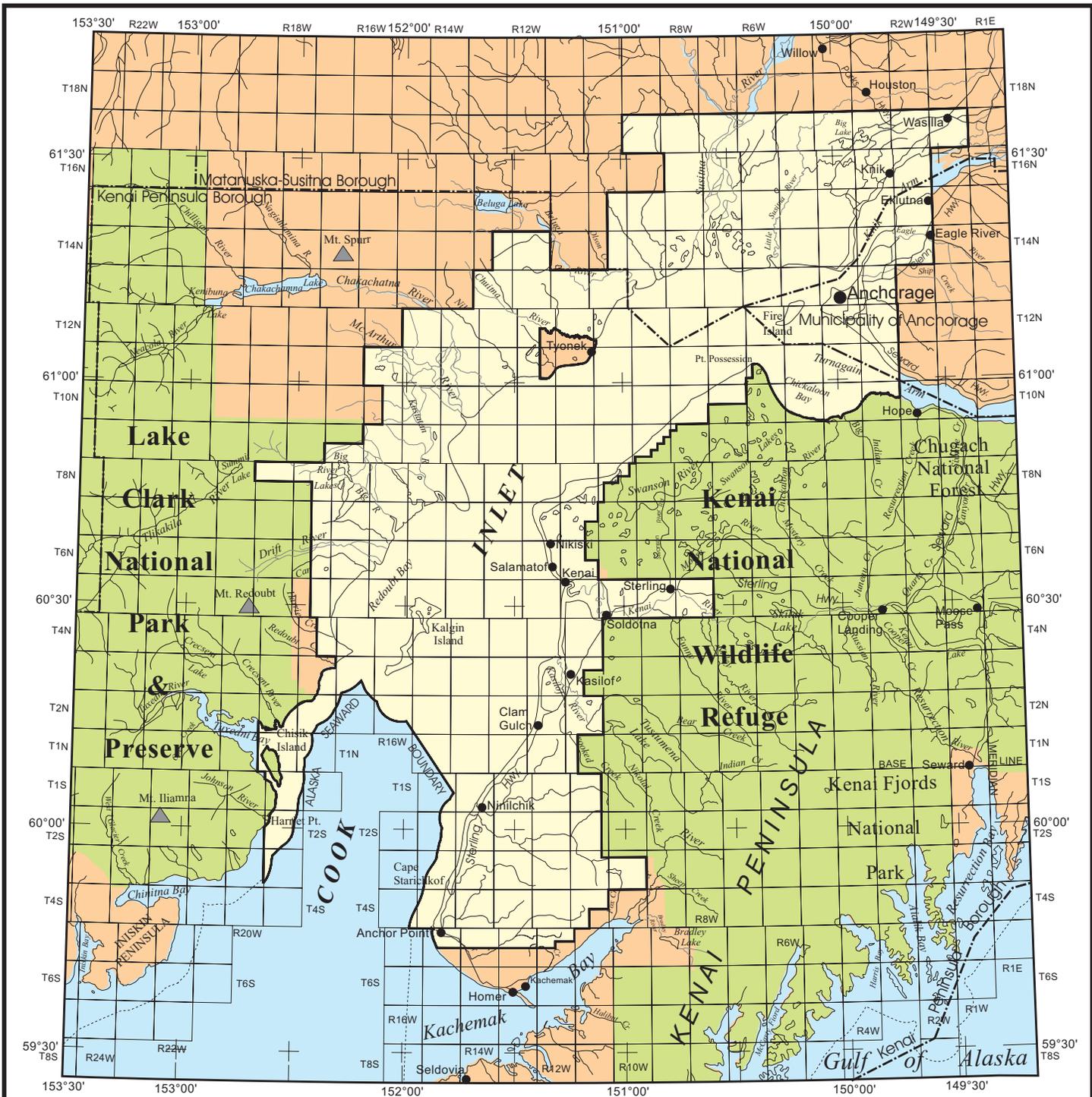
Other Resource Issues: Four caribou herds utilize the proposed sale area: the Western Arctic Herd, Central Arctic Herd, the Teshekpuk Lake Herd and the Porcupine Caribou Herd. Caribou use the proposed sale area as winter range and travel along the river drainages and mountain passes to their summer calving areas along the Beaufort Sea coast.

The riparian habitats found within the sale area are important to a variety of species such as moose, grizzly bears, and arctic peregrine falcons. Some of the higher mesa or butte areas are used for lambing and mineral licks by Dall sheep. Major river valleys, where willow stands are most abundant, provide valuable moose habitat. Moose concentrate in these areas throughout the year, with peak use occurring during winter. Grizzly bears are frequently associated with riparian habitats in the area, especially in the spring and fall. Arctic peregrine falcons nest along several of the rivers in the proposed sale area. Residents of Anaktuvuk Pass are the most frequent users of fish and wildlife in the sale area; however, Barrow and Nuiqsut residents occasionally harvest species in the area.

Community Information: Portions of the proposed sale area lie within the boundaries of the North Slope Borough Coastal Management District. Oil and gas activities in this area of the state's coastal zone must be consistent with the Alaska Coastal Management Program, which includes the borough's program. The North Slope Borough has adopted a Comprehensive Plan and Land Management Regulations that may impose restrictions on oil and gas activity in the proposed sale area.

Community	Municipal Classification	Population (2000)
North Slope Borough	Home rule borough	9,430
Prudhoe Bay/Deadhorse	Unincorporated	5
Nuiqsut	Second class city	433
Anaktuvuk Pass	Second class city	282

Status of Sale: No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in February 2001. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director’s decision, will be issued at least 90 days before each sale.



STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS

COOK INLET AREAWIDE

Proposed Sale Area



This Map Is For Informational Purposes Only, and should not be used for any other purpose.

ADNR 12/05

Cook Inlet Areawide Lease Sales:**Annually Held in May**

Description of Sale Areas: These five areawide sales will include unleased, state-owned uplands located in the Matanuska and Susitna Valleys, the Anchorage Bowl, the western and southern Kenai Peninsula from Pt. Possession to Anchor Pt., as well as on the western shore of Cook Inlet from the Beluga River to Harriet Pt. These sales will also include the tide and submerged lands in the upper Cook Inlet from Kink and Turnagain Arms south to Anchor Pt. and Tuxedni Bay. The area is bounded on the east by the Chugach and Kenai Mountains and on the West by the Aleutian Range. The gross proposed area is about 4,200,000 acres and is divided into 815 tracts.

Hydrocarbon Potential: Hydrocarbon potential in the area is considered low to moderate.

Other Resource Issues: The Cook Inlet region is used extensively for commercial, subsistence, and recreational fishing and hunting. Five species of North Pacific salmon are fished commercially throughout Cook Inlet. A number of important anadromous streams are found within the proposed sale area. The area provides important habitat for moose, black and brown bear, caribou, and waterfowl. Marine mammals found near or within the area include beluga whales, Steller sea lions, sea otters and harbor seals. Protected or endangered species known to occur in the sale area include the bald eagle. Under the Endangered Species Act, the Steller sea lion is a threatened species east of 144 degrees longitude and endangered west of 144 degrees longitude.

A number of state and federal wildlife refuges, critical habitat areas, recreation areas, and parks exist within or near the proposed sale area. These areas encompass important fish and wildlife habitat, and have significant scenic and recreational value.

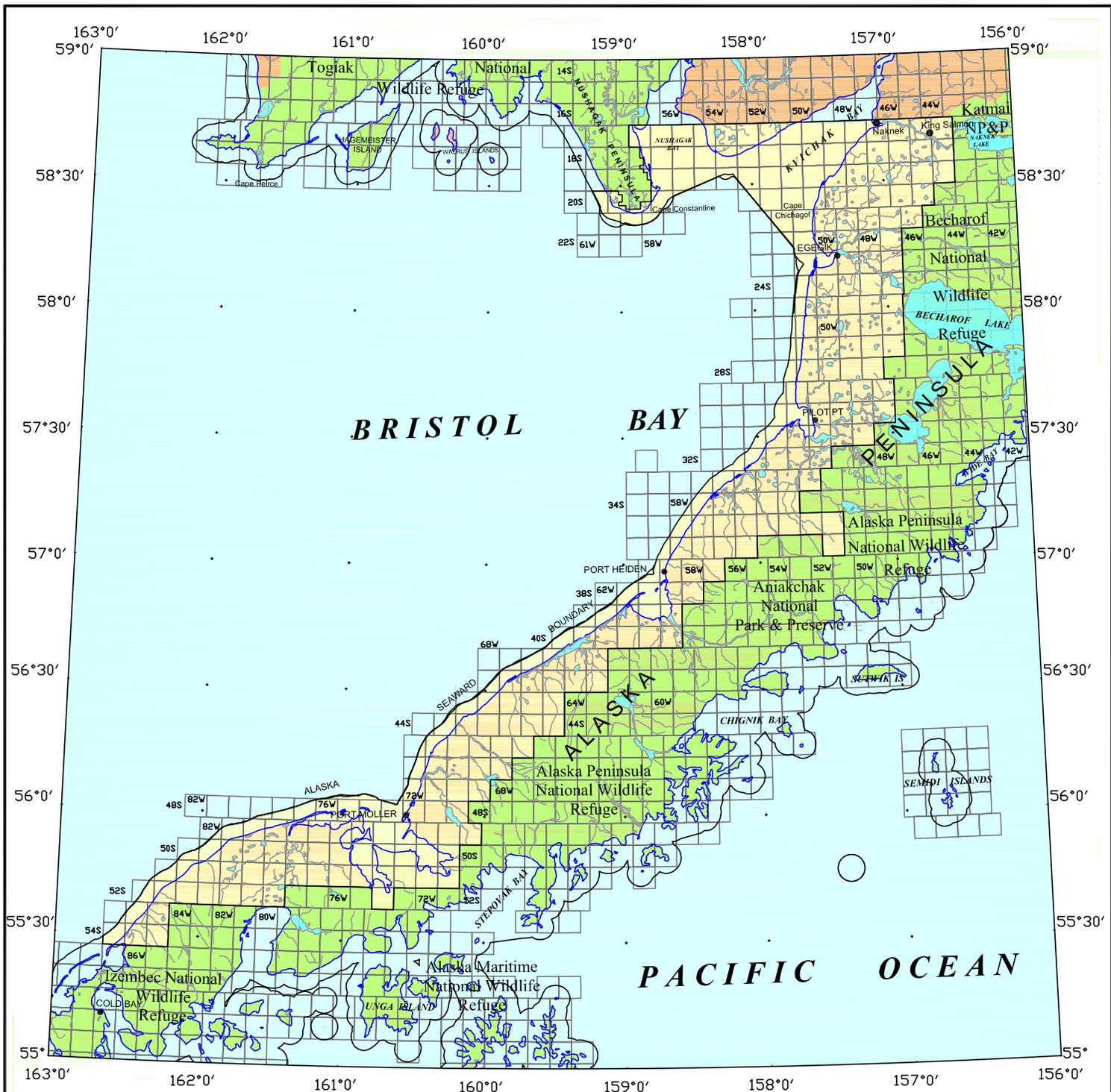
Community Information: The proposed sale area is within the boundaries of two boroughs and the Municipality of Anchorage. The Matanuska-Susitna Borough, the Kenai Peninsula Borough, and the Municipality of Anchorage all have approved coastal management plans that are included in the Alaska Coastal Management Program.

Community	Municipal Classification	Population (2000)
Municipality of Anchorage	Unified home rule municipality	260,283
Kenai Peninsula Borough	Second class borough	49,691
Matanuska-Susitna Borough	Second class borough	59,322
Kenai	Home rule city	6,942
Palmer	Home rule city	4,533
Homer	First class city	3,946
Seldovia	First class city & Unincorporated	430
Soldotna	First class city	3,759
Wasilla	First class city	5,469
Houston	Second class city	1,202
Anchor Point	Unincorporated	1,845
Big Lake	Unincorporated	2,635
Clam Gulch	Unincorporated	173
Cohoe	Unincorporated	1,168
Eklutna	Unincorporated	394
Happy Valley	Unincorporated	489
Hope	Unincorporated	137
Kalifornsky	Unincorporated	5,846

Community	Municipal Classification	Population (2000)
Kasilof	Unincorporated	471
Knik-Fairview	Unincorporated	7,049
Nanwalek (English Bay)	Unincorporated	177
Ninilchik	Unincorporated	772
Nikiski	Unincorporated	4,327
Nikolaevsk	Unincorporated	345
Port Graham	Unincorporated	171
Ridgeway	Unincorporated	1,932
Salamatof	Unincorporated	954
Sterling	Unincorporated	4,705
Tyonek	Unincorporated	193

Status of Sales: No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in January 1999. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director's decision, will be issued at least 90 days before each sale.

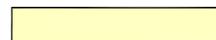
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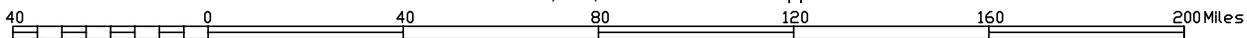
STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS

ALASKA PENINSULA AREAWIDE

Proposed Sale Area



SCALE: 1:2,400,000 1In. = 38 Mi. Approx.



This Map is For Informational Purposes Only, and should not be used for any other purpose.

ADNR 12/05

Alaska Peninsula Areawide Lease Sale

Held in February 2007 - 2010

The four proposed Alaska Peninsula Areawide Oil and Gas Lease Sales encompass a gross area of approximately 5 million acres (3.5 million acres onshore and 1.5 million offshore, within state waters). Only selected tracts of which the state owns all or part of the subsurface mineral estate may be offered. Acreage not owned by the state, clouded by title claims, or withdrawn through a court order will be excluded from the sale. Only those lands free and unencumbered will be included in any lease issued.

Hydrocarbon Potential: Hydrocarbon potential in the area is considered low to moderate.

Other Resource Issues: The proposed sale area contains some of the most productive fish and wildlife resources in the state. A wide variety of mammals inhabit the region; caribou, brown bear, moose, Pacific walrus, beluga whale, gray whale, Steller sea lion, harbor seal, and sea otter are the primary species found. The proposed sale area provides staging, feeding, and nesting habitat for hundreds of species of shorebirds and waterfowl, collectively numbering in the millions of birds. All five species of Pacific salmon occur there, as well as Dolly Varden, rainbow trout, grayling, burbot, and a variety of other fishes. Fish and wildlife populations in the proposed sale area are harvested extensively for subsistence and sport use, and contribute significantly to the local economy.

Community Information: Portions of the sale area lie within the boundaries of the Bristol Bay, Lake and Peninsula and Aleutians East Boroughs and the Dillingham Census Area. The proposed sale must be consistent with the Alaska Coastal Management Program and the local borough district plans.

Community	Municipal Classification	Population (2002)
Aleutians East Borough	2 nd class borough	2,729
Bristol Bay Borough	2 nd class borough	1,159
Lake and Peninsula Borough	Home rule borough	1,641
Dillingham	1 st class city	2,475
Cold Bay	2 nd class city	116
Port Heiden	2 nd class city	108
Egegik	2 nd class city	88
Pilot Point	2 nd class city	76
Naknek	Unincorporated	642
King Salmon	Unincorporated	392
South Naknek	Unincorporated	121
Nelson Lagoon	Unincorporated	70
Ugashik	Unincorporated	12

Status of Sales: No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in July 2005. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director's decision, will be issued at least 90 days before each sale.

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RECENT AREA WIDE OIL AND GAS LEASE SALES

2004 Results

<u>Sale</u>	<u>Date</u>	<u>Acres Leased</u>	<u>High Bonus Bids</u>	<u>Status</u>
North Slope Foothills	May 19	19,796	\$106,305	Final
Cook Inlet	May 19	227,475	\$1,667,967	Final
North Slope	Oct 27	197,915	\$7,599,192	Final
Beaufort Sea	Oct 27	<u>113,570</u>	<u>\$4,190,782</u>	Final
Totals:		558,756	\$13,564,246	

2005 Results

<u>Sale</u>	<u>Date</u>	<u>Acres Leased</u>	<u>High Bonus Bids</u>	<u>Status</u>
North Slope Foothills	May 19	55,505	\$319,959	Final
Cook Inlet	May 19	245,120	\$1,501,152	Preliminary
Alaska Peninsula	Oct 27	<u>213,120</u>	<u>\$1,268,122</u>	Preliminary
Totals:		513,745	\$3,089,233	

State of Alaska
 Department of Natural Resources
 Division of Oil and Gas

North Slope Foothills Areawide 2005

Sale Results Summary

Date of Sale: 5/18/2005

Final Report

12/22/2005

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 12

Total Acres Sold: 55,505.07

Minimum Bid Per Acre: \$5.00

Royalty: 12.50000 %

Highest Bid: \$38,476.80
 Tract Number: FH2005-0360
 Submitted By: Anadarko Petroleum Corporation

Total Number of Valid Bids: 12

Total High Bonus Bids: \$319,959.05

Total Exposed (Sum Of All Valid Bids): \$319,959.05

Average High Bonus Bid Per Acre: \$5.76

Highest Bid/Acre: \$7.18
 Tract Number: FH2005-0357
 Submitted By: Anadarko Petroleum Corporation

Bidder Company or Group Name	Number of Tracts Bid	Total of All Bids	Number of Tracts Won	Total of High Bids
Anadarko Petroleum Corporation	11	\$313,897.22	11	\$313,897.22
Anadarko Petroleum Corporation , 100.00%				
Arctic Falcon Exploration LLC	1	\$6,061.83	1	\$6,061.83
Arctic Falcon Exploration LLC , 100.00%				

Oil And Gas Lease Sale North Slope Foothills Areawide 2005

State of Alaska
Department of Natural Resources
Division of Oil and Gas

Sale Results

Apparent High Bidders:

Anadarko Petroleum Corporation

Arctic Falcon Exploration, LLC



See Final Tract Map
No. 2 of 7

See Final Tract Map
No. 6 of 7

Tract Map No. 1 of 7

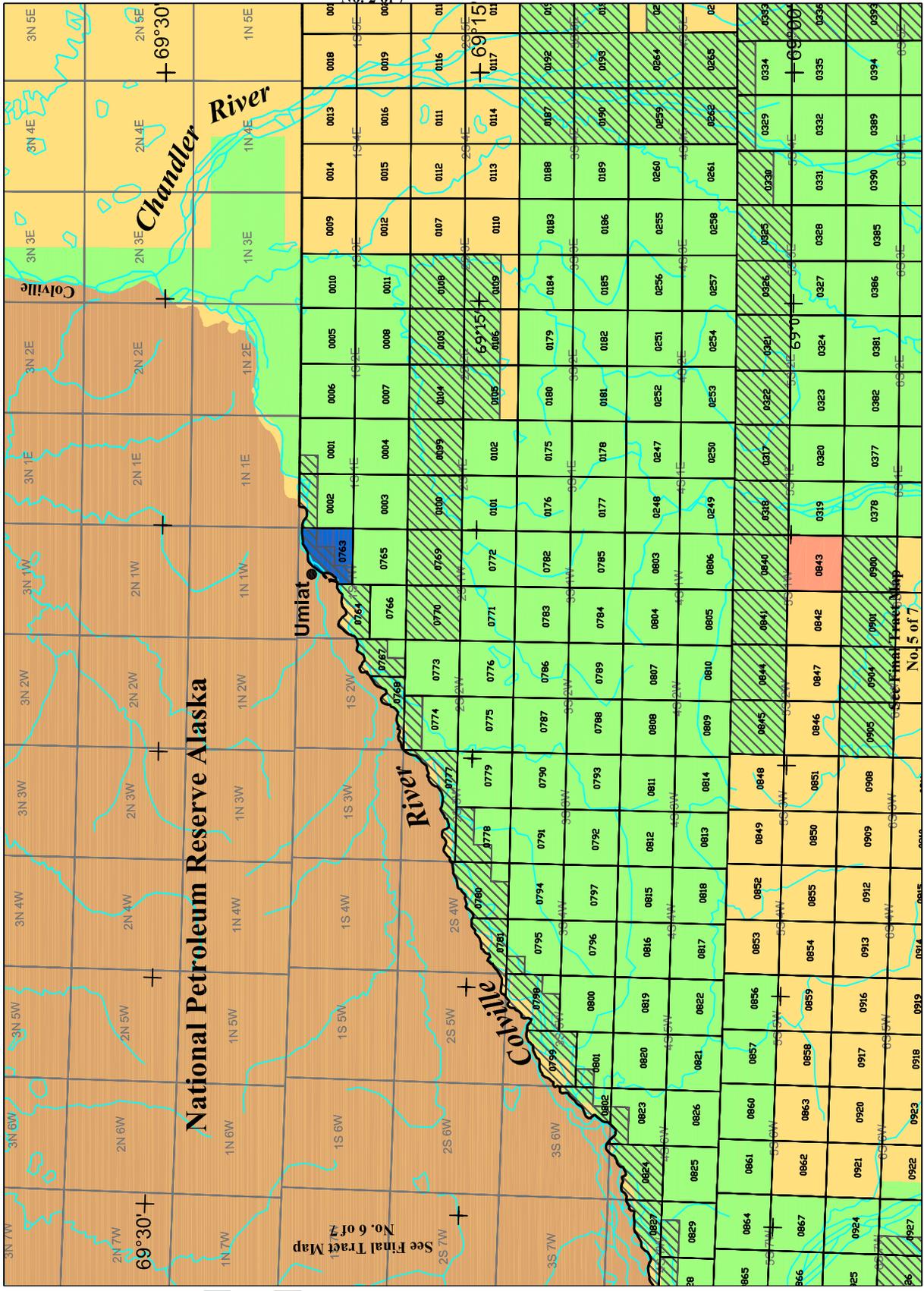
Tract Map No. 5 of 7

153°00'

153°30'

153°30'

153°00'



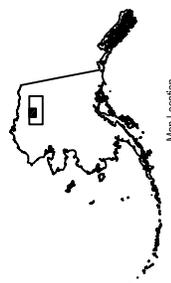
151°00'

152°00'

153°00'

153°30'

151°00'



Legend:

- State acreage
- State selected acreage / topfilled
- Currently leased State acreage. (As of February 08, 2005)
- Currently leased Federal acreage (As of July 12, 2004)
- Native acreage / selected
- Native acreage / selected and State topfilled
- Federal lands
- 0001 Lease tract number
- Road
- Trans-Alaska Pipeline
- Scale 1:500,000
- One Inch = 8 Miles Approx.
- Miles
- Kilometers
- 0 10 0 10

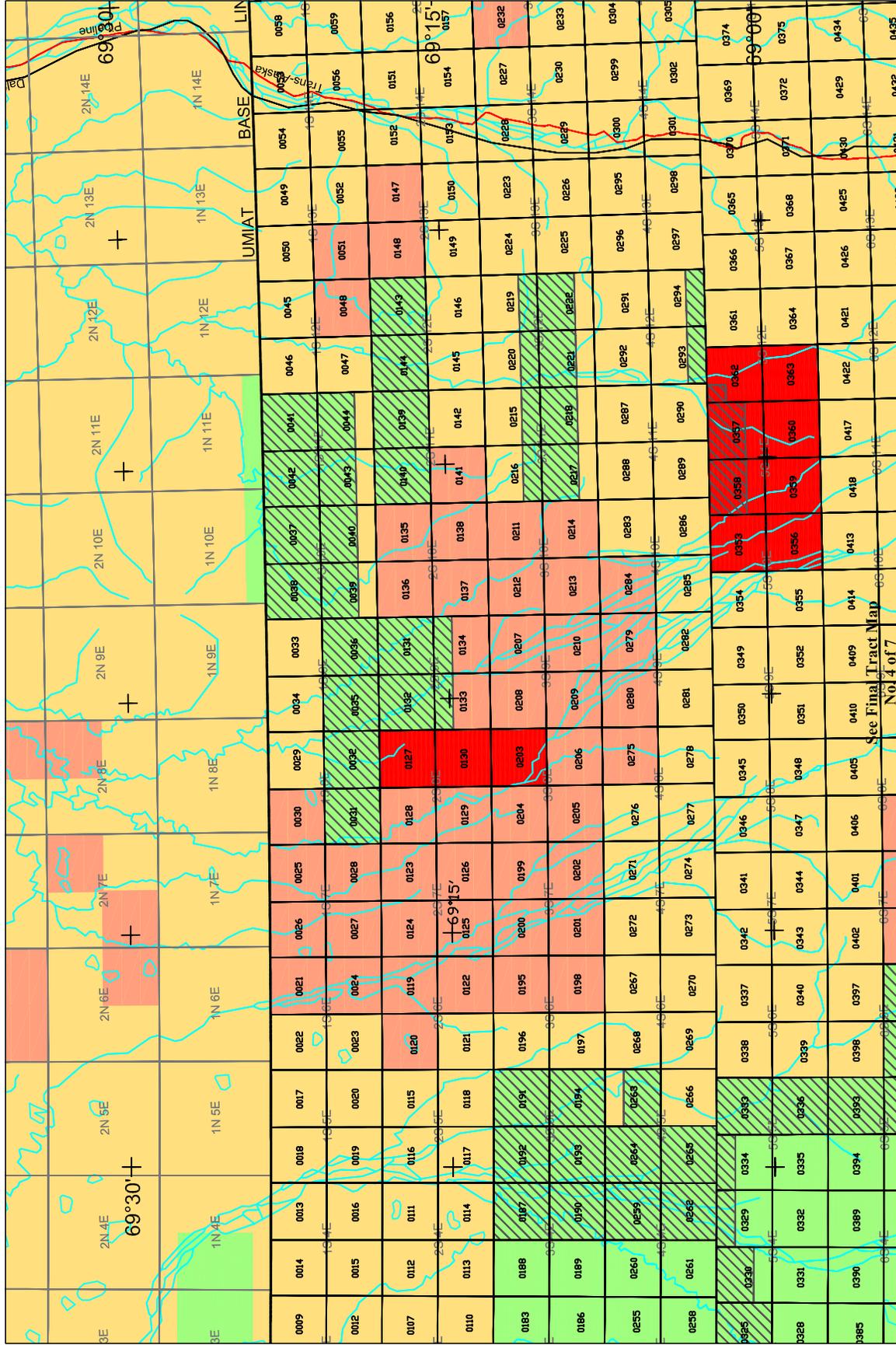
This Is Not An Official Tract Map. For Informational Purposes Only.

ADNR 5-19-05

Oil And Gas Lease Sale North Slope Foothills Areawide 2005

Tract Map No. 2 of 7

151°00' 150°00' 149°00'



Sale Results

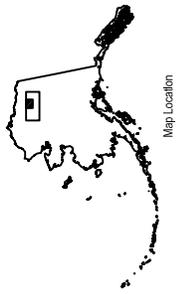
Apparent High Bidders:

Anadarko Petroleum Corporation

Arctic Falcon Exploration, LLC

See Final Tract Map No. 1 of 7

151°00' 150°00' 149°00'



Legend:

- State acreage
- State selected acreage / topfified
- Currently leased State acreage. (As of February 08, 2005)
- Currently leased Federal acreage (As of July 12, 2004)
- Native acreage / selected
- Native acreage / selected and State topfified
- Federal lands
- Lease tract number 0001
- Road
- Trans-Alaska Pipeline
- Scale 1:500,000
- One Inch = 8 Miles Approx.
- Miles 0 10
- Kilometers 0 10
- 0001 = Sale Boundary

This Is Not An Official Tract Map. For Informational Purposes Only.

Map Location

ADNR 5-19-05

State of Alaska
Department of Natural Resources
Division of Oil and Gas

Cook Inlet Areawide 2005

Sale Results Summary

Date of Sale: 5/18/2005

Preliminary Report

5/19/2005

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 55

Total Acres Sold: 245,120.00

Minimum Bid Per Acre: \$5.00

Royalty: 12.50000 %

Highest Bid: \$64,857.60
Tract Number: CI2005-694
Submitted By: Storm Cat Energy Corporation

Total Number of Valid Bids: 62

Total High Bonus Bids: \$1,501,152.00

Total Exposed (Sum Of All Valid Bids): \$1,627,353.60

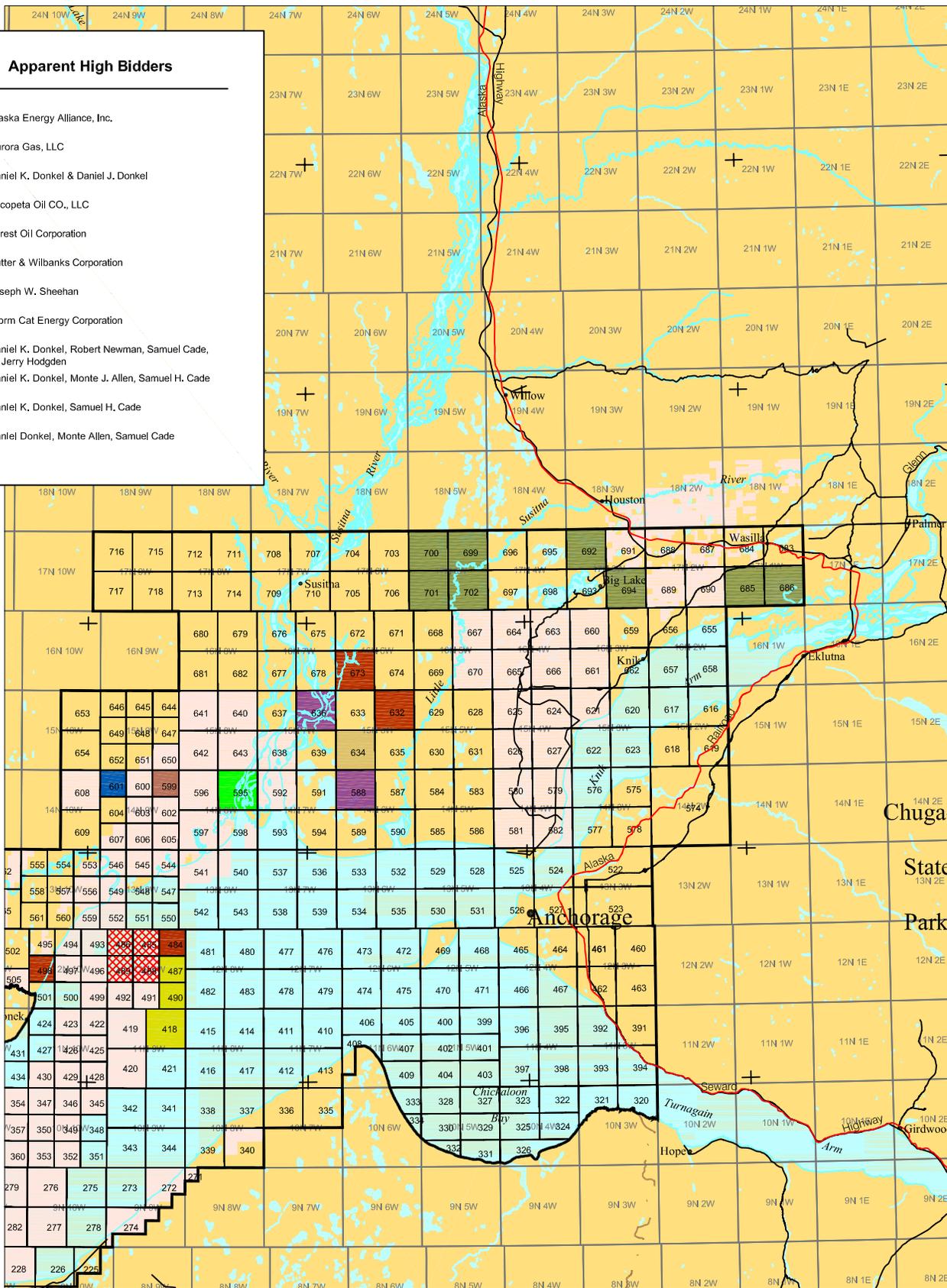
Average High Bonus Bid Per Acre: \$6.12

Highest Bid/Acre: \$11.26
Tract Number: CI2005-694
Submitted By: Storm Cat Energy Corporation

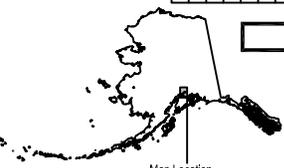
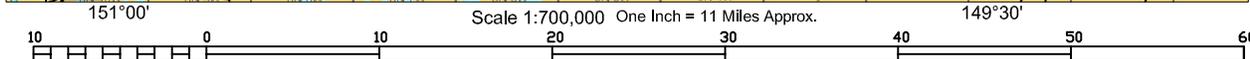
Bidder Company or Group Name	Number of Tracts Bid	Total of All Bids	Number of Tracts Won	Total of High Bids
Alaska Energy Alliance, Inc. Alaska Energy Alliance, Inc. , 100.00%	11	\$242,937.60	10	\$229,753.60
Aurora Gas, LLC Aurora Gas, LLC , 100.00%	1	\$30,124.80	1	\$30,124.80
Daniel Donkel, Monte Allen, Samuel Cade Daniel K. Donkel, 12.50%; Monte J. Allen, 50.00%; Samuel H. Cade, 37.50%	4	\$159,148.80	4	\$159,148.80
Daniel K Donkel, Monte J Allen, Samuel H Cade Daniel K. Donkel, 16.67%; Monte J. Allen, 33.33%; Samuel H. Cade, 50.00%	10	\$212,704.00	7	\$145,830.40
Daniel K Donkel, Robert Newman, Samuel Cade, H. Jerry Hodgden Daniel K Donkel, 16.67%; Robert James Newman, 25.00%; Samuel H. Cade, 50.00%; H. Jerry Hodgden, 08.33%	2	\$61,171.20	2	\$61,171.20
Daniel K Donkel, Samuel H Cade Daniel K. Donkel, 25.00%; Samuel H. Cade, 75.00%	7	\$225,235.20	7	\$225,235.20
Daniel K. Donkel & Daniel J. Donkel Daniel K. Donkel , 50.00%; Daniel J. Donkel, 50.00%	1	\$12,800.00	1	\$12,800.00
Escopeta Oil CO LLC Escopeta Oil CO LLC , 100.00%	1	\$12,979.20	1	\$12,979.20
Forest Oil Corporation Forest Oil Corporation , 100.00%	3	\$39,705.60	2	\$26,470.40
Joseph W. Sheehan Joseph W. Sheehan , 100.00%	2	\$49,632.00	0	\$0.00
Rutter & Wilbanks Corporation Rutter & Wilbanks Corporation , 100.00%	13	\$327,244.80	12	\$314,188.80

Bidder Company or Group Name	Number of Tracts Bid	Total of All Bids	Number of Tracts Won	Total of High Bids
Storm Cat Energy Corporation Storm Cat Energy Corporation , 100.00%	8	\$283,449.60	8	\$283,449.60

The bid received on Tract 0802 from Joseph W. Sheehan contained a deficiency. The Division is recommending to the Commissioner that the bid be rejected as there was another bid submitted for that tract and it was the high bidder. The bid is reflected as rejected in this report pending the Commissioner's concurrence with the Division's recommendation. Bid forms for Tracts 0193, 0194, 0372, 0373, 0376, 0380, 0588, 0634, 0636, 0734, 0754 & 0776 were accepted with facsimiles of original signatures, conditioned upon the Division's receipt of the original bid forms with original signatures. Should the original bid forms with original signatures not be received, those bids missing original signatures of bidders will be rejected.



Final Tract Map
No. 3 of 3

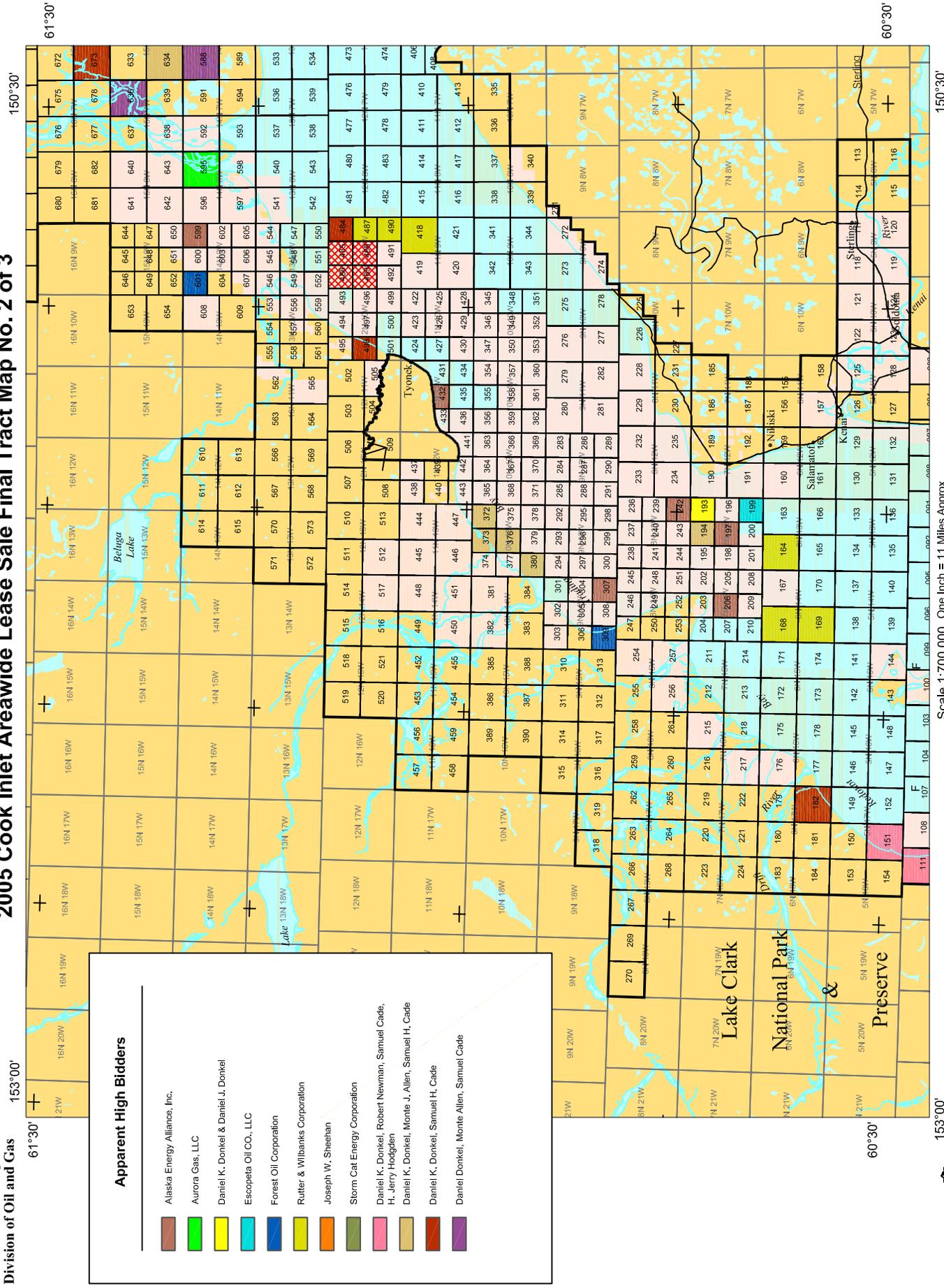


- CIAW Sale Boundary
- Acreage Withdrawn (from CIAW 2005).
- Currently Leased State Acreage (As of 2-8-05).
- Currently Leased Federal Acreage (As of 2-8-05).

This Is Not An Official Tract Map. For Informational Purposes Only.

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 151° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

2005 Cook Inlet Areawide Lease Sale Final Tract Map No. 2 of 3



Apparent High Bidders

- Alaska Energy Alliance, Inc.
- Aurora Gas, LLC
- Daniel K. Donkel & Daniel J. Donkel
- Escopeta Oil CO., LLC
- Forest Oil Corporation
- Rutter & Wilbanks Corporation
- Joseph W. Sheehan
- Storm Cat Energy Corporation
- Daniel K. Donkel, Robert Newman, Samuel Cade, H. Jerry Hodggen
- Daniel K. Donkel, Monte J. Allen, Samuel H. Cade
- Daniel K. Donkel, Samuel H. Cade
- Daniel Donkel, Monte Allen, Samuel Cade

Scale 1:700,000 One Inch = 11 Miles Approx.

0 10 20 30 40 50 60
MILES

153°00' 150°30'

60°30' 61°30'

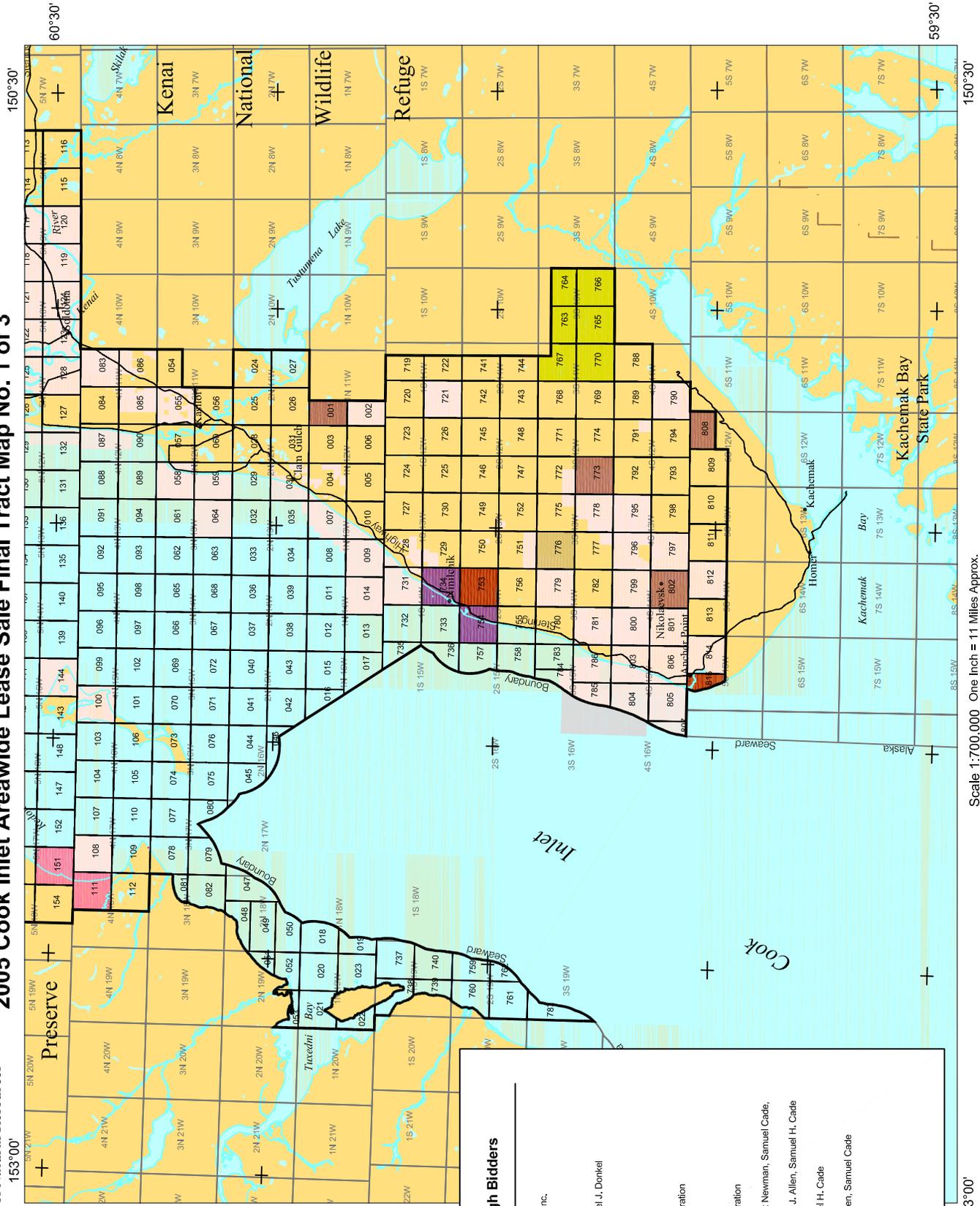
- CIAW Sale Boundary
- Acreage Withdrawn (from CIAW 2005)
- Currently Leased State Acreage (As of 2-8-05)
- Currently Leased Federal Acreage (As of 2-8-05)

This Is Not An Official Tract Map. For Informational Purposes Only. (As of 2-8-05).

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 151° 45', origin latitude of 65°, and southern parallel of 55°.

2005 Cook Inlet Areawide Lease Sale Final Tract Map No. 1 of 3

Final Tract Map No. 1 of 3



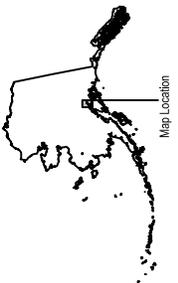
Apparent High Bidders

- Alaska Energy Alliance, Inc.
- Aurora Gas, LLC
- Daniel K. Donkel & Daniel J. Donkel
- Escopeta Oil CO., LLC
- Forest Oil Corporation
- Rutter & Wilbanks Corporation
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- Daniel Donkel, Monte Allen, Samuel Cade

Scale 1:700,000 One Inch = 11 Miles Approx.

0 10 20 30 40 50 60
MILES

- CIAW Sale Boundary
- Acreage Withdrawn (from CIAW 2005)
- Currently Leased State Acreage (As of 2-8-05)
- Currently Leased Federal Acreage (As of 2-8-05)



This Is Not An Official Tract Map. For Informational Purposes Only.
Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 151° 45', northern parallel of 65°, and southern parallel of 55°.

State of Alaska
 Department of Natural Resources
 Division of Oil and Gas

Alaska Peninsula Areawide 2005

Sale Results Summary

Date of Sale: 10/26/2005

Preliminary Report

10/27/2005

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 37
 Total Acres Sold: 213,120.00
 Minimum Bid Per Acre: \$5.00
 Royalty: 12.50000 %

Highest Bid: \$121,766.40
 Tract Number: AP2005-0949
 Submitted By: Hewitt Mineral Corporation

Total Number of Valid Bids: 37
 Total High Bonus Bids: \$1,268,121.60
 Total Exposed (Sum Of All Valid Bids): \$1,268,121.60
 Average High Bonus Bid Per Acre: \$5.95

Highest Bid/Acre: \$21.14
 Tract Number: AP2005-0949
 Submitted By: Hewitt Mineral Corporation

Bidder Company or Group Name	Number of Tracts Bid	Total of All Bids	Number of Tracts Won	Total of High Bids
Hewitt Mineral Corporation	4	\$313,920.00	4	\$313,920.00
Hewitt Mineral Corporation , 100.00%				
Shell Offshore Inc.	33	\$954,201.60	33	\$954,201.60
Shell Offshore Inc. , 100.00%				

All 33 bids submitted by Shell Offshore Inc. contained a four-cent error in the calculation of the bid deposit. The division is recommending to the Commissioner that the error be determined "due to excusable inadvertence", that Shell be allowed to correct the error in accordance with 11 AAC 82.445 and the Sale Announcement, and that the corrected bids be accepted.

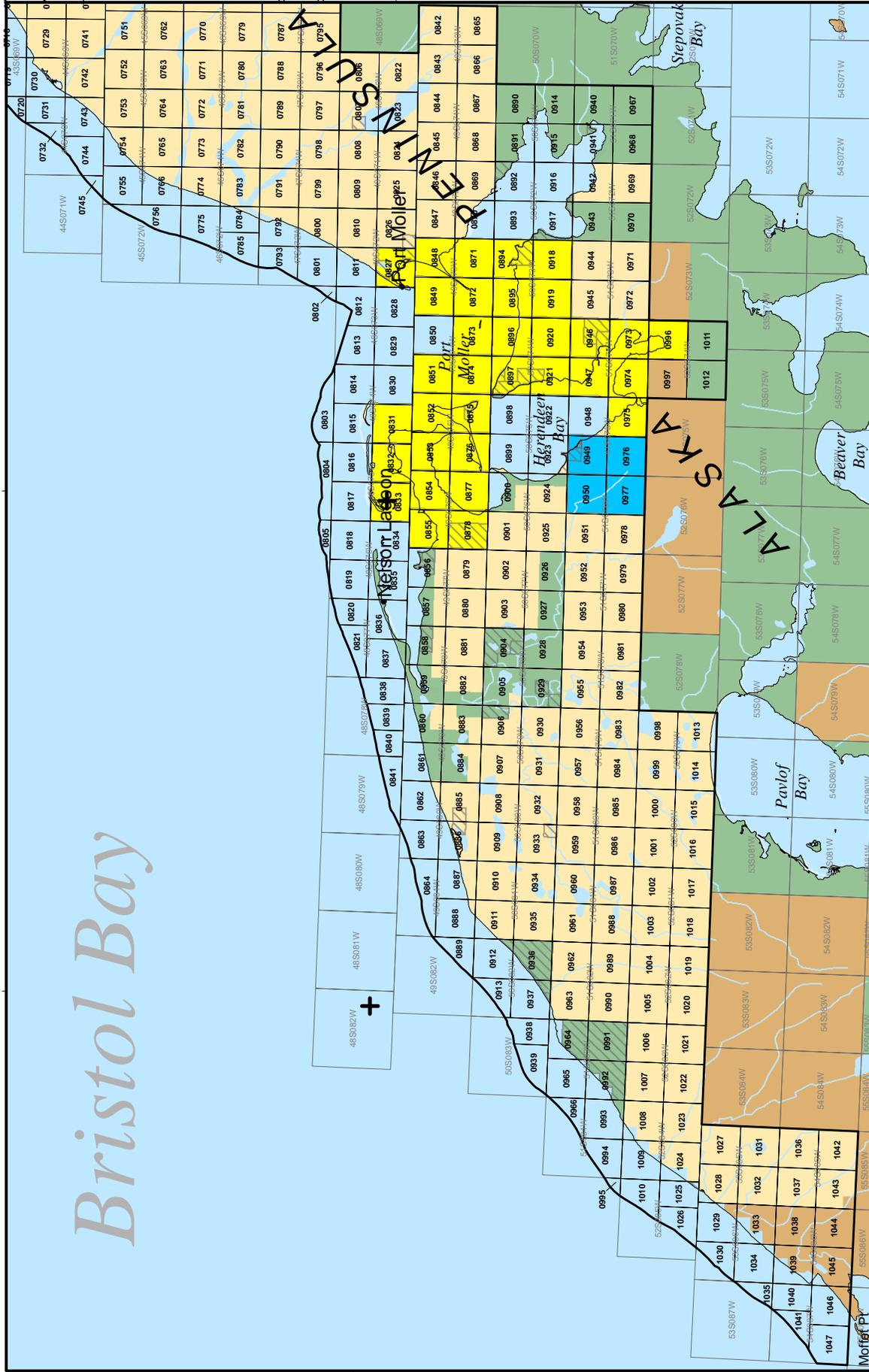
162°

161°

56°

56°

Bristol Bay



162°

161°

Apparent High Bidders

- Hewitt Mineral Corporation
- Shell Offshore Inc.

Preliminary Sale Results

Scale: 1:677,584



Projection: Albers, GCS NAD83, Central Meridian, 159°30'.
file: AKPEN_Tractmap_Final_72505.mxd

- State Selected Lands
- Native Conveyed/Selected Lands
- State Acreage Available for Lease
- Federal Lands
- AK Peninsula Areawide Sale Boundary
- Lease Tract Number

This map is not an official tract map, but is for informational purposes only.

STATE COMPETITIVE SALE AREAS

<u>DATE</u>	<u>SALE</u>	
12/10/59	1	Wide Bay; offshore Kenai to Ninilchik, Kachemak Bay
07/13/60	2	Kenai Pen., West Forelands, Nushagak Bay; offshore/uplands
12/07/60	3	Katalla, Kalifonsky Beach, Herendeen Bay; offshore Kodiak
01/25/61	4	Uplands Ninilchik
05/23/61	5	Tyonek, Controller Bay, Pavlov Bay; offshore/uplands
08/04/61	6	Controller Bay (Special Sale); offshore
12/19/61	7	Icy, Yakutat & Kachemak Bays, So. Kenai Pen., N. Cook Inlet; offshore/uplands
04/24/62	8	Big Lake; uplands
07/11/62	9	Tyonek, W. Forelands, Knik Arm/Kalgin Is., Chisik Is., So. Kenai Pen., Wide Bay; offshore/uplands
05/08/63	10	Tyonek, Kenai; offshore/uplands
12/11/63	12	S. of Forelands, Knik & Turnagain Arms, Upper Cook Inlet, Kenai Pen., Tyonek to Katunu River; offshore/uplands
12/09/64	13	Fire Is., W. Forelands, Trinity Is., Prudhoe West; offshore/uplands
07/14/65	14	Prudhoe West to Canning R.; offshore/uplands
09/28/65	15	Fire Is. & N. Cook Inlet, Kalgin Is., Redoubt Bay, Knik, S. Kenai Pen.; offshore/uplands
07/19/66	16	Kenai Pen. & Knik, Middleton Is., Fire Is., Redoubt Bay, Kalgin Is., Iliamna Mt., N. Cook Inlet; offshore/uplands
11/22/66	17	Big Lake, Kenai; offshore/uplands
01/24/67	18	Katalla, Prudhoe; offshore/uplands
03/28/67	19	Lower Cook Inlet; offshore
07/25/67	20	Big Lake, Knik, Iliamna Mt., Belukha, N. Cook Inlet, Kalgin Is., Ninilchik; offshore/uplands
		RULED INVALID ON 12/09/74
03/26/68	21	Port Heiden & Port Moller; offshore
10/29/68	22	Big Lake, Knik, Belukha, West Forelands, Ninilchik, Kachemak & Kenai; uplands
09/10/69	23	Colville to Canning R.; offshore/uplands
05/12/71	24	Big Lake, Knik, Kenai, West Forelands; uplands
12/11/72	26	Cook Inlet (Between Forelands & Turnagain Arm); offshore/uplands
09/26/72	25	Big Lake, Knik, Belukha, North Cook Inlet; offshore/uplands
05/09/73	27	Tuxedni, Ninilchik, Kenai, Kalgin; offshore/uplands
12/13/73	28	Ninilchik, Kachemak Bay, Belukha; offshore/uplands
10/23/74	29	Kalgin & West Forelands, Chisik, Ninilchik, N. Cook Inlet, Turnagain, Big Lake; offshore/uplands
07/24/79	29B	Copper River Basin
12/12/79	30	Beaufort Sea (Joint Federal & State Sale): offshore Milne Pt. east to Flaxman Is.
09/16/80	31	Prudhoe Uplands: Kubaruk R. to Mikkelsen Bay
08/25/81	32	Lower Cook Inlet: Kenai Pen. and offshore
05/13/81	33	Upper Cook Inlet: Kenai Pen., Trading Bay, Beluga, Susitna R., Susitna Flats, uplands; offshore north of Salamatof
02/02/82	35	Lower Cook Inlet: Kenai Pen., Redoubt Cr. north to Drift R., uplands; offshore lower Cook Inlet
05/26/82	36	Beaufort Sea: Pt. Thomson area; offshore/uplands
08/24/82	37	Middle Tanana & Copper River Basins
08/24/82	37A	Chakok River Exempt (Kenai Pen.); uplands
09/28/82	34	Prudhoe Uplands: Sagavanirktok R. to Canning R.
05/17/83	39	Beaufort Sea: Qwydyr Bay to Harrison Bay; offshore/uplands
09/28/83	40	Upper Cook Inlet: Anchorage south to Homer; offshore/uplands
05/22/84	43	Beaufort Sea: Pitt Point east to Harrison Bay; offshore
05/22/84	43A	Colville R. Delta/Prudhoe Bay Uplands Exempt: West of Kavik R.; offshore/uplands
09/18/84	41	Bristol Bay Uplands: Kvichak R. to Port Heiden
02/26/85	46A	Cook Inlet Exempt: Kenai Pen., Susitna R., Pt. MacKenzie, uplands; upper Cook Inlet
09/24/85	45A	North Slope Exempt: Canning R. to Colville R.; offshore/uplands
09/24/85	47	Kubaruk Uplands: South of Prudhoe Bay
02/25/86	48	Kubaruk Uplands: South of Kubaruk oil field
02/25/86	48A	Mikkelsen Exempt: Mikkelsen Bay, Foggy Is. Bay; offshore/uplands
06/24/86	49	Cook Inlet: Kalgin Is., Kahiltna, Yentna, Skwentna rivers, Alexander Cr.; offshore/uplands
01/27/87	51	Prudhoe Bay Uplands: Canning R. to Sagavanirktok R.
06/30/87	50	Camden Bay: Flaxman Is. to Hulahlula R.; offshore

STATE COMPETITIVE SALE AREAS, (CONT'D)

<u>DATE</u>	<u>SALE</u>	
09/28/88	55	Demarcation Point: Canning R. to U.S./Canadian border; offshore
09/28/88	69A	Kuparuk Uplands Exempt: Canning R. to Colville R.
01/26/88	54	Kuparuk Uplands: Colville River Delta
01/24/89	52	Beaufort Sea: Pitt Point to Tangent Point; offshore
01/24/89	72A	Oliktok Point Exempt: Uplands
01/29/91	67A	Cook Inlet Exempt: Anch., lower Susitna Valley, Redoubt & Trading Bay, Kenai Pen.,uplands; upper inlet, offshore
01/29/91	70A	Kuparuk Uplands Exempt: Canning R. to Colville R.
06/04/91	64	Kavik: Canning R. to Sagavanirktok R.; uplands
06/04/91	65	Beaufort Sea: Pitt Point to Canning R.; offshore
09/24/91	74	Cook Inlet: Nikishka to Ninilchik, Drift R., West Forelands, uplands; Kalgin Is. north to Kenai Pen., offshore
01/22/92	61	White Hills: Colville R. to White Hills; uplands
06/02/92	68	Beaufort Sea: Nulavik to Tangent Point; offshore
12/08/92	75	Kuparuk Uplands: Between NPRA and Sagavanirktok R.; Colville R. Delta ASRC lands
01/26/93	76	Cook Inlet: Big Lake to Salamatof; onshore/offshore
01/26/93	67A-W	Cook Inlet Reoffer: Nancy Lake to West Forelands; onshore/offshore
05/25/93	77	Nanushuk: North Slope Foothills, Chandler R. to Ivanshak R
05/25/93	70A-W	Kuparuk Uplands Reoffer: Between Canning R. and Kavik R.; onshore
09/21/93	57	North Slope Foothills: Brooks Range foothills, Sagavanirktok R. to Killik R
09/21/93	75A	Colville River Exempt: Colville River Delta onshore
10/31/94	78	Cook Inlet: Susitna R. to Stariski Cr.; onshore/offshore
11/14/95	67A-W2	Cook Inlet Reoffer: Trading Bay and Susitna R., onshore/offshore
11/14/95	74W	Cook Inlet Reoffer: Onshore/offshore, mouth of Kasilof R.
11/14/95	76W	Cook Inlet Reoffer: Onshore between Tyonek and Palmer, Knik Arm
11/14/95	78W	Cook Inlet Reoffer: Forelands to Little Susitna R, Kasilof R. to Stariski Pt., onshore/offshore
12/05/95	80	Shaviovik: Sag R. to Canning R., southern Kaparuk Uplands, Gwydyr Bay, Foggy Island Bay, onshore/offshore
10/01/96	86A	Colville River Exempt: Colville R, offshore, state/ASRC onshore/offshore
12/18/96	85A	Cook Inlet Exempt: Anchor Pt. and Tuxedni Bay to Turnagain Arm, Beluga R. offshore/onshore
11/18/97	86	Central Beaufort Sea: Harrison Bay to Flaxman Island
02/24/98	85A-W	Cook Inlet Reoffer: Onshore/offshore; Tyonek to Tuxedni Bay and Chickaloon Bay to Ninilchik
06/24/98	87	North Slope Areawide: State acreage between NPRA and ANWR north of the Umiat Baseline
02/24/99	North Slope Areawide 1999	State acreage between NPRA and ANWR north of the Umiat Baseline
04/21/99	Cook Inlet Areawide 1999	State acreage between Anchor Pt. and Houston
08/16/00	Cook Inlet Areawide 2000	State acreage between Anchor Pt. and Houston
11/15/00	North Slope Areawide 2000	State acreage between NPRA and ANWR north of the Umiat Baseline
11/15/00	Beaufort Sea Areawide 2000	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
05/16/01	Cook Inlet Areawide 2001	State acreage between Anchor Pt. and Houston
05/16/01	North Slope Foothills Areawide 2001	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/24/01	North Slope Areawide 2001	State acreage between NPRA and ANWR north of the Umiat Baseline
10/24/01	Beaufort Sea Areawide 2001	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
05/01/02	Cook Inlet Areawide 2002	State acreage between Anchor Pt. and Houston
05/01/02	North Slope Foothills Areawide 2002	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/24/02	North Slope Areawide 2002	State acreage between NPRA and ANWR north of the Umiat Baseline
10/24/02	Beaufort Sea Areawide 2002	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
05/07/03	Cook Inlet Areawide 2003	State acreage between Anchor Pt. and Houston
05/07/03	North Slope Foothills Areawide 2003	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/29/03	North Slope Areawide 2003	State acreage between NPRA and ANWR north of the Umiat Baseline
10/29/03	Beaufort Sea Areawide 2003	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
05/19/04	Cook Inlet Areawide 2004	State acreage between Anchor Pt. and Houston
05/19/04	North Slope Foothills Areawide 2004	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/27/04	North Slope Areawide 2004	State acreage between NPRA and ANWR north of the Umiat Baseline
10/27/04	Beaufort Sea Areawide 2004	State acreage within the 3-mile limit, between Dease Inlet and Barter Island
05/18/05	Cook Inlet Areawide 2005	State acreage between Anchor Pt. and Houston
05/18/05	North Slope Foothills Areawide 2005	State acreage between NPRA and ANWR, south of the Umiat Baseline
10/26/05	Alaska Peninsula Areawide 2005	State acreage between Nushagak and Kvichak Bays to Moffet Point



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- ▶▶▶ [Welcome](#)
- ▶▶▶ [Oil & Gas Statutes](#)
- ▶▶▶ [Definitions](#)

Division Programs

- ▶▶▶ [Basin Studies](#)
- ▶▶▶ [Exploration Incentives](#)
- ▶▶▶ [Lease Admin](#)
 - ▶▶▶▶ [FAQ's](#)
 - ▶▶▶▶ [Sample Lease](#)
- ▶▶▶ [Lease Sales](#)
 - ▶▶▶▶ [Proposed Sales](#)
 - ▶▶▶▶ [Announced Sales](#)
 - ▶▶▶▶ [Historic Sales](#)
- ▶▶▶ [Exploration Licensing](#)
- ▶▶▶ [Royalty](#)
 - ▶▶▶▶ [Royalty Reports](#)
 - ▶▶▶▶ [Royalty Value](#)
 - ▶▶▶▶ [Oil & Gas Volumes](#)
 - ▶▶▶▶ [Royalty-in-Kind](#)
 - ▶▶▶▶ [Sale of North Slope Royalty Gas](#)
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 - ▶▶▶▶ [Funds Distribution](#)
 - ▶▶▶▶ [Revenues](#)
 - ▶▶▶▶ [Net Profit Share](#)
 - ▶▶▶▶ [Production](#)
 - ▶▶▶▶ [Monthly Summary](#)
 - ▶▶▶▶ [Weighted Average](#)
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 - ▶▶▶▶ [Healy](#)
 - ▶▶▶▶ [Holtna](#)
 - ▶▶▶▶ [Copper River Basin](#)
 - ▶▶▶▶ [Nenana Basin](#)
 - ▶▶▶▶ [North Slope](#)
 - ▶▶▶▶ [NS Foothills](#)
 - ▶▶▶▶ [Susitna Basin](#)
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