



May 9, 2016

**Director's Determination of State Lands Subject to Oil and Gas Exploration Licensing
Southcentral Alaska Region**

The State of Alaska offers oil and gas exploration licenses through its exploration licensing program. The intent of the oil and gas exploration licensing program (AS 38.05.131-134) is to encourage exploration in areas far from existing infrastructure, with unknown hydrocarbon potential, and where there is a higher investment risk to the operator. Licensees are required to provide any data collected under an exploration license to the state (11 AAC 82.981). The exploration licensing program does not apply to certain lands (already subject to areawide lease sales) in the North Slope and Cook Inlet regions as specified by AS 38.05.131(b).

On February 2, 2016 under AS 38.05.131(c), the director of the Division of Oil and Gas (DO&G), under delegation of authority from the Department of Natural Resources (DNR) commissioner, made a preliminary written determination of the state land that may be subject to the provisions of exploration licensing. The preliminary determination was given public notice using the methods described in AS 38.05.945(b). The original deadline for public comments was March 11, 2016, but was subsequently extended to April 1, 2016. DO&G received 22 timely public comments. Summaries of the comments received and the director's responses are included in Attachment A of this determination. In general, the commenters were opposed to oil and gas exploration and development within specific portions of the determination area. After evaluating the comments, the director has determined that the boundaries and scope of the preliminary determination will not be changed for this final written determination.

The Alaska constitution directs the state "to encourage . . . the development of its resources by making them available for maximum use consistent with the public interest" (Alaska Constitution, art. III §§1, 2). The people of Alaska have an interest in developing the state's oil and gas resources and maximizing the economic and physical recovery of those resources (AS 38.05.180(a)).

The director of the DO&G, under delegation of authority from the DNR commissioner, is making a final written determination that all state-owned acreage in the Southcentral Regional Exploration License Determination Area (Southcentral determination area) will be available for oil and gas exploration licensing subject to the provisions of AS 38.05.132. Only state-owned oil and gas mineral estates within the Southcentral determination area that are free and unencumbered may be available for exploration licensing. For example, federally owned mineral estates within Wrangell St. Elias National Park would not be available.

The Southcentral determination area consists of state-owned unencumbered lands as depicted on page 5 of this determination. A full legal description can be found in Attachment B of this determination.

The land within the Southcentral determination area has unknown oil and gas potential and there is limited access to existing oil and gas infrastructure in much of the region. Although oil and gas exploration has occurred in the past, technological advancements may facilitate more effective and efficient exploration. Further, the state would benefit from geological and geophysical data that may result from potential exploration. Additionally, this determination comports with constitutional direction to encourage the development of the state's resources, and with the legislature's direction that it is in the

state's interest to develop the state's oil and gas resources. For these reasons, this area is suitable to be available for exploration licensing.

If DO&G receives an exploration license proposal within the Southcentral determination area, the Director will take a hard look at the specific area for any such proposal through the public notice and best interest finding processes as required by AS 38.05.133. If an exploration license proposal is received and is found to be in the best interest of the state, licensees and exploration activities will be subject to all pertinent federal, state, and local laws and regulations. Further, mitigation measures will be developed for a specific license to limit the effects on the local communities and surrounding environment. Through these processes, there will be additional opportunities for public comment and input regarding future exploration license proposals.

For these reasons, the director has determined that state land in this Southcentral determination area will be subject to exploration licensing under AS 38.05.132.

This determination is not a sale, lease, license, or other disposal of interest in land, nor is it a best interest finding. DO&G is not constrained by this determination, nor is DO&G prevented from making a future finding that a specific exploration license proposal within the Southcentral determination area is not in the state's best interest.

An eligible person affected by this determination may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this determination, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to 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@alaska.gov. This determination takes effect immediately. An eligible person must first appeal this determination in accordance with 11 AAC 02 before appealing this determination to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.



Corri A. Feige, Director

May 9, 2016

Date

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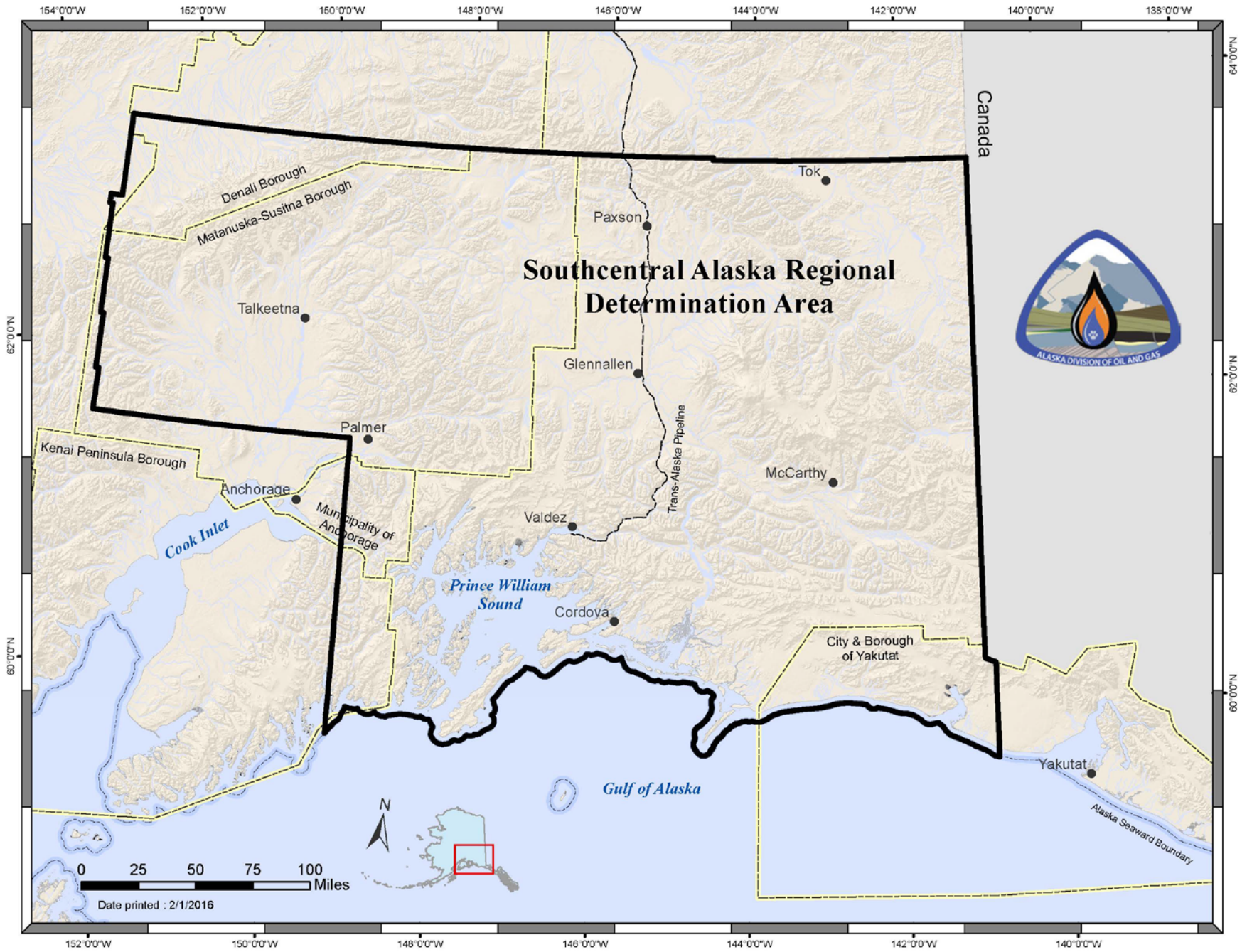
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Director's Determination of State Lands Subject to Oil and Gas Exploration Licensing Southcentral Alaska Region

Attachment A: Responses to Timely Public Comments on the Director's Preliminary Determination

Each timely comment, including the director's response, is summarized below.

Copper Country Alliance

Comment 1: Public Comment Period

Comment Summary: The Copper Country Alliance (CCA) stated that the wording in the public notice indicating the boundaries of the Southcentral determination area was confusing. CCA requested that the preliminary determination comment period be extended to March 28, 2016.

Director's Response: DO&G drafted and issued a public notice with the wording in question eliminated from the public notice. DO&G extended the comment period to April 1, 2016.

Comment 2: Request to Exclude the Copper River Basin from the Determination Area

Comment Summary: Copper Country Alliance (CCA) stated that including the Copper River Basin in the licensing provisions is not in the best interest of the Copper River Basin. CCA stated that the Copper River Basin Area Plan (CRBAP) for state lands is beginning to be updated with the participation of multiple stakeholders and that local people should have a say where small oil and gas fields for local use should be developed.

CCA stated that exploration for and burning of fossil fuels contributes to human-induced climate change, which costs Alaska in infrastructure repair, and so Alaska should not encourage exploration. CCA stated that the oil and gas exploration program could undermine local renewable energy efforts. CCA stated that data obtained from exploration will not have much value in the future because oil and gas will be phased out by renewable energy.

CCA stated that exploration will fragment habitat, disrupt wildlife, and cause noise pollution and loss of habitat. CCA stated that oil transportation carries risk of spill: the Copper River fisheries are important to all of Alaska and should not be risked by more pipeline river crossings. CCA stated that exploration activities conducted under this program should use existing infrastructure and serve existing communities. CCA requested that there should be increased effort to involve the public in the determination. CCA requested that the Copper River Basin should be excluded from the determination.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). In accordance with AS 38.05.945(b) and AS 38.05.131(c), the preliminary determination was given public notice that notified stakeholders (state and federal agencies, media, Native corporations and villages, boroughs, municipalities, industry, special interest groups, and individuals who have requested to be notified of DO&G events) of the opportunity to submit comments. The notice was also published in local newspapers, posted in post offices, libraries, and in multiple locations on the state website. Additionally, statute required the public comment period last at least 30 days. This comment period for the preliminary determination was open for 60 days. For these reasons, the public process for this determination exceeded statutory requirements and members of the public were provided the opportunity to comment on the determination.

Members of the public will have additional opportunity to comment on any future exploration license application that may be received. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and the Director will issue a written finding as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated.

The Division of Mining Land and Water manage land use area plans. The 1986 Copper River Basin Area Plan (CRBAP) establishes land use designations, management intent, and management guidelines for approximately 15.9 million acres of state land in the Copper River Basin of southcentral Alaska. The CRBAP states that oil and gas exploration, development, and production will be encouraged on state lands, but does not address oil and gas guidelines. The CRBAP states that planning and decision making for oil and gas exploration, development, and production activities will be developed and applied case by case for each oil and gas lease sale using the lease sale process. The CRBAP states that all state land is available for oil and gas exploration and leasing except state-owned shorelands under the Gulkana River. Additionally, the CRBAP states that seasonal restrictions may be applied to oil and gas activities in the trumpeter swan habitat areas (CRBAP, 2-34, 2-35, 2-36, and 4-12).

DO&G recognizes the importance of planning documents as guides for land management decisions by public agencies, however, planning and decision making processes for oil and gas development do not occur under the Division of Mining, Land and Water land use area plans. The planning and decision making processes for oil and gas exploration licensing occur under AS 38.05.131-134. For these reasons, the Copper River Basin area will remain part of the Southcentral determination area.

Cheryl Lovegreen

Comment Summary: Ms. Lovegreen stated that Prince William Sound should not be included in the determination area because Price William Sound has other resources, such as fisheries, that benefit residents and would be negatively affected by exploration and drilling. Ms. Lovegreen stated that the marine ecology should not be placed in danger from another oil spill. Ms. Lovegreen requested that Prince William Sound be removed from the determination area.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program targets areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the

application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective licensed area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and other resources in the proposal area will be considered and mitigated. For these reasons, the Prince William Sound area will remain part of the Southcentral determination area.

University of Alaska (UA)

Comment Summary: UA stated that it supports the exploration and development of the State's oil and gas resources and maximizing the economic and physical recovery of those resources. UA stated that it has surface and subsurface rights to about 33,189 acres in the determination area and included a map showing UA property in the determination area.

Director's Response: If an exploration license application is received, evaluated, and issued per the process set out in AS 38.05.133, title research for that specific area will be performed as part of the hard look of the best interest finding process. Only state-owned mineral estates would be licensed.

Alaska Survival

Comment 1: Public Comment Period

Comment Summary: Alaska Survival stated that the wording in the public notice indicating the boundaries of the Southcentral determination area was confusing. Alaska Survival requested that the preliminary determination comment period be extended for two weeks.

Director's Response: DO&G drafted and issued a public notice with the wording in question eliminated from the public notice. DO&G extended the comment period to April 1, 2016.

Comment 2: Request to Remove Portions of the Matanuska-Susitna Valley from the Determination Area

Comment Summary: Alaska Survival requested that state-owned unencumbered lands within the Talkeetna Comprehensive Plan (TCP) and Chase Comprehensive Plan be withdrawn from consideration as part of the determination area. Alaska Survival requested clarity on the need for this determination. Alaska Survival stated that the public process was inadequate and DO&G should have attended community council meetings in Talkeetna, Chase, Sunshine, and Trapper Creek to explain the determination. Alaska Survival stated that this is the first time the public has weighed in on oil and gas issues in the area. Alaska Survival stated that oil and gas issues were not contemplated in the Susitna Matanuska Area Plan, the Talkeetna Comprehensive Plan, or the Chase Comprehensive Plan.

Alaska Survival stated that oil and gas use is incompatible with the goals of the TCP. Alaska Survival stated that it is concerned about habitat fragmentation and loss, pollution, renewable resources, current economies based on renewable resources. Alaska Survival stated that

communities want to develop renewable energy and exploration will put more carbon in the air and undermine the state's energy policy of 50% renewable by 2025.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program targets areas with unknown hydrocarbon potential. The preliminary determination was consistent with the public notice process required by AS 38.05.945(b) and AS 38.05.131(c) by issuing public notice that notified stakeholders (state and federal agencies, media, Native corporations and villages, boroughs, municipalities, industry, special interest groups, and individuals who have requested to be notified of DO&G events) of the opportunity to submit comments.

The notice was also published in local newspapers, posted in post offices, libraries, and in multiple locations on the state website. Additionally, statute required the public comment period last at least 30 days. This comment period for the preliminary determination was open for 60 days. For these reasons, the public process for this determination exceeded statutory requirements and members of the public were provided the opportunity to comment on the determination.

Members of the public will have additional opportunity to comment on any future exploration license application that may be received. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated.

DO&G recognizes the importance of planning documents as guides for land management decisions by public agencies. The Talkeetna Comprehensive Plan and Chase Comprehensive Plan are Matanuska Susitna Borough land use plans. The planning and decision making processes for oil and gas exploration licensing occur under AS 38.05.131-134, and are not subject to or controlled by Borough land use plans.

Oil and gas activities were addressed in the planning process for the Susitna Matanuska Area Plan. The Susitna Matanuska Area Plan states that the entire region is open to oil and gas exploration and extraction, subject to certain stipulations, and that all decisions regarding licensing or leasing of oil and gas are subject to DNR's existing licensing and leasing processes. The Susitna Matanuska Area Plan also states that the land use designations of the plan are multiple use in character and do not preclude oil and gas development. For these reasons, the Talkeetna Comprehensive Plan planning area and the Chase Comprehensive Plan planning area will remain part of the Southcentral determination area.

Cathy Teich

Comment Summary: Ms. Teich stated that the determination area has not traditionally been developed for oil and gas and that oil and gas development should occur in Prudhoe Bay. Ms. Teich stated that a gas pipeline should be built from Prudhoe Bay to southcentral Alaska.

Director's Response: The exploration licensing program targets areas with unknown hydrocarbon potential. Statutorily, the exploration licensing program does not apply to land north of the Umiat baseline, therefore, Prudhoe Bay is outside of the scope of the exploration licensing program. Oil and gas pipeline construction is not within the scope of this determination.

Andrew McDonnell

Comment Summary: Mr. McDonnell stated that exploration licensing should not move forward because it is risky and likely to lead to poor stewardship of Alaska's environment and damage to the environment, which will harm communities throughout Alaska.

Director's Response: The Alaska constitution directs the state "to encourage . . . the development of its resources by making them available for maximum use consistent with the public interest" (Alaska Constitution, art. III §§1, 2). The people of Alaska have an interest in developing the state's oil and gas resources and maximizing the economic and physical recovery of those resources (AS 38.05.180(a)).

This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and considered and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated.

Park & Betty Kriner

Comment Summary: Mr. and Mrs. Kriner were unable to access the map of the determination area on the internet and wanted to see the area and know if it affected the land leased to Ahtna west of Glennallen.

Director's Response: Mr. and Mrs. Kriner were supplied a map and informed that the area licensed to Ahtna is in the permitting stage.

Kevin Hughes

Comment Summary: Mr. Hughes stated that new areas should not be opened to oil and gas exploration licensing.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program is intended to target areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Laura Baldwin

Comment Summary: Ms. Baldwin stated that new areas should not be opened to oil and gas exploration licensing.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program is intended to target areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Kimbrough Mauney

Comment Summary: Ms. Mauney stated that new areas should not be opened to oil and gas exploration licensing.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program is intended to target areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Dana Olson

Comment Summary: Ms. Olson stated that she has had previous interactions with DNR. Ms. Olson stated that there are associations between plants, animals, and humans.

Director's Response: Ms. Olson's comment is not responsive to the request for comments on the Southcentral preliminary determination.

Ahtna, Inc.

Comment Summary: Ahtna stated that it supports making land in the determination area available for oil and gas exploration licensing. Ahtna stated that the exploration licensing program will be more efficient and incentivize exploration in under-explored lands.

Director's Response: The exploration licensing program is intended to target areas with unknown hydrocarbon potential. The director is required to follow the processes defined in AS 38.05.131-

134 with regards to the administration of an exploration license. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Ted Bartco

Comment Summary: Mr. Bartco stated that he lives in the Matanuska Valley and the Matanuska River Watershed. Mr. Bartco stated that opening up the Matanuska Valley to oil and gas exploration is unreasonable. Mr. Bartco expressed concern about water rights and the potential effects that oil and gas exploration may have on water sources. Mr. Bartco stated that he remembers Alaska statutes that prevent development if drinking water sources are threatened. Mr. Bartco stated that the water resources belong to the people of the state and should be protected.

Mr. Bartco stated that exploration drilling would permanently adversely affect the pH balances of Matanuska river watershed ground water aquifers and springs. Mr. Bartco stated that he has an artesian spring as a drinking water source. Mr. Bartco requested that DO&G remove the Matanuska River Watershed and the Matanuska Valley area from the determination area. Mr. Bartco stated that fracking be listed as a crime against the environment.

Director's Response: All exploration license and subsequent lease activities (exploration, development and production, and transportation) are subject to federal, state, and local laws, regulations, ordinances, and policies on the effective date. Licenses and leases are subject to all future laws and regulations in effect after the effective date of the licenses or leases to the full extent constitutionally permissible and are affected by any changes to the responsibilities of oversight agencies.

In Alaska's Constitution, water was declared a public resource belonging to the people of the state to be managed by the state for maximum benefit to the public. All surface and subsurface waters on all lands in Alaska are reserved to the people for common use and are subject to appropriation in accordance with the Alaska Water Use Act. The Water Resources Section in the Division of Mining, Land and Water grants water use rights (PDF) and issues temporary authorizations for the use of water; facilitates the maximum use of the water resource consistent with the public interest; and provides certainty and security of water rights.

Protection of Alaska's groundwater is largely accomplished through the regulation of contaminated sites, storage tanks, spill response, and specific waste disposal activities under state and federal programs. The Alaska Department of Environmental Conservation (ADEC) regulates water pollution control and standards in the state and manages several programs that contribute to the protection of groundwater, including ADEC's Spill Prevention and Response, Solid Waste, Pesticides, Drinking Water, Wastewater, Watershed Development, Water Quality Protection, and Community Assistance & Information programs. The Environmental Protection Agency's (EPA) Underground Injection Control Program, and a number of other important EPA programs, also have a significant role in protecting groundwater quality in Alaska.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the water resources in the proposal area will be considered and mitigated. For these reasons, the Matanuska River Watershed and the Matanuska Valley area will remain part of the Southcentral determination area.

Talkeetna Community Council, Inc.

Comment Summary: The Talkeetna Community Council, Inc. (TCCI) stated that it unanimously recommends that lands within the Talkeetna Comprehensive Plan boundaries should be excluded from the determination area due to incompatible land management provisions, including Unit S-19, S-20, S-21, S-24, T-1, T-2. The TCCI stated that these lands have Public Facilities/Public Recreation, Settlement, and Habitat/Watershed Resources designations. The TCCI stated that the Talkeetna Comprehensive Plan prohibits industrial uses. The TCCI stated that oil and gas exploration is a prohibited use. The TCCI requested that the Talkeetna Comprehensive Plan state lands be removed from the determination area. The TCCI requested updates regarding the Director's final written determination.

Director's Response: The Talkeetna Comprehensive Plan is a Matanuska Susitna Borough land use plan. DO&G recognizes the importance of planning documents as guides for land management decisions by public agencies, however, planning and decision making processes for oil and gas development do not occur under Matanuska Susitna Borough land use area plans. The planning and decision making processes for oil and gas exploration licensing occur under AS 38.050131-134, and are not subject to or controlled by Borough land use plans. Mitigation measures developed for a specific exploration license can help create compatible uses. This final written determination and responses to these comments will be sent to the commenters and posted on the DO&G website.

Charlie and Linda Rutledge

Comment Summary: Mr. and Mrs. Rutledge stated that they strongly oppose the state's encouragement of oil and gas in southcentral Alaska, including the Copper River Basin where the commenters reside. Mr. and Mrs. Rutledge stated that fossil fuels are fueling climate change, which is devastating the Arctic. Mr. and Mrs. Rutledge stated that in a warming climate, infrastructure maintenance costs will increase due to damage, the costs for which will not be offset by developing fossil fuels. Mr. and Mrs. Rutledge stated that exploration causes noise pollution from the equipment and operations, and causes habitat fragmentation from the seismic lines, roads, and pipelines.

Mr. and Mrs. Rutledge stated that they strongly oppose inclusion of the Copper River Basin within the determination area. Mr. and Mrs. Rutledge stated that inclusion of the Copper River basin is fiscally irresponsible and disrupts unbroken habitats that are important for several types of recreation and tourism. Mr. and Mrs. Rutledge stated that the policy to continue with fossil fuel extractions should be abandoned and cleaner, less intrusive ways to develop energy should be developed.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program targets areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and

transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated. For these reasons, the Copper River Basin area will remain part of the Southcentral determination area.

Denis Ransy

Comment Summary: Mr. Ransy requested that the Talkeetna Comprehensive Plan planning area and the Chase Comprehensive Plan planning area be deleted from this oil and gas special exploration area. Mr. Ransy stated that these areas have tourist, sport fishing, and subsistence uses that residents depend on. Mr. Ransy stated that oil and gas exploration and development would impact these resources and these uses, including water quality and quantity, air pollution, noise pollution, road building, and tourism. Mr. Ransy stated that the best interests of the residents is maintaining quality of life and unpolluted resources.

Mr. Ransy stated that the comprehensive plans were worked on for years, and residents' efforts should not be pushed aside for commercial gain and oil and gas, which has high environmental consequences. Mr. Ransy stated that settlement residences are located throughout both plan areas and oil and gas exploration would negatively impact and permanently disturb their properties and lives.

Director's Response: The Talkeetna Comprehensive Plan and Chase Comprehensive Plan are Matanuska Susitna Borough land use plans. DO&G recognizes the importance of planning documents as guides for land management decisions by public agencies, however, planning and decision making processes for oil and gas development do not occur under Matanuska Susitna Borough land use plans. The planning and decision making processes for oil and gas exploration licensing occur under AS 38.05.131, and are not subject to or controlled by Borough land use plans.

This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program targets areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee.

In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated. For these reasons, the Talkeetna Comprehensive Plan planning area and the Chase Comprehensive Plan planning area will remain part of the Southcentral determination area.

National Outdoor Leadership School

Comment Summary: National Outdoor Leadership School (NOLS) stated that it is one of the largest commercial recreation outfitters operating in southcentral Alaska and depends on the wilderness experience for its students. NOLS stated that it is concerned that potential exploration and development will have a serious impact on operations and students' experience. NOLS stated that it relies on Alaska state lands for its business model. NOLS stated that outdoor recreation is a significant contributor to the Alaska economy, and NOLS is one significant contributor in that industry. NOLS stated that the loss of wilderness classrooms would have negative consequences for NOLS Alaska.

NOLS stated that exploration activities could substantially impact NOLS's ability to provide wilderness experiences. NOLS stated that exploration activities would impinge on backcountry travel and degrade the wild and unique values of Alaska. NOLS stated that the scale of this determination is too large to appropriately consider the potential impacts to other resources.

NOLS requested that smaller scale determinations be issued and would provide a more appropriate lens for considering exploration. NOLS requested that DNR seek a functional balance between backcountry recreation and oil and gas development. NOLS stated that balance requires a finer scale of consideration.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The exploration licensing program targets areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area are considered.

Copper River Watershed Project

Comment Summary: The Copper River Watershed Project (CRWP) stated that a sweeping expansion of oil and gas licensing in this area presents a conflict with the fisheries resources that support the southcentral Alaska economy. The CRWP requested that the State postpone this determination for oil and gas licensing because the determination is uncoordinated with Division of Mining, Land and Water's update to the Copper River Basin Area Plan (CRBAP).

The CRWP stated that the CRBAP reads "actions of the Alaska Department of Natural Resources (DNR) will be based on the approved area plan," so this determination appears contradictory to

the state's goals. The CRWP stated that the seafood industry is important to southcentral Alaska and supports many coastal communities.

The CRWP stated that the Copper River watershed is an important part of the fisheries and sensitive habitats are put at risk from oil and gas drilling. The CRWP stated that fishery resource users have the most to lose, but the least amount of control over how oil and gas resources are developed. The CRWP stated that an oil spill like the *Exxon Valdez* on the riverbank would be harmful and even more difficult to clean up than in the ocean.

The CRWP stated that Chinook salmon runs have been declining for unknown reasons and their habitat should not be put at risk. The CRWP stated that wetlands are also necessary for salmon spawning and oil and gas impact should be minimized. The CRWP stated that the land use evaluation process should happen during the CRBAP update. The CRWP stated that this region is relied on for subsistence use, and habitat and migration routes should not be fragmented by exploration.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated.

The Division of Mining, Land and Water manage land use area plans. The 1986 Copper River Basin Area Plan (CRBAP) establishes land use designations, management intent, and management guidelines for approximately 15.9 million acres of state land in the Copper River Basin of southcentral Alaska. The CRBAP states that oil and gas exploration, development, and production will be encouraged on state lands, but does not address oil and gas guidelines. The CRBAP states that planning and decision making for oil and gas exploration, development, and production activities will be developed and applied case by case for each oil and gas lease sale using the lease sale process. The CRBAP states that all state land is available for oil and gas exploration and leasing except state-owned shorelands under the Gulkana River. Additionally, the CRBAP states that seasonal restrictions may be applied to oil and gas activities in the trumpeter swan habitat areas (CRBAP, 2-34, 2-35, 2-36, and 4-12).

DO&G recognizes the importance of planning documents as guides for land management decisions by public agencies, however, planning and decision making processes for oil and gas development do not occur under the Division of Mining Land and Water land use area plans. The planning and decision making processes for oil and gas exploration licensing occur under AS

38.05.131-134, and are not part of or coordinated with the update to the CRBAP. For these reasons, the Copper River Basin area will remain part of the Southcentral determination area. For these reasons, issuance of the Southcentral Region Determination of State Lands Subject to Oil and Gas Exploration Licensing will not be postponed.

Eyak Preservation Council and Center for Biological Diversity

Comment Summary: Eyak Preservation Council and Center for Biological Diversity stated that the determination is an unacceptable sweeping expansion of oil and gas in this region. The commenters stated that oil and gas development destroys habitat and allows for spills, which are difficult, if not impossible to clean up, and damage or destroy ecosystems. The commenters stated that Prince William Sound is a critical component of Alaska's fisheries, traditional practices and subsistence, and tourism and that it is not acceptable to allow oil and gas exploration in or around Prince William Sound.

The commenters stated that the Copper River watershed is also a valuable ecosystem. The commenters stated that exploration development actions destroy habitat. The commenters stated that wetlands are especially important salmon habitat, and wetland loss leads to salmon population declines. The commenters stated that salmon are a critical economic resource in the Copper River and Prince William Sound watershed, and damage to salmon is unacceptable.

The commenters stated that Alaska must consider the devastating impacts of oil spills on important habitat. The commenters stated that exposure to crude oil adversely affects fish at all life stages and has been linked to long-term population effects in fish. The commenters stated that the herring population in Prince William Sound have not yet recovered. The commenters stated that consumption or exposure of spilled oil negatively affects nearly all invertebrate taxa, seabirds, and cetaceans.

The commenters stated that Alaska must consider the impacts of additional oil and gas exploration and development on climate change and ocean acidification. The commenters stated that climate change has impacted Alaska with greater than average warming, and Alaska is expected to warm additionally. The commenters stated that ocean acidification affects many marine organisms, especially pteropods, which are important species in the marine food web. The commenters stated that reduction of pteropod abundance will have effects on the species that rely on them as a main food source, such as salmon.

The commenters stated that highly productive Alaska's fisheries are among the most vulnerable U.S. fisheries since they are located in regions projected to experience the direct effects of rising temperatures and ocean acidification. The commenters stated that oil and gas exploration activities in Prince William Sound and Copper River watershed and other coastal areas will take protected species and Alaska must ensure compliance with federal environmental laws, including permits required by the Endangered Species Act, the Marine Mammal Protection Act, and the Migratory Bird Treaty Act.

The commenters stated that the coastal areas that form part of the southcentral Alaska area proposed for oil and gas exploration include habitat for threatened and endangered species such as humpback whales, North Pacific right whales, short-tailed albatross, yellow-tailed loon, and Stellar sea lion, including critical habitat.

The commenters stated that the coastal area is habitat for several marine mammal species, including harbor porpoises and Cuvier's beaked whales that are particularly sensitive to noise that might result from seismic exploratory surveys. The commenters stated that oil and gas exploration activities can harm protected marine mammal species by exposing them to anthropogenic noise from surveys and drilling, including displacement and avoidance behaviors.

The commenters stated that migratory patterns of caribou, moose, and fish could be disturbed, and habitat fragmented. The commenters requested that the preliminary determination be rescinded and oil and gas exploration licenses be denied.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Among other matters required by AS 38.05.035(g), a best interest finding will consider: fish and wildlife species and their habitats in the area; the current and projected uses in the area, including uses and value of fish and wildlife; the reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on a prospective license area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources; the reasonably foreseeable fiscal effects of the license issuance and the subsequent activity on the state and affected municipalities and communities; and the reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to a prospective license area.

If a license is issued, measures will be developed to mitigate potential effects of license-related or lease-related activities. Operations will be conditioned by mitigation measures which will be attached to the license and any future leases issued and will be binding on the licensee and lessee. In these ways, the potential effects that an exploration license may have on the environment and communities in the proposal area will be considered and mitigated.

An exploration license grants the licensee the right to explore, but does not allow the licensee to do any physical work on the land itself before obtaining the applicable permits. All exploration license and subsequent lease activities (exploration, development and production, and transportation) are subject to federal, state, and local laws, regulations, ordinances, and policies on the effective date. Licenses and leases are subject to all future laws and regulations in effect after the effective date of the licenses or leases to the full extent constitutionally permissible and are affected by any changes to the responsibilities of oversight agencies. For these reasons, the Southcentral Region Determination of State Lands Subject to Oil and Gas Exploration Licensing is issued and exploration license applications may be considered and issued.

Priscilla Russell

Comment Summary: Ms. Russell stated that she opposes oil or gas exploration licensing in the southcentral Alaska region, especially the Homer and Anchor Point areas. Ms. Russell stated that Alaskans have the right to live in a peaceful, natural environment. Ms. Russell stated that Alaska needs to end its dependence on an oil and gas economy, and Alaskans, not outsiders, should have priority to jobs.

Director's Response: Homer and Anchor Point are not included in this determination area. This determination is not a sale, lease, license, or other disposal of interest in lands and is required by 38.05.131(c). The exploration licensing program targets areas with unknown hydrocarbon potential. If an exploration license application is received, the Director may reject the application or evaluate the application. If the application is evaluated, public comment will be solicited and a best interest finding will be written as required by AS 38.05.133 for that specific area before a disposal could occur.

Conclusion

The director has considered the comments submitted in response to the public comment period, and determines that lands described in the Southcentral Alaska Region Determination of Lands are subject to exploration licensing under AS 38.05.132.

Director's Determination of State Lands Subject to Oil and Gas Exploration Licensing Southcentral Alaska Region

Attachment B: Legal Description

All state-owned, unencumbered mineral estate located within Southcentral Alaska, more precisely located within the following area:

Beginning at the northeast corner of unsurveyed T. 19 N., R. 23 E., C.R.M., located approximately 1900 feet southerly of Monument 142 as established by the International Boundary Commission, on the International Boundary line between Alaska and Yukon Territory, Canada;

thence southerly along the said International Boundary line to the southern-most monument on the 141st Degree of West Longitude line, also identified by the International Boundary Commission as Boundary Point 187, located within unsurveyed T. 18 S., R. 26 E., C.R.M.;

thence southwesterly along the said International Boundary line to the northeast corner of unsurveyed T. 19 S., R. 26 E., C.R.M., located between Boundary Point 185 and Boundary Point 186 on the said International Boundary Line;

thence southerly along the boundary between Tps. 19-26 S., Rs. 26-27 E., C.R.M. to the intersection with Alaska's Submerged Lands Act boundary (3 nautical mile line) located within protracted T. 26 S., R. 26 E., C.R.M.;

thence westerly in the Gulf of Alaska along Alaska's Submerged Lands Act boundary as agreed upon between the State of Alaska and the Bureau of Ocean Energy Management in 1994, to its intersection with the Seward Principle Meridian on the west boundary of protracted T. 5 S., R. 1 E., S.M.;

thence north along the Seward Principle Meridian to the southwest corner of surveyed T. 18 N., R. 1 E., S.M.;

thence westerly along the southern boundary of Tps. 18 N., Rs 1-19 W., S.M. to the southwest corner of surveyed T. 18 N., R. 19 W., S.M.;

thence northerly along the boundary between Tps. 18-33 N., Rs. 19-20 W., S.M. to the northwest corner of unsurveyed T. 33 N., R. 19 W., S.M. and the intersection with the Fairbanks Meridian;

thence easterly along the north boundary of T. 33 N., R. 19 W., S.M. to the southwest corner of unsurveyed T. 22 S., R. 27 W., F.M.;

thence northerly along the boundary between Tps. 17-22 S., Rs. 27-28 W., F.M. to the northwest corner of unsurveyed T. 17 S., R. 27 W., FM;

thence easterly along the north boundary of Tps. 17 S., Rs 27 W. – 16 E., F.M. to the northeast corner of unsurveyed T. 17 S., R. 16 E., F.M.;

thence southerly along the east boundary of T. 17 S., R. 16 E., F.M. to the northwest corner of unsurveyed T. 19 N., R. 4 E., C.R.M.;

thence easterly along the north boundary of Tps. 19 N., Rs. 4 - 23 E., C.R.M., to the northeast corner of unsurveyed T. 19 N., R. 23 E., C.R.M. and the Point of Beginning, containing approximately 52 million acres.