



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources

DIVISION OF OIL & GAS

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January 31, 2022

The Honorable Peter Micciche
President of the Senate
Alaska State Capitol
Juneau, AK 99801-1182

The Honorable Louise Stutes
Speaker of the House of Representatives
Alaska State Capitol
Juneau, AK 99801-1182

Dear Senator Micciche and Representative Stutes:

The Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G) is pleased to provide notice of the 5-Year Program of Proposed Oil and Gas Lease Sales and Gas-Only Lease Sales (5-Year Program) to be held during the calendar period 2022 – 2026 and notice of leasing activities in 2021.

Alaska Statute (AS) 38.05.180(b) and AS 38.05.180(e) require DNR to make an annual report to the Alaska State Legislature (Legislature) regarding proposed leasing activity for the coming five-year period and the past year's leasing activities. The commissioner may, at any time, notify the Legislature of revisions to the program. This letter addresses and meets the statutory requirements referenced above.

AS 38.05.180(b) 5-Year Program

AS 38.05.180(b) provides “The commissioner shall annually prepare and, before February 1 of each calendar year notify the legislature of a five-year program of proposed oil and gas lease sales and proposed gas only lease sales, specifying as precisely as practicable the location of tracts to be offered for leasing during the calendar year of the notification and the following four calendar years. The commissioner may, at any time, notify the legislature of revisions, including additions, to the program. Notification to each legislator, by electronic message or other written means, constitutes notification to the legislature under this subsection.”

Proposed Oil and Gas Lease Sales

In this 5-Year Program period, DO&G proposes to offer oil and gas leases under the Areawide lease sale program. Areawide leasing allows regularly scheduled competitive oil and gas lease sales on available state lands within five specific sale areas with known hydrocarbon potential: the Alaska Peninsula, Beaufort Sea, Cook Inlet, North Slope, and North Slope Foothills. Offering oil and gas leases on a regular schedule allows the state to have a stable, predictable leasing program. In turn, companies can plan and develop their strategies and budgets years in advance of a lease sale. Additionally, the public is afforded a consistent process and timeline during

which to comment and provide new information on the proposed areawide lease sales. DO&G proposes to offer one oil and gas sale per areawide lease sale in each of the next five (5) years (Table 1). No gas-only lease sales are proposed.

Table 1. Schedule of proposed oil and gas lease sales for 2022-2026.

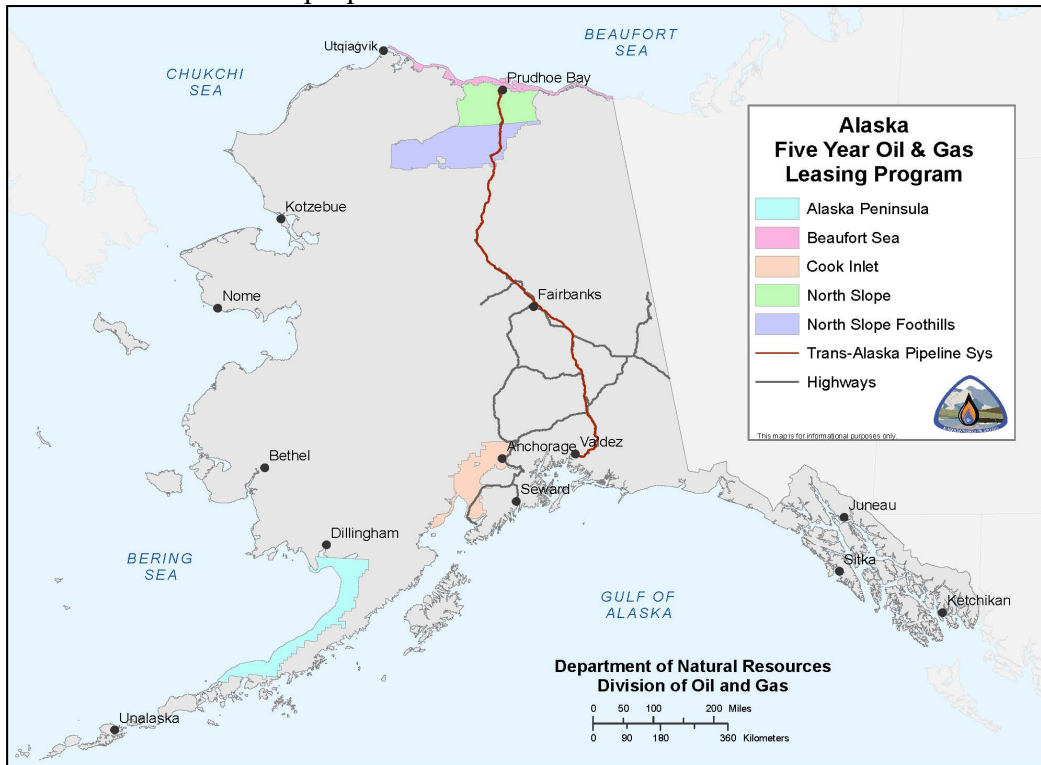
Areawide	Timing	5-Year Schedule				
		2022	2023	2024	2025	2026
Cook Inlet	Spring	2022	2023	2024	2025	2026
Alaska Peninsula	Spring	2022	2023	2024	2025	2026
Beaufort Sea	Fall	2022	2023	2024	2025	2026
North Slope	Fall	2022	2023	2024	2025	2026
North Slope Foothills	Fall	2022	2023	2024	2025	2026

Location of Tracts to Be Offered

Figure 1 depicts the location of the five areawide lease sales.

Detailed descriptions, tract maps, and findings for the five areawide lease sales are available on the DO&G website at dog.dnr.alaska.gov/Services/BIFAndLeaseSale.

Figure 1. Areawide lease sales proposed for 2022-2026.



AS 38.05.180(e) Annual Report

AS 38.05.180(e) provides “The commissioner shall annually prepare and notify the legislature of the availability of a report containing the following:

- “(1) the schedule of all lease sales held during the preceding calendar year, the bidding method or methods utilized, and an analysis of the results of the bidding;
- “(2) if determined, a description of the bidding methods to be used for all lease sales to be held during the current and next two succeeding calendar years;
- “(3) the reasons a particular bidding method has been selected.”

The schedule and analyses of lease sales with public notice and sealed-bid auction are found in the following sections. The competitive bidding methods for proposed sales in the 5-Year Program have not been determined. However, we anticipate continuing to offer lands through sealed bid online auctions in 2022.

Areawide lease sale documents, maps, and bidding results for the Spring 2021 and Fall 2021 areawide lease sales are available at dog.dnr.alaska.gov/Services/BIFAndLeaseSale.

Schedule of Lease Sales Held During the Preceding Calendar Year

DO&G held each of the five areawide lease sales proposed under the 5-Year Program in 2021. All areawide lease sales were offered competitively by sealed bid per AS 38.05.180(f)(1). The bidding method was cash bonus with fixed royalty rate per AS 38.05.180(f)(3). Areawide lease sales, dates, and terms and conditions are presented in Table 2.

Table 2. Schedule of oil and gas lease sales held in Spring 2021 and Fall 2021.

Areawide Lease Sale	Sale Date	Minimum Bid (Per Acre)	Royalty Rate (Fixed)	Primary Lease Term (Years)	Annual Rental (Per Acre)
Alaska Peninsula	June 9, 2021	\$5.00	12.5%	10	\$1.00 - \$3.00 ^a
Cook Inlet	June 9, 2021	\$15.00	12.5%	8	\$5.00 - \$10.00 ^b
Beaufort Sea	November 3, 2021	\$25.00	16.66667%	10	\$10.00 ^c
North Slope					
State/ASRC Tracts	November 3, 2021	\$25.00	16.66667%	10	\$10.00 ^c
North Sub-Region Tracts	November 3, 2021	\$25.00	16.66667%	10	\$10.00 ^c
South Sub-Region Tracts	November 3, 2021	\$25.00	12.5%	10	\$10.00 ^c
North Slope Foothills	November 3, 2021	\$5.00	12.5%	10	\$1.00 - \$3.00 ^a

^a Per AS 38.05.180(n)(1). Year 1: \$1.00; Year 2: \$1.50; Year 3: \$2.00; Year 4: \$2.50; Years 5 and beyond: \$3.00.

^b Per AS 38.05.180(w). Years 1 – 5: \$5.00; 6 – 7: \$7.50, 8 – 10: \$10.00.

^c Per AS 38.05.180(w). Years 1 – 10: \$10.00.

Bidding Results

The areawide lease sales results are presented in Table 3.

Table 3. Results for oil and gas lease sales held in Spring 2021 and Fall 2021.

Areawide Lease Sale	Bids Received	Lease Tracts Sold	Lease Acres Sold	Bonus Bid
Alaska Peninsula	0	0	0	0
Cook Inlet	7	7	20,228	\$405,357
Beaufort Sea				
North Slope^a				
State/ASRC Tracts	0	0	0	0
North Sub-Region Tracts	6	6	14,080	\$467,610
South Sub-Region Tracts	0	0	0	0
North Slope Foothills	0	0	0	0
Total	13		34,308	\$872,967

^a Lease acres sold and bonus bid values are preliminary figures and may change after leases are issued.

Analysis of Bidding Results – Southern Alaska Areawide Lease Sales

The June 9, 2021, Southern Alaska lease sales included the Cook Inlet Areawide and Alaska Peninsula Areawide. A total of seven (7) bids were received from three (3) bidders in the Cook Inlet Areawide sale. Furie Operating Alaska, LLC (Furie), Hex LLC, and Strong Energy Resources, LLC submitted \$405,357 in bonus bids. All three entities are new bidders in the Cook Inlet Areawide, including Furie, an established operator.

There were no bids received for the Alaska Peninsula Areawide lease sale in June 2021. There are no oil and gas leases issued in the Alaska Peninsula Areawide.

Analysis of Bidding Results – Northern Alaska Areawide Lease Sales

The November 3, 2021, Northern Alaska lease sales included the North Slope Areawide, Beaufort Sea Areawide, and North Slope Foothills Areawide.

A total of six (6) bids were received from two (2) bidders in the North Slope Areawide sale. Lagniappe Alaska, LLC and Savant Alaska, LLC submitted \$467,610 in bonus bids. The tracts receiving bids were previously leased through early 2021. The bids focused on opportunities near infrastructure and current exploration and development targets in the eastern North Slope Areawide. This is an example of how Areawide lease sales described in the 5-Year Program allow DO&G to offer newly available tracts and receive bids quickly.

There were no bids received for the Beaufort Sea Areawide lease sale. There are over 767,400 acres leased in the Areawide, representing 45% of the Beaufort Sea acreage. The majority of unleased acreage in the Beaufort Sea Areawide is adjacent to unleased Federal lands in the Arctic National Wildlife Refuge and the National Petroleum Reserve – Alaska.


There were no bids received for the North Slope Foothills Areawide lease sale. There are no oil and gas leases issued in the North Slope Foothills Areawide.

You are invited to review additional oil and gas lease sale information on the DO&G website at dog.dnr.alaska.gov. DO&G publishes lease sale documents and maps, best interest findings authorizing disposal of state land for oil and gas leasing and exploration, historic state lease sale records, and lists of qualified bidders.

Please contact Laura Boomershine, Legislative Liaison, with questions or for more information. She may be reached at laura.boomershine@alaska.gov or (907)269-8431.

Thank you for your continued interest in the oil and gas leasing program.

Sincerely,

DocuSigned by:

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Haley Paine
Deputy Director