



May 30, 2018

**Revised Decision of No Substantial New Information
2018 North Slope Foothills Areawide Lease Sale**

Introduction

Under 38.05.035(e), the director of the Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G) may hold an oil and gas areawide lease sale after a written finding that the interests of the state will be best served. A written best interest finding for areawide lease sales expires ten years after issuance. Under AS 30.05.035(e)(6)(F), a most recent areawide final best interest finding is subject to annual public Calls for New Information (CFNI) to facilitate that year's lease sale and, if the director determined that substantial new information had become available, the final best interest finding would be supplemented with new information. The following table shows the decision history for the North Slope Foothills areawide final best interest findings:

North Slope Foothills Areawide Oil and Gas Lease Sale Decision Documents	
<i>Date</i>	<i>Decision Document</i>
May 26, 2011	Final Finding of the Director
July 13, 2012	Decision of No Substantial New Information
July 1, 2013	Decision of No Substantial New Information
June 26, 2014	Decision of No Substantial New Information
June 12, 2015	Decision of No Substantial New Information
June 24, 2016	Decision of No Substantial New Information
June 15, 2017	Decision of No Substantial New Information

On March 8, 2018, the DO&G issued a CFNI regarding the 2018 North Slope Foothills areawide oil and gas lease sale. The CFNI requested interested parties to submit to the DO&G substantial new information that has become available over the past year to supplement the most recent final findings for the area. The submission period ended on April 9, 2018.

As stated in the CFNI, the DO&G generally considers substantial new information to include published research, studies, or data that are directly relevant to the matters listed in AS 38.05.035(g) with respect to the lands covered in the final findings and that have become publicly available over the past year. Matters listed in AS 38.05.035(g) include:

- property descriptions and locations;
- petroleum potential of the sale area, in general terms;
- fish and wildlife species and their habitats in the area;
- current and projected uses in the area, including uses and value of fish and wildlife;
- governmental powers to regulate the exploration, development, production, and transportation of oil and gas or of gas only;

- reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on the sale area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources;
- lease stipulations and mitigation measures, including any measures to prevent and mitigate releases of oil and hazardous substances, to be included in the leases, and the protections offered by these measures;
- method or methods most likely to be used to transport oil or gas from the lease sale area, and the advantages, disadvantages, and relative risks of each;
- reasonably foreseeable fiscal effects of the lease sale and the subsequent activity on the state and affected municipalities and communities, including the explicit and implicit subsidies associated with the lease sale, if any;
- reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to the lease sale area;
- the bidding method or methods adopted by the commissioner under AS 38.05.180.

In response to the CFNI, the DO&G received two comments that were timely. The director has reviewed and considered the comments and documents referenced or included with the comments.

Decision

The director finds that no substantial new information was received in response to the CFNI to justify a supplement to the North Slope Foothills Areawide Final Best Interest Finding.

Responses to Timely Public Comments

The comments and the director's responses are summarized below.

Curtis E. Breckon

Comment Summary: Mr. Breckon commented on the minimum bid price for the North Slope Foothills areawide lease sales. He stated that the minimum bid for state lands in Wyoming are being leased with a \$1.00 per acre minimum bid and a \$1.00 annual rental, and the Federal onshore leases have a minimum bid of \$2.00 per acre. Mr. Breckon stated that the current minimum bid for the North Slope Foothills areawide lease sale is above market value and the per acre minimum bid drives away bidders and negatively impacts the state.

Director's Response: Mr. Breckon's comments relate to the state's processes for lease sales after disposal. The lease sale terms and conditions are outside the scope of the Best Interest Finding and this Call for New Information. Mr. Breckon's suggestions have been forwarded to the DNR commissioner and the Division director for consideration when setting terms and conditions for lease sales in accordance with AS 38.05.180(f).

Daniel K. Donkel

Comment Summary: Mr. Donkel provided comments stating that current oil and gas lease sale terms and conditions are unreasonable. He stated that the increased costs and reduced term have resulted in reduced activity by pricing competitors out of the oil and gas leasing process. Mr. Donkel requested that the Division offer all tracts with different terms which should be permanent, such as \$1.00 per acre minimum bid, \$1.00 per acre annual rent, 10-year term, and 12.5% royalty.

In support of these comments Mr. Donkel provided a link to the Fraser Institute's 2017 Global Petroleum Survey.

Director's Response: Mr. Donkel's comments relate to the state's processes for lease sales after disposal. The lease sale terms and conditions are outside the scope of the Best Interest Findings and this Call for New Information. Mr. Donkel's suggestions have been forwarded to the DNR commissioner and the Division director for consideration when setting terms and conditions for lease sales in accordance with AS 38.05.180(f).

Conclusion

The director has considered the comments submitted in response to the CFNI for the 2018 North Slope Foothills areawide lease sale, and finds that the comments do not provide substantial new information that justifies a supplement to the North Slope Foothills Areawide Final Best Interest Finding.

An eligible person affected by this decision may appeal in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, 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 decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.



Chantal Walsh
Director, Division of Oil and Gas