



August 17, 2018

**NOTICE OF SALE
BEAUFORT SEA AREAWIDE 2018W
NORTH SLOPE AREAWIDE 2018W and
NORTH SLOPE FOOTHILLS AREAWIDE 2018 including
GWYDYR BAY BLOCK
HARRISON BAY BLOCK
STORMS BLOCK
COMPETITIVE OIL AND GAS LEASE SALES**

The Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G), is giving notice pursuant to AS 38.05.945(a)(4) that it is offering State lands for competitive oil and gas leasing in the Beaufort Sea Areawide 2018 (BSA 2018W), North Slope Areawide (NSA 2018W), and the North Slope Foothills Areawide 2018 (FHA 2018) Competitive Oil and Gas Lease Sales. This sale includes the Gwydyr Bay, Harrison Bay, and Storms Blocks within the BSA 2018W and NSA 2018W lease sales. This notice is available on the State of Alaska Online Public Notice System at <http://aws.state.ak.us/OnlinePublicNotices/>.

In-person bid submission – Tuesday, November 13, 2018 from 9:00 a.m. to 4:00 p.m. at Suite 1100 of the Atwood Building, 550 West 7th Avenue, Anchorage, Alaska or by mail to DNR Division of Oil & Gas, Attn: Lease Sale, 550 W 7th Avenue, Suite 1100, Anchorage, Alaska 99501-3563.

Public bid opening – Thursday, November 15, 2018 from 9:00 a.m. until all bids are read at Kahtnu 1 Meeting Room, Dena'ina Center, 600 West 7th Avenue, Anchorage, Alaska.

Areawide Lease Sale Locations

The Beaufort Sea Areawide is divided into 591 tracts ranging in size from 530 to 5,760 acres. These tracts are within the North Slope Borough (NSB) and consist of state-owned tide and submerged lands in the Beaufort Sea between the Canadian border and Point Barrow. The northern boundary of the Areawide is along the federal Alaska Outer Continental Shelf. The southern fringe of the sale area includes some state-owned uplands lying between the National Petroleum Reserve Alaska (NPR-A) and the Arctic National Wildlife Refuge (ANWR).

The North Slope Areawide is divided into 3,137 tracts, ranging in size from 640 to 5,760 acres. Tracts in this sale area are within the NSB between the Canning River and ANWR on the east and the Colville River and NPR-A on the west. The southern boundary of the sale area is the Umiat Meridian baseline. The Areawide is divided into North and South Sub-regions. Some tracts are jointly owned by the State of Alaska and Arctic Slope Regional Corporation (ASRC).

The North Slope Foothills Areawide is divided into 1,347 tracts ranging in size from 480 to 5,760 acres. These tracts are located between ANWR and NPR-A. The northern boundary of the sale area is the Umiat Meridian baseline and the southern boundary is the Gates of the Arctic National Park and Preserve.

Block Locations

The Gwydyr Bay Block encompasses 23,012.00 acres of state-owned uplands and state-owned tide and submerged lands in 9 leases in the North Slope and Beaufort Sea Areawides. The block is located north of the Prudhoe Bay Unit and east of the Milne Point Unit.

The Harrison Bay Block encompasses 66,275.28 acres of state-owned tide and submerged lands in 21 leases in the Beaufort Sea Areawide. The block is located northwest of the Colville River Unit and southeast of Smith Bay along NPR-A.

The Storms Block encompasses 30,592.00 acres of state-owned uplands in 12 leases in the North Slope Areawide. The block is located south of the Prudhoe Bay and Guitar Units and west of the Trans-Alaska Pipeline System (TAPS).

Blocks offered in this sale are contiguous, State-owned lands where geological and seismic data are available to the public. The Division has not identified and analyzed prospects on the blocks. Sale terms and conditions for each block require a minimum work commitment.

Sale Documents

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

Nuiqsut Trapper School Community Library, Nunamiut School Library in Anaktuvuk Pass, Harold Kaveolook School Library in Kaktovik, Meade River School Library in Atkasuk, Tuzzy Consortium Library in Barrow, Alaska Resource Library & Information Services, Z.J. Loussac Public Library in Anchorage, and the Alaska State Library in Juneau.

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

Sale Terms and Conditions

Beaufort Sea Areawide 2018W Competitive Oil and Gas Lease Sale Terms and Conditions						
Lease Sale Tracts	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Lease Form
All BSA 2018 Tracts	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years*	Years 1-8: \$10.00 per acre	DOG201808W
*State oil and gas leases may receive a one-time lease extension under certain conditions. AS 38.05.180(m)						

North Slope Areawide 2018W Competitive Oil and Gas Lease Sale Terms and Conditions						
Lease Sale Tracts	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Lease Form
State/ASRC Tracts	Cash Bonus	\$25.00 per acre	16.66667% Fixed	10 Years	Years 1 – 10: \$10.00 per acre	DOG201802W AS
North Sub-Region Tracts	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years*	Years 1 – 8: \$10.00 per acre	DOG201808W
South Sub-Region Tracts	Cash Bonus	\$25.00 per acre	12.5% Fixed	8 Years*	Years 1 – 8: \$10.00 per acre	DOG201808W
*State oil and gas leases may receive a one-time lease extension under certain conditions. AS 38.05.180(m).						

Foothills Areawide 2018 Competitive Oil and Gas Lease Sale Terms and Conditions						
Lease Sale Tracts	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Lease Form
All FHA 2018 Tracts	Cash Bonus	\$10.00 per acre	12.5% Fixed	10 Years	Year 1: \$1.00 per acre Year 2: \$1.50 per acre Year 3: \$2.00 per acre Year 4: \$2.50 per acre Years 5-10: \$3.00 per acre	DOG201808

Block Competitive Oil and Gas Lease Sale Terms and Conditions							
Block	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Work Commitment+	Lease Form
Gwydyr Bay	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years*	Years 1-8: \$10.00 per acre	Drill Well to Depth by 5 th Anniversary as Described in Lease Paragraph 9	DOG201808W G
Harrison Bay	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years*	Years 1-8: \$10.00 per acre	Drill Well to Depth by 6 th Anniversary as Described in Lease Paragraph 9	DOG201808W H
Storms	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years*	Years 1-8: \$10.00 per acre	Drill Well to Depth by 5 th Anniversary as Described in Lease Paragraph 9	DOG201808W S
*State oil and gas leases may receive a one-time lease extension under certain conditions. AS 38.05.180(m).							
+State oil and gas lease work commitment terms may modified under certain conditions. AS 38.05.180(h) and 11 AAC 83.700-.705.							

Lease Provision Changes

Lease forms listed in the **Sale Terms and Conditions** section of this document include changes from lease forms DOG 201710, DOG 201710W, and DOG 201503W AS most recently used by the Division.

Summary of Changes for DOG 201808 and DOG 201808W

The following lease provision was deleted with re-numbering of subsequent sections:

1. GRANT(b)

The following lease provisions were changed:

9. PLAN OF OPERATIONS (d)(5)
21. RIGHTS UPON TERMINATION (a)

Summary of Changes for DOG 201802W AS

The following lease provisions were added with re-numbering of subsequent sections:

36. LEASE SALES INFORMATION

The following lease provisions were changed:

4. EXTENSION (b), (c), and (d)
5. RENTALS (a), with corrected paragraph numbers
6. RECORDS (a) and (b)

- 7. APPORTIONMENT OF ROYALTY FROM APPROVED UNIT
- 10. PLAN OF DEVELOPMENT (a) and (b)
- 13. DILIGENCE AND PREVENTION OF WASTE (d)
- 15. UNITIZATION (a) and (e)

- 18. ASSIGNMENT, PARTITION, AND CONVERSION
- 20. DEFAULT AND TERMINATION; CANCELLATION
- 23. BONDS (a) and (d)
- 31. LOCAL HIRE

Summary of Changes for DOG 201808W G, DOG 201808W H, and DOG 201808W S

The following lease provision was deleted with re-numbering of subsequent sections:

- 1. GRANT(b)

The following lease provision was added with re-numbering of subsequent sections:

- 9. WORK COMMITMENT

The following lease provisions were changed, with new section numbers:

- 10. PLAN OF OPERATIONS (d)(5)
- 22. RIGHTS UPON TERMINATION (a)

Tracts Deferred or Deleted from Sale


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

Best Interest Findings to Offer Oil and Gas Leases

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

Americans with Disabilities Act Compliance

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


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