

STATE OF ALASKA

Department of Natural Resources

Division of Oil and Gas

Tony Knowles, Governor

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February 7, 2001

Phone: 269-8804

NOTICE OF SALE

STATE OF ALASKA

COOK INLET AREAWIDE 2001 OIL AND GAS LEASE SALE

The Department of Natural Resources, Division of Oil and Gas (DO&G), notices under AS 38.05.945(a)(4), that it will offer state-owned lands for lease in the Cook Inlet Areawide 2001 Oil and Gas Lease Sale. The sale will be held in Anchorage at the Loussac Public Library's Wilda Marston Theatre at 8:30 a.m., May 9, 2001. The sale area covers an area of approximately 4.2 million acres and is located entirely within the Kenai Peninsula Borough, the Matanuska-Susitna Borough and the Municipality of Anchorage. The sale area is divided into 815 tracts ranging in gross area from 640 to 5,760 acres. For the purposes of areawide oil and gas leasing, the Cook Inlet Sale area is defined as those lands bounded between the cities of Houston in the North, and Homer in the South, the Chugach and Kenai Mountains in the East and the Aleutian Range in the West.

Activities resulting from this sale may affect the communities of Anchorage, Kenai, Palmer, Wasilla, Houston, Hope, Nikiski, Soldotna, Sterling, Ninilchik, Kasilof, Homer, Clam Gulch, Nikolaevsk and Anchor Point, as well as the villages of Knik, Tyonek and Salamatof.

The exact amount of the net leaseable acreage in each tract will not be determined until after the bids are received. At that time DO&G will complete a comprehensive evaluation of the lands within the tracts that received bids. Acreage not owned by the state, already subject to an oil and gas lease, or clouded by title claims will be excluded from the lease.

Tract Deletions and Deferrals

The following tracts have been identified by the National Marine Fisheries Service (NMFS) as important habitat for the Cook Inlet population of beluga whales. Alaska Superior court Judge Sigurd Murphy has stayed leasing on the following tracts; they will not be included in Cook Inlet Areawide 2001.

Chuitna River: 494, 497, 498.
Beluga River: 485 486, 493, 544, 547-552, 559.
Ivan River: 541, 542.
Susitna River: 536-540, 543, 593, 594, 598.
Little Susitna River: 529, 532-535, 585, 586, 590.
Knik Arm: 575-577, 579, 581, 582, 616-618, 620-623, 627, 655-658, 662.
Anchorage: 522, 524-528, 530, 531.
Chickaloon River: 322-327, 329, 331, 332.
Turnagain Arm: 320, 321, 328, 330, 333, 334, 391-409, 462, 464-475.
Kenai River: 126, 127, 129-132, 161, 162.
Drift River: 177.
Big River: 175, 218.
Kustatan River: 211, 257.
McArthur River: 301, 302, 384.
Middle River: 373, 376, 377.

These tracts will be included in future Cook Inlet Areawide Lease Sales only upon a supplemental finding by this department that there is a plan in place to address concerns over beluga habitat, and that a sale of these tracts is in the best interest of the state.

DNR has also withdrawn Tracts 284, 285, 485, 486, 488 and 489 from leasing in Cook Inlet Areawide 2001. These tracts cover the area previously included in oil and gas leases ADL 369100, 369101 and 369116. All tracts affected by these leases have been withdrawn due to litigation contesting actions taken by the Alaska Oil and Gas Conservation Commission (ADL's 369100 and 369101 in 3AN-97-5471/S-8690) or the Division of Oil and Gas (ADL 369116 in 3AN-00-3616CI). Leasing of these tracts is stayed pending final rulings in these cases.

Tract Map

DO&G has prepared an official tract map of the sale area. Only those lands, within the sale area, not covered by existing leases as of January 15th, 2001 or those pending leases for Cook Inlet Areawide 2000 tracts will be considered available for leasing in Cook Inlet Areawide 2001. Lands released from leased status after that date will be offered in Cook Inlet Areawide 2002, scheduled for May 2002. These maps are a graphical representation only, source documents remain the official record. Potential bidders are advised that they are solely responsible for determining the availability and leasability of any acreage prior to the submission of any bid.

Sale Terms

Bidding for the sale will be a cash bonus with a minimum bid of **five dollars (\$5) per acre** on all tracts. Leases will have a fixed royalty rate of **twelve and one half percent (12.5%)** and will have a lease term of **seven (7) years**.

Best Interest Finding and ACMP Consistency Determination

In support of this lease sale, the director of DO&G prepared and disseminated a written final finding and decision under AS 38.05.035(e) and (g), which sets forth the facts, policies, and applicable laws upon which he has based his determination that this sale will best serve the interests of the state. This finding was issued on January 20, 1999. In addition, a final coastal zone consistency determination has been made that this sale is consistent with the Kenai Peninsula Borough, the Matanuska-Susitna Borough and the Municipality of Anchorage, and the Alaska Coastal Management Programs (ACMP) under AS 46.40. Also, on May 10, 2000, as a result of a Call for New Information for Cook Inlet Areawide 2000, DO&G issued a supplement to the Final Finding.

On September 6, 2000, DO&G issued a Call for New Information Cook Inlet Areawide 2001. Based on the information received, DO&G is issuing a decision of No New Information.

Appeal Procedures

A person who is aggrieved by the decision of No New Information may request the commissioner to reconsider these actions under AS 38.05.035(i) and (j). To be eligible, an appellant must have meaningfully participated in the process by submitting written comments during the prescribed comment period. A request for reconsideration must be received by Pat Pourchot, Commissioner, Department of Natural Resources, in Suite 1400 of the Atwood Building, located at 550 W. 7th Ave., in Anchorage, Alaska 99501, or received by fax at (907) 269-8918 by **5:00 p.m. (ADT), February 27, 2001**. If the commissioner fails to act on the request for reconsideration by **March 9, 2001**, the request is considered denied.

A denial of a request for reconsideration is the final administrative decision for purposes of appeal to Superior Court. A person may appeal the decision of No New Information to the Superior Court only if the person was eligible to request, and did request, an administrative reconsideration of the decision of No New Information by the commissioner. An appellant must initiate an appeal to the Superior Court within 30 days from the date of denial of that reconsideration or from the date of distribution of the denial decision, in accordance with the rules of court and to the extent permitted by applicable law.

Sale Information

Copies of the final finding are available at the following locations: the Public Libraries in Palmer, Wasilla, Kenai, Ninilchik, Homer, Soldotna, Anchor Point and Seldovia; the Loussac Public Library in Anchorage; the Matanuska-Susitna (MSB) Planning Dept. offices in Palmer; the Kenai Peninsula Borough (KPB) Planning Dept. offices in Soldotna; and the Municipal Clerk's office of the Municipality of Anchorage (MOA).

Complete details regarding Cook Inlet Areawide 2001 including the following documents are on the DO&G's Webpage at: **<http://www.dog.dnr.state.ak.us/oil>**:

- Sale Announcement w/Mitigation Measures,
- Instructions to Bidders and Attachment A (Estimated acreage figures) and Bid form,
- Final Finding, Supplement to the Final Finding and decision of No New Information
- Tract maps

Paper copies of these documents, as well as other information, are available by phoning during regular office hours or writing, DO&G 550 West 7th Avenue, Suite 800, Anchorage, Alaska 99501, Attn: Suzanne Gaguzis, (907) 269-8803.

Copies of the official Tract Maps for North Slope Foothills Areawide 2001 may be obtained in the following manners:

For a free printed version:

Contact: Suzanne Gaguzis
Division of Oil and Gas
550 West 7th Avenue, Suite 800; Anchorage, AK. 99501,
Phone: 269-8803, email at msg@dnr.state.ak.us,

For a CD-ROM:

Contact: State of Alaska
Division of Support Services
Land Record Information Section
550 West 7th Avenue, Suite 706 Anchorage, AK 99501
Fax: 907-269-8920, email at gispubac@dnr.state.ak.us,
Phone: Carrie Marvel at: 269-8833

The CD also contains a copy of the Final Finding, and the Instructions to Bidders which includes "Attachment A" (estimated acreage for each tract). The cost for each CD version of the tract Map is \$50.00, plus \$3.50 for postage. Please make checks payable to: Department of Revenue, State of Alaska. DO&G will include a free copy of Adobe Reader v3.01 for PCs and MACs on the CD to assist in the viewing of the PDF (plot file) format.

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 contact Suzanne Gaguzis at (907) 269-8803 to make any necessary arrangements.



Mark D. Myers,
Director