

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

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NOTICE OF SALE

NORTH SLOPE AREAWIDE 2004 BEAUFORT SEA AREAWIDE 2004

COMPETITIVE OIL AND GAS LEASE SALES

The Alaska Department of Natural Resources (ADNR), Division of Oil and Gas (DO&G), will offer lands for competitive oil and gas leasing in North Slope Areawide 2004 (NSA) and Beaufort Sea Areawide 2004 (BSA) oil and gas lease sales on October 28, 2004. Bid opening begins at 8:30 a.m. in the Wilda Marston Theater, in the Loussac Public Library, 3600 Denali St., in Anchorage.

Both sale areas are divided into tracts ranging in size from 640 to 5,760 ac. NSA has 1,225 tracts and BSA has 573 tracts. NSA lies between the Arctic National Wildlife Refuge (ANWR) and the National Petroleum Reserve – Alaska (NPR). The southern boundary of the sale area is the Umiat baseline. BSA consists of state-owned tide and submerged lands extending from Pt. Barrow to the Canadian border. Tracts 27 through 39, located east of Kaktovik, and tracts 555 and 557 through 573, between Tangent Pt and Pt. Barrow, are being deferred from this lease sale.

Tracts 1 through 26, offshore ANWR, which had been deferred in previous areawide lease sales, will be included in this sale. DO&G has developed a new mitigation measure to ensure that exploration, development and production activities within tracts 1 through 26 are conducted in a manner that prevents unreasonable conflicts between oil and gas activities and subsistence whale hunting. Under new Mitigation Measure 18, the lessee shall consult with the North Slope Borough, the Alaska Eskimo Whaling Commission, and the community of Kaktovik to discuss how the siting, timing, and methods of proposed operations can be planned and carried out to avoid potential conflicts with subsistence whale hunting. This consultation may include negotiating a conflict avoidance agreement.

North Slope Areawide

Bidding Method: Cash bonus bidding with a minimum bid of \$10 per acre on all tracts.

Royalty Rate: Leases issued on State and State/ASRC tracts 0520 through 1225 will have a fixed royalty rate of 16-2/3 %. Leases issued on state tracts 0001 through 0519 will have a fixed royalty rate of 12.5%.

Length of Lease: All leases will have a term of 7 years.

Beaufort Sea Areawide

Bidding Method: Cash bonus bidding with a minimum bid of \$10 per acre on all tracts.

Royalty Rate: Leases issued on tracts 1 through 26, 40 through 77, 500 through 554, and 556 will have a fixed royalty rate of 12.5%. Leases issued on tracts 78 through 499 will have a fixed royalty rate of 16-2/3%.

Length of Lease: Leases issued on tracts 1 through 26, 40 through 77, 500 through 554, and 556 will have a term of 10 years. Leases issued on all tracts 78 through 499 will have a term of 7 years.

“Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans.”

Rental

Annual rental on all state leases is \$1.00 per acre for the first year, \$1.50 per acre for the second year, \$2.00 per acre for the third year, \$2.50 per acre for the fourth year, and \$3.00 per acre for the fifth and following years.

Bidder's Information

Complete details regarding these lease sales, including the sale announcements in their entirety, regional tract maps, instructions to bidders, and tract deletions are available on the division's website:

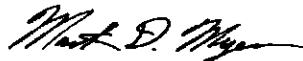
www.dog.dnr.state.ak.us. If unable to access this information, contact Letha Groom, (907) 269-8814, email at lyg@dnr.state.ak.us. The sale announcements and regional tract maps are also available in the following locations: Nuiqsut Public Library, North Slope Borough Library Media Center, North Slope Borough Offices, Tuzzy Consortium Library in Barrow, City of Barrow Municipal Offices, Kaveolook School Library in Kaktovik, Loussac Public library in Anchorage, and the Division of Oil and Gas. Copies of the regional tract maps will also be available, for \$25 per set, at the division's office.

Decision of No New Information

The Commissioner of Natural Resources has issued a *Decision of No New Information* for both lease sales. These decisions are available on the division's website and at the above-mentioned locations. A person affected by this decision who provided timely written comment or public hearing testimony on this decision may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received by August 18, 2004 and may be mailed or delivered to Tom Irwin, 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@dnr.state.ak.us. If reconsideration is not requested by that date or if the commissioner does not order reconsideration on his own motion, this decision goes into effect as a final order and decision on August 30, 2004. Failure of the commissioner to act on a request for reconsideration within 30 days after issuance of this decision is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. An eligible person must first request reconsideration of 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.

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 contact Letha Groom, (907) 269-8814, to make any necessary arrangements.



Mark D. Myers
Director