

# STATE OF ALASKA

Department of Natural Resources

Division of Oil and Gas

*Tony Knowles, Governor*

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ANCHORAGE, ALASKA 99501

February 7, 2001

Phone: 269-8804

## SALE ANNOUNCEMENT

### STATE OF ALASKA

#### NORTH SLOPE FOOTHILLS AREA WIDE 2001 COMPETITIVE OIL AND GAS LEASE SALE

The Department of Natural Resources (DNR), Division of Oil and Gas (DO&G), gives notice under AS 38.05.945(a)(4), that it will offer lands for competitive oil and gas leasing in North Slope Foothills Areawide 2001 Oil and Gas Lease Sale. The lease sale is scheduled to be held at 8:30 a.m., on May 9, 2001, in the Wilda Marston Theater, in the Loussac Public Library, 3600 Denali Street, in Anchorage.

The sale area covers approximately 7.8 million acres lying between the Arctic National Wildlife Refuge and the National Petroleum Reserve-Alaska, south of the Umiat Meridian Baseline to the Gates of the Arctic National Park and Preserve. The sale area, which is entirely within the North Slope Borough, has been divided into 1,384 tracts ranging in gross area from 1,280 to 5,760 acres. Activities resulting from this sale may affect the cities of Anaktuvuk Pass, Barrow, Nuiqsut, and Kaktovik, and the community of Deadhorse.

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.

#### State/ASRC Lands

There are no lands jointly owned by the State of Alaska and ASRC within this sale area. ASRC does own a substantial amount of acreage, which is not shown on the attached tract maps. This acreage is however on the 1:320,000 Regional Tract Map. This map is available from the Division; it is also on the Division's website.

### **Best Interest Finding and ACMP Consistency Determination**

In support of this lease sale, the director of DO&G has prepared 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. In addition, a final coastal zone consistency determination has been made that this sale is consistent with the Alaska, and North Slope Borough's Coastal Management Programs (ACMP) under AS 46.40.

This Best Interest Finding is a final administrative decision of the department. A person who is aggrieved by this finding or the division's responses to comments may request the commissioner to reconsider the decision under AS 38.05.035(i) and (j). To be eligible an appellant must have meaningfully participated in the process to develop the finding by either submitting written comments during the prescribed comment periods, or by presenting oral testimony at a public hearing regarding the sale. 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. 7<sup>th</sup> 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 best interest finding received to the Superior Court only if the person was eligible to request, and did request, an administrative reconsideration of the finding 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.

### **Mitigation Measures**

AS 38.05.035(e) and the departmental delegation of authority give the director, DO&G, the authority to impose conditions or limitations, in addition to those imposed by law, to ensure that the disposal best serves the interests of the state. To meet this requirement, the director has adopted environmental and social mitigation measures that will be enforced throughout the duration of the lease. These mitigation measures are necessary to protect biological, cultural and archeological resources, and to mitigate social impacts of lease related activities. Enforcement will be imposed through approval of plans of operations, exploration and development and other permits. DO&G will review these plans for consistency with the ACMP under 6 AAC 50. The lessee must obtain all the necessary permits and approvals otherwise required by law or regulation for the proposed activity. Additional restrictions may be imposed through the permitting process and the ACMP review process.

## Sale Terms

### **Bidding Method:**

The bidding method for all tracts in North Slope Foothills Areawide 2001 will be cash bonus bidding with a minimum bid of **five (\$5) per acre** on all tracts.

### **Royalty Rate/Length of Lease:**

Leases issued on North Slope Foothills Areawide 2001 will have a fixed royalty rate of **twelve and one half percent (12.5%)** and will have a lease term of **ten (10)** years.

### Rental

Annual rental will be \$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.

### Bonding

Before beginning lease operations, an oil and gas lease bond of a minimum of \$10,000 per operation is required under 11 AAC 83.160. In the alternative, a statewide oil and gas lease bond of a minimum of \$500,000 for operations conducted on more than one lease may be filed. These bonding provisions do not affect the commissioner's authority to require additional unusual-risk bonds as may be necessary. In addition, the Alaska Oil and Gas Conservation Commission (AOGCC) requires a bond of at least \$100,000 for a single well or a bond of at least \$200,000 to cover wells statewide before drilling operations will be permitted by AOGCC.

### Sale Information

Copies of the final finding are available at 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, Anaktuvuk Pass Mayor's office, Kaveolook School Library in Kaktovik and Loussac Public Library in Anchorage.

Complete details regarding North Slope Foothills 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
- 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 7<sup>th</sup> 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:**

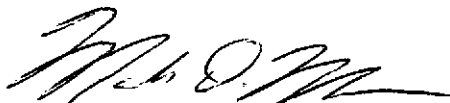
Contact: Suzanne Gaguzis  
Division of Oil and Gas  
550 West 7<sup>th</sup> Avenue, Suite 800; Anchorage, AK. 99501,  
Phone: 269-8803, email at [msg@dnr.state.ak.us](mailto:msg@dnr.state.ak.us),

**For a CD-ROM:**

Contact: State of Alaska  
Division of Support Services  
Land Record Information Section  
550 West 7<sup>th</sup> Avenue, Suite 706 Anchorage, AK 99501  
Fax: 907-269-8920, email at [gispubac@dnr.state.ak.us](mailto: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

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