

STATE OF ALASKA

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NOTICE OF SALE

NORTH SLOPE FOOTHILLS AREA WIDE 2004
COOK INLET AREA WIDE 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 Foothills Areawide 2004 and Cook Inlet Areawide 2004 Oil and Gas Lease Sales on May 19, 2004. Bid opening begins at 8:30 a.m. in the Wilda Marston Theater, in the Loussac Public Library, 3600 Denali St., in Anchorage.

North Slope Foothills Areawide is divided into 1,347 tracts ranging in size from 1,280 to 5,760 acres. The sale area lies between the Arctic National Wildlife Refuge (ANWR) and the National Petroleum Reserve – Alaska (NPRA). The northern boundary of the sale area is the Umiat Meridian baseline; the southern boundary is the Gates of the Arctic National Park and Preserve.

Cook Inlet Areawide is divided into 815 tracts ranging in size from 640 to 5,760 acres. The sale is located in the Matanuska and Susitna Valleys, the Anchorage Bowl, the western and southern Kenai Peninsula from Pt. Possession to Anchor Pt., on the western shore of Cook Inlet from the Beluga River to Harriet Pt., as well as within Cook Inlet.

North Slope Foothills Areawide 2004

Bidding Method: Cash bonus bidding with a minimum bid of **five dollars (\$5) per acre** on all tracts.
Royalty Rate: All leases will have a fixed royalty rate of **twelve and one-half percent (12.5%)**.
Length of Lease: All leases will have a term of **ten (10) years**.

Cook Inlet Areawide 2004

Bidding Method: Cash bonus bidding with a minimum bid of **five dollars (\$5) per acre** on all tracts.
Royalty Rate: All leases will have a fixed royalty rate of **twelve and one-half percent (12.5%)**.
Length of Lease: All leases will have a term of **seven (7) years**.
EICs: **73 offshore tracts** have been assigned an **Exploration Incentive Credit (EIC) of \$200 per foot drilled for the first exploratory well per tract, not to exceed 20% of the total well costs**. Credit may be earned during the first three years of the primary term, and is inclusive of other allowed exploration and development credit programs. A complete list of EIC tracts is in the expanded CI Sale Announcement on the division's website: www.dog.dnr.state.ak.us/oil.

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.

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

Bidder's Information

Complete details regarding these lease sales, including the sale announcements in their entirety, instructions to bidders, and regional tract maps are available on the division's website. If unable to access this information, contact Suzanne Gaguzis, (907) 269-8803, email at msg@dnr.state.ak.us. Sale announcements and regional tract maps are also available in the following locations.

North Slope Foothills: 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.

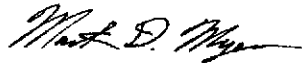
Cook Inlet: the Public Libraries in Palmer, Wasilla, Kenai, Ninilchik, Homer, Soldotna, Anchor Point and Seldovia; the Loussac Public Library in Anchorage; the Matanuska-Susitna Planning Dept. offices in Palmer; the Kenai Peninsula Borough Planning Dept. offices in Soldotna; and the Anchorage Municipal Clerk's office.

Decision of No New Information

The Commissioner of Natural Resources has issued *Decision of No Substantial New Information* for NSF 2004, and, based on information received concerning beluga whales, has issued *Decision to Supplement Cook Inlet Areawide Oil and Gas Lease Sale Best Interest Finding* for CI 2004. These decisions and the supplement to the finding are available on the division's website and at the above-mentioned locations.

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



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