



January 5, 2018

Director's Determination of State Lands Subject to Oil and Gas Exploration Licensing Nenana Area

The State of Alaska offers oil and gas exploration licenses through its exploration licensing program. The intent of the oil and gas exploration licensing program (AS 38.05.131-134) is to encourage exploration in areas far from existing infrastructure, with unknown hydrocarbon potential, and where there is a higher investment risk to the operator. Licensees are required to provide any data collected under an exploration license to the state (11 AAC 82.981). The exploration licensing program does not apply to certain lands (already subject to areawide lease sales) in the North Slope and Cook Inlet regions as specified by AS 38.05.131(b).

On November 30, 2017 under AS 38.05.131(c), the director of the Division of Oil and Gas (DO&G), under delegation of authority from the Department of Natural Resources (DNR) commissioner, made a preliminary written determination of the state land that may be subject to the provisions of exploration licensing. The preliminary determination was given public notice using the methods described in AS 38.05.945(b). The deadline for public comments was January 2, 2018, and DO&G received one timely public comment. A summary of the comment received and the director's response is included in Attachment A of this determination. After evaluating the comment, the director has determined that the boundaries and scope of the preliminary determination will not be changed for this final written determination.

The Alaska constitution directs the state "to encourage . . . the development of its resources by making them available for maximum use consistent with the public interest" (Alaska Constitution, art. III §§1, 2). The people of Alaska have an interest in developing the state's oil and gas resources and maximizing the economic and physical recovery of those resources (AS 38.05.180(a)).

The director of the DO&G, under delegation of authority from the DNR commissioner, is making a final written determination that all state-owned acreage in the Nenana Area License Determination Area will be available for oil and gas exploration licensing subject to the provisions of AS 38.05.132. Only state-owned oil and gas mineral estates within the Nenana determination area that are free and unencumbered may be available for exploration licensing. Lands that the state acquires title to may be included in a future exploration license once they are conveyed to the state.

The Nenana determination area consists of state-owned unencumbered lands as depicted on page 3 of this determination. A full legal description can be found in Attachment B of this determination.

The land within the Nenana determination area has unknown oil and gas potential and there is limited access to existing oil and gas infrastructure in much of the region. Although oil and gas

exploration has occurred in the past, technological advancements may facilitate more effective and efficient exploration. Further, the state would benefit from geological and geophysical data that may result from potential exploration. Additionally, this determination comports with constitutional direction to encourage the development of the state's resources, and with the legislature's direction that it is in the state's interest to develop the state's oil and gas resources. For these reasons, this area is suitable to be available for exploration licensing.

If DO&G receives an exploration license proposal within the Nenana determination area, the director will take a hard look at the specific area for any such proposal through the public notice and best interest finding processes as required by AS 38.05.133. If an exploration license proposal is received and is found to be in the best interest of the state, licensees and exploration activities will be subject to all pertinent federal, state, and local laws and regulations. Further, mitigation measures will be developed for a specific license to limit the effects on the local communities and surrounding environment. Through these processes, there will be additional opportunities for public comment and input regarding future exploration license proposals.

For these reasons, the director has determined that state land in this Nenana determination area will be subject to exploration licensing under AS 38.05.132.

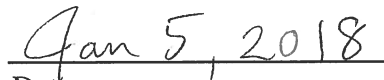
This determination is not a sale, lease, license, or other disposal of interest in land, nor is it a best interest finding. DO&G is not constrained by this determination, nor is DO&G prevented from making a future finding that a specific exploration license proposal within the Nenana determination area is not in the state's best interest.

A person affected by this decision who provided timely written comment or public hearing testimony on this decision may appeal in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to 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@alaska.gov.

An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. If the commissioner does not act on an appeal within 30 days after issuance of this decision, the appeal is considered denied and this decision becomes a final administrative order and decision by the 31st day after issuance for the purposes of an appeal to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.



Chantal Walsh, Director



Date

cc: Heather Weatherell
Alaska Mental Health Trust Land Office
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Director's Determination of State Lands Subject to Oil and Gas Exploration Licensing Nenana Region

Attachment A: Responses to Timely Public Comments on the Director's Preliminary Determination

Each timely comment, including the director's response, is summarized below.

Alaska Mental Health Trust Land Office

Comment Summary: The Alaska Mental Health Trust Land Office (TLO) manages Trust lands owned by the Alaska Mental Health Trust Authority according to AS 38.05.801 and 11 AAC 99. The TLO manages multiple Trust parcels in F004S008W within the Nenana Area Exploration License Determination Area. Any use of Trust land or removal of resources from Trust land must be authorized by the TLO.

The TLO requests that the written determination specify that Alaska Mental Health Trust lands and resources are excluded from Nenana Area oil and gas exploration licensing.

Director's Response: This determination is not a sale, lease, license, or other disposal of interest in lands, nor is it a best interest finding, and it is required by AS 38.05.131(c). The Division of Oil and Gas recognizes that the map provided in the determination does not identify all the land ownership or status included in the region. If, in the future, an exploration license is issued within this determination area, the licensee will be required to seek additional permissions from any land owner other than the state to gain access and proceed with any exploration activities.

Conclusion

The director has considered the comments submitted in response to the public comment period, and determines that lands described in the Southcentral Alaska Region Determination of Lands are subject to exploration licensing under AS 38.05.132.

Nenana Determination Area



66°0'0"N

64°0'0"N

62°0'0"N

154°0'0"W

152°0'0"W

150°0'0"W

148°0'0"W

146°0'0"W

Fairbanks North Star Borough

● Fairbanks

● Nenana

Denali Borough

Matanuska-Susitna Borough

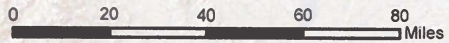
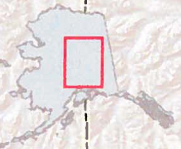
● Talkeetna

● Paxson

● Glennallen

● Palmer

Trans-Alaska Pipeline



Date printed : 11/28/2017

Attachment B: Nenana Area Exploration License Determination Area Legal Description

All state-owned, unencumbered mineral estate located within the Nenana area, more precisely located within the following area:

- T. 2N., R. 7W., Fairbanks Meridian, Alaska, Sections 13-36;
- T. 2N., R. 6W., Fairbanks Meridian, Alaska, Sections 17-20, 29-32;
- T. 1N., R. 8W., Fairbanks Meridian, Alaska, Sections 1-3, 10-15, 22-27, 34-36;
- T. 1N., R. 7W., Fairbanks Meridian, Alaska, Sections 1-12, 14-23, 26-35;
- T. 1S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-3, 10-15, 22-27, 34-36;
- T. 1S., R. 11W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 1S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 1S., R. 9W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 1S., R. 8W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 1S., R. 7W., Fairbanks Meridian, Alaska, Sections 2-23, 26-35;
- T. 2S., R. 13W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 2S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 2S., R. 11W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 2S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 2S., R. 9W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 2S., R. 8W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 2S., R. 7W., Fairbanks Meridian, Alaska, Sections 2-11, 14-23, 28-33;
- T. 3S., R. 13W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 3S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 3S., R. 11W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 3S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 3S., R. 9W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 3S., R. 8W., Fairbanks Meridian, Alaska, Sections 1-22, 27-34;
- T. 3S., R. 7W., Fairbanks Meridian, Alaska, Sections 4-9, 16-18;
- T. 4S., R. 13W., Fairbanks Meridian, Alaska, Sections 1-36;
- T. 4S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-36;

T. 4S., R. 11 W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 4S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 4S., R. 9W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 4S., R. 8W., Fairbanks Meridian, Alaska, Sections 3-10, 15-22, 27-34;
T. 5S., R. 13W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 5S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 5S., R. 11W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 5S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 5S., R. 9W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 6S., R. 13W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 6S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 6S., R. 11W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 6S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 6S., R. 9W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 7S., R. 13W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 7S., R. 12W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 7S., R. 11W., Fairbanks Meridian, Alaska, Sections 1-36;
T. 7S., R. 10W., Fairbanks Meridian, Alaska, Sections 1-36; and
T. 7S., R. 9W., Fairbanks Meridian, Alaska, Sections 4-9, 16-21, 28-33.