

Special Alaska Lease Sale Areas (SALSA)

*Preview of large, contiguous lease sale blocks to be offered
in Fall 2019 Competitive Oil & Gas Lease Sales*

Division of Oil & Gas
Alaska Department of Natural Resources
July 3, 2019



MESSAGE TO EXPLORERS AND INVESTORS

Dear Explorers and Investors,

Last year, the State of Alaska offered three Special Alaska Lease Sale Areas (SALSAs) in conjunction with the Fall 2018 Beaufort Sea and North Slope Areawide lease sales. None of the blocks were sold and we wondered why. We did some informal polling and found the most common reason was lack of time to complete interpretations, evaluations and decisions on those offerings. Thus, we are pleased to offer the same blocks, with the same or similar terms and conditions, for Alaska's Fall 2019 lease sale. The same three lease sale blocks — Harrison Bay, Storms, and Gwydyr Bay — will be available in 2019.

The SALSA blocks offer an opportunity to bid on large, contiguous-acreage blocks. The special lease sale re-offerings will happen concurrently with the Fall 2019 Competitive Oil and Gas Lease Sales. The Division of Oil and Gas has gathered and highlighted large amounts of publicly-available data that bears on the SALSA areas. Additionally, each lease sale block has 3D seismic data acquired through the State of Alaska Tax Credit Program which remain available through the Department of Natural Resources for a modest fee. This compilation is meant to provide a jump start in understanding what data is available for the SALSA blocks. Sources of the data are also provided so you can expand your search to areas outside of the SALSA. This rich and insightful information will help you interpret and evaluate Alaska's resources quicker. The terms and conditions for the 2019 SALSA sales will be public noticed when determined. For 2018, this information was made available around mid-August. We have updated pieces and parts of the slideshow where time and resources have allowed. You are encouraged to seek out and evaluate any new data we may not have updated.



The State of Alaska is “Open for Business” and we are pleased to get you started on the path to success with this data. I look forward to seeing you at the Sale.

Corri Feige, DNR Commissioner

For detailed, formal information on SALSA in the Fall 2018 Competitive Oil and Gas Lease Sales please visit <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale>. Later, updated material for the 2019 sales will be posted as available in the same location under Current Lease Sales.

With respect to this information, please review the important disclaimer at the end of this presentation.

WHERE TO FIND THIS SLIDESHOW

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JDE	NATURAL GAS	OIL PRODUCTION
West Coast Delivery	Henry Hub	ANS
\$70.72 \$0.22 ▲	\$2.57 \$0.02 ▼	494,933
5/3/2019	5/3/2019	5/5/2019

CURRENT NOTICES

Notice of Analysis and Proposed Decision Trans-Alaska Pipeline Right-of-way Lease Amendments, ADL 63574 Cathodic Protection Improvements and Bank Erosion Control Structure along Lowe River at Pipeline Milepost 779

Analysis and Proposed Decision
4/30/2019

Special Alaska Lease Sale Areas (SALSA) 05/07/2019
Preview of large, contiguous lease sale blocks intended to be offered in Fall 2019 Competitive Oil & Gas Lease Sales - update 5/10/2019
General - Leasing

LOCI 94-007 Hilcorp TBU Monopod Platform Oil Riser Replacement - Approved 04/30/2019
General - Permitting

LONS 85-102 CPAI KRU Instrumented Road Test Section Unit Plan of Ops Amendment - Approved 04/24/2019
General - Permitting

ADL 420428 CPAI GMT1 Waterline Private 04/09/2019

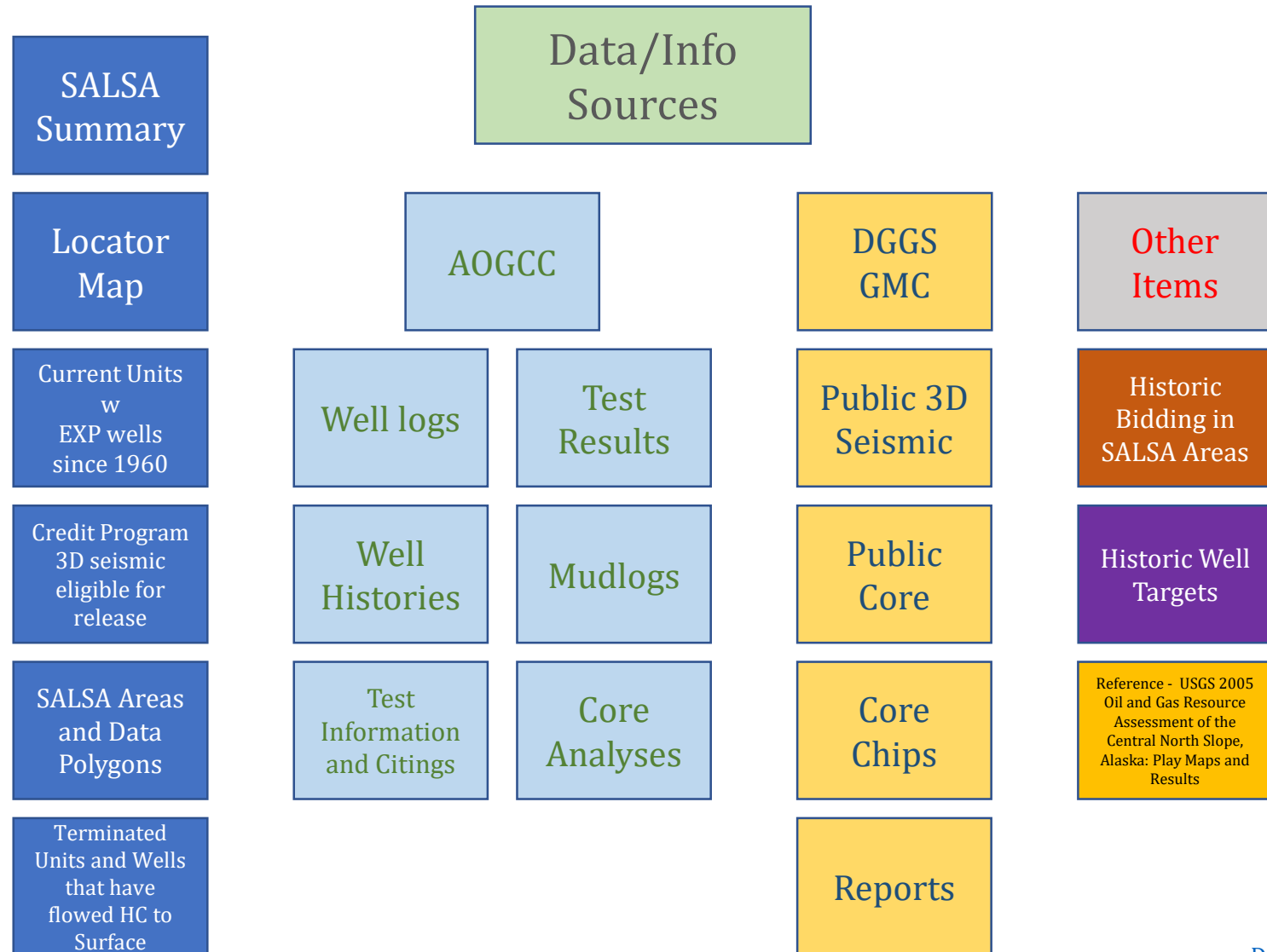
<http://dog.dnr.alaska.gov/Library/SALSA>

or ... just type 'SALSA' in the search bar on any DOG webpage

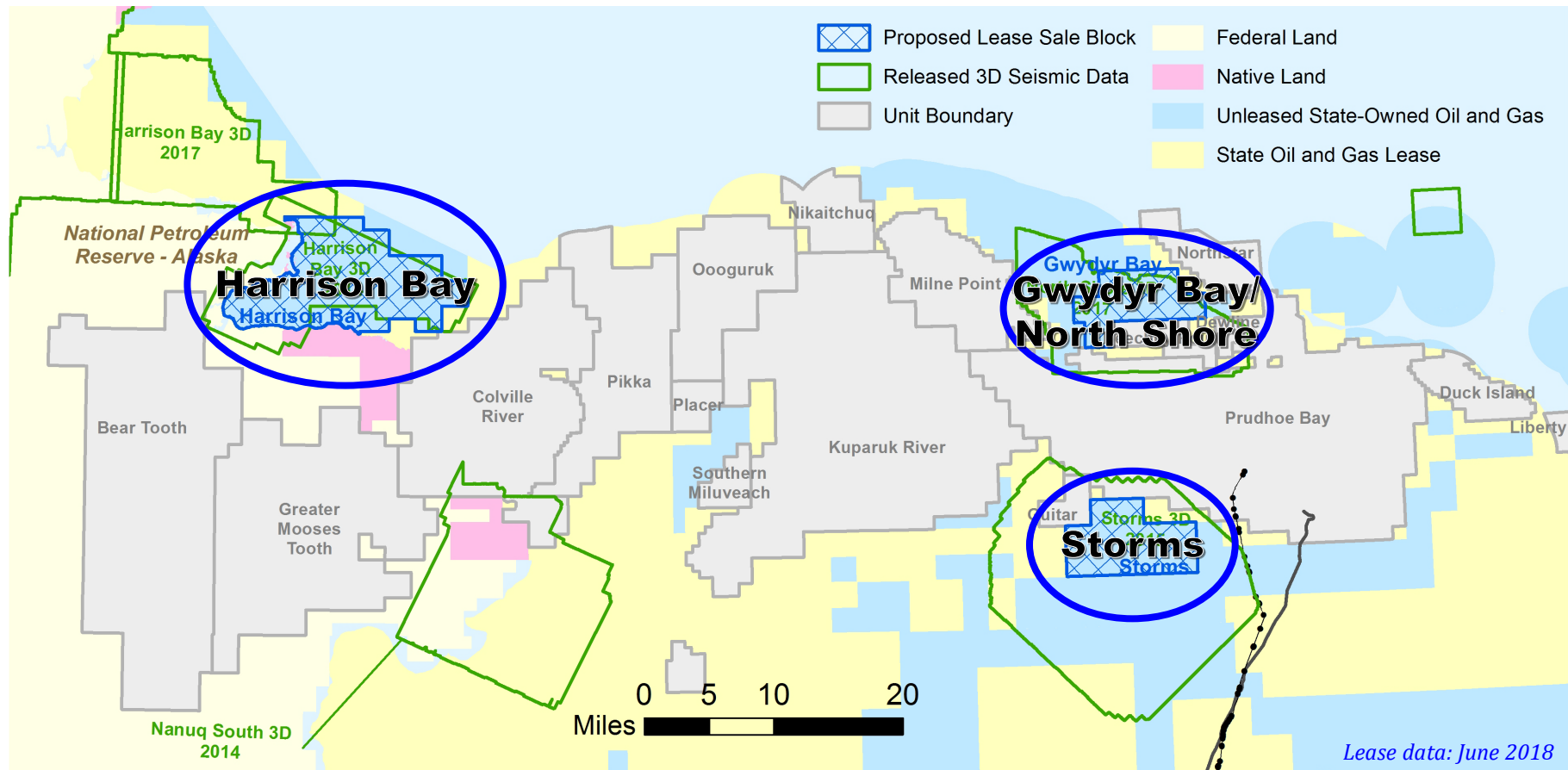
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SALSA 2019 PUBLIC DATA



PROPOSED SPECIAL LEASE SALE FALL 2019 SALSA AREAS

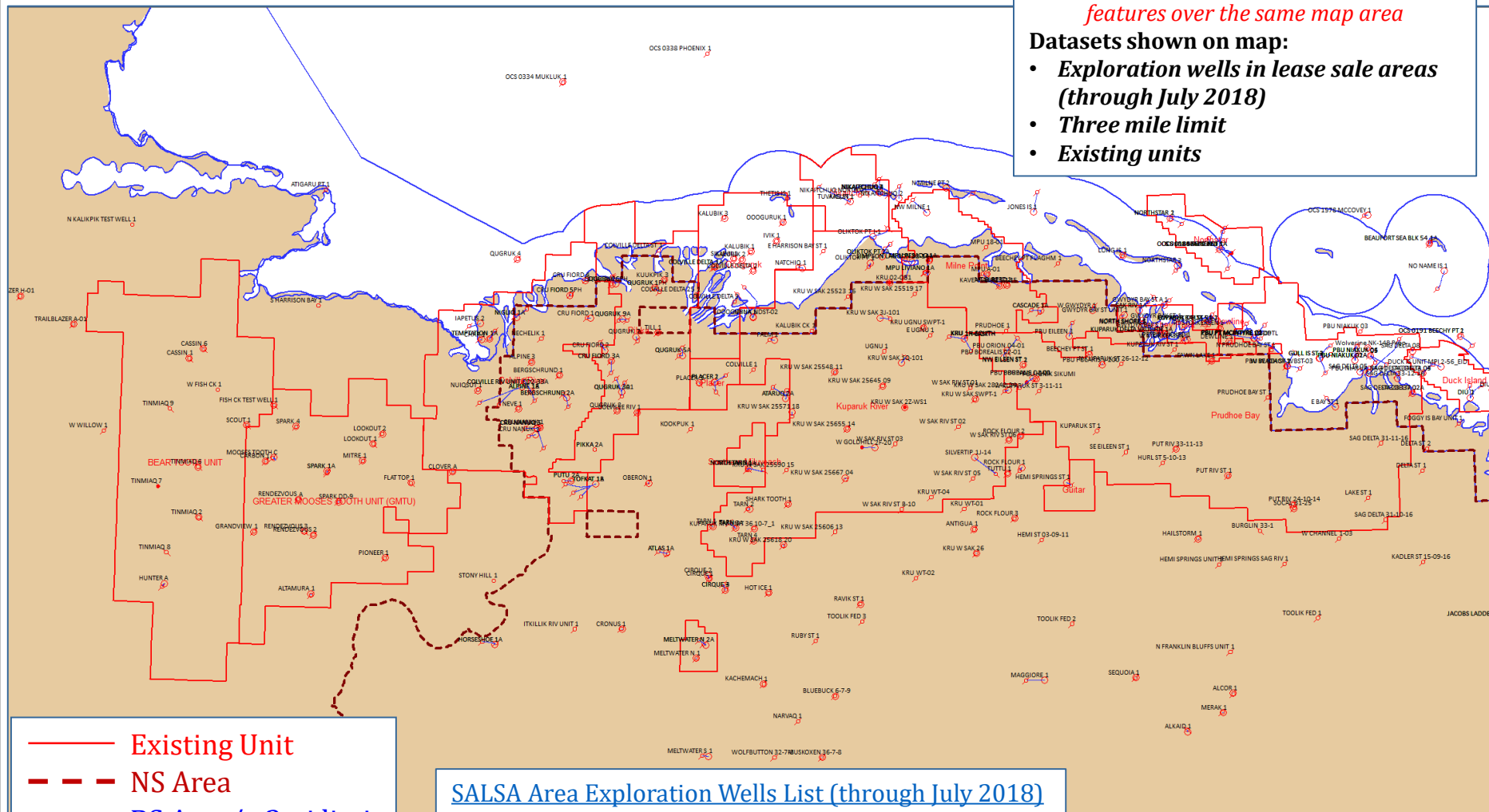


EXPLORATION WELLS IN NS/BS IN AREA OF INTEREST

Each of the following slides shows different features over the same map area

Datasets shown on map:

- Exploration wells in lease sale areas (through July 2018)
- Three mile limit
- Existing units




TAX CREDIT 2D/3D SEISMIC

Datasets shown on map:

- *Exploration wells (through July 2018)*
- *NS/BS Sale Areas*
- *Three-Mile limit*
- *Existing Units*
- *Credit 3Ds – Date eligible for Release*
- *Credit 3Ds –Released, SALSA*
- *Tax Credit 2D seismic*

Pike BH planning 2D reprocessing 2016



**Harrison Bay
(COP)
3D Survey**

N. Shore 3D Survey

Storms 3D Survey

Rock Flour
N FRANKLIN
South 2D 2016

Great Bear 2016
Seismic 3D
2027

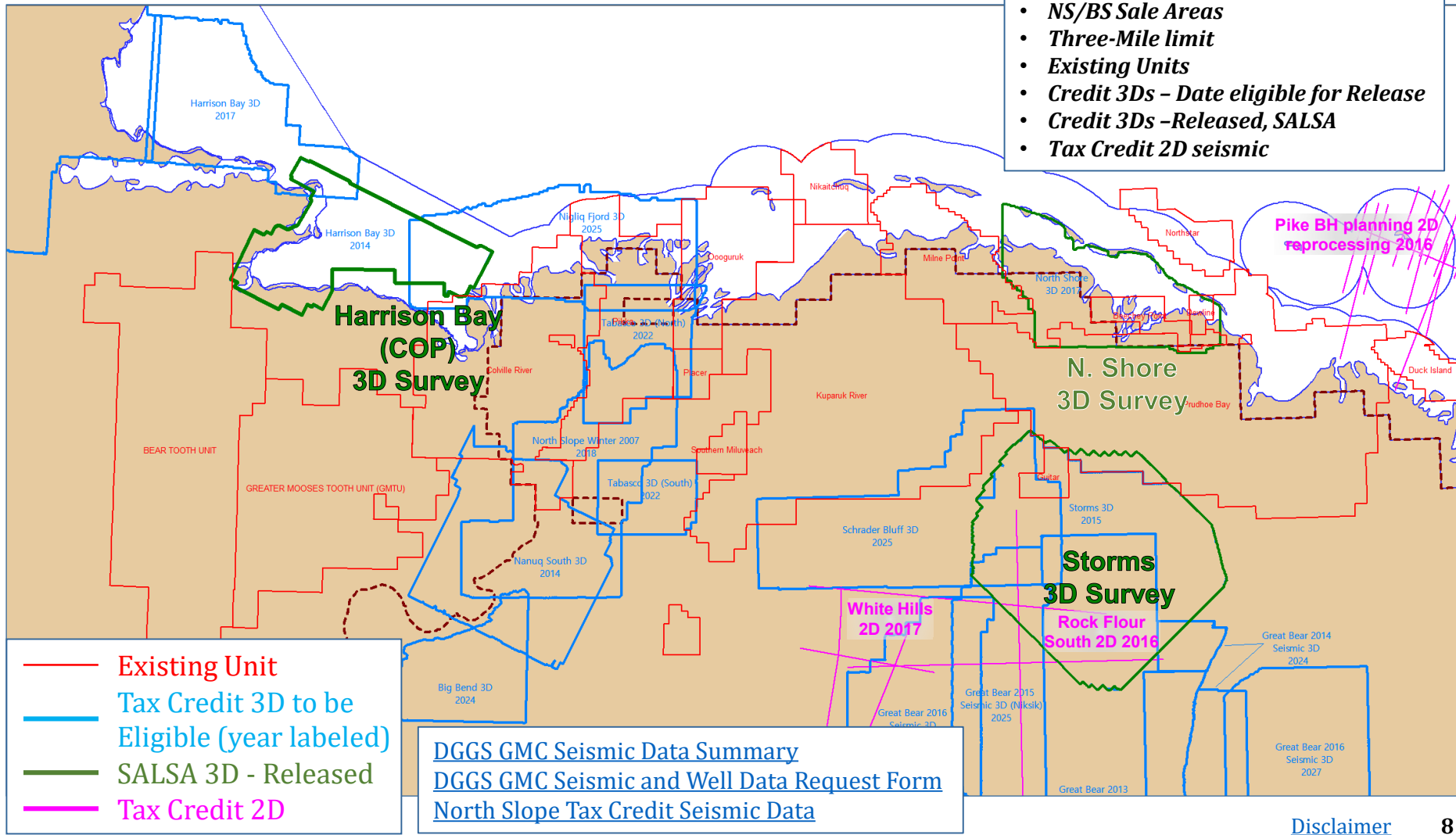
Existing Unit
Tax Credit 3D to be
Eligible (year labeled)
SALSA 3D - Released
Tax Credit 2D

[DGGS GMC Seismic Data Summary](#)
[DGGS GMC Seismic and Well Data Request Form](#)
[North Slope Tax Credit Seismic Data](#)

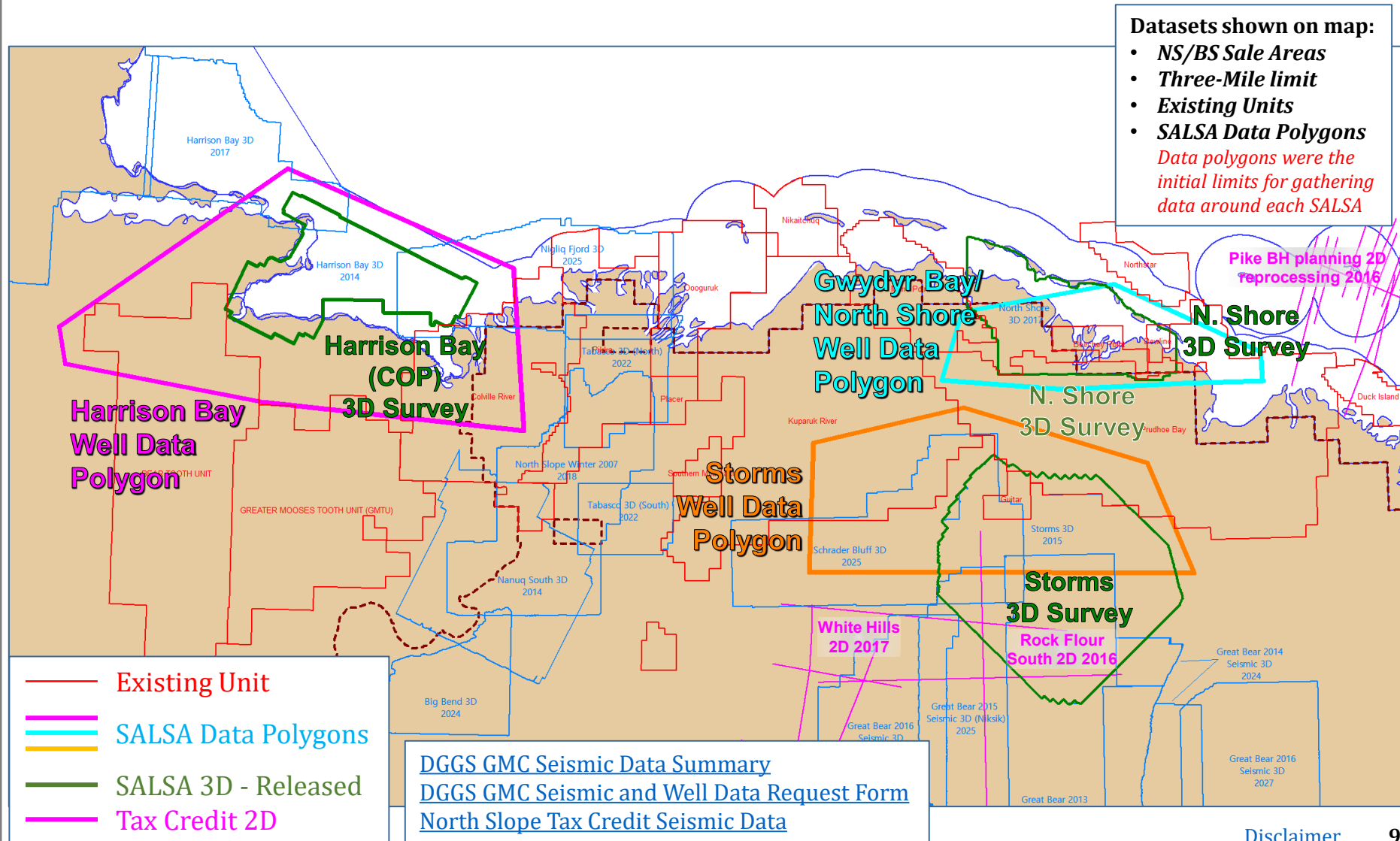
TAX CREDIT 2D/3D SEISMIC

Datasets shown on map:

- *NS/BS Sale Areas*
- *Three-Mile limit*
- *Existing Units*
- *Credit 3Ds - Date eligible for Release*
- *Credit 3Ds - Released, SALSA*
- *Tax Credit 2D seismic*



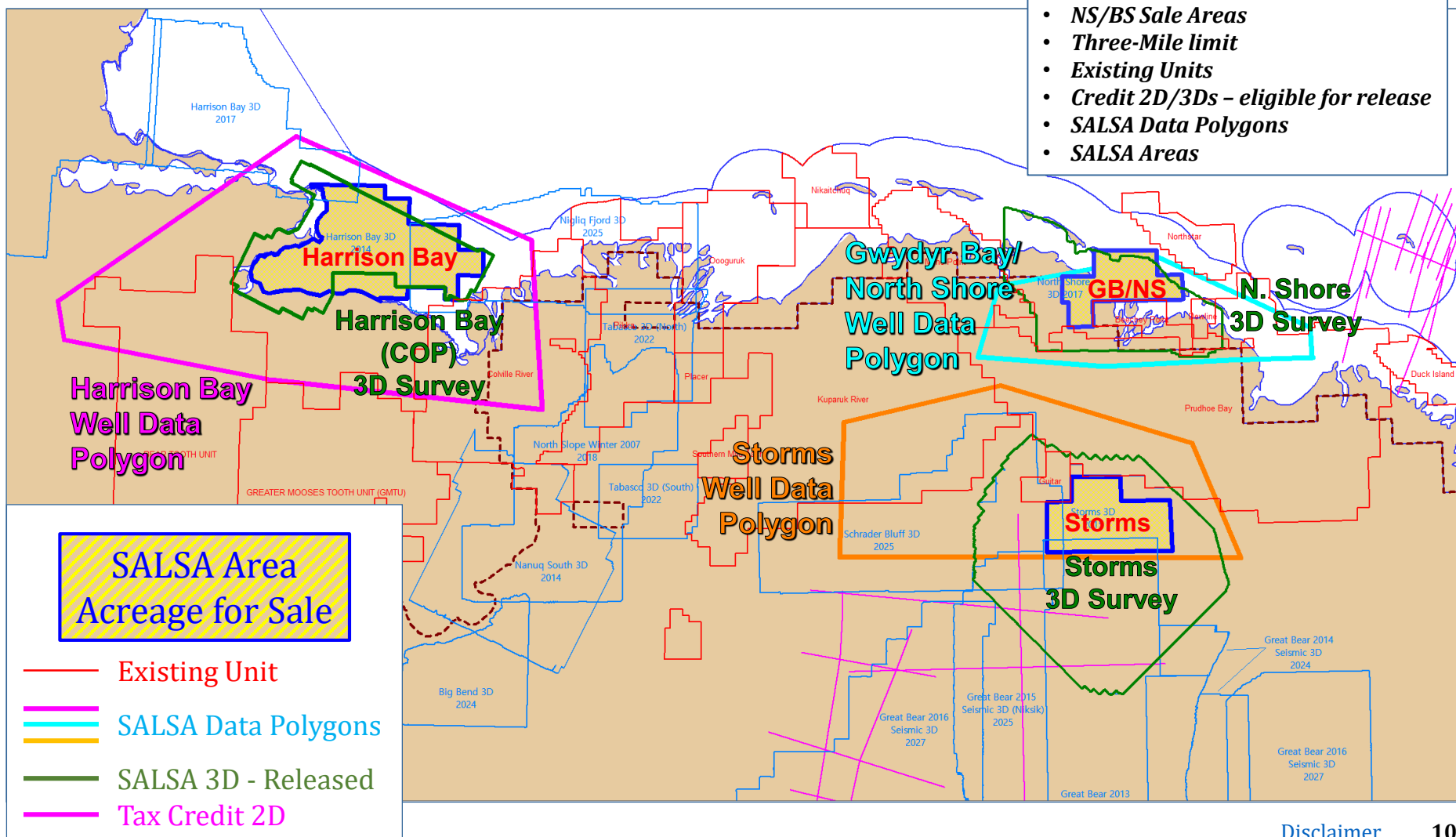
SALSA AREA 3D SEISMIC SURVEYS



SALSA BLOCKS

Datasets shown on map:

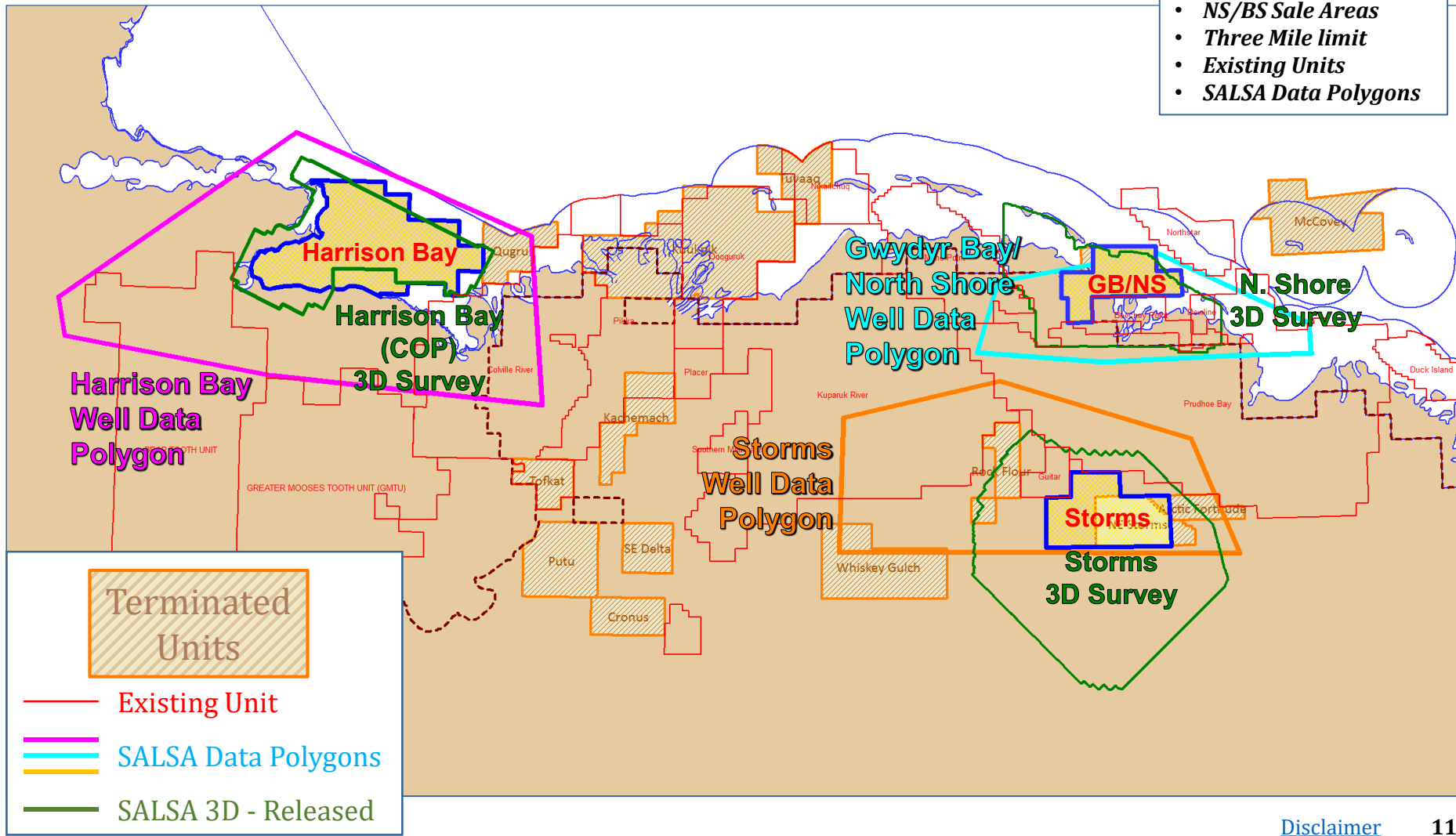
- **NS/BS Sale Areas**
- **Three-Mile limit**
- **Existing Units**
- **Credit 2D/3Ds – eligible for release**
- **SALSA Data Polygons**
- **SALSA Areas**



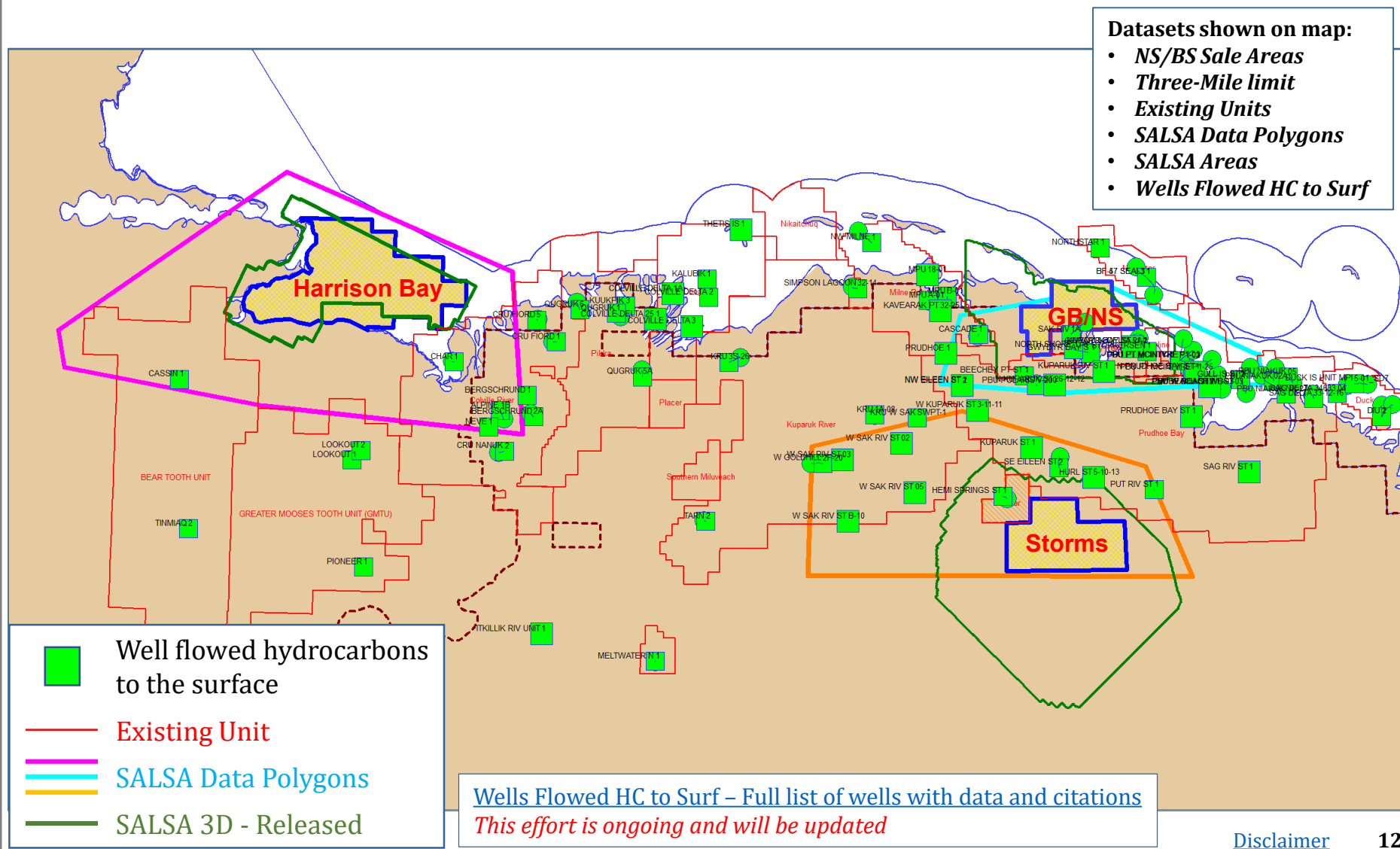
TERMINATED UNITS

Datasets shown on map:

- NS/BS Sale Areas
- Three Mile limit
- Existing Units
- SALSA Data Polygons



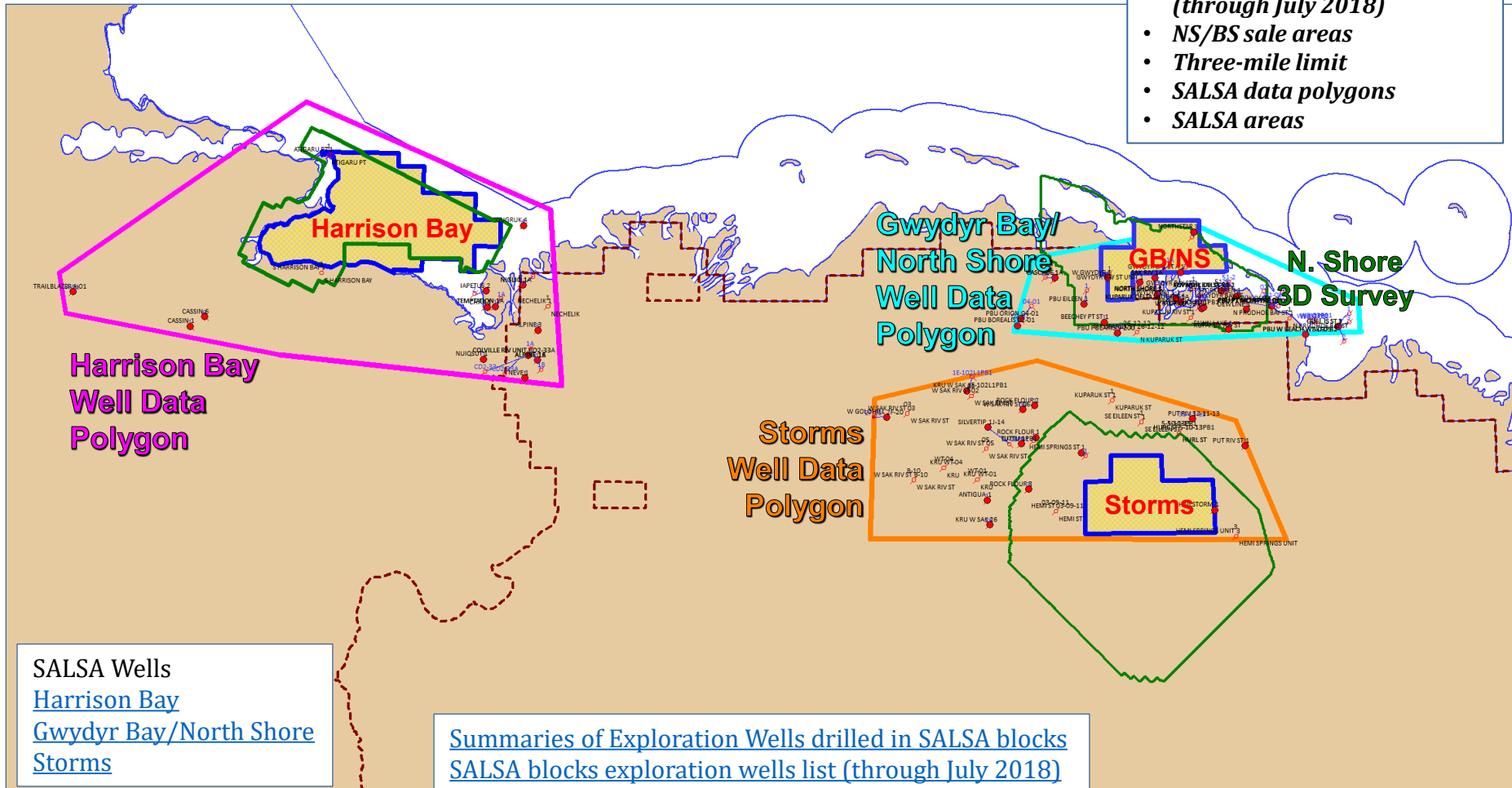
WELLS FLOWED HC TO SURFACE

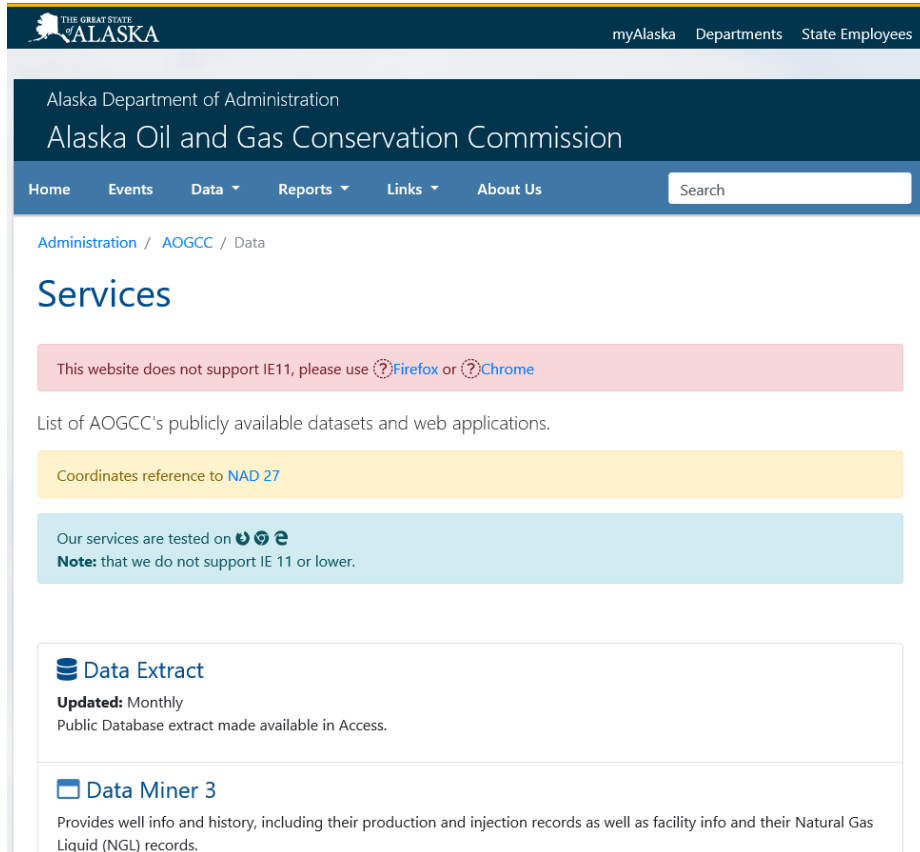


BASE SALSA 3D SEISMIC AND WELL DATA

Datasets shown on map:

- *SALSA area exploration wells (through July 2018)*
- *NS/BS sale areas*
- *Three-mile limit*
- *SALSA data polygons*
- *SALSA areas*





Available information includes:

- Production Data
- Digital log data (by request)
- Hydraulic Fracking Permits
- Drilling Data
- Digital Well (History) Files
- Directional Surveys (by request)
- Digital well logs
- Mudlogs (by request)
- Show reports (by request)
- Reports and charts
- Pool Statistics

Alaska Oil & Gas Conservation Commission

- [Homepage](#)
- [Data sources](#)
- [Well history library](#)
- [Production data](#)

Requesting Data from AOGCC

Digital data from wells on State lands can be obtained by contacting AOGCC Customer service.

- Fill out the [data request form](#) with
 - Well name & API or permit to drill (PTD) number
Verify API/PTD numbers using the [well database](#)
 - If requesting for 13–30 wells, attached an Excel file
 - Maximum of 30 wells may be requested per form
 - Email the signed form to [customer service](#)
- To obtain a complete copy of all public digital log data with a catalog, submit:
 - A request form specifying “all public digital log data”
 - An empty 3TB hard drive, Windows formatted, with a USB 3.0 connection.

The AOGCC has 10 business days to respond



Links to GMC
SALSA Inventory Lists
and Well history Files

[Harrison Bay](#)

[Gwydyr Bay/North Shore](#)

[Storms](#)

Available information includes:

- Public Core/Chips/SWC/Plugs etc
- TC-released 2D and 3D Seismic
- TC-released Well and Geologic Data
- Paly slides
- Paleo analyses
- Geochem
- Maps/Reports
- Well cuttings
- [Homepage](#)
- [Tax Credit Program Seismic & Well Data Summary](#)
- [Seismic and Well Data Request Form](#)
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THE GREAT STATE ALASKA myAlaska Departments State Employees

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DIVISION OF OIL & GAS

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Shell Middle Ground Shoal Platform A
Crew Change by Helicopter
June 29, 1965
Steve McCutcheon, McCutcheon Collection, Anchorage Museum

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Mission Statement
Develop, conserve, and enhance natural resources for present and future Alaskans.

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to read the text version of the article.

Complete PDF Edition Week of June 10, 2018

- **ANWR seismic is planned - 06/10/2018** SAEExploration Inc., Arctic Slope Regional Corp. and Kaktovik Impiat Corp. have filed with the federal Bureau of Land Management a plan for a proposed 3-D seismic survey program in the 1002 area of the Arctic National Wildlife Refuge. The program, referred to as the Marsh Creek 3-D, would encompass...
- **LNG giants teaming up - 06/10/2018** One more building block has fallen into place to secure the future of LNG Canada, putting the C\$40 billion project in sight for a final investment decision before year's end. Petronas, Malaysia's state-owned energy giant, announced it is taking an equity position — without disclosing the investment....

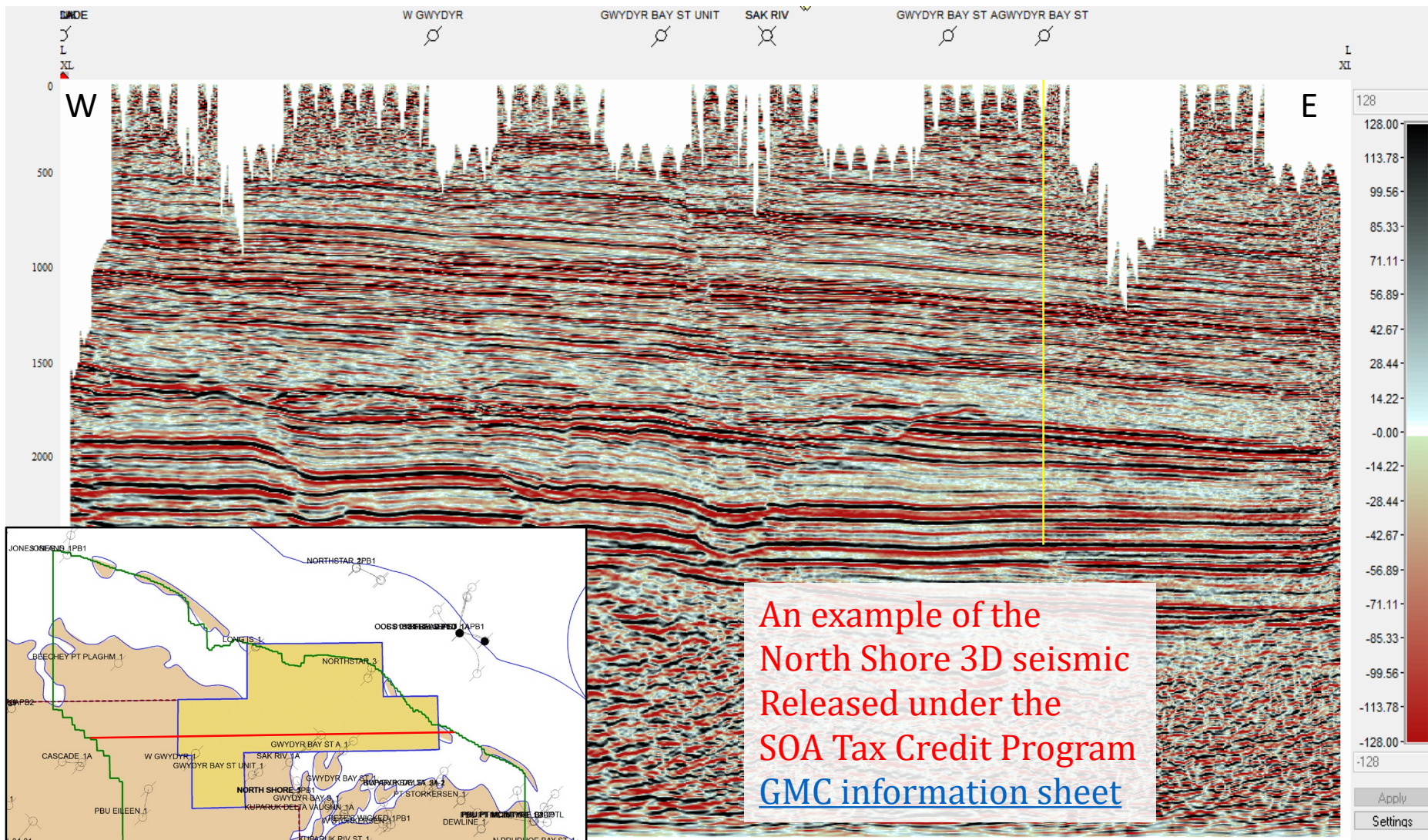


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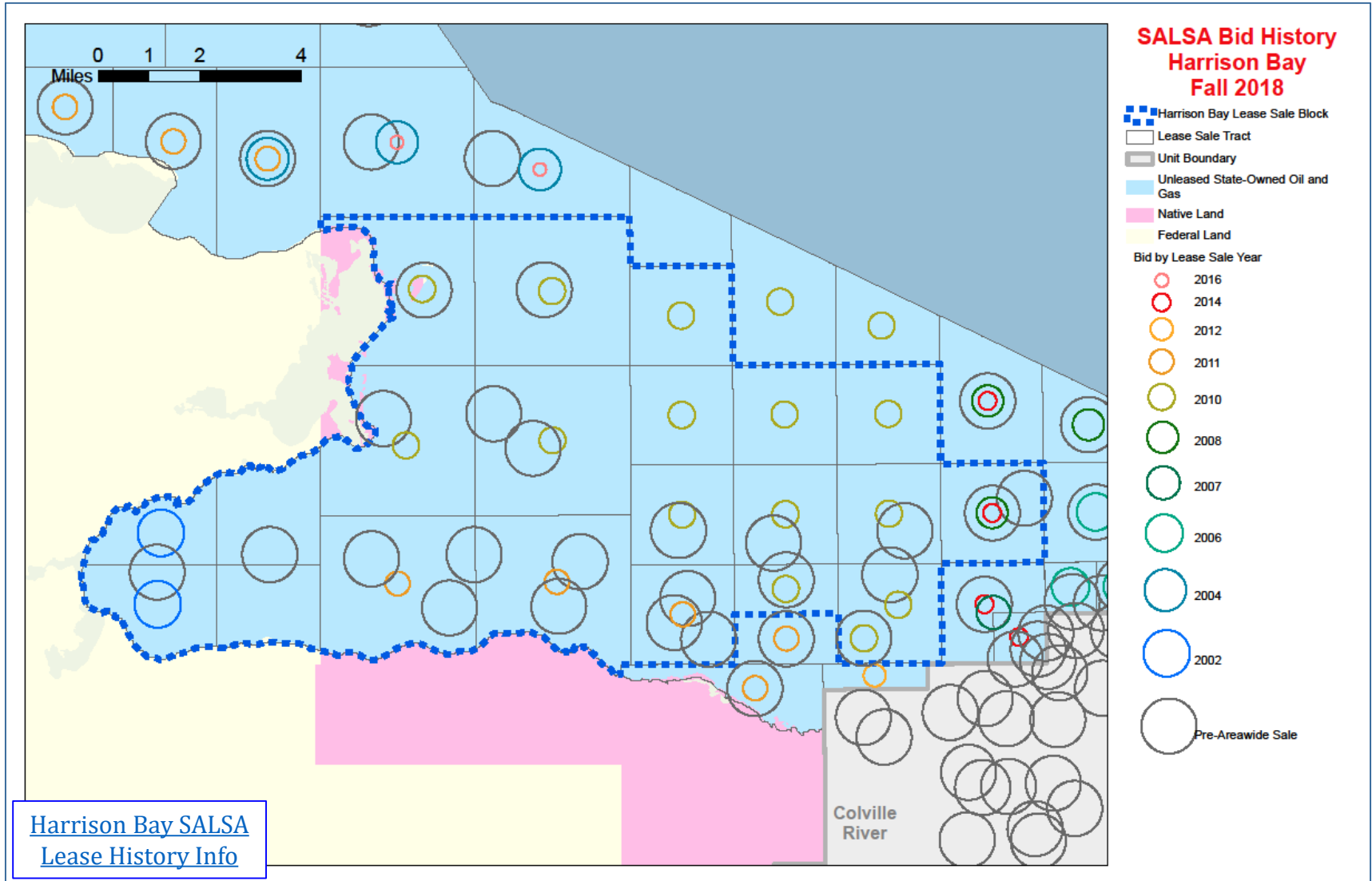
- **Balash promotes more federal cooperation - 06/10/2018** During a speech at the Alaska Oil and Gas Association's annual conference on May 31 Joe Balash, assistant secretary for lands and minerals management in the U.S. Department of the Interior, said that the federal administration is intent on taking more of a partnership approach when working with the...
- **Hilcorp seeks RCA Drift River approval - 06/10/2018** Cook Inlet Pipe Line Co., a subsidiary of Hilcorp Alaska, has asked the Regulatory Commission of Alaska to authorize the permanent decommissioning of the Drift River Terminal and its associated infrastructure on the west side of Cook Inlet. Hilcorp is engaged in a project to reconfigure its Cook Inlet...
- **Contraction planned for Redoubt unit - 06/10/2018** In a reflection that the revival of the Redoubt unit has arrived at a new phase, Glacier Oil & Gas Corp. has asked the state to contract the unit and to form a new participating area. Through its subsidiary Cook Inlet Energy LLC, the company made the application in November 2017 to operate with a...



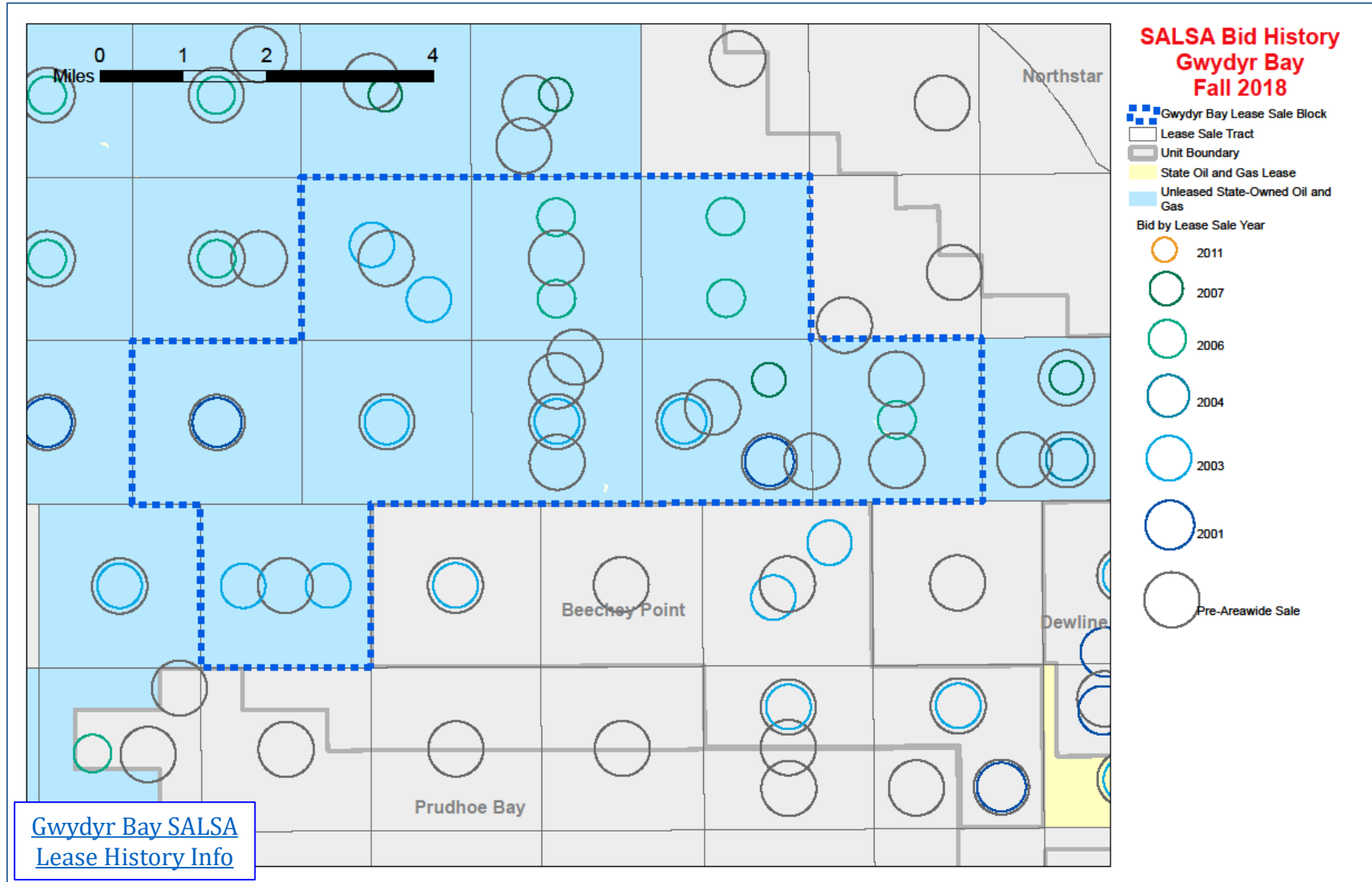
FILTERED TIME MIGRATED FULL STACK NORTHSHORE 3D



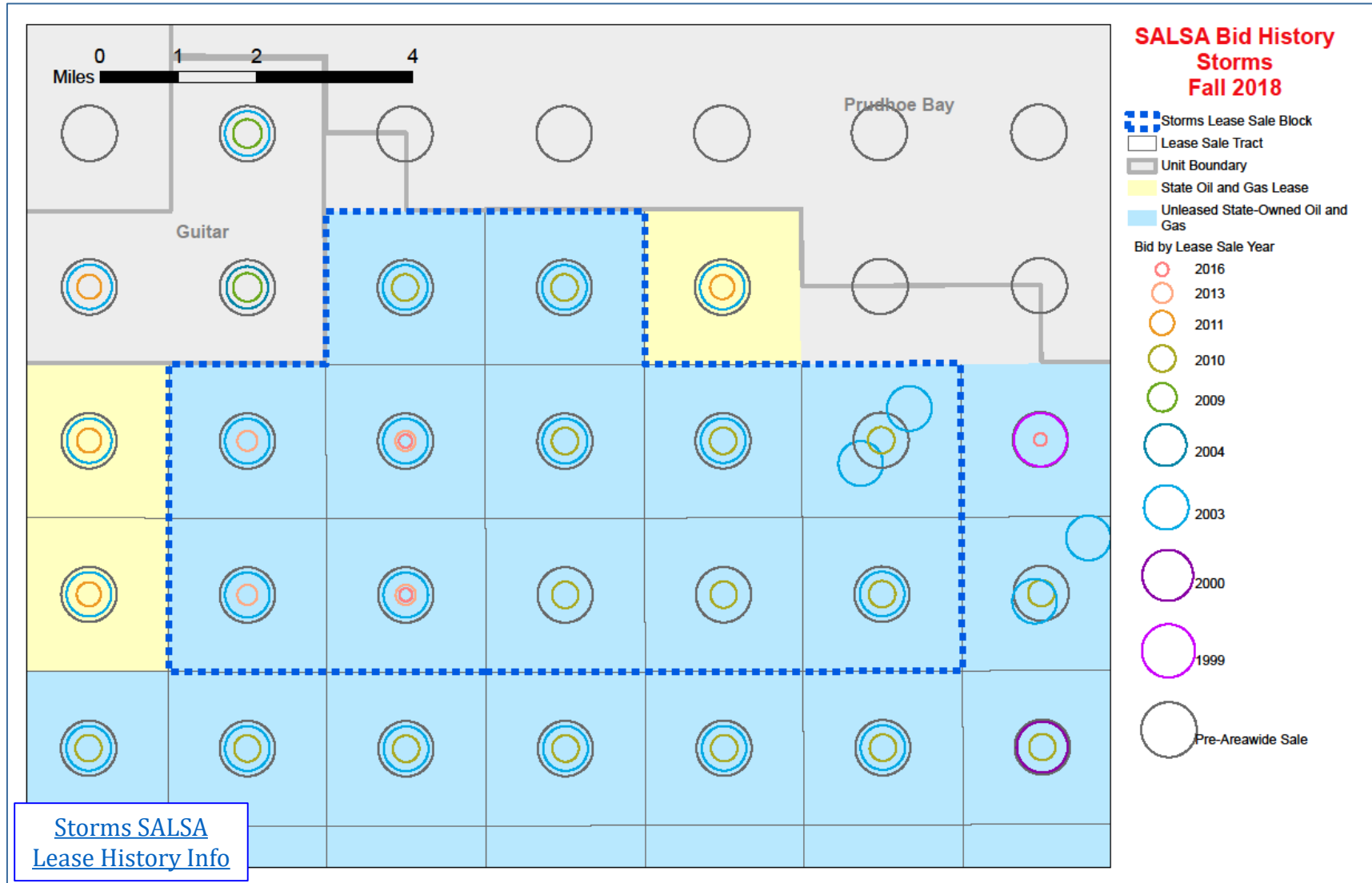
BIDDING HISTORY – SALSA HARRISON BAY



BIDDING HISTORY – SALSA GWYDYR BAY



BIDDING HISTORY – SALSA STORMS



TOOLS FOR MORE LEASE INFORMATION

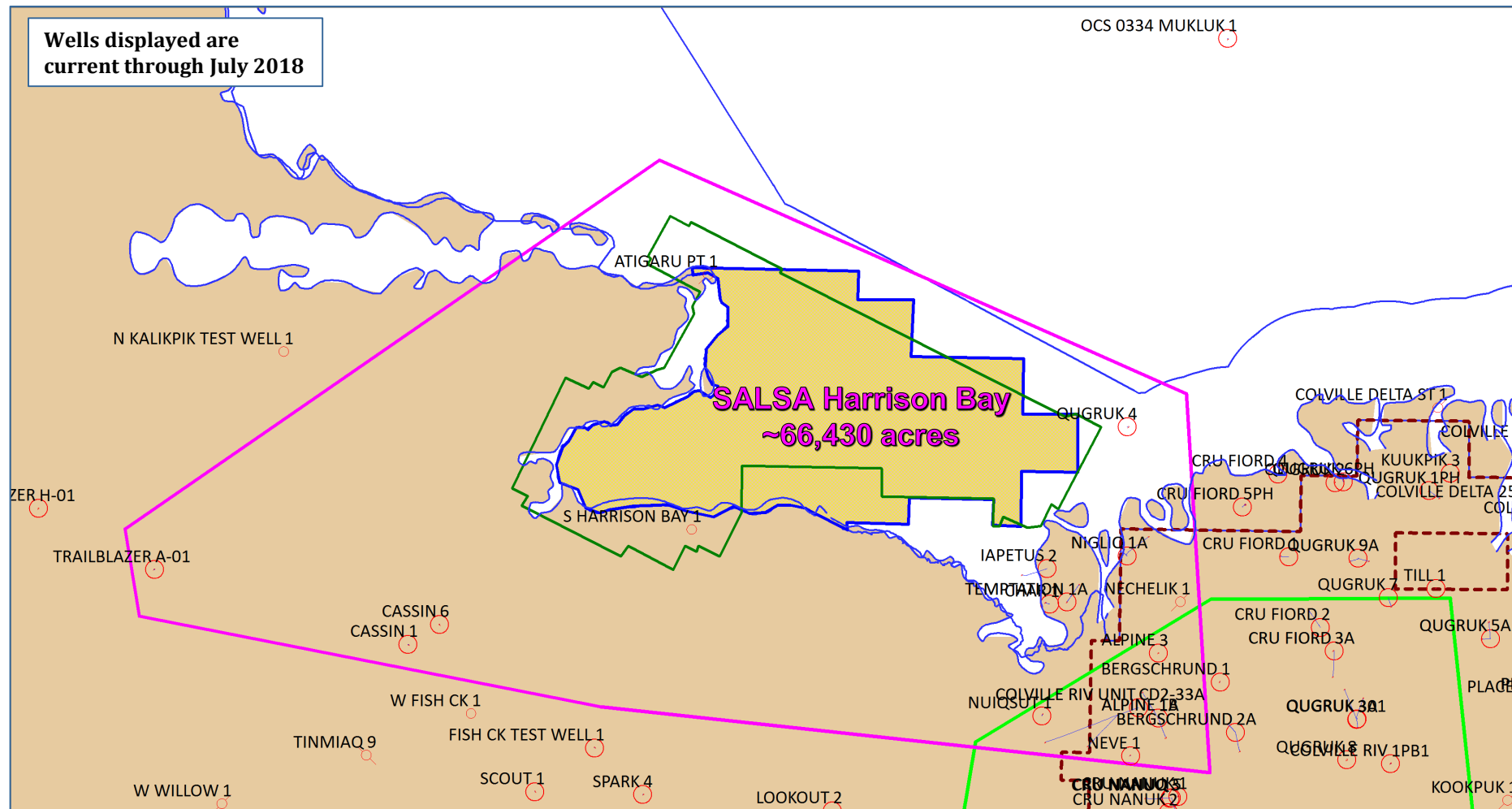
Online research tools

- DNR [Land Administration System \(LAS\)](#)
- DNR [Land Records](#)
- DNR [Alaska Mapper](#)
- DNR [Recorder's Office](#)
- BLM [Spatial Data Management System \(SDMS\)](#)

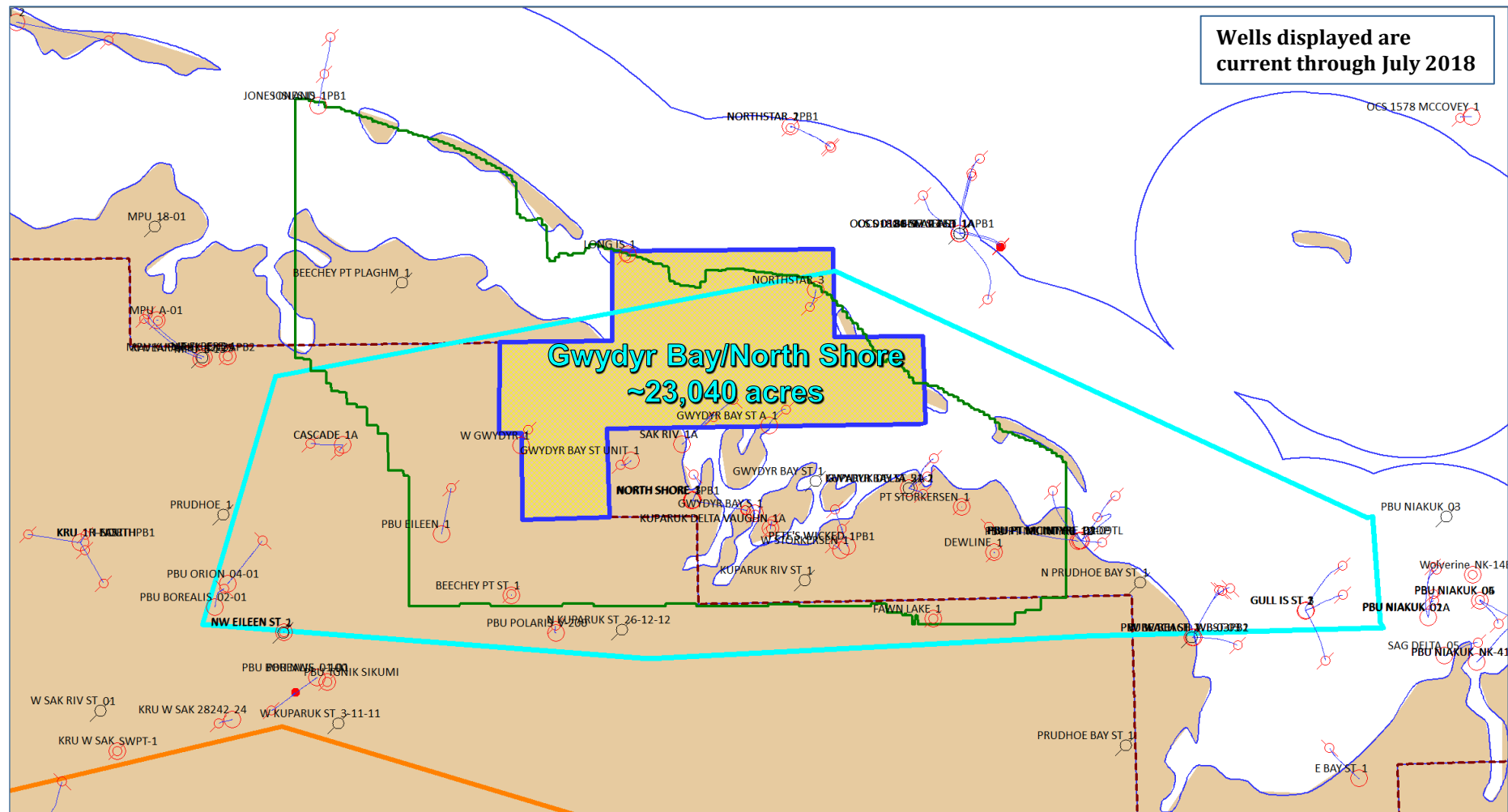
DNR provides online tools for researching land title, lease status, leasing history, and recorded documents within a lease sale tract (LST) or meridian, township, range, and section (MTRS). The US Department of Interior Bureau of Land Management (BLM) provides tools for researching land title and federal land surveys by MTRS. In addition, DO&G physical case files for oil and gas leases may be reviewed on request.

Call (907)269-8800 or email dog.leasing@alaska.gov for more information.

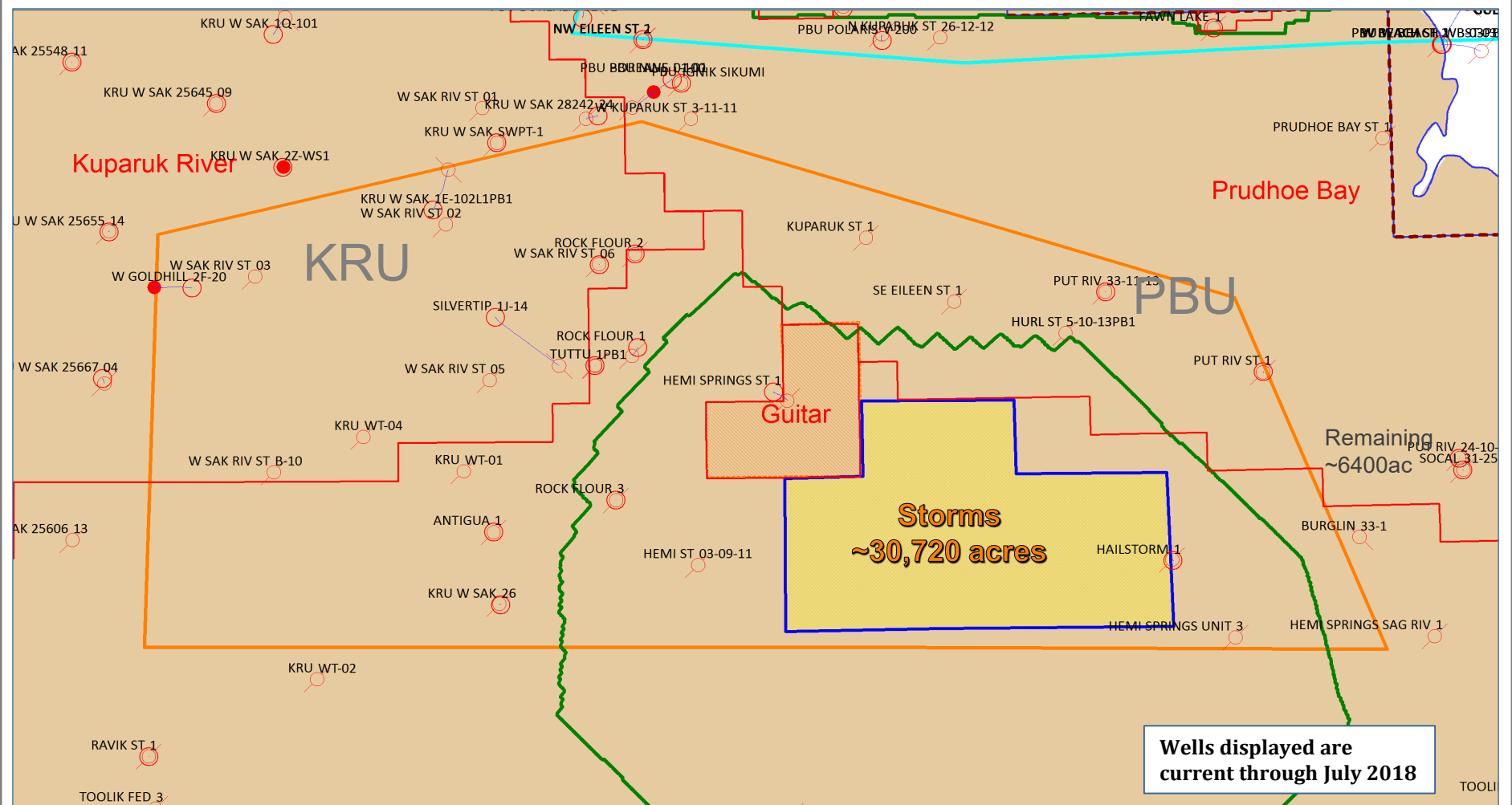
SALSA (COP) HARRISON BAY



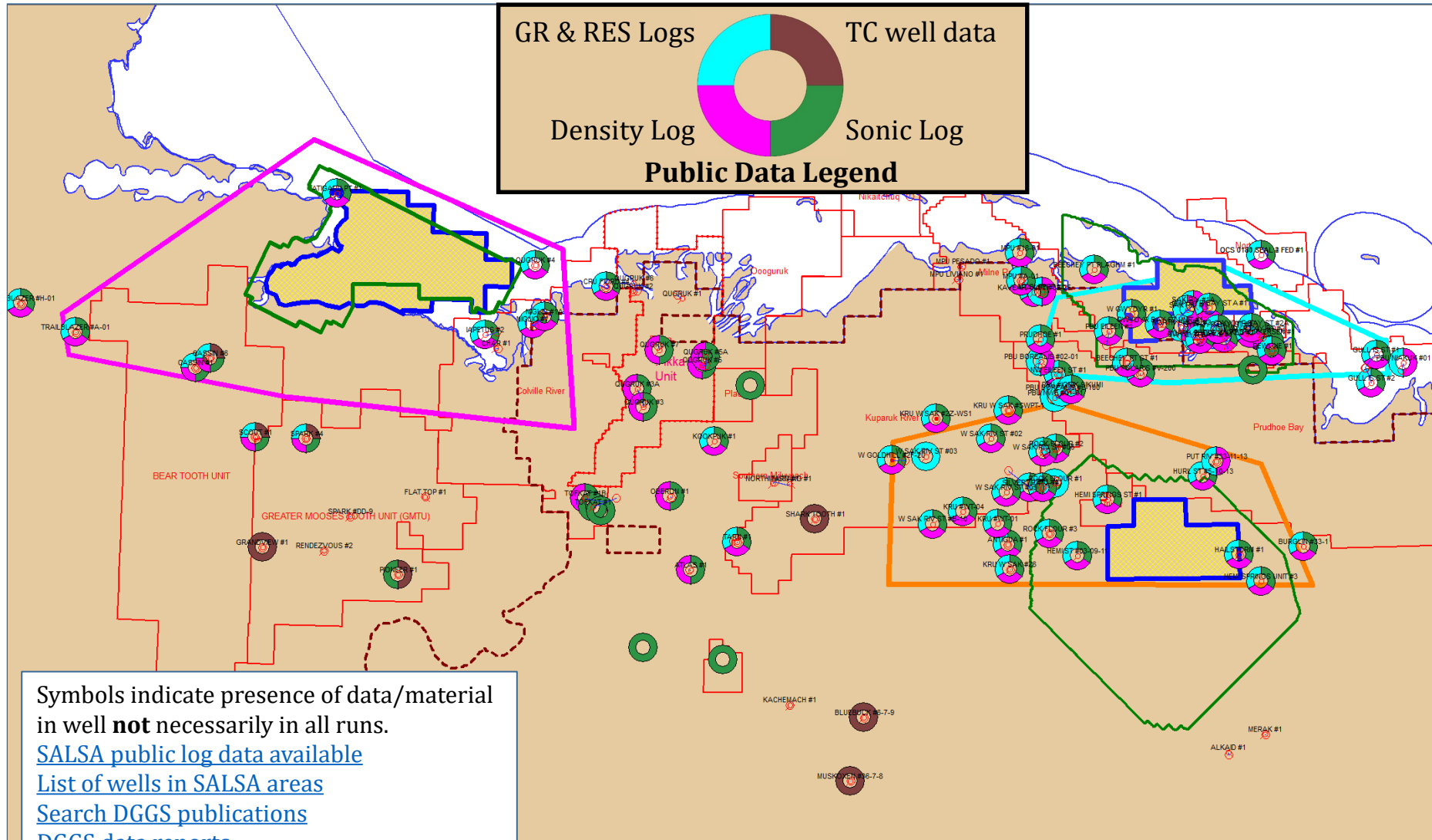
SALSA GWYDYR BAY / NORTH SHORE



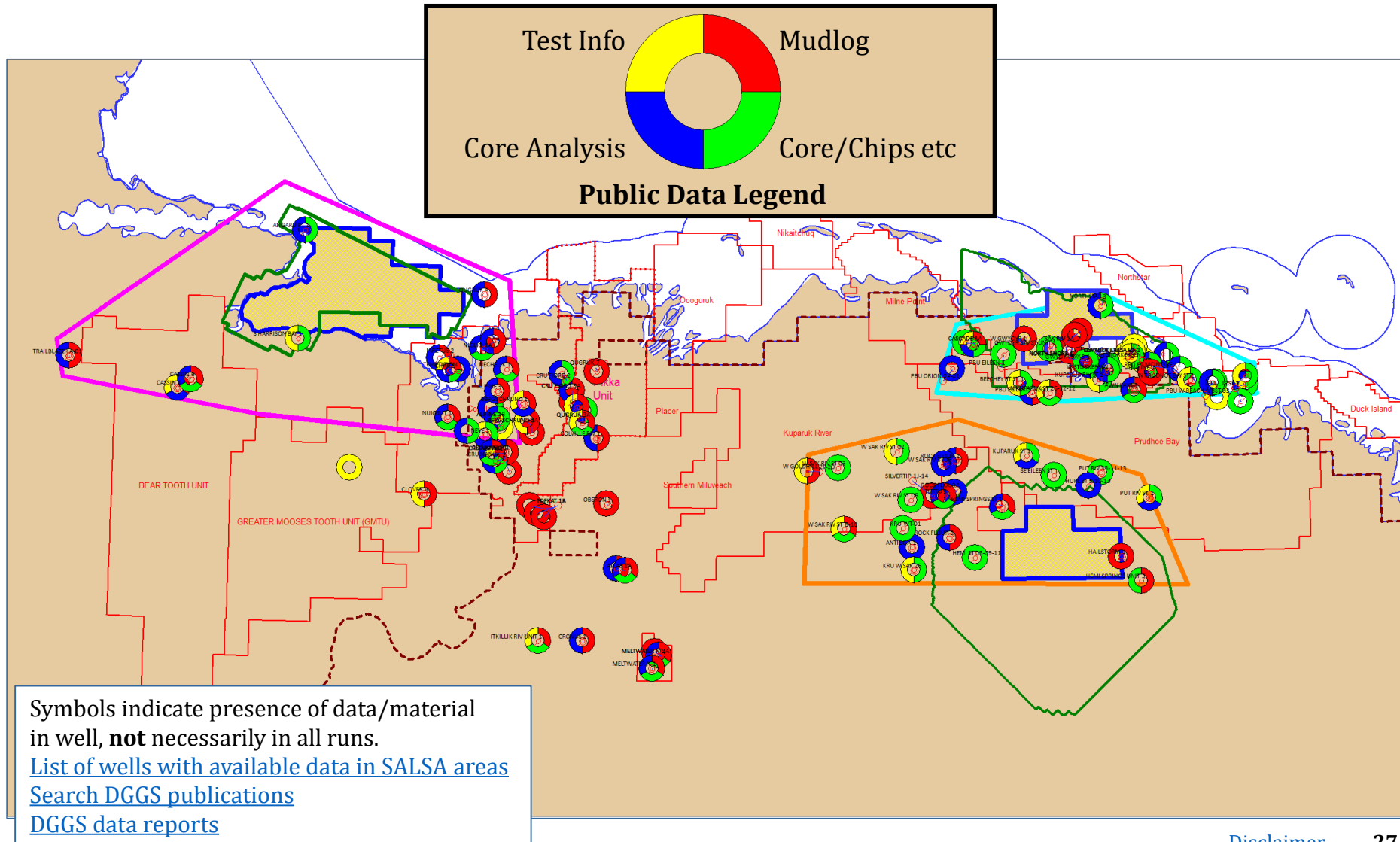
SALSA STORMS



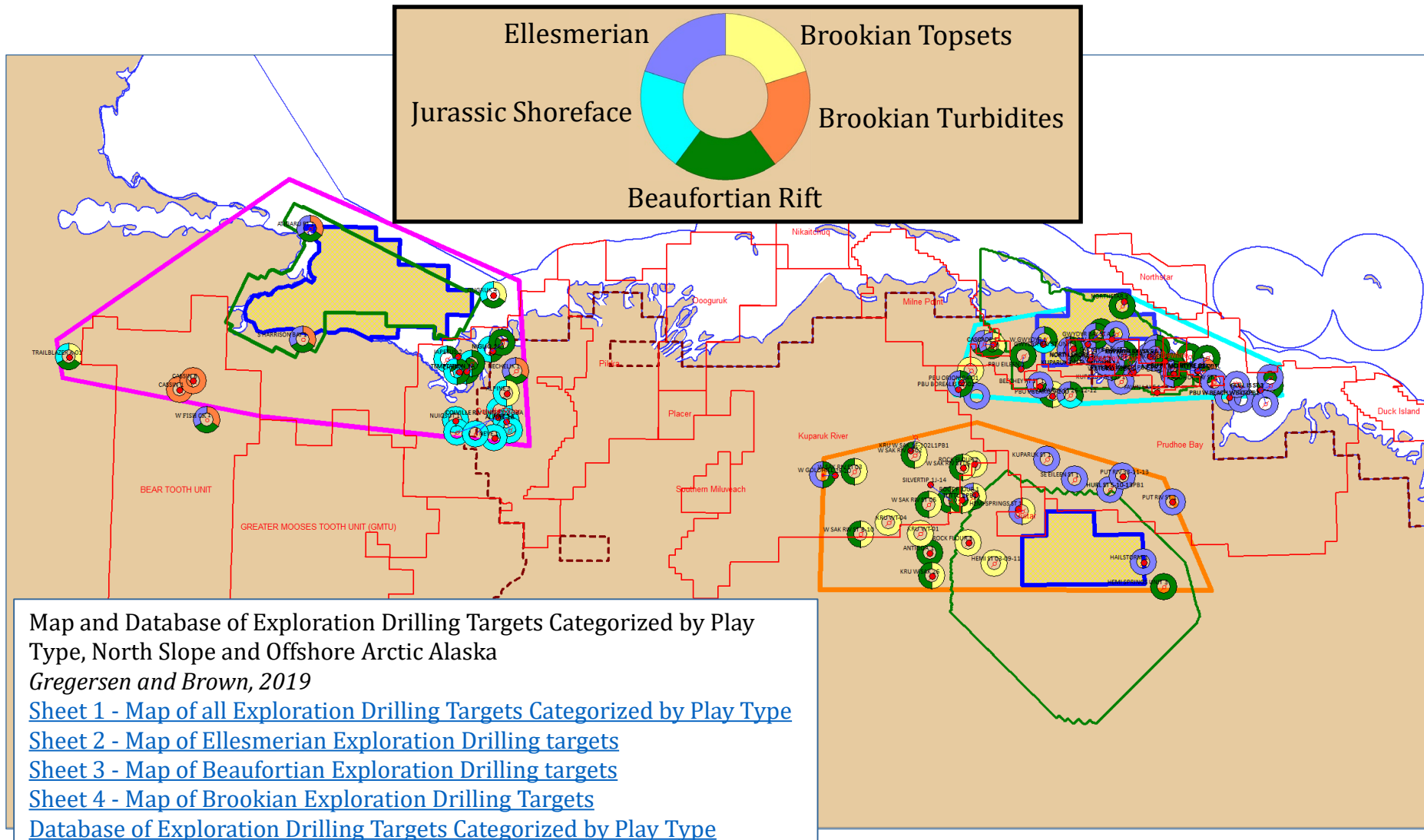
PUBLIC WELL DATA



PUBLIC WELL DATA



EXPLORATION TARGETS

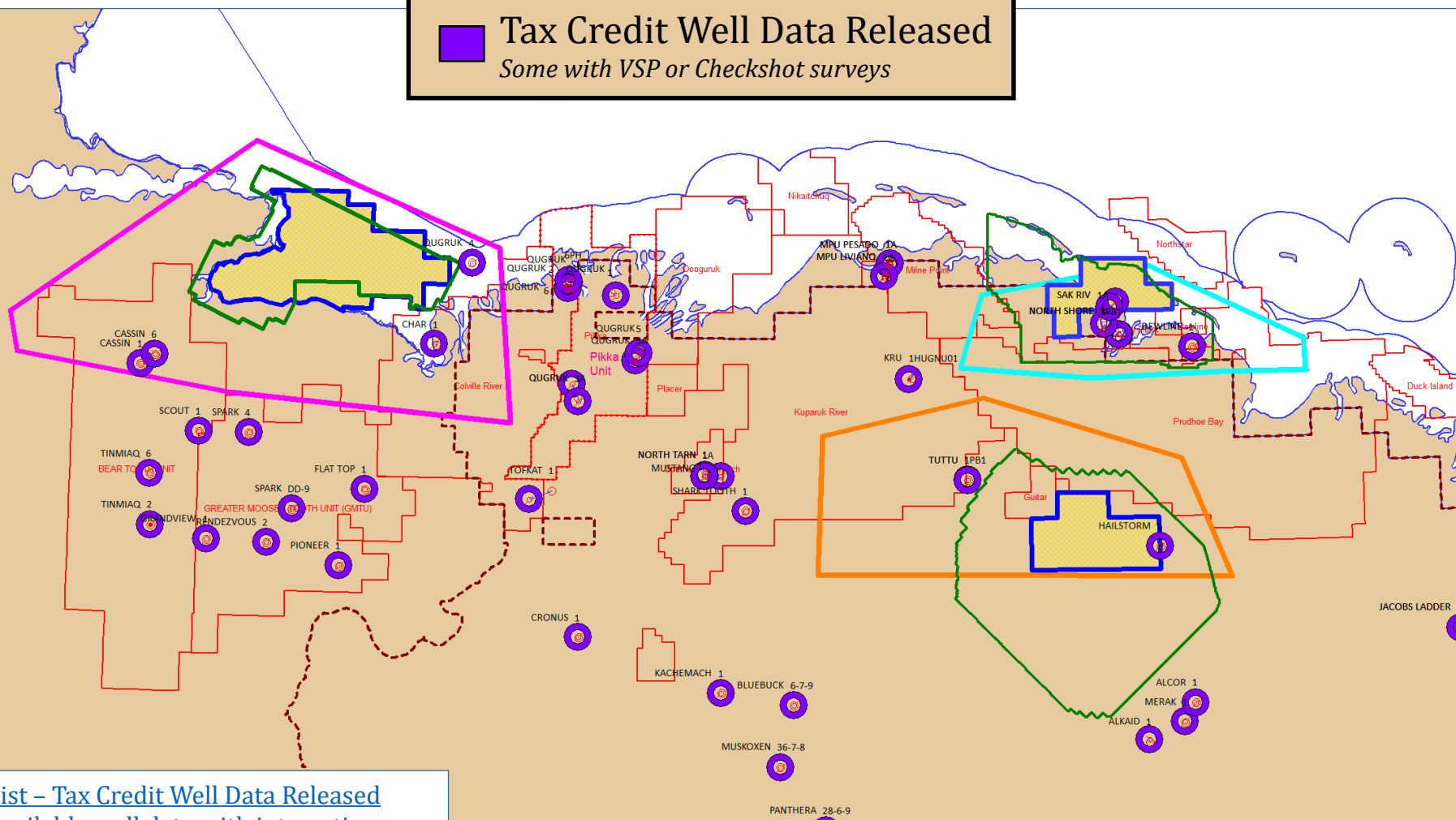


TAX CREDIT WELL DATA



Tax Credit Well Data Released

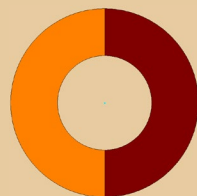
Some with VSP or Checkshot surveys



[List - Tax Credit Well Data Released](#)
[Available well data with interactive map](#)

TAX CREDIT DATA – CHECK SHOT/VSP

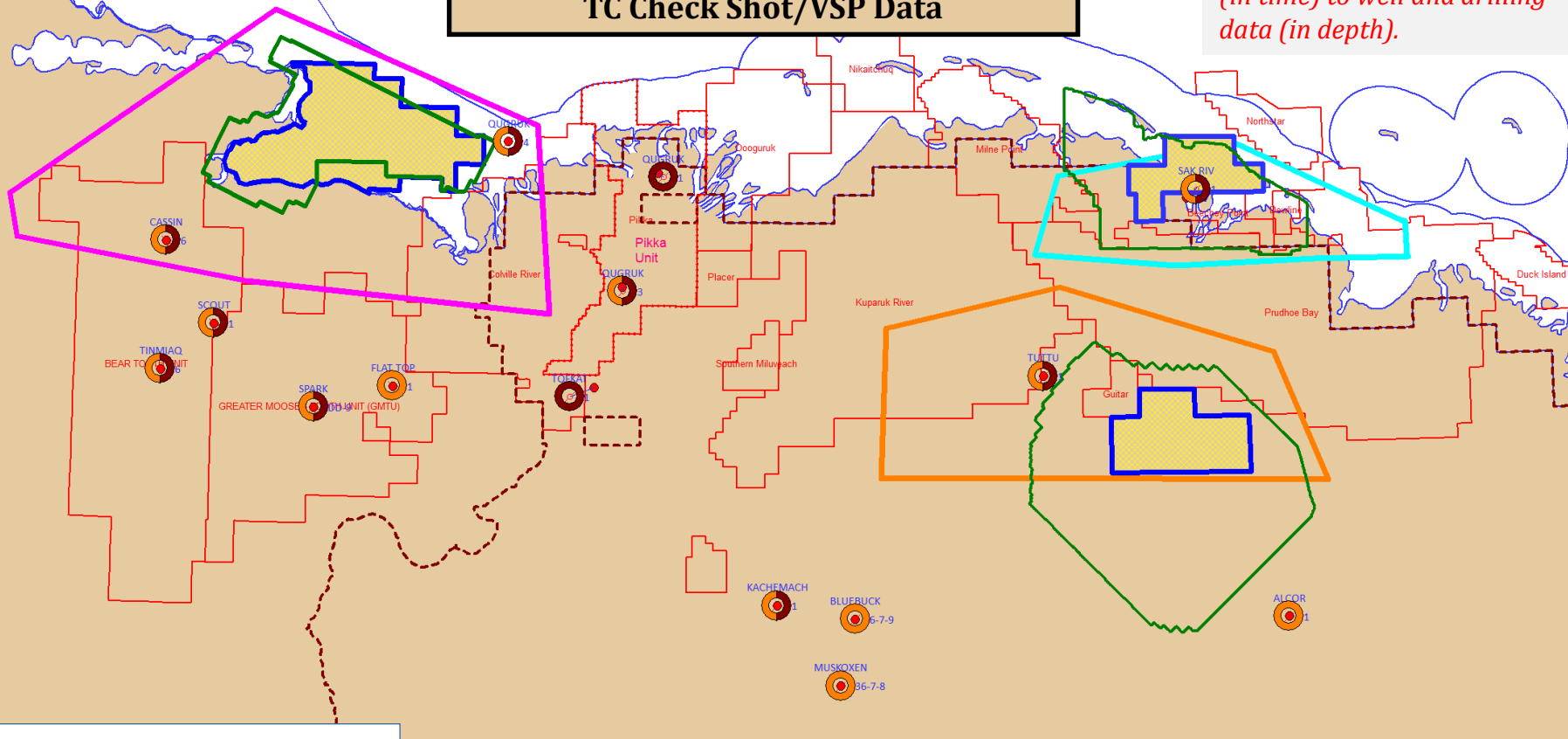
VSP Released



Check Shot
Released

TC Check Shot/VSP Data

Vertical Seismic Profile (VSP) and Check Shot data can be critical in tying seismic data (in time) to well and drilling data (in depth).



List – VSP/CS Well Data Released

USGS NORTH SLOPE RESOURCE ASSESSMENT



<https://pubs.usgs.gov/of/2005/1182/>

U.S. Geological Survey 2005 Oil and Gas Resource Assessment of the Central North Slope, Alaska: Play Maps and Results

*By Christopher P. Garrity, David W. Houseknecht, Kenneth J. Bird, Christopher J. Potter,
Thomas E. Moore, Philip H. Nelson, and Christopher J. Schenk*

Any use of trade, firm, or product names is for descriptive purposes only and does not
imply endorsement by the U.S. Government

Open-File Report 2005-1182

SALSA TERMS & CONDITIONS

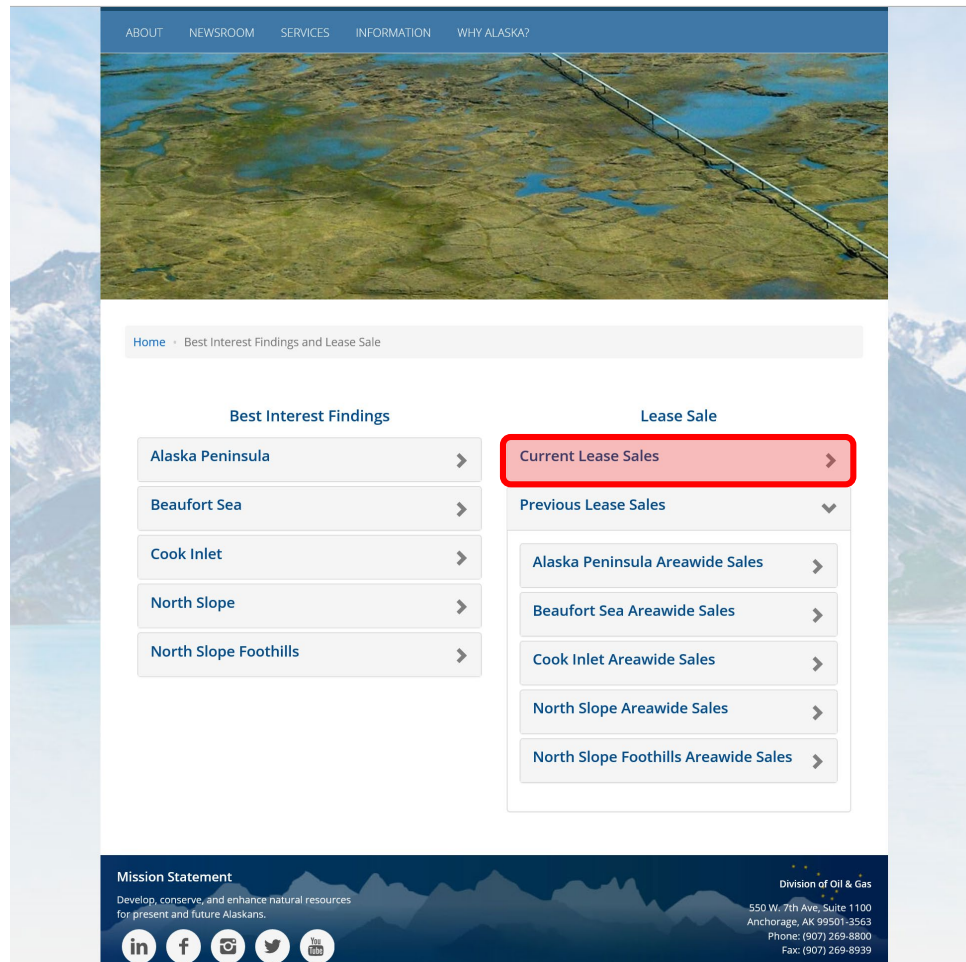
[Official](#) [SALSA Terms & Conditions](#) [Notification information](#)

Need more information?

Your best bet is to follow the links, contact the agency that holds the data and if you still have a question contact the SALSA team at the Division of Oil & Gas at :

DOG.SALSA@alaska.gov

The next few slides also review the T&C as presented for the 2019 Fall Lease Sale



2019 TERMS AND CONDITIONS FOR SALSA LEASE BLOCKS

Block Competitive Oil and Gas Lease Sale Terms and Conditions							
Block	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term*	Annual Rental Rate	Work Commitment+	Lease Form
Gwydyr Bay 2019W	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years	Years 1-8: \$10.00 per acre	Drill well to depth by 7 th anniversary as described in Lease Paragraph 9	DOG 201912W G
Harrison Bay 2019W	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years	Years 1-8: \$10.00 per acre	Drill well to depth by 7 th anniversary as described in Lease Paragraph 9	DOG 201912W H
Storms 2019W	Cash Bonus	\$25.00 per acre	16.66667% Fixed	8 Years	Years 1-8: \$10.00 per acre	Drill well to depth by 7 th anniversary as described in Lease Paragraph 9	DOG 201912W S
*State oil and gas leases may receive a one-time lease extension under certain conditions. AS 38.05.180(m).							
+State oil and gas lease work commitment terms may be modified under certain conditions. AS 38.05.180(h) and 11 AAC 83.700-.705.							

2019 WORK COMMITMENT

Depth Target (Base of/MD Reference Well)

<p>Harrison Bay 7 Years Base Kuparuk C (Thru LCU) S. Harrison Bay 1 (7,289' MD)</p>	
<p>Gwydyr Bay 7 Years Base Kuparuk (Top Miluveach) Sak Riv. 1A (12,343' MD)</p>	<p>Storms 7 Years Base Kuparuk C (LCU) Hemi Springs St. 1 (7,256' MD)</p>

Penetrate and evaluate to the minimum depth specified for each area

2019 SALSA BLOCK ADMINISTRATION

Action	Administration
Bidding	The block is a group of leases offered as an auction lot. DO&G will only accept bids on the entire block; bids on individual leases within the block will be rejected. DO&G will award multiple leases in the block.
Work Commitment	<p>The commitment to drill a well is associated with the individual lease ADLs that comprise the block. In this way, compliance with paragraph 9 on one lease satisfies the commitment for the entire block.</p> <p>If the work commitment is not met, the leases automatically terminate by operation of law. However, a modification of the work commitment may be considered by the commissioner 11 AAC 83.700 – 11 AAC 83.705.</p>
Assignment	Individual leases may be assigned after issuance under 11 AAC 82.605. The work commitment remains with all leases after assignment. A work commitment met on any one lease continues to satisfy work commitment for the block.
Surrender and Termination	At any point after issuance, individual leases may be surrendered or terminated for failure to pay rent in accordance with 11 AAC 82.635 and 11 AAC 83.170. The work commitment remains in effect for all leases not relinquished.

DISCLAIMER

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