

# FIVE-YEAR OIL AND GAS LEASING PROGRAM

January 2005

With Reports On:

Exploration Licensing And Exploration Incentive & Tax Credit Programs



Alaska Department of  
**NATURAL  
RESOURCES**  
DIVISION OF OIL AND GAS

Combined DO&G and DGGs Alaska Peninsula Geologic Field Trip in the summer of 2004. The geologist in the foreground is paleontologist Robert Blodgett (an independent consultant working for the DO&G). On the slope in the background is Tim Ryherd of the DO&G.

The photograph is a view south along the southern flank of Wide Bay. Jurassic strata of the Kialagvik and overlying Shelikof formations are exposed for detailed stratigraphic studies.

Photo by David Shafer  
AK Division of Oil & Gas

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# STATE OF ALASKA

## FIVE-YEAR OIL AND GAS LEASING PROGRAM

With Reports On:  
Exploration Licensing  
And  
Exploration Incentive  
& Tax Credit Programs

Frank H. Murkowski  
Governor

Tom Irwin  
Commissioner  
Department of Natural Resources

January 2005

Prepared for the First Session  
Twenty Fourth Alaska Legislature



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## INTRODUCTION

**O**il and gas lease sales are the initial step in a process that generates nearly 80 percent of the state's income. The legislature has found that "the people of Alaska have an interest in the development of the state's oil and gas resources" and has specified in AS 38.05.180 that the Commissioner of the Department of Natural Resources (DNR) prepare a five-year proposed oil and gas leasing program. The program is updated annually and is available on the Division of Oil and Gas website. This document presents DNR's proposed lease sales for 2005 through 2009.

Significant legislation passed in the Second Session of the Twenty-Third Alaska Legislature (2004) that repealed shallow natural gas leasing, made significant changes to the regulation of coal-bed methane exploration and production activities, and modified the areawide leasing and exploration licensing programs to allow for gas-only leases and licenses.

The Five-Year Oil and Gas Leasing Program provides a stable and predictable schedule of proposed lease sales, which, if held, could result in the further development of Alaska's petroleum resources. The petroleum industry has come to rely on this program to plan for exploration and development expenditures. Business and labor use the program to prepare for the resultant economic opportunities.

Although the primary purpose of leasing state lands is to provide for oil and gas development and the subsequent economic benefits<sup>1</sup>, the program in itself has been a significant revenue source. During 2004, 166 lease tracts were sold in four sales, resulting in \$17.5 million in bonus bid income to the state. A report on the results of these sales begins on page 33.

All lease sales since 1959 are listed in "Summary of State Competitive Lease Sales" (page 54). A brief description of lands included in each sale is found in "State Competitive Sale Areas" (page 52).

**Sale Areas:** A total of 25 lease sales are scheduled over the next five years – 10 on the North Slope, 5 in Cook Inlet, 5 in the Beaufort Sea and 5 on the Alaska Peninsula. Fact sheets and maps describing these proposed sale areas begin on page 22.

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<sup>1</sup> As a result of oil and gas revenue from bonus bids, rentals, and royalty payments (including federal shares), and settlements during Fiscal Year 2004, approximately \$1.056 billion were deposited into the General Fund, \$354.7 million into the Permanent Fund, and \$7.1 million into the School Fund.

## AREAWIDE LEASING

To achieve stability and predictability in the leasing program, and in response to industry's request for more frequent sales, the state has implemented annual areawide leasing. Under areawide leasing the state annually offers for lease all available state acreage within the North Slope, Beaufort Sea and Cook Inlet areas, and has added sales on the Alaska Peninsula. Conducting annual areawide sales allows companies to fiscally plan for and develop their exploration strategies and budgets years in advance. The result is more efficient exploration, leading to earlier development. The state's first areawide sale was conducted on the North Slope in June 1998. Since then, the state has conducted 22 areawide sales.

### Administrative Process

Areawide leasing necessitated changes to DNR's administrative process prior to and following a sale. Previously, industry was asked to nominate areas to include in a sale, and DNR sought public comment on the proposed sale areas being considered for addition to the program. Since areawide leasing includes all available state acreage within each geographic region, there is no longer a need for industry nominations. Additionally, since the sale area within each region remains the same, it is no longer necessary to solicit public comment on the inclusion of these lands prior to issuing the five-year schedule. Prior to each scheduled sale, however, the public is given an opportunity to comment.

DNR has divided each sale area into tracts that will remain fixed for future sales. Because of the large number of tracts involved, the extent of the state's ownership interest in these tracts is no longer determined prior to a sale. Instead, following a sale, DNR verifies title only for the acreage within tracts that are leased. Therefore, should a potential bidder require title or land status information for a particular tract prior to the sale, it is the bidder's responsibility to obtain that information from DNR's public records. Land records are maintained at the department's Public Information Center, located in Suite 1260 at 550 West 7<sup>th</sup> Ave., Anchorage [(907) 269-8400]. A tract may contain land that the state cannot legally lease (i.e., part of an existing lease; federal, Native or private land; etc.). DNR assigns an acreage figure to each tract, which in many cases will be higher than the actual acreage available, and the bonus bid must reflect that assigned acreage. Once title has been verified, bids will be adjusted to reflect the actual acreage and the lease will be issued. Depending upon the number of tracts involved and the complexity of the land holdings, it could take several months following the lease sale before all of the leases are conveyed.

The lease sale consists of a public opening and reading of sealed bids received by DNR. The highest qualified bidder on a tract is awarded that lease.

### Best Interest Finding Process

To facilitate areawide leasing, in 1996 the Alaska State Legislature passed legislation establishing that a best interest finding developed for a lease sale would be valid for ten years. Previously, a finding was good for only five years. Once a finding for an area is written, DNR can conduct lease sales in that area for ten years, without having to repeat the entire process. Even though the public process for individual sales is different, depending on whether a finding is required or whether the sale is conditioned upon a previous finding, areawide leasing still provides opportunity for public input each year.

**A Finding is Required:** The planning and execution of an oil and gas lease sale that requires a best interest finding is a lengthy process beginning years before a sale, and it involves the participation of a

number of state agencies, with DNR serving as the lead. It also involves federal agencies, industry, local communities, environmental organizations and the public.

DNR researches and analyzes social, economic, environmental, geological and geophysical information about a sale area and develops a preliminary best interest finding. The preliminary finding describes the sale area and discusses the potential effects that may occur as a result of oil and gas exploration, development, production and transportation. It also contains mitigation measures to be imposed as plans of operation permit terms designed to reduce or eliminate these effects. The preliminary finding is published at least nine months before the sale and is followed by a public comment period of at least 60 days. During the public comment period, DNR may conduct workshops or hold public meetings in one or more of the affected communities. Local boroughs and municipalities may also conduct hearings, which division personnel will attend. Comments received during the comment period help in developing a final finding that includes a decision as to whether or not the sale is in the state's best interests. DNR releases the final finding and decision at least 90 days before a scheduled sale.

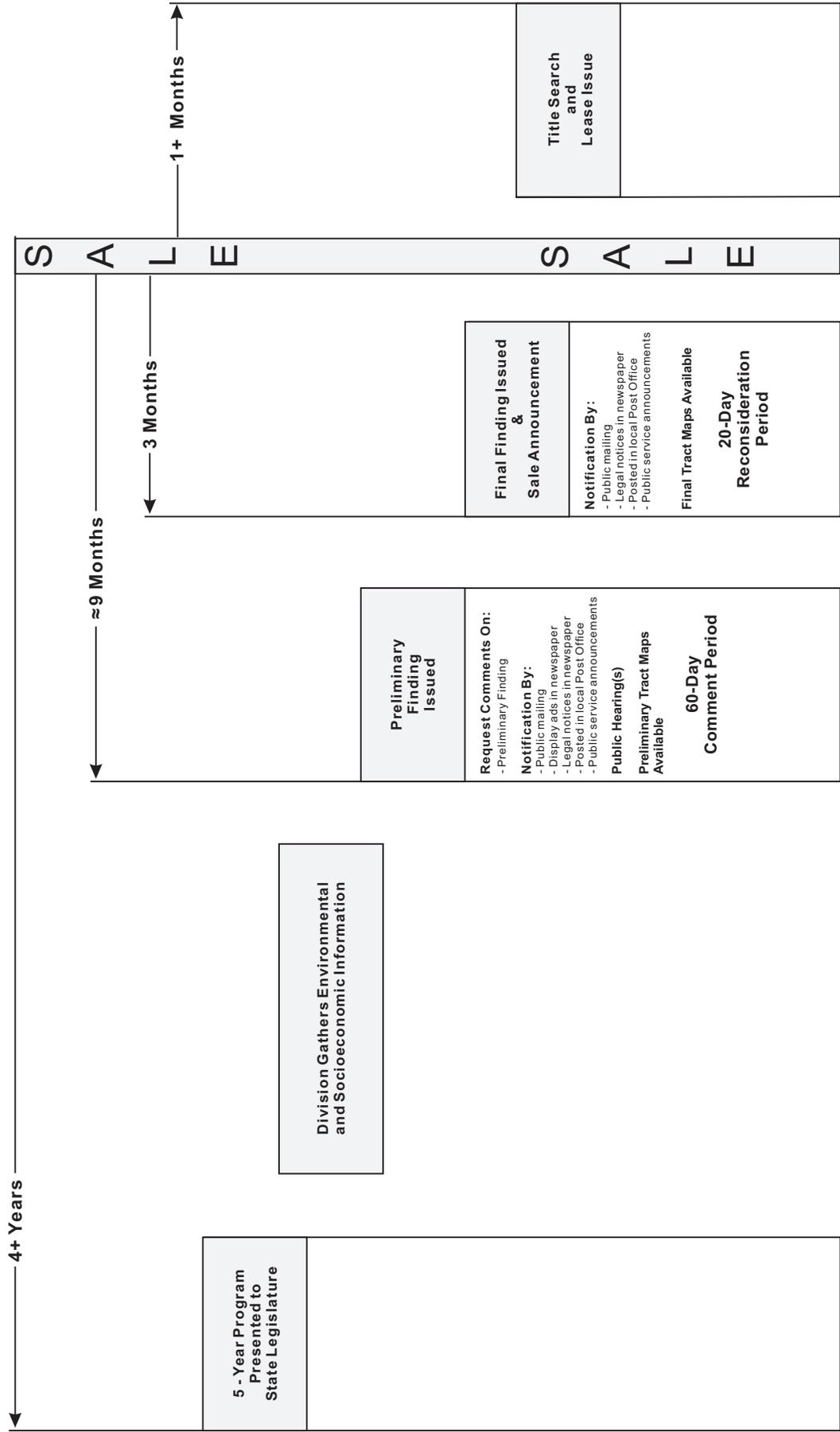
Concurrent with a best interest finding, DNR analyzes a proposed lease sale for consistency with the Alaska Coastal Management Program (ACMP) and the local coastal management plans. The ACMP consistency analysis is published with the preliminary finding; the final ACMP consistency determination is issued concurrently with the final finding

**A Finding is Not Required:** Approximately nine months before a sale, DNR issues a "Call for Comments" requesting any substantial new information that has become available since the most recent finding for that region was completed. Based on the information received, DNR determines whether or not it is necessary to issue a supplement to the finding. DNR then issues either a supplement or a decision that there is no new information requiring a supplement 90 days prior to a sale.

Mitigation measures from earlier leases will be carried forward to all future sales unless DNR deems it necessary to change some of the measures or add additional ones. A new coastal management consistency review will be done whenever the commissioner determines that new information or conditions suggest a proposed lease sale may no longer be consistent with ACMP standards.

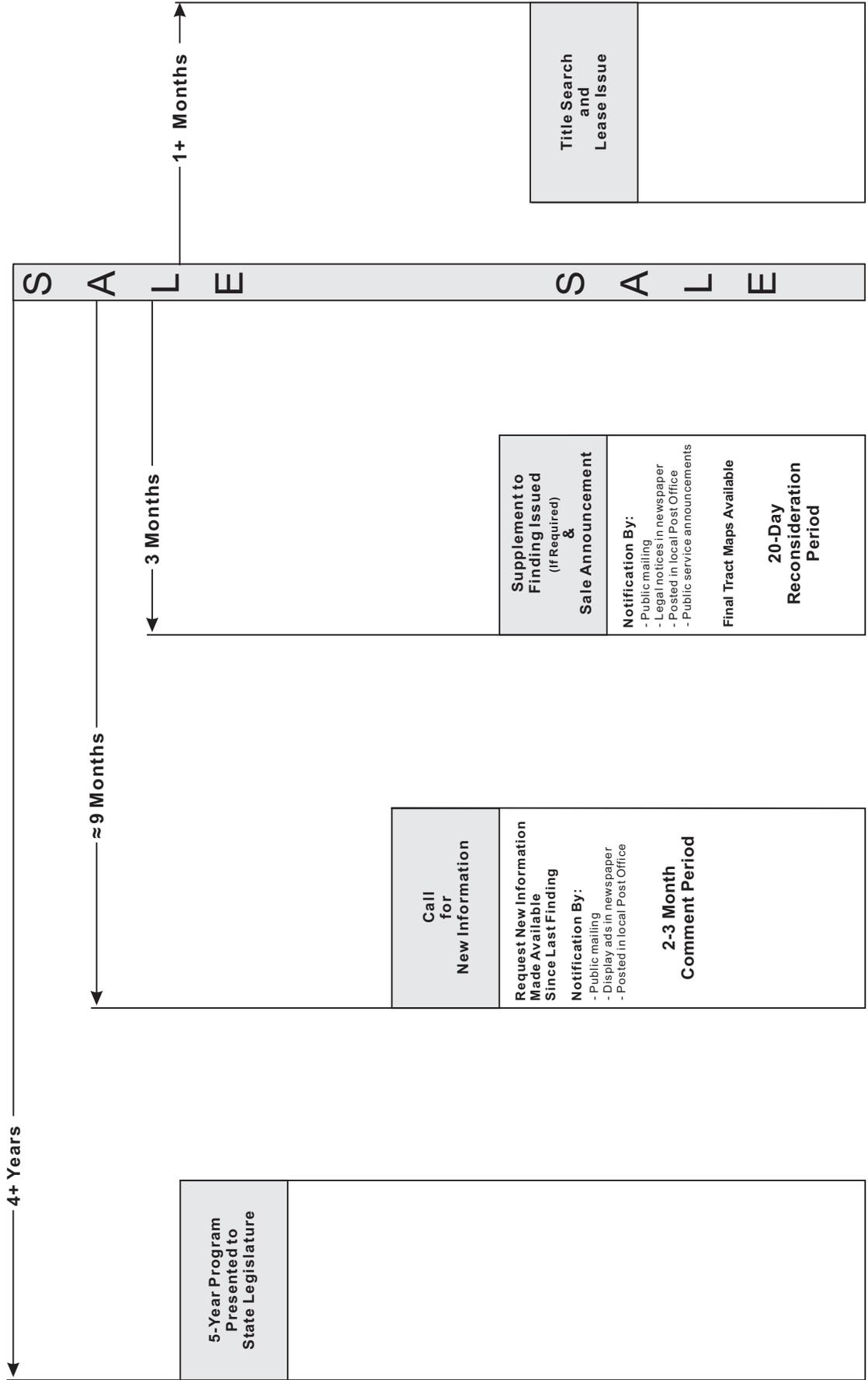
# OIL & GAS LEASE SALE PUBLIC NOTIFICATION PROCESS

(When Finding is Required)



# OIL & GAS LEASE SALE PUBLIC NOTIFICATION PROCESS

(When Finding is Not Required)



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**LEASING METHODS  
AND  
EXPLORATION INCENTIVE & TAX CREDIT PROGRAMS**

**Leasing Methods:**

Alaska has several leasing method options designed to encourage oil and gas exploration and maximize state revenue. These methods include combinations of fixed and variable bonus bids, royalty shares and net profit shares. Minimum bids for state leases are generally \$5 or \$10 per acre. Fixed royalty rates are generally 12-1/2 percent or 16-2/3 percent, although others have been as high as 20 percent. A sliding scale royalty has also been used on occasion. Lease terms are set at 7 or 10 years, depending on geographical location.

**Exploration Incentive Credit (EIC) & Tax Credit Programs:**

**AS 38.05.180(i):** This statute authorizes the Commissioner of Natural Resources to establish an EIC system under which a lessee drilling an exploratory well on state-owned land may earn credits based upon the footage drilled and the region in which the well is located. This EIC must be designated by the Commissioner as a lease sale term. Drilling information is held confidential for two years. If demonstrated by the lessee as necessary, confidentiality may be extended. The statute also provides for an EIC for geophysical work on state land, if that work is performed during the two seasons immediately preceding an announced lease sale and is on land included within the sale area. The geophysical information must then be made public following the sale. Credits are granted by the commissioner for a limited period and may be assigned. A credit may not exceed 50 percent of the cost of the drilling or geophysical work. Credits may be applied against royalty and rental payments to the state, or taxes payable under AS 43.55. Amounts due the Alaska permanent fund (AS 37.13.010) are considered before the application of credits.

Since the state began offering EICs under this program twenty exploratory wells qualifying for credit have been drilled on state leases. Lessees have claimed credits totaling approximately \$54.7 million. There have been no applications for geophysical EICs.

**AS 41.09.010:** This program was adopted in 1994, and allows the Commissioner of Natural Resources to grant an EIC for exploratory drilling, the drilling of a stratigraphic test well and for geophysical work on land in the state, regardless of whether the land is state-owned. This program is designed to encourage oil and gas exploration within remote parts of the state and to provide a means for the state to obtain exploration data from federal lands and certain private lands. As with the first program, credits may be applied against oil and gas royalties and rentals payable to the state, or taxes payable under AS 43.55, or they may be assigned. Data derived from drilling will be kept confidential for two years, but no extensions are allowed. Copies of geophysical data may be shown to interested parties by the state but may not be transferred to third parties. Credits may be as high as 50 percent of eligible costs if performed on state land, and as high as 25 percent of eligible costs if performed on private or federal land. A credit may not exceed \$5 million per eligible project, and the total of all credits issued under this program may not exceed \$30 million. Drilling credits are based upon the footage drilled. All activity qualifying for this EIC must be completed by July 1, 2007.

**AS 43.55.025:** This program was adopted in 2003, and allows for a production tax credit of 20 percent of the cost of an exploratory well if the bottom hole location is three or more miles from the bottom hole

location of a preexisting well that was spud more than 150 days, but less than 35 years, prior to the spud date of the eligible exploration well, and 40 percent of the cost of an exploratory well if the bottom hole location is at least 25 miles from the boundary of any unit under a plan of development as of July 1, 2003. The program also offers seismic exploration tax credits of 40 percent of eligible costs for those portions of activities outside of a unit that is under a plan of development or plan of exploration. Seismic data qualifying for this credit will be held confidential for 10 years and 30 days. This tax credit is transferable. This program expires on July 1, 2007.

**AS 43.020.043:** This program was adopted in 2003, and is applicable only to operators and working interest owners engaged in exploration for and development of gas resources and reserves south of 68 degrees North latitude. The program allows for a 10 percent tax credit equivalent of qualified capital investments made after June 30, 2003, and 10 percent of the annual cost of activity in the state during each tax year. The total allowable yearly tax credit may not exceed 50 percent of the taxpayer's total tax liability. Unused tax credit may be carried forward for up to five years. Credit is transferable only as part of a conveyance, assignment, or transfer of the taxpayer's business. Credit under this program may be used in conjunction with any other credit authorized by AS 43.20, but not for tax credit or royalty modification provided under any other title. This program expires January 1, 2013.

**Nonconventional Gas Incentive:** Under AS 38.05.180(n)(2), if the lessee under a gas only lease demonstrates that the potential resources underlying the lease are reasonably estimated to be nonconventional gas, the rental payment on the lease will be reduced and the royalty may be reduced to 6.25%.

**Royalty Reduction:** The state also allows for royalty reduction under certain circumstances. These reductions are explained in AS 38.05.180(f)(5) and AS 38.05.180(j).

**EXPLORATION INCENTIVE CREDITS**

**AS 38.05.180(i)**

Report Month: October 2004

| <u>ADL</u> | <u>WELL</u>                                | <u>COMPANY</u>           | <u>CERTIFICATION DATE</u> | <u>TOTAL AMOUNT</u> |
|------------|--------------------------------------------|--------------------------|---------------------------|---------------------|
| 343109     | G-2 Well                                   | Exxon Company USA        | 10/05/83                  | \$6,197,625.00      |
|            |                                            | Sohio Alaska Petro.      | 12/27/83                  | 4,152,408.75        |
|            |                                            | BP Alaska Exploration    | 10/05/83                  | 2,045,216.25        |
| 344010     | Leffingwell                                | ARCO Alaska Inc.         | 10/02/84                  | \$3,706,000.00      |
|            |                                            | Unocal                   | 10/02/84                  | 3,706,000.00        |
| 344033     | J-1 Well                                   | Exxon Company USA        | 10/31/84                  | \$5,119,500.00      |
| 355005     | Long Island Well                           | Exxon Company USA        | 11/14/84                  | \$1,367,738.00      |
|            |                                            | Sohio Alaska Petroleum   | 11/14/84                  | 1,378,076.00        |
| 345130     | Totek Hills                                | ARCO Alaska Inc.         | 08/02/85                  | \$715,530.81        |
| 355037     | Colville Delta #1                          | Texaco Inc.              | 07/09/86                  | \$952,179.00        |
|            |                                            | Amerada Hess             | 07/08/86                  | 888,594.00          |
|            |                                            | Diamond Shamrock (Maxus) | 07/08/86                  | 100,128.00          |
|            |                                            | Rosewood Resources       | 07/08/86                  | 12,662.00           |
|            |                                            | Hunt Petroleum Co.       | 07/08/86 (1)              | 8,866.36            |
|            |                                            | BP Alaska Exploration    | 02/31/87                  | 475,631.00          |
|            |                                            | Mobil                    | 02/05/87                  | 432,511.00          |
| 364478 (2) | Colville Delta Area<br>AHC 25-13-6 #1 Well | Amerada Hess             | 10/12/87 (3)              | \$140,071.13        |
|            |                                            | Texaco Inc.              | 10/12/87 (4)              | 771,743.46          |
|            |                                            | Maxus Exploration        | 10/12/87 (5)              | 100,297.41          |
|            |                                            | Rosewood Resources       | 10/12/87 (6)              | 4,111.82            |
| 355038 (2) | Colville Delta #2                          | Amerada Hess             | 10/28/87                  | \$757,731.46        |
|            |                                            | Texaco Inc.              | 10/28/87                  | 898,563.40          |
|            |                                            | BP Alaska Exploration    | 10/28/88                  | 423,982.26          |
| 355039 (2) | Colville Delta #3                          | Amerada Hess             | 10/28/87 (7)              | \$ 0.00             |
|            |                                            | Texaco Inc.              | 10/28/87 (8)              | 0.00                |
|            |                                            | BP Alaska Exploration    | 10/28/87 (9)              | 63,228.39           |
|            |                                            | Union Texas Petroleum    | 10/28/87 (10)             | 14,097.50           |
| 344176     | Gyr #1                                     | ARCO Alaska, Inc.        | 11/15/90 (11)             | \$699,302.43        |
|            |                                            | Amerada Hess             | 11/15/90 (11)             | 732,804.63          |
|            |                                            | Conoco                   | 11/15/90 (12)             | 732,804.62          |
| 355021     | NW Milne #1                                | Conoco                   | 07/10/92 (13)             | \$1,371,691.42      |
|            |                                            | Conoco                   | 02/09/93                  | 660,321.00          |
| 375044     | Sequoia #1                                 | Conoco                   | 07/10/92 (13)             | \$275,521.32        |
|            |                                            | Petrofina                | 07/10/92 (14)             | 227,594.08          |
|            |                                            | Conoco                   | 02/09/93                  | 16,333.56           |
|            |                                            | Petrofina                | 02/09/93                  | 19,963.24           |

| ADL                         | WELL            | COMPANY                  | CERTIFICATION DATE | TOTAL AMOUNT    |
|-----------------------------|-----------------|--------------------------|--------------------|-----------------|
| 375076                      | Cirque #2       | ARCO Alaska, Inc.        | 02/09/93 (15)      | \$845,018.43    |
| 375108                      | Tarn #1         | ARCO Alaska, Inc.        | 02/09/93 (16)      | \$727,939.95    |
| 355036                      | Kalubik #1      | ARCO Alaska, Inc.        | 02/09/93 (17)      | \$2,599,602.13  |
|                             |                 | ARCO Alaska Inc. (UTP)   | 03/04/93           | 250,822.50      |
|                             |                 | ARCO Alaska Inc. (UTP)   | 04/22/93           | 11,779.91       |
| 372104                      | Fiord #1        | ARCO Alaska Inc. (UTP)   | 02/09/93 (18)      | \$1,811,218.84  |
|                             |                 | ARCO Alaska Inc.         | 03/04/93           | 191,018.62      |
| 372006                      | Tulaga #1       | ARCO Alaska Inc.         | 03/25/93 (19)      | \$1,241,177.00  |
| 355011                      | Jones Island #1 | ARCO Alaska Inc.         | 07/12/93           | \$2,160,000.00  |
|                             |                 | ARCO Alaska Inc. (UTP)   | 07/20/93 (20)      | 1,910,175.00    |
| 375133                      | Cascade Well #1 | BP Exploration (AK) Inc  | 04/04/94 (21)      | \$893,245.73    |
| 375061                      | Yukon Gold #1   | BP Exploration (AK) Inc  | 08/08/94 (22)(23)  | \$2,394,546.77  |
|                             |                 | Union Oil Co. of Cal (H) | 08/23/94 (24)      | 487,240.46      |
| TOTAL EICs GRANTED TO-DATE: |                 |                          |                    | \$54,692,614.64 |

- (1) Hunt's EIC balance reduced through a commissioner's decision dated March 18, 1998. Hunt made a subsequent payment in April 1998.
- (2) Colville Delta wells were settled through the Colville Delta EIC settlement agreement dated 12/31/98.
- (3) Amerada Hess EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (4) Texaco's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/28/99.
- (5) Maxus' EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/26/99.
- (6) Rosewood's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/7/99.
- (7) Amerada Hess EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (8) Texaco's EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/28/99.
- (9) BP's EIC balance reduced through an EIC settlement agreement and subsequent payment on 12/31/98.
- (10) Union Texas' EIC balance reduced through an EIC settlement agreement and subsequent payment on 1/29/99.
- (11) ARCO and Amerada's EIC balances reduced through an EIC audit and subsequent payment in February 1997.
- (12) Conoco's EIC balance reduced through an EIC audit and subsequent payment in March 1997.
- (13) Conoco's EIC balance reduced through an EIC audit and subsequent payment in July 1997.
- (14) \$125,190.33 of EIC expired for Petrofina on March 31, 1996.
- (15) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (16) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (17) ARCO's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (18) ARCO's EIC balance increased through an EIC audit and subsequent payment in December 1997.
- (19) Union Texas (ARCO) EIC balance reduced through an EIC audit and subsequent payment on 8/18/98.
- (20) Union Texas (ARCO) EIC balance reduced through an EIC audit and subsequent payment on 8/18/98.
- (21) BP's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (22) BP's EIC balance reduced through an EIC audit and subsequent payment in December 1997.
- (23) BP's EIC balance reduced through an EIC audit and subsequent payment on 12/31/98.
- (24) Union's EIC balance reduced through an EIC audit and subsequent payment in July 1998.

Source: Alaska Department of Natural Resources, Division of Oil and Gas

## **QUALIFYING TO APPLY FOR, OBTAIN, OR TRANSFER AN INTEREST, PERMIT OR LEASE RELATING TO OIL AND GAS IN ALASKA**

### **Who Must File**

Every individual, association or partnership, corporation, or person authorized to act on behalf of another party must qualify with the Division of Oil and Gas prior to bidding for lease tracts. Qualification must also be obtained prior to applying for, obtaining, or transferring interest in a permit or lease issued under AS 38.05.135 - 38.05.184.

### **Where to File**

Address any required information or inquiries regarding qualifications to State of Alaska, Department of Natural Resources, Division of Oil and Gas, 550 West 7<sup>th</sup> Avenue, Suite 800, Anchorage, Alaska 99501-3560. Hand-carried material should be delivered to the same address.

### **How to File**

The following is a list of the information and documents required when qualifying under 11 AAC 82.200 - 11 AAC 82.205. Information and documents that have been filed previously and are still current may be sufficient to qualify individuals or other entities.

#### **A. Individuals**

Individuals must submit a signed, dated statement that includes the applicant's name, address, telephone number, preferably notarized, attesting that:

The individual has reached the age of majority (in Alaska the age of majority is 18 years, except for those who are emancipated earlier by marriage or by court order).

Forms may be obtained from the division upon request or a statement including the necessary information may be composed and submitted by an individual.

Any legal representative, guardian, or trustee for an individual must submit a certified copy of the court order authorizing the representative to act in that capacity and to fulfill, on behalf of the individual, all obligations arising under the lease or permit. The representative must also submit a signed statement as to the age of the individual and themselves (11 AAC 82.205(a)(2)).

Agents for an individual must submit an original or certified copy of a notarized power of attorney instrument authorizing the agent to act on behalf of the individual.

#### **B. Corporations**

Corporations must submit:

- 1) the current address of the corporation,

- 2) a list of the individuals authorized to act on its behalf with respect to oil and gas leasing or permitting,
- 3) an original or certified copy of a notarized power of attorney authorizing any agent who is not a current officer but who has been authorized by the corporation to act on its behalf with respect to the mineral specified in the permit or lease,
- 4) a Certificate of Compliance for those corporations qualified to do business in Alaska,

-or-

- 5) if filing for the first time, either a Certificate of Incorporation from those corporations which have been incorporated in the state of Alaska (also known as “domestic” corporations), or a Certificate of Authority from those corporations which have been incorporated outside the state of Alaska (also known as “foreign” corporations).

These documents may be obtained from:

Alaska Department of Commerce and Economic Development  
Division of Banking, Securities and Corporations  
Attention: Corporations Section  
9th Floor, State Office Building  
P. O. Box 110808  
Juneau, AK 99811-0808  
(907) 465-2530

-or-

Alaska Department of Commerce and Economic Development  
Division of Banking, Securities and Corporations  
550 W 7<sup>th</sup> Ave., Suite 1940  
Anchorage, AK 99501  
(907) 269-8140

Inquiries about incorporating in the state of Alaska, or qualifying as a foreign corporation to do business in the state of Alaska should be addressed to personnel at either of the above addresses.

### C. Unincorporated Associations

Unincorporated Associations must submit

- 1) a statement describing the business relationships between members of the association or partnership,
- 2) a statement of qualifications for each member of the association or partnership (outlined in Section A),

-and/or-

if some or all of the members are incorporated entities, all information required for corporations (described in Section B) must also be submitted, and

- 3) in the case of an agent acting on behalf of an individual, an original or certified copy of a notarized power of attorney defining the agent's authority to sign with respect to the mineral specified in the permit or lease on behalf of the partnership or association.

If still current, material previously filed with the department satisfying all or part of the requirements of this section may be incorporated in an application by appropriate reference together with a statement as to any material changes or amendments.

**Sources**

11 AAC 82.200  
11 AAC 82.205  
AS 38.05.020  
AS 38.05.145(a)

**Further Information**

Should you have any further questions regarding qualifying for Alaska oil and gas leases, please contact Alaska Division of Oil and Gas, 550 West 7<sup>th</sup> Avenue, Suite 800; Anchorage, Alaska 99501-3560. Phone number (907) 269-8810.

## EXPLORATION LICENSING

Exploration Licensing supplements the state's oil and gas leasing program and encourages oil and gas exploration within remote areas of the state outside of the known oil and gas provinces -- the North Slope, Beaufort Sea and Cook Inlet. The holder of an exploration license has the exclusive right to explore an area between 10,000 and 500,000 acres in size for a term of up to 10 years. Rather than an up-front bonus payment to the state, as is done in conventional leasing, a licensee must commit direct expenditures for exploration. If there is competition for a license, the party committing the most dollars to exploration is granted a license. Since there are no annual rental payments for a license, the only money guaranteed the state is a \$1 per acre licensing fee, which is paid upon acceptance. The state is, however, provided all of the geological and geophysical information acquired by the licensee, and so can gain a better understanding of an area's resource potential.

Once the work commitment is met, the licensee may convert all or a portion of the license area into oil and gas leases. Upon conversion the lessee begins paying the state annual rental fees of \$3 per acre. Should exploration lead to development and production, the state is entitled to a royalty share that cannot be less than 12-1/2 percent.

### **Five-Year Licensing Program**

The department will accept all proposals for consideration that are submitted during the month of April of each year, as specified in 11 AAC 82.909. Areas not eligible for licensing are specified in AS 38.05.131.

### **LICENSES ISSUED**

| <b><u>Location</u></b> | <b><u>Licensee</u></b> | <b><u>Acres</u></b> | <b><u>Work Commitment</u></b> | <b><u>Effective Date</u></b> | <b><u>Term</u></b> |
|------------------------|------------------------|---------------------|-------------------------------|------------------------------|--------------------|
| Copper River Basin     | Forest Oil Corp.       | 318,756             | \$1,420,000                   | 10/1/2000                    | 5 Yrs              |
| Nenana Basin           | Andex Resources        | 482,942             | \$2,525,000                   | 10/1/2002                    | 7 Yrs              |
| Susitna Basin No. 1    | Forest Oil Corp.       | 386,207             | \$2,520,000                   | 11/1/2003                    | 7 Yrs              |
| Susitna Basin No. 2    | Forest Oil Corp.       | 471,474             | \$3,000,000                   | 11/1/2003                    | 7 Yrs              |

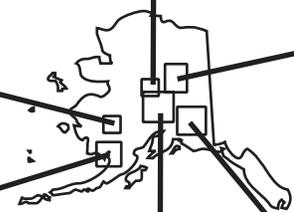
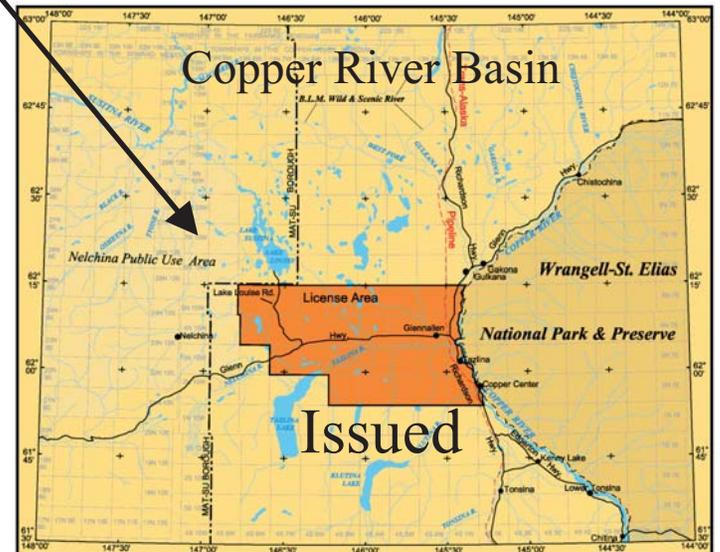
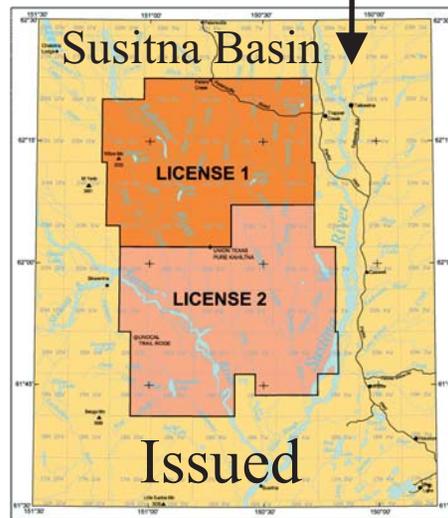
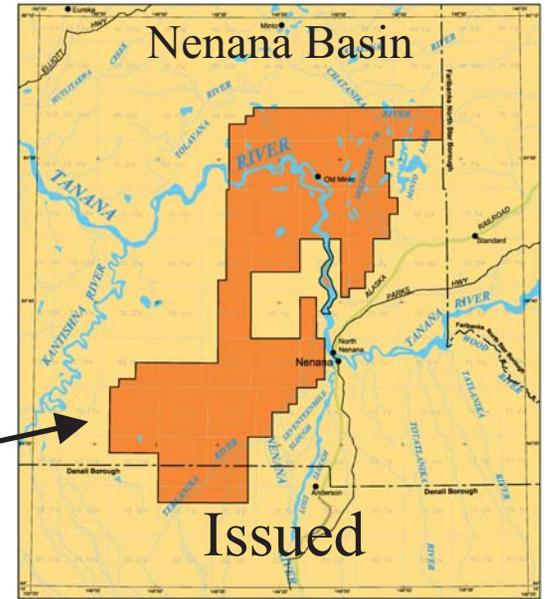
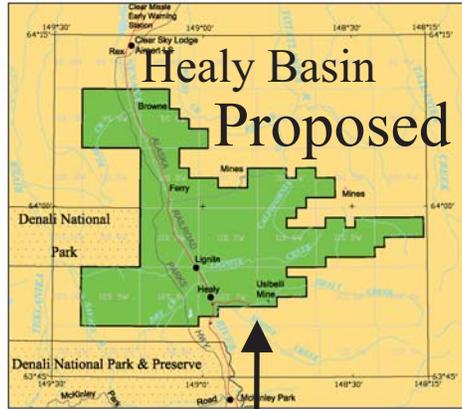
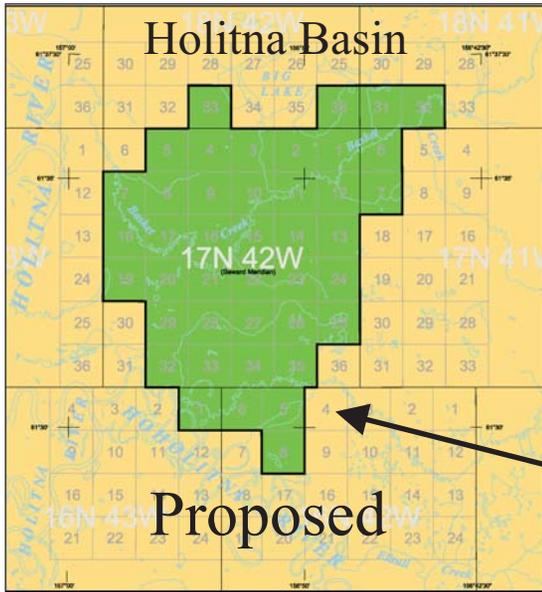
### **LICENSE AWARDED**

| <b><u>Location</u></b> | <b><u>Licensee</u></b> | <b><u>Acres</u></b> | <b><u>Work Commitment</u></b> | <b><u>Effective Date</u></b> | <b><u>Term</u></b> |
|------------------------|------------------------|---------------------|-------------------------------|------------------------------|--------------------|
| Bristol Bay Basin      | Bristol Shores, LLC    | 329,113             | \$3,200,000                   | TBD                          | 7 Yrs              |

### **LICENSES PROPOSED**

| <b><u>Location</u></b> | <b><u>Licensee</u></b> | <b><u>Acres</u></b> | <b><u>Work Commitment</u></b> | <b><u>Effective Date</u></b> | <b><u>Term</u></b> |
|------------------------|------------------------|---------------------|-------------------------------|------------------------------|--------------------|
| Holitna Basin          | Holitna Energy, LLC    | 26,880              | \$1 per acre                  | TBD                          | 3 Yrs              |
| Healy Basin            | Usibelli Coal Mine Co. | 552,960             | \$500,000                     | TBD                          | 10 Yrs             |

# Exploration Licensing Program



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**STATE OF ALASKA  
FIVE-YEAR OIL AND GAS LEASING PROGRAM**

**2005 through 2009**

| <b><u>Sale</u></b>                    | <b><u>Annually Held In</u></b> |
|---------------------------------------|--------------------------------|
| <b>North Slope Foothills Areawide</b> | <b>May</b>                     |
| <b>Cook Inlet Areawide</b>            | <b>May</b>                     |
| <b>North Slope Areawide</b>           | <b>October</b>                 |
| <b>Beaufort Sea Areawide</b>          | <b>October</b>                 |
| <b>Alaska Peninsula Areawide</b>      | <b>October</b>                 |

# ALASKA OIL AND GAS LEASING PROGRAM





## ALASKA

### DEPARTMENT OF NATURAL RESOURCES

#### DIVISION OF OIL AND GAS

MARK MYERS, DIRECTOR

**2005-2009**

**North Slope Sales**

|  |                           |            |
|--|---------------------------|------------|
|  | <b>Foothills Areawide</b> | <b>May</b> |
|  | <b>Areawide</b>           | <b>Oct</b> |

**Beaufort Sea Sales**

|  |                 |            |
|--|-----------------|------------|
|  | <b>Areawide</b> | <b>Oct</b> |
|--|-----------------|------------|

**Cook Inlet Sales**

|  |                 |            |
|--|-----------------|------------|
|  | <b>Areawide</b> | <b>May</b> |
|--|-----------------|------------|

**Alaska Peninsula Sales**

|  |                 |            |
|--|-----------------|------------|
|  | <b>Areawide</b> | <b>Oct</b> |
|--|-----------------|------------|



Base Map: Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 154°, origin latitude of 50°, northern parallel of 65°, southern parallel of 55°. This map is for informational purposes only. Jan. '05

Base Map: Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 154°, origin latitude of 50°, northern parallel of 65°, southern parallel of 55°. This map is for informational purposes only. Jan. '05

# FIVE-YEAR OIL AND GAS LEASING PROGRAM PUBLIC NOTIFICATION SCHEDULE



| Proposed Sale Area & Date               | 2005 |   |   |   |   |   |   |   |   |   |   |   | 2006 |   |   |   |   |   |   |   |   |   |   |   | 2007 |   |   |   |   |   |   |   |   |   |   |   | 2008 |   |   |   |   |   |   |   |   |   |   |   | 2009 |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
|-----------------------------------------|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|--|--|--|
|                                         | J    | F | M | A | M | J | J | A | S | O | N | D | J    | F | M | A | M | J | J | A | S | O | N | D | J    | F | M | A | M | J | J | A | S | O | N | D | J    | F | M | A | M | J | J | A | S | O | N | D | J    | F | M | A | M | J | J | A | S | O | N | D |  |  |  |  |  |  |  |  |
| North Slope Foothills Areawide 2005 May | F    | S |   |   |   | S |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Cook Inlet Areawide 2005 May            | F    | S |   |   |   | S |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Areawide 2005 Oct           | C    | E |   |   |   |   | F | S |   |   | S |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Beaufort Sea Areawide 2005 Oct          | C    | E |   |   |   |   | F | S |   |   | S |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Alaska Peninsula Areawide 2005 Oct      | P    | E |   |   |   |   | F | S |   |   | S |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Foothills Areawide 2006 May |      |   |   |   |   |   |   |   | C | E |   | F | S    |   |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Cook Inlet Areawide 2006 May            |      |   |   |   |   |   |   |   | C | E |   | F | S    |   |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Areawide 2006 Oct           |      |   |   |   |   |   |   |   | C | E |   | F | S    |   |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Beaufort Sea Areawide 2006 Oct          |      |   |   |   |   |   |   |   | C | E |   | F | S    |   |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Alaska Peninsula Areawide 2006 Oct      |      |   |   |   |   |   |   |   | C | E |   | F | S    |   |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Foothills Areawide 2007 May |      |   |   |   |   |   |   |   |   |   |   |   |      | C | E |   | F | S |   |   |   | S |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Cook Inlet Areawide 2007 May            |      |   |   |   |   |   |   |   |   |   |   |   |      | C | E |   | F | S |   |   |   | S |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Areawide 2007 Oct           |      |   |   |   |   |   |   |   |   |   |   |   |      | C | E |   | F | S |   |   |   | S |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Beaufort Sea Areawide 2007 Oct          |      |   |   |   |   |   |   |   |   |   |   |   |      | C | E |   | F | S |   |   |   | S |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Alaska Peninsula Areawide 2007 Oct      |      |   |   |   |   |   |   |   |   |   |   |   |      | C | E |   | F | S |   |   |   | S |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Foothills Areawide 2008 May |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   | C | E |   | F | S |   | S    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Cook Inlet Areawide 2008 May            |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   | C | E |   | F | S |   | S    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Areawide 2008 Oct           |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   | P | E |   | F |   |   | N    | S |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Beaufort Sea Areawide 2008 Oct          |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   | C | E |   | F | S    |   | S |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Alaska Peninsula Areawide 2008 Oct      |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   | C | E |   | F | S    |   | S |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Foothills Areawide 2009 May | A    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   | C | E |   | F | S    |   | S |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Cook Inlet Areawide 2009 May            | A    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   | P | E |   | F |      |   | N | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| North Slope Areawide 2009 Oct           | A    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   | C | E |   | F    | S |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Beaufort Sea Areawide 2009 Oct          | A    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   | P | E |   | F    |   |   | N | S |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
| Alaska Peninsula Areawide 2009 Oct      | A    |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   | C | E |   | F    | S |   | S |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |

A = Sale Added to Schedule.

C = Call for Comments:  
Request for New Information Made Available Since Last Finding.

E = End of Comment Period.

P = Preliminary Best Interest Finding /  
ACMP Consistency Analysis.

F = Final Finding.

F<sub>S</sub> = Supplement to Final Finding and/or Notice of Sale and Terms.

N = Notice of Sale and Terms

S = Sale.

Public Process = C-E F<sub>S</sub>



## North Slope Foothills Areawide Lease Sales

Annually Held in May

**Description of Sale Area:** These five areawide sales will consist of all unleased, state-owned lands lying between the National Petroleum Reserve-Alaska (NPRA) and the Arctic National Wildlife Refuge (ANWR), south of the Umiat Baseline and north of the Gates of the Arctic National Park and Preserve. The gross proposed sale area is in excess of 7,000,000 acres and is divided into 1,392 tracts. A significant amount of acreage within the sale area has only been selected by the state under the Alaska Statehood Act. Certain ANCSA native village and regional corporations have also selected portions this acreage. The ultimate availability of this acreage for leasing by the state will depend on the outcome of the Bureau of Land Management's adjudication of the competing selections.

**Hydrocarbon Potential:** Hydrocarbon potential in the area is considered low to moderate.

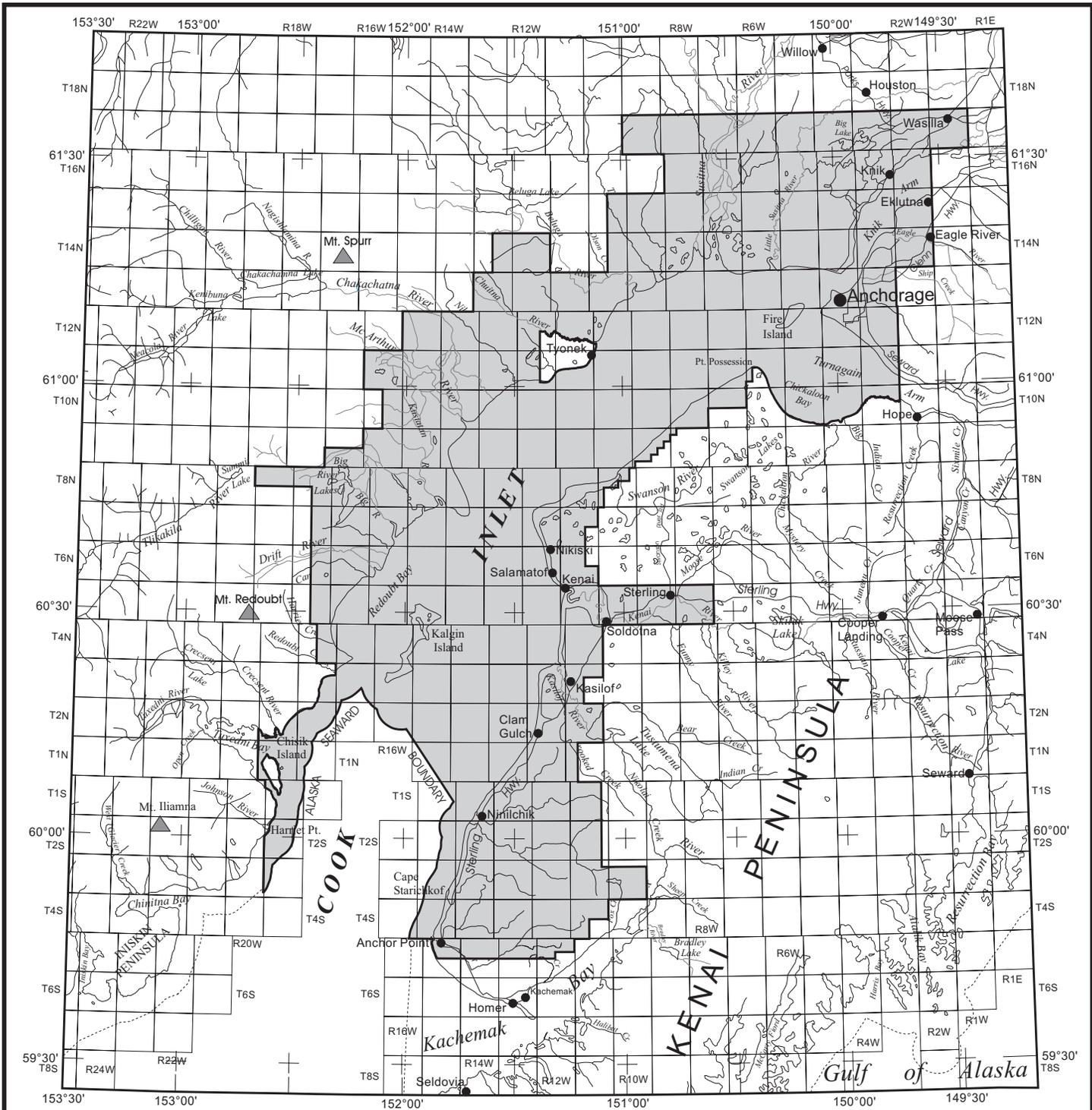
**Other Resource Issues:** Four caribou herds utilize the proposed sale area: the Western Arctic Herd, Central Arctic Herd, the Teshekpuk Lake Herd and the Porcupine Caribou Herd. Caribou use the proposed sale area as winter range and travel along the river drainages and mountain passes to their summer calving areas along the Beaufort Sea coast.

The riparian habitats found within the sale area are important to a variety of species such as moose, grizzly bears, and arctic peregrine falcons. Some of the higher mesa or butte areas are used for lambing and mineral licks by Dall sheep. Major river valleys, where willow stands are most abundant, provide valuable moose habitat. Moose concentrate in these areas throughout the year, with peak use occurring during winter. Grizzly bears are frequently associated with riparian habitats in the area, especially in the spring and fall. Arctic peregrine falcons nest along several of the rivers in the proposed sale area. Residents of Anaktuvuk Pass are the most frequent users of fish and wildlife in the sale area; however, Barrow and Nuiqsut residents occasionally harvest species in the area.

**Community Information:** Portions of the proposed sale area lie within the boundaries of the North Slope Borough Coastal Management District. Oil and gas activities in this area of the state's coastal zone must be consistent with the Alaska Coastal Management Program, which includes the borough's program. The North Slope Borough has adopted a Comprehensive Plan and Land Management Regulations that may impose restrictions on oil and gas activity in the proposed sale area.

| <b>Community</b>      | <b>Municipal Classification</b> | <b>Population (2000)</b> |
|-----------------------|---------------------------------|--------------------------|
| North Slope Borough   | Home rule borough               | 9,430                    |
| Prudhoe Bay/Deadhorse | Unincorporated                  | 5                        |
| Nuiqsut               | Second class city               | 433                      |
| Anaktuvuk Pass        | Second class city               | 282                      |

**Status of Sale:** No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in February 2001. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director's decision, will be issued at least 90 days before each sale.



STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS

**COOK INLET AREAWIDE**

Proposed Sale Area



SCALE 1:1,425,600 ONE INCH EQUALS 22.5 MILES APPROX.  
20 0 20 40 60 80 MILES

**Cook Inlet Areawide Lease Sales:****Annually Held in May**

**Description of Sale Areas:** These five areawide sales will include unleased, state-owned uplands located in the Matanuska and Susitna Valleys, the Anchorage Bowl, the western and southern Kenai Peninsula from Pt. Possession to Anchor Pt., as well as on the western shore of Cook Inlet from the Beluga River to Harriet Pt. These sales will also include the tide and submerged lands in the upper Cook Inlet from Kink and Turnagain Arms south to Anchor Pt. and Tuxedni Bay. The area is bounded on the east by the Chugach and Kenai Mountains and on the West by the Aleutian Range. The gross proposed area is about 4,200,000 acres and is divided into 815 tracts.

**Hydrocarbon Potential:** Hydrocarbon potential in the area is considered low to moderate.

**Other Resource Issues:** The Cook Inlet region is used extensively for commercial, subsistence, and recreational fishing and hunting. Five species of North Pacific salmon are fished commercially throughout Cook Inlet. A number of important anadromous streams are found within the proposed sale area. The area provides important habitat for moose, black and brown bear, caribou, and waterfowl. Marine mammals found near or within the area include beluga whales, Steller sea lions, sea otters and harbor seals. Protected or endangered species known to occur in the sale area include the bald eagle. Under the Endangered Species Act, the Steller sea lion is a threatened species east of 144 degrees longitude and endangered west of 144 degrees longitude.

A number of state and federal wildlife refuges, critical habitat areas, recreation areas, and parks exist within or near the proposed sale area. These areas encompass important fish and wildlife habitat, and have significant scenic and recreational value.

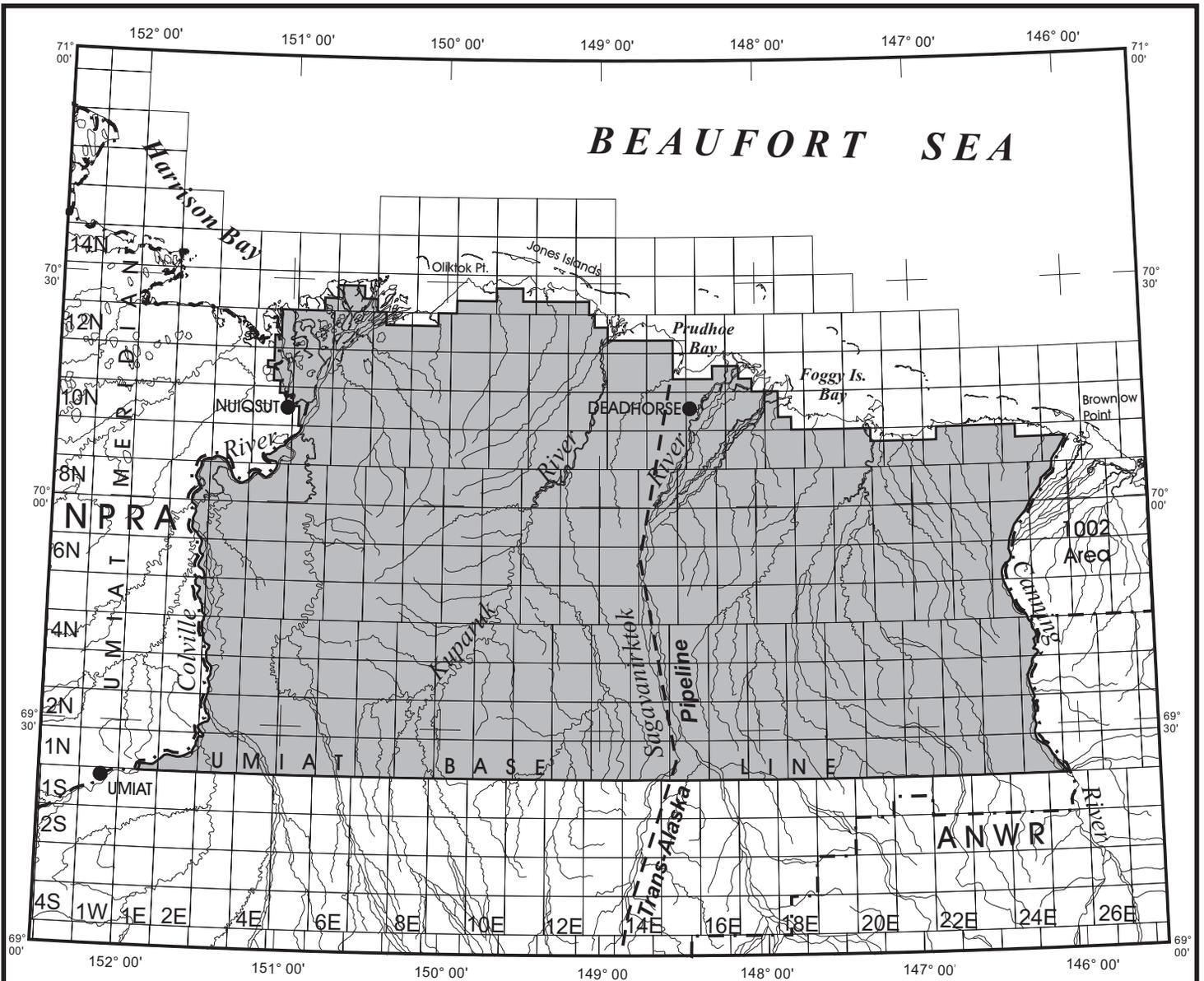
**Community Information:** The proposed sale area is within the boundaries of two boroughs and the Municipality of Anchorage. The Matanuska-Susitna Borough, the Kenai Peninsula Borough, and the Municipality of Anchorage all have approved coastal management plans that are included in the Alaska Coastal Management Program.

| <b>Community</b>          | <b>Municipal Classification</b>   | <b>Population (2000)</b> |
|---------------------------|-----------------------------------|--------------------------|
| Municipality of Anchorage | Unified home rule municipality    | 260,283                  |
| Kenai Peninsula Borough   | Second class borough              | 49,691                   |
| Matanuska-Susitna Borough | Second class borough              | 59,322                   |
| Kenai                     | Home rule city                    | 6,942                    |
| Palmer                    | Home rule city                    | 4,533                    |
| Homer                     | First class city                  | 3,946                    |
| Seldovia                  | First class city & Unincorporated | 430                      |
| Soldotna                  | First class city                  | 3,759                    |
| Wasilla                   | First class city                  | 5,469                    |
| Houston                   | Second class city                 | 1,202                    |
| Anchor Point              | Unincorporated                    | 1,845                    |
| Big Lake                  | Unincorporated                    | 2,635                    |
| Clam Gulch                | Unincorporated                    | 173                      |
| Cohoe                     | Unincorporated                    | 1,168                    |
| Eklutna                   | Unincorporated                    | 394                      |
| Happy Valley              | Unincorporated                    | 489                      |
| Hope                      | Unincorporated                    | 137                      |
| Kalifornsky               | Unincorporated                    | 5,846                    |

| <b>Community</b>       | <b>Municipal Classification</b> | <b>Population (2000)</b> |
|------------------------|---------------------------------|--------------------------|
| Kasilof                | Unincorporated                  | 471                      |
| Knik-Fairview          | Unincorporated                  | 7,049                    |
| Nanwalek (English Bay) | Unincorporated                  | 177                      |
| Ninilchik              | Unincorporated                  | 772                      |
| Nikiski                | Unincorporated                  | 4,327                    |
| Nikolaevsk             | Unincorporated                  | 345                      |
| Port Graham            | Unincorporated                  | 171                      |
| Ridgeway               | Unincorporated                  | 1,932                    |
| Salamatof              | Unincorporated                  | 954                      |
| Sterling               | Unincorporated                  | 4,705                    |
| Tyonek                 | Unincorporated                  | 193                      |

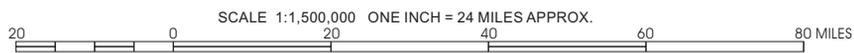
**Status of Sales:** No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in January 1999. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director's decision, will be issued at least 90 days before each sale.

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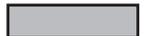
STATE OF ALASKA  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL AND GAS

**NORTH SLOPE AREAWIDE**



Albers Equal-Area Conic Projection Based On The Clark 1866 Ellipsoid Central Meridian: -150.00 Origin Latitude: 50.00

Proposed Sale Areas



**North Slope Areawide Lease Sales:**

**Annually Held In October**

**Description of Sale Area:** These five proposed areawide sales consist of all unleased, state-owned lands lying between the National Petroleum Reserve-Alaska (NPRA) and the Arctic National Wildlife Refuge (ANWR), and from the Beaufort Sea in the north to the Umiat Meridian Baseline in the south. The proposed area contains as much as 5,100,000 acres and is divided into 1225 tracts. The sale area also includes unleased lands within the area of the 1991 settlement agreement between the Arctic Slope Regional Corporation (ASRC) and the state of Alaska. As a result of this agreement, a portion of the subsurface estate along the Colville River is owned jointly by the state and ASRC.

**Hydrocarbon Potential:** Hydrocarbon potential in the area is considered moderate to high.

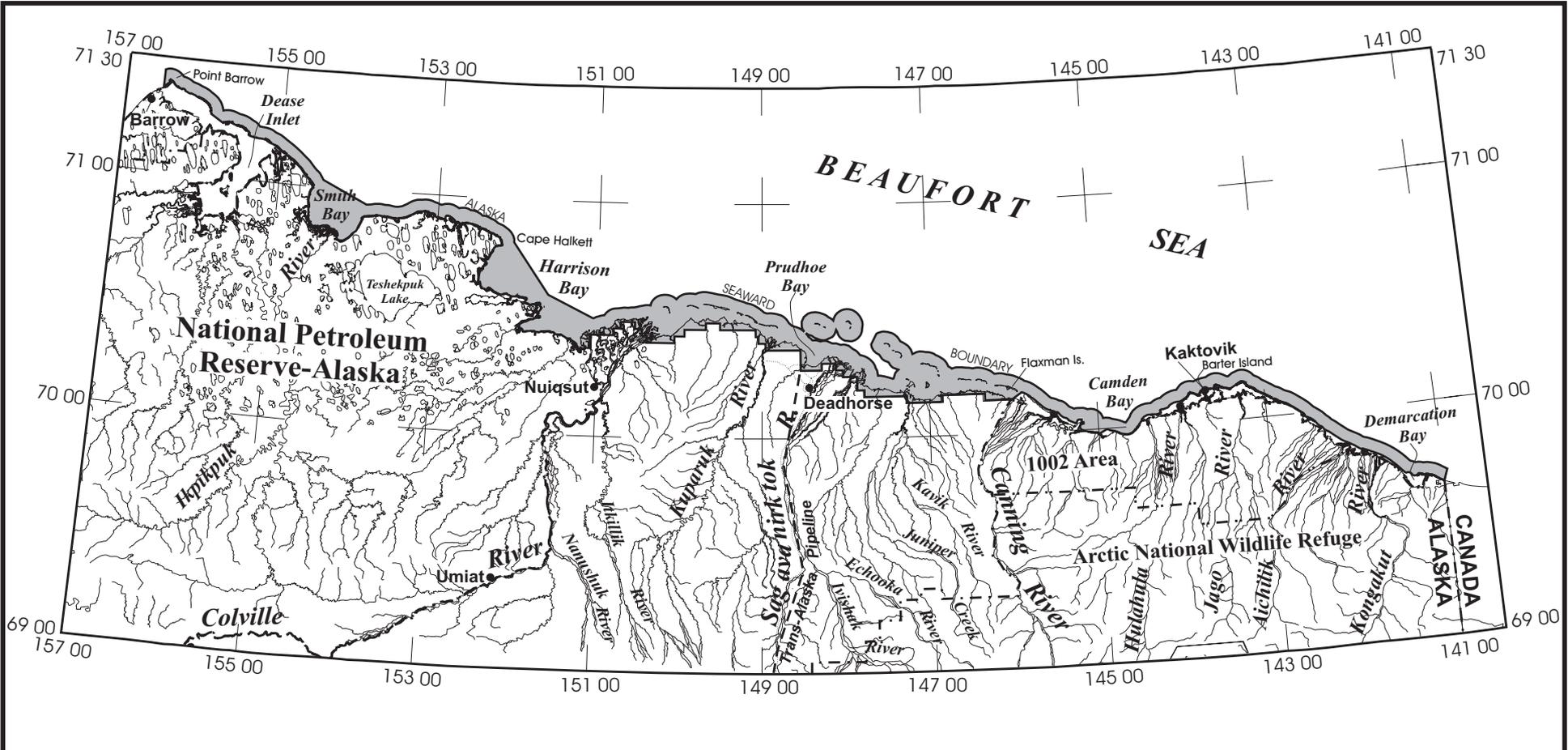
**Other Resource Issues:** The proposed sale area supports a variety of wildlife. Caribou from the Central Arctic Herd and the Teshekpuk Lake Herd utilize parts of the region. Grizzly bears and moose are found along the Colville and Itkillik rivers. Polar bear dens have been documented in the Colville River Delta. Spotted seals haul out on sand bars in the Colville River Delta. Arctic fox, wolverine, and wolves also inhabit the area. Millions of birds migrate through or near the area during the summer, stopping to feed or rest on the numerous small tundra ponds typical of the area. The Colville River Delta wetlands provide important staging, nesting, feeding, and molting habitat for many species of birds. Freshwater fish include grayling, burbot, and whitefish. Anadromous fish include arctic char, cisco, whitefish, and salmon. Residents of Nuiqsut and Anaktuvuk Pass use the area for fishing and hunting birds, caribou, and other species.

**Community Information:** Portions of the proposed sale area lie within the boundaries of the North Slope Borough Coastal Management District. Oil and gas activities in this area of the state's coastal zone must be consistent with the Alaska Coastal Management Program, which includes the borough's program. The North Slope Borough has adopted a Comprehensive Plan and Land Management Regulations that may impose restrictions on oil and gas activity in the proposed sale area.

| <b>Community</b>      | <b>Municipal Classification</b> | <b>Population (2000)</b> |
|-----------------------|---------------------------------|--------------------------|
| North Slope Borough   | Home rule borough               | 9,430                    |
| Prudhoe Bay/Deadhorse | Unincorporated                  | 5                        |
| Nuiqsut               | Second class city               | 433                      |
| Anaktuvuk Pass        | Second class city               | 282                      |

**Status of Sales:**

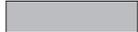
No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in March 1998. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director's decision, will be issued at least 90 days before each sale

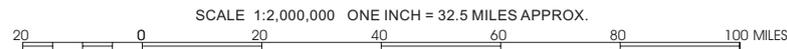


STATE OF ALASKA  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL AND GAS

**BEAUFORT SEA AREA WIDE**



Proposed Sale Areas  




Albers Equal-Area Conic Projection Based On The Clark 1866 Ellipsoid Central Meridian: -149.00 Origin Latitude: 50.00

**Beaufort Sea Areawide Lease Sales:**

**Annually Held in October**

**Description of Sale Area:** The area for these five proposed sales consists of all unleased state-owned tide and submerged lands lying between the Canadian Border and Point Barrow, and some coastal uplands acreage located along the Beaufort Sea between the Canning and Colville Rivers. The gross proposed sale area is in excess of 2,000,000 acres and is divided into 576 tracts. The state of Alaska and the Arctic Slope Regional Corporation own a portion of the subsurface estate offshore of the mouth of the Colville River jointly. The state and agencies within the U.S. Department of the Interior have agreed upon a boundary line between state waters and those within the National Petroleum Reserve – Alaska and an administrative boundary between state waters and the Arctic National Wildlife Refuge.

**Hydrocarbon Potential:** The hydrocarbon potential in the area is considered moderate to high.

**Other Resource Issues:** The marine environment along the Beaufort Sea coast provides denning habitat for polar bears and pupping habitat for ringed seals. Bowhead whales occur in the proposed sale vicinity during the fall migration, and a bowhead whale feeding area has been documented in the Demarcation Point vicinity. Beluga whales may also be found in the general vicinity during the summer. Numerous species of waterfowl, shorebirds, and seabirds migrate along the Beaufort Sea, and nest, stage, and molt in the lagoonal areas. Nearshore waters provide habitat for many marine and anadromous fish species. Caribou, grizzly bear and moose are found along major rivers. Residents of Barrow, Nuiqsut and Kaktovik use the fish and wildlife resources in the area for subsistence. The fall and spring hunts for bowhead whales are especially important to their subsistence needs.

**Community Information:** The proposed sale area lies within the boundaries of the North Slope Borough Coastal Management Program. Oil and gas activities in these areas of the state’s coastal zone must be consistent with the Alaska Coastal Management Program, which includes the borough’s program. The North Slope Borough has adopted a Comprehensive Plan and Land Management Regulations that may impose restrictions on oil and gas activity in the proposed sale area.

| <b>Community</b>      | <b>Municipal Classification</b> | <b>Population (2000)</b> |
|-----------------------|---------------------------------|--------------------------|
| North Slope Borough   | Home rule borough               | 9,430                    |
| Barrow                | First class city                | 4,581                    |
| Atqasuk               | Second class city               | 228                      |
| Kaktovik              | Second class city               | 293                      |
| Prudhoe Bay/Deadhorse | Unincorporated                  | 5                        |
| Nuiqsut               | Second class city               | 433                      |

**Status of Sales:** No decision has been made on whether these sales will be held. Approximately nine months prior to each proposed lease sale the division will issue a request for new information that has become available since the original finding was issued in July 1999. Should the director determine that, based on new information, a supplement to the finding is justified, the supplement, along with the director’s decision, will be issued at least 90 days before each sale



## Alaska Peninsula Areawide Lease Sale

Annually Held in October  
(beginning in 2005)

The proposed Alaska Peninsula Areawide Oil and Gas Lease Sale encompasses a gross area of approximately 5 million acres (3.5 million acres onshore and 1.5 million offshore, within state waters). Only selected tracts of which the state owns all or part of the subsurface mineral estate may be offered. Acreage not owned by the state, clouded by title claims, or withdrawn through a court order will be excluded from the sale. Only those lands free and unencumbered will be included in any lease issued.

**Hydrocarbon Potential:** Hydrocarbon potential in the area is considered low to moderate.

**Other Resource Issues:** The proposed sale area contains some of the most productive fish and wildlife resources in the state. A wide variety of mammals inhabit the region; caribou, brown bear, moose, Pacific walrus, beluga whale, gray whale, Steller sea lion, harbor seal, and sea otter are the primary species found. The proposed sale area provides staging, feeding, and nesting habitat for hundreds of species of shorebirds and waterfowl, collectively numbering in the millions of birds. All five species of Pacific salmon occur there, as well as Dolly Varden, rainbow trout, grayling, burbot, and a variety of other fishes. Fish and wildlife populations in the proposed sale area are harvested extensively for subsistence and sport use, and contribute significantly to the local economy.

**Community Information:** Portions of the sale area lie within the boundaries of the Bristol Bay, Lake and Peninsula and Aleutians East Boroughs and the Dillingham Census Area. The proposed sale must be consistent with the Alaska Coastal Management Program and the local borough district plans.

| <b>Community</b>           | <b>Municipal Classification</b> | <b>Population (2002)</b> |
|----------------------------|---------------------------------|--------------------------|
| Aleutians East Borough     | 2 <sup>nd</sup> class borough   | 2,729                    |
| Bristol Bay Borough        | 2 <sup>nd</sup> class borough   | 1,159                    |
| Lake and Peninsula Borough | Home rule borough               | 1,641                    |
| Dillingham                 | 1 <sup>st</sup> class city      | 2,475                    |
| Cold Bay                   | 2 <sup>nd</sup> class city      | 116                      |
| Port Heiden                | 2 <sup>nd</sup> class city      | 108                      |
| Egegik                     | 2 <sup>nd</sup> class city      | 88                       |
| Pilot Point                | 2 <sup>nd</sup> class city      | 76                       |
| Naknek                     | Unincorporated                  | 642                      |
| King Salmon                | Unincorporated                  | 392                      |
| South Naknek               | Unincorporated                  | 121                      |
| Nelson Lagoon              | Unincorporated                  | 70                       |
| Ugashik                    | Unincorporated                  | 12                       |

**Status of Sales:** No decision has been made on whether this sale will be held. The Department of Natural Resources is preparing a preliminary best interest finding to determine if the proposed Alaska Peninsula Areawide Oil and Gas Lease Sale is in the state's best interests. The preliminary finding and proposed coastal management consistency determinations are tentatively scheduled for January 2005. It will be followed by a 90-day public comment period. The final finding and consistency determination are tentatively scheduled for July 2005. If the proposed sale is found to be in the state's best interests, a sale will be held in October 2005.

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## AREAWIDE OIL AND GAS LEASE SALES

### 2003 Final Results

| <u>Sale</u>           | <u>Date</u> | <u>Acres Leased</u> | <u>High Bonus Bids</u> |
|-----------------------|-------------|---------------------|------------------------|
| North Slope Foothills | May 7       | 5,760               | \$36,576               |
| Cook Inlet            | May 7       | 73,869              | \$689,949              |
| North Slope           | Oct 29      | 210,006             | \$3,586,400            |
| Beaufort Sea          | Oct 29      | <u>39,995</u>       | <u>\$1,358,187</u>     |
| <b>Totals:</b>        |             | <b>329,630</b>      | <b>\$ 5,671,112</b>    |

### 2004 Results

| <u>Sale</u>           | <u>Date</u> | <u>Acres Leased</u> | <u>High Bonus Bids</u> | <u>Status</u> |
|-----------------------|-------------|---------------------|------------------------|---------------|
| North Slope Foothills | May 19      | 19,796              | \$106,305              | Final         |
| Cook Inlet            | May 19      | 363,520             | \$2,629,820            | Preliminary   |
| North Slope           | Oct 27      | 225,280             | \$9,447,757            | Preliminary   |
| Beaufort Sea          | Oct 27      | <u>125,440</u>      | <u>\$5,280,384</u>     | Preliminary   |
| <b>Totals:</b>        |             | <b>734,036</b>      | <b>\$17,464,265</b>    |               |

Individual results of the 2004 sales are reported on the following pages.

State of Alaska  
 Department of Natural Resources  
 Division of Oil and Gas

## North Slope Foothills 2004

*Sale Results Summary*

Date of Sale: 5/19/2004

**Final Report**

6/30/2004

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 5  
 Total Acres Sold: 19,796.00  
 Minimum Bid Per Acre: \$5.00  
 Royalty: 12.50000 %

Highest Bid: \$30,931.20  
 Tract Number: NSF 2004-0735  
 Submitted By: Petro-Canada (Alaska) Inc.

Total Number of Valid Bids: 5  
 Total High Bonus Bids: \$106,304.52  
 Total Exposed (Sum Of All Valid Bids): \$106,304.52  
 Average High Bonus Bid Per Acre: \$5.37

Highest Bid/Acre: \$5.37  
 Tract Number: NSF 2004-0738  
 Submitted By: Petro-Canada (Alaska) Inc.

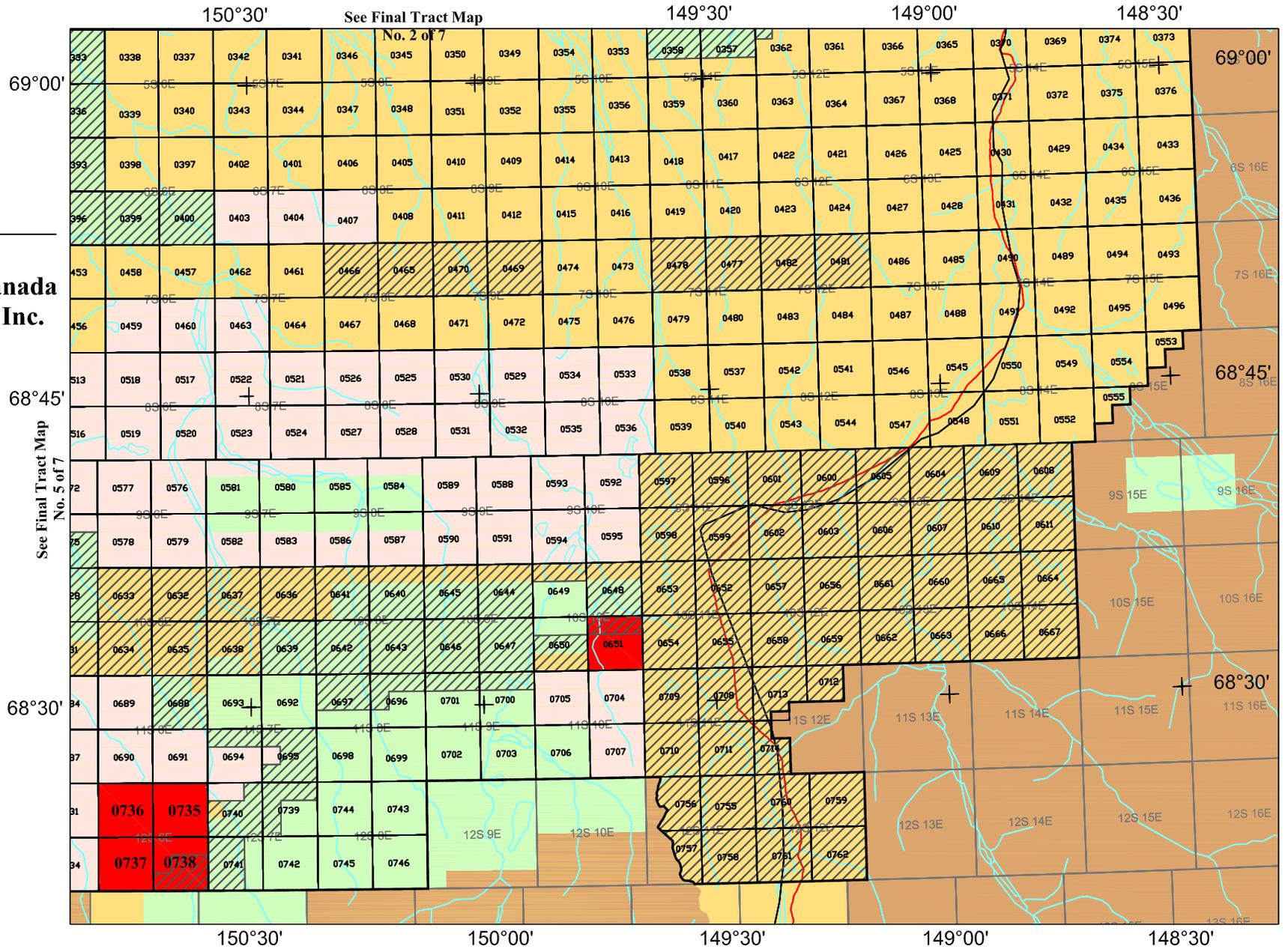
| Bidder Company or Group Name        | Number of Tracts Bid | Total of All Bids | Number of Tracts Won | Total of High Bids |
|-------------------------------------|----------------------|-------------------|----------------------|--------------------|
| Petro-Canada (Alaska) Inc.          | 5                    | \$106,304.52      | 5                    | \$106,304.52       |
| Petro-Canada (Alaska) Inc., 100.00% |                      |                   |                      |                    |

A lease will not be issued for Tract 0651 as there was no leaseable acreage within the tract (the State has a pending selection on the acreage within the tract, but has not yet received title).

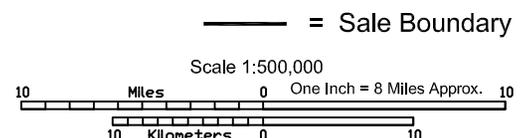
# Oil And Gas Lease Sale North Slope Foothills Areawide 2004

**Preliminary  
 Sale  
 Results**

 **Petro-Canada  
 (Alaska) Inc.**



-  State acreage
-  Currently leased Federal acreage (As of January 15, 2002)
-  Federal lands
-  State selected acreage / topfilled (Deferred From Leasing)
-  Native acreage / selected
-  Lease tract number
-  Native acreage / selected and State topfilled
-  Road
-  Trans-Alaska Pipeline



This Is Not An Official Tract Map. For Informational Purposes Only.

State of Alaska  
Department of Natural Resources  
Division of Oil and Gas

## Cook Inlet Areawide 2004

*Sale Results Summary*

Date of Sale: 5/19/2004

**Preliminary Report**

5/19/2004

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 72

Total Acres Sold: 363,520.00

Minimum Bid Per Acre: \$5.00

Royalty: 12.50000 %

Highest Bid: \$231,840.00

Tract Number: CIA2004-812

Submitted By: Alliance Energy Group LLC

Total Number of Valid Bids: 77

Total High Bonus Bids: \$2,629,820.16

Total Exposed (Sum Of All Valid Bids): \$2,755,528.32

Average High Bonus Bid Per Acre: \$7.23

Highest Bid/Acre: \$40.25

Tract Number: CIA2004-812

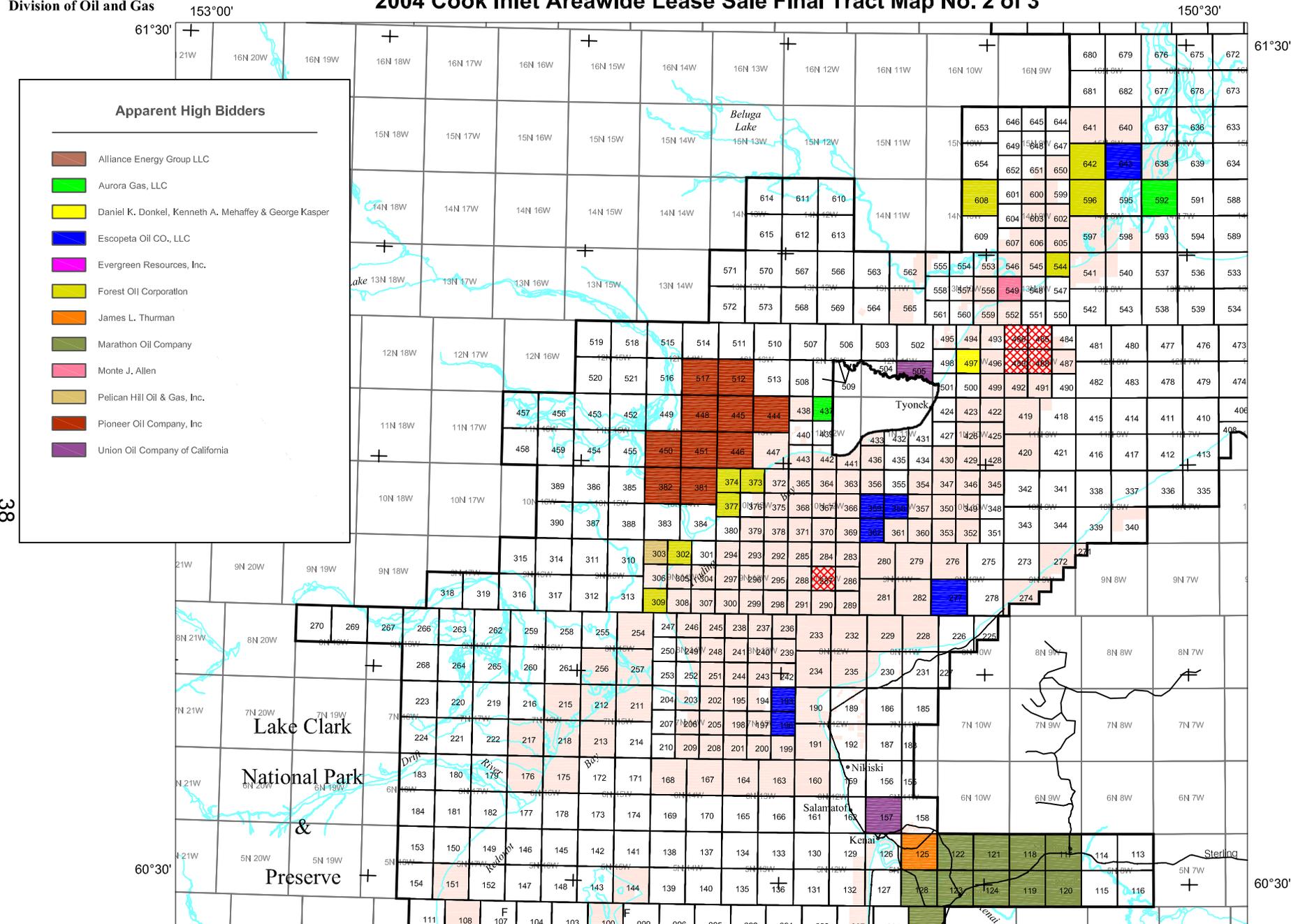
Submitted By: Alliance Energy Group LLC

| Bidder Company or Group Name                                                                                                          | Number of Tracts Bid | Total of All Bids | Number of Tracts Won | Total of High Bids |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|----------------------|--------------------|
| Alliance Energy Group LLC<br>Alliance Energy Group LLC , 100.00%                                                                      | 3                    | \$511,488.00      | 2                    | \$301,248.00       |
| Aurora Gas, LLC<br>Aurora Gas, LLC , 100.00%                                                                                          | 4                    | \$137,100.80      | 3                    | \$98,508.80        |
| Daniel K. Donkel, Kenneth A. Mehaffey & George Kasper<br>Daniel K. Donkel, 33.40%; Kenneth A. Mehaffey, 33.30%; George Kasper, 33.30% | 2                    | \$43,065.60       | 1                    | \$12,825.60        |
| Escopeta Oil CO., LLC<br>Escopeta Oil CO., LLC , 100.00%                                                                              | 7                    | \$162,956.80      | 7                    | \$162,956.80       |
| Evergreen Resources, Inc.<br>Evergreen Resources, Inc. , 100.00%                                                                      | 1                    | \$59,040.00       | 1                    | \$59,040.00        |
| Forest Oil Corporation<br>Forest Oil Corporation , 100.00%                                                                            | 10                   | \$245,228.80      | 9                    | \$232,172.80       |
| James L. Thurman<br>James L. Thurman , 100.00%                                                                                        | 1                    | \$35,712.00       | 1                    | \$35,712.00        |
| Marathon Oil Company<br>Marathon Oil Company , 100.00%                                                                                | 11                   | \$424,012.80      | 11                   | \$424,012.80       |
| Monte J. Allen<br>Monte J. Allen , 100.00%                                                                                            | 2                    | \$44,693.12       | 1                    | \$13,928.96        |
| Pelican Hill Oil & Gas, Inc.<br>Pelican Hill Oil & Gas, Inc. , 100.00%                                                                | 1                    | \$15,385.60       | 1                    | \$15,385.60        |
| Pioneer Oil Company, Inc<br>Pioneer Oil Company, Inc, 100.00%                                                                         | 28                   | \$806,208.00      | 27                   | \$793,152.00       |

| <b>Bidder Company or Group Name</b>       | <b>Number of Tracts Bid</b> | <b>Total of All Bids</b> | <b>Number of Tracts Won</b> | <b>Total of High Bids</b> |
|-------------------------------------------|-----------------------------|--------------------------|-----------------------------|---------------------------|
| Union Oil Company of California           | 8                           | \$480,876.80             | 8                           | \$480,876.80              |
| Union Oil Company of California , 100.00% |                             |                          |                             |                           |

The Division is recommending the rejection of Alliance Energy Group LLC's bid for Tract CIA2004-0799 for failure to comply with applicable statutes, regulations, and the Sale Announcement & Instructions to Bidders. The final status of that bid is pending a final decision by the Commissioner. Pioneer Oil Company, Inc. is an independently owned company incorporated in Indiana with its main office located in Lawrenceville, Illinois.

# 2004 Cook Inlet Areawide Lease Sale Final Tract Map No. 2 of 3

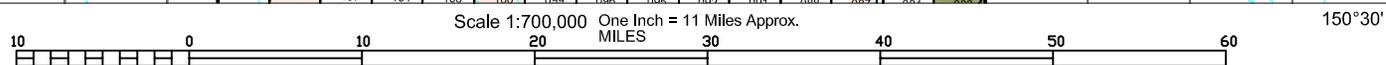
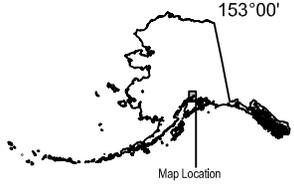


### Apparent High Bidders

- Alliance Energy Group LLC
- Aurora Gas, LLC
- Daniel K. Donkel, Kenneth A. Mehaffey & George Kasper
- Escopeta Oil CO., LLC
- Evergreen Resources, Inc.
- Forest Oil Corporation
- James L. Thurman
- Marathon Oil Company
- Monte J. Allen
- Pelican Hill Oil & Gas, Inc.
- Pioneer Oil Company, Inc
- Union Oil Company of California

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Final Tract Map  
No. 2 of 3

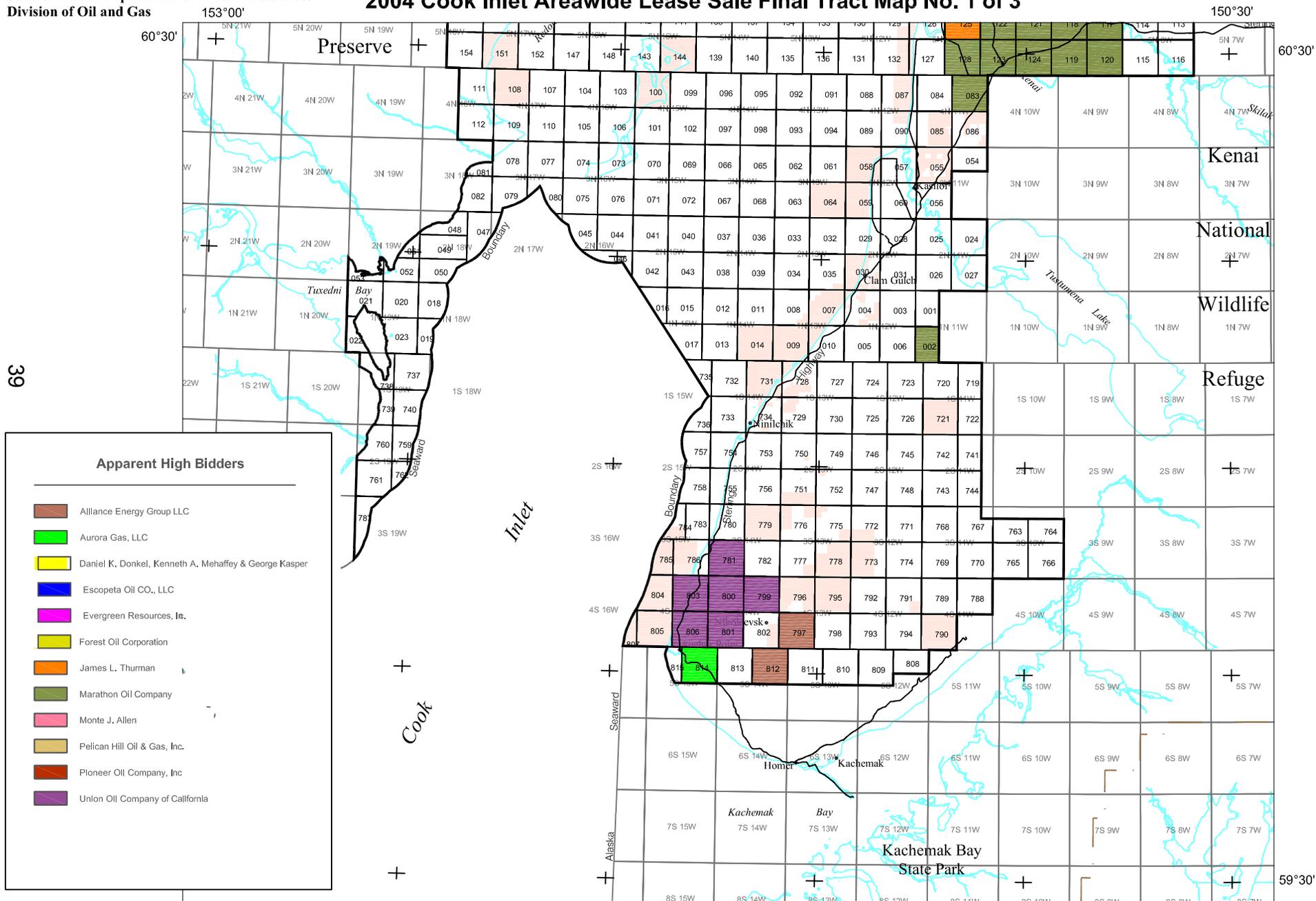


- CIAW Sale Boundary
- Acreage Withdrawn (from CIAW 2004).
- Currently Leased State Acreage (As of 2-5-04).

This Is Not An Official Tract Map. For Informational Purposes Only.

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 151° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

# 2004 Cook Inlet Areawide Lease Sale Final Tract Map No. 1 of 3



**Apparent High Bidders**

- Alliance Energy Group LLC
- Aurora Gas, LLC
- Daniel K. Donkel, Kenneth A. Mehaffey & George Kasper
- Escopeta Oil CO., LLC
- Evergreen Resources, Inc.
- Forest Oil Corporation
- James L. Thurman
- Marathon Oil Company
- Monte J. Allen
- Pelican Hill Oil & Gas, Inc.
- Pioneer Oil Company, Inc
- Union Oil Company of California

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Final Tract Map  
No. 1 of 3

Scale 1:700,000 One Inch = 11 Miles Approx.



- CIAW Sale Boundary
- Acreage Withdrawn (from CIAW 2004).
- Currently Leased State Acreage (As of 2-5-04).



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Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 151° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

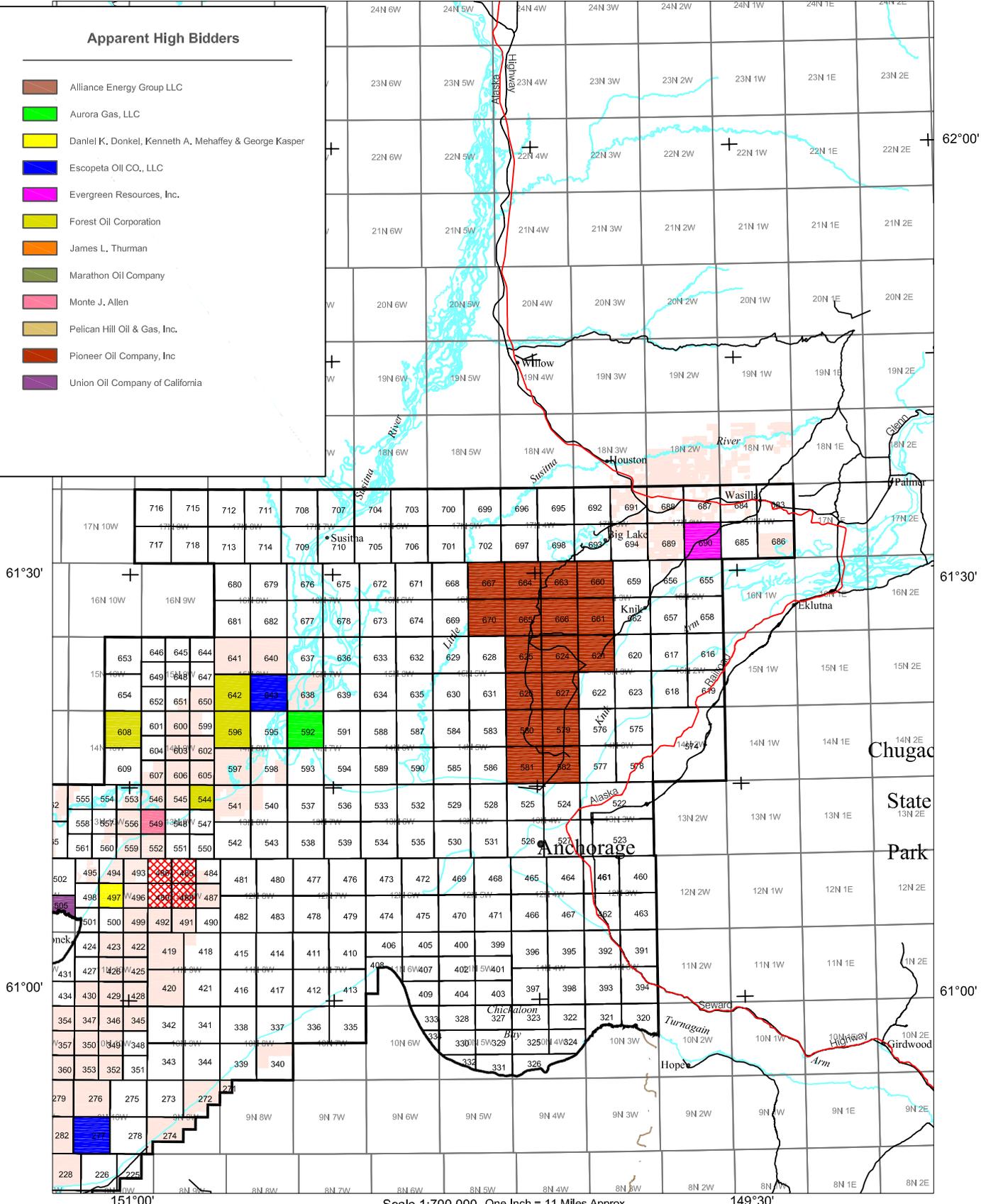
# 2004 Cook Inlet Areawide Lease Sale Final Tract Map No. 3 of 3

150°30'

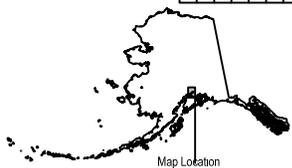
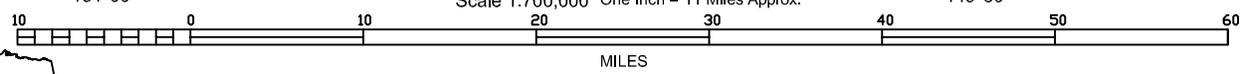
149°00'

### Apparent High Bidders

- Alliance Energy Group LLC
- Aurora Gas, LLC
- Daniel K. Donkel, Kenneth A. Mehaffey & George Kasper
- Escopeta Oil CO., LLC
- Evergreen Resources, Inc.
- Forest Oil Corporation
- James L. Thurman
- Marathon Oil Company
- Monte J. Allen
- Pelican Hill Oil & Gas, Inc.
- Pioneer Oil Company, Inc
- Union Oil Company of California



Final Tract Map  
No. 3 of 3



- CIAW Sale Boundary
- Acreage Withdrawn (from CIAW 2004).
- Currently Leased State Acreage (As of 2-5-04).

This Is Not An Official Tract Map. For Informational Purposes Only.

ADNR 5/20/04  
Rev. 6/1/04

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State of Alaska  
Department of Natural Resources  
Division of Oil and Gas

## North Slope Areawide 2004

*Sale Results Summary*

Date of Sale: 10/27/2004

**Preliminary Report**

10/28/2004

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 61  
Total Acres Sold: 225,280.00  
Minimum Bid Per Acre: \$10.00  
Royalty: 12.50000 %  
16.66667 %

Highest Bid: \$981,939.20  
Tract Number: NSA2004-0974  
Submitted By: Armstrong Alaska, Inc.

Total Number of Valid Bids: 61  
Total High Bonus Bids: \$9,447,756.80  
Total Exposed (Sum Of All Valid Bids): \$9,447,756.80  
Average High Bonus Bid Per Acre: \$41.94

Highest Bid/Acre: \$383.57  
Tract Number: NSA2004-0974  
Submitted By: Armstrong Alaska, Inc.

| Bidder Company or Group Name                                                                                                                              | Number of Tracts Bid | Total of All Bids | Number of Tracts Won | Total of High Bids |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|----------------------|--------------------|
| Anadarko Petroleum Corporation<br>Anadarko Petroleum Corporation, 100.00%                                                                                 | 16                   | \$746,361.60      | 16                   | \$746,361.60       |
| Arctic Falcon Exploration, LLC<br>Arctic Falcon Exploration, LLC , 100.00%                                                                                | 3                    | \$96,691.20       | 0                    | \$0.00             |
| Armstrong Alaska, Inc.<br>Armstrong Alaska, Inc. , 100.00%                                                                                                | 29                   | \$7,799,334.40    | 29                   | \$7,799,334.40     |
| AVCG, LLC<br>AVCG, LLC , 100.00%                                                                                                                          | 8                    | \$478,080.00      | 8                    | \$478,080.00       |
| ConocoPhillips Alaska, Inc./Pioneer Natural Resources, Alaska Inc.<br>ConocoPhillips Alaska, Inc., 50.00%; Pioneer Natural Resources, Alaska Inc., 50.00% | 2                    | \$67,968.00       | 2                    | \$67,968.00        |
| Mark Anderson<br>Mark Anderson , 100.00%                                                                                                                  | 8                    | \$371,200.00      | 4                    | \$204,800.00       |
| Pioneer Natural Resources Alaska, Inc.<br>Pioneer Natural Resources Alaska, Inc. , 100.00%                                                                | 2                    | \$151,212.80      | 2                    | \$151,212.80       |

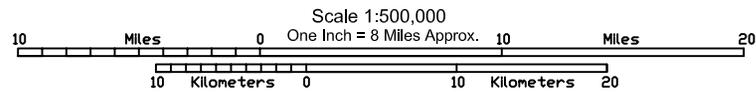
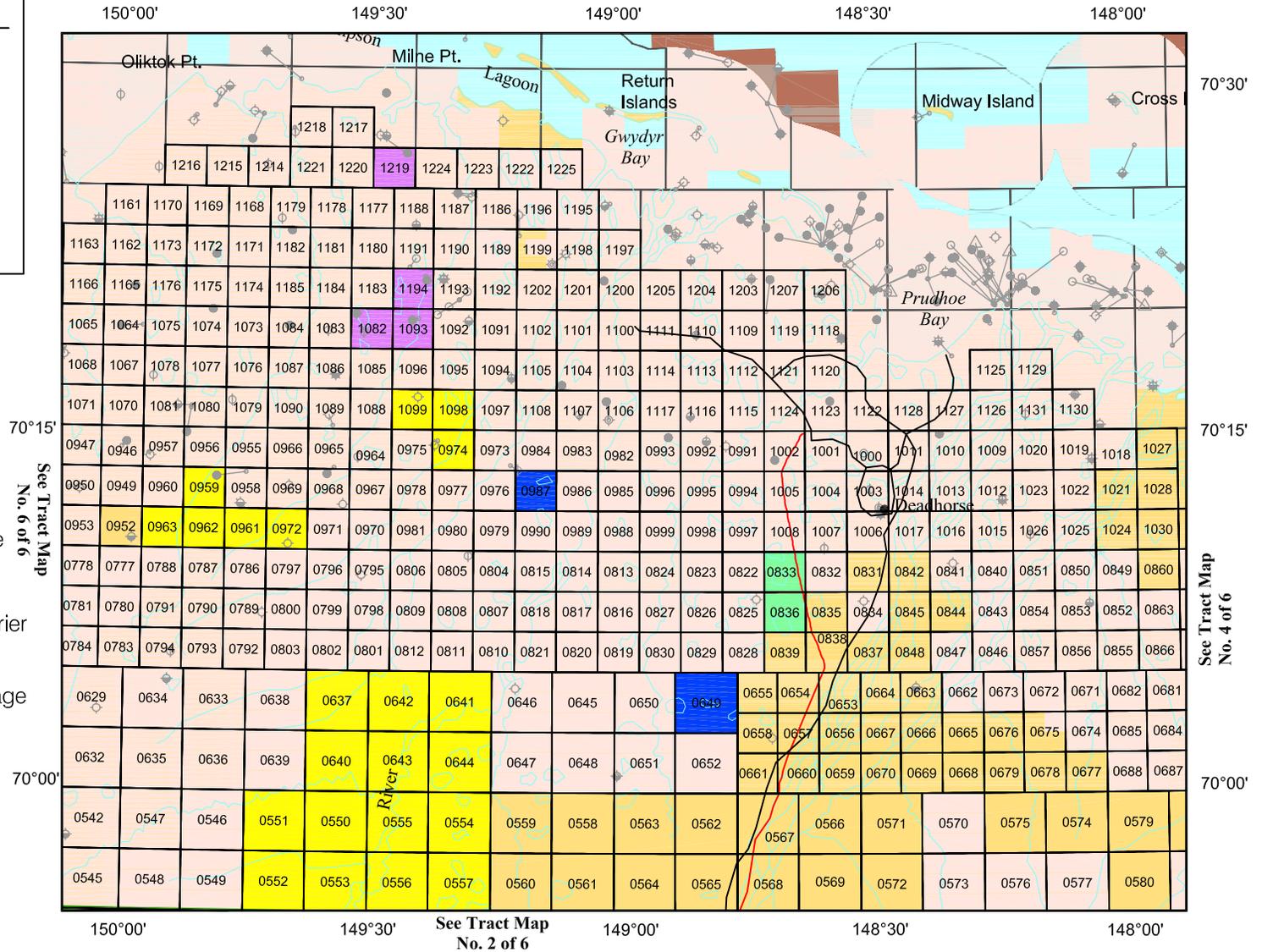
The Division is recommending that the Commissioner reject Arctic Falcon Exploration, LLC's bids for Tracts 0002, 0004 & 0006 for not meeting the minimum bid requirement. The Division recommends that the Commissioner reject Mr. Anderson's deficient bids for Tracts 0959, 0974, 1098 & 1099 as there are competing bids and the deficiency is material. However, under 11 AAC82.445, the Division recommends that Mr. Anderson be permitted to correct the deficient bids on Tracts 1082, 1093, 1194 & 1219 as there were no competing bids making the deficiency immaterial.

# North Slope Areawide 2004 Tract Map No. 5 of 6

**Apparent High Bidders**

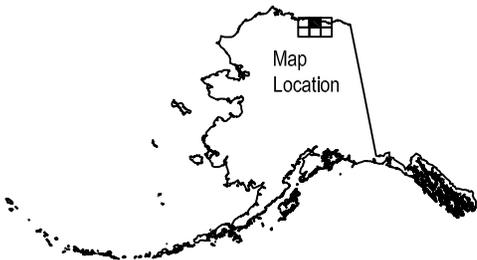
-  Anadarko Petroleum Corporation
-  Armstrong Alaska, Inc
-  AVCG, LLC
-  ConocoPhillips Alaska, Inc. and Pioneer Natural Resources Alaska, Inc.
-  Mark Anderson
-  Pioneer Natural Resources Alaska, Inc.

-  Sale Boundary
-  State acreage
-  Currently leased State acreage or pending lease. (As of July 06, 2004)
-  Federal lands (Includes all barrier islands off ANWR and NPRA)
-  Currently leased Federal acreage (As of May 2004)
-  Native lands / Native selected
-  State Acreage Deleted from North Slope Areawide.



This Is Not An Official Tract Map. For Informational Purposes Only.

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

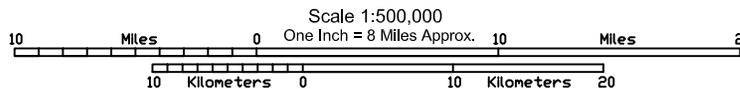
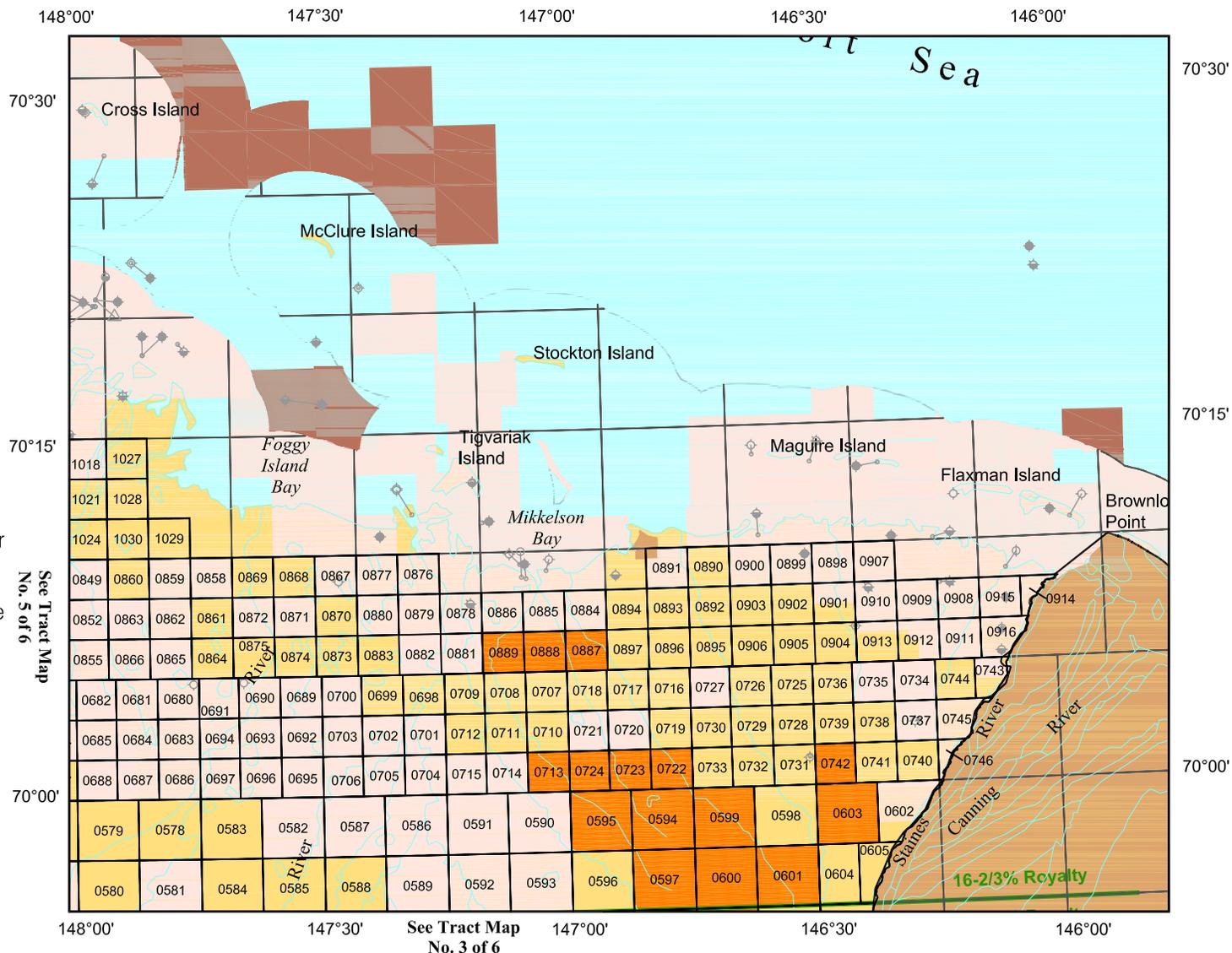


# North Slope Areawide 2004 Tract Map No. 4 of 6

**Apparent High Bidders**

-  Anadarko Petroleum Corporation
-  Armstrong Alaska, Inc
-  AVCG, LLC
-  ConocoPhillips Alaska, Inc. and Pioneer Natural Resources Alaska, Inc.
-  Mark Anderson
-  Pioneer Natural Resources Alaska, Inc.

-  Sale Boundary
-  State acreage
-  Currently leased State acreage or pending lease. (As of July 06, 2004)
-  Federal lands (Includes all barrier islands off ANWR and NPRA)
-  Currently leased Federal acreage (As of May 2004)
-  Native lands / Native selected



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Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

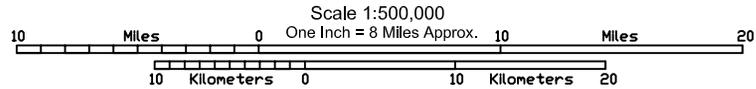
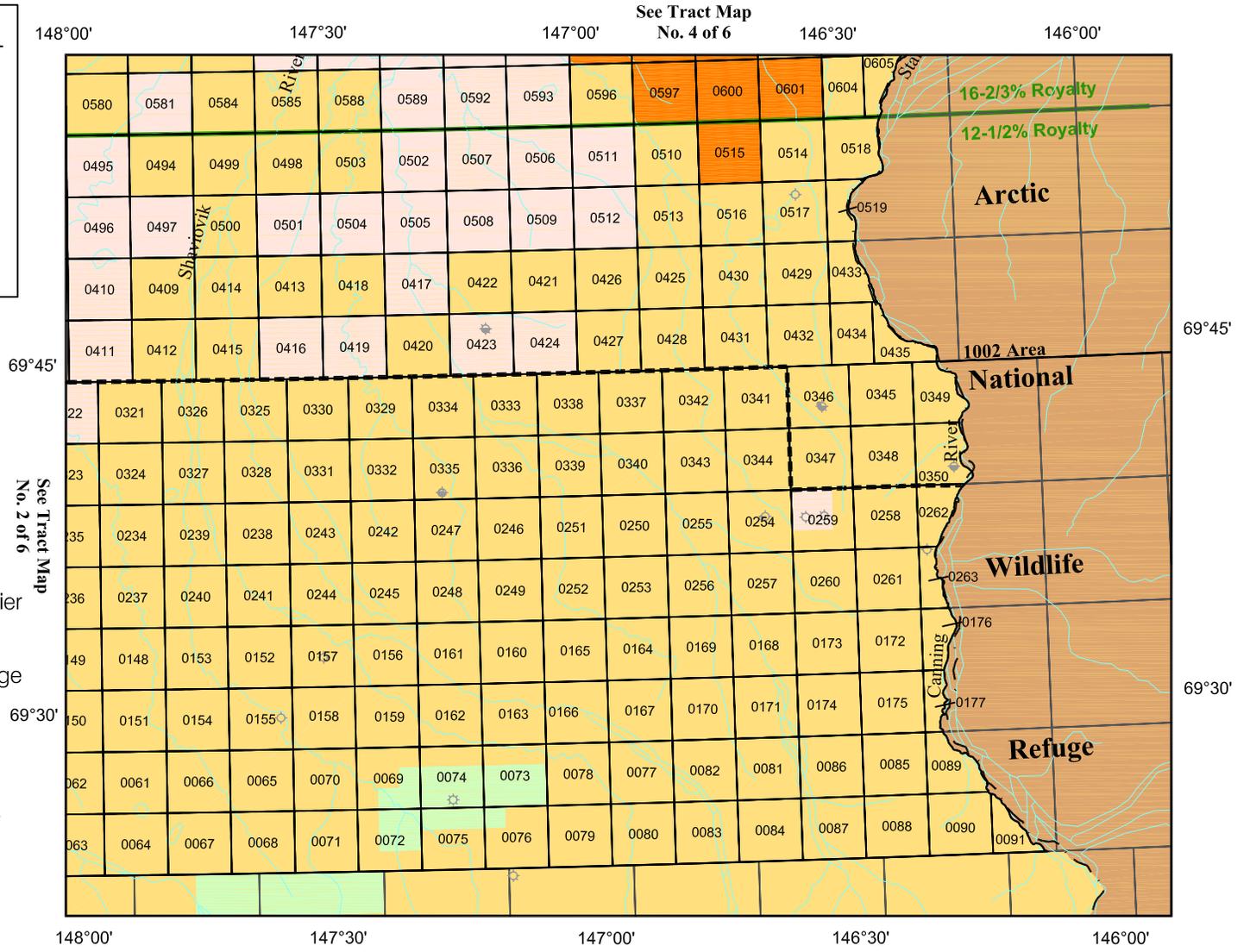


# North Slope Areawide 2004 Tract Map No. 3 of 6

**Apparent High Bidders**

-  Anadarko Petroleum Corporation
-  Armstrong Alaska, Inc
-  AVCG, LLC
-  ConocoPhillips Alaska, Inc. and Pioneer Natural Resources Alaska, Inc.
-  Mark Anderson
-  Pioneer Natural Resources Alaska, Inc.

-  Sale Boundary
-  State acreage
-  Currently leased State acreage or pending lease. (As of July 06, 2004)
-  Federal lands (Includes all barrier islands off ANWR and NPRA)
-  Currently leased Federal acreage (As of May 2004)
-  Native lands / Native selected
-  Gravel Consideration Boundary



This Is Not An Official Tract Map. For Informational Purposes Only.

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

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# North Slope Areawide 2004 Tract Map No. 2 of 6

**Apparent High Bidders**

|                                                                                   |                                                                        |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------|
|  | Anadarko Petroleum Corporation                                         |
|  | Armstrong Alaska, Inc                                                  |
|  | AVCG, LLC                                                              |
|  | ConocoPhillips Alaska, Inc. and Pioneer Natural Resources Alaska, Inc. |
|  | Mark Anderson                                                          |
|  | Pioneer Natural Resources Alaska, Inc.                                 |

**Sale Boundary**

 State acreage

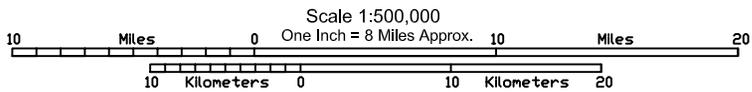
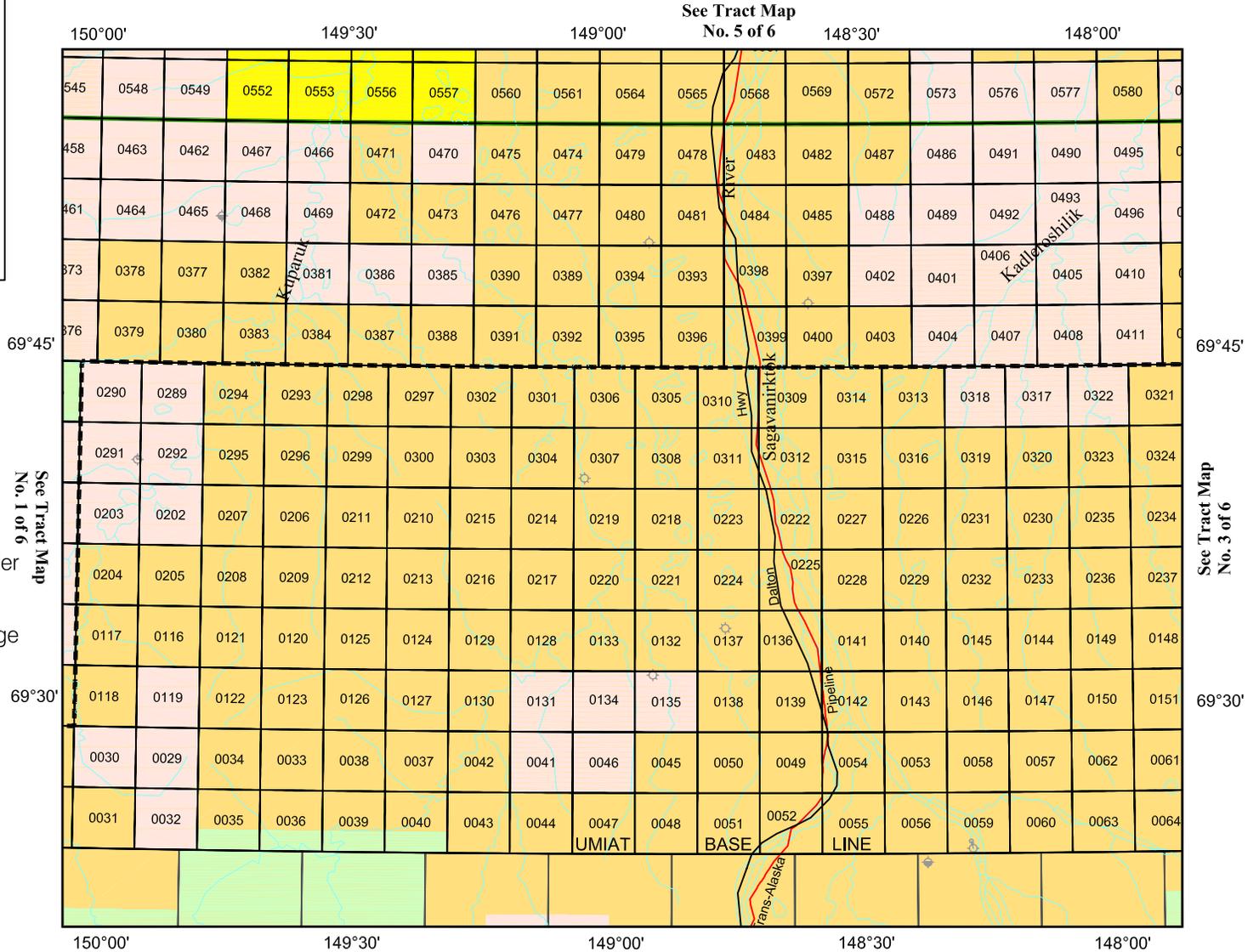
 Currently leased State acreage or pending lease. (As of July 06, 2004)

 Federal lands (Includes all barrier islands off ANWR and NPRA)

 Currently leased Federal acreage (As of May 2004)

 Native lands / Native selected

 Gravel Consideration Boundary



This Is Not An Official Tract Map. For Informational Purposes Only.

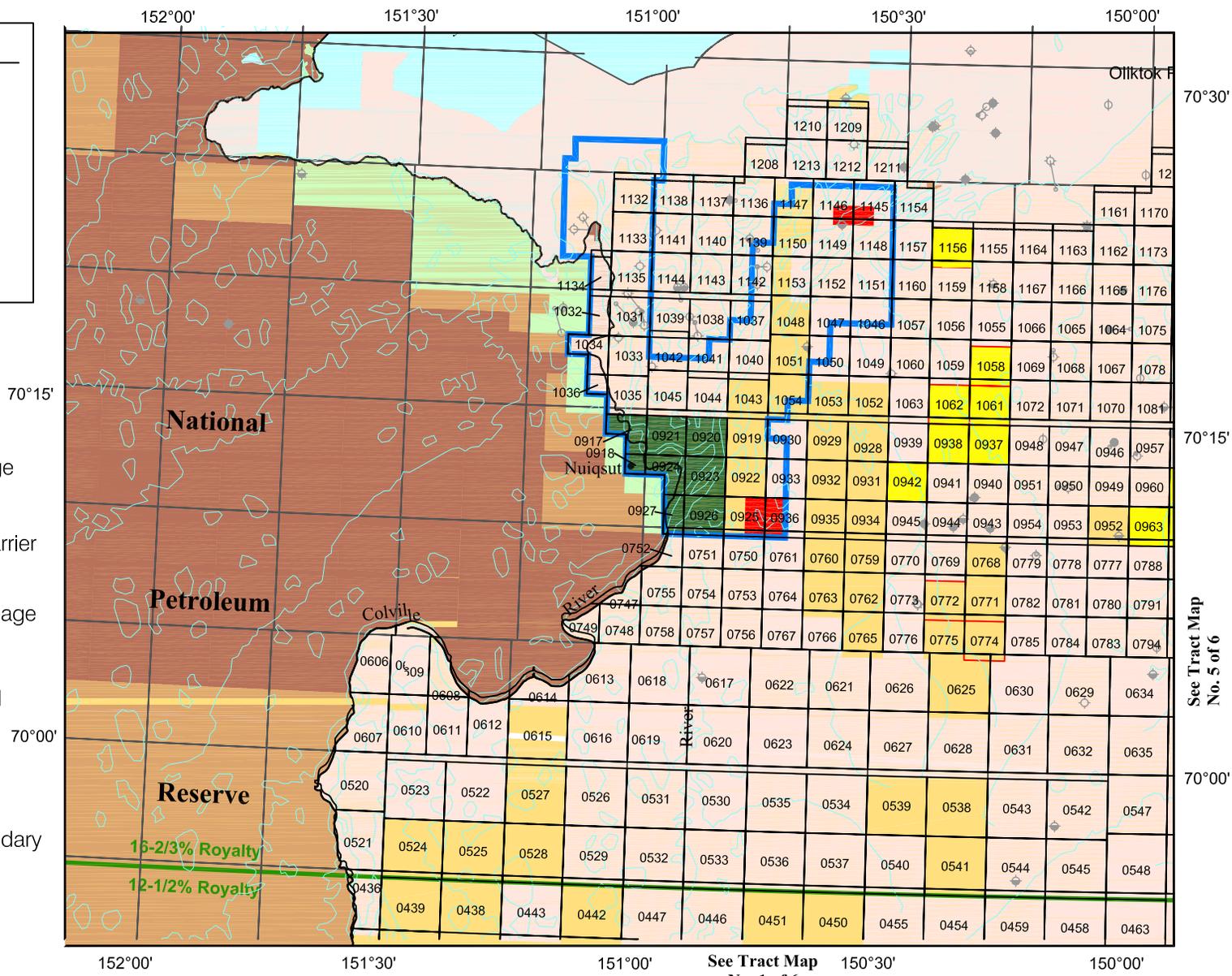
Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

# North Slope Areawide 2004 Tract Map No. 6 of 6

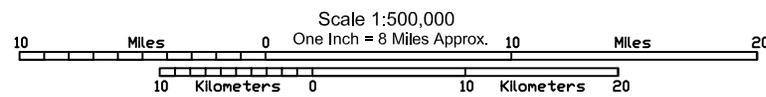
### Apparent High Bidders

-  Anadarko Petroleum Corporation
-  Armstrong Alaska, Inc.
-  AVCG, LLC
-  ConocoPhillips Alaska, Inc. and Pioneer Natural Resources Alaska, Inc.
-  Mark Anderson
-  Pioneer Natural Resources Alaska, Inc.

-  Sale Boundary
-  State acreage
-  Currently leased State acreage or pending lease. (As of July 01, 2004)
-  Federal lands (Includes all barrier islands off ANWR and NPRA)
-  Currently leased Federal acreage (As of May 2004)
-  Native lands / Native selected
-  State Acreage Deleted from North Slope Areawide.
-  State/ASRC Settlement Boundary



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This Is Not An Official Tract Map. For Informational Purposes Only.

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

70°30'  
 70°15'  
 70°00'  
 See Tract Map No. 5 of 6

See Tract Map No. 1 of 6

State of Alaska  
Department of Natural Resources  
Division of Oil and Gas

## Beaufort Sea Areawide 2004

*Sale Results Summary*

Date of Sale: 10/27/2004

**Preliminary Report**

10/28/2004

Bidding Method: Cash BonusBid, Fixed Royalty

Total Tracts Sold: 28

Total Acres Sold: 125,440.00

Minimum Bid Per Acre: \$10.00

Royalty: 12.50000 %

16.66667 %

Highest Bid: \$776,115.20  
Tract Number: BSA2004-367  
Submitted By: Kerr-McGee Oil and Gas Corp./Armstrong Alaska, Inc.

Total Number of Valid Bids: 28

Total High Bonus Bids: \$5,280,384.00

Total Exposed (Sum Of All Valid Bids): \$5,280,384.00

Average High Bonus Bid Per Acre: \$42.09

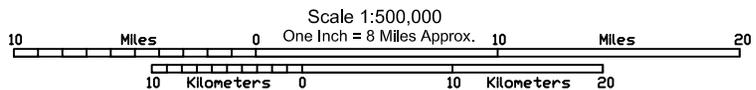
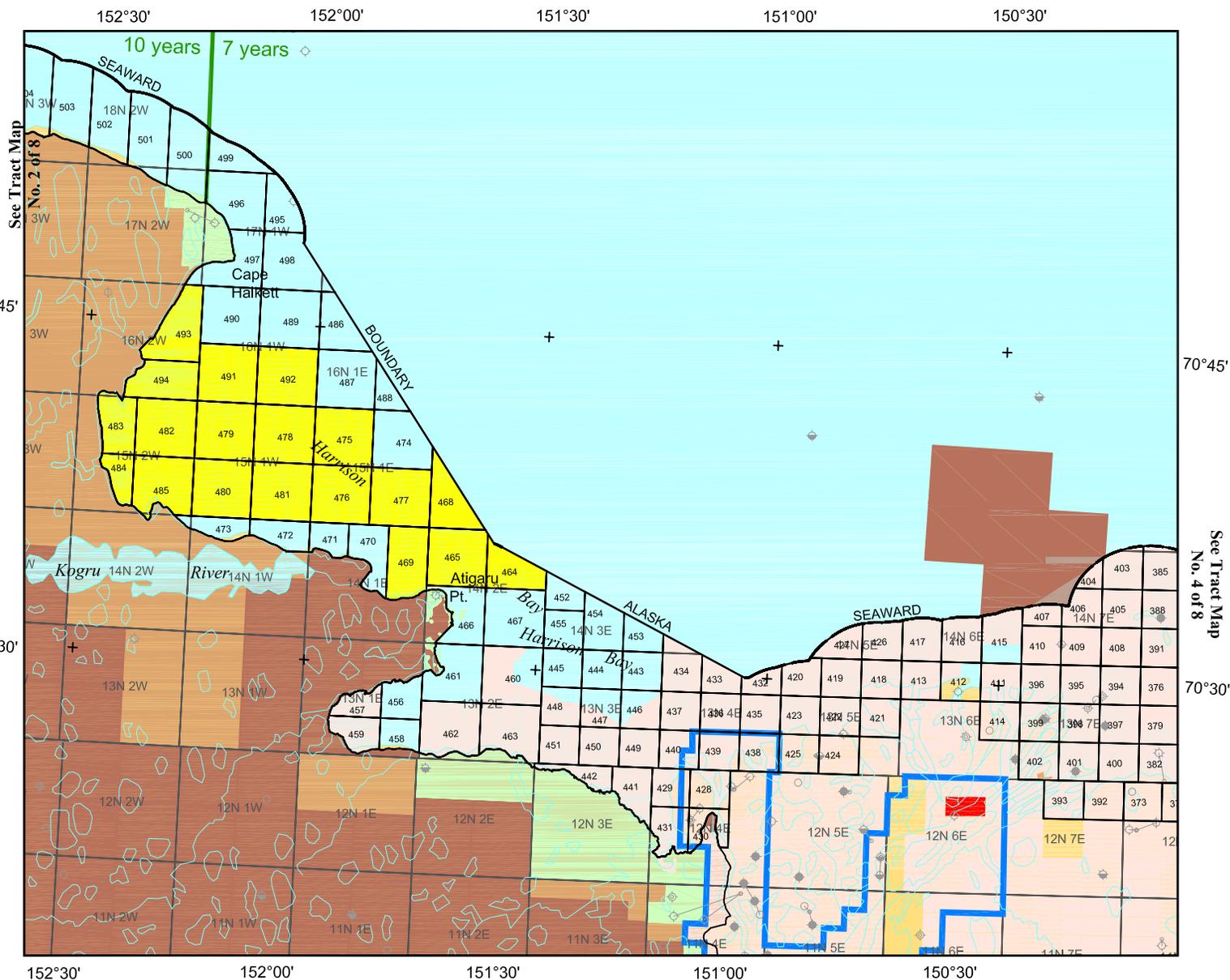
Highest Bid/Acre: \$303.17  
Tract Number: BSA2004-367  
Submitted By: Kerr-McGee Oil and Gas Corp./Armstrong Alaska, Inc.

| Bidder Company or Group Name                                                                                                       | Number of Tracts Bid | Total of All Bids | Number of Tracts Won | Total of High Bids |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|----------------------|--------------------|
| Armstrong Alaska, Inc.<br>Armstrong Alaska, Inc. , 100.00%                                                                         | 1                    | \$44,108.80       | 1                    | \$44,108.80        |
| Devon Energy Production Company, L.P.<br>Devon Energy Production Company, Limited Partnership , 100.00%                            | 5                    | \$182,400.00      | 5                    | \$182,400.00       |
| Fortuna Exporation LLC<br>Fortuna Exporation LLC , 100.00%                                                                         | 19                   | \$3,453,312.00    | 19                   | \$3,453,312.00     |
| Kerr-McGee Oil and Gas Corp./Armstrong Alaska, Inc.<br>Kerr-McGee Oil and Gas Corporation , 70.00%; Armstrong Alaska, Inc., 30.00% | 2                    | \$1,552,230.40    | 2                    | \$1,552,230.40     |
| UltraStar Exploration LLC<br>UltraStar Exploration LLC, 100.00%                                                                    | 1                    | \$48,332.80       | 1                    | \$48,332.80        |

# Beaufort Sea Areawide 2004 Tract Map No. 3 of 8

| Apparent High Bidders                                                             |                                                               |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------|
|  | Armstrong Alaska, Inc.                                        |
|  | Devon Energy Production Company, L.P.                         |
|  | Fortuna Exploration LLC                                       |
|  | Kerr-McGee Oil and Gas Corporation and Armstrong Alaska, Inc. |
|  | UltraStar Exploration LLC                                     |

-  Sale Boundary
-  State acreage
-  Currently leased State acreage or pending lease. (As of July 6, 2004)
-  Federal lands (Includes all barrier islands off ANWR and NPRA)
-  Currently leased Federal acreage (As of May, 2004)
-  NPRA Federal Acreage Receiving Bids Lease Sale 2004 (As of June 2, 2004).
-  Native lands / Native selected
-  State/ASRC Settlement Boundary
-  State Acreage Deleted from North Slope Areawide.



This Is Not An Official Tract Map. For Informational Purposes Only.

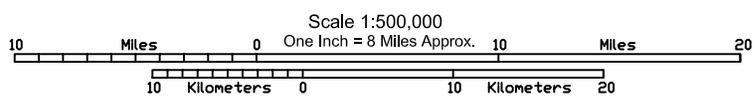
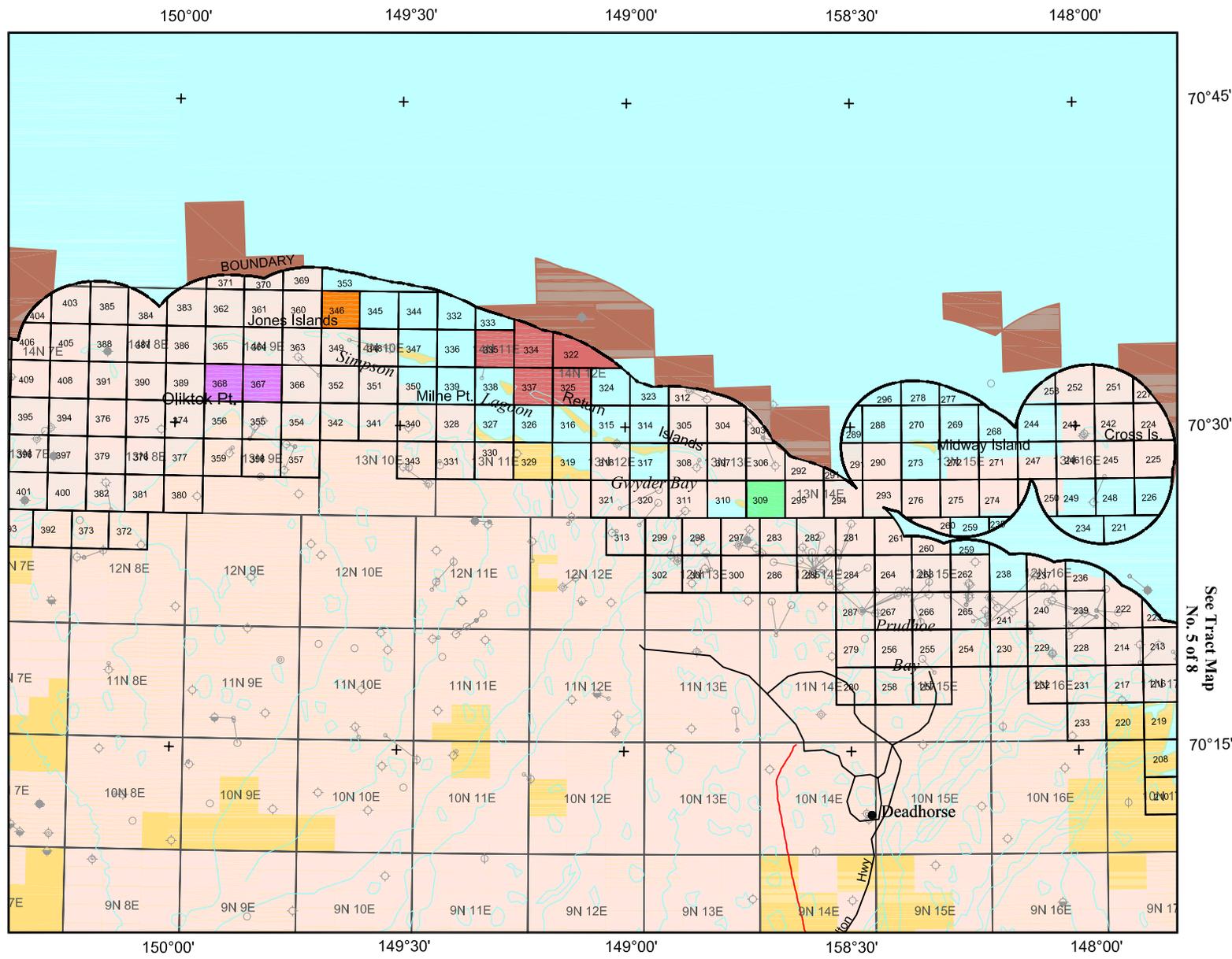
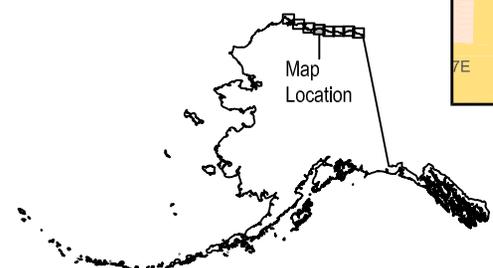
Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

# Beaufort Sea Areawide 2004 Tract Map No. 4 of 8

**Apparent High Bidders**

-  Armstrong Alaska, Inc.
-  Devon Energy Production Company, L.P.
-  Fortuna Exploration LLC
-  Kerr-McGee Oil and Gas Corporation and Armstrong Alaska, Inc.
-  UltraStar Exploration LLC

-  Sale Boundary
-  State acreage
-  Currently leased State acreage or pending lease. (As of July 6, 2004)
-  Currently leased Federal acreage. (As of May 2004)
-  Native lands / Native selected



This Is Not An Official Tract Map. For Informational Purposes Only.

Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150° 45', origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°.

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## STATE COMPETITIVE SALE AREAS

| <u>DATE</u> | <u>SALE</u> |                                                                                                                    |
|-------------|-------------|--------------------------------------------------------------------------------------------------------------------|
| 12/10/59    | 1           | Wide Bay; offshore Kenai to Ninilchik, Kachemak Bay                                                                |
| 07/13/60    | 2           | Kenai Pen., West Forelands, Nushagak Bay; offshore/uplands                                                         |
| 12/07/60    | 3           | Katalla, Kalifonsky Beach, Herendeen Bay; offshore Kodiak                                                          |
| 01/25/61    | 4           | Uplands Ninilchik                                                                                                  |
| 05/23/61    | 5           | Tyonek, Controller Bay, Pavlov Bay; offshore/uplands                                                               |
| 08/04/61    | 6           | Controller Bay (Special Sale); offshore                                                                            |
| 12/19/61    | 7           | Icy, Yakutat & Kachemak Bays, So. Kenai Pen., N. Cook Inlet; offshore/uplands                                      |
| 04/24/62    | 8           | Big Lake; uplands                                                                                                  |
| 07/11/62    | 9           | Tyonek, W. Forelands, Knik Arm/Kalgin Is., Chisik Is., So. Kenai Pen., Wide Bay; offshore/uplands                  |
| 05/08/63    | 10          | Tyonek, Kenai; offshore/uplands                                                                                    |
| 12/11/63    | 12          | S. of Forelands, Knik & Turnagain Arms, Upper Cook Inlet, Kenai Pen., Tyonek to Katunu River; offshore/uplands     |
| 12/09/64    | 13          | Fire Is., W. Forelands, Trinity Is., Prudhoe West; offshore/uplands                                                |
| 07/14/65    | 14          | Prudhoe West to Canning R.; offshore/uplands                                                                       |
| 09/28/65    | 15          | Fire Is. & N. Cook Inlet, Kalgin Is., Redoubt Bay, Knik, S. Kenai Pen.; offshore/uplands                           |
| 07/19/66    | 16          | Kenai Pen. & Knik, Middleton Is., Fire Is., Redoubt Bay, Kalgin Is., Iliamna Mt., N. Cook Inlet; offshore/uplands  |
| 11/22/66    | 17          | Big Lake, Kenai; offshore/uplands                                                                                  |
| 01/24/67    | 18          | Katalla, Prudhoe; offshore/uplands                                                                                 |
| 03/28/67    | 19          | Lower Cook Inlet; offshore                                                                                         |
| 07/25/67    | 20          | Big Lake, Knik, Iliamna Mt., Belukha, N. Cook Inlet, Kalgin Is., Ninilchik; offshore/uplands                       |
| 03/26/68    | 21          | Port Heiden & Port Moller; offshore                                                                                |
| 10/29/68    | 22          | Big Lake, Knik, Belukha, West Forelands, Ninilchik, Kachemak & Kenai; uplands                                      |
| 09/10/69    | 23          | Colville to Canning R.; offshore/uplands                                                                           |
| 05/12/71    | 24          | Big Lake, Knik, Kenai, West Forelands; uplands                                                                     |
| 12/11/72    | 26          | Cook Inlet (Between Forelands & Turnagain Arm); offshore/uplands                                                   |
| 09/26/72    | 25          | Big Lake, Knik, Belukha, North Cook Inlet; offshore/uplands                                                        |
| 05/09/73    | 27          | Tuxedni, Ninilchik, Kenai, Kalgin; offshore/uplands                                                                |
| 12/13/73    | 28          | Ninilchik, Kachemak Bay, Belukha; offshore/uplands                                                                 |
| 10/23/74    | 29          | Kalgin & West Forelands, Chisik, Ninilchik, N. Cook Inlet, Turnagain, Big Lake; offshore/uplands                   |
| 07/24/79    | 29B         | Copper River Basin                                                                                                 |
| 12/12/79    | 30          | Beaufort Sea (Joint Federal & State Sale): offshore Milne Pt. east to Flaxman Is.                                  |
| 09/16/80    | 31          | Prudhoe Uplands: Kuparuk R. to Mikkelsen Bay                                                                       |
| 08/25/81    | 32          | Lower Cook Inlet: Kenai Pen. and offshore                                                                          |
| 05/13/81    | 33          | Upper Cook Inlet: Kenai Pen., Trading Bay, Beluga, Susitna R., Susitna Flats, uplands; offshore north of Salamatof |
| 02/02/82    | 35          | Lower Cook Inlet: Kenai Pen., Redoubt Cr. north to Drift R., uplands; offshore lower Cook Inlet                    |
| 05/26/82    | 36          | Beaufort Sea: Pt. Thomson area; offshore/uplands                                                                   |
| 08/24/82    | 37          | Middle Tanana & Copper River Basins                                                                                |
| 08/24/82    | 37A         | Chakok River Exempt (Kenai Pen.); uplands                                                                          |
| 09/28/82    | 34          | Prudhoe Uplands: Sagavanirktok R. to Canning R.                                                                    |
| 05/17/83    | 39          | Beaufort Sea: Qwydyr Bay to Harrison Bay; offshore/uplands                                                         |
| 09/28/83    | 40          | Upper Cook Inlet: Anchorage south to Homer; offshore/uplands                                                       |
| 05/22/84    | 43          | Beaufort Sea: Pitt Point east to Harrison Bay; offshore                                                            |
| 05/22/84    | 43A         | Colville R. Delta/Prudhoe Bay Uplands Exempt: West of Kavik R.; offshore/uplands                                   |
| 09/18/84    | 41          | Bristol Bay Uplands: Kvichak R. to Port Heiden                                                                     |
| 02/26/85    | 46A         | Cook Inlet Exempt: Kenai Pen., Susitna R., Pt. MacKenzie, uplands; upper Cook Inlet                                |
| 09/24/85    | 45A         | North Slope Exempt: Canning R. to Colville R.; offshore/uplands                                                    |
| 09/24/85    | 47          | Kuparuk Uplands: South of Prudhoe Bay                                                                              |
| 02/25/86    | 48          | Kuparuk Uplands: South of Kuparuk oil field                                                                        |
| 02/25/86    | 48A         | Mikkelsen Exempt: Mikkelsen Bay, Foggy Is. Bay; offshore/uplands                                                   |
| 06/24/86    | 49          | Cook Inlet: Kalgin Is., Kahiltna, Yentna, Skwentna rivers, Alexander Cr.; offshore/uplands                         |

## STATE COMPETITIVE SALE AREAS, (CONT'D)

| <u>DATE</u> | <u>SALE</u>                         |                                                                                                                  |
|-------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 01/27/87    | 51                                  | Prudhoe Bay Uplands: Canning R. to Sagavanirktok R.                                                              |
| 06/30/87    | 50                                  | Camden Bay: Flaxman Is. to Hulahula R.; offshore                                                                 |
| 09/28/88    | 55                                  | Demarcation Point: Canning R. to U.S./Canadian border; offshore                                                  |
| 09/28/88    | 69A                                 | Kuparuk Uplands Exempt: Canning R. to Colville R.                                                                |
| 01/26/88    | 54                                  | Kuparuk Uplands: Colville River Delta                                                                            |
| 01/24/89    | 52                                  | Beaufort Sea: Pitt Point to Tangent Point; offshore                                                              |
| 01/24/89    | 72A                                 | Oliktok Point Exempt: Uplands                                                                                    |
| 01/29/91    | 67A                                 | Cook Inlet Exempt: Anch., lower Susitna Valley, Redoubt & Trading Bay, Kenai Pen.,uplands; upper inlet, offshore |
| 01/29/91    | 70A                                 | Kuparuk Uplands Exempt: Canning R. to Colville R.                                                                |
| 06/04/91    | 64                                  | Kavik: Canning R. to Sagavanirktok R.; uplands                                                                   |
| 06/04/91    | 65                                  | Beaufort Sea: Pitt Point to Canning R.; offshore                                                                 |
| 09/24/91    | 74                                  | Cook Inlet: Nikishka to Ninilchik, Drift R., West Forelands, uplands; Kalgin Is. north to Kenai Pen., offshore   |
| 01/22/92    | 61                                  | White Hills: Colville R. to White Hills; uplands                                                                 |
| 06/02/92    | 68                                  | Beaufort Sea: Nulavik to Tangent Point; offshore                                                                 |
| 12/08/92    | 75                                  | Kuparuk Uplands: Between NPRA and Sagavanirktok R.; Colville R. Delta ASRC lands                                 |
| 01/26/93    | 76                                  | Cook Inlet: Big Lake to Salamatof; onshore/offshore                                                              |
| 01/26/93    | 77A-W                               | Cook Inlet Reoffer: Nancy Lake to West Forelands; onshore/offshore                                               |
| 05/25/93    | 77                                  | Nanushuk: North Slope Foothills, Chandler R. to Ivanshak R                                                       |
| 05/25/93    | 70A-W                               | Kuparuk Uplands Reoffer: Between Canning R. and Kavik R.; onshore                                                |
| 09/21/93    | 57                                  | North Slope Foothills: Brooks Range foothills, Sagavanirktok R. to Killik R                                      |
| 09/21/93    | 75A                                 | Colville River Exempt: Colville River Delta onshore                                                              |
| 10/31/94    | 78                                  | Cook Inlet: Susitna R. to Stariski Cr.; onshore/offshore                                                         |
| 11/14/95    | 67A-W2                              | Cook Inlet Reoffer: Trading Bay and Susitna R., onshore/offshore                                                 |
| 11/14/95    | 74W                                 | Cook Inlet Reoffer: Onshore/offshore, mouth of Kasilof R.                                                        |
| 11/14/95    | 76W                                 | Cook Inlet Reoffer: Onshore between Tyonek and Palmer, Knik Arm                                                  |
| 11/14/95    | 78W                                 | Cook Inlet Reoffer: Forelands to Little Susitna R, Kasilof R. to Stariski Pt., onshore/offshore                  |
| 12/05/95    | 80                                  | Shaviovik: Sag R. to Canning R., southern Kaparuk Uplands, Gwydyr Bay, Foggy Island Bay, onshore/offshore        |
| 10/01/96    | 86A                                 | Colville River Exempt: Colville R, offshore, state/ASRC onshore/offshore                                         |
| 12/18/96    | 85A                                 | Cook Inlet Exempt: Anchor Pt. and Tuxedni Bay to Turnagain Arm, Beluga R. offshore/onshore                       |
| 11/18/97    | 86                                  | Central Beaufort Sea: Harrison Bay to Flaxman Island                                                             |
| 02/24/98    | 85A-W                               | Cook Inlet Reoffer: Onshore/offshore; Tyonek to Tuxedni Bay and Chickaloon Bay to Ninilchik                      |
| 06/24/98    | 87                                  | North Slope Areawide: State acreage between NPRA and ANWR north of the Umiat Baseline                            |
| 02/24/99    | North Slope Areawide 1999           | State acreage between NPRA and ANWR north of the Umiat Baseline                                                  |
| 04/21/99    | Cook Inlet Areawide 1999            | State acreage between Anchor Pt. and Houston                                                                     |
| 08/16/00    | Cook Inlet Areawide 2000            | State acreage between Anchor Pt. and Houston                                                                     |
| 11/15/00    | North Slope Areawide 2000           | State acreage between NPRA and ANWR north of the Umiat Baseline                                                  |
| 11/15/00    | Beaufort Sea Areawide 2000          | State acreage within the 3-mile limit, between Dease Inlet and Barter Island                                     |
| 05/16/01    | Cook Inlet Areawide 2001            | State acreage between Anchor Pt. and Houston                                                                     |
| 05/16/01    | North Slope Foothills Areawide 2001 | State acreage between NPRA and ANWR, south of the Umiat Baseline                                                 |
| 10/24/01    | North Slope Areawide 2001           | State acreage between NPRA and ANWR north of the Umiat Baseline                                                  |
| 10/24/01    | Beaufort Sea Areawide 2001          | State acreage within the 3-mile limit, between Dease Inlet and Barter Island                                     |
| 05/01/02    | Cook Inlet Areawide 2002            | State acreage between Anchor Pt. and Houston                                                                     |
| 05/01/02    | North Slope Foothills Areawide 2002 | State acreage between NPRA and ANWR, south of the Umiat Baseline                                                 |
| 10/24/02    | North Slope Areawide 2002           | State acreage between NPRA and ANWR north of the Umiat Baseline                                                  |
| 10/24/02    | Beaufort Sea Areawide 2002          | State acreage within the 3-mile limit, between Dease Inlet and Barter Island                                     |
| 05/07/03    | Cook Inlet Areawide 2003            | State acreage between Anchor Pt. and Houston                                                                     |
| 05/07/03    | North Slope Foothills Areawide 2003 | State acreage between NPRA and ANWR, south of the Umiat Baseline                                                 |
| 10/29/03    | North Slope Areawide 2003           | State acreage between NPRA and ANWR north of the Umiat Baseline                                                  |
| 10/29/03    | Beaufort Sea Areawide 2003          | State acreage within the 3-mile limit, between Dease Inlet and Barter Island                                     |
| 05/19/04    | Cook Inlet Areawide 2004            | State acreage between Anchor Pt. and Houston                                                                     |
| 05/19/04    | North Slope Foothills Areawide 2004 | State acreage between NPRA and ANWR, south of the Umiat Baseline                                                 |
| 10/27/04    | North Slope Areawide 2004           | State acreage between NPRA and ANWR north of the Umiat Baseline                                                  |
| 10/27/04    | Beaufort Sea Areawide 2004          | State acreage within the 3-mile limit, between Dease Inlet and Barter Island                                     |

## SUMMARY OF STATE COMPETITIVE LEASE SALES

| Sale Date  | Sale    | Sale Area    | Acres Offered | Acres Leased | Percent Leased | Average \$/Acre | Tracts Offered        | Tracts Leased | Bonus Received | Bid Variable            | Fixed Terms                             |
|------------|---------|--------------|---------------|--------------|----------------|-----------------|-----------------------|---------------|----------------|-------------------------|-----------------------------------------|
| 12/10/1959 | 1       | Cook Inlet   | 88,055        | 77,191       | 87.66%         | \$52.08         | 37                    | 31            | \$4,020,342    | Bonus; No Min           | 12.5% Royalty                           |
| 7/13/1960  | 2       | Cook Inlet   | 17,568        | 16,506       | 93.96%         | \$24.70         | 27                    | 26            | \$407,655      | Bonus; No Min           | 12.5% Royalty                           |
| 12/7/1960  | 3       | Mixed        | 73,048        | 22,867       | 31.30%         | \$1.54          | 26                    | 9             | \$35,325       | Bonus; No Min           | 12.5% Royalty                           |
| 1/25/1961  | 4       | Cook Inlet   | 400           | 400          | 100.00%        | \$679.04        | 3                     | 3             | \$271,614      | Bonus; No Min           | 12.5% Royalty                           |
| 5/23/1961  | 5       | Mixed        | 97,876        | 95,980       | 98.06%         | \$74.71         | 102                   | 99            | \$7,170,465    | Bonus; No Min           | 12.5% Royalty                           |
| 8/4/1961   | 6       | Gulf Ak      | 13,257        | 13,257       | 100.00%        | \$8.35          | 6                     | 6             | \$110,672      | Bonus; No Min           | 12.5% Royalty                           |
| 12/19/1961 | 7       | Mixed        | 255,708       | 187,118      | 73.18%         | \$79.43         | 68                    | 53            | \$14,863,049   | Bonus; No Min           | 12.5% Royalty                           |
| 4/24/1962  | 8       | Cook Inlet   | 1,062         | 1,062        | 100.00%        | \$4.80          | 8                     | 8             | \$5,097        | Bonus; No Min           | 12.5% Royalty                           |
| 7/11/1962  | 9       | Mixed        | 315,669       | 264,437      | 83.77%         | \$59.42         | 89                    | 76            | \$15,714,113   | Bonus; No Min           | 12.5% Royalty                           |
| 5/8/1963   | 10      | Cook Inlet   | 167,583       | 141,491      | 84.43%         | \$29.23         | 200                   | 158           | \$4,136,225    | Bonus; No Min           | 12.5% Royalty                           |
| 12/11/1963 | 12      | Cook Inlet   | 346,782       | 247,089      | 71.25%         | \$12.31         | 308                   | 207           | \$3,042,681    | Bonus; No Min           | 12.5% Royalty                           |
| 12/9/1964  | 13      | Mixed        | 1,194,373     | 721,224      | 60.39%         | \$7.68          | 610                   | 341           | \$5,537,100    | Bonus; No Min           | 12.5% Royalty                           |
| 7/14/1965  | 14      | North Slope  | 754,033       | 403,000      | 53.45%         | \$15.25         | 297                   | 159           | \$6,145,473    | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 9/28/1965  | 15      | Cook Inlet   | 403,042       | 301,751      | 74.87%         | \$15.49         | 293                   | 216           | \$4,674,344    | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 7/19/1966  | 16      | Mixed        | 184,410       | 133,987      | 72.66%         | \$52.55         | 205                   | 153           | \$7,040,880    | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 11/22/1966 | 17      | Cook Inlet   | 19,230        | 18,590       | 96.67%         | \$7.33          | 36                    | 35            | \$136,280      | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 1/24/1967  | 18      | Mixed        | 47,729        | 43,657       | 91.47%         | \$33.90         | 23                    | 20            | \$1,479,906    | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 3/28/1967  | 19      | Kachemak Bay | 2,560         |              |                |                 |                       |               |                |                         |                                         |
|            |         |              |               |              |                |                 | RULED INVALID 12/9/74 |               |                |                         |                                         |
| 7/25/1967  | 20      | Cook Inlet   | 311,250       | 256,447      | 82.39%         | \$73.14         | 295                   | 220           | \$18,757,341   | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 3/26/1968  | 21      | Ak Pen       | 346,623       | 164,961      | 47.59%         | \$18.24         | 308                   | 147           | \$3,009,224    | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 10/29/1968 | 22      | Cook Inlet   | 111,199       | 60,272       | 54.20%         | \$17.29         | 230                   | 125           | \$1,042,220    | Bonus; No Min           | 12.5% Royalty                           |
| 9/10/1969  | 23      | North Slope  | 450,858       | 412,548      | 91.50%         | \$2,181.66      | 179                   | 164           | \$900,041,605  | Bonus; No Min           | 12.5% Royalty                           |
| 5/12/1971  | 24      | Cook Inlet   | 196,635       | 92,618       | 47.10%         | \$4.92          | 244                   | 106           | \$455,641      | Bonus; No Min           | 12.5% Royalty                           |
| 9/26/1972  | 25      | Cook Inlet   | 325,401       | 178,245      | 54.78%         | \$7.43          | 259                   | 152           | \$1,324,673    | Bonus; No Min           | 12.5% Royalty                           |
| 12/11/1972 | 26      | Cook Inlet   | 399,921       | 177,973      | 44.50%         | \$8.75          | 218                   | 105           | \$1,557,849    | Bonus; No Min           | 12.5% Royalty                           |
| 5/9/1973   | 27      | Cook Inlet   | 308,401       | 113,892      | 36.93%         | \$9.22          | 210                   | 96            | \$1,130,325    | Bonus; No Min           | 12.5% Royalty                           |
| 12/13/1973 | 28      | Cook Inlet   | 166,648       | 97,804       | 58.69%         | \$253.77        | 98                    | 62            | \$24,819,190   | Bonus; No Min           | 16.67% Royalty                          |
| 10/23/1974 | 29      | Cook Inlet   | 278,269       | 127,120      | 45.68%         | \$8.19          | 164                   | 82            | \$1,040,910    | Bonus; No Min           | 16.67% Royalty                          |
| 7/24/1979  | 29B     | Copper Riv   | 34,678        | 34,678       | 100.00%        | \$4.56          | 20                    | 20            | \$158,042      | Bonus; No Min           | 20% Royalty                             |
| 12/12/1979 | 30      | Beaufort Sea | 341,140       | 296,308      | 86.86%         | \$1,914.87      | 71                    | 62            | \$567,391,497  | Net Profit Share (NPS)  | 20% Royalty; \$850 & \$1750/acre        |
| 9/16/1980  | 31      | North Slope  | 196,268       | 196,268      | 100.00%        | \$63.12         | 78                    | 78            | \$12,387,470   | Bonus; No Min           | 20% Royalty; 30% NPS                    |
| 5/13/1981  | 32      | Cook Inlet   | 815,000       | 429,978      | 52.76%         | \$10.00         | 202                   | 103           | \$4,299,782    | Royalty; 20% Min        | \$10/acre Bonus                         |
| 8/25/1981  | 32      | Cook Inlet   | 202,837       | 152,428      | 75.15%         | \$10.00         | 78                    | 59            | \$1,524,282    | Royalty; 20% Min        | \$10/acre Bonus                         |
| 2/2/1982   | 35      | Cook Inlet   | 601,172       | 131,191      | 21.82%         | \$10.00         | 149                   | 31            | \$1,311,907    | Royalty; 12.5% Min      | \$10/acre Bonus                         |
| 5/26/1982  | *36     | Beaufort Sea | 56,862        | 56,862       | 100.00%        | \$573.02        | 13                    | 13            | \$32,583,452   | Bonus; No Min           | 12.5% Royalty & 40% NPS                 |
| 8/24/1982  | *37     | Copper River | 852,603       | 168,849      | 19.80%         | \$3.33          | 217                   | 33            | \$562,944      | Bonus; No Min           | 12.5% Royalty & 30% NPS                 |
| 8/24/1982  | 37A     | Cook Inlet   | 1,875         | 1,875        | 100.00%        | \$52.00         | 1                     | 1             | \$97,479       | Bonus; No Min           | 43% Royalty                             |
| 9/28/1982  | *34     | North Slope  | 1,231,517     | 571,954      | 46.44%         | \$46.70         | 261                   | 119           | \$26,713,018   | Bonus; No Min           | Royalty; 16.67%-40%NPS; 12.5%-30%NPS    |
| 5/17/1983  | *39     | Beaufort Sea | 211,988       | 211,988      | 100.00%        | \$99.05         | 42                    | 42            | \$20,998,101   | Bonus; \$10/acre Min    | 12.5% Royalty & 30% or 40% NPS          |
| 9/28/1983  | 40      | Cook Inlet   | 1,044,745     | 443,355      | 42.44%         | \$7.17          | 284                   | 140           | \$3,177,178    | Bonus; \$1/acre Min     | 12.5% Royalty                           |
| 5/22/1984  | 43      | Beaufort Sea | 298,074       | 281,784      | 94.53%         | \$114.32        | 69                    | 66            | \$32,214,794   | Bonus; \$10/acre Min    | 16.67% Royalty                          |
| 5/22/1984  | *43A    | North Slope  | 76,079        | 76,079       | 100.00%        | \$125.44        | 15                    | 15            | \$1,612,583    | Bonus; \$10/acre Min    | 12.5% Royalty & 30% NPS                 |
| 9/18/1984  | 41      | Bristol Bay  | 1,437,930     | 278,939      | 19.40%         | \$3.03          | 308                   | 63            | \$843,965      | Bonus; No Min           | 12.5% Royalty                           |
| 2/26/1985  | 46A     | Cook Inlet   | 248,585       | 190,042      | 76.45%         | \$13.28         | 65                    | 50            | \$2,523,334    | Bonus; \$1/acre Min     | 12.5% & 16.67% Royalty                  |
| 9/24/1985  | 45A     | North Slope  | 606,385       | 164,885      | 27.19%         | \$28.25         | 113                   | 32            | \$4,657,478    | Bonus; \$5/acre Min     | 16.67% Royalty                          |
| 9/24/1985  | 47      | North Slope  | 192,569       | 182,560      | 94.80%         | \$63.79         | 50                    | 48            | \$11,645,003   | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 2/25/1986  | 48      | North Slope  | 526,101       | 266,736      | 50.70%         | \$9.16          | 104                   | 54            | \$2,444,342    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 2/25/1986  | 48A     | Beaufort Sea | 42,053        | 42,053       | 100.00%        | \$12.13         | 11                    | 11            | \$510,255      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 6/24/1986  | 49      | Cook Inlet   | 1,189,100     | 394,881      | 33.21%         | \$2.40          | 260                   | 98            | \$947,171      | Bonus; \$1/acre Min     | 12.5% & 16.67% Royalty                  |
| 1/27/1987  | 51      | North Slope  | 592,142       | 100,632      | 16.99%         | \$2.88          | 119                   | 26            | \$289,625      | Bonus; \$2/acre Min     | 12.5% Royalty                           |
| 6/30/1987  | 50      | Beaufort Sea | 118,147       | 118,147      | 100.00%        | \$56.05         | 35                    | 35            | \$6,621,723    | Bonus; \$5/acre Min     | 16.67% Royalty                          |
| 1/26/1988  | *54     | North Slope  | 421,809       | 338,687      | 80.29%         | \$13.83         | 89                    | 72            | \$4,683,388    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 9/28/1988  | 55      | Beaufort Sea | 201,707       | 96,632       | 47.91%         | \$152.13        | 56                    | 25            | \$14,700,602   | Bonus; \$10&\$25/ac Min | 12.5% & 16.67% Royalty                  |
| 9/28/1988  | 69A     | North Slope  | 775,555       | 368,490      | 47.51%         | \$16.61         | 155                   | 75            | \$6,119,135    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 1/24/1989  | 52      | Beaufort Sea | 175,981       | 52,463       | 29.81%         | \$33.12         | 43                    | 15            | \$1,737,513    | Bonus; \$10/acre Min    | 12.5% Royalty                           |
| 1/24/1989  | 72A     | North Slope  | 677           | 677          | 100.00%        | \$671.90        | 1                     | 1             | \$454,977      | Bonus; \$10/acre Min    | 12.5% Royalty                           |
| 1/29/1991  | *67A    | Cook Inlet   | 549,364       | 191,588      | 34.87%         | \$28.77         | 140                   | 55            | \$5,511,338    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 1/29/1991  | *70A    | North Slope  | 532,153       | 420,568      | 79.03%         | \$65.88         | 135                   | 109           | \$27,707,541   | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 6/4/1991   | 64      | North Slope  | 754,542       | 34,143       | 4.52%          | \$7.10          | 141                   | 6             | \$242,389      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 6/4/1991   | *65     | Beaufort Sea | 491,091       | 172,865      | 35.20%         | \$40.46         | 108                   | 36            | \$6,993,949    | Bonus; \$5/acre Min     | 16.67% Royalty                          |
| 9/24/1991  | *74A    | Cook Inlet   | 605,851       | 26,605       | 4.39%          | \$12.06         | 134                   | 5             | \$320,853      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 1/22/1992  | 61      | North Slope  | 991,087       | 260,550      | 26.29%         | \$9.32          | 181                   | 46            | \$2,429,551    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 6/2/1992   | 68      | Beaufort Sea | 153,445       | 0            | 0.00%          | \$0.00          | 36                    | 0             | \$0            | Bonus; \$10/acre Min    | 12.5% Royalty                           |
| 12/8/1992  | 75      | North Slope  | 217,205       | 124,832      | 57.47%         | \$78.11         | 90                    | 55            | \$9,750,111    | Bonus; \$10/acre Min    | Royalty: State =12.5% & ASRC =16.67%    |
| 1/26/1993  | 76      | Cook Inlet   | 393,025       | 141,504      | 36.00%         | \$461.25        | 86                    | 36            | \$65,269,167   | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 1/26/1993  | 67 A-W  | Cook Inlet   | 282,577       | 129,810      | 45.94%         | \$18.75         | 69                    | 33            | \$2,433,864    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 5/25/1993  | 77      | North Slope  | 1,260,146     | 45,727       | 3.63%          | \$25.47         | 228                   | 8             | \$1,164,555    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 5/25/1993  | 70 A-W  | North Slope  | 37,655        | 28,055       | 74.51%         | \$48.41         | 11                    | 8             | \$1,358,027    | Bonus; \$10/acre Min    | 12.5% Royalty                           |
| 9/21/1993  | 57      | North Slope  | 1,033,248     | 0            | 0.00%          | \$0.00          | 196                   | 0             | \$0            | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 9/21/1993  | 75A     | North Slope  | 14,343        | 14,343       | 100.00%        | \$31.36         | 11                    | 11            | \$449,847      | Bonus; \$10/acre Min    | 16.67% Royalty                          |
| 10/30/1994 | 78      | Cook Inlet   | 396,760       | 136,307      | 34.36%         | \$12.14         | 90                    | 34            | \$1,654,137    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 11/14/1995 | 67A-W2  | Cook Inlet   | 152,768       | 13,804       | 9.04%          | \$7.29          | 36                    | 3             | \$100,638      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 11/14/1995 | 74W     | Cook Inlet   | 66,703        | 17,015       | 25.51%         | \$31.76         | 16                    | 4             | \$540,406      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 11/14/1995 | 76W     | Cook Inlet   | 251,614       | 14,220       | 5.65%          | \$5.61          | 50                    | 4             | \$79,722       | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 11/14/1995 | 78W     | Cook Inlet   | 260,453       | 36,478       | 14.01%         | \$7.06          | 56                    | 11            | \$257,583      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 12/5/1995  | 80      | North Slope  | 951,302       | 151,567      | 15.93%         | \$22.02         | 202                   | 42            | \$3,337,485    | Bonus; \$10/acre Min    | 12.5% Royalty                           |
| 10/1/1996  | 86A     | North Slope  | 15,484        | 5,901        | 38.11%         | \$343.40        | 13                    | 5             | \$2,026,247    | Bonus; \$10/acre Min    | 16.67%&16.67-33.33% Sliding Scale Rylty |
| 11/18/1996 | 85A     | Cook Inlet   | 1,061,555     | 173,503      | 16.33%         | \$17.92         | 234                   | 44            | \$3,109,603    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 11/18/1997 | 86 **   | Beaufort Sea | 365,054       | 323,835      | 88.70%         | \$86.42         | 181                   | 162           | \$27,985,125   | Bonus; \$10/acre Min    | 16.67% Royalty                          |
| 2/24/1998  | 85A-W   | Cook Inlet   | 757,878       | 98,011       | 12.90%         | \$8.46          | 157                   | 24            | \$828,807      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 6/24/1998  | 87      | North Slope  | Areawide      | 518,689      | N/A            | \$99.86         | N/A                   | 137           | \$51,794,173   | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 2/24/1999  | NS 1999 | North Slope  | Areawide      | 174,923      | N/A            | \$14.85         | N/A                   | 40            | \$2,596,838    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 4/21/1999  | CI 1999 | Cook Inlet   | Areawide      | 114,514      | N/A            | \$10.75         | N/A                   | 41            | \$1,436,685    | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 8/16/2000  | CI 2000 | Cook Inlet   | Areawide      | 100,480      | N/A            | \$9.15          | N/A                   | 27            | \$919,750      | Bonus; \$5/acre Min     | 12.5% Royalty                           |
| 11/15/2000 | BS 2000 | Beaufort Sea | Areawide      |              |                |                 |                       |               |                |                         |                                         |



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