

Five-Year Program of Proposed Oil & Gas Lease Sales

Five-Year Program for Oil and Gas Areawide Sales 2010-2014

Sale Area	Annually Held In
Alaska Peninsula Areawide	May
Cook Inlet Areawide	May
Beaufort Sea Areawide	October
North Slope Areawide	October
North Slope Foothills Areawide	October

DNR expects to continue areawide leasing for the next five-year program cycle, annually offering the five existing sale areas for leasing by competitive bidding.

On May 12, 2008, DNR notified the Legislature that it was returning to a twice-yearly schedule for lease sales starting in calendar year 2009. The new schedule is a return to the twice-yearly sale schedule the department had for many years.

The new schedule holds lease sales in May and October of each year. Years 2010 through 2014 will also reflect this change.

The best interest finding issued for each sale area allows DNR to conduct areawide lease sales for up to ten years without repeating the entire best interest finding process each year. However, before holding a sale in the years following the issuance of the final finding, DNR

must determine whether a supplement to the finding is required.

Annually, approximately nine months before each proposed lease sale, DNR calls for comments from the public, requesting any new information that has become available since the most recent best interest finding for that area was issued. Based on a determination of whether substantial new information that justifies a supplement has become available, DNR issues either a supplement to the finding or a "Decision of No New Substantial Information" not later than 90 days before the lease sale.

Each year, a geologic and economic evaluation of the sale area is prepared several months before a scheduled sale to decide whether to offer the area, and to determine the bidding method, leasing method and the lease terms for the sale.



**Photo: Christina Holmgren,
DNR/DOG**

Long-time DNR Permitting inspector Steve Schmitz fills up the DNR vehicle with ultra-low-sulphur diesel in Deadhorse, March 2009.

Alaska Peninsula Areawide Oil and Gas Lease Sale

Annually Held in May

Property Description and Location: The proposed oil and gas lease sale area on the Alaska Peninsula for 2010-2014 is located on the north side of the Alaska Peninsula, stretching from the Nushagak Peninsula in the north, south and west to the vicinity of Cold Bay. The lease sale area covers about 5.8 million acres, and is divided into 1,047 tracts ranging in size from 1,280 to 5,760 acres. The lease sale area contains tracts in which the state owns both the land estate and the mineral estate; and tracts where the state owns just the mineral estate, while the land estate might be either privately owned or owned by a municipality. The most recent best interest finding for the Alaska Peninsula was issued on July 25, 2005. On November 24, 2009, DNR called for comments from the public requesting new information that has become available since the most recent best interest finding. Based on a determination of whether substantial new information has become available that justifies a supplement to the most recent best interest finding, DNR plans to issue either a supplement to the finding or a "Decision of No New Substantial Information" in February 2010, for a proposed May 2010 lease sale.

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

Other Resource Issues: The proposed lease sale area

contains some of the most productive fish and wildlife populations in the state.

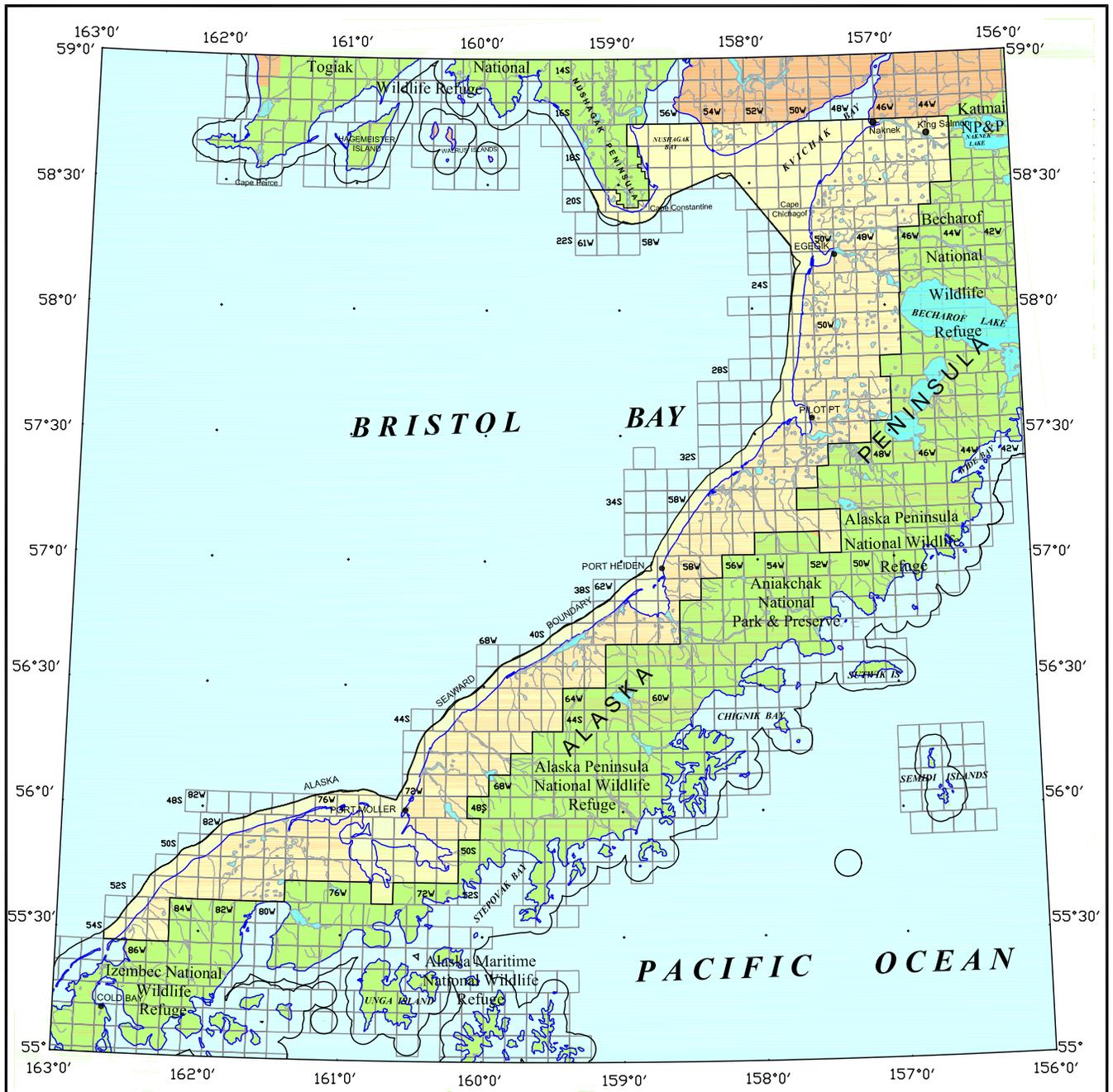
A wide variety of mammals inhabit the region including caribou, brown bear, moose, Pacific walrus, beluga whale, gray whale, Steller sea lion, harbor seal, and sea otter. The southwest Alaska Distinct Population Segment of the northern sea otter was listed as threatened under the federal Endangered Species Act in 2005, and critical habitat was designated in the Port Moller and Herendeen Bay area in 2009. The 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 in the area, as well as Dolly Varden, rainbow trout, Arctic grayling, burbot, and a variety of other fishes. Fish and wildlife populations in the area are harvested extensively for subsistence and sport use, and contribute significantly to the local economy.

Municipalities and Communities: Portions of the proposed lease sale area lie within the boundaries of the Bristol Bay, Lake and Peninsula, and Aleutians East boroughs and the Dillingham Census Area. A lease sale must be consistent with the Alaska Coastal Management Program and the local borough and Bristol Bay Coastal Resource Service Area district plans.

Municipalities & Communities

Community	Municipal Classification	Population (2008)
Aleutians East Borough	2nd Class Borough	2,699
Bristol Bay Borough	2nd Class Borough	1,029
Lake & Peninsula Borough	Home Rule Borough	1,552
Dillingham	1st Class City	2,347
Cold Bay	2nd Class City	90
Port Heiden	2nd Class City	90
Egegik	2nd Class City	62
Pilot Point	2nd Class City	72
Naknek	Unincorporated	552
King Salmon	Unincorporated	409
South Naknek	Unincorporated	68
Nelson Lagoon	Unincorporated	65
Ugashik	Unincorporated	15

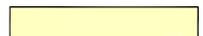
Source: State of Alaska, Department of Labor and Workforce Development, Population Estimates, (<http://laborstats.alaska.gov/?PAGEID=67&SUBID=171> ; accessed 11/13/09).



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

ALASKA PENINSULA AREAWIDE

Proposed Sale Area



SCALE: 1:2,400,000 1In. = 38 Mi. Approx.



This Map is For Informational Purposes Only, and should not be used for any other purpose.

ADNR 12/05

Cook Inlet Areawide Oil and Gas Lease Sale

Annually Held in May

Property Description and Location: The Cook Inlet Areawide oil and gas lease sale area consists of state-owned uplands located in the Matanuska and Susitna river valleys generally south and west of Houston and Wasilla, the Anchorage Bowl, the western and southern Kenai Peninsula from Point Possession to Anchor Point, and the western shore of Cook Inlet from the Beluga River to Harriet Point. The lease sale area also includes the tide and submerged lands in upper Cook Inlet from Knik Arm and Turnagain Arm south to Anchor Point 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 area is about 4.2 million acres and is divided into 815 tracts ranging from 640 to 5,760 acres.

A best interest finding for Cook Inlet was issued on January 20, 2009. On November 24, 2009, DNR called for comments from the public requesting new information that has become available since the most recent best interest finding. Based on a determination of whether substantial new information has become available that justifies a supplement to the most recent best interest finding, DNR plans to issue either a supplement to the finding or a "Decision of No New Substantial Information" in February 2010, for a proposed May 2010 lease sale.

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

Other Resources: The Cook Inlet region is used extensively for recreation, subsistence and sport fishing, hunting and gathering, and commercial and personal use fishing. Five species of Pacific salmon are fished commercially throughout Cook Inlet. Numerous im-

portant anadromous fish streams are found within the lease 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. Species listed as threatened or endangered under the federal Endangered Species Act that inhabit the lease sale area include Steller's eider (Alaska breeding population, threatened), Cook Inlet beluga whale (endangered), and Steller sea lion (east of 144 degrees longitude, threatened; west of 144 degrees longitude, endangered). The southwest Alaska Distinct Population Segment of the northern sea otter was listed as threatened under the federal Endangered Species Act in 2005, and critical habitat was designated around Chisik Island and Tuxedni Bay in 2009. On December 1, 2009, the National Marine Fisheries Service published a proposed rule to designate critical habitat for beluga whales in Cook Inlet; a final designation of critical habitat is expected by spring of 2010.

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

Municipalities and Communities: The sale area is within the boundaries of the Matanuska-Susitna Borough, the Municipality of Anchorage, and the Kenai Peninsula Borough. All have approved coastal management plans, which are incorporated in the Alaska Coastal Management Program. Cook Inlet oil and gas lease sales for 2009-2018 have been found to be consistent with the ACMP and coastal district plans.



Photo: DNR/DOG
Osprey platform, Cook Inlet.

Cook Inlet Municipalities & Communities

Community	Municipal Classification	Population (2008)	Community	Municipal Classification	Population (2008)
Municipality of Anchorage	Unified Home Rule Municipality	284,994	Eklutna	Unincorporated	377
Kenai Peninsula Borough	2nd Class Borough	52,990	Happy Valley	Unincorporated	513
Matanuska-Susitna Borough	2nd Class Borough	82,515	Hope	Unincorporated	148
Kenai	Home Rule City	7,134	Kalifornsky	Unincorporated	7,312
Palmer	Home Rule City	5,559	Kasilof	Unincorporated	560
Homer	1st Class City	5,390	Knik-Fairview	Unincorporated	12,989
Seldovia	1st Class City	257	Nanwalek	Unincorporated	229
Soldotna	1st Class City	4,061	Nikiski	Unincorporated	4,406
Wasilla	1st Class City	7,176	Nikolaevsk	Unincorporated	296
Houston	2nd Class City	1,755	Port Graham	Unincorporated	136
Anchor Point	Unincorporated	1,829	Ridgeway	Unincorporated	1,980
Big Lake	Unincorporated	3,191	Salamatof	Unincorporated	895
Clam Gulch	Unincorporated	164	Seldovia Village	Unincorporated	166
Cohoe	Unincorporated	1,306	Sterling	Unincorporated	5,134
			Tyonek	Unincorporated	154

Source: State of Alaska, Department of Labor and Workforce Development, Population Estimates, (<http://laborstats.alaska.gov/?PAGEID=67&SUBID=171> ; accessed 11/13/09).



Photo DNR/DOG
West McArthur River,
September 2009.

Cook Inlet Areawide Oil and Gas Lease Sale Area

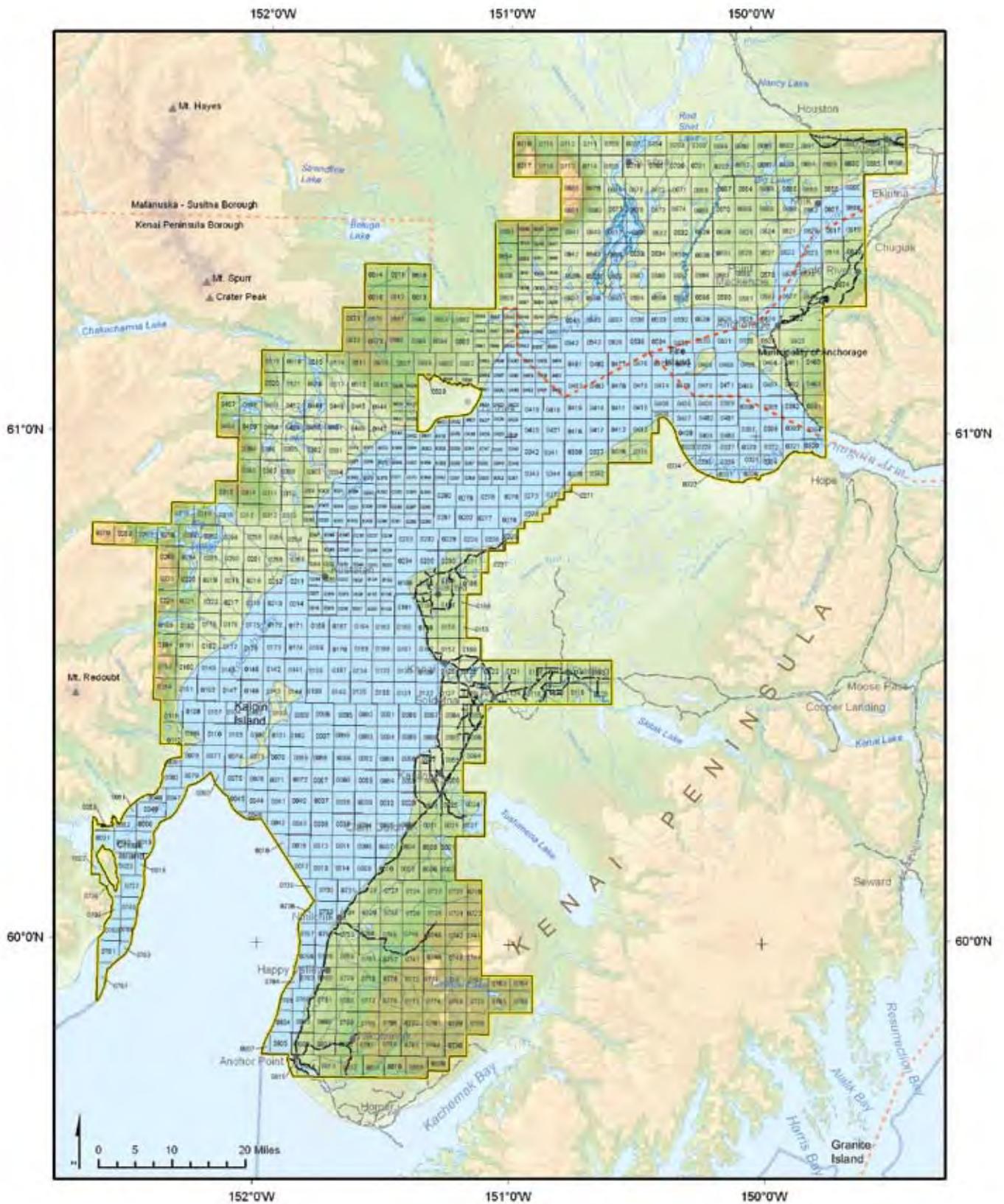




Photo: Susan Browne, DNR/DOG
Oooguruk Drill Site, March 2009.



Photo: Susan Browne, DNR/DOG
The mother of invention: The arctic conditions have challenged industry to come up with solutions to many issues -- some brand new, some adaptations.

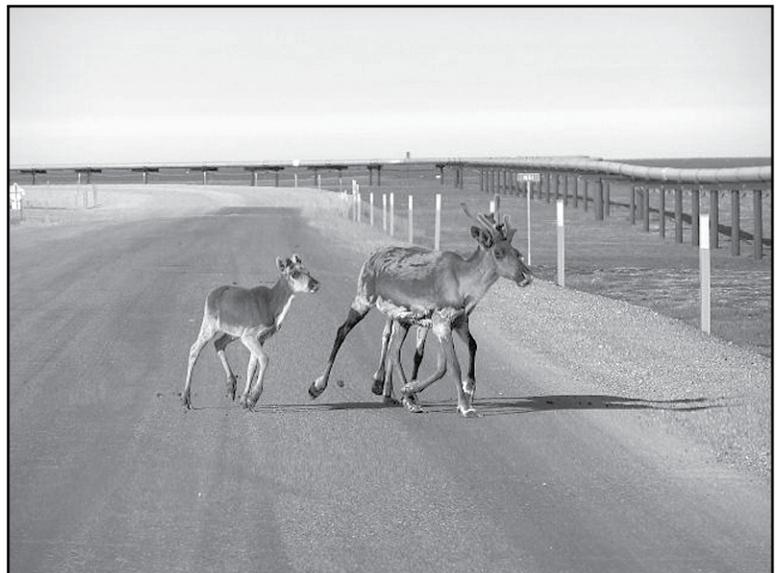


Photo: Steve Schmitz, DNR/DOG
Caribou on the North Slope coexist with industry and thrive.

Beaufort Sea Areawide Oil and Gas Lease Sale

Annually Held in October

Property Description and Location: The 2010-2014 oil and gas lease sale area of the Beaufort Sea consists of state-owned tide and submerged lands located along the Beaufort Sea coast, between the U.S.-Canada border and Point Barrow. The lease sale area also includes some coastal uplands between the Canning and Colville Rivers. The lease sale area encompasses about 2 million acres divided into 576 tracts, ranging in size from 640 to 5,760 acres.

A new best interest finding for the Beaufort Sea was issued on November 9, 2009. This finding was not issued in time to meet statutory requirements; therefore, Beaufort Sea tracts were not offered with North Slope and North Slope Foothills tracts in the October 2009 lease sale. A lease sale for the Beaufort Sea Areawide is scheduled for February 24, 2010.

Petroleum Potential: The petroleum potential in the area is considered moderate to high.

Other Resources: The marine and coastal environments along the Beaufort Sea lease sale area provide denning habitat for polar bears and pupping habitat for ringed seals. Bowhead and beluga whales migrate through the lease sale area during spring and fall. Numerous species of waterfowl, shorebirds, and seabirds migrate along the Beaufort Sea and nest, stage, and molt

in the lagoon areas. Nearshore waters provide habitat for many fish species. Caribou, brown bear, and moose are found along major rivers. Residents of Barrow, Nuiqsut, and Kaktovik use the area's fish and wildlife resources for subsistence; fall and spring hunts for bowhead whales are especially important.

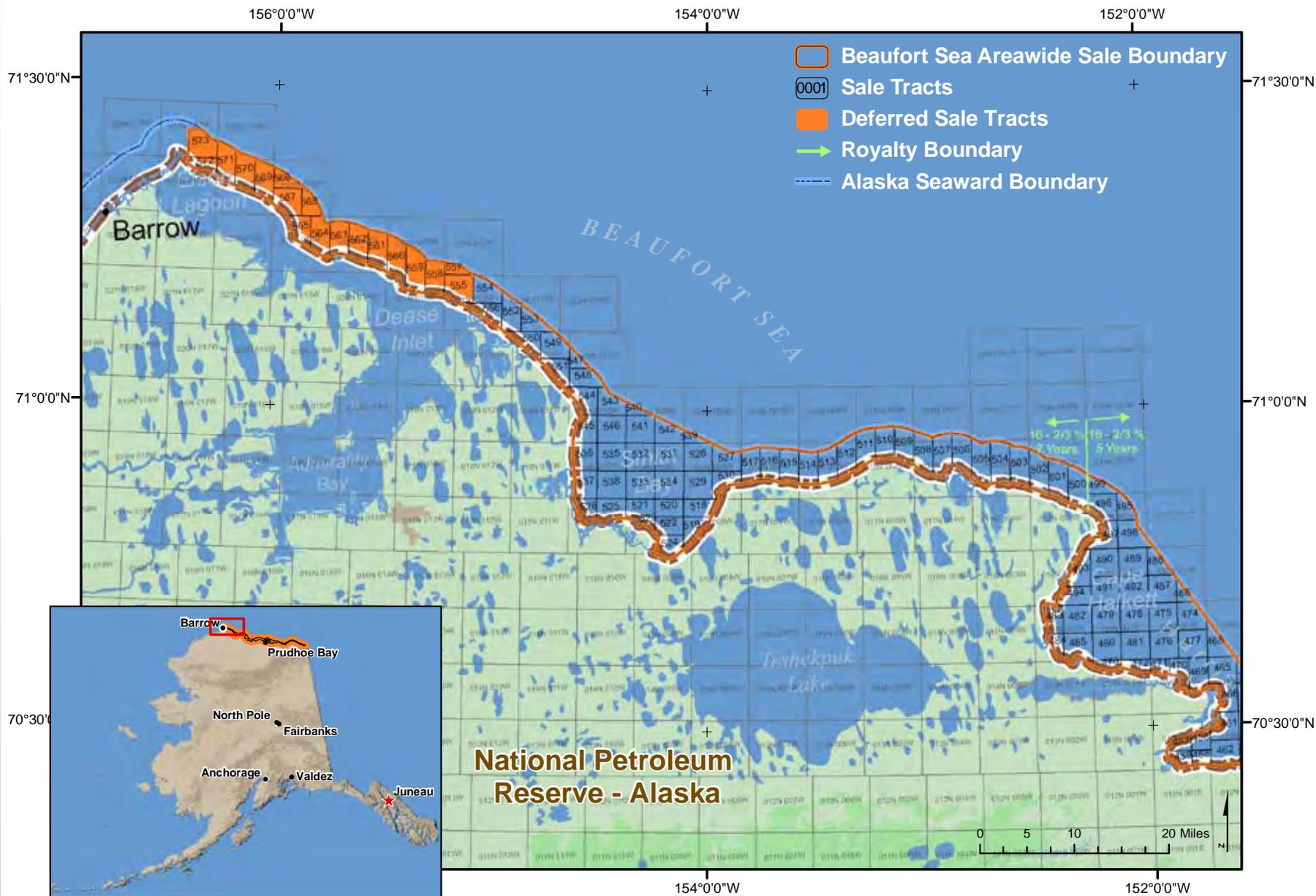
Only four species found in the lease sale area are listed as threatened or endangered under the federal Endangered Species Act: polar bear (threatened), spectacled eider (threatened), Steller's eider (threatened), and bowhead whale (endangered). In 2002, NMFS issued a determination to not designate critical habitat for bowheads. On October 22, 2009, the USFWS proposed designating 200,541 square miles as critical habitat for polar bears, and a final rule is expected by June 30, 2010.

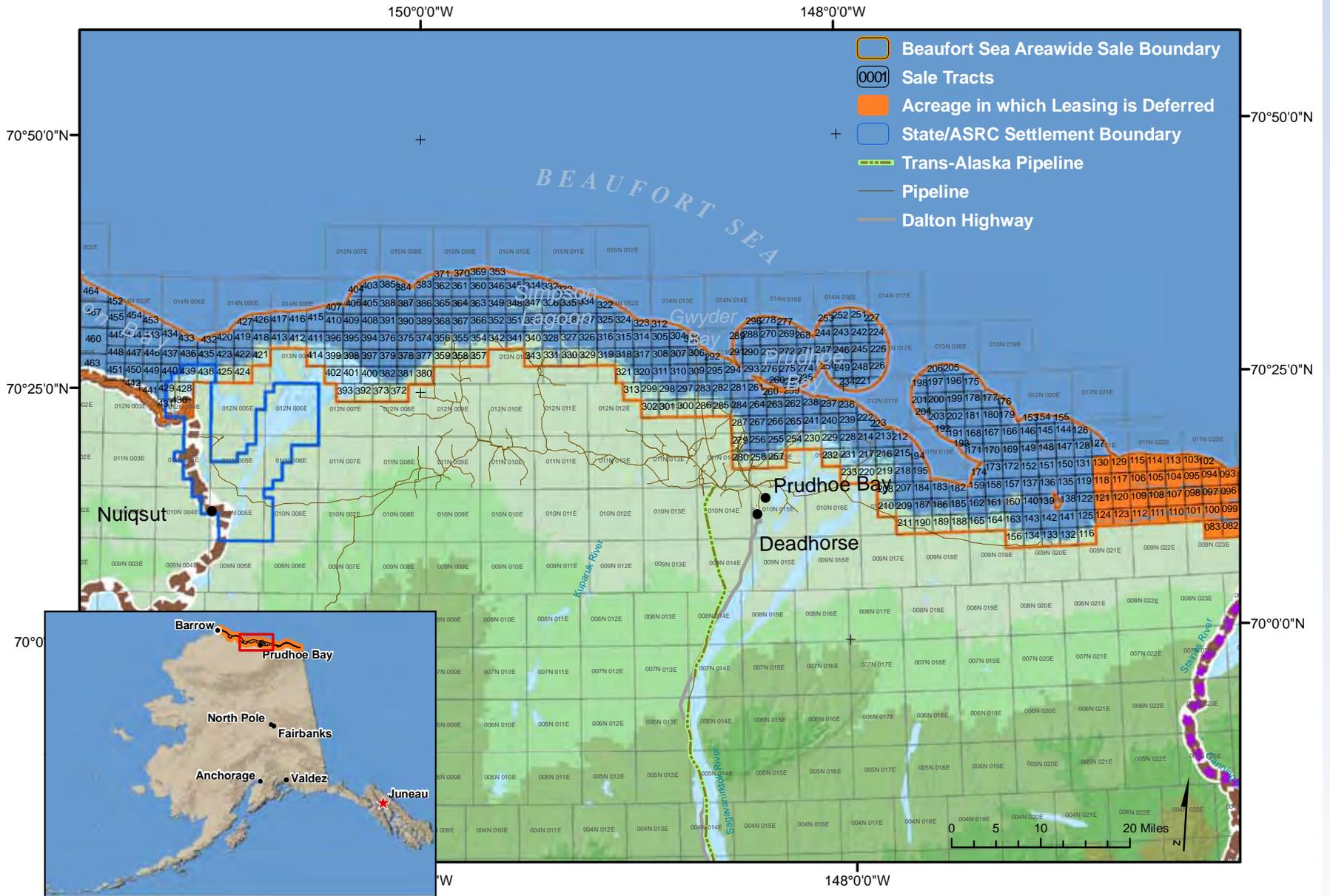
Municipalities and Communities: The Beaufort Sea lease sale area lies within the boundaries of the Alaska Coastal Management Program. Oil and gas activities in areas of the state's coastal zone must be consistent with the Alaska Coastal Management Program; Beaufort Sea oil and gas lease sales for 2009-2018 have been found to be consistent with the ACMP. The North Slope Borough's comprehensive plan and land management regulations may impose restrictions on oil and gas activity in the lease sale area.

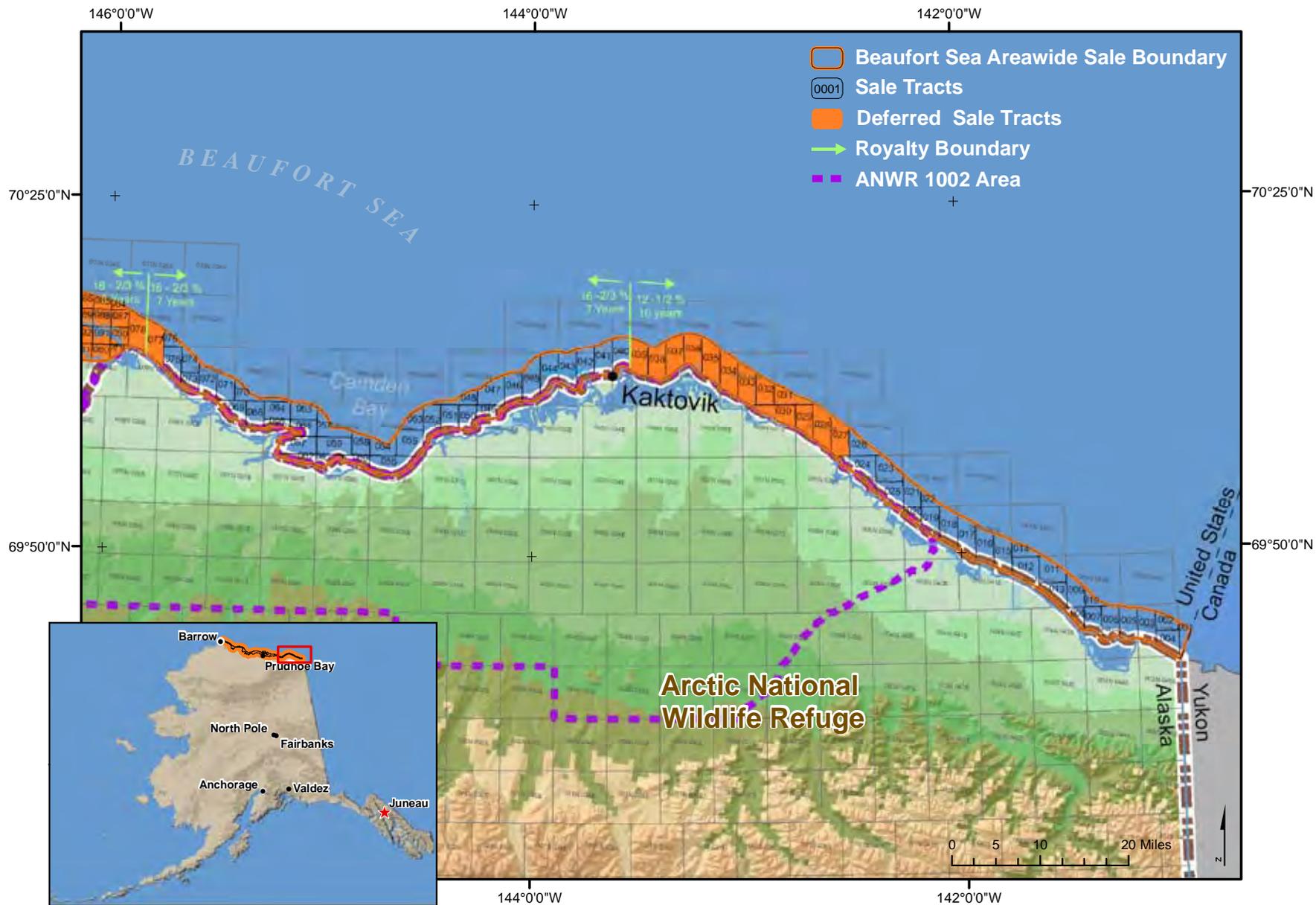
Municipalities & Communities

Community	Municipal Classification	Population (2008)
North Slope Borough	Home Rule Borough	6,706
Barrow	1st Class City	4,054
Atkasuk	2nd Class City	219
Kaktovik	2nd Class City	272
Prudhoe Bay/Deadhorse	Unincorporated	4
Nuiqsut	2nd Class City	383

Source: State of Alaska, Department of Labor and Workforce Development, Population Estimates, (<http://laborstats.alaska.gov/?PAGEID=67&SUBID=171> ; accessed 11/13/09).







North Slope Areawide Oil and Gas Lease Sale

Annually Held in October

Property Description and Location: The North Slope Areawide oil and gas lease sale area consists of all state-owned lands between the National Petroleum Reserve-Alaska and the Arctic National Wildlife Refuge (ANWR), and from the Beaufort Sea to the north and the Umiat Meridian Baseline to the south. The gross lease sale area is approximately 5.1 million acres and is divided into 1,225 tracts. Only those state-owned oil and gas mineral estates that are free and unencumbered will be leased.

The most recent best interest finding for the North Slope was issued on July 15, 2008. Approximately nine months before a proposed October lease sale, DNR will call for comments from the public requesting new information that has become available since the most recent best interest finding. Based on a determination of whether substantial new information has become available that justifies a supplement to the most recent best interest finding, DNR will issue either a supplement to the finding or a "Decision of No New Substantial Information" not later than 90 days before the sale.

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

Other Resources: The lease sale area supports a variety of wildlife. Caribou from the Central Arctic herd and the Teshekpuk Lake herd utilize parts of the region. Brown bears and moose are found along the Colville and Itkillik Rivers. Polar bear dens have been documented in the

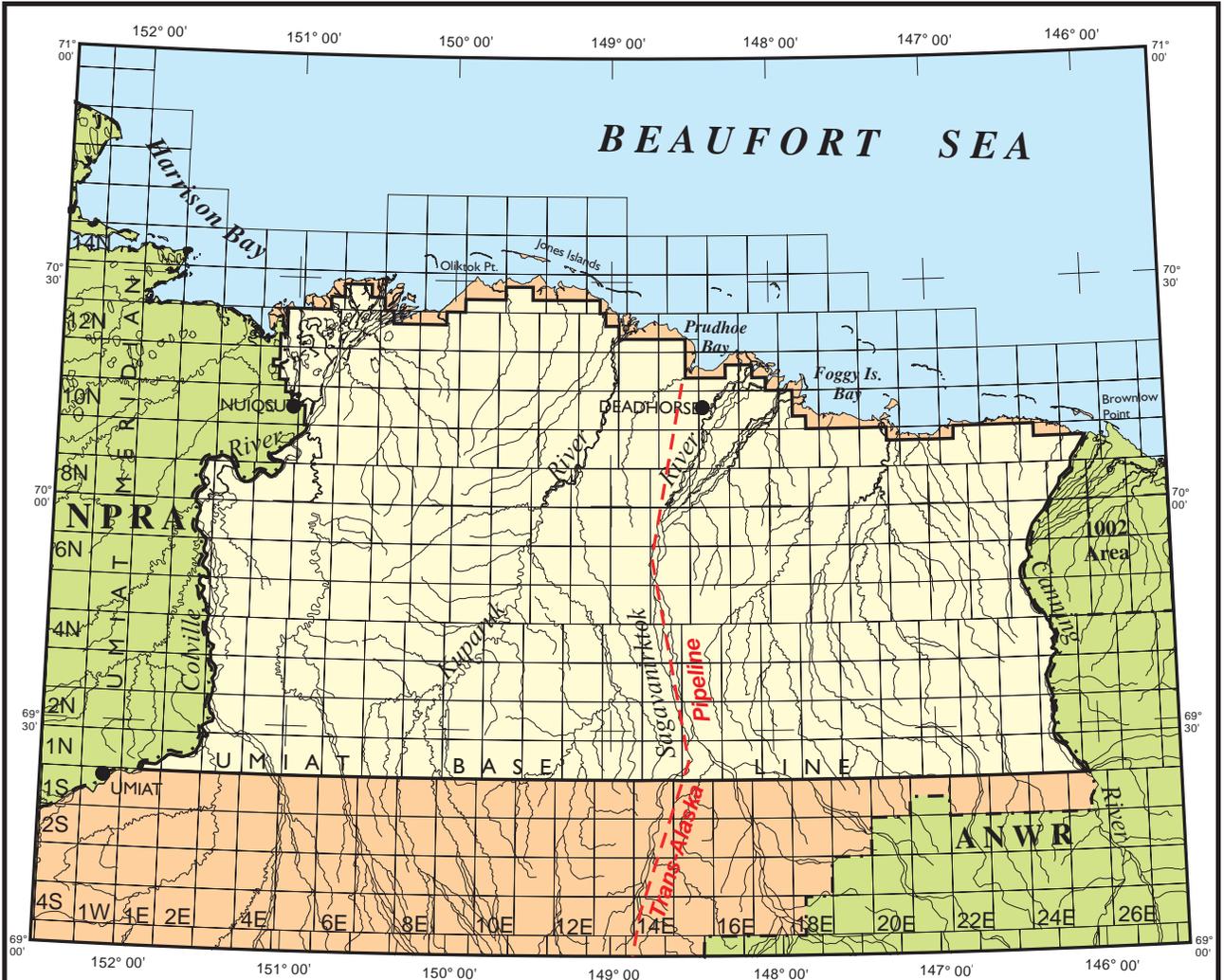
Colville River delta. Spotted seals haul out on sandbars in the Colville River delta. Arctic fox, wolverine, and wolves also inhabit the area. Millions of birds migrate through or near the area during the summer, stopping to feed or rest on the numerous small tundra ponds typical of the area. The Colville River delta wetlands provide important staging, nesting, feeding, and molting habitat for many species of birds. Freshwater fish include Arctic grayling, burbot, and whitefish. Anadromous and amphidromous fish include Dolly Varden, cisco, whitefish, and salmon. Residents of Nuiqsut and Anaktuvuk Pass use the area for fishing and hunting birds, caribou, and other species. Only three species found in the lease sale area are listed as threatened or endangered under the federal Endangered Species Act: polar bear (threatened), spectacled eider (threatened), and Steller's eider (threatened). On October 22, 2009, the USFWS proposed designating 200,541 square miles as critical habitat for polar bears, and a final rule is expected by June 30, 2010.

Municipalities and Communities: Portions of the lease 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. The North Slope Borough has adopted a comprehensive plan and land management regulations that may impose restrictions on oil and gas activity in the lease sale area.

Municipalities & Communities

Community	Municipal Classification	Population (2008)
North Slope Borough	Home Rule Borough	6,706
Prudhoe Bay/Deadhorse	Unincorporated	4
Nuiqsut	2nd Class City	383
Anaktuvuk Pass	2nd Class City	284

Source: State of Alaska, Department of Labor and Workforce Development, Population Estimates, (<http://laborstats.alaska.gov/?PAGEID=67&SUBID=171> ; accessed 11/13/09).



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

NORTH SLOPE AREA WIDE



SCALE 1:1,500,000 ONE INCH = 24 MILES APPROX.
 20 0 20 40 60 80 MILES
 Albers Equal-Area Conic Projection Based On The Clark 1866 Ellipsoid Central Meridian: -150.00 Origin Latitude: 50.00

Proposed Sale Area


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North Slope Foothills Areawide Oil and Gas Lease Sale

Annually Held in October

Property Description and Location: The North Slope Foothills Areawide oil and gas lease sale lies between the National Petroleum Reserve-Alaska (NPR-A) 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 lease sale area is approximately 7.6 million acres and is divided into 1,347 tracts ranging from 1,280 to 5,760 acres. Only those state-owned oil and gas mineral estates that are free and unencumbered will be leased.

The best interest finding for the North Slope Foothills was issued in February 2001 and supplemented in January 2002; this finding is valid through February 10, 2011. DNR is drafting a new preliminary best interest finding for this area. A final finding is scheduled to be issued in January 2011, in time for an October 2011 lease sale.

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

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

Riparian habitats found within the lease sale area are important to a variety of species including moose, brown bears, and 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 thickets are most abundant, provide valuable moose habitat. Moose concentrate in these areas throughout the year, with peak use occurring during winter. Brown bears are frequently associated with riparian habitats in the area, especially in the spring and fall. Peregrine falcons nest along several of the rivers in the lease sale area. Dall sheep live on ridges, dry meadows, and steep mountain slopes. Residents of Anaktuvuk Pass are the most frequent users of fish and wildlife in the lease sale area; however, Barrow, Nuiqsut, and Kaktovik residents occasionally harvest species in the area.

Municipalities and Communities: Portions of the lease 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. The North Slope Borough has adopted a Comprehensive Plan that may impose restrictions on oil and gas activity in the lease sale area.

Municipalities & Communities

Community	Municipal Classification	Population (2008)
North Slope Borough	Home Rule Borough	6,706
Prudhoe Bay/Deadhorse	Unincorporated	4
Nuiqsut	2nd Class City	383
Anaktuvuk Pass	2nd Class City	284

Source: State of Alaska, Department of Labor and Workforce Development, Population Estimates, (<http://laborstats.alaska.gov/?PAGEID=67&SUBID=171> ; accessed 11/13/09).



Photo: Christina Holmgren, DNR/DOG

Transports on North Slope Roads don't resemble your everyday traffic.