THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Natural Resources
DIVISION/OF OIL & GAS
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January 27, 2015

Mr. JR Wilcox
Cook Inlet Energy, LLC.
601 W. 5th Ave., Suite 310
Anchorage, AK 99507

RE: **Exploration License ADL 391628, LO/AK 14-005, Kahiltna 2 Exploratory Gas Well, Susitna Basin Exploration License Plan of Operations Approval, Exploration Phase**

Dear Mr. Wilcox,

I. INTRODUCTION

On August 14, 2014 and Cook Inlet Energy, LLC (CIE) submitted a request to the Division of Oil and Gas (Division) for approval of an Exploration License Plan of Operations (Plan) to carry out a drilling exploration program at the Kahiltna Pad for a gas well in the Kahiltna Prospect. The Kahiltna Prospect is approximately 17 miles southwest of Amber Lake and 2 miles east of the Kahiltna River. Approval of this Plan, along with approvals from other state and federal agencies (Agencies), is necessary for CIE to carry out drilling at the Kahiltna Pad.

After state land is leased/licensed for oil and gas development, projects currently follow a phased progression. These phases may include exploration, development, and transportation, depending on the project. Before the next phase of a project may proceed, the Division provides public notice and an opportunity to comment on a plan for that phase and considers the potential impacts of the phase, including both proposed and anticipated activities. Every plan of operations decision, regardless of whether it is for the beginning of a phase or for a phased project, considers whether the proposed plan protects the State's interests (11 AAC 83.158(e)). CIE's proposed operations would begin the exploration phase for the subject project of this review.

Any further exploration is subject to further review and approval by the Department of Natural Resources (DNR).

II. SCOPE OF DECISION

The DNR Commissioner has delegated authority for exploration licensing to the Division under Department Order: 003 in accordance with Alaska Statute (AS) 38.05 and 11 Alaska Administrative Code (AAC) 82.951. As set forth below, the Division has evaluated the proposed Plan to determine if sufficient information as required by 11 AAC 82.951 and 11 AAC 83.158 is provided.

In approving a Plan, the Division may require amendments that it determines are necessary to protect the State's interests (11 AAC 83.158(e)).

The CIE Exploration Project will consist of a single vertical exploratory well (straight-hole design) drilled inside the exploration license area. This single exploration well will be drilled to approximately 6,000 feet in depth and will help CIE determine whether commercial quantities of gas exist to support further drilling. The well will be drilled by a Mesa 1000 carrier-mounted land drilling rig. This is a phased exploration decision for a gas well in the Susitna Basin Oil & Gas Exploration License Area. This decision authorizes CIE to explore for gas within T 23N, R8W, Section 29, Seward Meridian (see Attachment 1), ADL 391628.

The Plan describes CIE re-entering the site in future winter seasons to complete drilling of the Kahiltna Prospect gas well. If successful results warrant further drilling, additional Plans for future wells will need to be submitted for review to the Division prior to commencing operations and will be subject to Division approval.

The September 25, 2003, Susitna Basin Oil & Gas Exploration License Final Finding approved the Exploration License # 4 area. The #4 area was originally part of the Susitna Basin Oil & Gas Exploration License #1 area (2003), that was later segmented into the new License #4 area (ADL 391628) effective April 1, 2014, which includes exploration under the license. The Final Finding discussed the current and projected uses of the area, in chapter 4, and the reasonably foreseeable effects of exploration license activities in Chapter 5. Before the next phase begins, there will be an opportunity for public comment.

III. LAND STATUS

The Kahiltna Prospect project area at the Kahiltna Pad is comprised of state lands issued under patent #1229898 on 12/16/1962.

A. State Mineral Estate

ADL 391628: Susitna Basin Oil and Gas Exploration License #4

Oil and Gas Mineral Estate Licensee: Cook Inlet Energy
Surface Ownership and Access: State, access is granted under LAS 29694 and ADL 19522
Special Use Lands*:* None identified.
Jointly Managed Lands: None identified.
Other Considerations: None identified.

The Kahiltna Prospect project is sited within the Matanuska- Susitna Borough. The DNR Susitna Matanuska Area Plan includes the project area. The Susitna Matanuska Area Plan designated the proposed area as remote recreation land disposals in the Susitna Lowlands Region, Unit 5.

A surface land use agreement is not required at the Kahiltna Pad location because the State of Alaska is the surface owner at the pad area. The proposed pad and any brush clearing for the pad will be situated in an upland location and contoured to avoid any impacts to wetlands.

Project Component	Meridian, Township, Range, Section(s)	GPS
Pad	SM, T 23N, R 8W, Section: 29	62.0578N -150.7718W

B. State of Alaska Surface Lands

Oil and Gas Mineral Estate Owner/Licensee: Owner: State of Alaska, Licensee: Cook Inlet Energy

Access: DMLW authorized the road/trail access to Kahiltna Drill Pad from Oilwell Road under MLUP LAS 29694.

Special use Lands: None identified.

Jointly Managed Lands: None identified.

Other Considerations: None identified.

Project Component	Meridian, Township, Range, Section(s)	GPS
Access Trail/Road	SM, T 23N, R 7 W Sections 16,19,20 and 30	N/A
Access Trail/Road	SM, T 23N, R 7 W Sections 25,26,28, 29,33 and 34	

C. Private Lands

Oil and Gas Mineral Estate Owner/Licensee: N/A

Access: N/A

Special use Lands: N/A

Jointly Managed Lands: N/A

Other Considerations: N/A

Project Component	Meridian, Township, Range, Section(s)	GPS
N/A	N/A	N/A

IV. PROPOSED OPERATIONS

The Plan and supplement information provided respectively on August 14, 2014 and January 23, 2015 describes the proposed operations in full detail. Set forth below is a summary of the key details.

A. Sequence and Schedule of Events

The proposed dates for the 2014-2017 drilling season are listed below. All dates are approximate and may be altered by weather or logistic requirements. The dates will also change because some of them precede this decision. The schedule nonetheless provides the Division with an overall idea of the sequence and schedule of events. The Division reviewed this schedule with the expectation that dates early in the sequence would move back, but that later dates for finishing drilling, demobilization, and clean up would remain the same. Divisional approval of the events listed below is subject to AS 38.05.132(d).

<u>2014</u>

- In September of 2014, Cruz Construction (Cruz), acting as CIE's contractor, will improve Oilwell Road (ADL 19522) that terminates at the Pure Kahiltna Unit #1 wellsite. Temporary bridges will be placed over streams as necessary and mats will be used if wetlands are encountered under LAS 29694.

- In September of 2014, Cruz will brush and mulch a 20' wide trail from the Pure Kahiltna Unit #1 wellsite to the Kahiltna Drill Pad site, intended for use in the winter months. Mulch will be left in place on the trail to protect the vegetative mat underneath and allow for a groomable snow surface under LAS 29694.
- Immediately following the completion of the winter trail, Cruz will clear the vegetative mat for a pad measuring approximately 400' X 400,' covering approximately 3.6 acres.

2015

- Once the ground is frozen sufficiently to allow equipment travel to the Drill Pad, Cruz will mobilize to the project area to prepare the Drill Pad for drilling.
- CIE may bring in a water well contractor to drill a water well and drive a well conductor.
- In December 2015, or later depending on weather conditions and rig availability, CIE intends to mobilize the Rig 37 drill rig to the site and drill one gas exploration well.
- All equipment is expected to be out of the project site by April 15, 2015, prior to the spring thaw.

2016-2017

- CIE will return to the site in 2016-2017 to complete the pad work and drill a water well (if work was not completed in 2015).
- If work was not completed previously, CIE will drill an exploratory gas well in the 2016-2017 winter construction seasons (depending on weather conditions and rig availability) at the Kahiltna Drill Pad site.
- All equipment is expected to be out of the project site by the April 15, 2016-2017 spring thaw period

B. Well Site

Cruz, acting as CIE's contractor under LAS 29694, will construct the Kahiltna Drill Pad. The drill pad will be located on uplands at approximately 62.0578°N and 150.7718°W, approximately 2 miles east of the Kahiltna River. The pad will be created by blading the existing ground surface which is located entirely on uplands. The Kahiltna Drill Pad will be approximately 400' x 400' and constructed initially by the removal of the vegetative mat from an upland area followed by compaction. Construction activities will consist of blading and leveling the existing surface. Should site conditions warrant, additional material may be added in subsequent seasons as necessary. The additional materials may include snow, ice or soil found on site.

CIE has identified that no fill will be placed into wetlands, therefore no US Corps of Engineers involvement is necessary. The exploration gas well will be located in the center of the pad.

C. Buildings

The completed well pad will contain: A drill rig and associated support facilities, temporary waste storage, a water tank, and a parking area.

D. Fuel and Hazardous Substances

At this time no hazardous wastes are expected to be generated. Should this change, a fully licensed/permitted contractor will be hired to handle the hazardous wastes.

Drilling Waste

During the drilling operations, drilling fluids and mud, and drill cuttings will be circulated to the surface. Muds and drill cuttings will be removed from the Kahiltna Drill Pad and transported to a disposal facility by a third party contractor.

E. Solid Waste Sites

Garbage and other waste will be collected in containers and removed from the site to be disposed of at an approved facility. Portable toilets onsite will be monitored and emptied as necessary, sewage stored in waste bladders, then transported off-site for disposal in an existing septic system.

F. Water Supplies

CIE obtained a temporary water use authorization from the Division of Mining, Land & Water (TWUA A2014-137) for operational and maintenance activities at the Kahiltna Drill Pad location.

G. Utilities

No utilities are proposed for the Kahiltna Pad.

H. Material Sites

No material sites are proposed for the Kahiltna Pad.

I. Roads

Cruz, acting as CIE's contractor under land use permit (LAS 29694) from the Division of Mining Land and Water (DMLW) will conduct improvements to the existing Oilwell Road that is maintained by the Mat - Susitna Borough. LAS 29694 will also be used to gain access to the Pure Kahiltna Unit #1 wellsite and Cruz will clear an additional 1.6 miles of winter use trail 20' in width to the Kahiltna Drill Pad site. The trail will end in Sec. 29 of T 23 N, R. 8 W, S.M. Trees will be cut, limbed, and stacked for public firewood use. All brush, limbs, and tops will be mulched to ground level and left in place. Temporary bridges and mats will be used during construction to cross creeks and wetland areas. No fill will be used.

J. Airstrips

No airstrips are proposed for the Kahiltna Pad.

K. All Other Facilities and Equipment

CIE may propose to re-enter the site in future winter seasons to complete drilling of the gas well. If additional drilling or other activity is warranted by successful results, CIE must apply for an amendment to this Plan and receive approval from the Division prior to undertaking those activities.

L. Rehabilitation Plan

Upon completion of operations, all debris will be hauled to an approved disposal site. Site closure requirements will be approved by appropriate agencies and completed by 3/31/2017, unless an amended or new Plan of Operations is submitted prior to that date. Site closure is anticipated to consist of removal of all infrastructure including: mats, temporary bridges,

temporary fill areas, gravel and underlying geotextile fabric followed by reseeding as necessary and returning the pad site location back to the condition at the start of the project.

M. Operating Procedures Designed to Minimize Adverse Effects

CIE's exploration license is subject to mitigation measures set forth in the September 25, 2003 Susitna Basin Exploration License Final Finding of the Director. CIE addressed these mitigation measures in the application process.

All Plan applicants must complete a mitigation measure analysis demonstrating that each mitigation measure is satisfied or inapplicable to its proposed Plan, or that the applicant is seeking an exception. The Susitna Basin Exploration License mitigation measures allow for the Division to grant an exception if the applicant shows that compliance with the measure is not practicable or that the applicant will undertake an equal or better alternative to satisfy the intent of the mitigation measure. Requests and justifications for exceptions must be included in the Plan.

CIE completed the mitigation measure analysis for the Susitna Basin Exploration License mitigation measures and no exceptions were requested.

N. Local Hire, Communication and Training

CIE is committed to performing exploration and development activities in accordance with best industry practices and maintaining good relations with local residents. The proposed Plan describes CIE's training programs for personnel that will include safety orientation, safety training, and wildlife interaction and avoidance training and SHPO training.

V. EXPLORATION PHASE AND PROTECTION OF STATE AND PUBLIC INTERESTS

A. Facilities Impacts on the Project Area

The Susitna Basin Exploration License area falls within the DNR Matanuska-Susitna Borough and access improvements for CIE's Kahiltna pad are authorized individually by the Division of Mining Land and Water under LAS 29694 and public easement ADL19522.

The Kahiltna Pad location is designated as remote recreation land in the Susitna Matanuska Area Plan. For a detailed description see Susitna Matanuska Area Plan (SMAP) and refer to Chapter 3, Susitna lowlands Region, Unit 5, August 11, 2011 (http:// dnr.alaska.gov/mlw/planning /areaplans/sumat/). Once the ground is frozen sufficiently, CIE will mobilize to the project area and prepare a drill pad by compacting snow and/or adding additional material as necessary.

CIE's mitigation measure analysis states that no high residential, commercial, or recreation uses are known in the project area (A.I.1. and A.I.2.). The nearest recreation structure to the proposed Kahiltna pad is 2.8 miles away. The pads used during winter exploration are temporary in nature. Winter exploration pads typically have less impact on vegetated areas in the vicinity of the exploration drilling since the pads are typically constructed from ice or snow materials to help level the pad and protect the site from construction activities. All equipment is expected to be out of the project area by April 15, 2015, prior to spring thaw.

B. Fuel and hazardous Substances Potential Impacts on the Project Area

The effects of an oil spill during the winter are limited due to the short season and temporary nature of the proposed exploration programs. There are no production activities, permanent facilities, or pipelines proposed. CIE has proposed temporary activities during winter months, and the Division anticipates any future exploratory drilling would also take place during the winter when the risk from spills is lower. Mitigation measures include siting facilities away from fish-bearing streams and lakes, development of oil spill contingency plans (Exploration Operations C-Plan, ADEC 11-CP-5115), and providing adequate spill response training.

Susitna 4 Exploration License mitigation measures require that sites be protected from leaking or dripping fuel and hazardous substances; secondary containment be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers; vehicles cannot be refueled within the annual floodplain; containers must be marked with the contents and licensee's/contractor name; waste from operations be reduced, reused, or recycled to the maximum extent practicable; muds and cuttings should be disposed of by underground injection, where practicable; and that proper disposal of garbage and putrescible waste be utilized.

CIE's mitigation measure analysis states that fuel and hazardous substances will be stored at least 100 feet from any water body and no known surface drinking water sources are in the vicinity of proposed project operations (A.IV.19); drip pans or liners will be placed under parked vehicles or equipment to capture fluids (A.IV.20) surface liners will be used under all potential spill points, CIE will verify that adequate sorbents are on hand during fuel transfers, and ensure that personnel are property trained and understand proper procedures for handling flammable and combustible fluids (A.IV.20); all containers with fuel or hazardous substances will be labeled with the contents and licensee's/contractor name (A.IV.23); and solid burnable waste may be incinerated in location. All wastes generated as part of operations will be hauled offsite for disposal at an approved facility (A.IV.24).

C. Habitat, Fish, Wildlife and Subsistence

Any exploration activity has the potential to impact habitat, fish, and wildlife. The Susitna 4 Exploration License mitigation measures are designed to minimize these impacts. The Plan activities will take place over a limited time period and involve temporary roads and drill pad locations. The Division anticipates impacts to habitat, fish, and wildlife will also be limited and temporary. Any future Plans will be subject to individual review and mitigation measures analysis. Wetland areas will not be impacted and CIE's mitigation measure analysis states that the Kahilitna pad will be located entirely on uplands (A.I.5.)

<u>Habitat</u>

A potential habitat impact at the exploration phase is erosion. Damage to stream banks during the winter could lead to erosion the following season, which could affect adjacent fish habitat through siltation of the streambeds. Exploration activities must utilize existing road systems, ice roads, air or boat services, or vehicles that do not cause significant damage to the ground surface or vegetation. To maintain fish habitat and populations within the exploration area, CIE's mitigation measure analysis states that access will utilize the existing road systems and winter travel or air services to minimize damage to the ground surface (A.III. 16).

Fish

Several species of anadromous and resident fish species use the rivers within the Susitna basin watershed for spawning, overwintering, and as migratory corridors. Use patterns vary by species and within species by life stage. Potential impacts are loss of habitat, detonation of explosives within or in close proximity to fish bearing waters and compaction or removal of snow cover overlying fish bearing water bodies. CIE's mitigation measure analysis states that no explosives will be used during this project (A.II. A.7) and that except for approved crossings, no compaction or removal of snow cover shall occur in fish bearing waters (A.II. A.8).

For a complete listing of mitigation measures and licensee advisories see Chapter Seven of the Susitna Basin Oil & Gas Exploration License Final Finding (September 25, 2003).

Wildlife

Moose- It is likely that oil and gas exploration and development would result in some increase in habitat loss beyond that which is already occurring due to other development. However, given the amount of overwintering and calving habitat in the Susitna basin, impacts to moose populations are expected to be minimal.

Bears- Both black and brown bears inhabit the study area and are concentrated along salmon streams in late summer and fall. Both species could potentially be adversely affected by oil and gas activities. Avoidance of important salmon streams when fish are present would minimize the displacement of bears from this critical habitat. Mitigation measures prohibit the siting of facilities within 500 feet of all fishbearing streams and lakes. The proposed sequence and schedule of events anticipates a winter drilling program which should also minimize impacts to black and brown bears.

Subsistence

The effects on subsistence hunting and fishing in the project area are projected to be minimal and CIE's mitigation measure analysis states that the siting of the pad will not cause any adverse effects to subsistence harvests (A.I.3.).

D. Historic or Archeological Sites

In section 11.2 of the Plan, CIE states that it will contact the SHPO (see section N. below Communication and Training and project specific stipulation h. under Decision and Findings) to preserve and protect any discovered historic or archeological sites in the project area. Should a site, structure, or object of prehistoric, historic, or archaeological significance be discovered during license operations, CIE will report the discovery to the State Historic Preservation Office (SHPO) as soon as possible. CIE will take all reasonable efforts to preserve and protect the discovered site, structure, or object from damage until the Director, after consultation with the SHPO, has directed CIE as to the course of action to take for its preservation. See project specific stipulation h. under Decision and Findings.

VI. CONSIDERATION OF EXOPLORATION LICENSE PLAN OF OPERATIONS REQUIREMENTS UNDER 11 AAC 82.951, 11 AAC 83.158(c) and 11 AAC 82.945

A. Full Payment of Damages to the Surface Owner 11 AAC 83.158(c)

This project occurs on State of Alaska lands. Full payment of damages to the surface owner is satisfied by the Exploration License Bond under 11 AAC 82.945.

B. Plan Sufficiency 11 AAC 83.158(d)

A proposed plan must include statements, maps, or drawings setting forth (1) the sequence and schedule of operations; (2) the projected use requirements directly associated with the proposed operations; (3) plans for rehabilitation; (4) a description of operating procedures to prevent or minimize adverse effects on natural resources and concurrent uses of the area (11 AAC 83.158(d)).

The information contained in CIE's proposed Plan, summarized above in section IV. Proposed Operations, satisfies the requirements for a plan under 11 AAC 83.158(d) and provide the Director with sufficient information available at this time to determine the surface use requirements and impacts directly associated with the proposed operations.

C. Exploration License Bond 11 AAC 82.945

The State owns the surface and mineral estate of the proposed project area identified in the Plan for exploration drilling. Full payment of damages to the surface owner incurred by exploration in the exploration license area (ADL 391628) is covered under chapter one of the Susitna Basin Exploration License section (a.) and the terms of the license. All infrastructure for the Kahiltna Drill Pad site will be located on state land.

VII. CONSULTATION WITH OTHER GOVERNMENTAL ENTITIES

In reviewing the proposed Plan, the Division considered the fact that CIE may require approvals from different Agencies for other elements of its project. Although mentioned in the Plan and above, in section IV Proposed Operations, these aspects of the project are not operations being approved by this decision and the Division offers no opinion on whether an agency should or should not approve these activities.

In addition to reviewing the approvals required by different Agencies, as they relate to this decision, the Division provided an Agency review and comment opportunity for the activities considered for authorization under this decision. The following government entities were notified on September 15, 2014 for comment on the Plan: Alaska Department of Fish and Game, Alaska (ADFG) Department of Environmental Conservation, Alaska Oil and Gas Conservation Commission (AOGCC), DNR Parks OHA Review Compliance, the Review and Compliance Program of the Office of History and Archaeology, Division of Mining Land and Water, Office of Project Management and Permitting, City of Matanuska-Susitna Borough and the Division of Oil and Gas. The comment deadline was 4:30 pm Alaska time on September 25, 2014. No comments were received.

VIII. PUBLIC NOTICE

Public notice of the Plan and opportunity to comment was published in the Alaska Dispatch News and Frontiersman Daily News on September 26, 2014 with a deadline for comments of October 27, 2014 at 4:30 pm Alaska time. Additionally, a copy of the notice was posted on DNR's web site and public notices were mailed to the postmasters at the following locations: Talkeetna and Willow post offices. No comments were received. This notice satisfies AS 38.05.035(e)(1)(C)(ii).

IX. CONDITIONS OF APPROVAL

Having considered the proposed project, the Division approves the Plan as amended and modified by this decision and subject to the Conditions of Approval listed below:
To protect the State's interest, the Division finds that it is necessary to amend the Plan to incorporate the following Conditions of Approval:

1. The applicant shall defend, indemnify and hold the State of Alaska harmless from and against any and all claims, damages, suits, losses, liabilities and expenses for injury to or death of persons and damage to or loss of property arising out of or in connection with the entry on and use of State lands authorized under this approval by the applicant, its contractors, subcontractors and their employees.
2. The applicant shall inform and ensure compliance with any and all conditions of this approval by its employees, agents and contractors, including subcontractors at any level.
3. Amendments and modifications to this approval require advance notice and must be approved in writing by the DNR.
4. The Commissioner of the DNR may require that an authorized representative be on-site during any operations conducted under this approval. This stipulation is required to ensure that the Divisions of Oil and Gas and Mining, Land and Water meet their statutory responsibilities for monitoring activities taking place on state-owned lands.
5. The applicant will provide the Division with the exact well location when it submits it's Permit to Drill application to the Alaska Oil and Gas Conservation Commission (AOGCC). The well location will be identify by Township, Range and Section and include the Decimal Degrees in NAD 83.
6. A status report for the activities conducted under this approval must be filed with this office on May 1 and November 1 each year, from the date this approval is issued and until a final completion report is filed with the Division. If a lessee requests an assignment, a status report must also be submitted during the assignment process. Failure to file in a timely manner may result in revocation of this approval.
    a. Each status report shall include a statement describing, and map(s) depicting, all operations actually conducted on the leased area as of the date the report is prepared including the location, design and completion status of well sites, material sites, water supplies, solid waste lines, buildings, roads, utilities, airstrips, and all other facilities and equipment installed.
    b. Upon completion of operations, the applicant will submit a completion report that will include all information required of a status report described in (a) above, as well as a statement indicating the date of operations completion, any noncompliance with the terms of this plan approval of which a reasonable lessee would have knowledge of, clean-up activities conducted, the method of debris disposal, and a narrative description of known incidents of surface damage.
7. The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any state-owned historic, prehistoric (paleontological) or archaeological site without a permit from the commissioner. All state permits require consultation with the State Historic Preservation Office (SHPO) (907 269 8722) so that consultation per section 106 of the National Historic Preservation Act may proceed. Should any sites be discovered during the course of field operations, activities that may damage the site will cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation (907-269-8721) shall be notified immediately.
8. Notification. The applicant shall notify the DNR of all spills that must be reported under 18 AAC 75.300 under the timelines of 18 AAC 75.300. All fires and explosions must be

reported to DNR immediately. The DNR 24 hour spill report number is (907) 451-2678; the fax number is (907) 451-2751. The ADEC oil spill report number is (800) 478-9300. DNR and ADEC shall be supplied with all follow-up incident reports.

X. FINDINGS AND DECISION

Having considered the specific activities proposed, the best interest finding and associated supplements for the lease sale area within which the project is located, and the foregoing discussion of issues and conditions of approval, the Division makes the following findings:

1. The Plan provides sufficient information, based on reasonably available data, for the Division to determine the surface use requirements and impacts directly associated with the proposed operations.
2. The Plan includes statements, maps, or drawings setting forth the sequence and schedule of operations, projected use requirements, description of operating procedures designed to prevent or minimize adverse effects on natural resources.
3. All oil and gas activities conducted under oil and gas licenses are subject to numerous local, state and federal laws are regulations with which CIE is expected to comply.
4. CIE has demonstrated that the Plan complies with applicable mitigation measures.
5. The Plan protects the State's interest, including the State's interest in maximizing economic and physical recovery of oil and gas resources, assessing oil and gas resources while minimizing adverse impacts from exploration, and the utilization, development, and conservation of natural resources for the maximum benefit of the people. The Plan incorporates amendments to protect both the public and State interests. The types of activities and plans of operation that the Division anticipates CIE might propose throughout the exploration phase should similarly protect these interests.

Based upon the Plan, supporting information provided by the applicant and the Division's review, determination of applicable statutes and regulations, consultation with other Agencies, relevant entities and individuals, public comment, and the above findings related to that Plan, the Division hereby approves the Plan and entry into the exploration phase.

Kim Kruse
Permitting Manager
Division of Oil and Gas

1/27/2015
Date

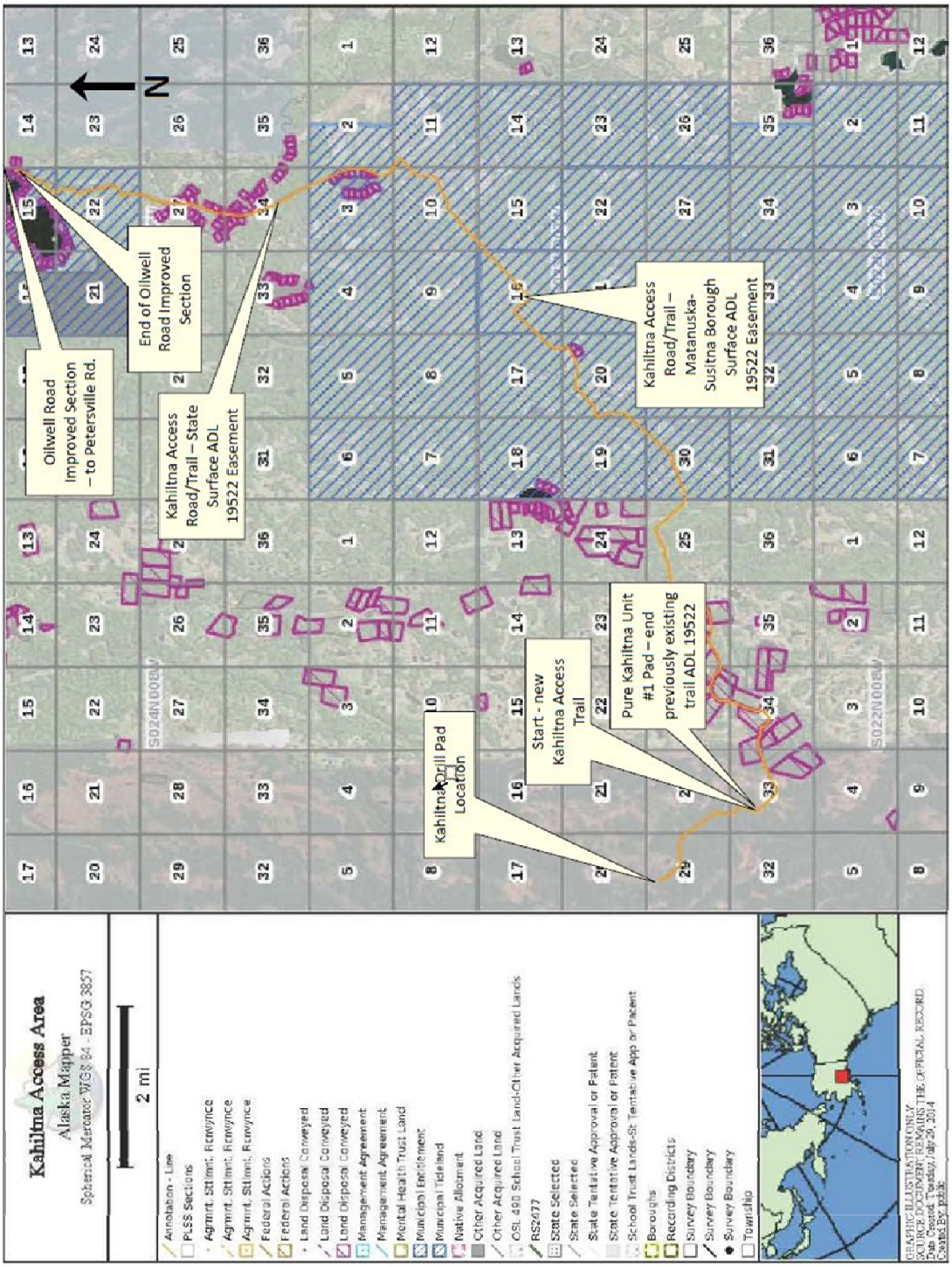
Appeal

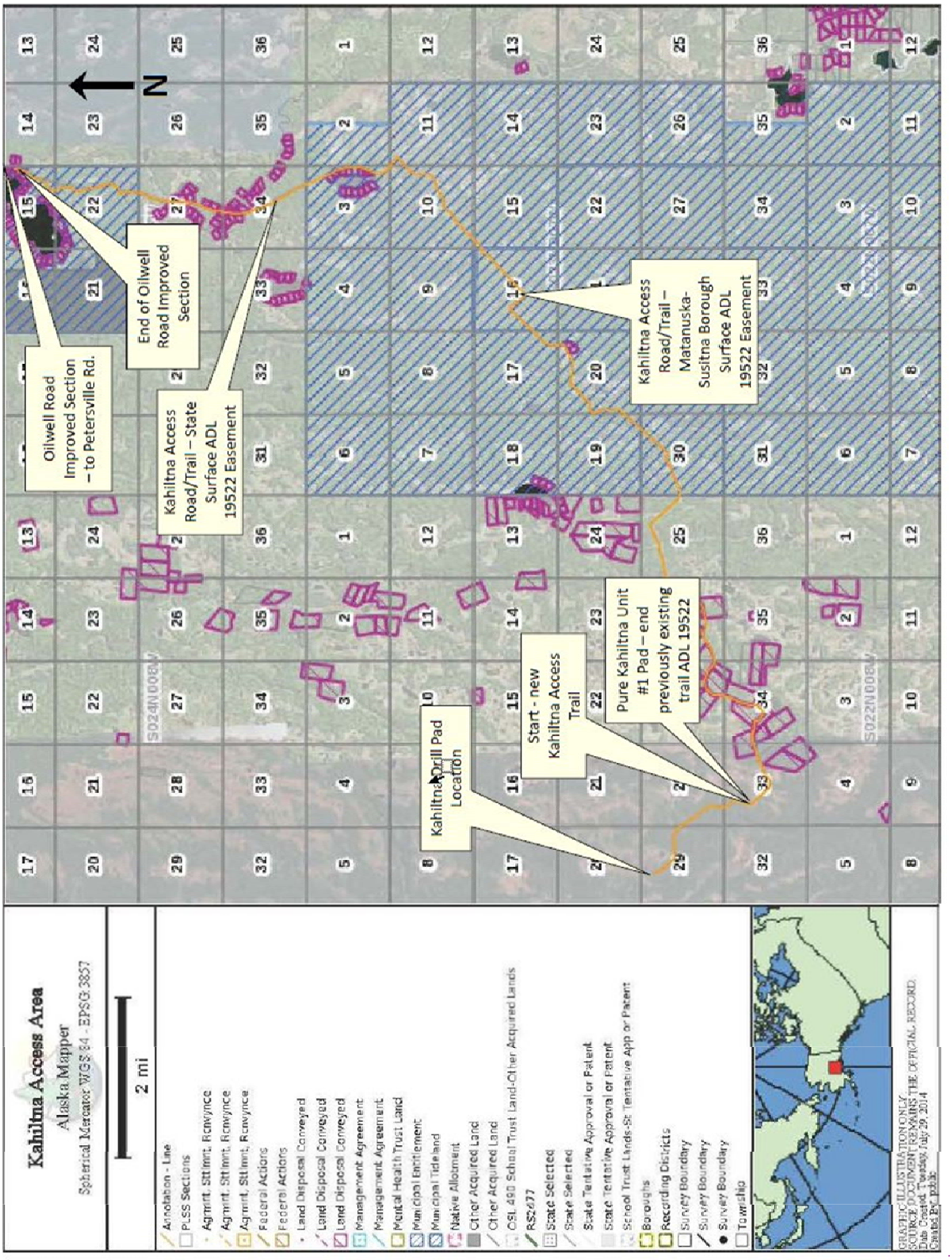
An eligible person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of issuance of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

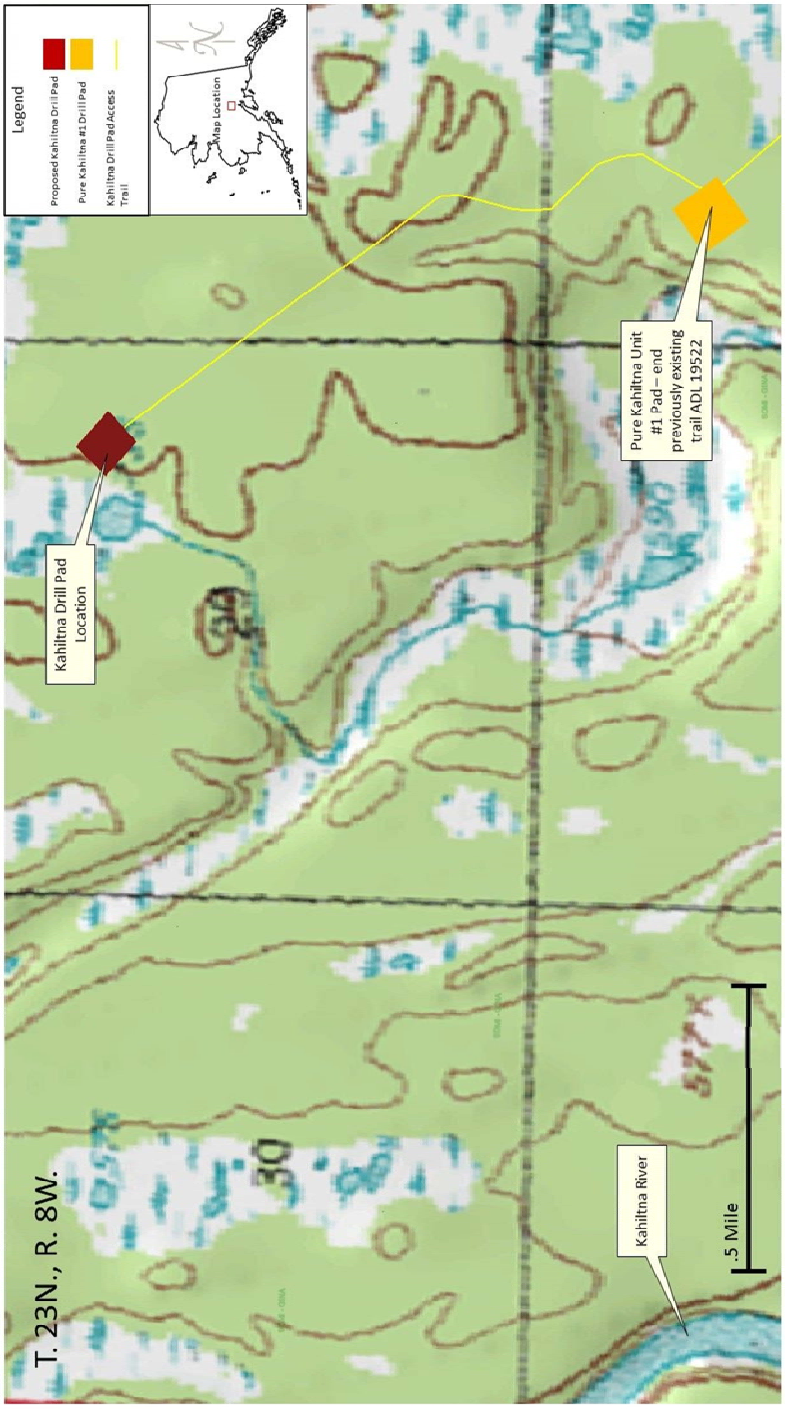
Enclosures: Appendix A: Maps and Figure(s)
Appendix B: Agency and Public Comments
Appendix C: Other

Ecc: Tim Jones; CIE
Lonnie McKechnie; MSB
Henry Brooks, Eric Moore, Cliff Larson; DMLW
Peter Cleary; ADF&G
Sharon Morgan, ADEC
USACE
Kim Kruse, Tom Barrett, John Easton, Jeanne Frazier; DOG

Appendix A: Maps and Figure(s)




Kahiltna Access Area
Alaska Mapper
Spherical Mercator WGS 84 - EPSG:3857
2 mi
Annotation - Line
PLSS Sections
Agmnt. Stlmnt. Conveyance
Agmnt. Stlmnt. Conveyance
Agmnt. Stlmnt. Conveyance
Federal Actions
Federal Actions
Land Disposal Conveyed
Land Disposal Conveyed
Land Disposal Conveyed
Management Agreement
Management Agreement
Mental Health Trust Land
Municipal Entitlement
Municipal Tideland
Native Allotment
Other Acquired Land
Other Acquired Land
OSL 400 School Trust Land-Other Acquired Lands
RS2477
State Selected
State Selected
State Tentative Approval or Patent
State Tentative Approval or Patent
School Trust Lands-St Tentative App or Patent
Boroughs
Recording Districts
Survey Boundary
Survey Boundary
Survey Boundary
Township
GRAPHIC ILLUSTRATION ONLY
SOURCE DOCUMENT REMAINS THE OFFICIAL RECORD.
Date Created: Tuesday, July 29, 2014
Created By: public
Oilwell Road Improved Section – to Petersville Rd.
End of Oilwell Road Improved Section
Kahiltna Access Road/Trail – State Surface ADL 19522 Easement
Kahiltna Access Road/Trail – Matanuska-Susitna Borough Surface ADL 19522 Easement
Kahiltna Drill Pad Location
Start - new Kahiltna Access Trail
Pure Kahiltna Unit #1 Pad – end previously existing trail ADL 19522
N
S024N008W
S022N008W



Kahiltna Pad Proposed Drilling Location

Appendix B:Agency and Public Comments: None received.

Appendix C: Other N/A