



February 2, 2016

**Director's Preliminary Determination of State Lands Subject to Oil and Gas Exploration Licensing
Southcentral Alaska Region**

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

Under AS 38.05.131(c), the Department of Natural Resources (DNR) commissioner shall make preliminary written determinations of the state land that may be subject to the provisions of exploration licensing. Preliminary determinations shall be given public notice using the methods described in AS 38.05.945(b).

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

The director of the Division of Oil and Gas (DO&G), under delegation of authority from the DNR commissioner, is making a preliminary written determination that all state-owned acreage in the Southcentral Regional Exploration License Determination Area (Southcentral determination area) will be available for oil and gas exploration licensing subject to the provisions of AS 38.05.132. Only state-owned oil and gas mineral estates within the Southcentral determination area that are free and unencumbered may be available for exploration licensing. For example, federally owned mineral estates within Wrangell St. Elias National Park would not be available.

The Southcentral determination area consists of state lands north of Paxson, west of Talkeetna, east of McCarthy, and south to Yakutat as described on Attachment A. See Southcentral determination area map on page 3 of this preliminary determination.

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

This preliminary determination is being given public notice using the methods described in AS 38.05.945(b). Under AS 38.05.131(c), after completion of the comment period, DO&G will evaluate the comments received. After evaluation of the comments received, the commissioner shall issue a final

written determination of the state land that is subject to exploration licensing in the Southcentral determination area.

Subsequent to a final written determination, if DO&G receives an exploration license proposal within the Southcentral determination area, the Director will take a hard look at the specific area for any such proposal through the public notice and best interest finding processes as required by AS 38.05.133. If an exploration license proposal is received and is found to be in the best interest of the state, licensees and exploration activities will be subject to all pertinent federal, state, and local laws and regulations.

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

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

Members of the public are invited to comment on any part of this preliminary determination. DO&G shall evaluate comments received on this preliminary determination before issuing a final written determination. In commenting, please be as specific as possible.

Comments must be received by 5 p.m. March 11, 2016, in order to be considered and must be sent to:

By mail: Alaska Department of Natural Resources
Division of Oil & Gas
Asset Management Section
550 W. 7th Ave., Suite 1100
Anchorage, Alaska 99501-3560

By fax: 907-269-8938


By email: dog.bif@alaska.gov

Following evaluation of comments on this preliminary determination, the director will determine the state land in the Southcentral determination area that will be subject to exploration licensing under AS 38.05.132, and will issue a final written determination as required by AS 38.05.131(c).

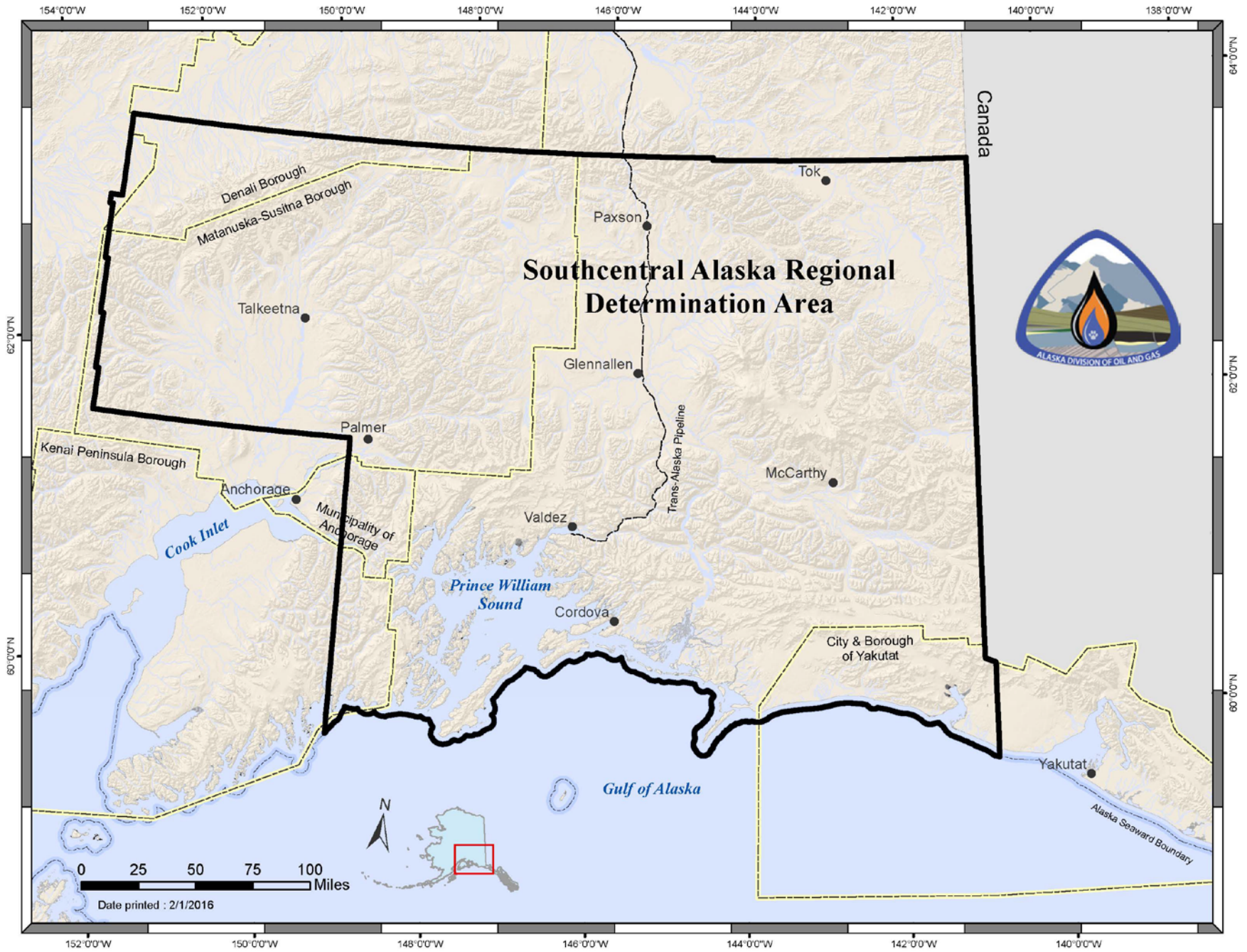
A person is eligible to file a request for reconsideration of the final determination and any subsequent appeal of the same to the Superior Court only if the person has meaningfully participated in this process by submitting written comments during the public comment period.



Corri A. Feige, Director



Date



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Attachment A: Legal Description

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

Beginning at the northeast corner of unsurveyed T. 19 N., R. 23 E., C.R.M., located approximately 1900 feet southerly of Monument 142 as established by the International Boundary Commission, on the International Boundary line between Alaska and Yukon Territory, Canada;

thence southerly along the said International Boundary line to the southern-most monument on the 141st Degree of West Longitude line, also identified by the International Boundary Commission as Boundary Point 187, located within unsurveyed T. 18 S., R. 26 E., C.R.M.;

thence southwesterly along the said International Boundary line to the northeast corner of unsurveyed T. 19 S., R. 26 E., C.R.M., located between Boundary Point 185 and Boundary Point 186 on the said International Boundary Line;

thence southerly along the boundary between Tps. 19-26 S., Rs. 26-27 E., C.R.M. to the intersection with Alaska's Submerged Lands Act boundary (3 nautical mile line) located within protracted T. 26 S., R. 26 E., C.R.M.;

thence westerly in the Gulf of Alaska along Alaska's Submerged Lands Act boundary as agreed upon between the State of Alaska and the Bureau of Ocean Energy Management in 1994, to its intersection with the Seward Principle Meridian on the west boundary of protracted T. 5 S., R. 1 E., S.M.;

thence north along the Seward Principle Meridian to the southwest corner of surveyed T. 18 N., R. 1 E., S.M.;

thence westerly along the southern boundary of Tps. 18 N., Rs 1-19 W., S.M. to the southwest corner of surveyed T. 18 N., R. 19 W., S.M.;

thence northerly along the boundary between Tps. 18-33 N., Rs. 19-20 W., S.M. to the northwest corner of unsurveyed T. 33 N., R. 19 W., S.M. and the intersection with the Fairbanks Meridian;

thence easterly along the north boundary of T. 33 N., R. 19 W., S.M. to the southwest corner of unsurveyed T. 22 S., R. 27 W., F.M.;

thence northerly along the boundary between Tps. 17-22 S., Rs. 27-28 W., F.M. to the northwest corner of unsurveyed T. 17 S., R. 27 W., FM;

thence easterly along the north boundary of Tps. 17 S., Rs 27 W. – 16 E., F.M. to the northeast corner of unsurveyed T. 17 S., R. 16 E., F.M.;

thence southerly along the east boundary of T. 17 S., R. 16 E., F.M. to the northwest corner of unsurveyed T. 19 N., R. 4 E., C.R.M.;

thence easterly along the north boundary of Tps. 19 N., Rs. 4 - 23 E., C.R.M., to the northeast corner of unsurveyed T. 19 N., R. 23 E., C.R.M. and the Point of Beginning, containing approximately 52 million acres.