



**STAK ENERGY CORPORATION  
ADL 422741 Preliminary Decision**

**Director's Decision  
AS 38.05.070(d)**

**May 12, 2026**

This Preliminary Decision (PD) is the State's preliminary best interest finding regarding a proposed disposal of interest in state land. The public is invited to comment on this PD; the deadline for submitting comments is **4:30pm Alaska Daylight Time on June 15, 2026**. Please see the Public Notice section of this PD for requirements related to submitting comments for consideration.

**Requested Action**

STAK Energy Corporation (STAK or Applicant) submitted an application on November 21, 2025, to the Department of Natural Resources (DNR), Division of Oil and Gas (Division) for a 50-year state land lease under AS 38.05.070 for the construction, operation, and maintenance of a commercial natural gas-powered data center facility, including modular data center units, on-site natural gas power generation infrastructure, operations and maintenance buildings, fiber optic communication links, and supporting utilities.

On March 12, 2026, the Applicant submitted a revised application amending the original. The Division is adjudicating the proposed lease based on the revised application; changes from the original application are discussed in the Procedural History section of this PD. A map of the proposed location is included as an attachment to this PD. The project site is located approximately one mile west of the Dalton Highway at Milepost 390, west of both the Alaska Gasline Development Corporation (AGDC) right-of-way and the Trans-Alaska Pipeline System (TAPS). The site is located within Sections 1-4, 9-12, and 13-16, Range 13E, Township 6N, Umiat Meridian, and Sections 25-28 and 33-36, Range 13E, Township 7N, Umiat Meridian.

**Proposed Action**

The Applicant has requested a 50-year lease. The Division proposes to issue a 50-year negotiated lease under AS 38.05.070(d) to the Applicant. At the conclusion of the lease term, the Applicant may apply to renew the lease for an additional term. Any renewal will be at the discretion of the Division and conditioned upon the Applicant being in good standing under the lease, including compliance with all lease terms and conditions, and a determination by the Division that a renewal is in the best interest of the State.

**Scope of Decision**

The scope of this decision is to determine whether it is in the State's best interest to issue a 50-year negotiated lease to the Applicant. The administrative review for this authorization is defined

by AS 38.05.035(e)(1)-(2) and limited to (1) reasonably foreseeable, significant effects of the uses to be authorized; (2) applicable statutes and regulations; (3) the facts pertaining to the land or resources; and (4) any issues that are material to this determination.

### **Authority**

This lease application is being adjudicated pursuant to AS 38.05.035(b)(1) and AS 38.05.035(e), Powers and Duties of the Director; AS 38.05.075, Leasing Procedures; AS 38.05.070(d), Leasing of Land Other Than for the Extraction of Natural Resources, Generally; and AS 38.05.945, Notice. The authority to execute this PD, the Final Finding and Decision (FFD), the Entry Authorization (EA), and the final perfected lease agreement was delegated to the Division of Oil and Gas from the Commissioner of DNR.

### **Administrative Record**

The administrative record for the proposed action consists of the Constitution of the State of Alaska, the Alaska Land Act as amended, applicable statutes and regulations as referenced herein, other classification references herein, and the casefile for the application serialized by DNR as ADL 422741.

### **Location Information**

#### **Geographic Location:**

The project site is located approximately one mile west of the Dalton Highway at Milepost 390, west of both the Alaska Gasline Development Corporation (AGDC) right-of-way and the Trans-Alaska Pipeline System (TAPS).

#### **Legal Description:**

The site is located within Sections 1-4, 9-12, and 13-16, Range 13E, Township 6N, Umiat Meridian, and Sections 25-28 and 33-36, Range 13E, Township 7N, Umiat Meridian.

#### **Other Land Information:**

**Municipality:** North Slope Borough. No borough owned land is involved.

**Regional Corporation:** Arctic Slope Regional Corporation

**Village Corporation:** No village corporation land is involved.

#### **Approximate Latitude and Longitude:**

**NE Corner:** 69.922571 N, 148.849662 W

**NW Corner:** 69.919802 N, 148.882198 W

**SW Corner:** 69.901940 N, 148.869318 W

**SE Corner:** 69.904707 N, 148.836807 W

### **Title**

The State of Alaska holds fee title to both the surface and mineral estates for the title report project areas under Patent 50-74-0107, acquired through State Selection GS 1609. Two federal interests are reserved from the State's title: a right-of-way for ditches and canals under the Act of August 30, 1890, 26 Stat. 391; 43 U.S.C. 945; and a right-of-way for railroad, telegraph, and telephone lines under the Act of March 12, 1914, 38 Stat. 305.

### **Adjacent Landowners**

The lease site is surrounded by state-owned land.

### **Third Party Interests**

**Great Bear Pantheon, LLC:** ADLs 391679, 391704, 394098, 394099, 394100, 394101, 394108, 394109

**Alaska Gasline Development Corporation:** ADL 421297 (AKLNG) & ADL 418997 (ASAP)

**Alyeska Pipeline Service Company – TAPS:** TWUA P2024-02 Temporary Subsurface Water Use Authorization

### **Planning and Classification**

The proposed lease site is located within the boundaries of the North Slope Area Plan (NSAP), which is the controlling land management planning authority.<sup>1</sup> The NSAP describes each management unit's management intent and area plan designation.

The proposed lease area, approximately 715.4 acres, falls within Unit D-01, Dalton Highway Corridor, which carries a co-designation of Public Recreation-Dispersed, Transportation Corridor, and Habitat (Rd/Tc/Ha) and encompasses approximately 930,862 acres. The management intent for Unit D-01 is to manage the unit as a utility and transportation corridor to facilitate transportation of oil and gas resources from the North Slope while supporting subsistence hunting, fishing, gathering, recreation, and sport hunting opportunities. Linear transportation and infrastructure projects are identified as appropriate within the unit. The NSAP directs that decisions related to development within D-01 shall consider potential impacts on habitat and harvest values and include stipulations, conditions, or measures that will avoid, minimize, or mitigate potential negative effects.<sup>2</sup>

The proposed lease is consistent with the management intent of Unit D-01. The project constitutes a linear-adjacent industrial land use within the Dalton Highway corridor and is the type of development contemplated by the transportation corridor and public facilities designations applicable to this unit. The Division finds that the proposed lease is consistent with the NSAP designations and management intent for this unit, subject to the conditions and mitigation measures identified in the lease.

### **Traditional Use Finding**

The proposed site is located within the North Slope Borough. Pursuant to AS 38.05.830, a traditional use finding is not required.

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<sup>1</sup> The North Slope Area Plan (NSAP), adopted in March 2021, determines the management intent, land-use designations, and management guidelines that apply to all state lands in the applicable planning area.  
<sup>2</sup> NSAP, Chapter 3: Dalton Corridor Region, at 98 (2021).

### **Access**

The proposed lease area is accessible via the Dalton Highway, where the proposed 1.8-mile gravel access road will connect to the Dalton Highway near Milepost 390. Access to the MP390 gravel source will utilize the existing gravel road. Access to the proposed lease site is not via a navigable or public water body.

### **Section Line Easements (SLE)**

A review of state GIS records indicates that the proposed lease is bisected by the following section line easements common to:

- Sections 34 and 35 of Township 07 North, Range 13 East, Umiat Meridian
- Section 34 of Township 07 North, Range 13 East, Umiat Meridian and Section 3 of Township 06 North, Range 13 East, Umiat Meridian
- Section 35 of Township 07 North, Range 13 East, Umiat Meridian and Section 2 of Township 06 North, Range 13 East, Umiat Meridian
- Sections 2 and 3 of Township 06 North, Range 13 East, Umiat Meridian
- Sections 2 and 11 of Township 06 North, Range 13 East, Umiat Meridian
- Sections 11 and 12 of Township 06 North, Range 13 East, Umiat Meridian

The Applicant has been informed of the SLE within the lease area.

The SLE constitutes an access reservation across the parcel. It has not been physically established or developed for access at this time; however, the SLE could be developed in the future if access across the parcel is needed. As an existing reservation, the SLE takes precedence over surface uses enabled under this or any subsequent authorization. Unless the Applicant applies for and receives approval to vacate the SLE pursuant to applicable state law, the Applicant must recognize that any structures, equipment, or infrastructure placed within or across the SLE boundary may be required to be relocated or removed at the Applicant's expense if the easement is ever needed for its intended access purposes. The Applicant is responsible for accounting for the SLE corridor in facility siting and design to minimize potential for future conflict.

### **Navigable and Public Waters**

The proposed lease site is located approximately one mile west of the Sagavanirktok River. The project is not expected to have significant impacts on any surrounding waterbodies. The proposed lease area does not require specific reservation of public access along navigable and public waters pursuant to AS 38.05.126(a).

### **Public Trust Doctrine**

The Public Trust Doctrine does not apply to the proposed lease.

### **Reservation of Mineral Estate**

In accordance with section 6(i) of the Alaska Statehood Act and AS 38.05.125, the State, in this decision, reserves unto itself the mineral estate, including oil and gas, and the rights expressed in the reservation clause of the statute, that being the right to reasonable access to the surface for the purposes of exploring for, developing, and producing the reserved mineral resources.

Exploration and development, if any, which could occur, would be consistent with AS 38.05.130 and other applicable statutes and regulations.

### **Mineral Orders**

Mineral Order No. 1162A03 closes to locatable mineral entry all state and state-selected land within the leasehold. The Mineral Order does not prevent issuance of a lease.

### **Hazardous Materials and Potential Contaminants**

Hazardous materials to be stored within the proposed lease area include fuel, lubricants, maintenance chemicals, and mineral oil for onsite transformers. The Applicant proposes to maintain approximately 4,500 gallons of diesel fuel across nine 500-gallon double-walled, self-contained tanks with leak detection probes installed between the tank walls, located adjacent to backup generators. Backup generators will serve high-performance computing (HPC) buildings, camp facilities, the control building, and gas turbine generating modules. The Applicant also proposes to use natural gas, delivered via pipeline, for primary power generation; no long-term bulk storage of natural gas is planned. Containers larger than 55 gallons will not be stored within 100 feet of a waterbody. Drip pans will be placed under all vehicles and heavy equipment when parked, and secondary containment will be used during refueling events. Vehicle refueling will occur at least 100 feet from the nearest waterbody.

Wastewater will be captured onsite and transported to approved disposal facilities in Deadhorse in accordance with ADEC requirements. All solid waste will be removed to an ADEC-approved facility. Garbage and other waste will be stored in covered, labeled containers prior to removal.

The Applicant has asserted no prior contamination at the site, and the ADEC Contaminated Sites Database shows no contaminated sites within 10 miles of the proposed pad location. Stipulations will be included in the lease terms to ensure proper handling and storage of all hazardous substances in accordance with applicable federal, state, and local law. Debris contaminated with used motor oil, solvents, or other chemicals classified as hazardous substances must be removed from the lease area and disposed of accordingly.

### **Agency Review**

An agency review was conducted on March 12, 2026. The deadline for agency comments was March 26, 2026. The following agencies were included in the review:

- DNR's Division of Mining, Land, and Water (DMLW)
- The Alaska Department of Fish and Game (ADF&G)
- The Alaska Department of Environmental Conservation (ADEC)
- The Alaska Department of Transportation & Public Facilities (DOT)
- The United States Army Corps of Engineers (USACE)
- The North Slope Borough (NSB)

### **Comments from the Alaska Department of Transportation and Public Facilities (DOT):**

DOT provided comments identifying several concerns related to construction activities and access along the Dalton Highway. DOT noted that haul traffic associated with gravel extraction from the MP390 material site may result in overweight vehicle loads during summer construction, with potential for pavement damage and impacts to the traveling public. DOT also

requested continued access to the MP390 material site during construction, as the site serves as DOT's primary source of winter sand for that highway section. Finally, DOT noted that any new access road connecting to the Dalton Highway must conform to applicable drainage and design standards and will require a driveway or access road permit from DOT prior to construction.

*Division Response:*

The Division acknowledges and thanks DOT for these comments. The Applicant is directed to coordinate with DOT's Northern Region Right-of-Way and Maintenance Operations Section and obtain all required permits for activities within the Dalton Highway right-of-way or on DOT-managed properties prior to commencing construction.

**Comments from the Alaska Department of Environmental Conservation (ADEC):**

ADEC's Contaminated Sites Program (CSP) reviewed available records and found no documented contaminated sites within 1,500 feet of the proposed project area. ADEC noted that residual contamination may remain at previously remediated sites and that such sites should be evaluated as the project proceeds. ADEC further noted that spills or releases to soil or water are tracked separately by ADEC's Prevention, Preparedness, and Response Program (PPRP) and are not captured in the CSP database, and that ADEC must be notified if contamination is encountered during project activities.

*Division Response:*

The Division acknowledges and thanks ADEC's Contaminated Sites Program for its review and response. The Applicant is advised that DEC notification is required in the event contamination is encountered during construction or operations and is directed to consult ADEC's PPRP spill reporting resources for applicable requirements.

**Procedural History**

The Applicant submitted a complete lease application on November 21, 2025, requesting a 50-year lease of state lands on the North Slope. Pursuant to AS 38.05.070(d), solicitation of competitive interest was conducted December 8, 2025, through January 8, 2026, to determine whether there was interest from other parties in developing the site for a similar purpose. No expressions of interest were received.

On March 12, 2026, the Applicant submitted a revised application amending the original. The revised application reflects several changes to the project, including an increase in the projected construction workforce from up to 500 to up to 1,500 workers; a revised project name from "STAK Energy Datacenter Project" to "STAK Energy Campus;" updated facility descriptions reflecting the planned use of High Performance Computing (HPC) units in lieu of the previously described modular data center units; and the potential addition of a natural gas treatment and compression system. The revised application also confirmed that Great Bear Pantheon's Letter of Non-Objection was provided to the Division on December 23, 2025.

The Division is adjudicating the proposed lease based on the revised application. Having received no expressions of competitive interest, the Division has determined that it is in the best interests of the State to proceed with the consideration of a proposed 50-year negotiated lease under AS 38.05.070(d).

## Discussion

### *I. Overview*

The Division has conducted a preliminary evaluation of various potential impacts associated with issuance of the proposed lease to STAK in accordance with AS 38.05.070 and AS 38.05.035(e). This analysis is based on currently available information, including the 2018 North Slope Areawide Best Interest Finding (NS BIF<sup>3</sup>) and substantial new information that has become available since the 2018 NS BIF; state land and resource GIS data maintained by the Division; and lease application materials submitted by STAK, including the Development Plan and the Cumulative Impacts Analysis (CIA) prepared by STAK in April 2026 in support of the lease application. This analysis reflects the information available to the Division at the time of adjudication and may be refined in the Final Finding and Decision (FFD).

The Division incorporates by reference the North Slope BIF, which provides a comprehensive regional analysis of baseline environmental conditions; cumulative effects of industrial development on state lands; subsistence use patterns and access considerations; infrastructure development scenarios and associated impacts; and the economic and fiscal dimensions of long-term development of State land on the North Slope. The proposed lease area falls within the geographic and analytical scope of the NS BIF, which covers approximately 5.1 million acres of state-owned acreage on the North Slope, including the project vicinity near Milepost 390 of the Dalton Highway. The STAK CIA was prepared to assist in the evaluation of possible cumulative impacts to valued ecosystem components within defined spatial and temporal study-area boundaries.

The proposed project is a commercial and industrial lease under AS 38.05.070 and not an oil and gas lease; and therefore, not all impact categories evaluated in the NS BIF are applicable to this proposal. The NS BIF was developed in the context of area wide oil and gas lease sales and accordingly devotes substantial analytical attention to activities such as seismic exploration, subsurface drilling, produced water management, hydrocarbon spills, and pipeline transportation. However, the NS BIF's analyses of gravel pad and road construction, road disturbance, permafrost interaction, hydrology and wetlands, wildlife displacement, subsistence access, air quality, and noise remain directly relevant to the proposed project and are incorporated by reference into this analysis. Where NS BIF impact categories relate principally to oil and gas operations and not to surface estate development of the type proposed here, this finding notes the distinction.

### *II. Project Description*

STAK proposes to construct and operate a large-scale industrial energy campus, designated the "STAK Energy Campus," on approximately 715.4 acres of State of Alaska surface estate located approximately 26 miles south of Deadhorse, Alaska. The site is positioned approximately one mile west of the Dalton Highway at Milepost 390, west of the Alaska Gasline Development Corporation (AGDC) right-of-way and the Trans-Alaska Pipeline System (TAPS), on the Arctic Coastal Plain of the North Slope. The surrounding landscape consists of low-relief tundra with polygonal ground, thaw lakes, and poorly drained complexes typical of continuous permafrost

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<sup>3</sup> The Division will consider additional available information received in its current review of the NS BIF to the extent available and applicable to analysis for this leasing process.

terrain.<sup>4</sup> The project footprint includes a principal gravel pad of approximately 640 acres, a 1.8-mile gravel access road connecting the site to the Dalton Highway, and associated maintenance buffers, totaling 715.4 acres.<sup>5</sup> Approximately 7.1 million cubic yards of gravel fill material will be placed within the lease area at an average depth of approximately eight feet with a minimum thickness of five feet to provide a thermally stable working surface.<sup>6</sup> Gravel supply is anticipated from the State-permitted 65-9-099-2 Mine Site adjacent to the project area at Milepost 390, with supplemental sources to be identified as needed.<sup>7</sup>

The pad will host modular HPC buildings, a natural gas-fired power generation system designed to produce 1-3 gigawatts (GW) of electrical power, a control center, worker housing and camp facilities, and associated utilities and communication infrastructure.<sup>8</sup> Natural gas will be supplied via one or more dedicated pipelines connecting to producing fields estimated to be within 25-90 miles of the site.<sup>9</sup> The pipeline component of the project was not included in the lease application. STAK will submit a separate application for a pipeline right-of-way, which will entail additional analysis and a public process. The power generation and computing systems are designed as a fully integrated, behind-the-meter configuration in which all generated electricity is consumed on-site by the HPC facility, which is not interconnected to the Railbelt or any other Alaska utility grid.<sup>10</sup>

The project will be developed in phases over an estimated six-year buildout period, beginning with site preparation, access road construction, and pad development.<sup>11</sup> Installation of a natural gas pipeline, utilities and power generation systems, and HPC modules will follow. Total construction activity is expected to involve a peak workforce of up to 1,500 workers during construction, with permanent operational staffing of approximately 60 personnel on rotating shifts.<sup>12</sup>

### *III. Statement of Applicable Laws*

The Alaska Constitution calls for the maximum use of state resources, for the maximum benefit of its people: “It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.”<sup>13</sup> The Legislature is required to “provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.”<sup>14</sup> Alaska Statute 38.05.035(e)(1) authorizes the Director, upon producing a written finding that the interests of the State will be best served, and with the

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<sup>4</sup> STAK Energy Campus Cumulative Impact Analysis (STAK CIA), at 6 (April 28, 2026).

<sup>5</sup> *Id.*

<sup>6</sup> STAK CIA, at 17; STAK Development Plan, at 4 (March 12, 2026).

<sup>7</sup> *Id.*, at 5; STAK CIA, at 17.

<sup>8</sup> STAK CIA, at 7-8.

<sup>9</sup> *Id.*, at 9.

<sup>10</sup> *Id.*, at 12.

<sup>11</sup> *Id.*, at 16.

<sup>12</sup> *Id.*, at 11; STAK Development Plan, at 1.

<sup>13</sup> Alaska Const., art. VIII, § 1.

<sup>14</sup> *Id.* at § 2.

consent of the Commissioner, to approve contracts for the sale, lease, or other disposal of available land. The Director, with the approval of the Commissioner, will determine lands eligible to be leased and the limitations, conditions, and terms of the lease.<sup>15</sup> DNR is authorized to solicit interest for a competitive auction of the leasehold, and may cancel the auction if it is determined that only one potential qualified bidder has expressed interest.<sup>16</sup>

In preparing a written finding that the interests of the State will be best served, the Director may limit the scope of administrative review and written finding for a proposed disposal to applicable statutes and regulations, and facts pertaining to the land, resources, property, or interest in them that the Director finds are material to the determination and are known or available during the administrative review.<sup>17</sup> The Director may further limit the finding to the disposal phase.<sup>18</sup> The Director is not required to speculate about possible future effects subject to future permitting that cannot reasonably be determined until the project or proposed use for which a written finding is required is more specifically defined.<sup>19</sup>

#### *IV. Consistency with the Best Interests of the State*

The proposed STAK Energy Campus lease presents an opportunity for DNR to fulfill its constitutional and statutory obligations to develop its natural resources for the maximum benefit of its people.<sup>20</sup> The proposed project gives effect to these obligations by enabling productive industrial use of State surface lands and Alaska's natural gas resources, generating new revenue for the State, expanding economic activity on the North Slope, and supporting the region's established role as Alaska's primary energy production corridor.

The North Slope BIF identifies a range of fiscal benefits to the State and affected municipalities from industrial activity on State-owned North Slope lands, including lease bonuses, annual rents, employment creation, and contribution to the tax base.<sup>21</sup> While those fiscal analyses were developed in the context of oil and gas leasing, the principles translate directly to the surface estate lease currently proposed, such that the proposed lease will generate annual rental payments directly to the State throughout the life of its term. Construction capital expenditures of approximately \$500 million will generate significant economic activity throughout Alaska, including employment in construction, engineering, logistics, and support industries,<sup>22</sup> and the operational phase is anticipated to sustain approximately 60 permanent positions on the North Slope.<sup>23</sup>

Expanded industrial activity on the North Slope also contributes to the property tax base of the North Slope Borough (NSB), which relies on taxable industrial property for over 90 percent of

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<sup>15</sup> AS 38.05.070(b).

<sup>16</sup> AS 38.05.070(d).

<sup>17</sup> AS 38.05.035(e)(1)(B).

<sup>18</sup> AS 38.05.035(e)(1)(C).

<sup>19</sup> AS 38.05.035(h).

<sup>20</sup> Alaska Const., art. VIII, §§ 1, 2.

<sup>21</sup> North Slope BIF, Chapter Eight, at 50-56 (2018).

<sup>22</sup> STAK Energy Corporation Revised Application for Lease, at 4 (Revised Application) (March 12, 2026).

<sup>23</sup> STAK Development Plan, at 1.

its tax revenues and uses those revenues to fund education and public services for Borough residents.<sup>24</sup> The North Slope BIF additionally documents that the oil and gas industry’s employment effects extend well beyond direct jobs to include support industries, trade, transportation, construction, and services, with every “Primary Company” job in Alaska supporting approximately nine additional jobs and generating further multiplier effects through state and local tax expenditures.<sup>25</sup> A project of the operational scale and capital intensity proposed by STAK can reasonably be expected to generate similar multiplier effects, thus distributing economic benefits across communities where contractors, suppliers, and support workers are based.

The proposed project serves the State’s best interest in maximizing productive use of both its surface estate and its natural gas resources. The NS BIF recognizes that the energy industry remains the central driver of Alaska’s economy and revenue base,<sup>26</sup> and it identifies the foreseeable development of a North Slope gas market as consistent with the State’s interest in maximizing the economic and physical recovery of its hydrocarbon resources.<sup>27</sup> North Slope natural gas has historically been reinjected for reservoir pressure maintenance or consumed as in-field fuel rather than monetized – a function of limited export infrastructure, not resource value or demand. STAK’s proposed facility would provide a large-scale, on-site consumer of that gas for power generation at a scale that would constitute a meaningful new market for North Slope stranded gas.

The project's North Slope siting reinforces this value proposition by reducing negative environmental externalities. North Slope ambient temperatures allow the facility to employ dry air cooling, effectively eliminating the millions of gallons of daily water consumption associated with evaporative cooling at comparable lower-latitude facilities and substantially reducing the freshwater withdrawal demands that have generated significant scrutiny for data center projects elsewhere in the country.<sup>28</sup> Taken together, co-location with the gas resource and low-impact cooling represent site-specific characteristics that are the mechanism by which the project may advance durable economic value while limiting the environmental exposure the State would otherwise be asked to bear.

In addition to the direct economic and fiscal benefits to the State, the proposed project supports a type of high-value industrial use of State lands that expands the productive diversity of the North Slope economy beyond conventional oil and gas development. By leveraging the proximity to North Slope natural gas reserves and the cost and environmental advantages of Arctic ambient air cooling, the project positions Alaska-owned lands as competitive locations for digital infrastructure investment in the artificial intelligence and cloud computing sectors, industries which require large quantities of reliable and cost-competitive power.<sup>29</sup> This is consistent with the State’s constitutional interest in making its resources available for maximum use, and with

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<sup>24</sup> North Slope BIF, Chapter Eight, at 56.

<sup>25</sup> *Id.*, at 54.

<sup>26</sup> *Id.*, at 51.

<sup>27</sup> AS 38.05.180(a).

<sup>28</sup> STAK CIA, at 14.

<sup>29</sup> STAK Development Plan, at 2.

the principle that the State’s best interests include both near-term revenue generation and long-term economic development that broadens Alaska’s industrial base.<sup>30</sup>

As in prior DNR land disposal decisions, best interest determinations require a weighing of reasonably foreseeable and significant impacts, rather than a finding that no impacts will occur.<sup>31</sup> The STAK CIA identifies incremental cumulative effects across several valued ecosystem components, including air quality, terrestrial habitat and wetlands, permafrost, caribou, and subsistence resources, all of which are characteristic of large-scale North Slope industrial development and that will require appropriate mitigation measures and regulatory oversight.<sup>32</sup> The CIA concludes, and this PD concurs, that the project’s co-location within the existing Dalton Highway/TAPS development corridor limits spatial expansion of disturbance into undisturbed tundra; that proposed mitigation measures, including Best Available Control Technology (BACT) for air emissions, gravel pad thermal management, elevated pipeline crossings, construction timing restrictions, and community engagement commitments, will reduce cumulative effects to levels consistent with applicable regulatory standards.<sup>33</sup>

On balance, the Division finds that the potential benefits of the proposed lease – including State revenue, employment, economic multiplier effects, and the productive development of both State land and North Slope natural gas resources – are consistent with its Constitutional mandate to encourage resource development for the maximum benefit of its people.<sup>34</sup> To that extent, this mandate is not meant to function as an aspirational goal, but rather as an affirmative obligation on the State to identify and enable development opportunities that generate durable public value. Moreover, the public interest in resource development does not exist in isolation from the State’s parallel obligation to ensure that development proceeds responsibly. Issuance of the lease, conditioned upon specific stipulations and mitigation measures, is the mechanism by which DNR fulfills both obligations simultaneously. The Division therefore concludes that the balance of benefits and risks supports issuance of the lease, and that the conditions attached to the lease are sufficient to ensure the project advances the public interest in both its economic and stewardship dimensions.

#### *V. Limitations and Further Review*

This Preliminary Decision addresses the proposed disposal of State surface estate through issuance of a commercial and industrial lease under AS 38.05.070. It does not constitute, and is not intended to substitute for, any other state or federal authorization required for the project to proceed. STAK is engaged in a broader, multi-agency permitting process coordinated in part through DNR’s Office of Project Management and Permitting (OPMP), and this Preliminary Decision represents one component of that process.

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<sup>30</sup> North Slope BIF, Chapter Eight, at 51.

<sup>31</sup> AS 38.05.035(e)(1)(A): “Upon a written finding that the interests of the state will be best served...the director...shall establish the scope of the administrative review on which the director’s determination is based...the scope of the administrative review and finding may address only reasonably foreseeable, significant effects of the uses proposed to be authorized by the disposal.”

<sup>32</sup> STAK Cumulative Impact Analysis, at 25-30.

<sup>33</sup> *Id.*

<sup>34</sup> Alaska Const., art. VIII, §§ 1, 2.

The project will require authorization from additional state and federal agencies with jurisdiction over specific aspects of the proposed development.<sup>35</sup> These may include, among others: a Prevention of Significant Deterioration (PSD) air quality preconstruction permit, Section 401 Certification, and a Stormwater Pollution Prevention permit from ADEC; project-specific review and permitting by ADF&G regarding fish habitat and special land use; and authorization from USACE under Section 404 of the Clean Water Act for wetland fill associated with gravel pad and access road construction, a process that will itself require rigorous environmental review under the National Environmental Policy Act (NEPA).<sup>36</sup>

This Preliminary Decision is based on information available to the Division at the time of adjudication, and the Division's analysis of potential impacts is necessarily general in character. The scope of this Preliminary Decision is additionally limited by statute. Under AS 38.05.035(e)(1)(B), the Director may limit the scope of an administrative review to applicable statutes and regulations, and facts material to the determination that are known or available during the review. Under AS 38.05.035(h), the Director is not required to speculate about possible future effects subject to future permitting that cannot be reasonably determined until the project is more specifically defined. As such, this finding does not purport to comprehensively assess environmental impacts that are contingent upon engineering design, operational parameters, and project-specific details that have not been submitted and are not reasonably determinable at this stage. Subsequent state and federal permitting processes will provide appropriate opportunities for project-specific evaluation of impacts and imposition of site-specific conditions.

Notwithstanding these conditions, the Division is satisfied that the information currently available – including the STAK CIA and the North Slope BIF's comprehensive regional baseline – is sufficient to support this Preliminary Decision that the proposed lease is consistent with the constitutional and statutory standard requiring that the disposal of State lands serve the best interests of the State and its people.

### **Development Plan**

The Development Plan, included as an attachment to this PD and dated March 12, 2026, is under consideration by the Division. Should the proposed lease be granted, it is anticipated that the Development Plan will need to be updated throughout the life of the lease as activities and/or infrastructure are added or removed. All updates must be approved in writing by the Division before any construction, deconstruction, infrastructure replacement, or change in activity will be authorized. The Division reserves the right to require additional agency review and/or public notice for changes that the Division deems to be beyond the scope of this authorization.

### **Performance Guaranty**

In accordance with AS 38.05.035 and AS 38.05.860, the Applicant will be required to submit performance guaranties for the lease to incentivize performance of the conditions of the EA and the lease and to provide a mechanism for the State to ensure that the lessee shares the

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<sup>35</sup> STAK Development Plan, at 9.

<sup>36</sup> *Id.*

financial burden in the event of noncompliance for site cleanup, restoration and any associated costs after termination or expiration of the leases. The following bonds will be required.

### **Performance Bond**

A performance guaranty provides a means to pay for corrective action if the lessee fails to comply with the lease requirements. In accordance with AS 38.05.035(a)(4), the Applicant will be required to submit a performance guaranty. The amount of the performance guaranty is based on an independent estimate, provided by the Applicant, that considers the scope and the nature of the activity and the potential cost of restoring the site. The performance guaranty is subject to periodic adjustments made during the term of the authorization to address increases or decreases in the costs of rectifying problems and rehabilitating state land due to inflation, changes in the level or nature of development, or other appropriate factors.

### **Insurance**

Consistent with AS 38.05.035(a), and to protect the State from liability associated with the use of the site, the Applicant shall provide and maintain a comprehensive general liability insurance policy with the State of Alaska named as an additional insured party per the stipulations of the authorization. The Applicant shall secure or purchase at its own expense and maintain in force at all times during the term of this lease, liability coverage and limits consistent with what is professionally recommended as adequate to protect the Applicant and the State, its officers, agents and employees from the liability exposures of all the insured's operations on state land. The insurance requirement may be adjusted periodically.

### **Survey**

In accordance with AS 38.04.045, the Applicant must complete an approved survey according to the requirements and standards of DNR's Survey Section prior to lease issuance. If the submitted survey is accepted by DNR, the measurements identified will be used to accurately calculate the total acreage. The survey must be performed by an Alaskan-registered Land Surveyor under survey instructions issued by DNR's Land Survey Unit. The Applicant is responsible for the cost of the survey and shall submit an initial draft of the survey at least one year prior to the expiration of the EA. Within 10 business days of the execution of the EA, the Applicant shall contact the DNR Survey Section at (907) 269-8523 to obtain survey instructions.

### **Appraisal and Compensation**

As per AS 38.05.070(d), after solicitation of competitive interest and subsequent determination that there was only one potential bidder, the director may negotiate a lease directly to the potential bidder (Applicant) under terms and conditions determined to be in the State's best interest. To this end, the Division believes that the State's best interest is served by receiving compensation not to be less than the minimum acceptable bid and lease compensation method which would have been established had there been a competitive auction resulting in only one prequalified bidder, as described per AS 38.05.075(f). DNR may issue a lease at the approved, appraised market value of the land as determined under AS 38.05.840 or by another form of lease compensation specified from among those set out in AS 38.05.073(m) and designed to maximize the return on the lease to the State. A combination of methods, authorized under AS 38.05.073(m) shall be required to provide reasonable compensation to DNR on the lease.

The proposed lease would support the first data center project in Alaska. The project's anticipated scale and the unique conditions in Alaska such as abundant land availability, cold ambient temperatures, and reliable access to low-cost natural gas for power generation create the potential for economic returns that would not exist elsewhere. These factors indicate that a rental structure that ensures the State participates in an appropriate share of value may require different approaches than just a base rental rate.

The final lease will incorporate both a base rental rate and an additional rental based on a percentage of annual gross receipts from the lessee (and sublessees, if any). A formal appraisal, obtained at the expense of the applicant, will be required to establish annual rent based on fair market value. The Lessee shall provide all documentation requested by DNR and negotiate in good faith to establish a final lease compensation agreement prior to commencing construction activities. Additionally, prior approval by and compensation to the State will be required in the event of sublease. In accordance with AS 38.05.105, the annual rental payment or other form of lease compensation is subject to adjustment at five-year intervals. This supports the State's interest in generating the maximum benefit for the people of Alaska while ensuring that rental costs do not deter project development.

#### **Entry Authorization (EA)**

The Division proposes to authorize the Applicant entry onto state land through the issuance of an EA while required development and surveying is being completed. The term of the EA will be five years and will be issued after the FFD goes into effect. The terms of the EA are included in the terms of the lease. The five-year term of the EA will be included within the total length of the 50-year lease (i.e., the lease term of 50 years begins when the EA is signed, and the five years of EA will not extend the overall length of the authorization beyond 50 years).

#### **Subleases**

Subleasing may be permissible through AS 38.05.095, if the proposed lease is approved. All potential subleases must first be approved in writing by the Division, and the Division may conduct further agency review and/or public notice before making a determination on the appropriateness of the proposed sublease.

#### **Reclamation**

In accordance with AS 38.05.090, the leasehold must be restored to a "good and marketable condition" within 120 days after termination of the lease. At the end of the project's operational life, all structures, equipment, and associated infrastructure will be removed from the lease area. The site will be regraded and revegetated in accordance with DNR's reclamation standards. The Applicant shall demonstrate, to the satisfaction of DNR, that disturbed areas have been restored to a condition consistent with surrounding undisturbed lands and that reclamation objectives have been met before the lease obligations related to surface restoration are considered fulfilled.

**Public Notice**

Pursuant to AS 38.05.945, this PD will be advertised for a 30-day public comment period, starting on May 8, 2026. In addition, post offices near the proposed lease area will be asked to post the notice in a conspicuous location pursuant to AS 38.05.945(b)(3)(C). The notice will also be posted on the State of Alaska Online Public Notice website pursuant to AS 38.05.945(b)(3)(B), which may be accessed at:

<https://aws.state.ak.us/OnlinePublicNotices/Default.aspx>

In accordance with AS 38.05.946, the North Slope Borough is a municipality entitled to receive notice under AS 38.05.945(c) and may hold a public hearing within 30 days after receipt of the notice.

The public is invited to comment on this PD. All comments received during the public comment period will be considered in the FFD. A copy of the FFD, along with instructions on filing an appeal, will be sent to all persons who comment on the PD. If public comments result in significant changes to the PD, additional public notice may be given. To be eligible to appeal, a person affected by the FFD must provide written comments during the public comment period per AS 38.05.035(i).

**Written comments on this PD must be received by the Division of Oil and Gas no later than 4:30pm Alaska Daylight Time on June 15, 2026, to be considered.**

Please submit comments in writing via either of the following methods:

**U.S. Mail:**

Department of Natural Resources  
Division of Oil and Gas  
550 West 7<sup>th</sup> Avenue, Suite 1100  
Anchorage, AK 99501

**Email:**

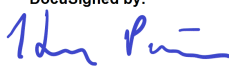
[DOG.Permitting@alaska.gov](mailto:DOG.Permitting@alaska.gov)

The Department of Natural Resources complies with Title II of the Americans with Disabilities Act of 1990. This notice will be made available in alternative communication formats upon request. Individuals with disabilities who may need auxiliary aids, services, or special modifications to comment may contact the address above or call (907) 269-8411.

**Preliminary Decision**

It is the determination of the Division of Oil and Gas that it may be in the State’s best interest to issue a lease pursuant to AS 38.05.070 for 50 years to the Applicant, as described above. The responsible development of Alaska’s North Slope natural gas resources to support critical digital infrastructure represents a productive use of State land consistent with the State’s interest in maximizing the economic and public benefit of its natural resources. The project is expected to generate sustained employment, increase revenue to the State, and provide potential energy supply benefits to the surrounding region.

This PD shall now proceed to public notice.

DocuSigned by:  
  
44667CCC39554BF

5/12/2026

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Haley Paine, Acting Director  
Department of Natural Resources  
Division of Oil and Gas

Date

**Attachments**

- Attachment A: Proposed Lease Agreement
- Attachment B: Proposed Entry Authorization
- Attachment C: Application and Development Plan
- Attachment D: Cumulative Impact Analysis
- Attachment E: Project Map