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STAK ENERGY CORPORATION

ADL 422741 Final Finding and Decision

AS 38.05.070(d)

November 10, 2026

This Final Finding and Decision (FFD) constitutes the State's final determination regarding ADL 422741 following completion of the public review and participation process initiated by the Preliminary Decision (PD), which was issued May 12, 2026.

Recommended Action
The State of Alaska, Department of Natural Resources, Division of Oil and Gas (DNR, Department, Lessor, or Authorized Officer (AO)), determines that it is in the State's best interest to offer STAK Energy Corporation (STAK, Applicant, or Lessee) a 50-year negotiated lease in accordance with AS 38.05.070(d), under ADL 422741, and as described in the PD with the modifications and conditions following from this FFD. Upon the conclusion of this initial lease term, STAK may apply to renew the lease for an additional term. Any renewal is subject to the Department's discretion and will require a determination that STAK is in good standing under the lease, has complied with all applicable lease terms and conditions, and that renewal is in the best interests of the State.[1] This initial lease term does not confer any guarantee of renewal.

Requested Action
STAK submitted an application on November 21, 2025, to the Department 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 Department is adjudicating the proposed lease based on the revised application; changes from the original application are discussed in the Procedural History section below and maps of the proposed location are included as Attachment B to this FFD. 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

[1] AS 38.05.070(e): "The director may renew a lease issued under this section … upon its expiration if the lease is in good standing and the lease renewal is determined to be in the best interests of the state … A lease under this section … may be renewed only once for a term not longer than the initial term of the lease. The director shall provide notice of the lease renewal decision."

(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.

Scope of Decision
This FFD constitutes the Department's final determination that it is in the State's best interest to issue a 50-year negotiated lease to STAK. The administrative review supporting this authorization has been conducted pursuant to 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
DNR has the authority to issue this lease under 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.

Administrative Record
The administrative record for the recommended action consists of the Constitution of the State of Alaska, the Alaska Land Act as amended (AS 38.05), applicable statutes and regulations as referenced herein, other classification references herein, and the casefile for the application, serialized by DNR as ADL 422741, including public comments received.

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, ADL 421297 (AKLNG) and ADL 418997, 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.[2] 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 Unit 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.[3] The Department has considered potential impacts on habitat and harvest values in this FFD and the associated stipulations, conditions, and mitigation measures in the proposed Lease and Entry Authorization (EA).[4] STAK submitted a Cumulative Impacts Analysis (CIA) that it prepared, which identified incremental cumulative effects across several ecosystem components including habitat, caribou, and subsistence resources.[5] The Department also considered comments from the agency and public review periods,

[2] 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.
[3] NSAP, Chapter 3: Dalton Corridor Region, at 98.
[4] PD, at 11-12; Entry Authorization (EA) at 2 (Reservation of Rights); Proposed Lease at 7 (Concurrent Use), and at 11-12 (Environmental Compliance).
[5] STAK CIA, at 25-30.

including comments from the Alaska Department of Environmental Conservation (DEC)[6] and public comments on habitat and harvest values.[7] For example, STAK has committed to construction timing restrictions during caribou calving windows and minimum clearances for pipelines to preserve caribou passage; STAK has also acknowledged subsistence users and agreed to seek input from local residents and subsistence users on project design and operating practices.[8] Additional discussion and analysis of impacts and mitigation measures are included in the Discussion section below.

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 project will utilize stranded North Slope natural gas and gravel and help facilitate the necessary development of state resources that the Dalton Highway corridor was originally designed to facilitate.[9] The Department 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.

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

STAK has been informed of the SLE within the lease area.

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6 PD, at 5-6.
7 Response to Public Comments, at 9-13.
8 *Id.*, at 9-16.
9 *See*, AS 19.40.200(b)(4)(B).

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 STAK applies for and receives approval to vacate the SLE pursuant to applicable state law, STAK must recognize that any structures, equipment, or infrastructure placed within or across the SLE boundary may be required to be relocated or removed at STAK's expense if the easement is ever needed for its intended access purposes. STAK 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 proposed lease area does not require specific reservation of public access along navigable and public waters pursuant to AS 38.05.126(a). The Department also considered impacts to surrounding waterbodies in its response to public comments as part of this FFD.[10]

Public Trust Doctrine
The Public Trust Doctrine does not apply to the proposed lease. The EA and proposed lease include provisions addressing the public trust should it become necessary.[11]

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. STAK 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

[10] Responses to Public Comments, at Topics 2 (Air and Water), 3.2 (Physical and Industrial Footprint – Permafrost, Wetlands, Tundra, Gravel Use, Construction Traffic, Light, Noise, and Viewshed), and 7.2 (Chemical Runoff; Soil and Water Contamination).
[11] EA, at 3 (Public Trust Doctrine); Lease, at 5-6 (Navigable and Public Waters).

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 DEC requirements. All solid waste will be removed to an DEC-approved facility. Garbage and other waste will be stored in covered, labeled containers prior to removal.

STAK has asserted no prior contamination at the site, and the DEC Contaminated Sites Database shows no contaminated sites within 10 miles of the proposed pad location. Stipulations are 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.

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 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 Department on December 23, 2025.

The Department adjudicated the lease based on the revised application. Having received no expressions of competitive interest, the Department 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).

Following an agency review period described below, the Department issued a PD. The PD, a draft EA, draft proposed lease, STAK's CIA, STAK's Application and Development Plan, and Project Maps were publicly noticed and made available on Alaska's Online Public Notice system and the Division's public website and sent to the Deadhorse Post Office for public posting. The public notice indicated that the public was invited to comment and the public notice period was extended until July 17, 2026.[12] DNR's written findings and consideration of public comments is part of this

[12] The first public online public notice period (May 12, 2026 through June 15, 2026) is publicly available: https://aws.state.ak.us/OnlinePublicNotices/Notices/View.aspx?id=223817.

FFD and included as Attachment E. STAK was provided the public comments and their responses are included in Attachment E along with DNR's responses to public comments. Following review of public comments and negotiations with the STAK, the Department amended the PD in this FFD and made changes to the draft EA and proposed lease.

Agency Review
An agency review was conducted on March 12, 2026. The deadline for agency comments was March 26, 2026. Agency comments and DNR's responses were considered in the PD. 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 (DEC)
- 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.

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

The extended public online public notice period (June 17, 2026 through July 17, 2026) is also publicly available: https://aws.state.ak.us/OnlinePublicNotices/Notices/View.aspx?id=224224.

DNR Response:
The Division [of Oil and Gas] acknowledges and thanks DEC'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 DEC's PPRP spill reporting resources for applicable requirements.

Public Participation and Input
The Department has reached this final determination with the benefit of 1,205 public comments received during the extended public comment period, and the PD's preliminary finding has been evaluated against each of the concerns those comments raised.[13] The Department recognizes that public confidence in a State land disposal decision depends on a review process that is legally sound, transparent, and supported by a record that is available for public inspection. That expectation traces to Article VIII, Section 10 of the Alaska Constitution, which requires prior public notice and other safeguards of the public interest before State land or an interest in State land is disposed of – the same provision from which the Alaska Land Act's leasing procedures, including the notice and public comment requirements of AS 38.05.945, ultimately derive.[14] The Department's adjudication of ADL 422741 has proceeded under that framework, such that the PD and the nonconfidential elements of STAK's application were made available for public review through the State's public notice process.

In accordance with AS 38.05.945, the Department issued its PD on May 12, 2026, with an initial 30-day public comment period ending June 15, 2026. Notice was posted on DNR's Division of Oil and Gas public website and the State's Online Public Notice system and sent to the Deadhorse Post office for public posting. During the initial public comment period, DNR received multiple requests for additional time to allow the public to review the PD and STAK's application materials and to submit comments. The Department considered those requests in light of the scale and complexity of the proposed development, the amount of information available for review, and the level of public interest in the proposed disposal. In response, and although DNR was not required to extend the public comment period beyond the statutory minimum, the Department exercised its discretion to extend the public comment period through July 17, 2026.

Information material to the project, including the PD and STAK's application materials, was publicly available throughout the full comment period, and DNR received 1,205 comments between May 12, 2026 and July 17, 2026, a volume that demonstrates significant public engagement with the available material. Alaska Statute 38.05.035(e)(7)(B) requires this FFD to include a summary of the public comments received and the Department's responses to those comments. As such, the Department has reviewed every comment submitted during the full public comment period and has included its responses to comments as Attachment E to this decision.

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[13] Between May 12 and June 15, 2026, DNR received 528 public comments. Between June 17 and July 17, 2026, the Division received 677 public comments.

[14] *See, Alyeska Ski Corporation v. Holdsworth,* 426 P.2d 1006, 1011 (Alaska 1967) (underscoring the importance of Article VIII, Section 10 of the Alaska Constitution and , noting that Sec. 10 "reflects the framers' recognition of the importance of our land resources and of the concomitant necessity for observance of legal safeguards in the disposal or leasing of state lands.").

Given the significant volume of public comments submitted, DNR utilized a comment-response file to document and track all comments received. Similar comments were consolidated into issue-based categories and addressed through unified responses where appropriate. This methodology is intended to promote efficiency, consistency, and transparency while ensuring that all substantive comments were reviewed and addressed, regardless of the number of times a particular issue was raised by commenters.

Discussion

I. Overview

The Department has conducted an 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[15]) and substantial new information that has become available since the 2018 NS BIF; state land and resource GIS data maintained by the Department; and lease application materials submitted by STAK, including the Development Plan and the CIA prepared by STAK in April 2026 in support of the lease application; and agency and public comments and STAK's responses to public comments.

The Department incorporates by reference the NS 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.

[15] The Department will consider additional available information received in its current review of the updated NS BIF to the extent available and applicable to the analysis of this leasing process.

II. Scope of Review

At the outset, it is worth distinguishing the Department's role in this adjudication process as distinct from the suite of regulatory responsibilities resting with other agencies that exercise direct jurisdiction over air, water, and other environmental matters. Here, DNR acts principally in its capacity as the landowner of State surface estate, determining whether disposal of the State's interest in the land, subject to the terms and conditions of the lease, is in the best interest of the State. The Department has considered the information available and reasonably relevant to this decision, while recognizing that technical assessment and enforcement of other project-specific components will be appropriately addressed by the agencies charged with that requisite oversight as the project advances. This final determination addresses only the disposal of State surface estate through issuance of a negotiated 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 surface lease issuance represents only one component of that process.

Within the framework of AS 38.05.035(e), this FFD contemplates the currently available information reasonably relevant to the proposed land use, including the nature and scale of the project and the environmental considerations associated with operating a large natural gas-powered industrial facility on the North Slope. As such, this final determination does not attempt to comprehensively assess the expanse of project impacts that are inherently contingent upon final engineering design and other project-specific details that have not been submitted by STAK 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.

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."[16] 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."[17] 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 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.[18] 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.[19]

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16 Alaska Const., art. VIII, § 1.
17 *Id.*, at § 2.
18 AS 38.05.070(b).
19 AS 38.05.070(d).

In preparing a written finding that the interests of the State will be best served, the Director may limit the scope of the 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.[20] 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.[21]

IV. Project Description

STAK proposes to construct and operate a large-scale industrial energy campus, designated "STAK Energy Campus," on approximately 715.4 acres of State of Alaska surface estate located approximately 26 miles south of Deadhorse, Alaska.[22] The lease 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 terrain.[23] The 715.4-acre figure represents the gross lease area requested by STAK to accommodate the project in its entirety and does not reflect the acreage that will be directly disturbed or covered by gravel.[24] The precise configuration of the gravel pad, and the resulting area of tundra to be covered, will be established during the project's detailed engineering design phase.[25] Based on the current project design, the anticipated footprint includes a principal gravel pad of approximately 640 to 650 acres, a 1.8-mile gravel access road connecting the site to the Dalton Highway, and associated maintenance buffers for 715.4-acre lease area.[26]

Approximately 7,100,000 cubic yards of gravel fill material will be placed within the total lease area at an average depth of approximately eight feet with a minimum thickness of five feet to provide a thermally stable working surface.[27] Gravel supply is anticipated to be obtained 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.[28] STAK will submit a separate application(s) for gravel, which will be subject to additional review and analysis and a separate public process. 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 communications infrastructure.[29]

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20 AS 38.05.035(e)(1)(B).
21 AS 38.05.035(h).
22 *See generally,* STAK Revised Application (Application) (March 12, 2026).
23 STAK Energy Campus Cumulative Impact Analysis (CIA), at 6 (April 28, 2026).
24 *Id.*, at 7: "STAK's working objective is to deliver a covered tundra area materially less than the gross lease acreage."
25 *Id*.
26 *Id.,* at 6; STAK Development Plan, at 4 (March 12, 2026).
27 CIA, at 17; Development Plan, at 4.
28 CIA, at 17; Development Plan, at 5.
29 CIA, at 7-8; Development Plan, at 3.

Natural gas will be supplied via one or more dedicated pipelines connecting to nearby producing fields within 25-90 miles of the site.[30] Estimated fuel consumption at full operational capacity is anticipated at a range of 350-500 million standard cubic feet per day (MMscf/day), subject to final turbine selection, ambient temperature, and operational efficiency.[31] The pipeline infrastructure necessary to supply natural gas to the project is not included within the scope of the current lease application or this FFD. STAK will submit a separate application for a pipeline right-of-way, which will be subject to additional review and analysis and a separate public process.[32] The power generation and computing systems are designed as a fully-integrated, behind-the-meter configuration for which all electricity is both generated and consumed on-site by the HPC facility. This project is not interconnected to the Railbelt or any other existing Alaska utility network.[33]

The project will be developed in phases over an estimated six-year buildout period, beginning with site preparation, access road and construction, and pad development.[34] The construction schedule reflects STAK's current timeline projections and is preliminary in nature at this stage; the anticipated timing and sequence of activities may be adjusted based on permitting timelines, final engineering design, and equipment procurement lead times.[35] Once all necessary permits have been obtained and construction activities commence, natural gas pipelines will be installed, followed by utilities, power generation systems, and HPC modules.[36] Construction is expected to require a peak workforce of up to 1,500 workers, while ongoing operations are anticipated to employ between 50 and 150 permanent personnel on rotating shifts.[37]

V. Analysis

The Department finds that issuing a 50-year negotiated lease to STAK presents the Department with an opportunity to fulfill its constitutional and statutory obligations to develop its natural resources for the maximum benefit of its people.[38] This project gives effect to these obligations by enabling productive industrial use of State surface lands and Alaska's natural gas resources, creating significant new commercial markets for otherwise stranded North Slope natural gas, 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.

Article VIII of the Alaska Constitution contemplates a resource management approach in which development, conservation, and the public interest are considered in parallel, with none serving as an overriding objective at the expense of the others. The constitutional policy of making State lands available for maximum use consistent with the public interest is not an unconditional

30 CIA, at 9; Development Plan, at 3.
31 CIA, at 9.
32 *See generally,* Right-of-Way Leasing Act (AS 38.35).
33 CIA, at 9, 12.
34 CIA, at 16.
35 CIA, at 17.
36 CIA, at 16.
37 CIA, at 11; Development Plan, at 1. The Development Plan specifies a permanent workforce of up to 60 personnel, while the CIA projects a range of 50-150. The figure cited above reflects the latter estimate.
38 Alaska Const., art. VIII, §§ 1, 2.

directive to develop every available resource, just as the constitutional obligation to conserve the State's resources does not establish a categorical preference for leaving those resources undeveloped.[39] The Legislature has implemented these principles through a statutory framework that entrusts DNR with evaluating proposed disposals, identifying material facts and issues relevant to the proposed use, and determining whether the State's interests will be best served by the proposed disposal.[40]

Similarly, neither the Department's findings nor the public interest standard are predicated upon the premise that a proposed project will be without consequence. To the contrary, the administrative record in this instance reflects a candid assessment of the project's anticipated impacts: STAK's Cumulative Impact Analysis identifies air quality, habitat and wetland conservation, and permafrost thermal management as some of the project's most significant cumulative effects and acknowledges that such impacts resulting from a 1-3 GW gas-fired facility are inherent to the project's design.[41] Some of these effects may persist notwithstanding the implementation of reasonable mitigation measures, and the Department does not disregard this consideration. The presence of such effects, however, does not independently resolve whether the proposed lease is consistent with or contrary to the State's best interests, and Article VIII does not require DNR, during its adjudication of a lease under AS 38.05.070, to reach the conclusion that a proposed use is free from such effects. The relevant analysis is whether those effects can be responsibly managed in light of the public value the proposed use is expected to generate. The administrative record supports that determination here.

In reviewing and addressing the substantial public input received on the PD, three important and interrelated principles warrant emphasis: (1) the Alaska Constitution establishes a policy of developing the State's natural resources for the maximum benefit of its people;[42] (2) the Alaska Constitution directs the Legislature to establish a framework for governing the "utilization, development, and conservation of all natural resources belonging to the State" consistent with that mandate;[43] and (3) the Legislature has explicitly vested DNR and its Commissioner with the

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39 *See, Alaska Conservation Council, Inc. v. Dep't of Nat. Res.*, 470 P.3d 129, 139, FN 38 (Alaska 2020) (citing *Moore v. State*, 553 P.2d 8, 25 (Alaska 1976) ("[W]e must keep in mind the constitutional mandate, expressed in [a]rticle VIII, s[ection] 10, to safeguard the public's interest in the disposition of state natural resources."), *superseded by statute*, Ch. 257, § 3, SLA 1976, *as recognized in Sullivan v. Resisting Envtl. Destruction on Indigenous Lands*, 311 P.3d 625 (Alaska 2013); *Alyeska Ski Corp. v. Holdsworth*, 426 P.2d 1006, 1011 (Alaska 1967) ("[Article VIII] reflects the framers' recognition of the importance of our land resources and of the concomitant necessity for observance of legal safeguards in the disposal or leasing of state lands.").

40 AS 38.05.035(e)(1)(A)–(B), (e)(7)(B). As defined in *Kachemak Bay Conservation Society v. State, Department of Natural Resources*," disposal" is a catch all term for all alienations of state land and interests in state land. 6 P.3d 270, 278 n.21 (Alaska 2000) (superseded by statute as stated in *Sullivan v. Resisting Env't Destruction on Indigenous Lands (REDOIL),* 311 P.3d 625 (Alaska 2013).

41 CIA, at 32-33.

42 Alaska Const., art. VIII, § 1.

43 *Id.,* at § 2.

authority and responsibility to administer and manage state lands – like those at issue here – in a manner consistent with these Constitutional and legislative mandates.[44] These principles do not exist in isolation from the public review process, nor do they diminish the Department's obligation to meaningfully consider the concerns raised during the public review period.

Here, the Department must consider the substance of the issues raised, evaluate them against the applicable statutory criteria and the facts established in the administrative record, and determine whether the proposed lease is consistent with the State's interests. Where that adjudication process supports an affirmative best interest determination, the receipt of public opposition does not, in itself, function as a veto over the exercise of authority and responsibility delegated to DNR by the Constitution and the Legislature. The Department's responsibility in this instance is to carefully consider the material issues raised, evaluate the relevant facts, and reach a decision grounded in reasoned analysis, consistent with the standard articulated by the Alaska Supreme Court, which requires agencies to take a "hard look at the salient problems" and genuinely engage in "reasoned decision-making."[45] And most recently, the Alaska Supreme Court characterized the cumulative impacts analysis as entailing a "whole-project analysis" that "takes into account all aspects of a project, considered as a whole and its existing development context.[46]

The Department has undertaken that review here. As required by AS 38.05.035(e)(7), this FFD includes as Attachment E the Department's responses to comments submitted during the PD's extended public comment period. DNR reviewed every public comment received, organized them according to the issues raised, and provided robust responses to them. This review considered the positions expressed by commenters and the Department's responses are intended to demonstrate how those issues were considered and addressed. The administrative record thus reflects not only the opportunity afforded to the public to participate in the adjudication process, but also DNR's thorough evaluation of that participation in reaching its decision.

This determination is informed not only by the public participation process, but also by the degree to which the State retains the authority to manage the use of its land and protect its interests over the life of the lease. Issuance of the lease does not constitute a carte blanche authorization to construct or operate the project without additional opportunities for review. The rights conveyed through the lease must therefore be understood in the context of both the specific purposes for which the land is being made available for development, and the broader authority the State retains as the surface estate owner. The lease's granting clause enunciates those rights that the State, through DNR, as the owner of the surface estate, has agreed to convey to STAK and the particular use for which that interest is authorized.[47] The grant does not extend an open-ended right to develop the parcel for any hypothetical future use STAK may identify at a later date. The Department's authorization of this particular project accordingly does not preclude its authority to continue to administer the lease under AS 38.05.070 through its enforcement of the lease terms and evaluation of any adjustments to the authorized use in light of the State's interests, should STAK present any such changes in the future. The Department's ability to retain direct oversight

44 *See,* AS 38.05.020; AS 44.37.020.
45 *Trustees for Alaska v. State, Dep't of Nat. Resources,* 795 P.2d 805, 809 (Alaska 1990).
46 *Orutsararmiut Native Council v. Boyle*, 579 P.3d 434, 448 (Alaska 2025).
47 Lease Agreement, at 1-2 (Grant).

over the surface estate at subsequent stages of the project is therefore an important consideration in determining that the proposed lease is consistent with the State's interests and its obligation to manage its lands for the maximum benefit of its people.

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.[48] 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 revenue 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,[49] and the operational phase is anticipated to sustain approximately 50-150 permanent positions on the North Slope.[50] 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 its tax revenues and uses those revenues to fund education and public services for Borough residents.[51] 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.[52] 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 BIF recognizes that the energy industry remains the central driver of Alaska's economy and revenue base,[53] 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.[54] 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

48 North Slope BIF, Chapter Eight, at 50-56.
49 STAK Application, at 4.
50 STAK CIA, at 11.
51 North Slope BIF, Chapter Eight, at 56.
52 *Id*., at 54.
53 *Id*., at 51.
54 AS 38.05.180(a).

freshwater withdrawal demands that have generated significant scrutiny for data center projects elsewhere in the country.[55] Taken together, co-location with the gas resource and low-impact cooling represent site-specific characteristics that are the mechanisms 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.[56] This is consistent with the State's constitutional interest in making its resources available for maximum use, and with 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.[57]

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.[58] 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.[59] The CIA concludes, and this FFD 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.[60]

The Department thus concludes that issuance of a 50-year negotiated lease is consistent with the best interest standard of AS 38.05.035(e). The balance of benefits and risks evaluated over the course of adjudication and within the PD – including State revenue, employment, productive use of otherwise stranded North Slope natural gas, and the project's co-location within an established industrial corridor, including existing oil and gas leaseholds – supports issuance of the lease. This

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55 STAK CIA, at 14.

56 STAK Development Plan, at 2.

57 North Slope BIF, Chapter Eight, at 51 (2018).

58 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."

59 STAK CIA, at 25-30.

60 *Id.*

conclusion represents the Department's determination that the proposed lease, conditioned on appropriate stipulations and subject to further regulatory review, can proceed in a manner that is consistent with both the State's development obligations and its parallel obligations to safeguard the public interest.

Development Plan

The lease authorizes development and use of the parcel only for the project as described in the Development Plan, dated March 12, 2026. As described in the lease agreement, the authorized purpose of the leasehold is the "construction, development, and operation of an integrated energy campus consisting of one or more electric generation facilities with an aggregate capacity of up to three gigawatts," together with "all associated infrastructure necessary to support hyperscale data centers, artificial intelligence computing facilities, cloud computing facilities, digital processing centers, and related commercial, industrial, utility, and technology uses."[61] The Department has reviewed the Development Plan together with STAK's application, CIA, and the public comments received, and its determination to issue this lease is expressly based upon the project purpose, scope, and parameters established in those materials. Accordingly, the authorization granted by the lease is confined to the specific purposes as described in the approved Development Plan and does not extend to uses or development outside those parameters.

The Department recognizes that a project of this nature, scale, and duration may not be constructed or operated over the 50-year term exactly as presently described, and that the Development Plan may need to be updated throughout the life of the lease as activities and/or infrastructure are added, removed, or replaced. All updates must be submitted to and approved in writing by DNR before any construction, deconstruction, infrastructure replacement, or change in activity will be authorized. Use or development of the leasehold that departs from the approved Development Plan without such approval is not authorized by the lease and may be subject to the lease's default and remedy provisions.[62] DNR reserves the right to require additional agency review and public notice for any changes to the Development Plan that the Department deems to be beyond the scope of this authorization.

Performance Guaranty

In accordance with AS 38.05.035 and AS 38.05.860, a Performance Guaranty must be submitted by the Lessee prior to lease issuance 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 carries the financial burden in the event of noncompliance for site cleanup, restoration, and any associated costs after termination or expiration of the leases. The AO will accept an appropriate Performance Guaranty from a sublessee, but at any time the Lessee may be required to supplement or replace any Performance Guaranty required from a sublessee. Such performance guaranty shall remain in effect for the term of this lease and shall secure performance of the Lessee's obligations hereunder.

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61 Lease Agreement, at 1-2 (Grant).

62 *Id.*, at 4-5 (Use of Leasehold): "Any use or development of the leasehold must be consistent with the development plan approved by the lessor. Any proposed revisions to the development plan must be submitted to the lessor for approval before any change in use or development occurs;" *Id.,* at 8-9 (Default and Remedies).

The amount of the performance guaranty may be adjusted by the AO as a condition of approval of amendments to this authorization or changes in the Development Plan, and upon any change in the activities conducted, or performance of operations conducted on the premises. If the Lessee fails to perform the obligations under the EA, the State may perform Lessee's obligations at Lessee's expense. Lessee agrees to pay within 20 days following demand, all costs and expenses reasonably incurred by the State of Alaska as a result of the failure of the Lessee to comply with the terms of the EA. The provisions of the EA shall not prejudice the State's right to obtain a remedy under any law or regulation. If the AO determines that the Lessee has satisfied the terms and conditions of this authorization, the performance guaranty may be released. Following additional review and discussions with the Applicant, more details on performance bonds and financial assurances are included in this FFD than were found in the PD. The performance guaranty may only be released in a writing signed by the AO. The mechanisms to satisfy this requirement are as follows:

Performance Bond
In accordance with AS 38.05.035(a)(4), the Applicant will be required to submit a performance guaranty in the form of a bond, cash deposit, or other form of security acceptable to the Lessor in the amount of $250,000 prior to entry onto the site under the terms of the EA. Prior to gravel placement in support of construction of the gravel pad or road, an additional $1,000,000 will be required, for an initial performance guaranty totaling $1,250,000.

Financial Assurance Agreement
A Financial Assurance Agreement (FAA) will be required prior to issuance of the final lease. The FAA will be 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 FAA will be 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 Entry Authorization, the Applicant shall contact the DNR Survey Section at (907) 269-8523 to obtain survey instructions.

Appraisal and Compensation
Alaska Statute 38.05.075(f) provides options that DNR may either issue a lease without competitive bidding at the "the approved, appraised market value of the land determined under AS 38.05.840" or "by another form of lease compensation specified by the commissioner from among those set out in AS 38.05.073(m) and designed to maximize the return on the lease to the state." In selecting an alternative form of compensation, DNR has elected to depart from solely relying on the default market-based land valuation (Base Rate) basis due to the unique and commercial characteristics of the proposed leasing activity. The proposed lease would support the first gigawatt scale data center project in Alaska. The project's anticipated size and the unique conditions in Alaska such as abundant land availability, cold ambient temperatures, and reliable access to otherwise stranded natural gas for power generation create the potential for economic returns that would not exist elsewhere. Because this project represents the introduction of a new industry to Alaska and involves economic characteristics not reflected in traditional land valuation methods, DNR determined that an alternative compensation structure is appropriate.

Therefore, alternative forms of compensation are necessary to maximize the "the return on the lease to the state."[63]

AS 38.05.073(m) provides:

"The compensation to be paid to the state for a lease issued under this section may include, in the discretion of the commissioner,

> (1) a percentage of the annual gross receipts as reported to the United States Internal Revenue Service;
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> (2) a guaranteed annual minimum rent or a percentage of gross receipts, whichever is greater;
>
> (3) the fair market rental value;
>
> (4) a fixed annual rent that is not less than the fair market rental value of the land;
>
> (5) a fee for each user;
>
> (6) other compensation acceptable to the commissioner; or
>
> (7) a combination of the above."

The final lease incorporates both a Base Rate established by the appraised market value of the land and an additional Compute Power Sales Surcharge (Surcharge) based on the amount of electricity produced on the leased parcel, metered, and delivered to data center or compute buildings. Following review and negotiations with the Applicant, the FFD and associated lease include more specific frameworks for compensation under the lease than the PD. The PD contemplated that an additional rental might be based on a percentage of gross receipts. The Surcharge is designed to

63 AS 38.05.075(f).

provide a compensation structure similar to a gross-receipts-based approach while allowing for simpler administration, monitoring, and verification. This combination of compensation mechanisms ensures that DNR receives, at minimum, the fair market value of the land, while capturing additional revenue based on the scale of the project. For ease of administration, DNR elected to use metered electricity delivered to the data center as a proxy for project revenue, as this mechanism more directly correlates with the project's compute activity and expected revenue generation.

The Surcharge is designed as a tiered fee schedule intended to ensure that the State receives fair compensation in excess of the Base Rate, for the use of State resources across a range of potential project sizes. The structure is intended to align compensation with the project's development cycle and recognizes that the scale of the project may evolve over time, while establishing a framework that allows the State to share in the value created as development expands. Under this structure each surcharge rate applies only to the Compute Power Sales within its respective tier, and moving into a new tier does not affect the surcharge calculation for Compute Power Sales in lower tiers. The negotiated tiers reflect expected Compute Power Sales and do not assume that all electricity generated by the project will be delivered to compute facilities. Accordingly, the surcharge tiers were developed based on anticipated Compute Power Sales at full buildout rather than the project's nameplate generating capacity. Because a portion of generation is expected to be reserved for redundancy, reliability, maintenance, and other operational requirements, the highest surcharge tier reflects projected electricity deliveries to compute facilities rather than total potential generation. The equivalent average compute load values shown in the tier schedule are derived from projected Compute Power Sales rather than total installed generating capacity.

The Base Rate applies at the initial tier to ensure that minimum rent requirements are met, however, no surcharge is assessed during this tier, providing the project an opportunity to establish operations before additional lease compensation is triggered. As compute capacity expands and Compute Power Sales increase, progressively higher surcharge tiers apply, allowing the State to participate in the additional value generated by the project. At larger scales, the surcharge rates decline to encourage continued investment and development toward the project's full planned buildout. Because this surcharge structure is being applied to a first-of-its-kind project within a rapidly evolving industry, the lease includes a provision allowing limited review of the surcharge if material changes in State law or policy directly affect project economics. The result is a compensation framework that encourages the project to reach its full planned buildout while ensuring the State receives increasing economic benefits throughout the project's growth.

A formal appraisal, obtained at STAK’s expense, will be required to establish the annual fair market value Base Rate. 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 Base Rate payment is subject to adjustment at five-year intervals, if it is determined that the market value of the land has increased, and any adjustment will be based on the appraised market value of the land. The Base Rate shall constitute a minimum annual payment and be credited against the amount of any Surcharge due during a payment period. To the extent the Surcharge exceeds the Base Rate, STAK will pay the difference. If the Surcharge does not exceed the Base Rate, no additional payment shall be required.

This process ensures that lease compensation always equals or exceeds the appraised market value of the land, as the Surcharge provides the opportunity for lease revenue to exceed the appraised market value of the land as the project expands. This combination of compensation forms supports the State's interest in generating the maximum benefit for the people of Alaska while ensuring that rental costs do not deter project financing or development.

Entry Authorization (EA)
The Department authorizes STAK entry onto state land through the issuance of an Entry Authorization (EA), included as Attachment C, while required development, surveying, and land appraisal are being completed. During the term of the EA, an advanced rental of $10 per acre per year will be in effect. The term of the EA will be five years and will be issued after this FFD goes into effect. The terms of the EA are included in the terms of the lease. The five-year term of the EA is 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).

Relationship to Pipeline Right-of-Way
The Applicant has yet to file an application under the Alaska Right-of-Way Act, AS 38.35, for a pipeline right-of-way, which will be adjudicated separately and require a determination under AS 38.35.100(a) that the Applicant is technically and financially "fit, willing, and able to perform the transportation or other acts proposed in a manner that will be required by the present or future public interest."

Material Sites
This project requires significant volumes of gravel to support construction of the access road, pad and related facilities. No material shall be removed from either the leasehold or any State land by the STAK or its contractors without the separate approval of DNR in accordance with appropriate State laws and regulations. Insofar as possible, use of existing material sites shall be utilized in preference to new sites.

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

The Department recognizes that hyperscale data center development involves commercial arrangements that may not neatly fit within the framework of prior conventional land uses and disposals. In particular, agreements with energy offtakers may be integral to the financing and commercial viability of an energy-intensive project. Such agreements do not, merely by virtue of their existence, constitute a sublease or establish a discrete, separate use of State land. In such circumstances, DNR will evaluate the substance of any such proposed arrangement, including the purported rights to be conveyed and the nature of the proposed use, in determining whether it constitutes a sublease subject to approval under AS 38.05.095.

Reclamation
The Department has considered the fact that the project constitutes a substantial and long-lived industrial use of State land. The State's interests are therefore not limited to the economic benefits anticipated during construction and operation but also include ensuring that the use of State land remains subject to appropriate conditions concerning environmental protection and eventual 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.

Final Finding and Decision
It is the determination of the Department of Natural Resources that it is 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, and is deemed necessary for further exploration, development, and transportation of North Slope natural gas, which currently remains stranded and lacks any commercial-scale outlets to in-state, interstate, or foreign energy markets.[64] The project is also expected to generate sustained employment, increase revenue to the State, and provide potential energy supply benefits to the surrounding region.

John Crowther 11/10/2026

John Crowther, Commissioner — Date
Department of Natural Resources

Request for Reconsideration:
An eligible person affected by this decision of the Department, and who provided timely written comment, may request reconsideration to the DNR Commissioner per AS 44.37.011 and 11 AAC 02. Any request for reconsideration must be received by the DNR Commissioner's Office within twenty (20) calendar days after issuance of the decision under 11 AAC 02.040. The Commissioner may grant or deny a request for reconsideration within thirty (30) calendar days after issuance of the decision. If the Commissioner takes no action on a request for reconsideration within thirty (30) days after issuance of the decision, the request for reconsideration is considered denied for the purposes of appeal to the superior court. The Commissioner's decision on reconsideration, other than a remand decision, is the final administrative order and decision of the Department. An eligible person must first request reconsideration to the Commissioner before seeking relief in superior court. The Alaska State Courts establish its own rules for timely appealing final

64 *See*, AS 19.40.200(b)(4)(B).

administrative orders and decisions of the Department (*See,* 11 AAC 02.020; Rules of Appellate Procedure 602).

Requests for reconsideration may be mailed or hand-delivered to the DNR Commissioner's Office, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; faxed to (907) 269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. Requests for reconsideration must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at $200 under the provisions of 11 AAC 05.160(a)-(b). A .pdf or print copy of 11 AAC 02 may be obtained by contacting the DNR Commissioner's Office by phone at (907) 269-8431, via email at dnr.appeals@alaska.gov, and is also available on the Department's website at https://dnr.alaska.gov/mlw/pdf/DNR-11-AAC-02.pdf.

Attachments:
Attachment A – Preliminary Decision
Attachment B – Project Maps
Attachment C – Entry Authorization
Attachment D – Final Lease Agreement
Attachment E – Department and Applicant Responses to Public Comments