

STATE OF ALASKA

Department of Natural Resources

Division of Oil and Gas

Tony Knowles, Governor

550 W. 7th Ave., SUITE 800
ANCHORAGE, ALASKA 99501

July 25, 2000

Phone: 269-8804

NOTICE OF COPPER RIVER BASIN OIL & GAS EXPLORATION LICENSE

The Department of Natural Resources (DNR) gives notice under AS 38.05.945(a)(4), that it will issue an Oil and Gas Exploration License for the Copper River basin. The exploration license contains 398,445.44 acres and is located between Townships 1N and 6N, Copper River Meridian, extending westward from the Copper River to Range 9W. Only lands for which the state owns the mineral estate are included.

Activities resulting from this offering may affect the communities of Glennallen, Tazlina, Copper Center, Gulkana, Gakona, Kenny Lake, Chistochina, Chitina, Tonsina and Nelchina.

Sealed Bid

The Director, Division of Oil and Gas (DO&G), has invited prospective licensees, who have submitted a license proposal, to submit a final sealed bid no later than 4:30 p.m. (ADT), August 24, 2000. Submission of a bid satisfies the notification of intent to participate required by AS 38.05.133(h). A bid deposit of \$79,689.09 (20 percent of the license fee) must be included. There will be a public opening at 8:30 a.m., August 25, 2000 in the DO&G conference room, 550 West 7th Ave., Suite 800, in Anchorage.

Licensing Fee

The winning bidder must pay a licensing fee of \$1 per acre.

Length of License

The license will have a primary term of five (5) years.

Conversion to Lease

Upon completion of a required work commitment, the licensee may convert all or a portion of the license area into oil and gas leases, which will have a primary term of five (5) years.

Rental

There is no annual rental fee for an exploration license. Upon conversion to oil and gas leases, an annual rental of \$3.00 per acre is required.

Royalty

Lands converted to oil and gas leases have a fixed royalty of twelve and one-half (12.5) percent.

Lease Forms

Leases will be executed on Form No. DO&G 0008 (Copper River Oil and Gas Exploration License Conversion Lease).

Bonding

Before commencement of operations, an oil and gas bond of a minimum of \$10,000 per operation is required under 11 AAC 83.160. As an alternative, a statewide oil and gas bond of a minimum of \$500,000 for multiple operations may be filed. These bonding provisions do not affect the commissioner's authority to require additional unusual-risk bonds. In addition, the Alaska Oil and Gas Conservation Commission (AOGCC) requires a bond of at least \$100,000 for a single well or a bond of at least \$200,000 to cover wells statewide before drilling operations will be permitted by AOGCC. The Department of Environmental Conservation (DEC) has its own bonding requirements.

Best Interest Finding

In support of the Copper River Exploration License, on July 25, 2000 the Director, DO&G, issued a final finding and decision under AS 38.05.035(e) and (g), which has the commissioner's concurrence. This finding sets forth the facts, policies, and applicable laws upon which the determination was made.

Copies of the finding are available for public review at the following locations:

Copper Valley Community Library, Mile 186, Glenn Highway
Kenny Lake Community Library, Mile 5, Edgerton Highway
Palmer and Wasilla Public Libraries
Loussac Public Library in Anchorage.

The finding, with a 1:250,000 map of the license area, is available on the division's Website at: www.dog.dnr.state.ak.us/oil. Individuals may obtain copies of the finding and map from DNR's Public Information Center; 550 West 7th Avenue, Suite 1260; Anchorage, Alaska 99501 or from the Division of Oil and Gas; 550 West 7th Avenue, Suite 800; Anchorage, Alaska 99501. To order, call Suzanne Gaguzis at (907) 269-8803.

Stipulations and Mitigation Measures

AS 38.05.035(e) and the departmental delegation of authority provide the director, DO&G, with the authority to impose conditions or limitations in addition to those imposed by law to ensure that the disposal best serves the interests of the state. To meet this requirement, the director has adopted Mitigation Measures, which will be enforced throughout the license period and throughout the term of any oil and gas leases.

Mitigation measures impose standards of conduct that must be met. These standards are applicable to water quality and appropriation; gravel extraction; oil spill prevention and cleanup; pipelines and other lease-related structures and facilities; public access; disposal of waste; drilling muds and cuttings and produced waters; timing and routing of exploration and development activities, rehabilitation of abandoned sites and additional permits and approvals. Mitigation measures are deemed necessary to protect biological, cultural and archeological resources as well as to mitigate social impacts.

Reconsideration and Appeal

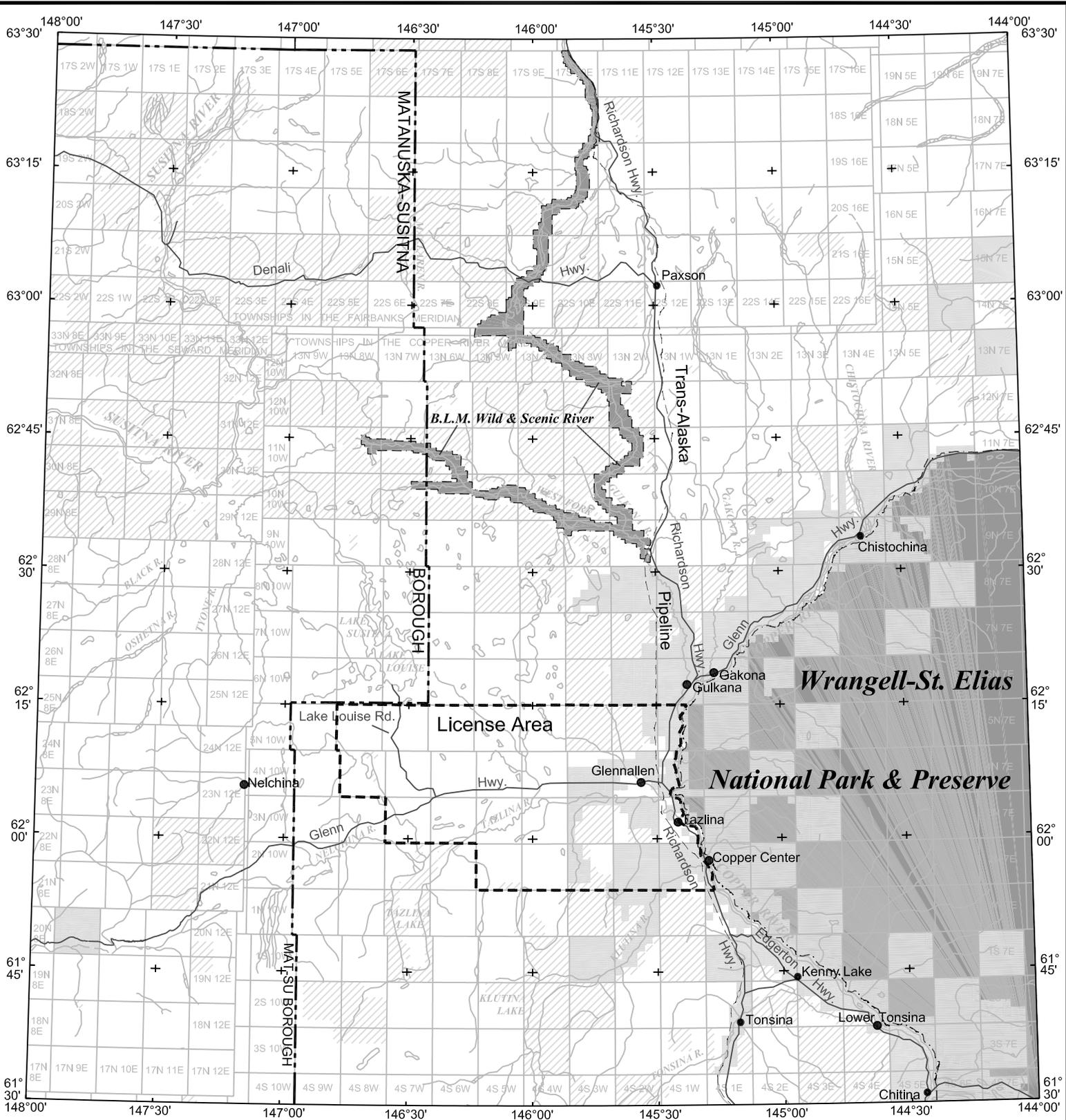
A person who is aggrieved by the decision to issue the exploration license may request the commissioner to reconsider under AS 35.05.035(i) and (j). To be eligible an appellant must have meaningfully participated in the process by submitting written comments during the prescribed comment period. A request for reconsideration must be received by John Shively, Commissioner; Department of Natural Resources; 550 W 7th Ave, Suite 1400; Anchorage, Alaska 99501, or received by telefax at 1-907-269-

8918 by 5:00 p.m. (local time), August 14, 2000. If the commissioner fails to act by August 24, 2000, the request is considered denied.

A denial is the final administrative decision for purposes of appeal to Superior Court. A person may then appeal to Superior Court only if the person was eligible to request, and did request, an administrative reconsideration of this decision by the commissioner. An appellant must initiate an appeal within 30 days from the date of denial or from the date of distribution of the denial decision, in accordance with the rules of court and to the extent permitted by applicable law.

The State of Alaska, DNR, DO&G complies with Title II of the Americans with Disabilities Act 1990. This Publication will be made available in alternative communication formats upon request. Please contact Suzanne Gaguzis at (907) 269-8803 to make any necessary arrangements.

Kenneth A. Boyd
Director



Copper River Basin Exploration License: General Land Status

License Area = [Dashed Box]

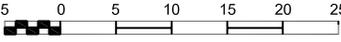
B.L.M. Lands = [Diagonal Hatching]

Federal Designated Area = [Solid Grey Box]

Native Corporation Lands = [Solid Grey Box]
(ANCSA Pat. or Interim Conveyed)

SCALE 1:1,000,000 One Inch = 17.5 Miles Approx.

Source: ADNLR LRIS, AK Gen. Land Status, 2/00.



Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 146°, origin latitude of 50°, northern parallel of 65°, and southern parallel of 55°. Map created, edited, and published by the State of Alaska, Department of Natural Resources, Division of Oil and Gas. ADNLR, DO&G 6/00, Rev. 7/00