

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

LEASE / UNIT* PLAN OF OPERATIONS APPLICATION

Applicant: _____ Date: _____

Contact Person: _____ Telephone #: _____ Fax # _____

Mailing Address: _____ E-mail Address: _____

Is this activity within a Unit? _____ Which Unit? _____ Operator: _____

Is any part of the proposed project or activity discussed in the approved Unit Plan of Exploration or Development filed with the Division of Oil and Gas? _____

If no, attach a detailed explanation.

The Applicant is: Unit Operator Lessee* Tract Operator Other*: _____

Project Description: _____

Project Location / Facility Name: _____

ADL # (*mandatory*): _____ Oil and Gas Bond #: _____

Plan of Operations require a \$250.00 permit fee; payable to the State of Alaska, Department of Revenue; and *should* accompany this application.

1. Plan of Operations: _____

(Attach extra sheets if necessary, include applicable diagrams)

2. Surface Property Owner: _____

3. Legal Description: Section _____, Township _____, Range _____, Meridian _____
(Include all necessary maps)

4. Site Access: _____

5. Proposed Start-up Date: _____ 6. Expected Completion Date: _____

7. Project Material: _____ 8. Material Source: _____

a) Amount: (pad) _____cy (road) _____cy (other) _____cy

b) Acreage Covered: (pad) _____ (road) _____ (other) _____

9. Snow Removal Plan: _____

*** Unit Plan of Operations approvals are not considered complete until the consent of the Unit Operator has been obtained by the applicant.**

LESSEE/SURFACE-OWNER INTERACTION

Statutes and regulation are explicit about how surface and subsurface owners and lessees shall interact; the subsurface estate is controlling. We have paraphrased here the relevant portions of AS 38.05.125 and AS 38.05.130 (a photocopy of the full text may be obtained by calling 269-8775):

AS 38.05.125 Reservation. *(a) Each contract for the sale, lease or grant of state land, and each deed . . . is subject to the following reservation:*

". . . Alaska, hereby expressly saves . . . and reserves out of the grant . . . forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every . . . kind . . . which may be in or upon said land . . . and the right to explore the same . . ., and it expressly saves and reserves . . . the right to enter . . . upon said land, . . . at any and all times for the purpose of opening, developing, drilling, and working mines or wells . . . and taking out and removing . . . oils [and] gases . . . and to that end it further expressly reserves . . . the right to erect, construct, maintain, and use all such buildings, machinery, roads, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said land . . . for the foregoing purposes and to occupy as much of said land as may be necessary or convenient . . . expressly reserving to itself, its lessees, successors, and assigns, . . . all rights and powers in, to, and over said land . . . reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby . . . reserved."

That language is part of each deed awarded when the state transfers the surface estate; it retains the subsurface. The reservation includes the right to use the surface to develop the subsurface as well as to use existing facilities such as roads for the benefit of the entire state. Protection from damages is afforded surface owners at AS 38.05.130:

AS 38.05.130. Damages and posting of bond. *Rights may not be exercised by the state, its lessees, successors or assigns under the reservation . . . [AS 38.05.125] . . . until the state, its lessees, successors, or assigns make provisions to pay the owners of the land full payment for all damages sustained . . . by reason of entering upon the land. If the owner refuses . . . to settle the damages, the state, its lessees, successors, assigns . . . may enter upon the land in the exercise of the reserved rights after posting a surety bond determined by the director, after notice and an opportunity to be heard, to be sufficient as to form, amount, and security to secure . . . payments for damages, and may institute legal proceedings . . . to determine to damages which the owner may suffer.*

In addition, there are general stipulations in the regulations at 11 AAC 96.140 that address the conduct of operations. Most relevant here is (10):

No person may engage in mineral exploratory activity on land, the surface of which has been granted or leased by the State of Alaska . . . until good-faith attempts have been made to agree with the surface owner . . . on settlement for damages If agreement cannot be reached, . . . operation may be commenced . . . only with specific approval of the director, and after making adequate provisions for full payment of any damages