

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**National Petroleum Reserve - Alaska, Oil and Gas Lease Sale 2002**

**AGENCY:** Bureau of Land Management, Alaska State Office

**ACTION:** Detailed Statement of Sale

1. **Authority.** The Bureau of Land Management (BLM) is issuing this detailed statement of sale under the authority of the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C. 6501 et seq.), as amended; the Federal Lands Policy and Management Act of 1976 (43 U.S.C. 1701 et. seq.), as amended; and the regulations in Title 43 of the Code of Federal Regulations (CFR) Part 3130. The Notice of Availability of the Detailed Notice was published in the Federal Register on April 29, 2002, which is at least 30 days prior to June 3, 2002, the scheduled date of sale.

The lands described in this statement are being offered for competitive oil and gas lease by sealed bid to the highest qualified bidder. The United States reserves the right to withdraw any tract from this sale prior to issuance of a written acceptance of a bid. Also reserved is the right to reject any and all bids received for any tract, regardless of the amount offered. With the exception of one new tract, Tract 2002-H-157, all tracts were previously offered in Sale 991 on May 5, 1999, but received no bids.

2. **Minimum Bid, Yearly Rental, and Royalty System.** The lands described herein are offered for competitive oil and gas lease sale by sealed bid to the qualified bidder submitting the highest cash bonus bid in accordance with the statutory and regulatory authorities cited above. The minimum bid, yearly rental, and royalty systems that apply to this sale are specified below for Area A and Area B as indicated on the Locator Map published with this statement. The Locator Map and Description of Areas are included as Exhibit A in this statement.

The minimum bid amounts stated below are the minimum amounts acceptable to be considered a valid bid. To ensure that the Government receives fair market value for the conveyance of lease rights in this sale, each tract bid upon will be evaluated to determine its fair market value. Any bid which does not meet or exceed the fair market value may be rejected.

Leases issued as a result of this sale will have primary terms of 10 years.

Variable	Area A (Tracts 2002-H-001 through 2002-H-157)	Area B (Tracts 2002-L-001 through 2002-L-275)
Tract Size	> township (∇5,760 acres)	> township (∇11,520 acres)
Minimum Bid	\$25.00 or more per acre or fraction thereof	\$5.00 or more per acre or fraction thereof
Fixed Royalty Rate	16.67 percent	12.5 percent
Rental Rate and Minimum Royalty	\$5.00 per acre or fraction thereof	\$3.00 per acre or fraction thereof

**3. Acreeage and Land Status.** The acreages shown on the chart above are only estimates. The actual acreages are shown on Exhibit A. The successful bidders will be advised of any required adjustments (additional payments or refunds) to the advanced rental payments prior to lease issuance. High bonus bids will be based on the highest bid per tract, and will not be affected by such acreage adjustments. Land status review will be conducted only on those tracts receiving acceptable minimum bids. Most of the tracts will be free of encumbrances, but some may be affected by Native Allotments, Air Navigation Sites, or other surface ownership or use which may restrict surface access. The lessee will be responsible for negotiating any surface use and access issues with the surface owner or managing surface agency in such situations. For Native Allotments, the lessee must also obtain approval from the Bureau of Indian Affairs. If a bidder wants to review the land status of particular tracts prior to bidding, details for obtaining the pertinent status plats is found at paragraph 9., below.

**4. No Surface Occupancy Parcels.** For applicants bidding on tracts identified as no surface occupancy, it will be the responsibility of the lessee to make appropriate arrangements with the BLM and the adjacent lessee in obtaining an easement for using an adjacent tract to establish a drilling pad. While the BLM has the sole authority to issue such an easement, coordination with the adjacent lessee is required to assure the easement does not materially interfere with that lessee's operations. The cost of the easement will be in addition to the costs of the bonus bid and rentals paid on the leased tract.

**5. Filing of Bids.** Bidders must comply with the following requirements. Times specified hereafter are local

Anchorage, Alaska times unless otherwise indicated.

(a) No bid will be accepted for less than an entire tract as described in Exhibit A. For each tract bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled ▶Sealed Bid for NPR-A Oil and Gas Lease Sale Tract No. 2002-(Letter designation "H" or "L")-(Numeric designation), not to be opened until 9 a.m., Monday, June 3, 2002.▶ The total amount bid must be in a whole dollar amount; any cent amount above the whole dollar will be ignored by the BLM. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document ▶Bid Form and Envelope▶ contained in the Sale Notice Package as Exhibit D.

Each bid must be accompanied by a bid deposit of 1/5th the amount of the bonus bid amount in U.S. currency or by cashier's check, bank draft, or certified check, payable to the Department of the Interior, Bureau of Land Management. This deposit will be forfeited if a bidder, after being determined the highest qualified bidder, fails to sign the lease or otherwise comply with applicable regulations.

Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of five decimal places, e.g., 33.33333 percent. The BLM may require bidders to submit other documents in accordance with 43 CFR Part 3130. The BLM warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders. In accordance with 43 CFR Subpart 3132.5(b), "The United States reserves the right to reject any and all bids received for any tract, regardless of the amount offered."

Submission of a bid constitutes certification of compliance with the regulations found in 43 CFR Part 3130. Anyone seeking to acquire a Federal oil and gas lease may be required to submit additional information to show compliance with the regulations. A statement to this effect must be included on each bid (see the document ▶Bid Form and Envelope▶ contained in the Sale Notice Package as Exhibit D).

(b) Sealed bids must be received by the BLM Alaska State Office, 222 West 7<sup>th</sup> Avenue #13, Anchorage, Alaska 99513-7599, during normal business hours (8 a.m. to 3:45 p.m.) until the Bid Submission Deadline at 3:45 p.m., Friday, May 31, 2002. If the bids are received later than the time and date specified above, they will be returned unopened to bidders. Bidders may not modify or withdraw their bids unless the BLM receives a written modification or written withdrawal request prior to 3:45 p.m. Friday, May 31, 2002.

(c) Bid Opening. Bid Opening Time will be 9 a.m., Monday, June 3, 2002, at the Wilda Marston Theatre in the Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. The opening of the bids is for the sole purpose of publicly announcing and recording the bids received, and no bids will be accepted or rejected at that time.

(d) Natural Disasters. In the event of a natural disaster, the Alaska State Office may extend the bid submission deadline. Bidders may call (907) 271-5960 for information about the possible extension of the bid submission deadline due to such an event.

**6. Deposit of Payment**. Any payments made in accordance with paragraph 3(b) above will be deposited by the Government in a non-interest-bearing account during the period the bids are being considered. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States.

**7. Acceptance, Rejection, or Return of Bids**. No lease for any tract will be awarded to any bidder, unless:

(a) the bidder has complied with all requirements of this Notice, including the documents contained in the associated Sale Notice Package, and applicable regulations;

(b) the bid is the highest valid bid; and

(c) the amount of the bid has been determined by the authorized officer to be at or above fair market value.

No bid will be considered for acceptance unless it provides for a cash bonus as specified in paragraph 2 above. Any bid submitted which does not conform to the requirements of this Notice, the laws and regulations cited in paragraph 1 of this Notice, and other applicable regulations may be returned to the person submitting that bid by the BLM and not considered for acceptance.

**8. Successful Bidders**. The following requirements apply to successful bidders in this sale:

(a) Lease Issuance. The BLM will require each person who has submitted a bid accepted by the authorized officer to execute copies of lease Form AK-3130-1 (April 1999) shown as Exhibit G of this statement, pay the balance of the cash bonus bid along with the first year's annual rental for each lease issued in

accordance with the requirements of 43 CFR Subpart 3132.3, and satisfy the bonding requirements of 43 CFR Subpart 3134.

(b) Who May Hold Leases. In accordance with 43 CFR 3132.1, leases issued may be held only by the following:

- X Citizens and nationals of the United States;
- X Aliens lawfully admitted for permanent residence in the United States as defined in 8 U.S.C. 1101(a)(20);
- X Private, public or municipal corporations organized under the laws of the United States or of any State or of the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or any of its territories;
- X or Associations of such citizens, nationals, resident aliens or private, public, or municipal corporations.

(c) Bonding Requirements. Prior to issuance of a lease, a surety or personal bond must be furnished to the authorized officer in the sum of \$100,000 conditioned on compliance with all the lease terms, including rentals and royalties, and stipulations. A bond will not be required if a bidder already maintains or furnishes a bond in the sum of \$300,000 conditioned on compliance with the terms, conditions, and stipulations of all oil and gas leases held by the bidder within the NPR-A, or maintains or furnishes a nationwide bond and furnishes a rider thereto sufficient to bring total coverage to \$300,000 to cover all oil and gas leases within the NPR-A. A copy of the bond form is included in the Sale Notice Package as Exhibit F.

## **9. Description of the Areas Offered for Bids.**

Areas Available for Leasing. Land status data regarding tracts offered for lease may be found on the official plats available for review or sale at \$1.10 each in the BLM Public Room, 1<sup>st</sup> Floor of the Federal Building, 222 W. 7th Avenue, #13, Anchorage, Alaska 99513-7599. These tracts are shown on the Locator Map of Exhibit A and are described in detail in Exhibit A - Description of Areas Offered.

## **10. Lease Terms and Stipulations.**

(a) Leases resulting from this sale will have initial terms of 10 years. As noted above, a copy of the lease form is available as Exhibit G of this statement.

(b) The applicability of standard and special lease stipulations is explained in Exhibit B. The text of these stipulations is found at Exhibit B-1. The standard stipulations

will become a part of all leases. The special stipulations affecting each tract are identified on Exhibit A by Roman numerals corresponding to those shown on Exhibit B.

**11. Information to Lessees.** The Sale Notice Package contains a document titled ►Information to Lessees► as Exhibit C. The Information to Lessees items provide information on various matters of interest to lessees and potential bidders.

**12. Detailed Statement of Sale.** Copies of this statement and the individual Exhibits contained therein, are available from the BLM Alaska State Office, either by written request or by telephone request at(907) 271-5960.

The documents referenced below are included in the statement and contain additional information essential for bidders. Bidders are charged with the knowledge contained therein. Included in the statement are the following Exhibits:

- Exhibit A.** Locator Maps and Description of Areas Offered
- Exhibit B.** Explanation of Applicability of Lease Stipulations and Correlation to Exhibit A
- Exhibit B-1.** Actual Verbage of Lease Stipulations for NPR-A Oil and Gas Lease Sale
- Exhibit C.** Information to Lessees
- Exhibit D.** Bid Form and Envelope
- Exhibit E.** Bidder Contact Form
- Exhibit F.** Oil and Gas Lease Bond Form 3000-4 (This form may be used for lease, Statewide, Nationwide, or NPR-A-wide bonds.)
- Exhibit F-1.** Geophysical Exploration Rider Form for Use With NPR-A-wide bonds
- Exhibit G.** Lease Form AK-3130-1(March 2002)



# EXHIBIT A

## DESCRIPTION OF AREAS OFFERED

NOTE 1: All lands are based on the Umiat Meridian.

NOTE 2: Tracts shown on the Sale Map which are not listed below are those which were leased previously in Sale 991, and are therefore no longer available. They are identified by being colored dark green on the Map, as noted in the Legend. Sequential tract numbers which are missing from the Sale Map are those which were deleted prior to Sale 991. The lands they encompassed were combined into other adjacent tracts.

### AREA A (High Potential Area) 1/4 Township Tracts [5,760 (+/-) Acres]

<u>Tract #</u>	<u>Description (Township/Range/Sections)</u> <u>Special Stipulations, if applicable</u>	<u>Acres</u>
2002-H-001	T7N, R2E: SW 1/4; Portion SE 1/4 (Portions of Sections 22, 27, 34, 35) Stipulations: III, V	7,158
2002-H-002	T7N, R2E: Portion NE 1/4 (Portions of Sections 3, 15) Portion NW 1/4 (Sections 5-8, 17-18, Portion of Sections 4, 9, 16) Stipulations: III, V	5,721
2002-H-003	T7N, R1E: SE 1/4 Stipulations: III, V	5,756
2002-H-004	T7N, R1E: SW 1/4	5,650
2002-H-005	T7N, R1E: NE 1/4 Stipulations: III, V	5,756
2002-H-006	T7N, R1E: NW 1/4	5,627
2002-H-009	T8N, R2E: Portion SE 1/4 (Section 22, Portion of Sections 23, 26, 27, 34) SW 1/4 Stipulations: III, V	7,262
2002-H-011	T8N, R1E: SE 1/4	5,756



2002-H-012	T8N, R1E:	SW 1/4	5,603
2002-H-015	T8N, R1W:	SE 1/4	5,756
2002-H-016	T8N, R1W:	SW 1/4	5,603
2002-H-064	T10N, R3W:	SW 1/4 Stipulations: V	5,696
2002-H-066	T10N, R3W:	NW 1/4	5,672
2002-H-087	T11N, R3W:	SW 1/4	5,648
2002-H-090	T11N, R4W:	SE 1/4 Stipulations: III	5,756
2002-H-091	T11N, R4W:	SW 1/4 Stipulations: III	5,648
2002-H-092	T11N, R4W:	NE 1/4 Stipulations: III	5,756
2002-H-094	T11N, R5W:	SE 1/4 Stipulations: III, V	5,756
2002-H-095	T11N, R5W:	SW 1/4 Stipulations: III, V	5,648
2002-H-102	T12N, R1E:	NE 1/4	5,756
2002-H-103	T12N, R1E:	NW 1/4	5,576
2002-H-107	T12N, R1W:	NW 1/4	5,576
2002-H-124	T13N, R1E:	Portion SE 1/4 (Portion of Sections 34-36) Portion SW 1/4 (Sections 19, 30-32, Portion of Sections 20, 29, 33)	4,238
2002-H-125	T13N, R1E:	Portion NE 1/4 (Sections 1-3,10, Portion of Sections 11-15)	4,881
	T13N, R2E:	Portion NW 1/4 (Portion of Sections 6-8) Stipulations: I	
2002-H-126	T13N, R1E:	Portion NW 1/4 (Sections 4-9, 17-18,	5,578

		Portion of Section 16)	
		Stipulations: I	
2002-H-127	T13N, R1W:	SE 1/4	5,756
2002-H-128	T13N, R1W:	SW 1/4	5,744
2002-H-129	T13N, R1W:	NE 1/4	5,756
		Stipulations: I	
2002-H-130	T13N, R1W:	NW 1/4	5,719
		Stipulations: I	
2002-H-131	T13N, R2W:	SE 1/4	5,756
		Stipulations: I	
2002-H-133	T13N, R2W:	NE 1/4	5,756
		Stipulations: I	
2002-H-144	T13N, R5W:	SW 1/4	5,744
		Stipulations: II	
2002-H-145	T13N, R5W:	NE 1/4	5,756
		Stipulations: II	
2002-H-146	T13N, R5W:	NW 1/4	5,719
		Stipulations: II	
2002-H-147	T14N, R1E:	Portion SE 1/4	6,465
		(Sections 25-36,	
		Portion of Sections	
		22-24)	
	T14N, R2E:	Portion SW 1/4	
		(Section 30, Portion	
		of Sections 19, 29,	
		31-32)	
		Stipulations: II	
2002-H-148	T14N, R1E:	Portion SW 1/4	8,142
		(Sections 19-20,	
		28-33, Portion of	
		Section 21)	
		Portion NE 1/4	
		(Portion of Sections	
		10, 15)	
		Portion NW 1/4	
		(Sections 17-18,	
		Portion of Sections	
		7-9, 16)	
		Stipulations: II	
2002-H-149	T14N, R1W:	SE 1/4	5,756
		Stipulations: II	

2002-H-150	T14N, R1W:	SW 1/4 Stipulations: II	5,695
2002-H-151	T14N, R1W:	Portion NE 1/4 (Sections 13-15, Portion of Sections 3, 10-12) Portion NW 1/4 (Sections 16-18, Portion of Sections 4-9) Stipulations: II	7,021
2002-H-152	T14N, R2W:	SE 1/4 Stipulations: I, II	5,756
2002-H-153	T14N, R2W:	SW 1/4 Stipulations: I, II	5,695
2002-H-154	T14N, R2W:  T15N, R2W:	Portion NE 1/4 (Sections 10-15, Portion of Sections 1-3)  Portion SE 1/4 (Portion of Sections 34-36) Stipulations: II	5,854
2002-H-155	T14N, R2W: T15N, R2W:	NW 1/4 Portion SW 1/4 (Sections 31-32, Portion of Section 33) Stipulations: II	7,237
2002-H-157	T12N, R4E	U.S. Survey 9502, Lots 1 & 2	240

**AREA B (Low Potential Area)**  
**1/2 Township Tracts [11,520(+/-) Acres]**

<b><u>Tract #</u></b>	<b><u>Description (Township/Range/Portion)</u></b> <b><u>Special Stipulations, if applicable</u></b>	<b><u>Acres</u></b>
2002-L-001	T3S, R5W: Portion N 1/2 (Portions of Sections 2-10, 18) T2S, R5W: Portion S 1/2 (Sections 19-34, Portions of Sections 35-36) Stipulations: III, V	15,585
2002-L-002	T2S, R3W: Portion N 1/2 (Sections 2-9, Portions of Sections 1, 10-12, 15-18) Stipulations: III, V	7,421
2002-L-006	T1S, R2W: Portion S 1/2 (Sections 19-22, 29-30, Portion of Sections 23-24, 26-28, 31-33) N 1/2 Stipulations: III, V	17,765
2002-L-007	T1S, R3W: S 1/2 Stipulations: III, V	11,364
2002-L-008	T1S, R3W: N 1/2 Stipulations: V	11,341
2002-L-009	T1S, R4W: S 1/2	11,364
2002-L-010	T1S, R4W: N 1/2	11,341
2002-L-011	T1S, R5W: S 1/2	11,364
2002-L-012	T1S, R5W: N 1/2	11,341
2002-L-013	T1N, R2E: Portion S 1/2 (Portion of Sections 19-23) Portion N 1/2 (Sections 3-10, 15-18, Portion of Sections 1-2, 11, 14) Stipulations: III, V	10,767
2002-L-014	T1N, R1E: Portion S 1/2	8,200

		(Sections 19-23, 28-31, Portion of Sections 24-27, 32-33)	
		Stipulations: III, V	
2002-L-015	T1N, R1E:	N 1/2 Stipulations: III, V	11,477
2002-L-016	T1N, R1W:	S 1/2 Stipulations: III, V	11,500
2002-L-017	T1N, R1W:	N 1/2 Stipulations: V	11,477
2002-L-018	T1N, R2W:	S 1/2 Stipulations: III, V	11,500
2002-L-019	T1N, R2W:	N 1/2 Stipulations: V	11,477
2002-L-020	T1N, R3W:	S 1/2	11,500
2002-L-021	T1N, R3W:	N 1/2	11,477
2002-L-022	T1N, R4W:	S 1/2	11,500
2002-L-023	T1N, R4W:	N 1/2	11,477
2002-L-024	T1N, R5W:	S 1/2	11,500
2002-L-025	T1N, R5W:	N 1/2	11,477
2002-L-026	T2N, R3E:	Portion W 1/2 SW 1/4 (Portion of Sections 19-20, 30)	12,404
	T2N, R2E:	S 1/2 Stipulations: III, V	
2002-L-027	T2N, R3E:	Portion W 1/2 NW 1/4 (Portion of Sections 6-7, 18)	12,908
	T2N, R2E:	N 1/2 Stipulations: III, V	
2002-L-028	T2N, R1E:	S 1/2 Stipulations: III, V	11,454
2002-L-029	T2N, R1E:	N 1/2 Stipulations: III, V	11,431
2002-L-030	T2N, R1W:	S 1/2 Stipulations: III, V	11,454

2002-L-031	T2N, R1W:	N 1/2 Stipulations: III, V	11,431
2002-L-032	T2N, R2W:	S 1/2 Stipulations: III, V	11,454
2002-L-033	T2N, R2W:	N 1/2 Stipulations: III, V	11,431
2002-L-034	T2N, R3W:	S 1/2 Stipulations: V	11,454
2002-L-035	T2N, R3W:	N 1/2 Stipulations: V	11,431
2002-L-036	T2N, R4W:	S 1/2 Stipulations: V	11,454
2002-L-037	T2N, R4W:	N 1/2 Stipulations: V	11,431
2002-L-038	T2N, R5W:	S 1/2	11,454
2002-L-039	T2N, R5W:	N 1/2	11,431
2002-L-040	T3N, R3E:	Portion W 1/2 SW 1/4 (Section 30, Portion of Sections 19-20, 29, 31- 32)	13,613
	T3N, R2E:	S 1/2 Stipulations: III, V	
2002-L-041	T3N, R3E:	Portion W 1/2 NW 1/4 (Section 18, Portion of Sections 6-8, 17)	13,470
	T3N, R2E:	N 1/2 Stipulations: III, V	
2002-L-042	T3N, R1E:	S 1/2 Stipulations: III, V	11,408
2002-L-043	T3N, R1E:	N 1/2 Stipulations: III, V	11,385
2002-L-044	T3N, R1W:	S 1/2 Stipulations: III, V	11,408
2002-L-045	T3N, R1W:	N 1/2 Stipulations: III, V	11,385
2002-L-046	T3N, R2W:	S 1/2 Stipulations: III, V	11,407

2002-L-047	T3N, R2W:	N 1/2 Stipulations: III, V	11,385
2002-L-048	T3N, R3W:	S 1/2 Stipulations: III, V	11,407
2002-L-049	T3N, R3W:	N 1/2 Stipulations: III, V	11,385
2002-L-050	T3N, R4W:	S 1/2 Stipulations: III, V	11,407
2002-L-051	T3N, R4W:	N 1/2 Stipulations: III, V	11,385
2002-L-052	T3N, R5W:	S 1/2	11,407
2002-L-053	T3N, R5W:	N 1/2	11,385
2002-L-054	T3N, R6W:	S 1/2	11,407
2002-L-055	T3N, R6W:	N 1/2	11,385
2002-L-056	T3N, R7W:	S 1/2	11,407
2002-L-057	T3N, R7W:	N 1/2	11,385
2002-L-058	T3N, R8W:	S 1/2	11,408
2002-L-059	T3N, R8W:	N 1/2	11,385
2002-L-060	T3N, R9W:	S 1/2	11,408
2002-L-061	T3N, R9W:	N 1/2	11,385
2002-L-062	T3N, R10W:	S 1/2	11,408
2002-L-063	T3N, R10W:	N 1/2	11,385
2002-L-064	T3N, R11W:	S 1/2	11,408
2002-L-065	T3N, R11W:	N 1/2	11,386
2002-L-066	T3N, R12W:	Portion S 1/2 (Sections 21-28, 33-36) Stipulations: III, V	7,675
2002-L-067	T3N, R12W: T4N, R12W:	Portion N 1/2 (Sections 1-2, 11-14) Portion S 1/2 (Sections 23-26,	7,675

		35-36) Stipulations: III, V	
2002-L-068	T4N, R3E:	Portion W 1/2 SW 1/4 (Portion of Sections 19, 30-31)	11,913
	T4N, R2E:	S 1/2 Stipulations: III, V	
2002-L-069	T4N, R2E:	N 1/2 Stipulations: III, V	10,825
2002-L-070	T4N, R1E:	S 1/2 Stipulations: III, V	11,362
2002-L-071	T4N, R1E:	N 1/2 Stipulations: III, V	11,338
2002-L-072	T4N, R1W:	S 1/2 Stipulations: III, V	11,361
2002-L-073	T4N, R1W:	N 1/2 Stipulations: III, V	11,338
2002-L-074	T4N, R2W:	S 1/2 Stipulations: III, V	11,361
2002-L-075	T4N, R2W:	N 1/2 Stipulations: III, V	11,338
2002-L-076	T4N, R3W:	S 1/2 Stipulations: III, V	11,361
2002-L-077	T4N, R3W:	N 1/2 Stipulations: III, V	11,338
2002-L-078	T4N, R4W:	S 1/2 Stipulations: V	11,361
2002-L-079	T4N, R4W:	N 1/2	11,338
2002-L-080	T4N, R5W:	S 1/2	11,361
2002-L-081	T4N, R5W:	N 1/2	11,338
2002-L-082	T4N, R6W:	S 1/2	11,361
2002-L-083	T4N, R6W:	N 1/2	11,338
2002-L-084	T4N, R7W:	S 1/2	11,361
2002-L-085	T4N, R7W:	N 1/2	11,338
2002-L-086	T4N, R8W:	S 1/2	11,361



2002-L-087	T4N, R8W:	N 1/2	11,338
2002-L-088	T4N, R9W:	S 1/2	11,362
2002-L-089	T4N, R9W:	N 1/2	11,338
2002-L-090	T4N, R10W:	S 1/2	11,362
2002-L-091	T4N, R10W:	N 1/2	11,338
2002-L-092	T4N, R11W:	S 1/2	11,362
2002-L-093	T4N, R11W:	Portion N 1/2 (Sections 1-4, 7-18)	10,760
	T4N, R12W:	Portion N 1/2 (Section 13) Stipulations: III, V	
2002-L-096	T5N, R2E:	Portion S 1/2 (Sections 19-23, 26-35, Portion of Sections 24-25, 36) Stipulations: III, V	10,737
2002-L-097	T5N, R2E:	Portion N 1/2 (Sections 3-10, 15-18, Portion of Sections 2, 11, 14) Stipulations: III, V	8,874
2002-L-098	T5N, R1E:	S 1/2 Stipulations: III, V	11,500
2002-L-099	T5N, R1E:	N 1/2 Stipulations: III, V	11,477
2002-L-100	T5N, R1W:	S 1/2 Stipulations: III, V	11,500
2002-L-101	T5N, R1W:	N 1/2 Stipulations: III, V	11,476
2002-L-102	T5N, R2W:	S 1/2 Stipulations: V	11,500
2002-L-103	T5N, R2W:	N 1/2	11,476
2002-L-104	T5N, R3W:	S 1/2	11,500
2002-L-105	T5N, R3W:	N 1/2	11,476
2002-L-106	T5N, R4W:	S 1/2	11,500

2002-L-107	T5N, R4W:	N 1/2	11,476
2002-L-108	T5N, R5W:	S 1/2	11,500
2002-L-109	T5N, R5W:	N 1/2	11,476
2002-L-110	T5N, R6W:	S 1/2	11,500
2002-L-111	T5N, R6W:	N 1/2	11,476
2002-L-112	T5N, R7W:	S 1/2	11,500
2002-L-113	T5N, R7W:	N 1/2	11,476
2002-L-114	T5N, R8W:	S 1/2	11,500
2002-L-115	T5N, R8W:	N 1/2	11,476
2002-L-116	T5N, R9W:	S 1/2	11,500
2002-L-117	T5N, R9W:	N 1/2	11,477
2002-L-118	T5N, R10W:	S 1/2	11,500
2002-L-119	T5N, R10W:	N 1/2	11,477
2002-L-120	T5N, R11W:	Portion S 1/2 (Sections 23-26, 35-36) Stipulations: III, V	3,838
2002-L-121	T5N, R11W:	NE 1/4 Stipulations: III, V	5,756
2002-L-122	T6N, R2E:	Portion S 1/2 (Sections 19-22, 27-34, Portion of Sections 23, 25-26, 35-36) Stipulations: III, V	9,210
2002-L-123	T6N, R2E:	Portion N 1/2 (Sections 3-10, 15-18, Portion of Sections 2, 11, 14) Stipulations: III, V	8,791
2002-L-124	T6N, R1E:	S 1/2 Stipulations: III, V	11,453
2002-L-125	T6N, R1E:	N 1/2 Stipulations: III, V	11,429
2002-L-126	T6N, R1W:	S 1/2	11,453

		Stipulations: V	
2002-L-127	T6N, R1W:	N 1/2 Stipulations: V	11,429
2002-L-128	T6N, R2W:	S 1/2	11,453
2002-L-129	T6N, R2W:	N 1/2	11,429
2002-L-130	T6N, R3W:	S 1/2	11,453
2002-L-131	T6N, R3W:	N 1/2	11,428
2002-L-132	T6N, R4W:	S 1/2 Stipulations: III	11,453
2002-L-133	T6N, R4W:	N 1/2 Stipulations: III	11,428
2002-L-134	T6N, R5W:	S 1/2 Stipulations: III	11,453
2002-L-135	T6N, R5W:	N 1/2 Stipulations: III	11,428
2002-L-136	T6N, R6W:	S 1/2 Stipulations: III	11,453
2002-L-137	T6N, R6W:	N 1/2 Stipulations: III	11,429
2002-L-138	T6N, R7W:	S 1/2 Stipulations: III	11,453
2002-L-139	T6N, R7W:	N 1/2 Stipulations: III	11,429
2002-L-140	T6N, R8W:	S 1/2 Stipulations: III	11,453
2002-L-141	T6N, R8W:	N 1/2 Stipulations: III	11,429
2002-L-142	T6N, R9W:	S 1/2 Stipulations: III	11,453
2002-L-143	T6N, R9W:	N 1/2 Stipulations: III	11,429
2002-L-144	T6N, R10W:	S 1/2 Stipulations: III	11,453
2002-L-145	T6N, R10W:	N 1/2 Stipulations: III	11,429

2002-L-146	T6N, R11W:	SE 1/4 Stipulations: III, V	5,756
2002-L-147	T6N, R11W:	Portion N 1/2 (Sections 1-2, 11-15) Stipulations: III, V	4,477
2002-L-148	T7N, R1W:	S 1/2	11,406
2002-L-149	T7N, R1W:	N 1/2	11,383
2002-L-150	T7N, R2W:	S 1/2	11,406
2002-L-151	T7N, R2W:	N 1/2	11,383
2002-L-152	T7N, R3W:	S 1/2	11,406
2002-L-153	T7N, R3W:	N 1/2	11,382
2002-L-154	T7N, R4W:	S 1/2 Stipulations: III	11,405
2002-L-155	T7N, R4W:	N 1/2 Stipulations: III	11,382
2002-L-156	T7N, R5W:	S 1/2 Stipulations: III	11,405
2002-L-157	T7N, R5W:	N 1/2 Stipulations: III	11,382
2002-L-158	T7N, R6W:	S 1/2 Stipulations: III	11,405
2002-L-159	T7N, R6W:	N 1/2 Stipulations: III	11,382
2002-L-160	T7N, R7W:	S 1/2 Stipulations: III	11,406
2002-L-161	T7N, R7W:	N 1/2 Stipulations: III	11,382
2002-L-162	T7N, R8W:	S 1/2 Stipulations: III	11,406
2002-L-163	T7N, R8W:	N 1/2 Stipulations: III	11,383
2002-L-164	T7N, R9W:	S 1/2 Stipulations: III	11,406

2002-L-165	T7N, R9W:	N 1/2 Stipulations: III	11,383
2002-L-166	T7N, R10W:	S 1/2 Stipulations: III	11,406
2002-L-167	T7N, R10W:	N 1/2 Stipulations: III	11,383
2002-L-168	T7N, R11W:	Portion S 1/2 (Sections 22-27, 35-36) Stipulations: III, V	5,117
2002-L-169	T7N, R11W: T8N, R11W:	Portion N 1/2 (Sections 1-2, 11-14) Portion S 1/2 (Sections 23-26, 35-36) Stipulations: III, V	7,675
2002-L-170	T8N, R2W:	S 1/2 Stipulations: V	11,358
2002-L-172	T8N, R3W:	S 1/2	11,358
2002-L-173	T8N, R3W:	N 1/2 Stipulations: V	11,335
2002-L-174	T8N, R4W:	S 1/2 Stipulations: III	11,358
2002-L-175	T8N, R4W:	N 1/2 Stipulations: III	11,335
2002-L-176	T8N, R5W:	S 1/2 Stipulations: III	11,358
2002-L-177	T8N, R5W:	N 1/2 Stipulations: III	11,335
2002-L-178	T8N, R6W:	S 1/2 Stipulations: III	11,358
2002-L-179	T8N, R6W:	N 1/2 Stipulations: III	11,335
2002-L-180	T8N, R7W:	S 1/2 Stipulations: III	11,358
2002-L-181	T8N, R7W:	N 1/2 Stipulations: III	11,335
2002-L-182	T8N, R8W:	S 1/2	11,359

		Stipulations:	III	
2002-L-183	T8N, R8W:	N 1/2 Stipulations:	III	11,335
2002-L-184	T8N, R9W:	S 1/2 Stipulations:	III	11,359
2002-L-185	T8N, R9W:	N 1/2 Stipulations:	III	11,335
2002-L-186	T8N, R10W:	S 1/2		11,359
2002-L-187	T8N, R10W:	N 1/2		11,335
2002-L-189	T8N, R11W:	Portion N 1/2 (Sections 1-3, 11-14) Stipulations:	III, V	4,477
2002-L-190	T9N, R3W:	S 1/2 Stipulations:	III, V	11,499
2002-L-191	T9N, R3W:	N 1/2 Stipulations:	III, V	11,476
2002-L-192	T9N, R4W:	S 1/2 Stipulations:	III, V	11,499
2002-L-193	T9N, R4W:	N 1/2 Stipulations:	III, V	11,476
2002-L-194	T9N, R5W:	S 1/2 Stipulations:	III	11,499
2002-L-195	T9N, R5W:	N 1/2 Stipulations:	III	11,476
2002-L-196	T9N, R6W:	S 1/2 Stipulations:	III	11,499
2002-L-197	T9N, R6W:	N 1/2 Stipulations:	III	11,476
2002-L-198	T9N, R7W:	S 1/2 Stipulations:	III	11,500
2002-L-199	T9N, R7W:	N 1/2 Stipulations:	III	11,476
2002-L-200	T9N, R8W:	S 1/2 Stipulations:	III	11,500
2002-L-201	T9N, R8W:	N 1/2 Stipulations:	III	11,476

2002-L-202	T9N, R9W:	S 1/2 Stipulations: III	11,500
2002-L-203	T9N, R9W:	N 1/2 Stipulations: III	11,476
2002-L-204	T9N, R10W: T9N, R11W:	S 1/2 Portion S 1/2 (Sections 24-26, 35-36) Stipulations: III, V	14,698
2002-L-205	T9N, R10W: T9N, R11W:	N 1/2 Portion N 1/2 (Section 13) Stipulations: III, V	12,116
2002-L-208	T10N, R4W:	S 1/2 Stipulations: III	11,451
2002-L-209	T10N, R4W:	N 1/2 Stipulations: III	11,427
2002-L-210	T10N, R5W:	S 1/2 Stipulations: III, IV	11,451
2002-L-211	T10N, R5W:	N 1/2 Stipulations: III, IV	11,427
2002-L-212	T10N, R6W:	S 1/2 Stipulations: III	11,451
2002-L-213	T10N, R6W:	N 1/2 Stipulations: III	11,427
2002-L-214	T10N, R7W:	S 1/2 Stipulations: III	11,452
2002-L-215	T10N, R7W:	N 1/2 Stipulations: III	11,427
2002-L-216	T10N, R8W:	S 1/2 Stipulations: III	11,452
2002-L-217	T10N, R8W:	N 1/2 Stipulations: III	11,427
2002-L-218	T10N, R9W:	S 1/2 Stipulations: III	11,452
2002-L-219	T10N, R9W:	N 1/2 Stipulations: III	11,428

2002-L-220	T10N, R10W:	S 1/2	11,452
2002-L-221	T10N, R10W:	N 1/2	11,428
2002-L-223	T10N, R11W:	Portion N 1/2 (Sections 1-5, 8-17) Portion S 1/2 (Sections 20-24) Stipulations: III, V	12,791
2002-L-224	T11N, R6W:	S 1/2	11,403
2002-L-226	T11N, R7W:	S 1/2	11,404
2002-L-227	T11N, R7W:	N 1/2	11,379
2002-L-228	T11N, R8W:	S 1/2	11,404
2002-L-229	T11N, R8W:	N 1/2	11,380
2002-L-230	T11N, R9W:	S 1/2	11,404
2002-L-231	T11N, R9W:	N 1/2	11,380
2002-L-232	T11N, R10W:	S 1/2	11,404
2002-L-233	T11N, R10W:	N 1/2	11,380
2002-L-234	T11N, R11W:	Portion S 1/2 (Sections 20-29, 32-36) Stipulations: III, V	9,594
2002-L-235	T11N, R11W:	Portion N 1/2 (Sections 1-17) Stipulations: III, V	10,782
2002-L-238	T12N, R7W:	S 1/2 Stipulations: I	11,355
2002-L-240	T12N, R8W:	S 1/2 Stipulations: I	11,356
2002-L-241	T12N, R8W:	N 1/2 Stipulations: I	11,332
2002-L-242	T12N, R9W:	S 1/2 Stipulations: I	11,356
2002-L-243	T12N, R9W:	N 1/2 Stipulations: I	11,332
2002-L-244	T12N, R10W:	S 1/2	11,356



		Stipulations: I	
2002-L-245	T12N, R10W:	N 1/2 Stipulations: I	11,332
2002-L-246	T12N, R11W:	S 1/2 Stipulations: III, V	11,356
2002-L-247	T12N, R11W:	N 1/2 Stipulations: I, III, V	11,333
2002-L-248	T13N, R6W:	S 1/2 Stipulations: II	11,499
2002-L-249	T13N, R6W:	N 1/2 Stipulations: II	11,474
2002-L-250	T13N, R7W:	S 1/2 Stipulations: II	11,499
2002-L-251	T13N, R7W:	N 1/2 Stipulations: II	11,475
2002-L-252	T13N, R8W:	S 1/2 Stipulations: I, II	11,499
2002-L-253	T13N, R8W:	N 1/2 Stipulations: I, II	11,475
2002-L-254	T13N, R9W:	S 1/2 Stipulations: I	11,500
2002-L-255	T13N, R9W:	N 1/2 Stipulations: I	11,475
2002-L-256	T13N, R10W:	S 1/2 Stipulations: I	11,500
2002-L-257	T13N, R10W:	N 1/2 Stipulations: I	11,475
2002-L-258	T13N, R11W:	Portion S 1/2 (Sections 20-29, 32-36) Stipulations: I, III, V	9,594
2002-L-260	T14N, R8W:	Portion SE 1/4 (Sections 22, 25-27, 34-36) SW 1/4 Stipulations: II	10,172
2002-L-261	T14N, R8W:	Portion NE 1/4 (Sections 3, 10, 15) NW 1/4	7,589

		Stipulations: II	
2002-L-262	T14N, R9W:	S 1/2 Stipulations: I, II	11,451
2002-L-268	T15N, R8W:	Portion SE 1/4 (Sections 27, 34) SW 1/4 NW 1/4 Stipulations: II	12,546

TOTAL ACRES IN SALE: 2,989,738

# **EXHIBIT B**

## **LEASE STIPULATIONS**

The following lease stipulations, as specifically delineated in the Record of Decision and on Exhibit B-1 hereof, will pertain to all tracts made available in Sale 2002. They will pertain to both Area A and Area B tracts:

Stipulation Numbers 1-24, 26-28, 30, 32, 34-38, 40-44, 46-48, 51, 53, 55-79.

The following Special Stipulations are identified for each tract, as appropriate, on Exhibit A, by the corresponding Roman numeral(s):

- I. The "Special Caribou Stipulations," Numbers 25, 29, 33, 49-50, 52, 54, are identified on each specific tract in Exhibit A hereof. They pertain to some of the tracts in both Area A and Area B.
- II. The "No Surface Activity Stipulations," Numbers 25, 29, 31, 33, 39, 49-50, 52, 54, are identified on each specific tract in Exhibit A hereof. They pertain to some of the tracts in both Area A and Area B.
- III. The "No Permanent Oil and Gas Facilities" and "No Permanent Oil and Gas Facilities within 1/4 mile of Fish-Bearing Lakes Stipulations," Number 39, are identified on each specific tract in Exhibit A hereof. They pertain to some of the tracts in both Area A and Area B.
- IV. The "Pik Dunes LUEA Stipulation," Number 45, is identified on each specific tract in Exhibit A hereof. It pertains to some of the tracts in both Area A and Area B.
- V. Sensitive Area Consultation Required.

# EXHIBIT B-1

## Stipulations

**Exception Clause:** In the event that an exception to a lease or permit stipulation is requested and before an exception may be granted, the AO shall find that implementation of the stipulation is:

1. a) technically not feasible or  
b) economically prohibitive or  
c) an environmentally preferable alternative is available, and
2. the alternative means proposed by the lessee fully satisfies the objective(s) of the stipulation.

In addition, prior to the consideration or granting of an exception to a lease or permit stipulation, all conditions and/or consultation requirements specific to a stipulation must be met. The AO shall consult with appropriate Federal, State, and NSB regulatory and resource agencies before an exception may be granted, except in the case of an emergency. The AO's power to grant stipulation exceptions is limited to those subjects, uses, and permits over which the BLM has authority. Exceptions may be granted in emergencies involving human health and safety.

### **Waste Prevention, Handling, and Disposal and Spills:**

1. To prevent and minimize present and future pollution, management decisions affecting waste generation shall be addressed in the following order of priority:

- Prevention and Reduction
- Recycling
- Treatment
- Disposal

- a. Lessees shall prepare a waste-management plan approved by the AO, in consultation with appropriate Federal, State, and NSB regulatory and resource agencies, to achieve specific waste-reduction and prevention goals for all phases of exploration and development (including activities conducted by contractors). The plan shall identify all waste streams that will be produced during each operation by type, volume, and toxicity and the method of disposal. For each waste stream, the lessee/operator shall describe what actions will be taken to minimize the volume. The plan should include activities that will integrate pollution prevention concepts into purchasing, inventory, shipping/receiving, operations maintenance, training, accounting, and design. The goal of the plan shall be continuous environmental improvement and achievement of reduction goals developed through the planning process. Lessees shall develop schedules for implementation and review to meet reduction and prevention goals, designate

accountable personnel to carry out action items, and specify budget line items for plan elements. Lessees shall provide the AO with an annual waste-management report.

- b. Lessees shall implement a hazardous-materials tracking system to ensure proper use, storage, and management of materials being used within industrial processes. The use of chlorinated solvents is prohibited.
    - c. Lessees shall conduct annual environmental compliance audits.
  2. Attracting wildlife to food and garbage is prohibited. All feasible precautions shall be taken to avoid attracting wildlife to food and garbage. A current list of approved precautions, specific to type of permitted use, can be obtained from the AO. Lessees and permitted users shall have a written procedure to ensure that the handling and disposal of putrescible waste will be accomplished in a manner to prevent the attraction of wildlife.
  3. Burial of garbage is prohibited. All putrescible waste shall be incinerated or composted through an AO-approved system, unless otherwise authorized by the AO. All solid waste, including incinerator ash, shall be removed from BLM lands and disposed of in an approved waste-disposal facility in accordance with U.S. Environmental Protection Agency (USEPA) and State of Alaska, Dept. of Environmental Conservation (ADEC) regulations and procedures. Burial of human waste is prohibited except as authorized by the AO.
  4. Except as specifically provided, all pumpable solid, liquid, and sludge waste shall be disposed of by injection in accordance with USEPA, ADEC, and the Alaska Oil and Gas Conservation Commission regulations and procedures. On-pad temporary muds and cuttings storage will be allowed as necessary to facilitate annular injection and/or backhaul operations.
  5. Wastewater disposal:
    - a. Unless authorized by the National Pollution Discharge Elimination System (NPDES) or State permit, disposal of domestic wastewater into bodies of freshwater, including wetlands, is prohibited.
    - b. Surface discharge of reserve-pit fluids is prohibited unless authorized by applicable NPDES, ADEC, and NSB permits and approved by the AO.
    - c. Disposal of produced waters in upland areas, including wetlands, will be by subsurface-disposal techniques. The AO, in consultation with the ADEC and USEPA, may permit alternate disposal methods, if the lessee demonstrates that subsurface disposal is not feasible or prudent.
    - d. Discharge of produced waters into open or ice-covered marine waters less than 33 feet (10 meters) in depth is prohibited. The AO in consultation with ADEC and USEPA may approve discharges into waters greater than 33 feet (10 meters) in depth based on a case-by-case review of environmental factors and consistency with the conditions of a NPDES permit.
    - e. Alternate disposal methods will require an NPDES permit certified by the State.

6. Areas of operation shall be left clean of all debris.
7. All spills shall be cleaned up immediately and to the satisfaction of the AO and all agencies with regulatory authority over spills, including the USEPA, ADEC, and the U.S. Coast Guard.
8. Notice of any spill shall be given to the AO as soon as possible. Other Federal, State, and NSB entities shall be notified as required by law.
9. For oil- and gas-related activities, a Hazardous-Materials Emergency-Contingency Plan shall be prepared and implemented prior to transportation, storage, or use of fuel. The plan shall include a set of procedures to ensure prompt response, notification, and cleanup in the event of a hazardous substance spill or threat of a release. Procedures applicable to fuel handling (associated with transportation vehicles) may consist of Best Management Practices approved by the AO. The plan shall include a list of resources available for response (e.g., heavy-equipment operators, spill-cleanup materials or companies), and names and phone numbers of Federal, State, and NSB contacts. Other Federal and State regulations may apply and require additional planning requirements. All staff shall be instructed regarding these procedures.
10. Oil-spill-cleanup materials (absorbents, containment devices, etc.) shall be stored at all fueling points and vehicle-maintenance areas and be carried by field crews on all overland moves, seismic work trains, and similar overland moves by heavy equipment.
11. Lessees shall provide refresher spill-response training to NSB and local community spill-response teams on a yearly basis.
12. Lessees shall plan and conduct a major spill-response field-deployment drill annually.
13. Prior to production and as required by law, lessees shall develop spill prevention and response contingency plans and participate in development and maintenance of the *North Slope Subarea Contingency Plan for Oil and Hazardous Substances Discharges/Releases* for the NPR-A operating area. Planning shall include development and funding of detailed (e.g., 1:26,000 scale) environmental sensitivity index maps for the lessee's operating area and areas outside the lessee's operating area that could be affected by their activities. (The specific area to be mapped shall be defined in the lease agreement and approved by the AO in consultation with appropriate resource agencies). Maps shall be completed in paper copy and geographic information system format in conformance with the latest version of the U.S. Department of Commerce, National Oceanic and Atmospheric Administration's *Environmental Sensitivity Index Guidelines*. Draft and final products shall be peer reviewed and approved by the AO in consultation with appropriate Federal, State, and NSB resource and regulatory agencies.
14. Except during overland moves and seismic operations (see stipulation 24m), fuel, other petroleum products, and other liquid chemicals designated by the AO, whether in excess

of 660 gallons in a single tank or in excess of 1,320 gallons in multiple containers, shall be stored within an impermeable lined and diked area capable of containing 110 percent of the stored volume. The liner material shall be compatible with the stored product and capable of remaining impermeable during typical weather extremes expected throughout the storage period. Permanent fueling stations shall be lined or have impermeable protection to prevent fuel migration to the environment due to overfills and spills. The storage area shall be located at least 500 feet from any waterbody with the exception of small caches (up to 210 gallons) for motor boats, float planes, and ski planes.

15. Fuels shall not be stored on the active floodplain of any waterbody. Although fuels may be off-loaded from aircraft on ice, fuels shall not be stored on lake or river ice.
16. Refueling of equipment within 500 feet of the highest high water mark of any waterbody is prohibited with the exception of refueling motor boats, float planes, and ski planes. (See stipulation 24n for restrictions related to overland moves and seismic operations.)
17. All fuel containers, including barrels and propane tanks, shall be marked with the responsible party's name, product type, and year filled or purchased.

#### **Ice Roads and Water Use:**

18. The location of winter ice roads shall be offset from year to year to minimize vegetative impacts. The offset shall be greater than or equal to the width of the road.
19. Compaction of snow cover or snow removal from fish-bearing waterbodies shall be prohibited except at approved ice-road crossings.
20. Water withdrawal from rivers and streams during winter is prohibited. Water withdrawal is prohibited during winter from lakes less than 7 feet (2.1 m) deep if they are interconnected with or subject to seasonal flooding by a fish-bearing stream. Water may be withdrawn from isolated lakes that are less than 7 feet (2.1 m) deep that lack connection to or are not subject to seasonal flooding by a fish-bearing stream. After consultation with the appropriate Federal, State, and NSB regulatory and resource agencies, the AO may authorize withdrawals from any lake less than 7 feet (2.1 m) deep, if the proponent demonstrates that no fish exist in the lake.

Generally, water withdrawal drawdown during winter from lakes 7 feet (2.1 m) deep or deeper shall be limited to 15 percent of the estimated free-water volume (i.e., excluding the ice). After consultation with the appropriate Federal, State, and NSB regulatory and resource agencies, the AO may authorize drawdown exceeding 15 percent from a lake greater than 7 feet (2.1 m) deep, if the proponent of the additional drawdown demonstrates that no fish exist in the lake. Operators are encouraged to use new ice-road and ice-pad construction methods, such as using aggregate chips shaved from frozen lakes, to decrease water demands, construction time, and impact on fisheries.

21. The AO, in consultation with appropriate Federal, State, and NSB regulatory and

resource agencies, may allow water extraction from any lake used by molting geese, if it is determined that the withdrawal is consistent with stipulation 20 and will not adversely affect identified goose-feeding habitat along lakeshore margins. An analysis/demonstration of the hydrologic functions of the lake(s) under review may be required of the lessee by the AO prior to approval of the withdrawal.

22. Except for approved crossings, alteration of the banks of a waterway is prohibited. Waterways include natural features with sufficient water to create riparian (willow) habitat such as rivers, streams, deep and shallow lakes, tundra ponds, and shallow water tracks. Clearing of willows along the riparian zone is prohibited. Movement of equipment through willow stands shall be avoided whenever possible.

### **Overland Moves and Seismic Work:**

23. Seismic work is prohibited within 1,200 feet of any known, long-term cabin or campsite, identified by the AO, without the written permission of the AO. The AO's decision will be informed by the consultation process described in stipulation 61.
24. The following restrictions apply to overland moves, seismic work, and any similar use of heavy equipment (other than actual excavations as part of construction) on unroaded surfaces during the winter season:
  - a. Because polar bears are known to den predominantly within 25 miles of the coast, operators shall consult with the Fish and Wildlife Service (FWS) prior to initiating activities in such habitat between October 30 and April 15. Activities are prohibited within 1 mile of known or observed polar bear dens; obtain locations from the FWS, (907) 786-3800. Operators are encouraged to apply for a letter of authorization from the FWS to conduct activities in polar bear denning areas.
  - b. Motorized ground-vehicle use will be minimized within the Colville River Raptor, Passerine, and Moose Area LUEA from April 15 through August 5, with the exception that use will be minimized in the vicinity of gyrfalcon nests beginning March 15. Such use will remain > mile away from known raptor-nesting sites, unless authorized by the AO. The BLM shall consult with FWS to plan travel routes to minimize disturbance to raptors.
  - c. Crossing of waterway courses shall be made using a low-angle approach to avoid disruption of the natural stream or lake bank. Except at approved crossings, operators are encouraged to travel a minimum of 100 feet from overwintering fish streams and lakes.
  - d. If snow ramps or snow bridges are used at water crossings for bank protection, the ramps and bridges shall be substantially free of soil and/or debris. Snow bridges shall be removed or breached immediately after use or before spring breakup.
  - e. To avoid additional freeze down of deep-water pools harboring overwintering fish, waterways shall be crossed at shallow riffles from point bar to point bar whenever possible.
  - f. On-the-ground activities shall use low-ground-pressure vehicles such as



- Rolligons, ARDCO, Trackmaster, Nodwell, or similar types of vehicles. A current list of approved vehicles can be obtained from the AO. Limited use of tractors equipped with wide tracks or ►shoes► will be allowed to pull trailers.
- g. Bulldozing of tundra, trails, or seismic lines is prohibited. This stipulation, however, does not prohibit the clearing of drifted snow along a trail, seismic line, or in a camp, to the extent that the tundra mat is not disturbed. Snow may be cleared from a waterbody ice surface to prepare an aircraft runway, if approved by the AO in consultation with appropriate Federal, State, and NSB regulatory and resource agencies.
  - h. To reduce the possibility of ruts, vehicles shall avoid using the same trails for multiple trips unless necessitated by serious safety or superseding environmental concern. This provision does not apply to ice roads (see stipulation 18 above).
  - i. Ground operations are to begin only after the seasonal frost in the tundra and underlying mineral soils has reached a depth of 12 inches, and the average snow cover is 6 inches deep. The exact date shall be determined by the AO.
  - j. Ground operations shall cease when the spring melt of snow begins; approximately May 5 in the foothills area where elevations exceed 300 feet, and approximately May 15 in the northern coastal areas. The exact date will be determined by the AO.
  - k. Seismic activities and overland moves within the Goose Molting LUEA and the Teshekpuk Lake Caribou Habitat LUEA from May 1 through September 30 are prohibited. (Note that this overrides language in stipulation 24j.)
  - l. To prevent surface disturbance to tundra and other vegetation, tracked vehicles will not execute tight turns by locking one track.
  - m. Operators shall use best available technology (e.g., self-contained containment systems) or other appropriate spill containment measures, approved by the AO, to prevent fuel migration from fuel or chemical storage areas to the environment due to overfills and spills.
  - n. Refueling of equipment is prohibited within the active floodplain of any waterbody.

### **Oil and Gas Exploratory Drilling:**

- 25. From May 1 through September 30, exploratory drilling other than from production pads is prohibited in the Special Caribou Stipulations Area (Fig. II.C.1-1).
- 26. Exploratory drilling is prohibited within 1,200 feet of any known, long-term cabin or campsite, identified by the AO, without written permission of the AO. The AO's decision will be informed by the consultation process described in stipulation 61.
- 27. Permanent or gravel oil and gas facilities including roads shall not be constructed during the exploration phase of oil and gas development.
- 28. Exploratory drilling in river, stream, and lake beds, as determined by the highest high water mark, is prohibited. Exceptions to this stipulation may be authorized by the AO in cases of shallow lakes which freeze to the bottom, do not support significant fish or bird

populations, and are hydrologically isolated. Further, such an exception may be granted only if it is environmentally preferable to maintaining the restriction.

### **Facility Design and Construction:**

29. At least 3 years prior to approval of any development plan for leases within the Special Caribou Stipulations Area (see Fig. II.C.1-1), the lessee shall design and implement a study of caribou movement, including historical information regarding the distribution and range use of the Teshekpuk Lake Caribou Herd, as well as maps of caribou trails within the area. Study data may be gathered concurrent with approved seismic and exploration activity. The study design shall be approved by the AO in consultation with the Research and Monitoring Team. The study will include a minimum of 3 years of data to assist in providing the information necessary to determine facility design and location, including pipelines, that will be part of the development plan. Lessees may submit individual plans or they may combine with other lessees in the area to do a joint study. Total study funding by all lessees will not exceed \$500,000.
30. Causeways and docks are prohibited in river mouths or deltas. Artificial gravel islands and bottom-founded structures are prohibited in river mouths or active stream channels on river deltas, except as provided in the paragraphs below.

The BLM discourages the use of continuous-fill causeways. Environmentally preferred alternatives for field development include the use of onshore directional drilling, elevated structures, or buried pipelines. Approved causeways shall be designed, sited, and constructed to prevent significant changes to near shore oceanographic circulation patterns and water-quality characteristics (e.g., salinity, temperature, suspended sediments) that result in exceedences of water-quality criteria, and must maintain free passage of marine and anadromous fish.

Causeways, docks, artificial gravel islands, and bottom-founded structures may be permitted if the AO, in consultation with appropriate Federal, State, and NSB regulatory and resource agencies, determines that a causeway or other structure is necessary for field development, and that no feasible and prudent alternative exists. A monitoring program may be required to address the objectives of water quality and free passage of fish. Additional mitigation shall be required where significant deviation from these objectives occurs.

31. Permanent oil and gas surface occupancy, including but not limited to permanent oil and gas facilities, pads, rigs, platforms, gravel roads, airstrips, pipelines, gravel or other material extraction sites, and exploration and delineation drilling facilities are prohibited in the Teshekpuk Lake Surface Protection Area (specifically, T. 13 N., Rs. 3-7 W., U.M.; Secs. 1-6, 8-16, 21-25, 36, T. 13 N., R. 8 W., U.M.; T. 14 N., Rs. 1-2 E. and Rs. 1-8 W., U.M.; Secs. 1-2, 11-14, T. 14 N., R. 9 W., U.M.; T. 15 N., Rs. 2-8 W., U.M.; Secs. 1-3, 7-30, 35-36, T. 15 N., R. 9 W., U.M.; T. 16 N., Rs. 2-8 W., U.M.; Secs. 1-6, 8-17, 21-27, 34-36, T. 16 N., R. 9 W., U.M.; T. 17 N., Rs. 1-9 W., U.M.; and T. 18 N., Rs. 2-8 W., U.M.). No exceptions will be granted to this stipulation.

32. Lessees shall use maximum economically feasible extended-reach drilling for production drilling to minimize the number of pads and the network of roads between pads. New developments shall share facilities with existing development when prudent and technically feasible. All oil and gas facilities, except airstrips, docks, and seawater-treatment plants, will be collocated with drill pads. If possible, airstrips will be integrated with roads. Given the paucity of gravel sites in the planning area and the cost of transporting gravel from outside the planning area, lessees are encouraged to implement gravel-reduction technologies e.g., insulated or pile-supported pads.
33. Within the Special Caribou Stipulations Area (see Fig. II.C.1-1), lessees shall orient linear corridors when laying out oil field developments to address migration and corralling effects and to avoid loops of road and/or pipeline that connect facilities.
34. Lessees shall separate elevated pipelines from roads by a minimum of 500 feet, if feasible. Separating roads from pipelines may not be feasible within narrow land corridors between lakes and where pipe and road converge on a drill pad.
35. To minimize delay or deflection of caribou movements, lessees shall place pipeline on the appropriate side of the road as determined by the AO (depending on general caribou movements in the area).
36. In the Special Caribou Stipulations Area (see Fig. II.C.1-1) and where facilities or terrain may funnel caribou movement, ramps over pipelines, buried pipe, or pipe buried under the road may be required by the AO after consultation with appropriate Federal, State, and NSB regulatory and resource agencies.
37. Aboveground pipelines shall be elevated at least 5 feet, as measured from the ground to the bottom of the pipe, except where the pipeline intersects a road, pad, or a ramp installed to facilitate wildlife passage and subsistence passage and access. The AO, in consultation with appropriate Federal, State, and NSB regulatory and resource agencies, may make an exception if no feasible and prudent means exists to meet the requirement.
38. All crude oil, produced water, seawater, and natural gas pipelines shall be constructed to accommodate the best available technology for detecting corrosion or mechanical defects during routine structural integrity inspections.
39. Permanent oil and gas facilities, including roads, airstrips, and pipelines, are prohibited within and adjacent to the waterbodies listed below at the distances identified to protect fish and raptor habitat, cultural and paleontological resources, and subsistence and other resource values. Setbacks include the bed of the waterbody and are measured from the bank's highest high water mark.
  - a. **Ikpikpuk River:** a >-mile setback from the bank of the Ikpikpuk River within the planning area (fish, raptors, subsistence, cultural, and paleontological resources).

- b. **Miguakiak River:** a  $\frac{1}{2}$ -mile setback from each bank of the Miguakiak River (fish and subsistence resources).
- c. **Teshkepuk Lake:** a  $\frac{1}{2}$ -mile setback from the bank and around the perimeter of Teshekpuk Lake (fish and subsistence resources).
- d. **Fish Creek:** (1) a 3-mile setback from each bank of Fish Creek downstream from Section 31, T11N, R1E; (2) a  $\frac{1}{2}$ -mile setback from each bank of Fish Creek in and upstream from Section 31, T11N, R1E (fish and subsistence resources).
- e. **Judy Creek:** a  $\frac{1}{2}$ -mile setback from each bank of Judy Creek extending from the mouth to the confluence of an unnamed tributary in Sec. 8, T8N., R.2W., Umiat Meridian (fish and subsistence resources).
- f. **Colville River:** a 1-mile setback from the western bluff (or bank if there is no bluff) of the Colville River extending the length of the river as described in the Colville River Raptor, Passerine, and Moose LUEA. This restriction does not apply within  $\frac{1}{2}$  mile of the Umiat airstrip (fish, raptor, passerine, moose, paleontological, subsistence, scenic, and recreational resources).
- g. **Deep Water Lakes:** a  $\frac{1}{2}$ -mile setback around the perimeter of any fish-bearing lake within or partially within the deep lake zone (see Fig. II.B.5) (fish resources). (If the fish-bearing status of the waterbody is unknown, the burden is on the lessee to demonstrate whether fish are present.)
- h. **Kikiakrorak River:** a 1-mile setback from each bluff (or bank if there is no bluff) of the Kikiakrorak River downstream from T.2 N, R. 4 W., Umiat Meridian (raptor, passerine, and moose resources).
- i. **Kogosukruk River:** a 1-mile setback from each bluff (or bank if there is no bluff) of the Kogosukruk River (including the four tributaries off the southern bank) downstream from T.2 N., R.3W., Umiat Meridian (raptor, passerine, and moose resources).

On a case-by-case basis, essential pipeline and road crossings will be permitted, in consultation with appropriate Federal, State, and NSB regulatory and resource agencies, through setback areas in those instances where no other suitable sites are available. Stream crossings will be sited perpendicular to the main channel flow; lake crossings will be at the narrowest point. Pipeline and road crossings are prohibited in the setback around Teshekpuk Lake, with no exceptions. Road crossings are prohibited in the setback adjacent to the Colville River with no exceptions.

- 40. Gravel mining sites required for development activities will be restricted to the minimum necessary to develop the field efficiently and with minimal environmental damage. Where feasible and prudent, gravel sites shall be designed and constructed to function as water reservoirs for future use. Gravel mine sites are prohibited within the active floodplain of a river, stream, or lake unless the AO, in consultation with appropriate Federal, State, and NSB regulatory and resource agencies, determines that there is no feasible and prudent alternative or that a floodplain site would enhance fish and wildlife habitat after mining operations are completed and the site is closed.

Mine site development and rehabilitation within a floodplain shall follow the procedures

outlined in McLean (1993), North Slope Gravel Pit Performance Guidelines; State of Alaska, Dept. of Fish and Game (ADF&G) Habitat and Restoration Division Technical Report 93-9.

41. For those waterbodies not listed in stipulation 39, permanent oil and gas facilities, including roads, airstrips, and pipelines, are prohibited upon or within 500 feet as measured from the highest high water mark of the active floodplain. Essential pipeline and road crossings will be permitted on a case-by-case basis.
42. Bridges, rather than culverts, shall be used for any allowed road crossings on all major rivers, including those waterbodies listed in stipulation 39 or identified by the AO in consultation with appropriate Federal, State, and NSB regulatory and resource agencies, to reduce the potential of ice-jam flooding and erosion. When necessary on smaller streams, culverts shall be large enough to avoid restriction of fish passage or adversely affecting natural stream flow.
43. The natural drainage pattern will be identified prior to and maintained during and after construction. All permanent structures constructed adjacent to a body of water, such as approved road and pipeline crossings, shall be sited and designed to limit erosion from flooding and wave action (e.g., through use of slope-protection measures). Cross-drainage structures will be sited, maintained, and properly abandoned to prevent impoundments or alteration of local or areawide hydrology. Gravel structures shall be designed and sited to minimize the length that is perpendicular to sheet flow.
44. Dewatering during construction shall be conducted using Best Management Practices (BMPs). A current list of BMPs will be available from the AO. Examples include the use of splash plates, dewatering points, natural filtration through vegetation, and dewatering during low-water period.
45. No surface structures, except essential transportation crossings, are allowed within the Pik Dunes LUEA.
46. Lessees shall minimize the impact of industrial development on key wetlands. Key wetlands are those wetlands that are important to fish, waterfowl, and shorebirds because of their high value or scarcity in the region. Lessees shall identify on a map or aerial photograph the largest surface area, including future expansion areas, within which a facility is to be sited or an activity is to occur. The AO will consult with Federal, State, and NSB regulatory and resource agencies to identify key wetlands and work with lessees during the development of operating plans. To minimize impact, the lessee shall avoid siting facilities in the identified wetlands, unless no feasible and prudent alternative exists. Key wetland types include but are not limited to fish-bearing lakes and streams, riparian shrub, and the following classes described by Bergman et al. (1977): shallow and deep-*Arctophila* ponds, deep-open lakes, basin-complex wetlands, and coastal wetlands.
47. Permanent oil and gas facilities are prohibited within 1 mile of known long-term cabins

or long-term campsites, identified by the AO, except that pipelines and roads are allowed up to > mile from such cabins or campsites. The AO's decision will be informed by the consultation process described in stipulation 61.

48. Permanent roads (i.e. gravel, sand) connecting to a road system or docks outside the planning area are prohibited, and no exceptions may be granted. Permanent roads necessary to connect pads within independent, remote oil fields are allowed but they must be designed and constructed to create minimal environmental impacts. Roads connecting production sites between separate oil fields may be considered if road-connected operations are environmentally preferable to independent, consolidated operations that each include airstrip, housing, production, and support facilities. This exception will only be granted following consultations with appropriate Federal, State, and NSB regulatory and resources agencies, and the appropriate level of NEPA review.

### **Ground Transportation:**

49. The following ground-traffic restrictions apply to permanent roads (as authorized in stipulation 48 above) in the Special Caribou Stipulations Area (Fig. II.C.1-1):
- a. From May 20 through June 20:
    - (1) Traffic speed will not exceed 15 miles per hour.
    - (2) Traffic will be minimized (a reasonable target would be four convoy round-trips per day between facilities). Nonessential operations requiring vehicles shall be suspended during this time period.
  - b. From May 20 through August 1:
    - (1) Caribou movement will be monitored.
    - (2) Based on this monitoring, traffic will cease when a crossing by 10 or more caribou appears to be imminent.

From May 20 through August 20:

- (1) Convoying will be used to minimize the number of disturbances due to road traffic.
  - (2) Personnel will be bussed between work sites and other facilities to minimize the number of vehicles on the road.
50. Major stockpiling of equipment, materials, and supplies for oil and gas activities in the Special Caribou Stipulations Area (see Fig. II.C.1-1) shall occur prior to or after the period May 20 through June 20 to minimize road traffic during that period.
51. Chasing wildlife with ground vehicles is prohibited.

### **Air Traffic:**

(Note: The BLM's authority to restrict air traffic is limited to those activities associated with use authorization on BLM-administered lands.)

52. Use of aircraft larger than a Twin Otter for authorized activities in the planning area, including oil and gas activities, from May 20 through August 20 within the Teshekpuk Lake Caribou LUEA (see Fig. II.B.4) is prohibited, except in cases of emergency.
53. Helicopter overflights for BLM-permitted activities shall be suspended in the Goose Molting LUEA (see Fig. II.B.2) from June 15 through August 20.
54. Fixed-wing aircraft traffic takeoffs and landing for BLM-permitted activities in the planning area shall be limited to an average of one round-trip flight a day from May 20 through June 20 at aircraft facilities in the Teshekpuk Lake Caribou Habitat LUEA (see Fig. II.B.4). Within the Goose Molting LUEA (see Fig. II.B.2), fixed-wing aircraft use for such activities shall be restricted from June 15 to August 20 to flight corridors and frequencies established by BLM in consultation with the appropriate Federal, State, and NSB regulatory and resource agencies.
55. Aircraft shall maintain an altitude of at least 1,000 feet above ground level (AGL) (except for takeoffs and landings) over caribou winter ranges from October 1 through May 15 and 2,000 feet AGL over the Teshekpuk Lake Caribou Habitat LUEA (see Fig. II.B.4) from May 16 through July 31, unless doing so would endanger human life or violate safe flying practices.
56. Aircraft shall maintain an altitude of at least 1,500 feet AGL when within  $\frac{1}{2}$  mile of cliffs identified as raptor nesting sites from April 15 through August 5, unless doing so would endanger human life or violate safe flying practices. Aircraft shall maintain an altitude of 1,500 feet AGL when within  $\frac{1}{2}$  mile of known gyrfalcon nest sites from March 15 to April 15. Permittees shall obtain information from BLM necessary to plan flight routes near gyrfalcon nests.
57. Hazing of wildlife by aircraft is prohibited.

### **Oil Field Abandonment:**

58. Upon field abandonment or expiration of a lease or oil- and gas-related permit, all facilities shall be removed and sites rehabilitated to the satisfaction of the AO, in consultation with appropriate Federal, State, and NSB regulatory and resource agencies. The AO may determine that it is in the best interest of the public to retain some or all of the facilities. Lessees shall comply with all exploration and development bonding required by law and regulation (43 CFR 3154.1 and 3134.1). No exceptions shall be granted to this provision.

### **Subsistence:**

59. During exploration, development, and production, the lessee shall develop and implement a plan, approved by the AO in consultation with the Research and Monitoring Team and the Subsistence Advisory Panel, to monitor the effects of activities on subsistence. The lessee shall provide biannual reports to BLM, the Research and Monitoring Team, and the Subsistence Advisory Panel.
60. Lessees shall not unreasonably restrict access by subsistence users in oil field development areas.
  - a. Lessees shall establish procedures for entrance to facilities, the use of roads, and firearms discharge. These procedures shall be developed in consultation with affected local communities, NSB, and the Subsistence Advisory Panel and be approved by the AO. In cases where the lessee and the Panel disagree, the AO will determine the appropriate procedure.
  - b. Lessees shall develop and distribute information about how to conduct subsistence activities in development areas safely (so equipment is not damaged and people are not endangered) to the communities through public meetings, newsletters, radio, and signs in both English and Inupiaq.
61. Exploration and development and production operations shall be conducted in a manner that prevents unreasonable conflicts between the oil and gas industry and subsistence activities.

Prior to submitting an exploration plan or development and production plan (including associated oil-spill contingency plans) to the BLM, the lessee shall consult with potentially affected subsistence communities (e.g., Barrow, Nuiqsut, Atqasuk, or Anaktuvuk Pass), NSB, and the Subsistence Advisory Panel to discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or mitigating measures that could be implemented by the operator to prevent unreasonable conflicts. Through this consultation, the lessee shall make every reasonable effort, including such mechanisms as a conflict avoidance agreement, to ensure that exploration, development, and production activities are compatible with subsistence hunting, fishing, and other subsistence activities and will not result in unreasonable interference with subsistence harvests.



A discussion of resolutions reached during this consultation process, specific conflict avoidance agreement(s), and plans for continued consultation shall be included in the permit application, exploration plan, or the development and production plan. In particular, the lessee shall show in the plan how its activities, in combination with other activities in the area, will be scheduled and located to prevent unreasonable conflicts with subsistence activities. Lessees also shall include a discussion of multiple or simultaneous operations, such as exploration and delineation well drilling and seismic activities, that can be expected to occur during operations to more accurately assess the potential for any cumulative effects. Communities, individuals, and other entities who were involved in the consultation shall be identified in the application or plan. The AO shall send a copy of the exploration plan or development and production plan (including associated oil-spill-contingency plans) to the potentially affected communities, the NSB, and the Subsistence Advisory Panel at the time they are submitted to the BLM to allow concurrent review and comment as part of the plan approval process.

In the event no agreement is reached between the parties, the AO shall consult with representatives from the subsistence communities, Subsistence Advisory Panel, NSB, and the lessee(s) to specifically address the conflict and attempt to resolve the issues before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests.

The lessee shall notify the AO of all concerns expressed by subsistence users during operations and of steps taken to address such concerns. Lease-related use will be restricted, when the AO determines it is necessary to prevent unreasonable conflicts with local subsistence hunting, fishing, and other subsistence activities.

In enforcing this stipulation, the AO will work with other agencies and the public to assure that potential conflicts are identified and efforts are taken to avoid these conflicts, e.g., planning seismic operations to avoid traditional land use sites and allotments. These efforts may include seasonal drilling restrictions, seismic restrictions, and directional drilling requirements or use of other technologies deemed appropriate by the AO.

The consultation process described in this stipulation will also be required of applicants for geophysical (i.e. seismic) permits to address potential conflicts with the setback requirements for cabins and campsites described in stipulation 23. This consultation will help provide information to the AO on the advisability of modifying or waiving the restriction on seismic activity identified in stipulation 23.

62. The following subsistence, wildlife habitat, and traditional/cultural land use areas are of significant concern to local communities and will be given special consideration during the consultation process outlined in stipulation 61:
  - a. **Long-term cabins and campsites:** a 2-mile zone around the cabins and campsites.
  - b. **Ikpikpuk River:** a 2-mile zone from the east bank of the river.
  - c. **Miguakiak River:** a 3-mile zone from each bank of the river.

- d. **Fish Creek:** (1) a 3-mile zone from each bank downstream from Sec. 31. T11N, R1E; (2) a 2-mile zone from each bank in and upstream from Section 31, T11N, R1E.
- e. **Judy Creek:** a 2-mile zone from each bank of the creek.
- f. **Kogosukruk River:** a 2-mile zone from each bluff (or bank if there is no bluff) of the river (including the four tributaries off the southern bank) downstream from T. 2 N., R. 3 W., Umiat Meridian.
- g. **Kikiakrorak River:** a 2-mile zone from each bluff (or bank if there is no bluff) of the river downstream from T.2 N, R. 4 W., Umiat Meridian.
- h. **Colville River:** a 2-mile zone from the west bluff (or bank if there is no bluff) extending the length of river in the Colville River Raptor, Passerine, and Moose LUEA.

In addition, a permittee or lessee engaged in oil and gas-related activity shall consult with the BLM, FWS, ADF&G, and the NSB regarding wildlife concerns prior to submitting a geophysical (i.e. seismic) permit, exploration plan, or development and production plan involving activity within the 2-mile zones around the Kogosukruk (and its tributaries), Kikiakrorak, and Colville Rivers described above. In the event that the permittee or lessee and the agencies are unable to reach agreement on steps necessary to address wildlife concerns, the AO will consult with the other agencies and the permittee or lessee before making a determination on the adequacy of the measures taken to prevent conflicts with wildlife.

### **Orientation Program:**

- 63. The lessee shall include in any application for permit to drill a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of lessee's agents, contractors, and subcontractors) for review and approval by the AO. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the planning area. The program shall address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance. Guidance shall include the production and distribution of information cards on endangered and/or threatened species in the planning area. The program shall be designed to increase sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which personnel will be operating. The orientation program shall also include information concerning avoidance of conflicts with subsistence, commercial fishing activities, and pertinent mitigation.

The program shall be attended at least once a year by all personnel involved in on-site exploration or development and production activities (including personnel of lessee's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in lease activities of the lessee and its agents, contractors, and subcontractors. Individual training is transferable from one facility to another except for elements of the

training specific to a particular site.

Lessees shall maintain a record onsite of all personnel who attend the program for so long as the site is active, though not to exceed the 5 most recent years of operations. This record shall include the name and dates(s) of attendance of each attendee.

### **Traditional Land Use Sites:**

64. Lessees shall conduct an inventory of known traditional land use sites prior to any field activity. This inventory will be compiled from sites listed in the most current Traditional Land Use Inventory available from the NSB's Inupiat History, Language, and Cultural Commission, and shall be approved by the AO. Based on this inventory, the lessee shall develop a plan to avoid these sites and mitigate any potential damage that could result from field activities. The plan shall indicate how access to the site by local subsistence users will be provided. Lessees shall submit copies of the plan to BLM and the Subsistence Advisory Panel with any application for permit to drill.

### **Other Activities:**

65. It is the responsibility of the authorized user to ensure that all individuals brought to the planning area under its auspices adhere to these stipulations. Authorized users of the planning area shall provide all employees, contractors, subcontractors, and clients with a briefing regarding stipulations applicable to the lease and/or permit. A copy of applicable stipulations will be posted in a conspicuous place in each work site and campsite.
66. The authorized user shall protect all survey monuments and be responsible for survey costs if remonumentation is required as a result of the user's actions.
67. All activities shall be conducted to avoid or minimize disturbance to vegetation.
68. The BLM, through the AO, reserves the right to impose closure of any area to operators in periods when fire danger or other dangers to natural resources are severe.
69. The authorized user shall be financially responsible for any damage done by a wildfire caused by its operations.
70. Construction camps are prohibited on frozen lakes and river ice. Siting of construction camps on river sand and gravel bars is allowed and, where feasible, encouraged. Where leveling of trailers or modules is required and the surface has a vegetative mat, leveling shall be accomplished through blocking rather than use of a bulldozer.
71. Use of pesticides without the specific authority of the AO is prohibited.
72. The feeding of wildlife by authorized users is prohibited.

73. Hunting and trapping by lessee's employees, agents, and contractors are prohibited when persons are on work status. Work status is defined as the period during which an individual is under the control and supervision of an employer. Work status is terminated when the individual's shift ends and he/she returns to a public airport (e.g., Fairbanks, Barrow, Nuiqsut, or Deadhorse). Use of lessee facilities, equipment, or transport for personnel access or aid in hunting and trapping is prohibited.
74. Lessees shall conduct a cultural and paleontological resources survey prior to any ground-disturbing activity. Upon finding any potential cultural or paleontological resource, the lessee or their designated representative shall notify the AO and suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the AO.
75. Petroleum exploration and production activities are prohibited within 1/2 mile of occupied grizzly bear dens, identified by the ADF&G, unless alternative mitigation measures are approved by the AO in consultation with appropriate Federal, State, and NSB regulatory and resource agencies.
76. Oil and gas lessees and their contractors and subcontractors will prepare and implement bear-interaction plans to minimize conflicts between bears and humans. These plans shall include measures to: (a) minimize attraction of bears to the drill sites; (b) organize layout of buildings and work areas to minimize human/bear interactions; (c) warn personnel of bears near or on drill sites and identify proper procedures to be followed; (d) if authorized, deter bears from the drill site; (e) provide contingencies in the event bears do not leave the site or cannot be deterred by authorized personnel; (f) discuss proper storage and disposal of materials that may be toxic to bears; and (g) provide a systematic record of bears on the site and in the immediate area. The lessee's shall develop educational programs and camp layout and management plans as they prepare their lease operations plans. These plans shall be developed in consultation with appropriate Federal, State, and NSB regulatory and resource agencies and submitted to the AO.
77. Operators are encouraged to apply for a letter of authorization from the FWS to conduct activities in polar bear denning areas.
78. Permanent structures, other than oil and gas facilities, are prohibited within 100 feet of the highest high water mark of the nearest body of water.
79. Lessees shall use smokeless flares for handling routine conditions and use auxiliary smokeless flares for planned events that exceed the capacity of routine flares. Lessees shall use flares that meet the Federal New Source Performance design standards listed in 40 CFR 60.18.

## INFORMATION TO LESSEES

This document is essentially identical to the version provided in the Sale 991 Detailed Statement of Sale. Only seven changes provide new information:

1. The acreage figures in Exhibit A are rounded up to full-acre figures to reduce confusion, since rental is based on dollars per acre or portion thereof contained in a lease.
2. One new tract, 2002-H-157, has been added to the sale area and is identified in Exhibit A, and those tracts for which leases were issued from Sale 991 have been removed from Exhibit A.
3. The language below regarding the Kuukpik Land Use Emphasis Area has been slightly modified for clarification and to make it reflect the current situation.
4. The legal description for Tract 2002-L-121 has been corrected to show that it encompasses the NE 1/4 of T5N, R11W, rather than the NW 1/4, as was erroneously shown on the previous Detailed Statement of Sale.
5. The legal description for Tract 2002-L-146 has been corrected to show that it encompasses the SE 1/4 of T6N, R11W, rather than the SW 1/4, as was erroneously shown on the previous Detailed Statement of Sale.
6. The Department has noted that it is possible that a parcel offered for lease may contain hazardous substances or oil-related contaminants which are the result of activities in NPR-A which occurred prior to the current lease offering of this property. Accordingly, the Department is working with the Departments of Justice, Defense, and the Environmental Protection Agency to consider the development of a model agreement to address such pre-existing contamination. If such an agreement is developed, it would be designed to address the issue of potential liability stemming from contamination which predates the lessee's tenure of occupancy, while encouraging a lessee to conduct its activities in a responsible manner. Any such agreement would require the approval of the Departments of the Interior, Justice, Defense, and the Environmental Protection Agency. Assuming that such a model agreement is developed and receives the approval of the concerned agencies, we would consider entering into an agreement with any lessee in NPR-A consistent with the terms of that model. The development of such a model agreement is not intended to preclude or discourage lessees from entering into agreements with the Bureau of Land Management to plug pre-existing

wells or to otherwise assist in addressing pre-existing environmental conditions on leased parcels. We continue to encourage such efforts as responsible corporate citizenship.

7. On April 11, 2002, the Final Rulemaking was published in the Federal Register establishing the NPR-A regulations providing for unitization, lease suspensions, and subsurface storage agreements.

### Conservation of Surface Values

The lessee, his agents, contractors, subcontractors and operators (hereafter referred to as "Lessee") will operate within the resource management policy of the Bureau of Land Management (BLM). This policy is outlined in the National Petroleum Reserves Production Act of 1976 (NPRPA) (90 Stat. 303), as amended, and the Federal Land Policy and Management Act (40 U.S.C. 1701 et seq.) which states that ". . . public lands will be managed in a manner that will protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resources, and archeological values . . . that will provide food and habitat for fish and wildlife and domestic animals; and that will provide for outdoor recreation and human occupancy and use . . ." The Lessee will be required to protect these identified resource values and to operate in a manner which minimizes environmental impacts to physical, biological, cultural and aesthetic resources. Areas requiring special protection are identified by the Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan / Environmental Impact Statement and the related Record of Decision. In this regard, the NPRPA also provides "Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve. (42 U.S.C. 6504(b)). These requirements apply to both exploration and production under this lease sale (42 U.S.C. 6508). Operational procedures designed to protect resource values will be cooperatively developed during Surface Use Plan preparation, and additional protective measures may be required beyond the standard and special stipulations identified in the above-referenced documents.

Prior to entry upon the National Petroleum Reserve in Alaska (NPR-A) for purposes of conducting geophysical operations, the Lessee shall obtain a permit authorizing specific geophysical exploration activities from the BLM Northern Field Office. Such permit shall provide for conditions, restrictions, and prohibitions as the Authorized Officer deems necessary or appropriate to mitigate reasonably foreseeable and significant adverse effects upon the surface resources, including bonding for

geophysical activities not covered by a lease bond, NPR-A-wide bond or Nationwide bond with NPR-A and geophysical exploration riders.

Lessee's activities are subject to all federally approved coastal zone plans and ordinances. A Lessee requesting a federal permit on the lease (e.g., an Application for Permit to Drill) must acquire a state consistency determination.

The Lessee shall comply with all federal laws and regulations, including rules and regulations of the Secretary of Health and Human Services and the Environmental Protection Agency and State and local laws and codes governing the emission; or discharge of pollutants from activities which are embraced in the lease permit. Surface disturbing activities may be prohibited during muddy and/or wet soil periods. This limitation does not apply to operations and maintenance of producing wells using authorized roads. During periods of adverse conditions due to climatic factors, all activities creating irreparable impacts may be suspended. The lessee is advised that during the conduct of all activities related to leases issued as a result of this lease sale, it will be subject to the 43 CFR 3130 and the 43 CFR 3160 regulations and to the provisions of the Onshore Oil and Gas Order No. 1. BLM will add such site specific stipulations derived from the Environmental Assessment / Environmental Impact Statement and the adjoining field examination, as necessary, to insure conservation of resource values. These will be in addition to stipulations attached to and made a part of each oil and gas lease.

#### Early Filing of APD Recommended

The Lessee, authorized officer and Northern Field Office representatives should hold a conference at least one year prior to each specific drill site occupation to discuss pertinent stipulations, applicable regulations, other permits, and any research survey and/or analysis and report formats required of the Lessee to complete the APD or to be considered in the formulation of a drilling plan. Common practice dictates that Environmental Assessments / Environmental Impact Statements and staking must coincide with the snow-free season.

It is recommended that APDs be filed by early to mid-summer and at least six months prior to proposed commencement of drilling operations. This will aid BLM in completing necessary surface and environmental field inspections which can be completed only during the summer months. It will also provide the time required to gather site specific subsistence information and allow for analysis and coordination with other Federal, State and local entities. Early filing of an APD will provide a greater likelihood of a timely decision.

#### Other Permits

The Lessee is responsible for obtaining all required Federal, State, local or private permits and authorizations prior to commencing any operations.

#### Gravel Extraction

The oil and gas lease does not entitle the Lessee to NPR-A gravel resources. Use of federal gravel resources must be in compliance with BLM regulations, which require, among other things, that a mineral material sale contract be obtained from the appropriate office (Northern Field Office) for the purpose of gravel extraction and use. Use of sand and gravel from Congressionally approved Native Allotments must be arranged with the allottee and the Bureau of Indian Affairs. The Lessee is advised that gravel is basically a scarce commodity within the Reserve, so conservation of gravel is of utmost concern.

#### Equal Employment Opportunity

The Lessee is advised that, during the period of operations within NPR-A, the Lessee will ensure equal employment opportunity consistent with the authority contained in Section 10 of the Oil and Gas Lease Form.

#### Kuukpik Land Use Emphasis Area (Conveyance Selection Area)

In accordance with the Record of Decision (ROD), the Kuukpik Corporation (Kuukpik) was given the opportunity to identify approximately 42,000 acres (twice Kuukpik's remaining entitlement) to be withheld from leasing in this area. Kuukpik declined to exercise this opportunity. All funds derived from sales within Kuukpik's former withdrawal area will be held in an escrow account until such time as selections and conveyances are finally made, at which time they will be disbursed based on final ownership of the land.

#### Caribou Study

Due to the limited portion of the caribou LUEA that is available for oil and gas leasing, it is projected that the costs associated with such a study would be considerably less than the maximum identified.



## BID FORM AND ENVELOPE

Bidders are strongly urged to use the attached formats for the bid form and envelope. A blank bid form is provided which may be copied and filled in.

### Additional Information:

1. Name of bidding entity, official address, Tract Number.
2. Use large boldface type-style, such as Times New Roman Bold - 12 pt.
3. A statement must be included on the bid form acknowledging that the bidder(s) understand that they are legally required to comply with all applicable regulations.
4. Amount Bid must be in whole dollar figure.
5. Indicate ►Amount of payment submitted with bid► (right column).
6. Proportional interest of joint bids must not exceed 5 decimal places; total must always equal 100%. There is no limit to the number of joint bidders that may participate.
7. Type Signer► s name under signature; each joint bidder must sign.

BID FORM

NPR-A Oil and Gas Lease Sale 2002

Date of Sale: June 3, 2002

Bid Submitter:

Bureau of Land Management  
Alaska State Office  
222 W. 7<sup>th</sup> Avenue, #13  
Anchorage, Alaska 99513-7599

NPR-A OIL AND GAS LEASE BID

It is understood that this bid legally binds the bidder(s) to comply with the regulations in Title 43 Code of Federal Regulations Subpart 3132, other applicable regulations, and requirements of the Notice of Sale.

The following bid is submitted for an oil and gas lease for the tract specified below:

Tract Number	Amount Bid	Amount of Payment Submitted with Bid
_____	_____	\$

Bidder Name	Percent Interest	Name(s), Address(es), and Signature(s)
_____	_____	

By:

By:

By:

TOTAL: 100.00

SAMPLE OF BID FORM

NPR-A Oil and Gas Lease Sale 2002

Date of Sale: June 3, 2002

Bid Submitter: Let's Explore

Bureau of Land Management  
Alaska State Office  
222 W. 7<sup>th</sup> Avenue, #13  
Anchorage, Alaska 99513-7599

NPR-A OIL AND GAS LEASE BID

It is understood that this bid legally binds the bidder(s) to comply with the regulations in Title 43 Code of Federal Regulations Subpart 3132, other applicable regulations, and requirements of the Notice of Sale.

The following bid is submitted for an oil and gas lease on the tract specified below:

Tract Number	Amount Bid	Amount of Payment Submitted with Bid
<u>2002-X-XXX</u>	<u>\$6,157,623</u>	<u>\$1,231,524.60</u>

Bidder Name	Percent Interest	Name(s), Address(es), and Signature(s)
<u>Explorer LTD.</u>	<u>33.33</u>	<u>Explorer LTD</u> <u>Box 123456</u> <u>Dime Box, Texas 12345</u>

By: (signature)  
I. W. In  
Vice President

<u>Oil Musher's Inc.</u>	<u>33.33</u>	<u>Oil Musher's Inc.</u> <u>General Delivery</u> <u>Cicely, Alaska 99000</u>
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By: (signature)  
M. E. Too, II  
Attorney-in-Fact

<u>Let's Explore</u>	<u>33.34</u>	<u>Let's Explore</u> <u>246 Muskeg Lane</u> <u>Anchorage, Alaska 99000</u>
----------------------	--------------	--

By: (signature)  
I. Al So  
President

TOTAL: 100.00

## **Sample Bid Envelope**

1. Use standard size envelopes not to exceed 4-1/2" x 10-1/2" when submitting bids.
2. Use large boldface type, such as Times New Roman Bold - 12 pt.

**Let's Explore**

**Tract No.**

**SEALED BID FOR NPR-A OIL AND GAS LEASE SALE 2002  
NOT TO BE OPENED UNTIL 9:00 A.M., JUNE 3, 2002**

United States Department of the Interior  
Bureau of Land Management  
Alaska State Office  
222 W. 7<sup>th</sup> Avenue, #13  
Anchorage, AK 99513-7599

Exhibit E

Bidder Contact Form  
NPR-A Oil and Gas Lease Sale

**Bidder Name:**  
(Bidder submitting bids)

**Signature:**

**Title:**

**Area Code - Phone Number:**

**Date:**

**I. Payments and Refunds**

Indicate below the contact for notification of bid acceptance and payment instructions for the 4/5ths bonus and first year rental amounts (please also indicate an alternate):

(Name) (Alternate)

(Company or Bidder)

(Area Code - Phone Number)

(Area Code - Fax Number)

**II. Deliver Leases to:** (Federal Express requires Street Address and Zip Code)

(Company/Bidder)

(Street)

(City) (State) (Zip)

(Attention)

(Area Code - Phone Number)

**III. Return of Unsuccessful Checks**

The bid deposit check or checks for unsuccessful bids will be returned to only one bidder within a bidding combine. Indicate preferred method of delivery:

**9 Pick-up at Alaska State Office**

(Individual Authorized to Pick up Checks)

(Company/Bidder)

(Area Code - Phone Number)

**9 Mail to:** (Federal Express requires Street Address and Zip Code)

(Company/Bidder)

(Street)

(City) (State) (Zip)

(Attention)

(Area Code - Phone Number)

**IV. Return of Deposit for Rejected Bids**

All refunds for rejected bids will be made to only one bidder within a bidding combine. Indicate in which manner you would like these refunds returned.

**9 Mail 9 Pick-up at Alaska State Office**

(Name of Authorized Individual)

(Address)

(City) (State) (Zip)

(Phone Number)

**\*\*RETURN AT TIME OF BID SUBMISSION - DO NOT ENCLOSE IN ENVELOPE\*\***

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Bond Number

**OIL AND GAS OR GEOTHERMAL LEASE BOND**

Act of February 25, 1920 (30 U.S.C. 181 et seq.)  
Act of August 7, 1947 (30 U.S.C. 351-359)  
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)  
Act of December 24, 1970 (30 U.S.C. 1001-1025)  
Other Oil and Geothermal Leasing Authorities as Applicable

Lease Serial Number (For Individual Bond Only)

CHECK ONE:  OIL AND GAS  GEOTHERMAL RESOURCES

CHECK ONE:

SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT \_\_\_\_\_ (name)

of \_\_\_\_\_ (address)

as principal, and \_\_\_\_\_ (name)

of \_\_\_\_\_ (address), as surety,

are held and firmly bound unto the United States of America in the sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_).

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That \_\_\_\_\_ (name)

of \_\_\_\_\_ (address) as principal, and is held firmly

bound unto the United States of America in the sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interest in Federal lands. In the case of any default in performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a personal Bond, the Secretary shall have full power to assign, appropriate, apply, or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

NATIONWIDE BOND - Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

STATEWIDE BOND - Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of \_\_\_\_\_.

INDIVIDUAL BOND - Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND - This bond shall cover:

NPR-A LEASE BOND - The terms and conditions of a single lease.

NPR-A WIDE BOND - The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

- 1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and
- 2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to include:
  - a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and
  - b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and
  - c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

- 3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and
- 4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:
  - a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and
  - b. Any transfer(s) either in whole or part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and
  - c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of

operations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

- d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease; and
- 5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation, or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and
- 6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and
- 7. WHEREAS the obligatory/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and
- 8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and
- 9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et. seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.
- 10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in federal lands referred to above, then the obligations are to be void; otherwise remain in full force and effect.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

(Principal) (L. S.)  
 (Business Address)  
 (Surety) (L. S.)  
 (Business Address)

If this bond is executed by a corporation, it must bear the seal of that corporation.

## NOTICE

The Privacy Act of 1974 and the regulations at 43 CFR 2.48(d) provide that you be furnished with the following information:

**AUTHORITY:** 50 Stat. 900; 25 U.S.C. 500

**PRINCIPAL PURPOSE:** The primary uses of the records are (1) to determine your qualification to receive an oil and gas lease; and (2) to provide information concerning oil and gas leases for administrative and public use.

**ROUTINE USES:** BLM and the Department of the Interior (DOI) may disclose your information on this form: (1) to members of the public who have a need for the information that is maintained by BLM for public record; (2) to the U.S. Department of Justice, court, or other adjudicative body when DOI determines the information is necessary and relevant to litigation; (3) to appropriate Federal, State, local or foreign agencies responsible for investigating, prosecuting violations, enforcing or implementing this statute, regulation, or lease; and (4) to a congressional office when you request the assistance of the Member of Congress in writing.

**EFFECT OF NOT PROVIDING THIS INFORMATION:** If you do not furnish all the information required by this form, your application may be rejected.



DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ALASKA STATE OFFICE
OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (reverse) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the Naval Petroleum Reserve Production Act of 1976 (42 U.S.C. 6501 et seq.), as amended.

READ INSTRUCTIONS BEFORE COMPLETING

1. Name
Street
City, State, Zip Code

2. This application/offer/lease is for Public Domain Lands in the National Petroleum Reserve - Alaska (NPR-A)

Legal description of land requested: \*Tract No.: Sale Date (m/d/y): / /

\*SEE INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE

T. R. Meridian State County

Amount remitted: Filing fee \$ Rental fee \$ Total acres applied for Total \$

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. R. Meridian State County

Total acres in lease

Rental retained \$

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease insurance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provision os this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR Part 3130 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease:

[ ] Noncompetitive lease (ten years)

[ ] Competitive lease (ten years)

[ X ] Other Competitive NPR-A Lease (ten years)

THE UNITED STATES OF AMERICA

by (Signing Officer)

(Title) (Date)

EFFECTIVE

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR Part 3130 and the leasing authorities; (3) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part.

5. This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

## NOTICE

The Privacy Act of 1974 and the regulations at 43 CFR 2.48(d) provide that you be furnished with the following information:

**AUTHORITY:** 50 Stat. 900; 25 U.S.C. 500

**PRINCIPAL PURPOSE:** The primary uses of the records are (1) to determine your qualification to receive an oil and gas lease; and (2) to provide information concerning oil and gas leases for administrative and public use.

**ROUTINE USES:** BLM and the Department of the Interior (DOI) may disclose your information on this form: (1) to members of the public who request the information that is maintained by BLM for public record; (2) to the U.S. Department of Justice, court, or other adjudicative body when DOI determines the information is necessary and relevant to litigation; (3) to appropriate Federal, State, local or foreign agencies responsible for investigating, prosecuting violations, enforcing or implementing this statute, regulation, or lease; and (4) to a congressional office when you request the assistance of the Member of Congress in writing.

**EFFECT OF NOT PROVIDING THIS INFORMATION:** If you do not furnish all the information required by this form, your application may be rejected.

Duly executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(Signature of Lessee or Attorney-in-fact)

## LEASE TERMS

**Sec. 1. Rentals - Rentals must be paid to the proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:**

- (a) \$5 for Area A
- (b) \$3 for Area B
- (c) Other, see attachment; or as specified in the detailed statement of sale.

**If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, you must pay royalties on the production allocated to this lease. However, you must continue to pay annual rentals at the rate specified in (a), (b), or (c) for those lands not within a participating area.**

**Failure to pay annual rent, within 30 days after receipt of a Notice of Delinquency shall cause this lease to terminate. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.**

**Sec. 2. Royalties - Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rules are:**

- (a) Noncompetitive lease, 12%;
- (b) Competitive lease, 12%;
- (c) Other, see attachment, or for NPR-A: 16% for Area A; 12.5% for Area B as specified in the detailed statement of sale.

Lessee reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of the lessee.

Minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year shall be payable at the end of each lease year beginning on or after a discovery in paying quantities. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701). Lessee shall be liable for royalty payments on oil and gas loss or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rules, regulations, order, or citation issues under FOGRMA or the leasing authority.

**Sec. 3. Bonds - A bond shall be filed and maintained for lease operations as required under regulations.**

**Sec. 4. Diligence, rate of development, unitization, and drainage - Lessee must exercise reasonable diligence in developing and producing, and must prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves the right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor, among the separate tracts of land comprising the drilling or spacing unit if lessor determines it is in the public interest.**

**Sec. 5. Documents, evidence, and inspection - Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detail statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or**

unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee must keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that support costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting office for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section will be protected from disclosure to the public to the extent permitted by the Freedom of Information Act (5 U.S.C. 552).

**Sec. 6. Conduct of operations - Lessee shall conduct operation in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.**

Prior to disturbing the surface of the leased lands, lessee shall contact lessor to be apprised for procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies lessee to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, the lessee observes threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee must immediately contact lessor. Lessee must cease any operations that would result in the destruction of such species or objects until lessor authorizes lessee to resume.

**Sec. 7. Mining operations - To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessor reserves the right to deny approval of such operations.**

**Sec. 8. Extraction of helium - Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or loss to lessee or owner of the gas. Lessee shall include in any contract of sale of gas the provisions of this section.**

**Sec. 9. Damages to property - Lessee shall pay lessor for damage to lessor's improvements, and shall save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.**

**Sec. 10. Protection of diverse interests and equal opportunity - Lessee shall pay when due all taxes legally assessed and levied under laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States, maintain a safe working environment in accordance with standard agency practices; and take measures necessary to protect the health and safety of the public.**

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Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractors shall maintain segregated facilities. During the performance of this lease, the Lessee must comply fully with paragraphs (1) through (7) of 41 CFR 60-1.4(a) with respect to employment discrimination on the basis of race, color, religion, sex or national origin, and must incorporate the requirements set forth in those paragraphs in every subcontract or purchase order, as provided by that regulation.

Sec.11. Transfer of lease interests and relinquishment of lease - As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec.12. Delivery of premises - At such time as all or portions of this lease are returned to lessor, lessee shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default - If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease is subject to cancellation unless or until the leasehold contains a well capable of production of oil and gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision shall be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. As such remedy or waiver shall prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FOGRMA (30 U.S.C. 1701).

Sec. 14. Heirs and successors-in-interest - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

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INSTRUCTIONS

A. General

1. The front of this form is to be completed only by parties filing for a noncompetitive lease. The BLM will complete front of the form for all other types of leases.
2. Entries must be typed or printed plainly in ink. Offeror must sign Item 4 in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.2-1 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Special:

- Item 1 - Enter offeror's name and billing address.
- Item 2 - A single tract number and Sale Date shall be the only acceptable description.
- Item 3 - This space will be completed by the United States.

**PAPERWORK REDUCTION ACT STATEMENT**

The Paperwork Reduction Act of 1990 (44 U.S.C. 3501 et seq.) requires us to inform you that:

1. This information is being collected pursuant to the law.
2. This information will be used to create and maintain a record of oil and gas lease activity.
3. Response to this request is required to obtain a benefit.

**EFFECT OF NOT PROVIDING INFORMATION - If you do not provide all the information, the offer may be rejected. See regulations at 43 CFR Part 3130.**