

SB

266

SENATE COMMITTEE REPORT

DATE: 2/4/04

FURTHER:

DATE TURNED
IN TO OFFICE: 2-5-04

Resources Committee considered SENATE BILL NO. 266

SB 266 BRISTOL BAY OIL & GAS LEASE SALE CLOSURE

"An Act approving an interim classification by the commissioner of natural resources closing certain land within the area of the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale to oil and gas exploration licensing and shallow natural gas leasing; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#
DNR	12/2/03		✓		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Joseph Seekin</i>	✓			
<i>Ben Steuen</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 266
 (S) Publish Date: 1/14/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Mineral Closing Order for Bristol Bay RDU Resource Development
Oil and Gas Competitive Sale Area Component Oil and Gas Development
 Sponsor Rules
 Requester Governor Component No. 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Misellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation ensures that land remains available for the competitive sale program under AS 38.05.180. The bill approves an interim classification by the commissioner of natural resources closing land in the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale to oil and gas exploration licensing under AS 38.05.131-38.05.134 and shallow natural gas leasing under AS 38.05.177.

No fiscal impact.

Prepared by: Mark D. Myers Phone 269-8800
 Division Oil and Gas Date/Time 12/2/03
 Approved by: Thomas Irwin, Commissioner Date 12/2/03
 Agency Natural Resources

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
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January 16, 2004

The Honorable Scott Ogan, Chair
Senate Resources Committee
Alaska State Legislature
State Capitol, Room 103
Juneau, AK 99801

RE: Hearing Request for SB 265 and SB 266

Dear Senator Ogan:

I am writing to request a hearing the week of January 27, 2004 for two bills, SB 265 and SB 266. SB 265 relates to the schedule of proposed oil and gas lease sales and a required report. SB 266 relates to the approval of an associated interim classification order that closes certain land within the proposed Bristol Bay (Alaska Peninsula) competitive oil and gas areawide lease sale to oil and gas exploration licensing and shallow natural gas leasing.

SB 265 would allow the Commissioner of the Department of Natural Resources to produce additional revenues for the State of Alaska from oil and gas lease sales by quickly responding to changing industry, market, and other conditions. New areas, particularly frontier areas of the state, could be brought into production sooner than currently possible. The bill retains legislative review of the lease sale program.

Currently, the Commissioner is required to prepare a "Five Year Schedule of Proposed Oil And Gas Lease Sales" and submit it to the Legislature in January of the first regular session of each Legislature. A proposed lease sale must be included in the schedule for at least two calendar years before the sale can actually be held. This is a ponderous process that makes it difficult to implement the most effective oil and gas lease sale program possible.

SB 266 approves an interim classification by the Commissioner of Natural Resources that closed land in the proposed Bristol Bay (Alaska Peninsula) competitive oil and

Senator Ogan
Page 2
January 16, 2004

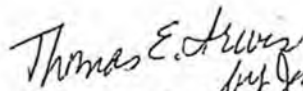
gas areawide lease sale to oil and gas exploration licensing under AS 38.05.131-38.05.134 and shallow natural gas leasing under AS 38.05.177. SB 266 would ensure that land remains available for the competitive sale program under AS 38.05.180.

Under AS 38.05.300(c), a mineral closing order is an interim classification which does not become permanent unless approved by the legislature by the 90th day of the next regular session, or adjournment. This legislation will help facilitate needed economic development and job creation in the Alaska Peninsula.

These bills promote the governor's mission to use natural resource wealth to produce long-term, stable revenue sources for the state, local and property tax revenue for municipalities, and high paying jobs for Alaskans.

Thank you for your consideration. Please contact Janet Burleson Baxter at 465-4730 if you have any questions. You may also contact Mark Myers, Director of the Division of Oil and Gas, or Marie Crosley at (907) 269-8800.

Sincerely,


by Janet Burleson Baxter
Thomas E. Irwin
Commissioner

cc: Mike Tibbles, Legislative Liaison, Governor's Office
Randy Ruaro, Legislative Office
Mark Myers, Director, Division of Oil & Gas, DNR
Marie Crosley, DNR

SB 266



FRANK H. MURKOWSKI
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 12, 2004

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, Alaska 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill approving an interim classification by the commissioner of Natural Resources closing certain land in the Bristol Bay region to oil and gas exploration licensing under AS 38.05.131 through AS 38.05.134 and shallow natural gas leasing under AS 38.05.177. The specific lands affected will be part of a future competitive oil and gas lease sale in the Bristol Bay region. Closure avoids potential conflicts in land use for these areas later, when the proposed competitive oil and gas lease sale occurs.

Under AS 38.05.300(c), a mineral closing order is an interim classification which does not become permanent unless approved by the legislature by the 90th day of the next regular session, or adjournment. This legislation will help facilitate needed economic development and job creation in Alaska's Bristol Bay region.

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

SB 266
Limited Mineral Order for Bristol Bay Area

Summary:

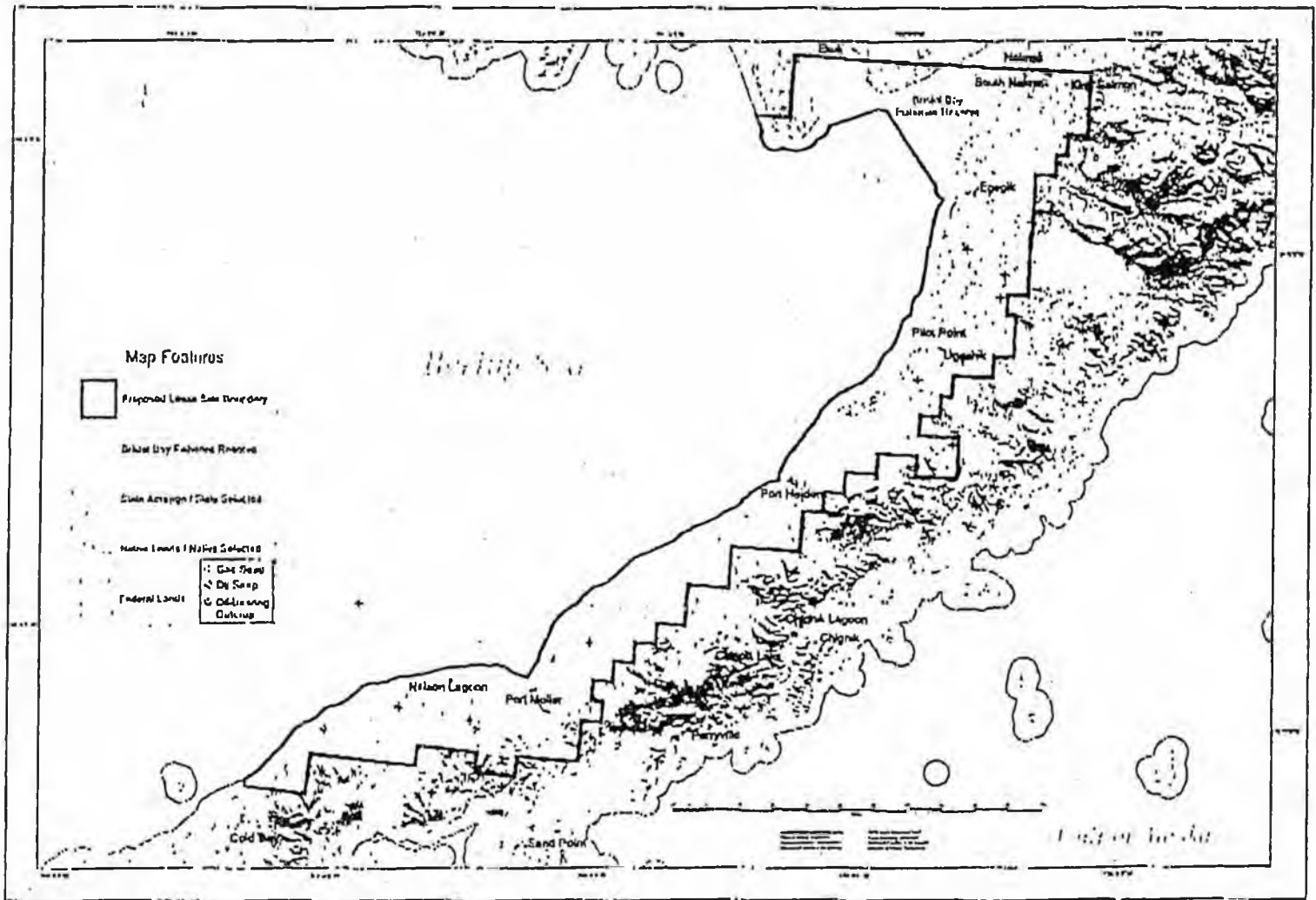
- SB 266 ensures that land remains available for a proposed competitive oil and gas sale in the Bristol Bay area by precluding oil and gas exploration licensing and shallow natural gas leasing in the competitive lease sale area.
- SB 266 will:
 - Avoid potential conflicts in land use for these areas later, if the proposed competitive oil and gas lease sale occurs.
 - Ensure that the state receives the maximum economic benefit from its higher potential oil and gas areas through bonus bids, royalties, and lease terms.
 - Help facilitate needed economic development and job creation in Alaska's Bristol Bay region as well as produce property tax revenue for municipalities.

Background:

- Upon the request of local governments and Native organizations, the Governor has requested that the Department of Natural Resources consider a competitive areawide oil and gas lease sale in the Bristol Bay (Alaska Peninsula) region. Geologists believe that outside of the North Slope and Cook Inlet, the Alaska Peninsula offers the greatest potential in the state for commercial oil and gas development.
- In order to avoid conflicts between the proposed competitive sale and either exploration licensing under AS 38.05.131-AS 38.05.134 or shallow natural gas leasing under AS 38.05.177, the Commissioner of Natural Resources signed a mineral closing order on July 11, 2003. The mineral order only precludes exploration licensing and shallow natural gas leasing in the competitive lease sale area. This order does not affect locatable minerals or leaseable minerals other than shallow natural gas leasing or oil and gas exploration licensing.
- Under AS 38.05.300(c), a mineral closing order is an interim classification which does not become permanent unless approved by the legislature by the 90th day of the next regular session, or adjournment.
- SB 266 would:
 - Prevent speculators from top filing shallow natural gas applications (\$5,000 application fee) in an area of richer oil and gas potential which should be competitively leased.
 - Avoid potential land use and program conflicts if an oil and gas exploration license or shallow natural gas lease is top filed in the proposed competitive sale area.
 - Help maximize economic benefit from the State's higher potential oil and gas areas through royalties, lease terms, and competitive bonus bids.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Areawide Lease Sales



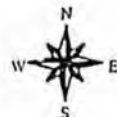
AK Peninsula Areawide Leasing	2003				2004												2005				2006			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
Request for agency initiation																								
Public Comment Period																								
DO&G conducts public informational meetings																								
Drill Permit, Finding & ACMP Consistency Analysis																								
Lease Proclamation, Finding and Consistency Analysis																								
Public comment period																								
DO&G initiates geological and geophysical data																								
DO&G and OCS geologic field parties																								
Drill proposal ACMP Consistency Determination																								
Consistency Determination evaluation period																								
Drill Final Drill Interest Finding (DIF)																								
Issue HIF & CD, Approval sale																								
Reconsideration (30-day/Court Appeal (90-day))																								
LEASE SALE																								
Title review																								
Leases awarded																								
Effective date of leases - April 1																								

Alaska's areawide leasing program allows companies to submit sealed bids on tracts of land of up to 5,760 acres in size. The Commissioner of the Department of Natural Resources sets the terms of the lease sale; the minimum acceptable per acre bid, the primary term of the lease; and the production royalty rate. The highest bidder on a tract wins the right to explore that tract for oil and gas. However, no activity can take place without the required permits in place. In the Bristol Bay region and the Alaska Peninsula, all activity on an oil and gas lease must be in compliance with the Alaska Coastal Management Program and local coastal management district plans.



Leases normally have a primary term of 7 or 10 years; minimum bids are generally set at \$5 or \$10 per acre, depending on the area being leased; the royalty rate is normally 12.5% or 16-2/3%. Once a lease is issued, the lessee pays annual rentals to the state, starting at \$1 per acre and increasing to \$3 per acre by the 5th year of the lease.

If it's determined that an Alaska Peninsula Areawide lease sale is in the state's best interests, a sale will be held in October 2005.

House District 37



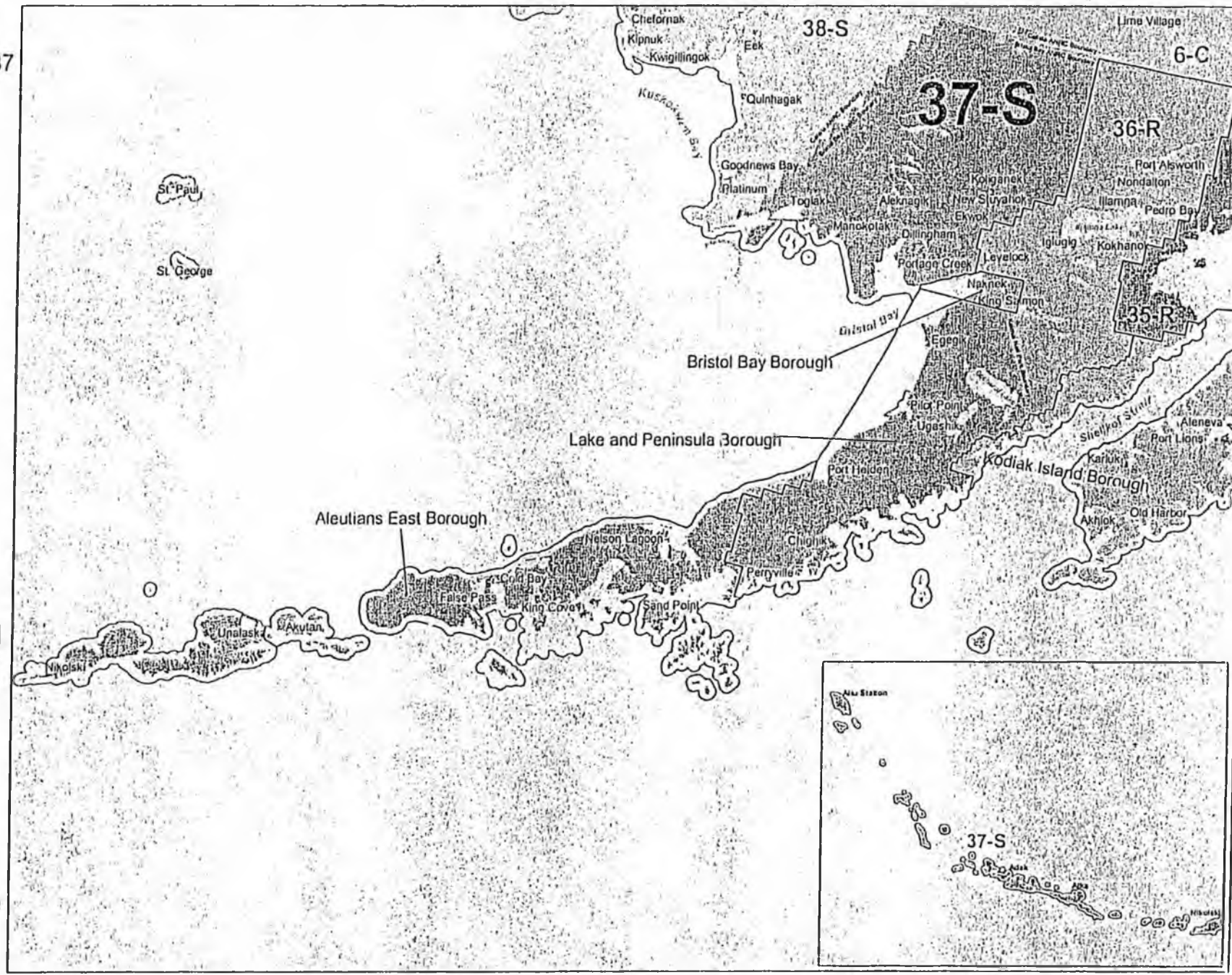
Legend

-  Borough Boundary
-  City Boundary

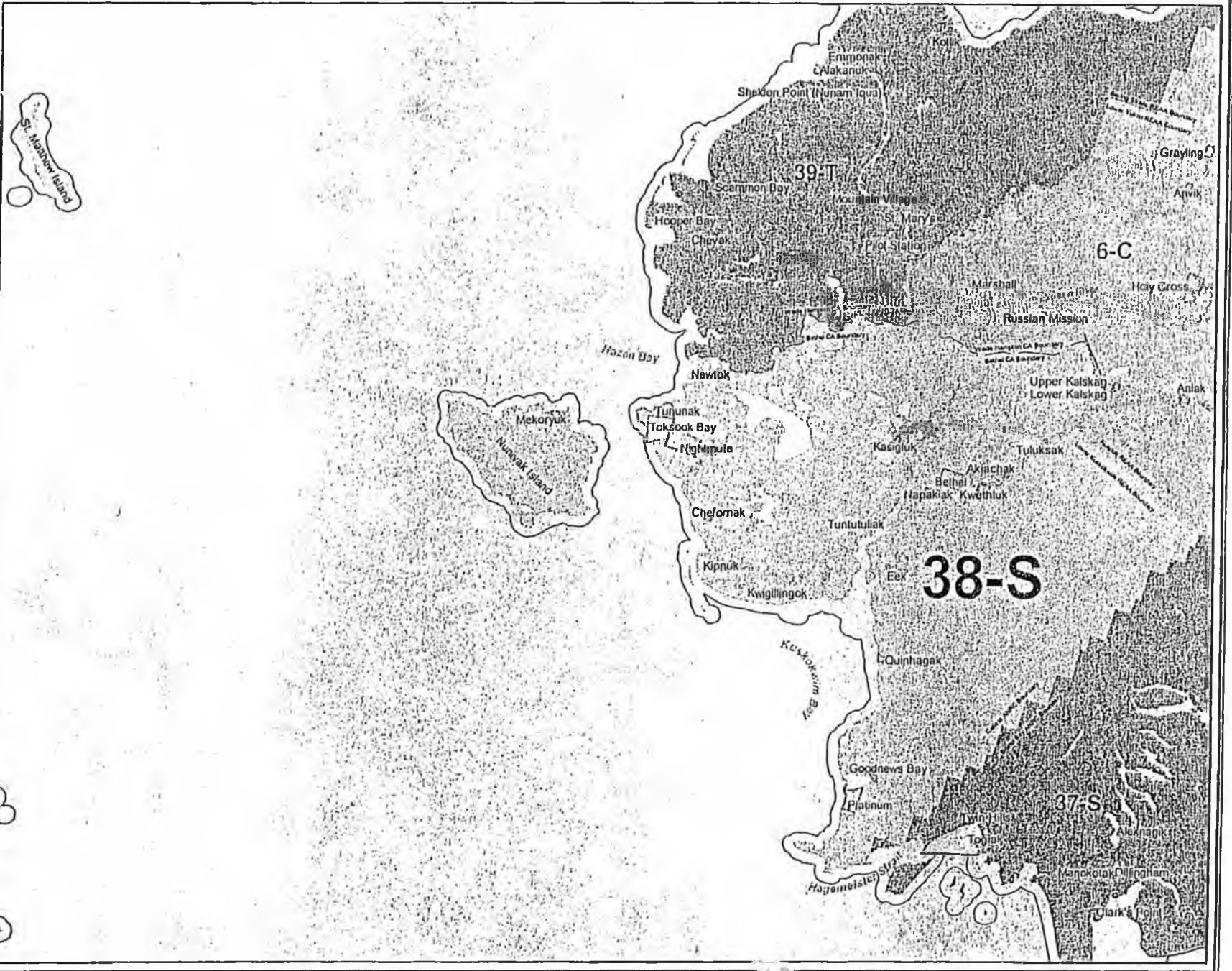


Amendments adopted by
Alaska Redistricting Board
April 13 as modified on April 18, 2002

Prepared by
Alaska Redistricting Board
May 4, 2002



House District 38



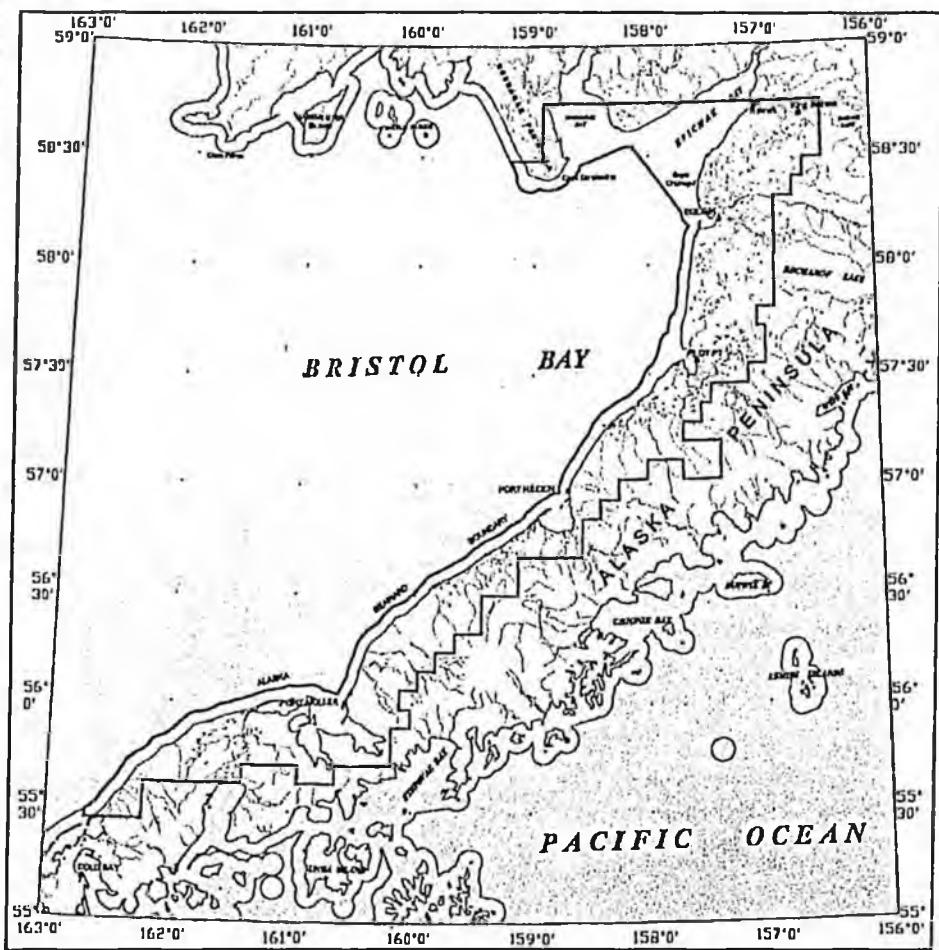
Legend

- Borough Boundary
- City Boundary
- Census Area Boundary



Amendments adopted by
Alaska Redistricting Board
April 13 as modified on April 18, 2002

Prepared by
Alaska Redistricting Board
May 4, 2002



Proposed Alaska Peninsula Areawide Oil and Gas Lease Sale

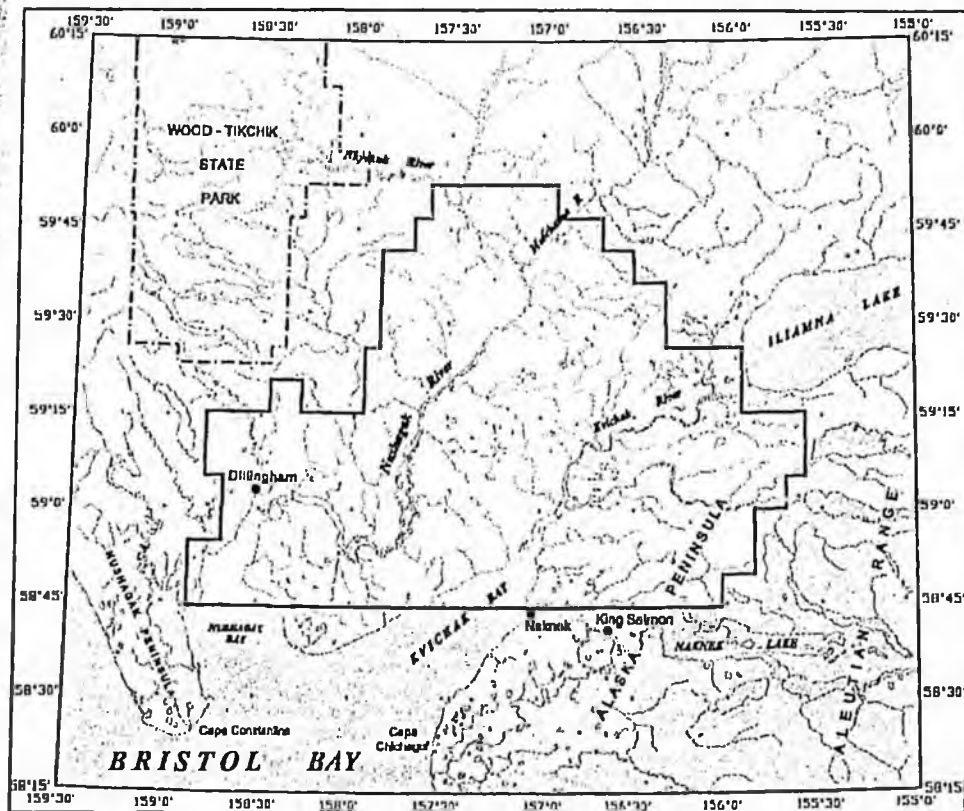
Proposed AK Peninsula Areawide Oil and Gas Lease Sale

Proposed Sale Area =



Map created, edited, and published by the State of Alaska, Department of Natural Resources, Division of Oil and Gas. ADNR 7/03
 Albers Equal-Area Conic Projection, 1827 North American Datum, Clarke 1866 ellipsoid with a central meridian of 150°30', a false equator of 67°, a false parallel of 61°, and a southern parallel of 56°.

Proposed Bristol Bay Basin Exploration License Study Area



Bristol Bay Basin Exploration License Solicitation

Area of Solicitation =



Map prepared, edited, and published by the State of Alaska, Department of Natural Resources, Division of Oil and Gas.
 Alaska Equal Area Conic Projection, 1977 North American Datum, Clarke 1866 spheroid with a central meridian of 157°15', grid latitude of 60°, north or pole of 65°, and southern pole of 50°. 700

Alaska Peninsula Areawide Lease Sale, and Bristol Bay Basin Exploration License Timelines

AK Peninsula Areawide Leasing	2003					2004					2005					2006						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Request for Agency Information	█	█	█																			
Request for Public Comment				█	█																	
DO&G Conducts public informational meetings							█	█	█	█	█	█	█	█	█							
Draft Prelim. Finding & ACMP Consistency Analysis																						
Issue Prelim. Finding and Consistency Analysis																						
Public comment period																						
DO&G Interprets geological and geophysical data																						
DO&G and DGGG geologic field parties																						
Draft proposed ACMP Consistency Determination																						
Consistency Determination elevation period																						
Draft Final Best Interest Finding (BIF)																						
Issue BIF & CD; Announce Sale																						
Reconsideration (30-day)/Court Appeal (30-day)																						
LEASE SALE																						
Title review																						
Leases awarded																						
Effective date of leases - April 1																						
Exploration License																						
DO&G Issues solicitation for license proposals	█	█	█	█	█																	
Request for Agency Information																						
Prospective licensee informs of intent to submit																						
Prospective licensee submits proposal																						
DO&G requests public comment on area																						
DO&G solicits compelling proposals																						
DO&G conducts public informational meetings																						
DO&G interprets geological and geophysical data																						
Draft Prelim. Finding & ACMP Consistency Analysis																						
Issue Prelim. Finding and Consistency Analysis																						
Public comment period																						
Draft proposed ACMP Consistency Determination																						
Consistency Determination elevation period																						
Draft Final Finding																						
Issue Final Finding and Consistency Determination																						
Reconsideration (30-day)/Court Appeal (30-day)																						
sealed bid auction; AWARD LICENSE																						
Effective date of license - Oct. 1																						

Onshore Exploration Well Typical Permit Process

Typical Permit Process - Onshore Exploration Well on the AK Peninsula														
ID	NAME	M	J	J	A	S	O	N	D	J	F	M	A	M
1	Preapplication Conference													
2*	ACMP Consistency Determination - AS 46.40													
3	DNR DO&G - Lease Plan of Operations Review													
4	DNR Parks - Cultural Resource Survey													
5	DNR DMLW - Temporary Water Use Permit													
6	DEC - Oil Spill Discharge and Contingency Plan													
7	DEC - Solid Waste Disposal Permit													
8	DEC - Wastewater Disposal Permit													
9	ADNR - Title 41 Anadromous Fish Stream													
10	Army Corps of Engineers - Section 404 Permit													
11	AOGCC - Conservation Order													
12	AOGCC - Permit to Drill													
13	AOGCC - Application for Sundry Approval													
14	Construction and Drilling													
15	Demobilization and Rehabilitation													

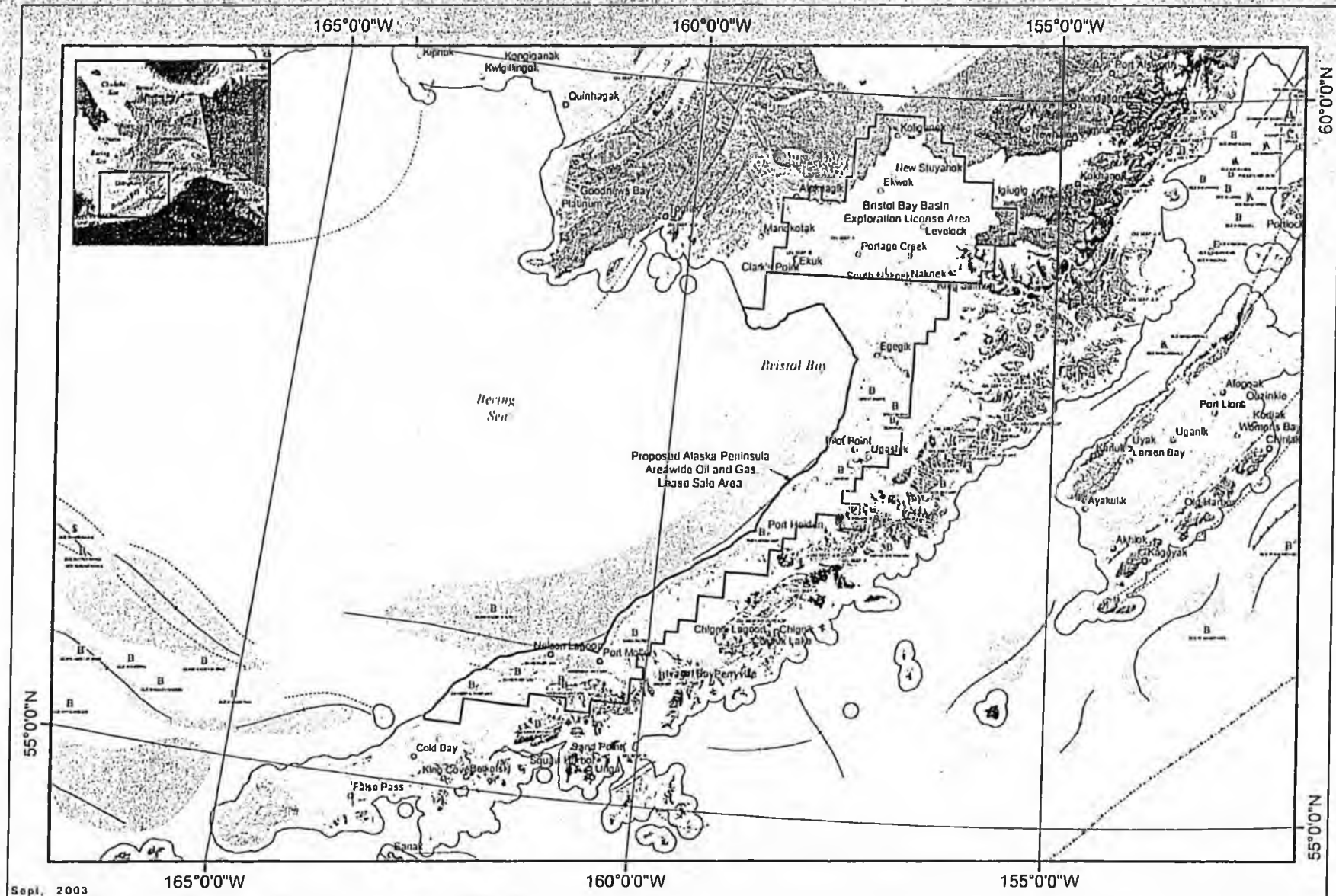
Project: Onshore
Date: 9/03/03

Permitting Activity

Public Notice

* Only for activity within the Coastal Zone.

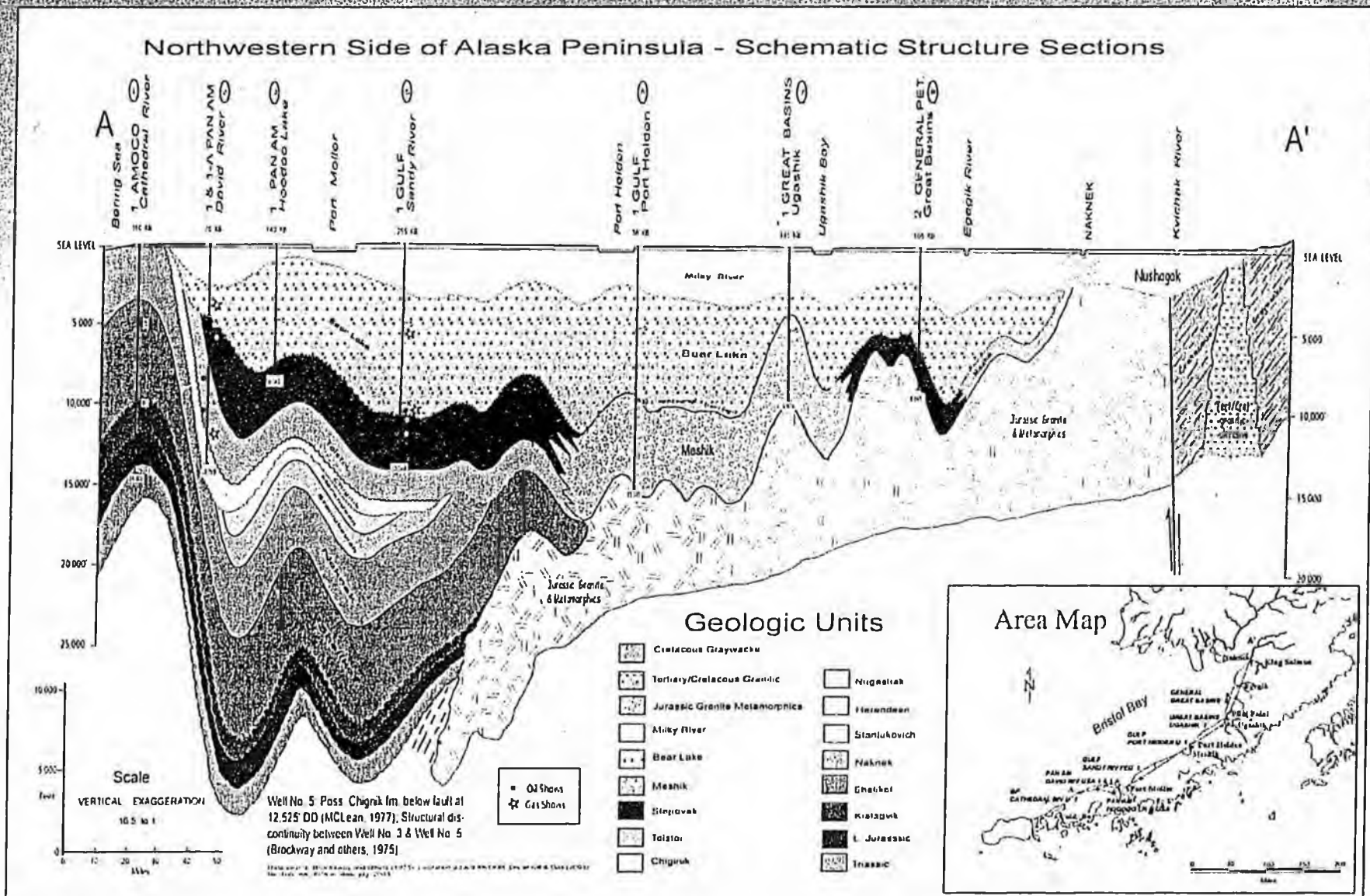
Alaska Peninsula Geologic Map



Sept. 2003

dwb 09/03

Alaska Peninsula Geologic Cross Section

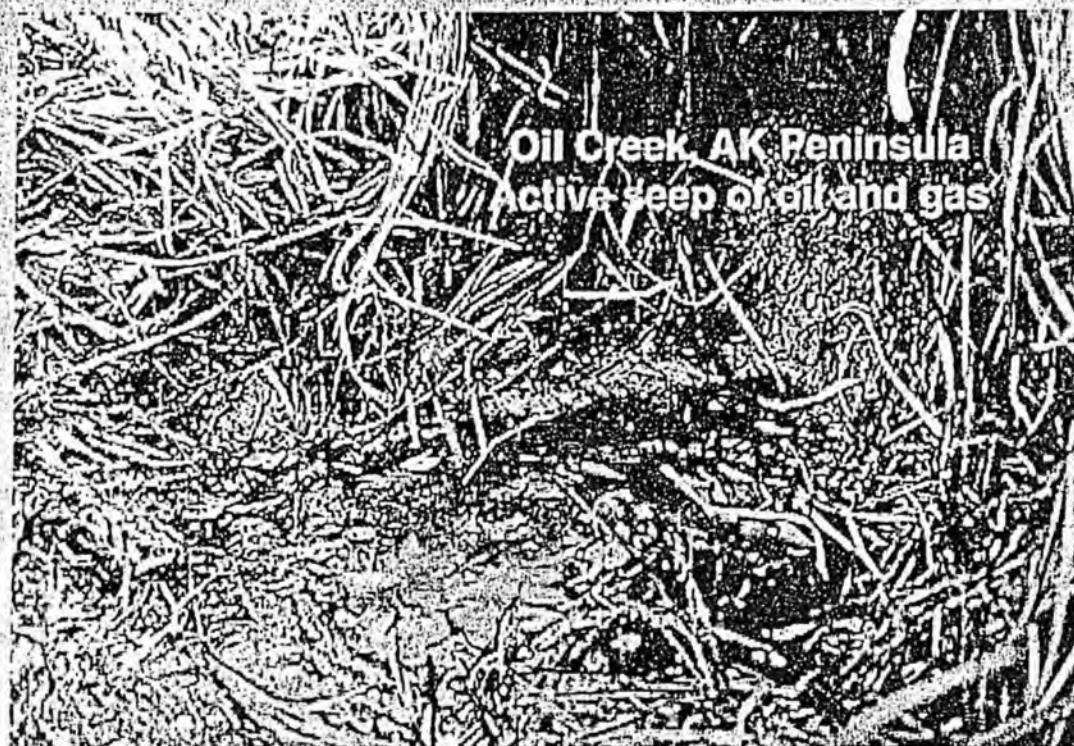


COMPOSITE STRATIGRAPHIC SECTION
BRISTOL BAY & ALASKA PENINSULA REGIONS, ALASKA

AGE	LITHOLOGY	FORMATION	DESCRIPTION	
CENOZOIC	QUATERNARY	Quaternary - Recent	Unconsolidated sediments and volcanics	
		Volcanics 1000 ±	Unconformity	
		Milky River Fm (Tom) 3000' ±	Conglomerates, sandstones, and mudstones, clastic fraction volcanic derived, fossiliferous, shallow marine environment	
	MIOCENE		Dear Lake Fm (Tmbu) 6000' ±	Sandstones, conglomerates and thin mudstones, locally volcanic derived, locally fossiliferous, transitional environment
			Unga Cgl Mbr. (Tmbu)	Sandstones and conglomerates with interbedded siltstones, mudstones and coals, fossiliferous transitional environment
	Eocene		Methik Fm. (Tom)	Volcanic sandstones and conglomerates with interbedded thick units of black siltstone, all rock types locally calcareous with seams of lignite in upper part of sequence, locally highly fossiliferous, volcanic flows near base of unit and silt rare throughout, predominantly of marine origin
			Tolstoi Fm. (Tel) 6,000' ±	Volcanic conglomerates, sandstone, volcanic breccias, andesitic-basaltic extrusive volcanics, or local siltstone and shale, present on surface and in sub surface from Chignik Bay northward to Ugashik Falls area, probably equivalent to the Staporuk Formations and upper part of Tolstoi Formation
				Siltstones with interbedded volcanic sandstones and conglomerates flows, silt and volcanic breccia, non marine to brackish water environment, marine fossils are rare, plant fossils common and very abundant in lower part of sequence
	MESOZOIC	LATE CRETACEOUS	Hoodoo Fm. (Kh) 2,000' ±	Siltstone, clay shale, claystone with fine grained siltstone at base, few thin sheets of calcareous siltstone and few calcareous sandstone, distinctive black to dark gray color in weathering and production of pneumatic spores, outer part of deep marine environment
			Chignik Fm. (Kc) 1500' ±	Sandstone, siltstone and minor mudstone and conglomerate, shallow marine environment
Cool Valley Mbr. (Kcc) 1000' (of the Chignik Formation)			Conglomerates, sandstone and coal, non marine environment	
Haremsden Ls. (Kth) 600'			Unconformity	
EARLY CRETACEOUS			Stanlukovich Fm (JKa) 2000'	Feldspathic sandstones and shales, thin siltstones, locally abundant Buchia, shallow marine in origin
		LATE JURASSIC		Claystone and siltstones predominate in upper part of unit, lower part of unit consists largely of feldspathic sandstones with some interbedded claystone, siltstone and conglomerate, locally abundant Buchia and belemnites, shallow marine to neritic environment
				Chisik Cgl. Mbr. (Jnc) 400'
		MIDDLE JURASSIC		Siltstone and shale, with lenses of limestone, abundant fossils, marine environment
				Sandstone, siltstone, and conglomerate, marine environment
				Siltstone, sandy siltstone, sandstone, ash beds with abundant calcareous concretions, and fossils, marine environment
	Sandstone, sandy shale and conglomerate, becoming increasingly sandy near top of unit, fossiliferous, marine environment			
		Limestone, chert, volcanic rich rocks; outcrop at Puala Bay northward		

Alaska Peninsula Stratigraphic Section

Active Oil and Gas Seep



Brown oil and natural gas (fizzy bubbles) comes out of this hole in the ground continuously. There are several oil creeks in Alaska - not a very original name. This particular oil creek feeds into Puale Bay on the western side of the Alaska Peninsula. There is continuous seepage of oil into the creek throughout its upper part. The lower part of the creek is a salmon spawning area where salmon runs are counted by the State of Alaska.

Alaska Peninsula/ Bristol Bay Basin Hydrocarbon Potential

- **Numerous oil seeps are present along the southern half of the Alaska Peninsula.**
- **26 wells have been drilled onshore since 1903, the latest being the Amoco Becharof #1 in 1985. One offshore stratigraphic test was drilled in 1983, the ARCO North Aleutian COST Well #1.**
- **The northern half of the Alaska Peninsula is a low relief coastal plain underlain by a thick sequence (18,000+ feet) of Tertiary strata that is contiguous with the Bristol Bay Basin to the north. Here the setting is very good for both structural and stratigraphic traps as well as the likelihood of encountering good to locally excellent reservoir quality rocks.**

Alaska Peninsula/ Bristol Bay Basin Hydrocarbon Potential (cont.)

- **Reservoir quality should be considered the highest risk as rocks derived from volcanic and plutonic source areas may give rise to pore plugging cements and clays.**
- **Oil and gas shows are evident in many of the wells. No commercial flow of oil has been proven to date.**
- **Hydrocarbon source rocks of Tertiary age appear to be largely gas prone. Deeper Mesozoic strata may have both gas and oil generating potential.**
- **Seismic control on the Alaska Peninsula is largely poor and archaic. Latest technology in seismic acquisition and processing is needed to further define prospects.**

State of Alaska
OFFICE OF THE GOVERNOR

Frank H. Murkowski
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



John Manly
Press Spokesman
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www.gov.state.ak.us

FOR IMMEDIATE RELEASE: December 18, 2003

No. 03-256

State, Aleut Corp. Sign MOU on Oil & Gas Exploration
Will Hold Concurrent Lease Sales and Work Together on Infrastructure

(Juneau) – Governor Frank H. Murkowski today announced that the Department of Natural Resources has signed a Memorandum of Understanding with the Aleut Corporation to hold concurrent oil and gas lease sales on their adjacent lands, and to work to facilitate the construction of transportation infrastructure to support oil and gas development in the Aleut Corporation area. The MOU is similar to one entered into by DNR and the Bristol Bay Native Corporation last Fall and is consistent with the administration's policy of working with the people of the area to develop natural resources.

"The Aleut Corporation is the other major landowner in the Alaska Peninsula area, where we believe significant, commercial quantities of oil and gas can be found," Murkowski said. "We are very pleased that the Aleut Corporation shares the vision of resource development with the state and BBNC. We hope to build a strong economy in cooperation with the people of the region. This MOU is one marker of our commitment, along with the regional corporation, to provide a foundation for that economy."

Under the five-year MOU, the parties agree to work cooperatively to ensure that resource exploration and development activities are done in an environmentally responsible manner, and consistent with land management and development plans of both parties. They also will work to re-open offshore oil and gas prospects in the region, and will try to synchronize the timing of leasing schedules for their respective, adjacent lands. The MOU also has both parties working together to facilitate design and construction of a transportation network to make oil, gas, and other mineral prospects more accessible, and to interconnect communities.

Under the MOU, the state and Native corporation also have a mandate to communicate their development goals to other interested parties throughout Southwest Alaska, including tribal organizations, village corporations, and borough and city governments.

The MOU was signed today by Aleut Corporation President Martha Malavansky and DNR Commissioner Tom Irwin. In accordance with his policy of working with the local people, Murkowski said he expects to sign similar MOUs with the Bristol Bay Borough, the Lake & Peninsula Borough, and the Aleutians East Borough, as well.

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Governor holds forum on Bristol Bay oil, gas

Native leaders look at development in region where fishing has suffered

By MARY PEMBERTON
THE ASSOCIATED PRESS

ANCHORAGE — Gov. Frank Murkowski told a gathering of Native leaders Wednesday that oil and gas exploration would bring good jobs to Southwest Alaska and keep young people from seeking work elsewhere.

"Our job in state government is to help your leadership ... achieve what you want," Murkowski said. "Too many of our kids are leaving this state."

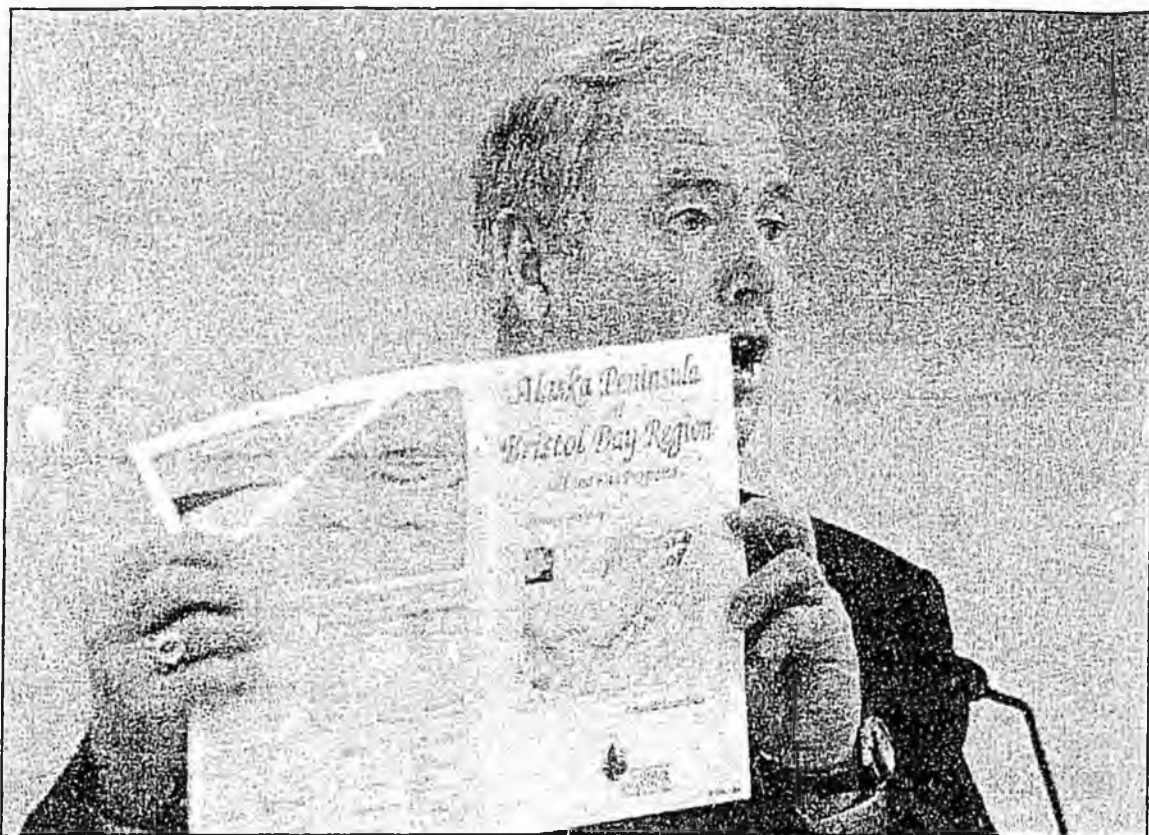
The governor and several of his commissioners met with Native leaders and residents to talk about plans to bring oil and gas development to Bristol Bay and the Alaska Peninsula, which is facing a crushing downturn in commercial fishing.

The state has said that oil and gas reserves in the area are difficult to quantify without further drilling. The last onshore well was drilled in 1985. In 1995, the U.S. Geological Survey estimated that the Alaska Peninsula had a 1-in-20 chance of containing 447 million barrels of oil and 1.4 trillion cubic feet of gas.

In comparison, the Prudhoe Bay oil field, the largest in North America, has recoverable reserves of 12 billion barrels of oil and 30 trillion cubic feet of natural gas.

In July, the state reached an accord with the Bristol Bay Native Corp. over the prospects of holding areawide lease sales. The corporation owns 3.1 million acres in the region on behalf of more than 7,000 shareholders.

If the state determines that a lease sale is in its best interest, the sale likely would be held in October 2005, according to the state. A preliminary decision is expected



AL GRILLO / THE ASSOCIATED PRESS

Development plans: Gov. Frank Murkowski holds a pamphlet outlining his plan for oil and gas exploration on the Alaska Peninsula and around Bristol Bay as he talks with citizens Wednesday in Anchorage.

We have been faced with five to six years of fishing disasters. We need to look at a long-term, bigger picture in Bristol Bay.

ROBIN SAMUELSEN

Bristol Bay Economic Development Corp.

by January with a final decision in September 2004.

The state has said gas development in the area could offset the high cost of energy and help lower the cost of processing fish for local communities. Former state Sen. Nels Anderson of Dillingham, one of the forum's presenters, said it costs \$200 to make a ton of ice in Bristol Bay and \$50 in Cook Inlet because of the higher cost of diesel fuel.

Murkowski said no decision on drilling would be made without substantial input and cooperative effort from the local communities. He said he would be meeting soon with independent oil and gas producers to talk about the potential for developing Bristol Bay re-

serves.

"The prospects are very, very encouraging," he said.

Robin Samuelsen, CEO of the Bristol Bay Economic Development Corp. and moderator of the meeting, threw his support behind the idea.

"We have been faced with five to six years of fishing disasters," Samuelsen told the gathering. "We need to look at a long-term, bigger picture in Bristol Bay."

Fisherman Tom Tilden, a board member of Choggiung Ltd., the village corporation in Dillingham, told the governor that local residents desperately need work but he said concerns remain about the potential harm that drilling could do to the environment.

"I ask that you exercise caution. That is where we hunt," Tilden said. "There are some worries."

Residents are worried that if the project goes forward the big companies will snatch up all the jobs for their employees, said Hazel Nelson, president of Becharof Corp., the village corporation of Egik where the last oil well was drilled.

She told the forum that an army of fishermen have fled the region already to find work in construction in Anchorage.

"How are we going to make sure our people are employed?" she asked.

Commissioner of Labor Greg O'Claray said the governor has issued a directive that Alaska jobs go to Alaskans. He also asked Nelson for her help. He said local organizations need to work with the state to identify areas where job training will be needed.

Murkowski stressed that oil and gas development for the Bristol Bay area could provide a good future.

"Our policy is to maximize the jobs for local residents," he said.

State officials lead oil, gas talks in Naknek

By Rhonda Olsen

Bristol BayTimes

The Department of Natural Resources Division of Oil and Gas gave a presentation of the oil and gas exploration program for the Alaska Peninsula and the Bristol Bay region at a Bristol Bay Borough Assembly meeting last week.

The presentation was led by Mark Myers, director of the division, on behalf of Gov. Frank Murkowski and the Bristol Bay Native Corp.

"My job is to make this process as transparent and interactive as possible," said Myers in reference to the plan and public comment period.

He stressed the importance of "moving forward at the directive of the residents" through the process of evaluation.

Drilling began in this region in 1903. Early seismic data shows that oil and gas seeps are present at the surface.

Don Brizzolara, a geologist for DNR, showed geological charts and data on oil and gas in Bristol Bay and down the Alaska Peninsula.

"Every well on the north side of the peninsula has gas shows," explained Brizzolara. "We do know there is gas and oil out there."

Brizzolara stated that newer seismic data technology will better determine how much oil and gas is out there.

"All the elements are there," said Brizzolara. "Rocks, mudstone and shale tell the story."

He further explained that potential gas seeps are primarily in the Bristol Bay region while oil is further south down the peninsula, especially in the Port Moller area.

James Hansen, leasing manager for the Division of Oil and Gas, explained the two processes for oil and gas exploration - issuing an exploration license and lease sale.

Alaska's exploration licensing program encourages oil and gas exploration in remote areas of the state, and supplements the state's oil and gas leasing program. The holder of an exploration

license has the exclusive right to explore an area between 10,000 and 500,000 acres for up to 10 years.

"Licensing is on a faster track than lease sale," said Hansen. "The bidder willing to spend the most on exploration is awarded the license."

DNR received an exploration license proposal on Sept. 23 from an energy company, Hansen said. They expect another competing proposal by Nov. 25. If it's determined that an exploration license is in the state's best interests, a license will be awarded in September 2004.

Alaska's area-wide leasing program allows companies to submit sealed bids on tracts of land of up to 5,760 acres in size. The DNR commissioner sets the terms of the lease sale; the minimum acceptable per acre bid; the primary term of the lease; and the production royalty rate.

The highest bidder on a tract wins the right to explore that tract for oil and gas. However, no activity can take place without the required permits in place. All activity on an oil and gas lease must be in compliance with the Alaska Coastal Management Program and local coastal management district plans.

If it's determined that an area wide lease sale is in the state's best interests, a sale will be held in October 2005.

Hansen said that no offshore platform drilling would take place. The plan includes onshore drilling with the potential to tap the offshore resources through angle drilling from shore. All drilling would take place within the three-mile limit.

The financial benefits to the boroughs for oil and gas exploration discussed were property tax assessments on acres of exploration, infrastructure improvement due to new roads, and the possibility of local hires by the energy companies.

For up-to-date on-line information on oil and gas exploration check the Division of Oil and Gas Web page at www.dnr.state.ak.us/oil.

MEMORANDUM OF UNDERSTANDING

Between

ALASKA DEPARTMENT OF NATURAL RESOURCES

And

THE ALEUT CORPORATION

To

HOLD CONCURRENT OIL AND GAS LEASE SALES OF STATE AND TAC LAND IN THE ALEUT REGION & TO FACILITATE CONSTRUCTION OF A TRANSPORTATION INFRASTRUCTURE THAT WILL SUPPORT THESE DEVELOPMENT PROJECTS

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into by and between the Alaska Department of Natural Resources (DNR) and The Aleut Corporation (TAC), collectively referred to as "the Parties." The purpose of this MOU is to contribute to the achievement of common goals and objectives of the Parties and to establish an effective communication framework between the Parties.

Background:

- A. The DNR is tasked with managing the State of Alaska's land in southwest Alaska and the natural resources contained therein, including oil, gas, and minerals, and TAC is responsible for managing its 1.572 million acre mineral estate on behalf of its 3,250 shareholders.
- B. Similar to the North Slope and Cook Inlet regions of Alaska, the Bristol Bay basin including portions of the Aleut region on the Alaska peninsula has been identified as having good potential for commercial quantities of oil and gas deposits.
- C. Any discoveries of, and subsequent development of, commercial quantities of oil, gas, & mineral deposits in the Aleut region should benefit both the State of Alaska and TAC's shareholders.
- D. Like other mineral deposits, oil and gas resources know no political boundaries, and it is often logical and desirable for two adjacent landowners to have similar land management and leasing programs in place.
- E. With TAC's support, the Alaska Division of Geological and Geophysical Surveys applied for a 3-year, \$700,000 U.S. Dept. of Energy grant to further evaluate the oil and gas potential of the Bristol Bay basin.
- F. The development of transportation infrastructure, as recommended by the Southwest Alaska Regional Transportation Plan, such as deep water ports, roads and airports, along the Alaska Peninsula should make oil, gas, and other mineral prospects more accessible, and thereby more economically feasible to explore and develop.

- G. The Alaska DNR, TAC, and BLM have been working collaboratively to rationalize ANCSA 17(b) and RS 2477 access issues.
- H. The Alaska DNR, TAC, and BLM have been working collaboratively to revoke obsolete federal land withdrawals in the Bristol Bay region.
- I. TAC supports the construction of an access road from Cold Bay to King Cove.

Agreements:

- The term of this MOU will be for five (5) years from the effective date and can be extended for five-year periods thereafter with the written agreement of the Parties.
- To the extent consistent with their respective interests and statutory or regulatory responsibilities, or corporate responsibilities, the Parties will work cooperatively to ensure that exploration and development activities are consistent with the land management and development plans of both Parties.
- The Parties agree that they will cooperate to ensure all development projects in the Aleut region are pursued in an environmentally responsible manner with maximum efforts to minimize impacts to fishery resources.
- TAC and the State of Alaska will work cooperatively to re-open offshore oil and gas prospects to exploration.
- Where reasonable to do so, the Parties will endeavor to synchronize the timing of their oil and gas-leasing schedule for their respective lands.
- The Parties will help facilitate the design and construction of a transportation network that will make oil, gas, and other mineral prospects more accessible and inter-connect communities.
- The Parties will communicate their development goals to other interested parties in southwest Alaska, such as tribal organizations, village corporations, and borough and city governments.
- The Parties will not act contrary to applicable laws, regulations, policies, and procedures.
- To the extent legally permissible, information generated pursuant to this MOU may be kept confidential when requested in writing by a party to this MOU. Information released by a party to this MOU must credit the source of the information.
- Where reasonable, the Parties will issue joint press releases on matters related to this MOU and will coordinate responses to media questions.
- Notices regarding actions under this MOU will be sent to (for each party):

DNR Commissioner
State of Alaska DNR
550 W. 7th Ave., Suite 1400
Anchorage, AK 99501-3561

Chief Executive Officer
The Aleut Corporation
4000 Old Seward Hwy, #300
Anchorage, AK 99503

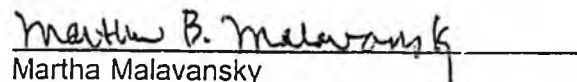
- This MOU may be terminated within thirty(30) days written notice by either Party.
- This MOU can be modified upon written consent of the Parties.
- Others may become party to this MOU upon written consent of the Parties.

Approved:



Tom Irwin, Commissioner
Alaska Dept. of Natural Resources

12/18/03
Date



Martha Malavansky
President, TAC

12/18/03
Date

MEMORANDUM OF UNDERSTANDING

Between

ALASKA DEPARTMENT OF NATURAL RESOURCES

And

BRISTOL BAY NATIVE CORPORATION

To

**FACILITATE OIL AND GAS LEASE SALES ON STATE AND BBNC LAND IN
THE BRISTOL BAY REGION**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into by and between the Alaska Department of Natural Resources (DNR) and the Bristol Bay Native Corporation (BBNC), collectively referred to as "the Parties." The purpose of this MOU is to contribute to the achievement of common goals and objectives of the Parties and to establish an effective communication framework between the Parties.

Background:

- A. The DNR is tasked with managing the State of Alaska's land in southwest Alaska and the natural resources contained therein, including oil, gas, and minerals, and BBNC is responsible for managing its 3.1 million acre mineral estate on behalf of its 7,100 shareholders.
- B. Similar to the North Slope and Cook Inlet regions of Alaska, the Bristol Bay basin has been identified as having good potential for commercial quantities of oil and gas deposits.
- C. Exploration of oil and gas resources is a vital component to stimulating the local economy and providing jobs and economic opportunities in the region.
- D. The discovery of commercial quantities of oil and gas would provide an opportunity for low cost energy in the region, further stimulating the local economy.
- E. Any discoveries of commercial quantities of oil and gas in the Bristol Bay region will benefit both BBNC's shareholders and the State of Alaska, so it is in the best interest of the Parties to encourage exploration for such resources.
- F. BBNC has requested that the State facilitate on-shore oil and gas exploration in the region by holding annual areawide leasesales, beginning as soon as possible.
- G. Like other mineral deposits, oil and gas resources know no political boundaries, and it is often logical and desirable for two adjacent

landowners to have similar land management and leasing programs in place.

- H. With BBNC's support, the DNR's Division of Geological and Geophysical Surveys applied for a 3-year, \$700,000 U.S. Dept. of Energy grant (\$150,000 of cash and in-kind contributions to be provided by BBNC) to further evaluate the oil and gas potential of the Bristol Bay basin.

Agreements:

The Parties agree to the following provisions:

- The Parties will work cooperatively to facilitate oil and gas leasesales of state and BBNC lands in the region to be held as soon as feasible.
- The Parties will cooperate to ensure all development projects in the Bristol Bay region will be pursued in an environmentally responsible manner and will minimize impacts to fishery resources.
- The Parties will work cooperatively to convince the federal government to re-open federal offshore oil and gas prospects in the region to exploration.
- The Parties will endeavor to synchronize the timing of their oil and gas leasing schedule for their respective lands.
- The Parties will help facilitate the design and construction of a transportation network that will make oil, gas, and other mineral prospects more accessible and inter-connect communities in the region.
- The Parties will communicate their development goals to other interested entities in southwest Alaska, such as tribal organizations, village corporations, and borough and city governments.
- The Parties will not act contrary to applicable laws, regulations, policies, and procedures.
- To the extent allowable by statutes and regulations, the Parties will share information that will assist in accomplishing the objectives of this agreement.
- Where reasonable, the Parties will issue joint press releases on matters related to this MOU and will coordinate responses to media questions.
- Notices regarding actions under this MOU will be sent to (for each party):


DNR Commissioner
State of Alaska
550 W. 7th Ave., Suite 1450
Anchorage, AK 99501

Chief Executive Officer
Bristol Bay Native Corporation
800 Cordova Street
Anchorage, AK 99501

- The term of this MOU will be five (5) years from the effective date and can be extended for five-year periods thereafter with the written agreement of the Parties.
- This MOU may be terminated with thirty days written notice by either Party.
- This MOU can be modified upon written consent of the Parties.

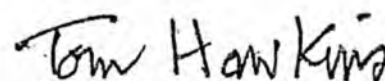
- Others may become party to this MOU upon written consent of the Parties.

Approved:



Thomas E. Irwin, Commissioner
Alaska Dept. of Natural Resources

7/10/03
Date



Tom Hawkins
SRVP & COO, BBNC

7.10.03
Date

4184
JP
TS



Bristol Bay Native Corporation

Enriching Our Native Way of Life

800 Cordova Street, Suite 200 / Anchorage, Alaska 99501-6299 / (907) 278-3602 / fax (907) 276-3924

VIA FEDEX & FAX: (907) 465-3532

June 26, 2003

Honorable Frank Murkowski, Governor
P.O. Box 110001
Juneau, Alaska 99811

Fax Received
JUN 26 2003
Office of the Governor

Subject: Support for Leasing Program in the Bristol Bay Region

Dear Governor Murkowski:

Residents of the Bristol Bay region sorely need your help in order for them to help themselves. We need you to institute an oil and gas leasing program in Bristol Bay. We've compared and contrasted the pros and cons of exploration licensing and leasing, and we believe that, for several reasons, the State's best option is to put its uplands on the leasing schedule.

First, the "leasing notice" is announced to a wider audience than the exploration licensing notice is. Second, leasing, since it includes rental, bonus, and minimum work commitment terms, generally generates more revenue and more information for the State. Lastly, the land leased can be more than the 500,000-acre "cap" imposed by the exploration-licensing program, and this may be more desirable from the industry's standpoint.

BBNC has embarked on a mission to reinvigorate the environmentally responsible exploration for, and development of, oil and gas resources in Bristol Bay. We've also received the blessing, by resolution, of several Bay-area organizations that recognize the need for more jobs and cheaper energy. I've attached copies of the fourteen resolutions I've received so far, which include both regional and village-level organizations.

If you have any questions, please call me at 1-800-478-3602.

Sincerely,
Paul C. Ruski

Paul C. Ruski
V.P., Land & Resources

Co: Tom Irwin, DNR Commissioner
Randy Ruldericht, AOGCC Commissioner
Mark Myers, DOG Director
BBNC Board of Directors

Post-It® Fax Note	2671	Date	6/26/03	Page #	2
To	Gov. Murkowski	From	Paul Ruski		
Co/Dept.	State of Alaska	Co.	BBNC		
Phone #		Phone #			
Fax #	(907) 465-3532	Fax #			

P.O. Box 189
NAKNEK, ALASKA 99633

www.theborough.com



TELEPHONE
(907) 246-4224
FAX
(907) 246-6633

Bristol Bay Borough

October 22, 2003

RECEIVED

OCT 27 2003

DIVISION OF
OIL AND GAS

Commissioner Tom Irwin
Department of Natural Resources
550 W 7th Avenue, Suite 1400
Anchorage, Alaska 99501

RE: Bristol Bay Region: Oil and Gas Programs
Public Comments - Due October 30, 2003

Commissioner Irwin:

Please consider the following comments from the Bristol Bay Borough:

1. The Bristol Bay Borough Assembly is in strong support of the State of Alaska's recent efforts to advance oil & gas exploration in the Bristol Bay region.
2. The Bristol Bay Borough is committed to finalizing a Memorandum of Understanding with the Alaska Department of Natural Resources outlining critical areas of interest with respect to regional oil & gas development and outstanding municipal lands issues.
3. The Bristol Bay Borough is supportive of the continued public outreach evidenced to date by the State of Alaska on the Bristol Bay oil & gas exploration initiative and anticipates that this outreach effort will remain constant throughout the proposed development timeline.

DEPARTMENT OF
NATURAL RESOURCES

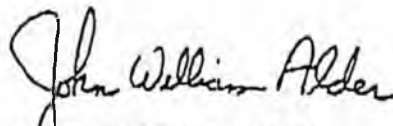
OCT 24 2003

COMMISSIONER'S OFFICE

Letter to Commissioner Irwin
October 22, 2003
Page 2

4. The residents of the Bristol Bay Borough are heavily dependent upon the robust regional fish & wildlife resources for subsistence needs. While the Bristol Bay Borough Assembly is in support of resource development, all development must proceed with due diligence in order to minimize potential negative impacts to the fish & wildlife resources.
5. Local knowledge of regional environmental conditions and fish & wildlife characteristics is one of our greatest resources in the Bristol Bay region. Accordingly, the Bristol Bay Borough recommends that all state agencies proceed throughout the oil & gas development process in a method that relies heavily upon local input. Any subcommittees or advisory panels empowered by the state should include local knowledgeable residents.
6. The Bristol Bay region has long suffered from seasonally sporadic employment. The regional oil & gas development initiative offers an exciting departure from the long winter season low employment cycle. The Bristol Bay Borough Assembly strongly urges the State of Alaska to continue in its expressed commitment to channel oil & gas employment training through the newly established Southwest Alaska Vocational Education Center (SAVEC) in King Salmon thereby enabling optimal local hire during exploration and development of potential oil & gas prospects.

Sincerely,



John William Alder
Borough Manager

cc: Mayor Michael Swain
Borough Assembly members

P.O. Box 189
NAKNEK, ALASKA 99633

www.thebcborough.com



TELEPHONE
(907) 246-4224
FAX
(907) 246-6633

Bristol Bay Borough

BRISTOL BAY BOROUGH RESOLUTION 2002-02

A RESOLUTION SUPPORTING OIL & GAS EXPLORATION ON NATIVE CORPORATION LANDS NEAR BRISTOL BAY BOROUGH

WHEREAS, Bristol Bay Borough and Communities throughout Western Alaska face difficult economic conditions due in part to high costs of living, high costs of energy and depressed fish prices and;

WHEREAS, all refined petroleum products required to operate home heating furnaces, electrical generators, cannery retorts and fish harvesting vessels are imported into the region and stored, both at very high costs and;

WHEREAS, the oil & gas industry has in the past expressed interest in exploring for reserves on the Alaska Peninsula on or near lands currently owned by the Alaska Peninsula Corporation and Bristol Bay Native Corporation as well as other lands in the region and;

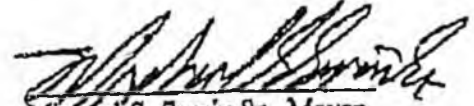
WHEREAS, the interest was significant enough for the private sector to invest considerable capital in seismic and actual drilling exploration and;

WHEREAS, Senator Stevens in recent conversations with Bristol Bay Borough officials and before the Alaska State Legislature indicated a willingness to petition Congress to add funding to the United State Geologic Survey in order to enable regional oil & gas assessments throughout rural Alaska and;

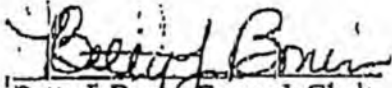
WHEREAS, potential development of oil & gas reserves on the Alaska Peninsula would likely yield direct benefits to the Bristol Bay Borough, borough residents and businesses and economic development efforts to revive our ailing economy and,

NOW THEREFORE BE IT RESOLVED, that the Bristol Bay Borough Assembly strongly encourages the local & regional Bristol Bay ANCSA corporations to work closely with the Borough, private sector oil & gas firms and the Congressional delegation in the wise development of our natural oil & gas resources in an effort to optimize benefits to the overall Bristol Bay region and State of Alaska.

PASSED AND APPROVED, by a duly constituted quorum of the Bristol Bay Borough Assembly on this 4th day of February, 2002.


Michael S. Swain Sr., Mayor

ATTEST:


Betty J. Borja, Borough Clerk

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

October 14, 2003

James Hansen,
Leasing Manager
Division of Oil & Gas
Department of Natural Resources
550 West 7th Avenue, Suite 800
Anchorage, AK 99501

Ref.: Proposed Alaska Peninsula & Bristol Bay
Oil & Gas Leasing Program

Dear Mr. Hansen,

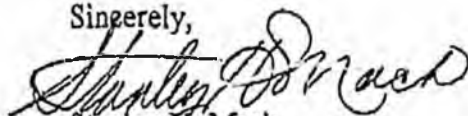
The Assembly of the Aleutians East Borough wants to thank you and your team for the presentation on October 7, 2003. Even though the weather did not allow everyone to get to Cold Bay, the Assembly's comments after the meeting included their appreciation of your efforts to brief the Assembly and the residents of the Aleutians East Borough.

First, it is the Borough's understanding that if there is Best Interest Finding, all development will take place within the State's jurisdiction and that there will be no development off shore. Furthermore, the Borough understands that the majority of the development will likely be on State owned land. Second, the concerns voiced by the people of Nelson Lagoon are symptomatic of the concerns of the majority of the Aleutians East Borough's residents. They were:

1. We need to protect our fish and game resources.
2. We need local jobs and employment at all stages of development. This must be at all levels, management, technical and labor, union and non union, should oil or gas be produced within the Aleutians East Borough.
3. We need any and all exploration sites returned to their original nature.

To this end, the Assembly passed a motion supporting the State of Alaska's efforts to conduct a Best Interest Finding process for the proposed oil & gas leasing program on the Alaska Peninsula.

Sincerely,


Stanley H. Mack
Mayor

RECEIVED

OCT 16 2003

DIVISION OF
OIL AND GAS

CLERK/PLANNER
P.O. BOX 349
SAND POINT, AK 99661
(907) 383-2699
(907) 383-3496 FAX
e-mail: AEPCLERK@aol.com

BOROUGH ADMINISTRATOR
3380 C STREET, SUITE 205
ANCHORAGE, AK 99503-3962
(907) 274-7555
(907) 276-7569 FAX
e-mail: aebanc@gcl.net

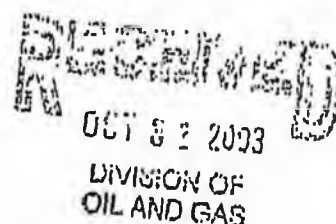
FINANCE DIRECTOR
P.O. BOX 49
KING COVE, AK 99612
(907) 497-2588
(907) 497-2386 FAX
e-mail: aabfinance@aol.com



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



October 27, 2003

Patrick Galvin, Petroleum Land Manager
Division of Oil & Gas
550 W 7th Ave, Suite 800
Anchorage, Alaska 99501-3560

RE: Call for Comments, AK Peninsula Arcawide 2005 Oil & Gas Lease Sale

Dear Mr. Galvin:

First, we would like to thank the Governor, the Governors staff and those within DNR's Oil & Gas Division for the recognition of the extra attention required "to get the word out" to those who live on the Alaska Peninsula concerning the upcoming oil and gas lease sales. There are many communication gaps in bush Alaska making your task that much more difficult.

The regional meetings in Dillingham, Bristol Bay Borough (Naknek) and in the Lake & Peninsula Borough offices (King Salmon) were instrumental in ensuring accurate information is "passed along" to others. However, due to the size of the Lake and Peninsula Borough and the steep transportation costs to travel between villages, some over 1 hour away from King Salmon by plane, I would encourage you consider additional informational meetings to be held in Port Heiden, Iliamna, and the Chignik, ASAP. We will be glad to provide you with local contacts for those communities.

Lake & Peninsula Borough responded earlier to Mr. James Hansen's request for information providing copies of the borough's latest Community Economic Development Strategies document. Additionally, community profile maps will soon be available (expected by June 2004) on-line at DCEP's website of all the villages within the Borough. These maps will contain several layers of information readily accessible by the user. Local information pertaining to sensitive cultural areas, traditional hunting or gathering areas and local historic sites are included on most community maps (local preference so not every village map contains this information). These maps will no doubt prove to be invaluable relating to potential exploration that might be considered in close proximity to a village.

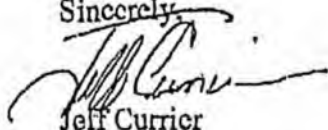
Finally, the Lake and Peninsula Borough supports onshore exploration and development but are concerned that the Best Interest Findings developed from this "call for comment period" also apparently apply to the 1.5 million acres of offshore acreage included in the lease sale, and further, that those findings are valid 10 years out.

We want to make it perfectly clear that while we are in support of onshore exploration and leasing, "the jury is still out" in most Borough villages when it comes to offshore exploration. I suspect much more information and discussion with the village leaders around the Bay will be required before offshore activities receive a majority of local support.

By supporting the current lease sale proposal, the resulting exploration and possible development of onshore sites within the next 5 years, we want to ensure we do not lose the ability to consider through separate actions, any potential exploration and development of offshore acreage in the future.

I thank you for the opportunity to provide this input. Please feel free to contact me as may be necessary.

Sincerely,



Jeff Currier
Borough Manager

SEP-25-03 15:26 From: BRISTOL BAY NATIVE CORPORATION

9072763924

T-213 P.02/02 Job-240



King Salmon Tribe

People of the Volcano

P.O. BOX 65 KING SALMON, AK 99613
TEL: 907/246-3553 FAX: 907/246-3449
E-MAIL: kstnvo@bristolbay.com

September 15, 2003

Bristol Bay Native Corporation
800 Cordova Street
Suite 200
Anchorage, AK 99501-6299

VIA FACSIMILE: 907/276-3924

Dear Mr. President:

As you know, Bristol Bay has been faced with economic failure year after year, due to the low return of salmon and the low prices paid to the fisherman. Because of the failure in our fishery, our people are faced with having to live in poverty. We can no longer pretend that our fisheries will be, as we knew it. Other than fishing, most of our people in our villages have very few economic opportunities. As a result, we have friends and family fighting amongst themselves for these limited jobs. Until there are economic changes in place, we will forever be faced with economic despair because there are no other means to provide for ourselves other than what we have today. We need economic diversity.

The village of King Salmon is in support of developing our oil and gas reserves both onshore and offshore and developing our mineral deposits here in Bristol Bay. We also support ground transportation from King Salmon to Anchorage so that we can reduce transportation costs to promote economic opportunities. This would also reduce the cost of living in our villages and region. Whether any of these development issues take place remains to be seen. However, we cannot continue to impoverish our people because of differences of opinions in regards to economic development.

It is unfair of people and organizations who criticize development in our region when in fact they offer no solutions to address our current short and long-term needs. In addition, many people who are opposed to economic development have good paying jobs, or work and live outside our region. Yet, many try to dictate what is best for us and our villages.

In closing, the village of King Salmon asks that we all put aside any differences that we may have of economic development in Bristol Bay. Our people deserve more than having to live in poverty and the consideration of going on welfare.

Sincerely,

Ralph Angasan, Sr.
President

2832
JP

CITY OF ALEKNAGIK

P.O. Box 33, MAIN STREET
ALEKNAGIK, ALASKA 99555-0033
PHONE: 907-842-5953 OR 842-2528
FAX: 907-842-2107
EMAIL: cityalok@nushtel.com

April 11, 2003

Governor Frank H. Murkowski
Office of the Governor
3rd Floor State Capital, Mail Stop 0001
P.O. Box 110001
Juneau, Alaska 99811-0001

RECEIVED

APR 16 2003

GOVERNOR'S OFFICE

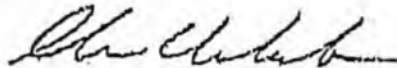
RE: Oil and Gas Development in Bristol Bay

Dear Governor Murkowski:

The City Council of the City of Aleknagik passed Resolution 03-11 supporting OCS 92 lease sales for oil and gas development in Bristol Bay at their regularly meeting on April 8, 2003. The City of Aleknagik supports economic development, local jobs, lower energy costs, less dependence on foreign oil, and protection of the fisheries and environment.

Please support oil and gas development in Bristol Bay and help to move up the OCS sales from 2011 to the earliest possible date. Thank you for your time and favorable consideration.

Sincerely,



Chris Chuckwik
Mayor

Enclosure: Resolution 03-11

cc: Senator Ted Stevens
Senator Laura Murkowski
Congressman Don Young
Alaska State Legislature
Paul Rochl, Bristol Bay Native Corporation

CITY OF ALEKNAGIK
RESOLUTION 03-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALEKNAGIK
SUPPORTING OCS 92 LEASE SALES FOR OIL AND GAS DEVELOPMENT IN
BRISTOL BAY.

WHEREAS, Outer Continental Shelf (OCS) Sale 92, which occurred in October 1988, garnered nearly \$96 million in oil and gas bids for 122,000 acres contained in 23 leases; and

WHEREAS, the lease sale happened at a time when the price for sockeye salmon was high (up to \$2.60/lb.) and the price for oil was relatively low (\$17.30/bbl.); and

WHEREAS, the high commercial value of salmon in the late 1980's, coupled with the threat posed by the oil industry to salmon and wildlife habitat (particularly after the March 1989 Exxon Valdez oil spill), resulted in widespread opposition to the OCS 92 lease sales, and eventually led to the cancellation of those lease sales and the return of the bid proceeds to the respective oil companies; and

WHEREAS, lease sale area OCS 92 is not scheduled to be revisited by the U.S. Minerals Management Service until 2011; and

WHEREAS, the environmentally responsible exploration for, and development of, Bristol Bay oil and gas resources could create needed high-paying, rewarding jobs for the people of the region, especially given the recent, disastrous Bristol Bay commercial salmon seasons; and

WHEREAS development of these oil and gas resources could also result in substantially reduced heating and energy costs for residents in the Bristol Bay region, and could enhance the competitiveness of the Bristol Bay commercial salmon and other industries, such as mining; and

WHEREAS, given the rising tensions in the Middle East, it is becoming increasingly clear that America's dependence on foreign oil imports is highly undesirable, both from a strategic and domestic standpoint.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Aleknagik that the City of Aleknagik strongly supports oil and gas exploration and development in the Bristol Bay region provided maximum protection be given to the fishery resources and that exploration and development be done in an environmental manner; and

BE IT FURTHER RESOLVED that the City of Aleknagik supports immediate exploration and development of the OCS 92 area and request the assistance of Senator Stovena, Senator Murkowski, Congressman Young, Governor Murkowski, and the

Alaska State Legislature to assist in moving the OCS sales schedule up from 2011 to 2004 or as earliest as possible.

PASSED AND APPROVED this 7 day of April, 2003 at Aleknagik, Alaska.

SIGNED:


Chris Chuckwuk, Mayor

ATTEST:


Pauline Kohler, City Clerk

Sen. Elton

LOCATION MAP

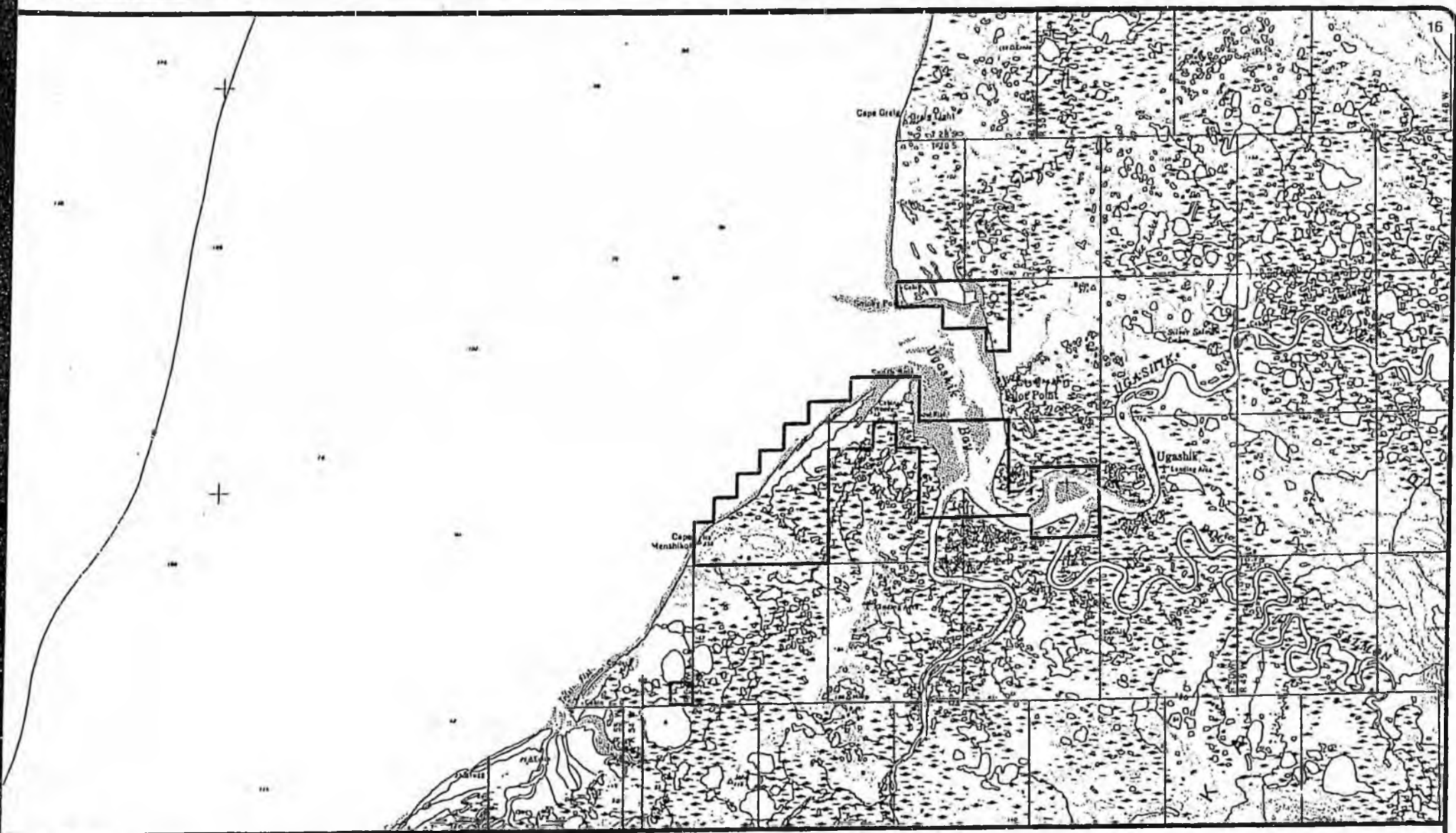


Year Established	1972
Purpose	protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved	uplands, tidelands, and submerged lands

PILOT POINT CRITICAL HABITAT AREA

AS 16.20.230(5) The following described area is established as Pilot Point Critical Habitat Area:

- (A) Township 30 South, Range 52 West, Seward Meridian (protracted)
Sections 1 — 3
Section 12
- (B) Township 30 South, Range 51 West, Seward Meridian (protracted)
Sections 5 — 8
Section 17
- (C) Township 31 South, Range 51 West, Seward Meridian (protracted)
Sections 5 — 8
Sections 13 — 15
Sections 17 — 27
- (D) Township 30 South, Range 52 West, Seward Meridian (protracted)
Sections 27 — 29
Sections 31 — 34
- (E) Township 31 South, Range 52 West, Seward Meridian (protracted)
Sections 1 — 3
Sections 5 — 6
Sections 11 — 14
Sections 23 — 24
- (F) Township 30 South, Range 53 West, Seward Meridian (protracted)
Section 36
- (G) Township 31 South, Range 53 West, Seward Meridian (protracted)
Sections 1 — 2
Sections 10 — 11
Sections 12 — 14 (not tide or submerged land)
Sections 15 — 16
Sections 20 — 21
Sections 22 — 28 (not tide or submerged land)
Sections 29 — 31
Sections 32 — 36 (not tide or submerged land)
- (H) Township 32 South, Range 54 West, Seward Meridian (protracted)
Section 36;



HABITAT DIVISION

PILOT POINT

SCALE 1:250,000



LOCATION MAP

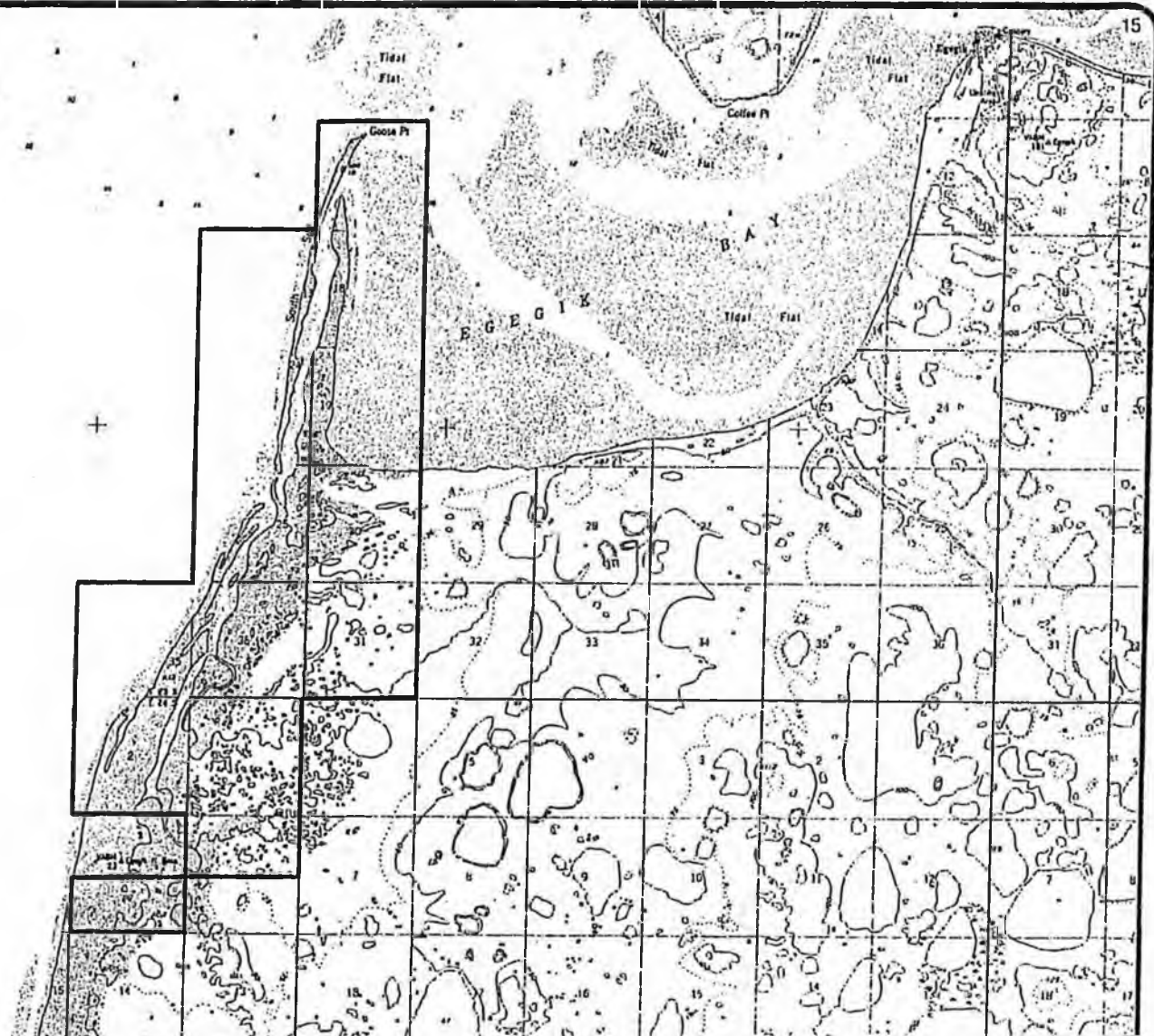


Year Established 1972
Purpose protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved uplands, tidelands, and submerged lands

EGEGIK CRITICAL HABITAT AREA

AS 16.20.230(4) The following described area is established as Egegik Critical Habitat Area:

- (A) Township 24 South, Range 51 West, Seward Meridian (protracted)
Sections 1 — 2
Section 11 S $\frac{1}{2}$
Section 12 N $\frac{1}{2}$
- (B) Township 23 South, Range 51 West, Seward Meridian (protracted)
Section 13
Sections 24 — 25
Sections 35 — 36
- (C) Township 23 South, Range 50 West, Seward Meridian (protracted)
Section 7
Sections 18 — 19
Section 30
Section 31 (not tide or submerged land);



HABITAT DIVISION
JULY 1983

EGEGIK
State Critical Habitat Area

SCALE 1:63,360



LOCATION MAP

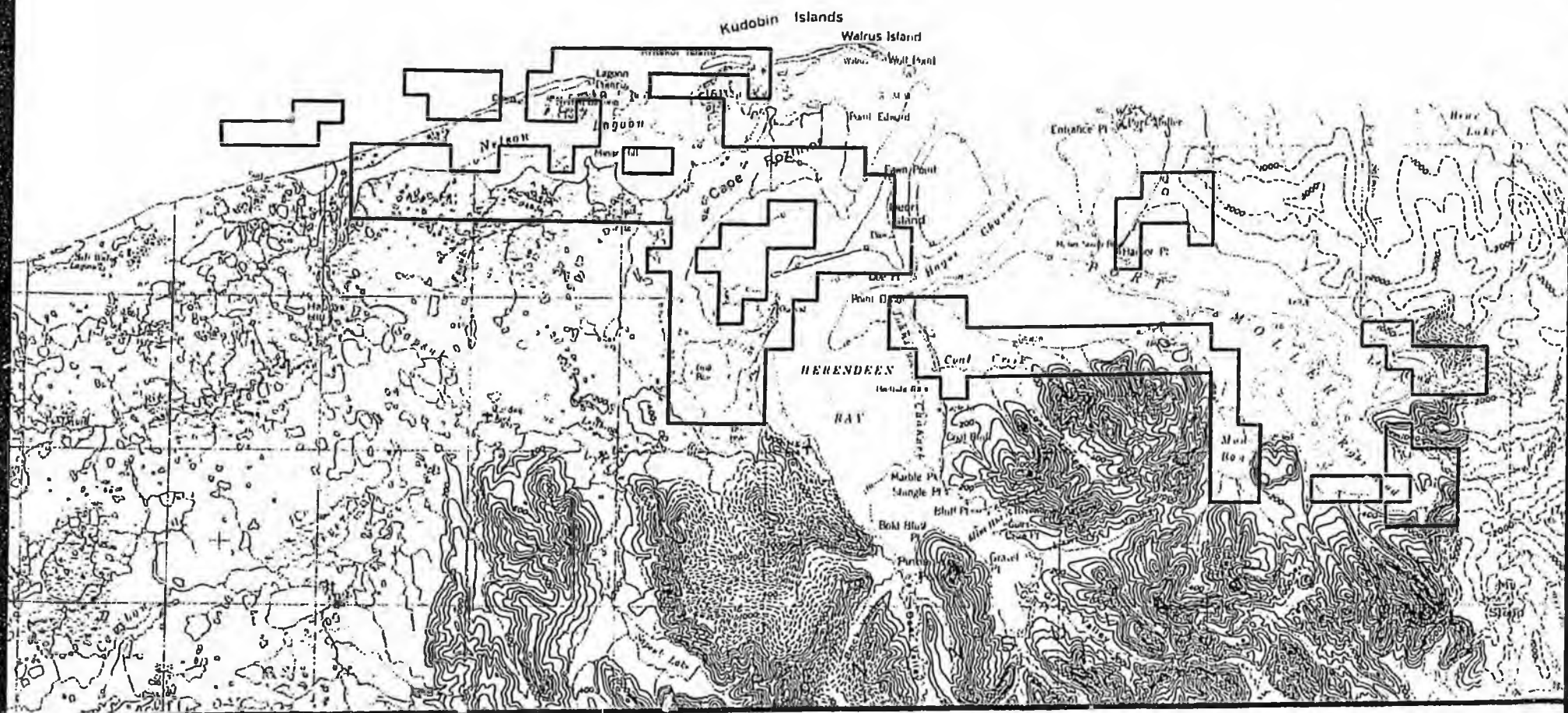


Year Established	1972
Purpose	protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved	uplands, tidelands, and submerged lands

PORT MOLLER CRITICAL HABITAT AREA

AS 16.20.230(1) The following described area is established as Port Moller Critical Habitat Area:

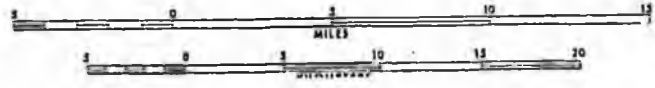
- (A) Township 50 South, Range 71 West, Seward Meridian, Sections 7 — 8, Section 14 (not tide or submerged land), Sections 15 — 17, Sections 21 — 23, Section 32
- (B) Township 51 South, Range 71 West, Seward Meridian, Section 3 (not tide or submerged land), Sections 4 — 5, Section 7, Sections 9 — 10, Sections 15 — 17
- (C) Township 49 South, Range 73 West, Seward Meridian, Sections 10 — 11, Section 12 (not tide or submerged land), Sections 13 — 16, Section 21, Section 24, Section 28
- (D) Township 51 South, Range 72 West, Seward Meridian, Sections 5 — 8, Sections 11 — 12
- (E) Township 50 South, Range 72 West, Seward Meridian, Sections 18 — 19, Sections 30 — 32
- (F) Township 50 South, Range 73 West, Seward Meridian, Sections 7 — 13, Sections 14 — 17 (not tide or submerged land), Section 18
- (G) Township 50 South, Range 74 West, Seward Meridian, Sections 5 — 7, Section 8 (not tide or submerged land), Sections 9 — 13, Sections 14 — 16 (not tide or submerged land), Sections 17 — 18, Section 20
- (H) Township 50 South, Range 75 West, Seward Meridian, Section 1, Sections 6 — 7, Section 12
- (I) Township 49 South, Range 75 West, Seward Meridian, Section 3, Sections 4 — 6 (not tide or submerged land), Sections 7 — 11, Sections 14 — 16, Sections 21 — 32
- (J) Township 48 South, Range 75 West, Seward Meridian, Sections 15 — 18, Section 22, Sections 29 — 30, Section 31 (not tide or submerged land), Section 32
- (K) Township 48 South, Range 76 West, Seward Meridian, Sections 13 — 17, Sections 19 — 23, Sections 25 — 27, Sections 29 — 30, Sections 34 — 35, Section 36 (not tide or submerged land)
- (L) Township 50 South, Range 76 West, Seward Meridian, Section 1, Section 3, Section 4 (not tide or submerged land), Section 9 (not tide or submerged land), Sections 10 — 13, Sections 14 — 16 (not tide or submerged land), Sections 21 — 23 (not tide or submerged land), Sections 24 — 25, Sections 26 — 28 (not tide or submerged land)
- (M) Township 49 South, Range 76 West, Seward Meridian, Sections 1 — 4, Sections 7 — 9, Sections 10 — 11 (not tide or submerged land), Sections 12 — 14, Sections 15 — 16 (not tide or submerged land), Sections 17 — 18, Section 21 (not tide or submerged land), Section 22, Sections 28 — 29, Sections 33 — 34
- (N) Township 49 South, Range 77 West, Seward Meridian, Sections 1 — 2, Sections 4 — 5, Sections 7 — 12, Sections 13 — 18 (not tide or submerged land)
- (O) Township 48 South, Range 77 West, Seward Meridian, Sections 20 — 23, Sections 26 — 28
- (P) Township 48 South, Range 78 West, Seward Meridian, Sections 26 — 27, Sections 31 — 34
- (Q) Township 49 South, Range 78 West, Seward Meridian, Sections 2 — 5, Sections 8 — 12, Sections 13 — 16 (not tide or submerged land), Section 17;



HABITAT DIVISION
JULY 1983

PORT MOLLER
 State Critical Habitat Area

SCALE 1:250,000



LOCATION MAP

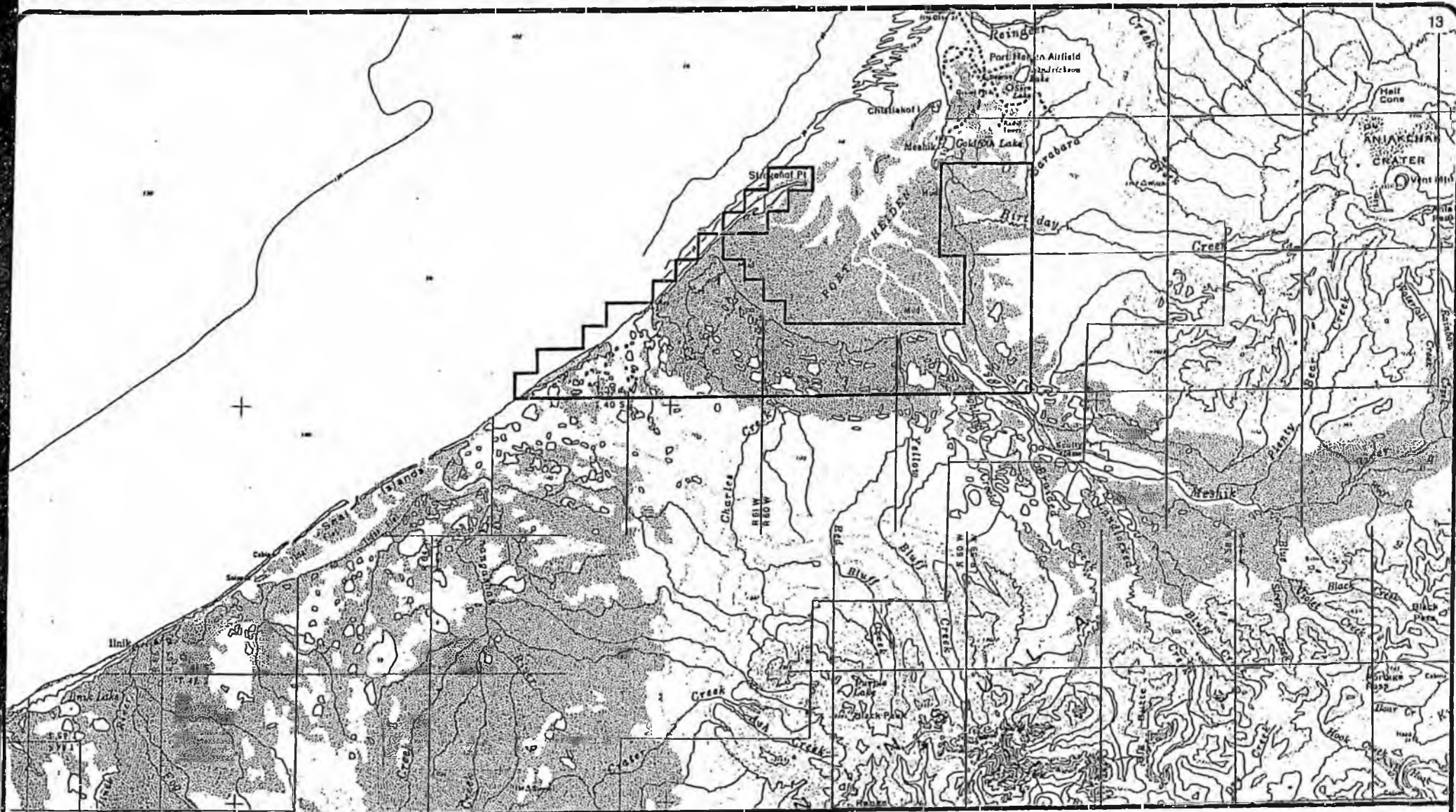


Year Established 1972
Purpose protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved uplands, tidelands, and submerged lands

PORT HEIDEN CRITICAL HABITAT AREA

AS 16.20.230(2) The following described area is established as Port Heiden Critical Habitat Area:

- (A) Township 38 South, Range 59 West, Seward Meridian
Sections 13 — 15 (not tide or submerged land)
Section 16
Section 21
Sections 22 — 27 (not tide or submerged land)
Section 28
Sections 33 — 34
Sections 35 — 36 (not tide or submerged land)
- (B) Township 38 South, Range 60 West, Seward Meridian
Sections 17 — 19
- (C) Township 38 South, Range 61 West, Seward Meridian
Sections 24 — 26
Section 34
- (D) Township 39 South, Range 59 West, Seward Meridian
Sections 1 — 2 (not tide or submerged land)
Section 3
Sections 10 — 14 (not tide or submerged land)
Section 15
Sections 19 — 22
Sections 23 — 25 (not tide or submerged land)
Sections 26 — 29
Sections 30 — 33 (not tide or submerged land)
Sections 34 — 36
- (E) Township 39 South, Range 60 West, Seward Meridian
Sections 18 — 24
Section 25 (not tide or submerged land)
Sections 26 — 27
Sections 28 — 36 (not tide or submerged land)
- (F) Township 39 South, Range 61 West, Seward Meridian
Sections 2 — 4
Sections 8 — 9
Section 10 (not tide or submerged land)
Sections 11 — 13
Sections 14 — 15 (not tide or submerged land)
Sections 16 — 18
Sections 19 — 20 (not tide or submerged land)
Section 21
Sections 22 — 36 (not tide or submerged land)
- (G) Township 39 South, Range 62 West, Seward Meridian
Section 13
Sections 23 — 28
Sections 32 — 34
Sections 35 — 36 (not tide or submerged land);



HABITAT DIVISION
JULY 1983

PORT HEIDEN
 State Critical Habitat Area

SCALE 1: 250,000



LOCATION MAP

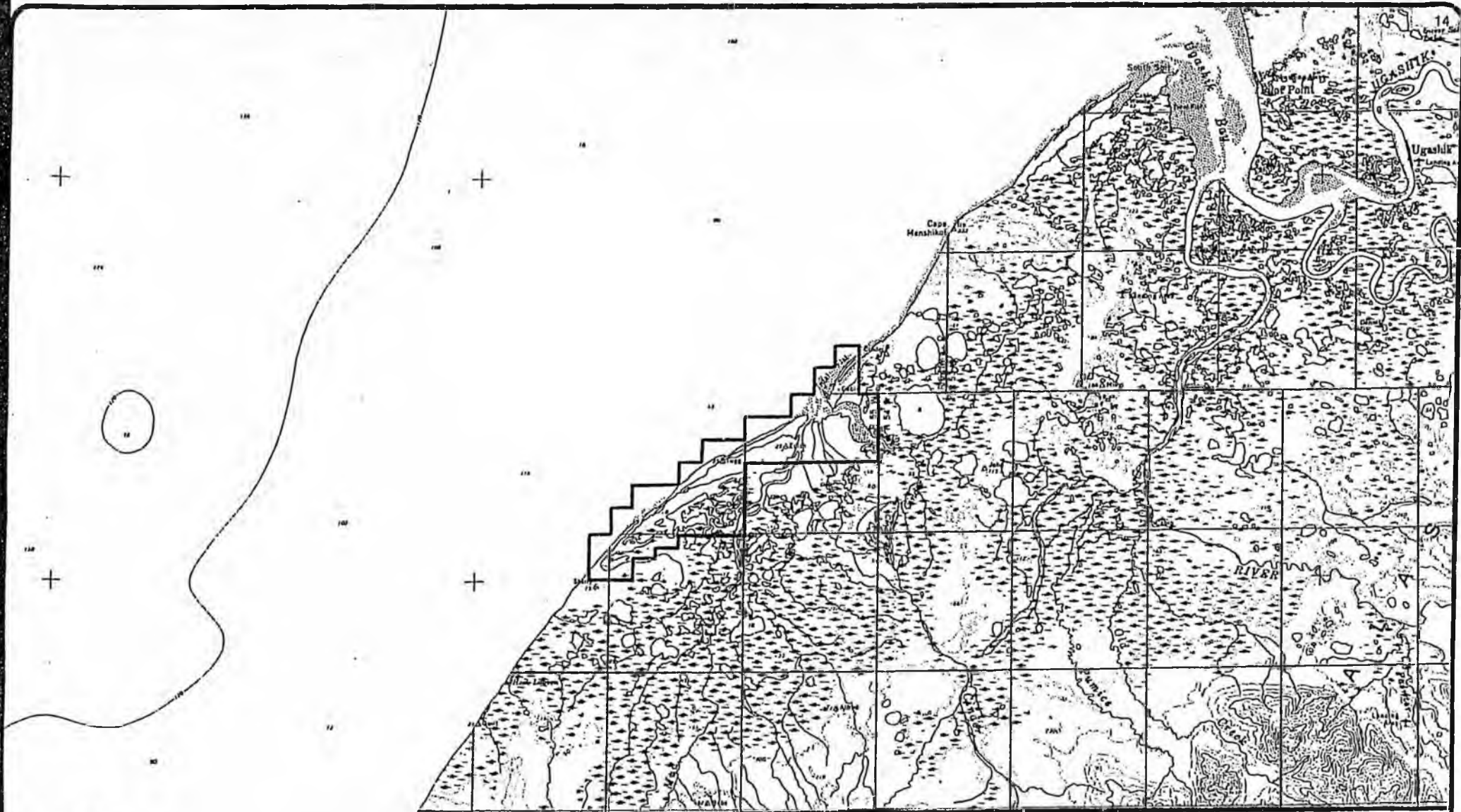


CINDER RIVER CRITICAL HABITAT AREA

AS 16.20.230(3) The following described area is established as Cinder River Critical Habitat Area:

- (A) Township 32 South, Range 54 West, Seward Meridian
Section 29
Sections 31 — 32
- (B) Township 33 South, Range 55 West, Seward Meridian
Sections 1 — 4
Sections 7 — 13
Sections 14 — 17 (not tide or submerged land)
Section 18
- (C) Township 33 South, Range 56 West, Seward Meridian
Sections 13 — 14
Sections 22 — 23
Sections 24 — 26 (not tide or submerged land)
Sections 27 — 29
Sections 31 — 32
Sections 33 — 36 (not tide or submerged land)
- (D) Township 34 South, Range 56 West, Seward Meridian
Sections 5 — 7
Section 4 N ½
- (E) Township 34 South, Range 57 West, Seward Meridian
Section 1
Section 12;

Year Established 1972
Purpose protect natural habitat crucial to perpetuation of fish and wildlife (especially waterfowl)
Lands Involved uplands, tidelands, and submerged lands



HABITAT DIVISION
JULY 1983

CINDER RIVER
State Critical Habitat Area

SCALE 1:250,000

