

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

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April 14, 2008

CALL FOR COMMENTS ON CROOKED CREEK-CIRCLE BASIN OIL AND GAS EXPLORATION LICENSE PROPOSAL

On December 17, 2007, the Department of Natural Resources, Division of Oil and Gas (DO&G) provided notice of its intent to evaluate an oil and gas exploration license proposal and requested competing proposals. DO&G received no competing proposals. Exploration licenses are issued for areas outside of the state's oil and gas lease sale areas.

Pursuant to 38.05.133(d) and AS 38.05.945(b), DO&G is requesting comments on a Crooked Creek-Circle Basin oil and gas exploration license. The applicant, BGI North America, LLC (BGI), has proposed a minimum work commitment of \$500,000 with a 10-year term. The proposed license area encompasses approximately 72,443 acres lying generally east of Central, bounded by Yukon-Charley Rivers Preserve to the east and Doyon-owned land to the north. The area is about 15 miles south of Circle and may affect the communities of Central and Circle Hot Springs. The proposed license area is for state land only within the following:

Fairbanks Meridian

T9N, R15E, Sections 19-36;
T9N, R16E, Sections 19-36;
T9N, R17E, Sections 19-36;
T8N, R16E, Sections 1-18;
T8N, R17E, Sections 1-18;
T8N, R18E, Sections 1-18;
T8N, R19E, Sections 1-18.

Request for Public Comments

Before issuing an exploration license DO&G must issue a written finding to determine if an exploration license in this area is in the state's best interests. The 60-day public and agency comment period begins April 14, 2008. Comments must be received by June 13, 2008 to ensure consideration and must be mailed to Kathy Means, Division of Oil and Gas, 550 West 7th Avenue, Suite 800; Anchorage, AK 99501; e-mailed to kathy.means@alaska.gov; or faxed to Kathy Means at (907)269-8943. DO&G will use the comments submitted to prepare a Preliminary Best Interest Finding, which will be released for additional public comment prior to the completion of a Final Best Interest Finding.

Under AS 38.05.131 et. seq. and 11 AAC et. seq, the exploration license holder will have the exclusive right to explore state land within the license area for deposits of oil and gas. The licensee must pay a one-time fee of \$1 per acre and post a bond or other surety to guarantee performance of the minimum work commitment. Prior to exploration of the license area the license holder must apply for the appropriate permits and post any additional bonds required of operators. Upon completion of the work commitment, the licensee may convert all or a portion of the license area to oil and/or gas lease(s).

DO&G complies with Title II of the Americans with Disabilities Act 1990. This publication will be made available in alternative communication formats upon request. Please contact Tim Jones at (907)269-8814 to make any necessary arrangements. For further information regarding this proposal, please visit the division's website at www.dnr.dog.state.ak.us or contact Kathy Means at (907) 269-8757; email: kathy.means@alaska.gov.



Kevin Banks
Director

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"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."