

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT

AUTHORITY RESOLUTION NO. G25-02

RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY RELATING TO ON-GOING DEVELOPMENT OF THE SECTION 1002 AREA OIL & GAS LEASES PROJECT BY MOVING AVAILABLE FUNDS AND LIABILITIES FROM THE ARTIC INFRASTRUCTURE DEVELOPMENT FUND INTO A SEPARATE ACCOUNT IN THE REVIVING FUND

WHEREAS, one of the purposes of the Alaska Industrial Development and Export Authority (the “Authority”) is to develop and provide financing for industrial development (AS 44.88.070)(1)), given the legislative finding that such facilities “are essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state...” AS 44.88.010(a)(4);

WHEREAS, the mission of the Authority is to work with public and private institutions to promote, develop, and advance the general prosperity and economic welfare of the people of the state;

WHEREAS, Section 20001(b)(2)(A) of Public Law 115-97 (Dec. 22, 2017) (the “Act”) required the Secretary of the Interior, acting through the Bureau of Land Management (“BLM”), to establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Arctic National Wildlife Refuge (ANWR) Coastal Plain, and the BLM issued the Coastal Plain Detailed Statement of the Sale (“DSS”) in accordance with the Act;

WHEREAS, BLM issued a Notice of Sale published in the Federal Register on December 7, 2020 establishing the January 2021 Coastal Plain Alaska Oil and Gas Lease Sale to be conducted on January 6, 2021;

WHEREAS, pursuant to Board Resolution No. G20-31, the Authority (1) approved

the Section 1002 Area Oil & Gas Leases project (the “Project”) using the Arctic Infrastructure Development Fund (AIDF), (2) authorized the Executive Director to evaluate and submit bids pursuant to the terms of the DSS and BLM's Notice of Sale, and (3) authorized Staff of the Authority to expend or encumber the AIDF to pay for any and all Project expenses;

WHEREAS, as authorized by Board Resolution No. G20-31, the Authority successfully submitted bids in accordance with BLM's process and executed seven lease agreements with the BLM covering 365,775 acres within the Section 1002 Area;

WHEREAS, The Department of Interior in September of 2023 illegally terminated these seven leases, and in response to this illegal action AIDEA sued the federal government in October of 2023 for multiple violations of law;

WHEREAS, In Case No. 3:24-cv-00051-SLG, *AIDEA v. U.S. Dep’t of the Interior, et al.* the U.S. District Court for Alaska on March 25, 2025 issued a Decision and Order, granting Counts I, II(A), IV, and V as set forth in AIDEA’s Opening Brief and ordering that “DOI’s Lease Cancellation Decision of AIDEA’s ANWR leases is VACATED”.

WHEREAS, The President issued Executive Order 14153 entitled “Unleashing Alaska’s Extraordinary Resource Potential”, 90 FR 8747, January 29, 2025 which in Section 3(b)(ii) provides for the rescinding of the cancellation of any leases within the Arctic National Wildlife Refuge, other than such lease cancellations as the Secretary of the Interior determines are consistent with the policy interests described in section 2 of this order, and for initiating additional leasing through the Coastal Plain Oil and Gas Leasing Program, and issuing all permits, right-of-way permits, and easements necessary for the exploration, development, and production of oil and gas from leases within the Arctic National Wildlife Refuge;

WHEREAS, The Secretary of the Interior issued Secretarial Order 3422 implementing

the President's Executive Order 14153, March 20, 2025;

WHEREAS, AIDEA can now and will continue with its plans to own, obtain, land, make use of leases in the Coastal Plain for exploration and development and that these activities will require expenditures and the accounting of those expenditures;

WHEREAS, the Authority has the ability to finance projects or facilities that promote and create infrastructure needed to bring natural resources to market;

WHEREAS, AIDEA was set up by the Legislature to able to finance projects through several separate funds including the Revolving Fund (AS 44.88.060), the Enterprise Development Account (AS 44.88.155), the Economic Development Account (AS 44.88.172), the Arctic Infrastructure Development Fund (AS 44.88.810) and the Sustainable Energy Transmission and Supply Development Fund (AS 44.88.660) with the ability to have each fund accept receipts into a fund and the authority to transfer funds from one fund to the other as directed and determined by the Board;

WHEREAS, the Project was designated to be an Arctic infrastructure Development project under the Arctic Infrastructure Development Program and Fund in Board Resolution G20-31;

WHEREAS, The Revolving Fund consists of appropriations made to the Revolving Fund by the legislature, and money or other assets transferred into the Revolving Fund by the Authority;

WHEREAS, The Authority may create additional accounts either in the Revolving Fund or outside the Revolving Fund;

WHEREAS, Amounts deposited into the Revolving Fund may be expended for the authorized purposes of the Authority;

WHEREAS, making these decisions to advance and manage the Project are all in

Section 1. The Authority is authorized to continue to expend or encumber the funds remaining of the original \$20,000,000 previously allocated by Board Resolutions G20-31 and G21-18 in furtherance of Project activities;

Section 2. The Authority is authorized to create a new account in the Revolving Fund known as the “Section 1002 Area Oil & Gas Leases Project Development Account” and transfer the funds budgets, project development expenses and liabilities including but not limited to payment for professional services and legal costs, now in AIDF to the new “Section 1002 Area Oil & Gas Leases Project Development Account” established as a separate account in the Revolving Fund and extend the date of budget approvals for this Project to June 30, 2026;

Section 3. The Executive Director is authorized to sign all other documents and instruments and to take other actions as may be necessary or convenient in implementing this Resolution.

Dated at Anchorage, Alaska, this 16th day of April 2025.




Secretary




Chair



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority

From: Randy Ruaro
Executive Director

Date: April 16, 2025

Subject: Section 1002 Area (Coastal Plain) Oil & Gas Leases Budget 2022
Resolution No. G25-02

PROJECT SUMMARY

Resolution G20-31, approved by the Board in December 2020, authorized the Alaska Industrial Development and Export Authority (“AIDEA” or the “Authority”) to evaluate and bid on oil and gas lease tracts available under the BLM’s Coastal Plain Oil and Gas Lease Program and to expend or encumber up to a maximum \$20,000,000 to pay for any and all project related expenses in the first year through the Arctic Infrastructure Development Fund (AIDF).

At the completion of this sale, AIDEA executed seven lease agreements covering 365,775 acres within the Section 1002 Area. These leases were for an initial term of 10 years with exclusive rights of access to explore for reserves and develop the tracts.

Lease Agreements Signed January 2021

Tract Number	Acres	Amount	Annual Lease	1x	Total Bid Costs
		Bid	PMT @ \$10/Acre	Processing Fee	
2021-CP-016	57,507	1,437,675	575,070	170	2,012,915
2021-CP-017	43,876	1,096,900	438,760	170	1,535,830
2021-CP-024	58,176	1,454,400	581,760	170	2,036,330
2021-CP-026	53,412	1,335,300	534,120	170	1,869,590
2021-CP-027	52,447	1,311,175	524,470	170	1,835,815
2021-CP-030	46,791	1,169,775	467,910	170	1,637,855
2021-CP-031	53,546	1,338,650	535,460	170	1,874,280
	365,755	\$9,143,875	\$3,657,550	\$1,190	\$12,802,615

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In June 2021, the Board approved Resolution No. G21-18 authorizing AIDEA staff to expend up to \$1,500,000 out of the originally allocated \$20,000,000 specifically to retain professional services to assist AIDEA's Project team in addressing critical path tasks that focus on studies, data collection, and required regulatory permitting to support a phased, multi-year seismic acquisition program targeted to begin in 2022. In December 2021, the Board approved Resolution G21-33 to continue to use the funding allocated under Resolution G20-31 to pay for any and all project expenses in calendar year 2022 and in December 2022 the Board approved Resolution G22-16 authorizing staff to continue to expend or encumber funds previously allocated by Board Resolutions G20-31, G21-18 and G21-33.

STATUS OF COASTAL PLAIN LEASES

On June 1, 2021 the Department of Interior issued a letter to AIDEA regarding the suspension of operations and production of AIDEA's Coastal Plain Project leases referencing legal deficiencies in the program's Environmental Impact Statement (EIS) and Record of Decision (ROD). Subsequently in September of 2023, the Department of Interior administratively canceled all seven leases illegally. In response to this illegal action, AIDEA sued the federal government in October of 2023 for multiple violations of law

In Case No. 3:24-cv-00051-SLG, *AIDEA v. U.S. Dep't of the Interior, et al.* the U.S. District Court for Alaska on March 25, 2025 issued a Decision and Order, granting AIDEA the relief it requested in Counts I, II(A), IV, and V as set forth in AIDEA's Opening Brief and ordering that "DOI's Lease Cancellation Decision of AIDEA's ANWR leases is VACATED".

This court ruling occurred after the President issued Executive Order 14153 entitled "Unleashing Alaska's Extraordinary Resource Potential", 90 FR 8747, January 29, 2025 which in Section 3(b)(ii) provides for the rescinding of the cancellation of any leases within the Arctic National Wildlife Refuge, other than such lease cancellations as the Secretary of the Interior determines are consistent with the policy interests described in section 2 of this order, and for initiating additional leasing through the Coastal Plain Oil and Gas Leasing Program, and issuing all permits, right-of-way permits, and easements necessary for the exploration, development, and production of oil and gas from leases within the Arctic National Wildlife Refuge.

As a result of the Court Order and the President's Executive Order, AIDEA can now and will continue with its plans to own, obtain, and, make use of leases in the Coastal Plain for exploration and development and that these activities will require expenditures and the accounting of those expenditures.

REQUEST

Board Resolution No G25-02 addresses the methods to account for and manage the ongoing budget for the ANWR Lease Project as it evolves from an effort to contest the illegal cancellation of the leases AIDEA bid on and obtained in January of 2021 to a renewed effort to explore and develop these leases now back in AIDEA's possession. As part of this evolving long term project

and the accounting for that project, it is desirable to move the funding and the budget for the project from the Arctic Infrastructure Development Fund (AIDF), where it has resided since Resolution G20-31, into a new, separate account in the Revolving Fund denominated as the “Section 1002 Area Oil & Gas Leases Project Development Account”

Under the proposed Resolution, all of the funds, budgets, project development expenses and liabilities including but not limited to payment for legal costs, that are now located in the AIDF for the accounting management of the ANWR Project will be transferred to the new “Section 1002 Area Oil & Gas Leases Project Development Account” located in the Revolving Fund. This change will allow for the accounting for the Project to be in line and consistent with the anticipated future expenditures for the project including both gains and potential liabilities as costs are both expensed and capitalized in accordance the standards of the Government Accounting Standards Board (GASB).

AIDEA was set up by the Legislature to be able to finance projects through several separate funds including the Revolving Fund (AS 44.88.060), the Enterprise Development Account (AS 44.88.155), the Economic Development Account (AS 44.88.172), the Arctic Infrastructure Development Fund (AS 44.88.810) and the Sustainable Energy Transmission and Supply Development Fund (AS 44.88.660). The Legislature also granted the Authority the ability to have each fund accept receipts into a fund and the authority to transfer funds from one fund to the other as directed and determined by the Board.

Under AS 44.88.060 the Board is authorized to move funds into the Revolving Fund and the Legislature added an additional power allowing AIDEA to create new accounts within the Revolving Fund to assist in the effective and efficient management of projects. The statute, in pertinent part provides as follows:

The Alaska Industrial Development and Export Authority revolving fund is established in the authority. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the authority, and unrestricted payments on loans made or purchased by the authority. Unless otherwise expressly stated, the accounts created in this chapter are accounts in the revolving fund. **The authority may create additional accounts either in the revolving fund or outside the revolving fund.** (emphasis added)

The proposed resolution would continue funding within the conceptual framework of Resolution G20-31 and Resolution G24-11, -but future expenditures would come from a separate account in the Revolving Fund rather than from the AIDF. This change is consistent with AIDEA’s continuing interest developing ANWR leases given their significant potential. This interest is consistent with the President’s Executive Order 14153 entitled “Unleashing Alaska’s Extraordinary Resource Potential”, 90 FR 8747, January 29, 2025. This Executive Order sets out a policy in Section 2 for the nation to fully avail itself of Alaska’s vast lands and resources for the benefit of the Nation and the American citizens who call Alaska home and to provide for efficiently and effectively maximizing the development and production of the natural resources located on both Federal and State lands

within Alaska. The ANWR leases that AIDEA obtained in January of 2021 are resources rich in oil and gas according to federal government surveys.

By the terms of this Resolution, the Authority is authorized to create a new account in the Revolving Fund known as the “Section 1002 Area Oil & Gas Leases Project Development Account” and transfer the funds budgets, project development expenses and liabilities now in the AIDF to the new separate account in the Revolving Fund and extend the date of budget approvals to June 30, 2026.;

PROJECT PLAN AND BUDGET

The remaining funds from the approved in Resolution G20-31 resolution are approximately \$16.5million.

Project Activity	Remaining FY-25	FY-26
Legal	-	500,000
Lease Payments	11,887,037	3,657,550
Permitting	300,000	1,200,000
Travel	-	10,000
Other Project Expense	10,000	495,182
Contingency	10,000	495,182
Total	\$12,207,037	\$6,357,915

AIDEA’s goal moving forward is to provide funding for the needed collection of data that will advance the project, with a primary focus on conducting seismic investigations on AIDEA’s ANWR leases in a manner consistent with Executive Order 14153, “Unleashing Alaska’s Extraordinary Resource Potential”, 90 FR 8747, January 29, 2025, Section 3(b)(ii), (iii)(iv)(v) and (vi).

PROPOSAL

AIDEA staff is requesting the Board’s authorization to continue availability through the fiscal year 2026 of unencumbered funds under the \$20,000,000 authorized under Resolution No. G20-31 for pre-development work on AIDEA’s Section 1002 Area Oil & Gas Leases.

Funding will be used during fiscal years 2025 and 2026 for the following:

1. Repayment of Refunded 2021 Bonus Bid amounts
2. Annual Lease Payment¹
3. Ongoing pre-development permitting activities for exploration and development of AIDEA’s leases
4. Legal support

¹ AIDEA will be submitting a request for a reduction in lease fees from \$10 an acre to \$1 to the Secretary of the Interior pursuant to language in the executed lease agreements.

AIDEA STATUTORY AUTHORITY & MISSION

AIDEA is an independently governed, public corporation of the State of Alaska established by the Alaska State Legislature in 1967 as the state's development finance authority to engage with Public and private institutions with a mission to promote, develop, and advance the general prosperity and economic welfare of Alaskans. Since inception, AIDEA has been responsible for directing more than \$3 billion in economic development within Alaska through our programs and successful development project investments.

Resolution No. G20-31 provided AIDEA's authority to undertake this development project support for exploration and development activities in the Section 1002 Area comes from a wide cross-section of Alaskans, including: 64% of Alaskans, VOICE of the Arctic ĩñupiat (a non-profit coalition comprised of 24 entities including tribal councils, regional organizations, municipal governments, and ANCSA corporations located in and around the 1002 Area), Governor Dunleavy, and all members of Alaska's congressional delegation.

This proposal advances the public interest, job growth and economic development benefits that can achieved by the North Slope region and to the State of Alaska through the production of oil and gas resources on AIDEA's lease tracts within the Section 1002 Area, including:

- Increasing the economic development opportunity on the North Slope;
- Enhancing returns to the State and Permanent Fund through increased oil and gas proceeds and royalties (estimated up to \$50 billion in total future royalties, according to the nonpartisan Congressional Budget Office);
- Promotes new infrastructure development and sustains existing Alaska infrastructure including the Trans-Alaska Pipeline System by adding a projected 1.4 million barrels per day to Alaska's oil production
- Provides opportunities for growth within Alaska's oil and gas sector businesses
- And most importantly – is ultimately a source for jobs for Alaskans:
 - Initially 1,430 direct jobs and 6,350 indirect jobs annually; and
 - 2,480 direct jobs and 10,100 indirect jobs at peak employment

RECOMMENDATION

AIDEA staff recommends approval of Resolution No. G25-02 authorizing the Executive Director to continue to use funding allocated under Resolution No. G20-31 by placing those funds into an improved accounting stance by transferring the funds and liabilities now in the AIDF to a new separate account in the Revolving Fund named the "Section 1002 Area Oil & Gas Leases Project Development Account".