

**The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION
Samuel Cade
Negotiated Oil & Gas Lease – Houston, AK**

MHT: 9300102
MH Parcel(s): S50560, S50561,
SM-2434, SM-2435, SM-2436,
SM-2437, SM-2438, SM-2439,
SM-2440-01, SM-2441, SM-2442,
SM-2443, SM-2445-B, SM-2450.

In accordance with AS 38.05.801 et seq. and the implementing regulations governing Alaska Mental Health Trust ("Trust") land management (11 AAC 99), Trust land shall be managed consistently with the responsibilities accepted by the State under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)). This means that management shall be conducted solely in the best interest of the Trust and its beneficiaries.

In determining the best interest of the Trust and its beneficiaries, and in determining consistency between state law and the Alaska Mental Health Enabling Act, the Executive Director of the Alaska Mental Health Trust Land Office ("TLO") shall, at a minimum, consider the following interactive Trust management principles in accordance with 11 AAC 99.020:

- Maximization of long-term revenue from Trust land;
 - Protection of the corpus;
 - Protection and enhancement of the long-term productivity of Trust land;
 - Encouragement of a diversity of revenue-producing uses of Trust land; and
 - Management of Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries.
- I. **Proposed Use of Trust Land.** Negotiated Oil & Gas lease for approximately 1,338.20 acres of unencumbered Trust Hydrocarbon estate on 14 separate parcels for the exploration and development of oil and gas. This land would add to a land package consisting of State-owned hydrocarbon that the Alaska Department of Natural Resources, Division of Oil & Gas converted to lease to Samuel Cade in January 2025.
- II. **Applicant/File #.** Samuel Cade / MHT 9300102
- III. **Subject Property.**
- A. **Legal Description.** Fourteen Trust parcels within portions of Sections 5, 7, 8, 15, 20, 21, 23, 25, 28, 35 of Township 18 North, Range 3 West, Seward Meridian, containing 1,338.20 acres more or less, as depicted on Exhibit A and described in Exhibit B.

- B. Settlement Parcel Number(s).** S50560, S50561, SM-2434, SM-2435, SM-2436, SM-2437, SM-2438, SM-2439, SM-2440-01, SM-2441, SM-2442, SM-2443, SM-2445-B, SM-2450
- C. Site Characteristics/Primary Resource Values.** The subject lands are in a relatively undeveloped area northwest of Houston, AK, within a 3-mile radius from Zero Lake.
- D. Historical and Existing Uses of the Property.** The parcels effected by this decision were previously leased by the applicant from 2007 until 2010 when the lease was assigned to Apache Alaska Corporation until the authorization expired in 2012. During this time, ground disturbing developments did not take place, and the parcels have since not been explored.
- E. Adjacent Land Use Trends.** Adjacent land use of the hydrocarbon parcels in this decision are lands included in State-owned hydrocarbon leasing, by the applicant. Surface uses of the parcels primarily show little to no development, with the exception of parcel SM-2442, which contains residential development. Ownership of the surface estates, or adjacent ownership, varies between Alaska Mental Health Trust, private, Matanuska-Susitna Borough, and state.
- F. Previous State Plans/Classifications.** The parcels in this decision are in the region of the 2008 Southeast Susitna Area Plan but were not included as they were titled to the Trust prior to this plan.
- G. Existing Plans Affecting the Subject Parcel.** Within the Matanuska-Susitna Borough, in the City of Houston boundaries, various land use/zoning designations are present on the surface areas of the parcels in this decision. Those include, but are not limited to:

Public Lands & Institutions
Holding District
Single-Family & Two-Family Residential District
Heavy Industrial
Low Density Residential Agriculture District

These designations are not anticipated to be impactful or limiting to the proposed activity with modern capabilities of directional drilling of hydrocarbon resources allow for very minimal disturbance, if any at all, that can be done from a distance. With this being said, the applicant will be required to be compliant with and subject to all local, state, and federal zoning laws and permitting requirements.

- H. Apparent Highest and Best Use.** As the interest being offered is for the hydrocarbon estate, the highest and best use of this portion of the parcels will only ever be oil and gas exploration, with the anticipation of subsequent development and production. This type of activity is compatible with other uses on the surface and reclamation of this activity does not limit what future uses could take place on the parcel.

IV. Proposal Background. Since 2018, Samuel Cade and business partner Daniel Donkel have had an exploration license for the adjacent state-owned hydrocarbons, totaling an approximate 18,695 acres. After exploration efforts, in January of 2025, Samuel Cade was able to successfully convert their exploration license to be an Oil & Gas Lease with the Alaska Department of Natural Resources, Division of Oil and Gas. Samuel Cade proposes to include approximately 1,338.20 acres of adjacent Trust owned hydrocarbon estate for continued exploration, development, and production.

Given Samuel Cade's land interest in the adjacent area, the results of the recent State Competitive lease sales for Cook Inlet, and Samuel Cade's prior experience in the state, it is unlikely that another credible oil and gas developer would bid on the Trust acreage if it was offered competitively.

V. Terms and Conditions.

- A. Lease Term.** Primary lease term of five years, continued indefinitely by commercial production.
- B. Annual Rent.** Year 1 - \$3.00 per acre; Year 2 - \$4.00 per acre; Year 3 - \$5.00 per acre; Year 4 - \$6.00; Year 5 - \$7.00
- C. Production Royalty.** 12.5%
- D. Surface Use Conflicts/Damages.** Samuel Cade will be required to resolve surface use conflicts and damages, if any, in accordance with the provisions of the law applicable to private subsurface state owners.
- E. Environmental Laws and Considerations.** Samuel Cade will be required to enter into an oil and gas lease with the TLO, with the lease requiring full compliance with all applicable environmental laws. Additionally, the lease will include operating stipulations substantially the same as oil and gas leases issued on general state lands in recent years, with some of those stipulations exceeding the requirements of existing general environmental laws.

VI. Resource Management Considerations. The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted in 2021 in consultation with the Trust and provides for the disposal of Trust hydrocarbon resources on a negotiated bases in certain circumstances. Given that the adjacent lands have already been included in prior competitive processes, held by the State of Alaska, but yielded no bids, the likelihood of finding another party in the region who will have the capacity to develop the Trust resources as Samuel Cade is significantly lower as shown by the recent results of the State's process.

VII. Alternatives.

- A. Offer the tract competitively, which is not warranted given the applicant's experience and present land position in the area.
- B. Do not offer the land for oil and gas leasing at this time, which is also not warranted as the growing concerns of the Cook Inlet Basin being an ageing basin may not provide for a more opportune time to add the lands affected by this decision given Samuel Cade's adjacent land package.

VIII. Risk Management Considerations.

- A. **Performance Risks.** Performance risks will be minimized by enforcement of the terms and conditions of the lease agreement, including, but not limited to, the provisions that address rent and royalty payments, development plan approval, and diligent resource development over time.
- B. **Environmental Risks.** Any exploration, development, or production activities performed under this lease will be done within the parameters of all local, state, and federal laws. Lease stipulations require compliance with all applicable regulatory requirements and violations are grounds for termination of the agreement. The lessee will be adequately bonded and insured.
- C. **Public Concerns.** No known concerns have been raised at this time of this decision. This activity has occurred in the area previously.

IX. Due Diligence.

- A. **Site Inspection.** TLO Staff are generally familiar with the Trust parcels in the region and would inspect lease activities throughout development.
- B. **Valuation.** Lease terms are competitive market rates that maximize the revenue of the lands.
- C. **Terms and Conditions Review.** The use of the TLO's standard Oil & Gas Lease document will be used in this transaction, it is constantly reviewed, and is similar to industry standard agreements such as the DNR's Division of Oil & Gas lease agreement.

X. Authorities.

- A. **Applicable Authority.** AS 37.14.009(a), AS 38.05.801, and 11 AAC 99 (key statutes and regulations applicable to Trust land management and disposal).
- B. **Inconsistency Determination.** As the proposed, a negotiated lease of Trust owned hydrocarbon estate is specifically authorized under 11 AAC 99, any relevant provision of law applicable to other state lands is inapplicable to this action if it is inconsistent with Trust responsibilities accepted by the State under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)) as clarified by AS 38.05.801 and Alaska Mental Health Trust land regulations (11 AAC 99). 11 AAC 99 includes determinations that certain State statutes applicable to other State land do not apply to Trust land unless determined by the Executive Director, on a case-by-case basis, to be consistent with 11 AAC 99.020. The State Statutes deemed inconsistent with Trust management principles and inapplicable to Trust land by

these regulations have not been applied to this decision or this action, including, but not limited to, AS 38.04 (Policy for Use and Classification of State Land Surface), AS 38.05.035 (Powers and Duties of the Director), AS 38.05.300 (Classification of Land), AS 38.05.945 (Notice), AS 38.05.946 (Hearings), and 11 AAC 02 (Appeals). In addition to the above, the TLO hereby deems other existing or future provisions of AS 38.05.180 inconsistent with Trust responsibilities accepted by the state under the Alaska Mental Health Enabling Act in the event that application of said provisions would result in the TLO being required to act in a manner that is not solely in the best interest of the Trust and its beneficiaries as required by 11 AAC 99.020. Examples of specific provisions of AS 38.05.180 that will not apply to the proposed lease include, but are not limited to: AS 38.05.180(b), (five year oil and gas leasing plans); .180(f)(3), Leasing Methods; .180(f)(4), Discovery Well royalty reduction; .180(i), Exploration Incentive Credits as they apply to rental or royalty payments; .180(m), limitations on the size of a lease tract; and .180(n) rental rates.

Finally, the TLO hereby deems AS 38.05.130, Surface Use Bonding, inconsistent with Trust responsibilities accepted by the state, in that its application would require the TLO to act as a land use regulator at a significant cost and no corresponding benefit to the Trust. Other provisions of existing law provide surface owners with sufficient legal recourse in the event that land use conflicts arise as a result of this proposed lease offering.

- XI. Trust Authority Consultation.** The Alaska Mental Health Trust Resource Management Committee was consulted on April 23, 2025. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust board of trustees. On May 21, 2025, the board of trustees adopted the motion stating:

"The Alaska Mental Health Trust Authority board of trustees concur with the negotiated lease of Trust land, parcels S50560, S50561, SM-2434, SM-2435, SM-2436, SM-2437, SM-2438, SM-2439, SM-2440-01, SM-2442, SM-2443, SM-2445-B, SM-2450 near Houston for the exploration and development of oil and gas resources."

- XII. Best Interest Decision.** Given the information above and the information contained in the complete record, the Executive Director finds that the proposed transaction is in the best interest of the Trust, subject to the terms and conditions addressed in this decision. The decision is based upon the consideration of the five Trust management principles set out in 11 AAC 99.020 and is in full compliance with 11 AAC 99. This decision does not preclude the TLO from determining that an alternative proposal will serve the best interest of the Trust. A future determination of that nature will require a best interest decision specific to the proposal.

- A. Non-competitive Disposal Determination.** 11 AAC 99.020 (d) allows for the disposal of Trust land through a competitive basis, unless the Executive Director in

consultation with the Trust Authority, determines in a written decision required by 11 AAC 99.040 that a non-competitive disposal is in the best interest of the Trust and its beneficiaries. Given the applicant's assembled land package adjacent to the Trust parcels in question, in addition to the recent results of the Cook Inlet Competitive Lease process hosted by the DNR Division of Oil & Gas in which no bids were received in the near area, it is held that there may not be a more opportune time to get an experienced developer to include these lands in exploration efforts as the bulk acreage surrounding the parcels effected by this decision will be encumbered/developed. Without a larger land package to spread the cost of exploration and development across, there is a significant risk of the economics never aligning for the parcels in question to be considered for standalone exploration and development.

XIII. Opportunity for Comment. Notice of this Best Interest Decision will take place as provided under 11 AAC 99.050. Persons who believe that the decision should be altered because it is not in the best interest of the Trust or its beneficiaries, or because the decision is inconsistent with Trust management principles set out in 11 AAC 99.020 or any other provision of 11 AAC 99, must provide written comments to the TLO during the notice period. Following the comment deadline, the Executive Director will consider timely written comments that question the decision on the basis of the best interest of the Trust and its beneficiaries or inconsistency with 11 AAC 99. The Executive Director may then, in his or her discretion, modify the decision in whole or in part in response to such comments or other pertinent information, or affirm the Best Interest Decision without changes. The Best Interest Decision as modified or affirmed will become the final agency action, subject to reconsideration procedures under 11 AAC 99.060. Additional notice will be provided for a substantially modified decision. If no comments are received by the end of the notice period, this Best Interest Decision will be affirmed, and the proposed action taken. (See notice for specific dates.)

XIV. Reconsideration. To be eligible to file for reconsideration of this Best Interest Decision, or to file a subsequent appeal to the Superior Court, a person must submit written comments during the notice period.

Persons who submit timely written comments will be provided with a copy of the final written decision and will be eligible to request reconsideration within 20 calendar days after publication of the notice or receipt of the decision, whichever is earlier under 11 AAC 99.060(b). This request must be accompanied by the fee established by the Executive Director under 11 AAC 99.130, which has been set at \$500, to be eligible for reconsideration. The Executive Director shall order or deny reconsideration within 20 calendar days after receiving the request for reconsideration. If the Executive Director takes no action during the 20-day period following the request for reconsideration, the request is considered denied. Denial of a request for reconsideration is the final administrative decision for purposes of appeal to the superior court under AS 44.62.560.

XV. Available Documents. Background documents and information cited herein is on file and available for review at the TLO, located at 2600 Cordova Street, Suite 201, Anchorage, Alaska 99503. Phone: (907) 269-8658. Email: mhtlo@alaska.gov.

The disposal action proposed by this decision will occur no less than 30 days after the first publication date of this decision, and after the conclusion of the TLO administrative process. For specific dates or further information about the disposal, interested parties should contact the TLO at the above address, or visit the website at: <https://alaskamentalhealthtrust.org/trust-land-office/>.

XVI. APPROVED:

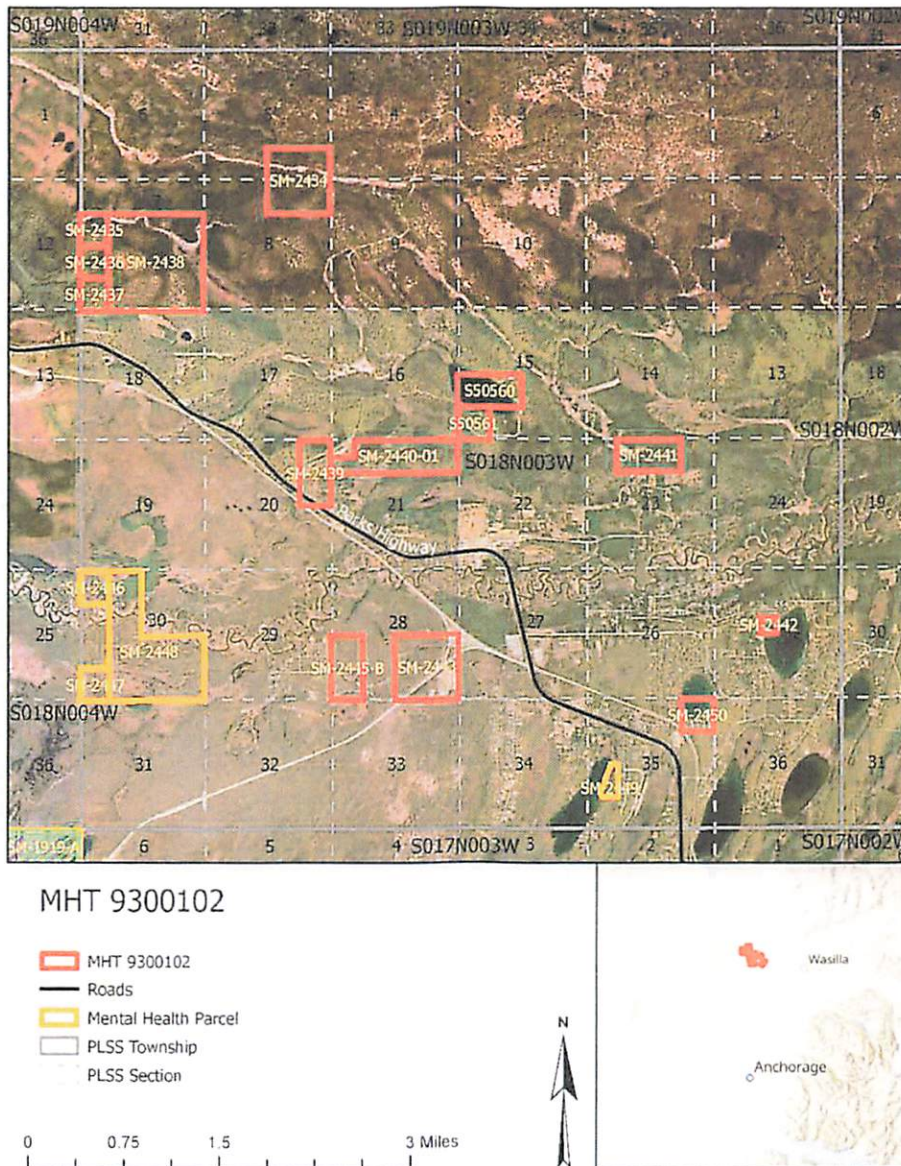
 DocuSigned by:
Jeffrey Green
825CE775D3A54C8
Jusdi Warner
Executive Director
Alaska Mental Health Trust Land Office

6/11/2025

Date

Attachments:
Exhibit A – Area Map
Exhibit B – Legal Description

Exhibit A Area Map



Best Interest Decision
MHT 9300102
MH Parcel(s) S50560, S50561, SM-2434, SM-2435,
SM-2436, SM-2437, SM-2438, SM-2439, SM-2440-
01, SM-2441, SM-2442, SM-2443, SM-2445-B, SM-
2450

Exhibit B Legal Description

S50560

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 15: N1/2SW1/4;

CONTAINING 80.00 ACRES, MORE OR LESS.

**ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.**

S50561

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 15: SW1/4SW1/4;

CONTAINING 40.00 ACRES, MORE OR LESS.

**ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.**

SM-2434

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 5: S1/2SE1/4;

SECTION 8: N1/2NE1/4;

CONTAINING 160.00 ACRES, MORE OR LESS.

**ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON APRIL 2, 1917.**

SM-2435

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 7: LOT 2;

CONTAINING 34.32 ACRES, MORE OR LESS.

**ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON APRIL 2, 1917.**

SM-2436

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 7: LOT 3;

CONTAINING 34.40 ACRES, MORE OR LESS.

**ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON APRIL 2, 1917.**

Best Interest Decision

MHT 9300102

**MH Parcel(s) S50560, S50561, SM-2434, SM-2435,
SM-2436, SM-2437, SM-2438, SM-2439, SM-2440-
01, SM-2441, SM-2442, SM-2443, SM-2445-B, SM-
2450**

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SM-2437

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 7: LOT 4;

CONTAINING 34.48 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S. SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON APRIL 2, 1917.

SM-2438

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 7: S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4;

CONTAINING 360.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S. SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON APRIL 2, 1917.

SM-2439

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 20: E1/2NE1/4;

CONTAINING 80.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S. SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.

SM-2440-01

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 21: N1/2N1/2 EXCLUDING THAT LAND ENCOMPASSED BY LEASE APPLICATION ADL 215214 LOCATED WITHIN NW1/4NW1/4NW1/4 AND W1/2NE1/4NW1/4NW1/4

CONTAINING 145.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S. SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.

SM-2441

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 23: NW1/4NE1/4, NE1/4NW1/4;

CONTAINING 80.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S. SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON APRIL 2, 1917.

SM-2442

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 25: SE1/4SE1/4NW1/4;

CONTAINING 10.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.

SM-2443

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 28: SE1/4;

CONTAINING 160.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.

SM-2445-B

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 28: W1/2SW1/4;

CONTAINING 80.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.

SM-2450

T. 018N., R. 003W., SEWARD MERIDIAN, ALASKA

SECTION 35: NE1/4NE1/4;

CONTAINING 40.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY MAP EXAMINED AND APPROVED BY THE U.S.
SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON DECEMBER 4, 1915.

AGGREGATING 1,338.20 ACRES, MORE OR LESS, OF TRUST OWNED HYDROCARBON
ESTATE.

Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to Issue a Negotiated Oil & Gas Lease – Houston
MHT 9300102

Notice is hereby given that, pursuant to the provisions of AS 38.05.801 and 11 AAC 99, the Executive Director of the Alaska Mental Health Trust Land Office (TLO) has determined that it is in the best interest of the Alaska Mental Health Trust and its beneficiaries to complete a **Lease, Non-Competitive** Oil & Gas (477) of certain Trust land to the Samuel Cade. The basis for this determination is explained in a written best interest decision prepared by the Executive Director pursuant to 11 AAC 99.040.

The Trust land affected by the decision is adjacent to Houton, AK, and is more particularly described as being located within Section 5, 7, 8, 15, 20, 21, 23, 25, 28, 35 of Township 18 North, Range 3 West, Seward Meridian, containing approximately 1,338.20 acres, more or less (MH Parcels S50560, S50561, SM-2434, SM-2435, SM-2436, SM-2437, SM-2438, SM-2439, SM-2440-01, SM-2441, SM-2442, SM-2443, SM-2445-B, SM-2450).

Persons who believe that the written decision should be altered because it is not in the best interest of the Trust or its beneficiaries, or because the decision is inconsistent with Trust management principles set out in 11 AAC 99.020, or any other provision of 11 AAC 99, must provide written comments on or before **4:30 PM, July 18, 2025**. Comments should be submitted to the TLO at **2600 Cordova Street, Suite 201, Anchorage, AK 99503**, or by fax (907) 269-8905 or email mhtlo@alaska.gov. Following the comment deadline, the Executive Director will consider timely comments that question the decision on the basis of the best interest of the Alaska Mental Health Trust and its beneficiaries or inconsistency with 11 AAC 99, and the best interest decision may be changed in response to such written comments or other information. Commenting parties will be provided a copy of the final best interest decision after the end of the notice period.

To be eligible to file for reconsideration of the best interest decision, or to file a subsequent appeal to the Superior Court, a person must have submitted written comments during the notice period. Eligible persons will have twenty (20) calendar days after published notice of or receipt of the final written decision to request that the Executive Director reconsider the decision under 11 AAC 99.060(b).

Copies of the written decision are available at the Trust Land Office, or at <https://alaskamentalhealthtrust.org/trust-land-office/>. If you have any questions concerning this action, please contact the Trust Land Office at (907) 269-8658.

In compliance with the Americans with Disabilities Act, the Alaska Mental Health Trust is prepared to accommodate individuals with disabilities. Please contact the Trust Land Office at (907) 269-8658 for assistance. Requests for assistance must be received at least 96 hours prior to the comment deadline in order to ensure that any necessary accommodations can be provided.

The Executive Director of the TLO reserves the right to waive technical defects in this notice or to amend, postpone, or vacate the best interest decision.

Jusdi Warner
Executive Director

Date
Published Frontiersman: 06/DD/2025