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# National Petroleum Reserve in Alaska (NPR-A) Oil and Gas Leasing Program



*Photo courtesy of Protect the Arctic/Florian Shulz*

The National Petroleum Reserve in Alaska (NPR-A) represents the single largest contiguous block of public land managed by the federal government in the United States, encompassing approximately 23 million acres of vast, roadless tundra across the remote North Slope of Alaska.

The regulatory and statutory framework governing the NPR-A is distinct from that of other federal onshore mineral estates. While oil and gas extraction on standard federal public lands is primarily administered under the Mineral Leasing Act (MLA) of 1920, the MLA does not apply to the NPR-A. Instead, leasing, exploration, and development of oil and gas resources within the Reserve operate under the legal framework established by the Naval Petroleum Reserves Production Act (NPRPA) of 1976 and the Federal Land Policy and Management Act (FLPMA) of 1976.

The NPR-A was originally designated Naval Petroleum Reserve No. 4 and managed as a contingency fuel stockpile by the Department of the Navy. At the time, commercial extraction and operations were prohibited. Amid the global energy crisis of the 1970s, Congress passed the NPRPA and transferred management of the newly renamed NPR-A to the Bureau of Land Management (BLM) within the Department of the Interior (DOI).

Congress simultaneously recognized the extraordinary biological, cultural, and subsistence value of the territory. The NPRPA directs Secretary of the Interior to ensure "maximum protection" of surface values and mandates that any exploration within highly sensitive geographies, explicitly including the Teshekpuk Lake area and the Utukok River Uplands, be conducted in a manner designed to minimize adverse impacts on their significant subsistence, recreational, fish, wildlife, historical, or scenic values. Under the NPRPA, 50 percent of receipts from oil and gas lease sales, rentals, bonuses, and royalties are paid to the State of Alaska and 50 percent are paid to the U.S. Treasury.

The NPR-A is also subject to FLPMA, which imposes BLM’s multiple-use and sustained-yield mandates, although provisions related to land use planning and wilderness study areas that apply more broadly to federal lands are excluded in the NPR-A.

**Though both managed by the Bureau of Land Management (BLM), the National Petroleum Reserve in Alaska (NPR-A) and the Lower 48 federal onshore oil and gas program differ in several ways:**

- NPR-A leasing is governed by the Naval Petroleum Reserves Production Act (NPRPA) of 1976, whereas the federal onshore oil and gas program operates under the Mineral Leasing Act (MLA) of 1920.
- BLM typically charges a bifurcated royalty rate in the NPR-A—16.67 percent for high-potential parcels and 12.5 percent for low-potential parcels. For most federal onshore leases, BLM charges 12.5 percent—the legally mandated minimum.
- NPR-A leases are awarded through a sealed bid process, with the highest qualified bidder selected after all bids are opened. By contrast, federal onshore lease sales are conducted as live online auctions, where bidders can see competing bids in real time.
- Previously, under the NPRPA, BLM had the discretion to decide whether and when to hold lease sales in the NPR-A, while the agency is required by MLA to hold quarterly lease sales from industry nominate parcels in Lower 48. But recent legislation mandated a minimum of five lease sales in the NPR-A before July 4, 2035, with each offering at least 4 million acres.
- Producing leases in both NPR-A and Lower 48 share 50% of lease sale, rent, and royalty revenue with the state where production occurs. But recent legislative changes direct 70% of revenue from NPR-A leases to the state of Alaska starting in fiscal year 2034.

## Leasing in the NPR-A

The BLM administers lease sales within the NPR-A and has traditionally had the discretionary authority to defer lease sales based on localized environmental concerns or fluctuating market demand. The One Big Beautiful Bill Act (OBBBA, P.L. 119-21), passed on July 4, 2025, explicitly mandates that BLM conduct a minimum of five lease sales in the NPR-A before July 4, 2035, with each sale offering at least 4 million acres. The first sale must be held no later than one year after enactment of the law and each additional lease sale must be held within every two years after enactment of the law. Additionally, OBBBA directs 70 percent of lease sale revenue to the State of Alaska, rather than the 50 percent established under the NPRPA, beginning in fiscal year 2034.

OBBBA also directs the Secretary of the Interior to resume the NPR-A oil and gas program under the 2020 Integrated Activity Plan (IAP) and accompanying Record of Decision (ROD). The IAP and ROD function as the master spatial planning document, defining which tracts within the 23-million-acre reserve are administratively available for leasing and which are deferred for conservation, cultural, and other purposes. The 2020 IAP and ROD made approximately 82% of the NPR-A, or roughly 18.6 million acres, available for oil and gas leasing, including historically excluded areas near Teshekpuk Lake.

The lease sale process begins with public nominations of available lands inclusion in a sale. BLM considers those nominations and conducts an environmental review—typically an Environmental Assessment rather than a full Environmental Impact Statement. Based on that review, as well as

multiple-use conflicts, resource potential, industry interest, and other available information, BLM issues a notice identifying which tracts will be available for sale, followed by a period for public comment or formal protest. After the comment period, BLM publishes a detailed sale notice describing the areas to be offered, the lease terms, conditions and special stipulations, and how and where to submit bids.

## Sealed Bid Process

While BLM has modernized standard federal onshore leasing by using commercial online platforms like EnergyNet for live internet auctions, the NPR-A leasing program continues to rely on a formal sealed bid process. Tracts are offered for competitive oil and gas leasing to the qualified bidder submitting the highest cash bonus bid.

BLM uses a fair market value (FMV) mechanism to determine the minimum acceptable bid, so submission of the highest nominal bid does not guarantee lease issuance. Under the regulations, every tract that receives a bid is independently evaluated by BLM geologists and economists to determine its fair market value based on geological data and market conditions. Any bid that fails to meet or exceed this internal FMV threshold may be rejected. BLM typically sets the minimum acceptable bid for tracts with high development potential at \$25 per acre, and the minimum acceptable bid for tracts with low development potential at \$5 per acre.

In the rare event of a tie bid, the regulations require the tying bidders to submit additional sealed bids to break the tie, and these additional bids must include any amount necessary to bring the total tendered amount to one-fifth of the new, higher bid. Winning bidders must immediately pay their bonus bid, along with the first year's rent and an administrative fee.

## Lease Terms

Leases issued in the NPR-A carry a "primary term" of ten years. This is the period during which the lessee may explore for oil and gas deposits and attempt to bring them into production. If the lessee has at least begun drilling by the end of the ten-year term, the lease may be extended. If the lessee has begun producing oil or gas "in paying quantities" by the end of the primary or extended term, the lease remains in effect as long as production continues.

BLM sets a two-tiered system for the fiscal terms associated with NPR-A oil and gas leases. During the life of the lease, the lessee must pay either rent on the land or royalties on the oil and gas produced. The rental rate is \$10 per acre for high-potential tracts and \$3 per acre for low-potential tracts. The royalty rate is 16.67 percent of the value of oil and gas produced for high potential tracts and 12.5 percent for low potential tracts.

Actual drilling for oil and gas under a federal lease is also regulated by BLM. BLM must approve a plan of operations for any surface-disturbing activities and issue a permit to drill each well.

## Bonding

BLM requires operators to obtain a bond or other financial assurance before lease issuance to ensure that at least some cleanup costs are covered in the event an operating company dissolves or goes bankrupt. BLM requires an individual lease surety or personal bond of \$100,000, but

individual lease bonds are not required if an operator also holds an NPR-A-wide bond in the amount of \$300,000.

## Leasing History

Following a fifteen-year hiatus in the late 20<sup>th</sup> century, competitive leasing in the NPR-A resumed in 1999 after adoption of the Northeast NPR-A IAP. Since that resumption, BLM has offered 65 million acres at auction and received bids on 8.4 million acres across 16 distinct lease sales in the Reserve: in 1999, 2002, 2004, 2006, 2008, every year from 2010 through 2019, and most recently in 2026. The several-year pause following the 2019 sale was driven largely by pandemic-era market contractions and subsequent administrative reviews.

## Conclusion

Drilling in the NPR-A faces the same logistical challenges as Arctic drilling more broadly: minimal infrastructure in a remote and sensitive region, along with high risks and liabilities that taxpayers may ultimately be forced to shoulder. Mandated lease sales that require a minimum number of sales and acreage without fully accounting for market demand, potential for development, or industry interest further risk taxpayer losses. The NPR-A also offers extensive opportunities for subsistence hunting and backcountry recreation, providing stable jobs and reliable revenue for Alaskan communities. Those benefits could be threatened by reckless oil and gas development in the region.