

SB 59: OIL & GAS EXPLORATION/DEVELOPMENT AREAS

BRIEFING PAPER

FOR THE SENATE SPECIAL COMMITTEE ON TAPS THROUGHPUT • FEBRUARY 19, 2013

SB 59 will consolidate the Department of Natural Resources' exploration and development approvals and streamline its plans of operations approval process, while still protecting the environment and providing for public participation. The right to explore and develop oil and gas is granted through a lease that has been through an extensive public disposal process. A lease is subject to mitigation measures, multiple agency permits, and plans of operations approval. Exploration and development approvals are made in conjunction with individual plans of operations for a lease or project and include a separate public notice for each approval. Many approvals are repetitive, subject to the same mitigation measures, and within the same geographical area.

SB 59 will allow the department to comprehensively evaluate oil and gas exploration and development in a geographical area, without regard to lease boundaries, and define the criteria by which specific projects are evaluated and approved. The initial comprehensive review of a geographical area gives the public, government agencies and industry an opportunity to participate and identify exploration and development considerations for all subsequent projects. Projects may then move forward within the defined parameters and subject to the lease mitigation measures without additional public review following the geographical area approval process.

Approvals covering a broader area would both create efficiencies in the exploration and development review process and provide for the department to look at the overall effects of exploration and development across multiple leases. This bill will still protect the public interest by requiring public notice and an opportunity to comment under AS 38.05.945. Further, it provides certainty to the oil and gas industry that exploration and development projects may proceed within defined parameters.

This bill will:

- Create efficiencies by streamlining oil and gas exploration and development approval processes;
- Protect the public interests by requiring public notice and the opportunity to comment during the approval process for a geographical area;
- Enable a review of the effects of exploration and development across multiple leases;
- Allow project approvals to be consolidated into a comprehensive decision;
- Provide certainty to oil and gas operators, industry and the public when projects receive approval; and,
- Promote the state's interests through implementing effective approval processes.