



Department of Natural Resources Overview

House Resources Committee

Presentation by Corri Feige, Commissioner
Office of the Commissioner
Alaska Department of Natural Resources
January 29, 2020



DIVISION OF AGRICULTURE

Mission: To promote and encourage development of an agriculture industry in the State.



- Identified and responded to *Elodea* outbreaks in Big Lake, Mat-Su lakes
- Harvests of this year's crop of foundation seeds finished a major soil health study
- Hemp regulations

DIVISION OF AGRICULTURE



- Completed all GHP/GAP inspections to allow AK grown products into major retailers
- Awarded 2019 AK Grown Program “Golden Carrot” award to Fred Meyer – Palmer

DIVISION OF FORESTRY

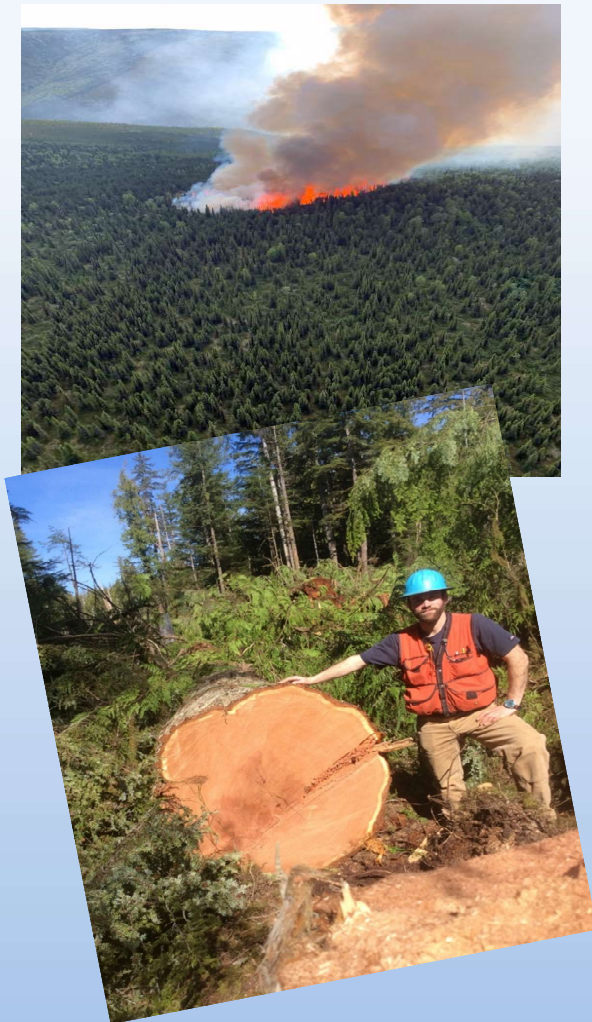
Mission: To develop, conserve, and enhance Alaska's forests to provide a sustainable supply of forest resources for Alaskans.

Forest Management and Development

- Sold 31 commercial timber sales generating \$2.3M in revenue
- Second Good Neighbor Authority (GNA) sale in southeast, Vallenar Bay at 16.0 MMBF
- Log tariffs with China are major issues for industry

Wildland Fire Management

- 742 fires and 2.5million acres burned statewide
- Protected 3,800 structures and lands valued a \$936.5 million
- Need to reduce risk near communities, fuel breaks, Firewise



DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

Mission: To determine the potential of Alaska land for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of groundwater and construction material; and the potential geologic hazards to buildings, roads, bridges, and other installations.

Mineral Resources

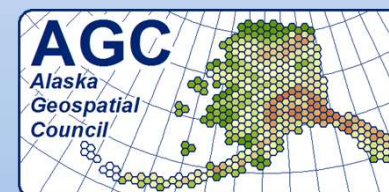
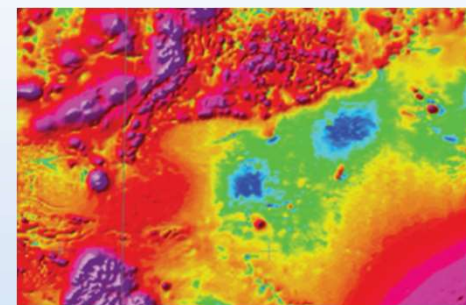
- Completed 1,900 sq. mi. of geologic mapping in the Eastern Interior.
- Converted 43 airborne geophysical surveys to modern digital standards
- Publications include a digital map of radon in Alaska and new geologic maps of the Alaska Highway Corridor and NE Tanacross Quadrangle

Energy Resources

- Mapped 600 sq. miles in the Brooks Range foothills south of Umiat focused on Brookian petroleum systems, including the Nanushuk Fm
- Led two-day industry tour of key Brookian outcrops on the North Slope
- Conducted two weeks field work on petroleum systems associated with the ANWR 1002 area

Alaska Geospatial Council

- Renegotiated contract for Alaska Satellite imagery distribution
- IFSAR data 100% complete, and distributed via webservices
- Coordinated next map datasets to be updated with federal agencies



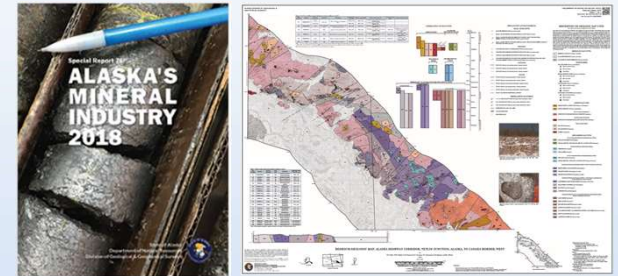
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS CONT.

Engineering Geology

- Continued a sand and gravel resource analysis of northern Alaska in support of ASTAR
- Immediate response to the November 2018 Anchorage earthquake, facilitating a lidar survey
- Initiated a statewide snow avalanche hazard assessment to support public safety

Geologic Information

- Published 74 new geologic maps and reports, including 1,311 square miles of new geologic mapping in FY2019
- Served 1.15 million data and publication files from the division's website totaling more than 50 terabytes of information in FY2019



Volcanology

- Improved ability to detect volcanic eruptions by instrument upgrades at 30 monitoring stations on 8 volcanoes
- Completed geologic and hazard assessment mapping at Atka volcanic complex, including Korovin volcano



Shishaldin Volcano from Cold Bay

Geologic Materials

- Visitation increased to >1,400 visitors, and core viewing doubled
- Facility tours promoted Alaska geologic resources to White House, US Senate, and federal agency leadership, and international trade delegations



GEOLOGICAL & GEOPHYSICAL SURVEYS

Planned Activities in 2020

- Fly new Earth MRI-funded airborne geophysical surveys in the Eastern Interior
- Complete ~2,000 sq. mi. of geologic mapping in the Eastern Interior
- Publish new geologic maps of the Tanacross, Denali Highway, and Styx River areas
- Plan to map 520 sq. mi in the central foothills belt focusing on Brookian geology
- Collaborate with the U.S.G.S. to drill two core holes in the North Slope foothills
- Published ash fall hazard information for Dutch Harbor/Unalaska
- Continue upgrading volcano monitoring instruments on high threat volcanoes
- Publish tsunami inundation reports for 9 communities and present on tsunami hazards to representatives of approximately 25 communities.
- Complete the first regional avalanche hazard maps for southeast and south-central Alaska.
- Continue a field- and office-based resource assessment of sand and gravel resources for an area on Alaska's North Slope the size of Virginia
- Conduct the first modern lake volume assessment of lakes in the 1002 Area of the ANWR & spend 10 days mapping ANWR geology.



DIVISION OF MINING, LAND & WATER

Mission: Provides for the appropriate use and management of Alaska's state-owned land and water, aiming towards maximum use consistent with the public interest.

- The **Division of Mining, Land & Water (DMLW)** manages more than 160 million acres – a land base comparable in size to California and most of Oregon combined.
- DMLW's responsibilities range from land acquisition and land-use planning to land conveyances, permitting, and stewardship.



DIVISION OF MINING, LAND & WATER

In FY2019

- Generated \$26.5M in revenues to the state through authorizations for use of state lands and waters, royalty payments, and land sales
- A total of 2,834.6 acres of municipal entitlement land was conveyed to 5 different Boroughs
- Brought in 101,676 acres of new high priority statehood entitlement lands
- Issued 11 preliminary decisions for various support infrastructure projects for the Donlin Gold project and approved Donlin Gold reclamation plan
- Confirmed state title to submerged lands beneath navigable water bodies: West Fork and Denison Fork of the Fortymile River; numerous tributaries and sloughs of the Stikine River
- Authorized 65 miles of ice roads, 144 miles of snow roads, and 62 acres of ice pads in the 2018/19 winter season
- Sold 219 parcels of land, totaling approximately 2,193 acres of land generating approximately \$2.17M in land sales
- Issued final decision for largest mariculture lease to date – 182-acre aquatic farm near Sitka

DIVISION OF OIL & GAS

Mission: Manage lands for oil, gas & geothermal exploration and development in a fair and transparent manner to maximize prudent use of resources for the greatest benefit of all Alaskans; facilitates safe & environmentally conscious operation & maintenance of common carrier pipelines.

In 2019

The Division of Oil and Gas (DO&G) conducts lease sales, collects royalties, authorizes oil and gas activities, and regulates common-carrier pipelines on state land.

DO&G provides commercial analysis, economic modeling, financial risk assessments, audits, and other professional services to ensure the State receives maximum value for its oil and gas resources.

- Permitted initial stages of Pikka Unit development, including two new exploration wells (Mitquq, Stirrup) and construction of access roads and facility/operations pads
- Held five area-wide lease sales resulting in \$7.9M in bonus bids and more than 164,000 acres leased
- Verified and receipted \$1.5 billion in royalty, NPSL revenues, rents, bonus bids, unit actions and federal payments
- Collected \$9.6 million additional state revenue through NPSL audits
- Donlin Gold natural gas pipeline ROW approved on ~207 miles of State lands in southcentral and western Alaska (Final Decision 1/17/20)
- Continued releasing seismic and well datasets for oil and gas exploration projects that received tax credits under AS 43.55.025 through the Alaska Geologic Materials Center, with fee structure covering DNR's admin. costs

DIVISION OF OIL & GAS

In 2019

- Completed regulatory changes and procurement approvals necessary to secure a vendor for holding online lease sale bidding.
- Issued Cook Inlet Areawide Oil and Gas Lease Sale Supplemental Finding in December 2019, adding ~169,000 acres along the Iniskin Peninsula for oil and gas leasing. The largest acreage increase to an Areawide since the program began in 1999.
- Completed transfer of Nuna prospect acreage from Caelus in the Oooguruk Unit to ConocoPhillips in the Kuparuk River Unit.
- North Slope seismic exploration programs (Kuukpik 3D, Narwhal 3D).
- Commenced review of the BP-Hilcorp sale and transfers transaction.

BP & HILCORP TRANSACTION

\$5.6B of upstream and midstream interest sale publicly announced on August 27, 2019.

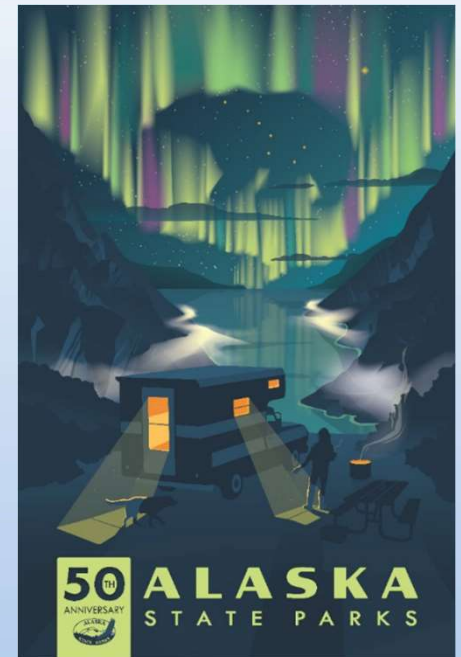
Since December 16, 2019 Joint Resources Committee hearing:

- Hilcorp/Harvest restructure completed January 17, 2020 in preparation for the BP/Harvest transfer applications.
- The Governor's Oversight Committee held its organizational meeting on January 9, 2020.
- Collaborative meetings regarding financial stress testing ongoing.
- BP-Hilcorp FAQ website posted to the DNR home page.
- The Regulatory Commission of Alaska is holding a public input hearing on the proposed BP-Harvest pipeline sale on February 4, 2020.

DIVISION OF PARKS & OUTDOOR RECREATION

Mission: Provides outdoor recreation opportunities and conserves and interprets natural, cultural, and historical resources for the use, enjoyment, and welfare of the people.

- 61 percent self-funded via fees, electronic fee stations, public use cabins, admissions, reservations
- Removed beetle-killed trees at Byers Lake, South Rolly campgrounds
- Issued 695 commercial permits, 286 special permits; 80-plus active & pending outdoor recreation grants
- 22 electronic fee stations save staff time, increase revenue
- New Public Use Cabin in Chena River State Recreation Area
- Rangers responded to 70-plus SARs, assisted law enforcement
- Office of Boating Safety's 410 classes, 106 pool sessions reached 15,679 youth; 200,000 to date
- Office of History & Archaeology's State Historic Preservation Office reviewed 930 projects, signed 5 major agreements



OFFICE OF PROJECT MANAGEMENT & PERMITTING

Mission: Coordinate multi-agency regulatory reviews and authorizations, while collaboratively engaging federal agencies on land use planning and policy initiatives to maintain and enhance the state's economy, quality of life, and maximize the value of Alaska's vast natural resources.

The **Office of Project Management & Permitting (OPMP)** supports private industry, regulators, and the general public by coordinating multi-agency project reviews to secure consistent, defensible, transparent, and timely permit decisions.

This model is unique to Alaska and offers a level of assurance to companies investing in Alaska that permit reviews are robust and transparent.



OFFICE OF PROJECT MANAGEMENT & PERMITTING

In 2019-2020

- Coordinated federal review, State permitting, and regulatory compliance for major projects including:
 - **Oil & Gas:** Nanushuk Project, Greater Moose's Tooth, Willow Master Development Plan, Liberty, AKLNG, and Point Thomson
 - **Mining:** Red Dog, Fort Knox, Greens Creek, Kensington, Pogo, Donlin, Pebble, Anarraaq-Aktiguruq, Arctic, Palmer Project, Nixon Fork, Livengood, and the Ambler Mining District Industrial Access Project
- Engaged with federal agencies to advance State interests during federal planning efforts, such as:
 - Coastal Plain Oil & Gas Leasing Program, NPR-A Integrated Activity Plan, Central Yukon Resource Management Plan (RMP), Bering Sea Western Interior RMP, Haines Amendment to the Ring of Fire RMP, and Tongass Roadless Rulemaking
- Partnered with the North Slope Borough on Arctic Strategic Transportation and Resources (ASTAR) planning, including:
 - Conducting listening sessions in each of the North Slope communities, and
 - Develop a strategic plan framework in response to needs identified by local residents

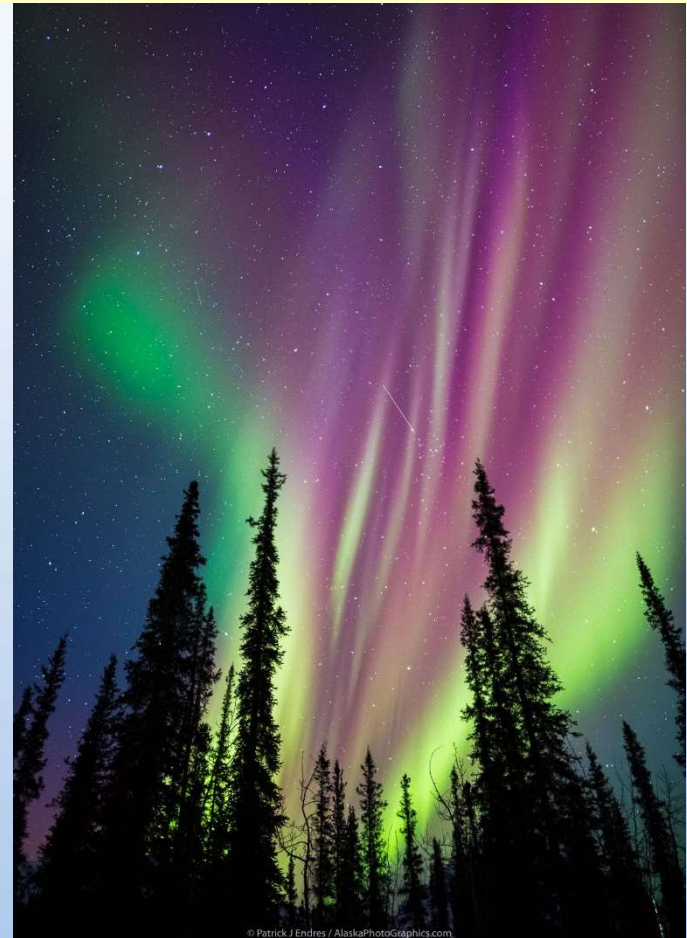
SUPPORT SERVICES DIVISION

Mission: Provide client-focused, efficient and cost-effective financial, budget, procurement, human resource, information technology and recording services to the Department of Natural Resources and the public.

- Successfully closed Recorder's Offices in Juneau and Palmer, retaining services levels and no decrease in revenue.
- Revenue is based on the economy and activity in the state; not on what offices are open, or where.

Numbers by Fiscal Year:

- FY2018 - \$4,946,224
- FY2019 - \$4,503,083
- FY2020 - \$2,972,106 (1/2 way through year)
- Successful implementation of Shared Services of Alaska for payables and travel processing has enabled our division to commit more of its resources to improving internal processes.



TRUST LAND OFFICE

Mission: Protect and enhance the value of Alaska Mental Health Trust Lands, including minerals, coal, oil and gas, timber and real estate, while maximizing revenue from those lands over time to support mental health services.

Generating revenue for the Alaska Mental Health Trust to improve lives of its beneficiaries

- Generated \$10.6 M to fund programs for ~85,000 Alaska Mental Health Trust beneficiaries
- Sold a 3-acre Juneau Subport parcel for \$20 million (full payment by FY21)
- Increased tenancy in commercial real estate properties to generate \$2 million in FY19
- Sealaska harvested nearly 20 mmbf of timber at Icy Cape in CY 2019 generating \$1.6 million in FY19
- Viking Lumber harvested 2.9 mmbf of timber at Naukati generating \$244,000



TRUST LAND OFFICE



Initiatives

- Creating new online commercial leasing program
- Creating new exclusive access permit program for professional hunting guides
- Creating new online general permit for certain uses of Trust land

Coming in FY2020

- Finish Phase 2A of the USFS Land Exchange
- Advance marketing of Icy Cape Mineral Project

COMMISSIONER'S OFFICE

- Reducing backlog of administrative appeals – adjudicated 52 in 2019.
- Actively promoting Alaska resource development to global investors.
- Established Future Leadership Summit program to develop future DNR leaders, enhance retention & recruitment
- Focus on customer service & operational efficiency of department.



QUESTIONS?



THANK YOU!

