



# Senate Finance Sub-Committee

*DNR Budget Changes & Permitting*

Presentation by ASD, Cheri Lowenstein

Commissioner Corri Feige

Deputy Commissioner Sara Longan

Deputy Commissioner Brent Goodrum

Director Marty Parsons, DMLW



February 11, 2021

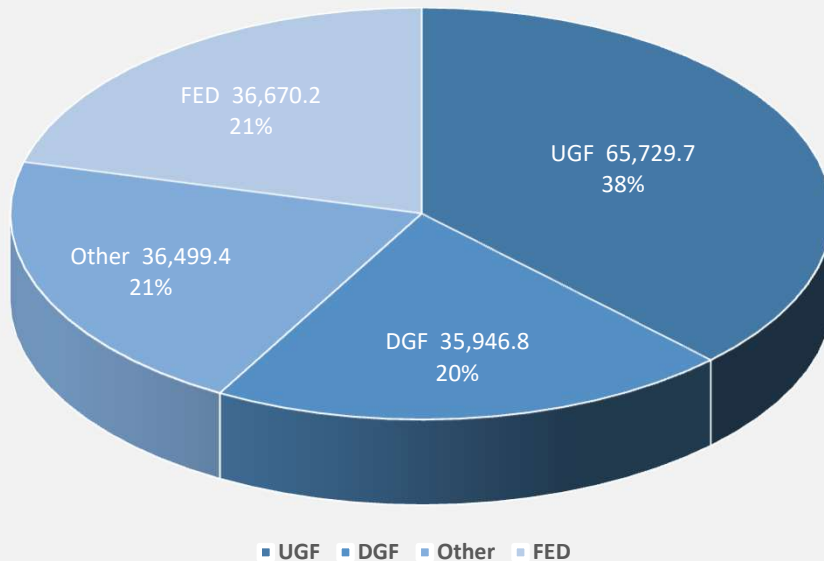


# DNR FY2022 OPERATING BUDGET COMPARISON

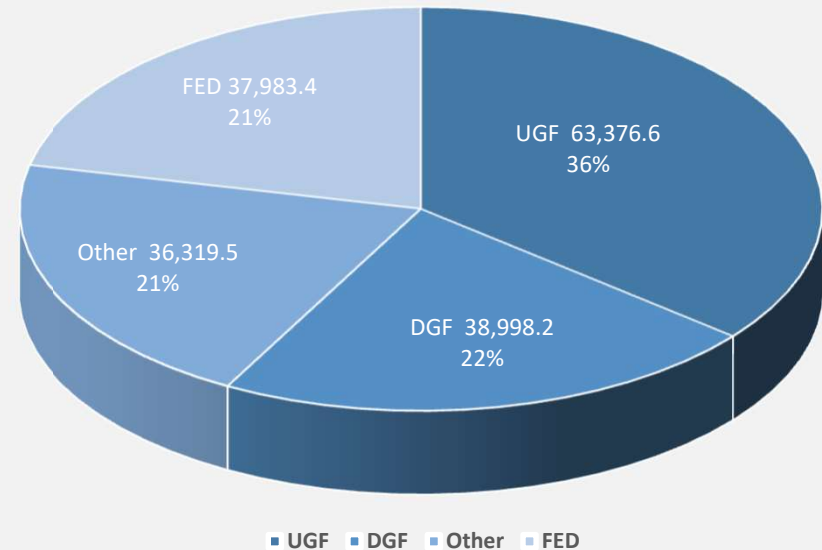
	FY 2021 Management Plan	FY 2022 Governor	Difference	% Change
UGF	65,729.7	63,376.6	-2,353.1	-3.6%
DGF	35,946.8	38,998.2	3,051.4	8.5%
Other	36,499.4	36,319.5	-179.9	-0.5%
FED	36,670.2	37,983.4	1,313.2	3.6%
<b>TOTAL</b>	<b>174,846.1</b>	<b>176,677.7</b>	<b>1,831.6</b>	

	FY 2021 Mgmt. Plan	FY 2022 Governor	Difference
PFT	625	623	-2
PPT	247	247	0
NP	52	52	0
<b>TOTAL</b>	<b>924</b>	<b>922</b>	<b>-2</b>

FY2021 Management Plan



FY2022 Governor



# FY2022 FUND SOURCE BREAKDOWN BY FUND CATEGORY

Agency Operating	UGF	DGF	GF Total	Other	Fed	Total	PFT	PPT	NP
Non-Formula	63,376.6	38,998.2	102,374.8	36,319.5	37,983.4	176,677.7	623	247	52

UGF	General Fund	62,595.5
	General Fund Match	781.1
DGF	General Fund Program Receipts	26,807.5
	State Land Disposal Income Fund	5,979.7
	Vehicle Rental Tax	4,229.6
	Timber Sales Receipts	1,033.3
	Shore Fisheries Lease	363.6
	Agriculture Revolving Loan Fund	284.5
	Boat Registration Fees	300.0
Other	Statutory Designated Program Receipts	12,795.2
	Inter-Agency Receipts	6,910.2
	Permanent Fund Receipts	6,167.9
	Capital Funds	5,138.4
	Mental Health Trust Authority	4,393.8
	Alaska Liquified Natural Gas I/A	522.5
	Exxon Valdez Oil Spill Settlement	163.5
	Non-General Fund Earnings	150.0
	Oil & Hazard Water I/A	48.0
	Mine Reclamation Trust Fund	30.0
FED	Federal	37,983.4

General Funds = 58% of Department Budget (UGF 36% DGF 22%).

Down from 63% in FY2020.

10-Year Average, \$26 in revenue for every general fund dollar appropriated.

# FY2022 GOVERNOR BUDGET CHANGES

• Bargained Salary Adjustments, all funding sources	\$ 408.4
• Transfer 4 Positions to DOA for Procurement Consolidation	
• OPMP - Reduce Capital Improvement Project Receipts	\$ -223.7
• OPMP - Reduce UGF for Federal Plan Review Program	\$ -100.0
• O&G – Fund Change from UGF to GF/PR	\$ 2,000.0
• MLW – Fund Change from UGF to GF/PR	\$ 545.0
• DGGS – Increase Federal Receipt Authority	\$ 500.0
• DGGS – Increase GF/PR for New Core Samples at the GMC	\$ 375.0
• Parks – UGF to Support Law Enforcement Activities	\$ 250.0
• AG – Fund change from UGF to Fed	\$ 100.0
• AG – Increase Federal Receipt Authority	\$ 663.7



# DNR PERMITTING AND AUTHORIZATIONS DRIVING REVENUE TO THE STATE





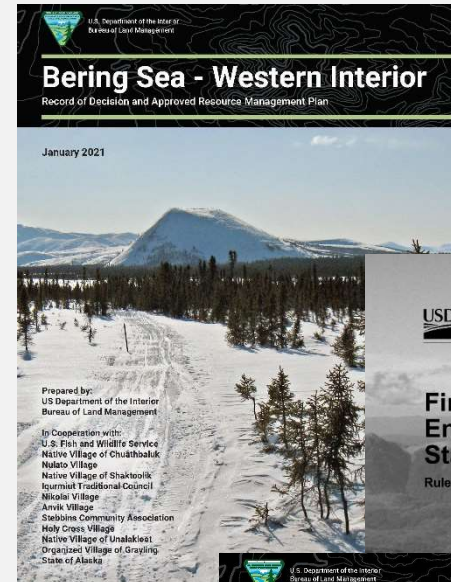
# OPMP

## STATE/FEDERAL COORDINATION IS KEY

Office of Management and Permitting (OPMP) was allocated \$595.0 UGF in FY21 to coordination state review, comment, and engagement of federal actions.

To date OPMP has:

- Coordinated state review and comment on eight federal actions. OPMP is currently coordinating review of seven pending federal actions.
- Developed tracking mechanisms to keep state leadership updated on pending federal actions affecting Alaska.
- Initiated development of internal training modules to improve state review of federal environmental impacts statements.



# OIL & GAS RESOURCE POTENTIAL FROM FEDERALLY MANAGED LANDS

## **Tax Act – Coastal Plain Activity**

- Lease Sale held Jan. 6, 2021 (Tax Act requires at least 2 Lease Sales by 2024)
- Total bid amount – \$14,412,458.00
- Alaska's 50% – \$7,206,229.00
- AIDEA obtained leases on 7 tracts, and Knik Arm Services LLC and Regenerate Alaska obtained leases on 1 tract each
- Executive Order 13990 suspends Coastal Plain Oil and Gas Leasing Program
- 4 active court cases will impact future rulemaking

## **NPR-A Activity**

- NPRA-IAP litigation will impact rulemaking
- CPAI continued progress
  - CD-5 production
  - GMT-1 began production October 2018
  - Willow Development being challenged
- SOA administers NPR-A Impact Mitigation Grant Program (grant funded by 50% of federal royalties)

**OPMP plays a critical role in coordinating State's response to Federal rulemaking, tracking Federal actions like EO's, Congressional Review Act, Management Plan reviews, and tracking federal regulatory actions on Alaska projects.**



# MINERAL RESOURCE POTENTIAL FROM FEDERALLY MANAGED LANDS

## Mines Operating on Federal Lands in Alaska

- Kensington (Coeur Alaska)
  - Opened in 2010
  - Currently under environmental review for first proposed expansion
  - In 2019, about 128,000 ounces of gold were produced
  - Employs about 367 employees
- Greens Creek (Hecla)
  - Opened in 1989
  - Currently under environmental review for further expansion of filtered tailings disposal facility
  - In 2020, about 10.5 million ounces of silver and 48,490 ounces of gold were produced
  - Employs about 430 employees.

## Federal Rulemaking

- NEPA Implementing Regulations (40 CFR 1500-1508) (litigation; under review by federal administration)
- 36 CFR 228(A): governing locatable mineral resources on Forest System Lands (withdrawn)
- Alaska Roadless Rule (36 CFR 294): Exempting the Tongass from the 2001 Roadless Rule (litigation; under review by federal administration)





# DIVISION OF OIL & GAS

## State Pipeline Coordinator

Permit/Lease Actions	FY2020
Right of Way	10
Temporary Water Use Authorization	25
Temporary Land Use Permit	12
Material Sales Contract	5
Compliance Inspections	155

**\$7.4 million in permit  
fees collected**

## Surface Use Permitting

Permit Actions	FY2020
General Permit	48
Seismic Permit (MLUP)	4
Plan of Operations	7
Amendments	51
Field Inspections	12

**\$820 thousand in permit  
fees collected**



# DIVISION OF OIL & GAS

## Leasing

Source	FY2020 Revenue
Rents	\$20.6 million
Application Fees	\$545,000

Lease Sales	FY2020 Revenue	Tracts Sold	Acres Leased
Beaufort Sea	\$1,021,526	13	38,386
North Slope	\$6,520,477	56	107,434
Cook Inlet	\$178,754	3	7,145



## Four new Oil & Gas Units approved in CY 2020

Unit Name	Region	Operator
Alkaid	North Slope	Great Bear Pantheon LLC
Talitha	North Slope	Great Bear Pantheon LLC
West Harrison Bay	Beaufort Sea	Shell Offshore Inc
Seaview	Cook Inlet	Hilcorp Alaska LLC

***First new units  
since 2015***

# DIVISION OF MINING, LAND & WATER MISSION STATEMENT

Provide for the appropriate use and management of Alaska's state-owned land and water, aiming toward maximum use consistent with the public interest





# DMLW STAFFING

Since 2015 DMLW staff have been reduced by a total of 13 PCNs by the previous UGF budget reductions.

In 2020 the funding for the addition of the two PCNs to DMLW for aquatic farm applications adjudication produced the following results:

- Positions filled in September 2020
- Time to adjudicate applications reduced by two thirds
- 46 Pending Applications:
  - 11 waiting for information from applicants to move to adjudication
  - 28 in active adjudication (PD, PN, FFD)
  - 7 ready to be issued once the applicant signs the lease and provide deliverables

# DMLW AUTHORIZES MINING, LAND AND WATER USES

DMLW currently has over 49,000 issued authorizations that enhance local economies and support a variety of industries, including emerging industries

- Lease set-net sites for commercial fishing and mariculture sites for the aquatic and shellfish farming industry
- Mining claims, coal and mineral leases, access, and plans of operation for mineral development
- Permits, leases or easements issued for ice roads, support facilities, and exploration camps for oil, gas and mineral development
- Authorizations for alternatives energy such as hydro electric and wind farms
- Gravel sales for road construction and private development
- Log-transfer facilities, access road easements, and permits for support camps for timber development
- Lease of state land for lodge sites and access easements for the tourism industry
- Access easements for public and private entities across state lands and waters, including power, telephone and fiber optic lines
- Water rights and temporary water use authorizations

# DMLW AUTHORIZATIONS

## SUPPORT REVENUE GENERATION

- In FY2020 DMLW brought in \$30.7 million from leases, land sales, mineral royalties, and other payments while only \$4.2 million in unrestricted general funds.
- In 2020 DMLW sold 36 parcels (260 acres) for a sale bid amount of \$1,300,984.
- Conveyed 6,299 acres out of state ownership in FY2020.
- In CY2019, the mining industry supported 4,700 full-time-equivalent jobs, spent over \$135 million on exploration and \$170 million on development, and paid \$183 million to state and local governments, not including sales tax.
- Gravel sales support development across the state and are a major source of the funds that support DMLW, providing over \$3,300.0 in revenue in FY2019.
- DMLW's work to adjudicate water rights and temporary water authorizations generated over \$274.0 in revenue in FY2019.
- Holders of state mining locations are required to pay an annual three percent (3%) production royalty on all revenues received from minerals produced on state land.



# ASSISTING LOCAL ECONOMIES THROUGH AUTHORIZATIONS

- Authorizations issued help to develop and support new industries in local economies.
- DMLW authorizations help to create new job opportunities in mining, fishing, aquatic farming, and other industries that depend on state land to operate.
- Creation of subdivisions, sale of state lands, and issuance of Municipal Entitlements create a tax base for cities and boroughs.

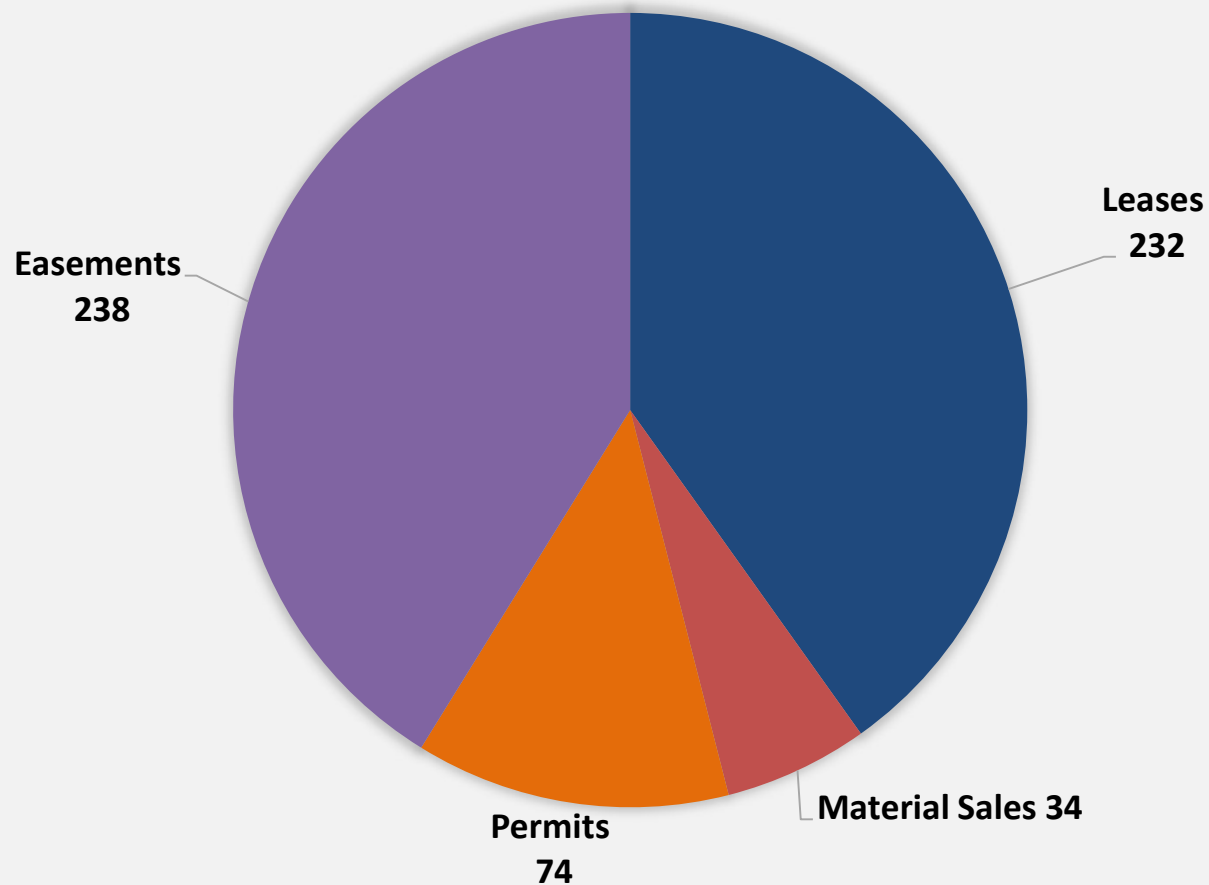


# PROCESS IMPROVEMENT EFFORTS

- DMLW is consistently working to reduce the time necessary to issue authorizations.
- Completed targeted reorganization of some sections within DMLW.
- Implementation of intent-based leadership and project management training for staff.
- Seeking better ways to educate and provide clarity to the public by doing the following:
  - Develop an online application portal
  - Quicker review of applications for completion
  - Closure of applications with non-responsive applicants
  - Create and update websites for DMLW programs to ensure they are user friendly
  - Further strategic realignment to streamline and simplify the process

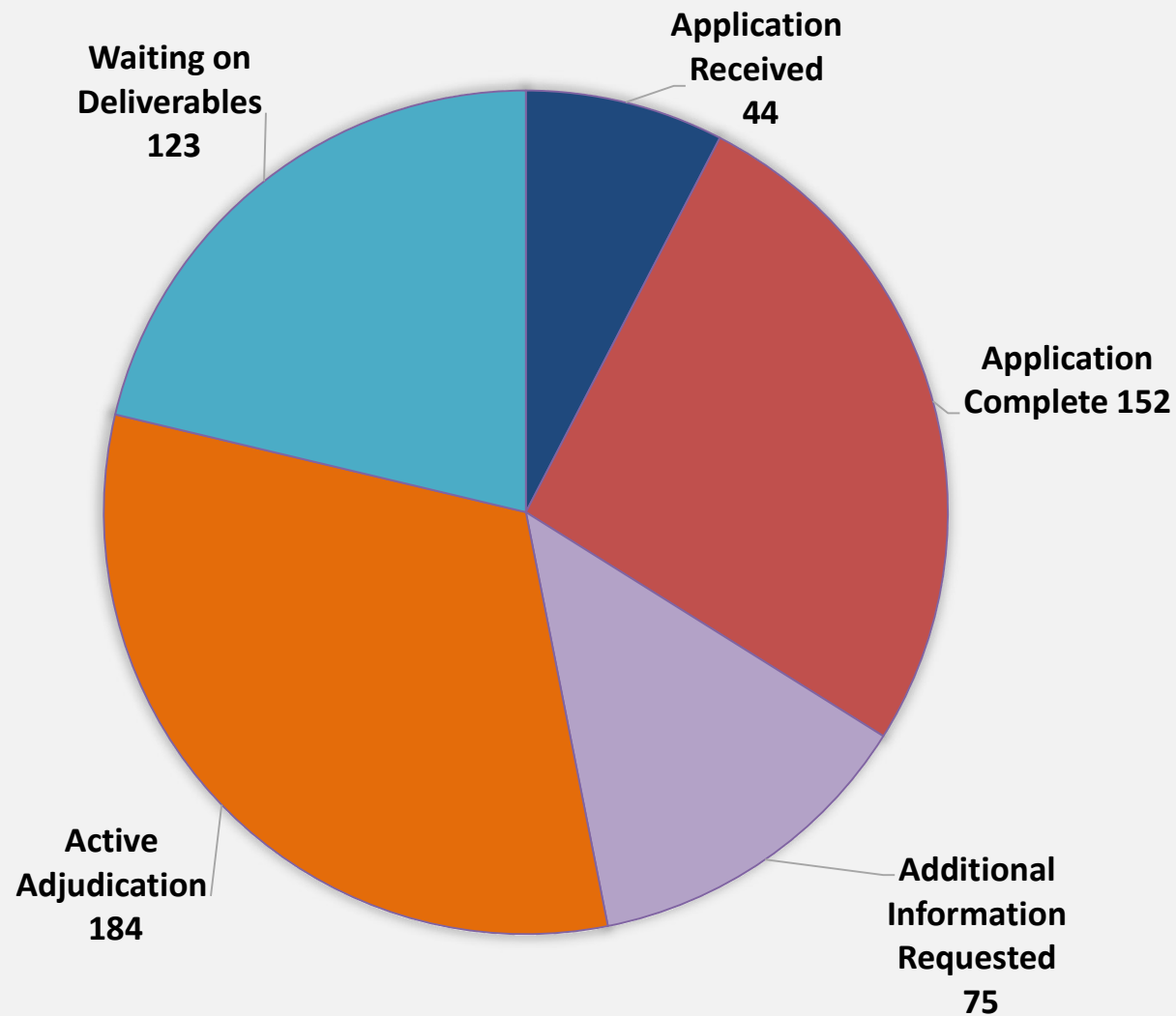
# CURRENT WORKLOAD FOR LAND USE APPLICATIONS

**578 PENDING LAND USE APPLICATIONS**





# TRACKING THE STATUS OF THE 578 LAND APPLICATIONS



# THANK YOU!

## Questions?



# WHAT WE MANAGE

## STATE OF ALASKA LAND BASE & OWNERSHIP

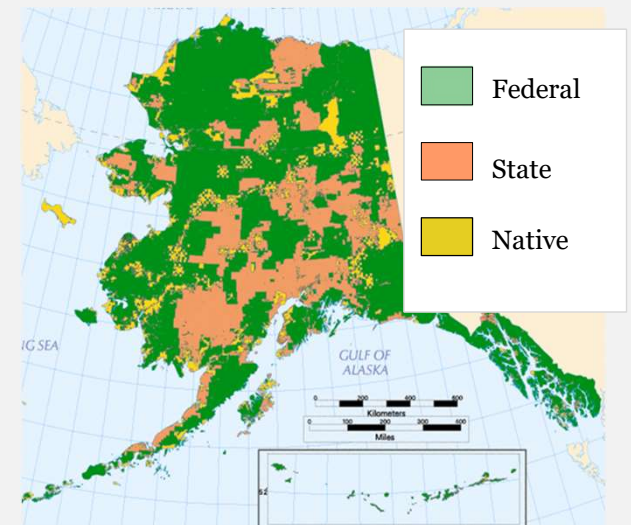


### Land Base

- We also manage Alaska's 65 million acres of tidelands, shorelands, and submerged lands, including some 34,000 miles of coastline
- Finally, we have jurisdiction over all of the State's water resources, equaling about 40% of the entire nation's stock of fresh water. 586,412 sq. miles—more than twice the size of Texas

### Land Ownership

- The Division of Mining, Land and Water (DMLW) manages all DNR managed state land except for trust and parks property
- DMLW manages over 100 million acres of uplands, including non-petroleum minerals in these lands and 65 million acres of tidelands, shorelands, and submerged lands, including some 34,000 miles of coastline
- Finally, we have jurisdiction over all of the State's water resources, equaling about 40% of the entire nation's stock of fresh water





# BACKGROUND:

## FEDERAL PROCESSES CAN DRIVE TIMELINES (NEPA)

### MULTIPLE PERMITTING/APPROVAL PROCESSES RUN IN PARALLEL

