



Department of Natural Resources Overview

Natural Resources Finance Sub-Committee

**Presentation by Brent Goodrum, Deputy Commissioner
John Crowther, Deputy Commissioner
Theresa Cross, Administrative Services Director**

January 24, 2022

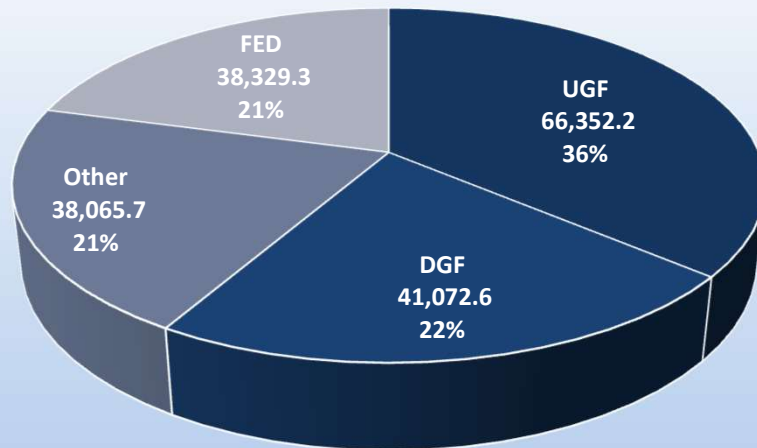


DNR FY2023 OPERATING BUDGET COMPARISON

	FY2022 Management Plan	FY2023 Governor	Difference	% Change
UGF	66,352.2	70,777.8	4,425.6	6.7%
DGF	41,072.6	41,450.1	377.5	0.9%
Other	38,065.7	38,626.9	561.2	1.5%
FED	38,329.3	38,325.9	(3.4)	0.0%
Total	183,819.8	189,180.7	5,360.9	2.9%

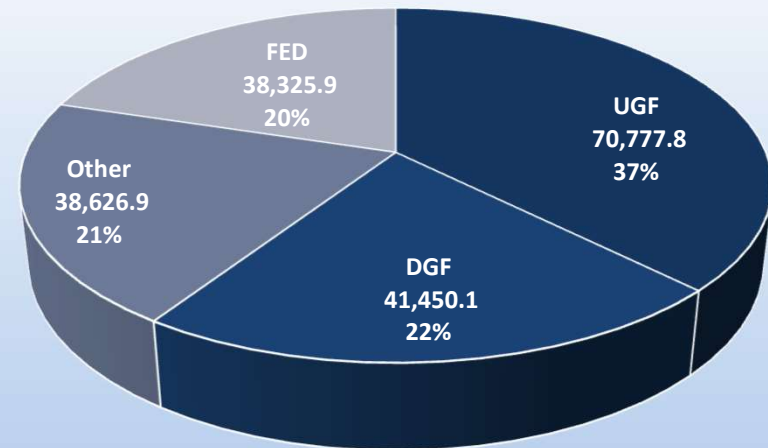
	FY2022 Management Plan	FY2023 Governor	Difference
PFT	639	668	29
PPT	246	251	5
NP	61	64	3
	946	983	37

FY2022 Management Plan



■ UGF ■ DGF ■ Other ■ FED

FY2023 Governor



■ UGF ■ DGF ■ Other ■ FED

FY2023 FUND SOURCE BREAKDOWN BY FUND CATEGORY

Agency Operating	UGF	DGF	GF Total	Other	Fed	Total	PCN Count		
							PFT	PPT	NP
Non-Formula	70,777.8	41,450.1	112,227.9	38,626.9	38,325.9	189,180.7	668	251	64

UGF	General Fund	69,973.3
	General Fund Match	804.5
DGF	General Fund Program Receipts	28,533.3
	State Land Disposal Income Fund	5,203.9
	Vehicle Rental Tax	5,591.4
	Timber Sales Receipts	1,066.9
	Shore Fisheries Lease	463.4
	Agriculture Revolving Loan Fund	290.9
	Boat Registration Fees	300.3
Other	Statutory Designated Program Receipts	13,716.8
	Inter-Agency Receipts	7,158.2
	Permanent Fund Receipts	6,407.2
	Capital Funds	5,521.7
	Mental Health Trust Authority	4,899.1
	Alaska Liquified Natural Gas I/A	528.4
	Exxon Valdez Oil Spill Settlement	166.6
	Non-General Fund Earnings	150.3
	Oil & Hazard Water I/A	48.5
	Mine Reclamation Trust Fund	30.1
FED	Federal	38,325.9

General Funds = 59% of Department Budget (UGF 37% DGF 22%).

DNR's total UGF budget is up by 1% from FY2020.

10-Year Average, \$25 in revenue for every general fund dollar appropriated.

FY2023 GOVERNOR BUDGET CHANGES

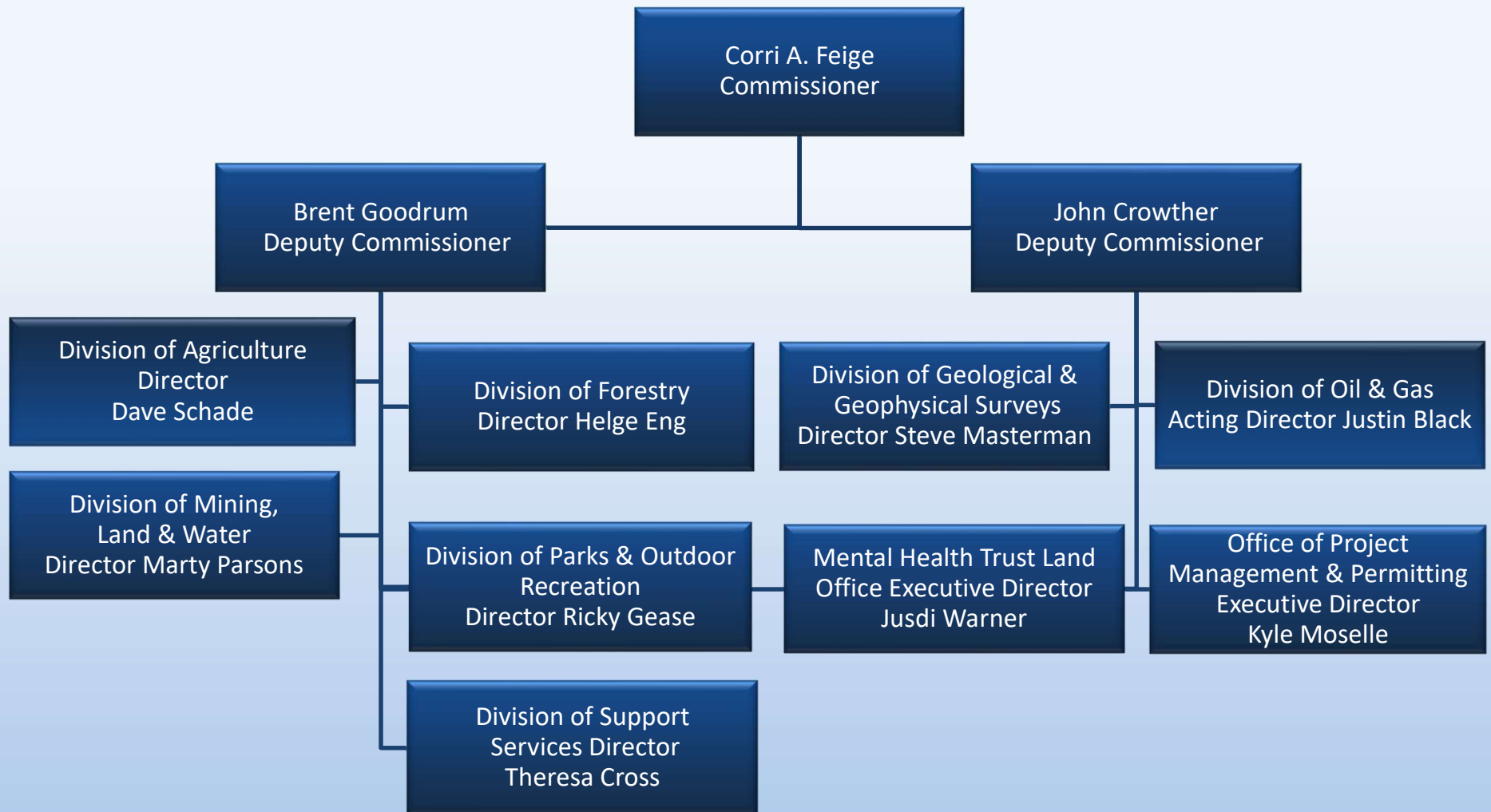
Bargained Salary Adjustments, all funding sources	\$ 1,228.9
Increase SSD I/A for Grants Support	\$ 100.0
Maintain DGGs Occupancy at the Geological Material Center	\$ 125.0
Expand Timber Resource Capacity	\$ 460.0
Increase Protection of Alaska from Wildland Fire	\$ 3,300.0
Reinstate Wildland Firefighter Academy	\$ 500.0
Vehicle Rental Tax Increase for Parks Management and Sanitation	\$ 1,045.1
Division of Agriculture Sponsorship of Future Farmers of America	\$ 180.0
DMLW Fund Change from UGF to GF/PR and Shore Fish	\$ 255.8
DMLW Fund Change from Land Disposal Income Fund to UGF	\$ 962.9
DPOR Fund Change from UGF to Vehicle Rental Tax	\$ 198.7
PERS Actuarial Rate Adjustment to 24.79%, all funding sources	\$ (2,946.6)

Language Items:

- Add Carryforward language for O&G's Right-of-Way Lease Appraisals
- Amend DMLW Carryforward of GF/PR Authority

DEPARTMENT OF NATURAL RESOURCES

- ORGANIZATION CHART -



DIVISION OF AGRICULTURE

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



- Eradicated 95 percent of *Elodea* in Alexander/ Sucker Lake complex. The Division took action against Zebra Muscle importation.
- Produced 20,000 lbs. of foundation seed and cleaned 414,000 lbs. of seed for commercial growers.
- Developed Phase 1 of the Nenana-Totchaket Agricultural Project

DIVISION OF AGRICULTURE



- Completed GHP / GAP, seed and phytosanitary inspections on over \$100,000,000 of Agricultural products.
- Established Industrial Hemp program and received USDA approval of Alaska's IH Grower Plan.
- Market and Grant Services Programs. \$5 M in grants and marketing services for Alaskans and Alaska businesses.

DIVISION OF FORESTRY

Wildland Fire Management Mission: Provide wildland fire protection on 150 million acres that includes the state's largest population centers.

DOF's firefighting mission is increasing rapidly:

- More intense, longer fire seasons; insects & disease
- More Alaskans live in the wildland-urban interface

2021 Fire Suppression Accomplishments

- 389 fires burned 254,500 acres. Contained 99% of fires in Critical Management Option to <10 acres. No structures destroyed.
- Supported Lower 48 fires. 306 Emergency Firefighters earned \$4.3 million. \$6 million employed 394 vendors.
- Recovered \$1.6 million for negligent fire ignitions.



2021 Fuels Treatment Accomplishments

- Implemented 16 hazardous fuel projects, protecting 17 communities with private sector contractors and government-to-government agreements.
- Five additional projects planned for 2022.
- 15 more projects proposed for 2023 – 2025.

DIVISION OF FORESTRY

Strategic plan will save suppression costs & increase public safety

- 1. Emergency Firefighter (EFF) Bill:** GF funds can pay EFFs for non-emergency hazardous fuels work.
 - Creates stable employment for rural Alaskans
 - Rebuilds village fire crews
 - Diversifies rural economies
- 2. Governor's budget request for DOF**
 - Self-sufficient Alaskan forces do not rely on uncertain availability of expensive L48 resources.
 - Saves suppression funds by containing fires at smaller footprints.
- 3. Hazardous fuels treatments**
 - Hires local contractors for fire protection
 - Creates community pride and local skills in fire suppression projects
- 4. Reinstating the Wildland Fire Academy**
 - Provides training to new firefighters to build expertise



DIVISION OF FORESTRY

Forest Management and Development Mission: Develop, conserve, and enhance Alaska's forests to provide a sustainable supply of forest resources.

Accomplishments in 2021

- Sold 30 timber sales for 42.3 million board feet, worth \$2.3 million.
- Oversaw harvest of 1/3 of the 29 million board foot Kosciusko Good Neighbor Authority Timber Sale (federal land)
- Managed 47 million forested acres, including 3 state forests. Worked to maintain 596 miles of roads.
- Upheld Forest Resources and Practices Act.
- Timber industry contributed 1,580 jobs and \$110 million in labor income to Alaska's economy.

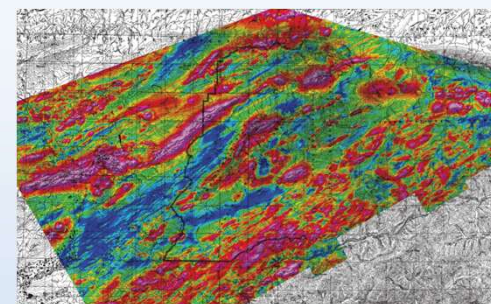


DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

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

- Acquired and published 23,154 sq. km of airborne geophysical surveys covering the Fortymile and Livengood mining districts
- Contracted for 35,600 sq km of new airborne geophysical surveys
- Completed new geologic mapping of 6,700 sq. km in eastern Interior
- Published new geologic maps and mineral-resources reports for the Richardson, Northeast Tanacross, and Eastern Tanacross areas

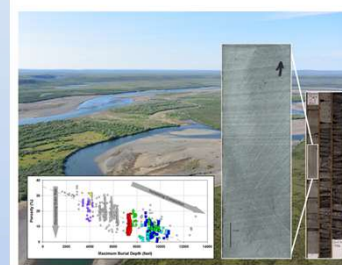


Energy Resources

- Completed 500 sq km of new geological mapping on the North Slope.
- Published reports on North Slope and Cook Inlet petroleum systems, including the Nanushuk and Torok Formations and key units in Cook Inlet
- Began evaluation of the REE and CM potential of carbon ores in Alaska

SEDIMENTOLOGY AND RESERVOIR QUALITY OF THE NANUSHUK FORMATION (ALBIAN-CENOMANIAN) IN CORES FROM THE NATIONAL PETROLEUM RESERVE-ALASKA AND ADJOINING STATE LANDS TO THE SOUTH

David L. LePain and Kenneth P. Helmold, editors



Alaska Geospatial Office

- Launched new State Imagery Portal – support inter-agency sharing
- New inter-agency Working Group to support coastal and ocean mapping
- Collected topobathymetric lidar at 29 coastal communities, 98,000 miles of bathymetry, 25,000 sq. km of high-resolution coastal imagery



DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS CONT.

Engineering Geology

- Instrumentation for landslide hazards at Haines, Sitka, the Brooks Range, and Barry Arm
- North Slope construction materials and hydrology investigations
- Completed infrastructure erosion exposure forecast maps for 48 Alaska Native Villages.
- Established the Alaska Landslide Hazard Program

Geologic Information

- Published 60 new geologic maps and reports, including 12,226 square km of new geologic mapping
- Launched a new web service to view mineral exploration data

Volcanology

- Upgraded volcano monitoring instruments at 129 sites
- Expanded and increased digital data telemetry capability at 5 volcanoes and supported monitoring of the Barry Arm landslide
- Issued 397 notices of volcanic activity describing daily observations of unrest at 7 volcanoes

Geologic Materials

- Ingested over 40,000 boxes of oil and gas core from a major Alaska producer
- Received 40,000' of core from two platinum-chrome-nickel prospects
- Visitation to research geologic materials increased 20% over 2020

EROSION EXPOSURE ASSESSMENT OF INFRASTRUCTURE IN ALASKA COASTAL COMMUNITIES
Richard M. Buzard, Mark M. Turner, Katie Y. Miller, Donald C. Antrobus, and Jacquelyn R. Overbeck



GEOLOGICAL & GEOPHYSICAL SURVEYS

Planned for 2022



Resource Development

- Fly two Earth MRI-funded airborne geophysical surveys in the Eastern Interior
- Contract for geophysical surveys in Southwest Alaska
- Complete ~10,000 sq. km of geologic mapping in eastern Interior Alaska
- Characterization of the early Brookian Hue shale in ANWR
- Evaluate distribution of reservoir-prone intervals in the Nanushuk and younger Brookian Formations
- Publish U-Pb age data from the Nanushuk Formation at Slope Mountain, a key outcrop analogue for new discoveries at Pikka, Narwal and Willow

Hazards and Public Safety

- Construction materials resources and hydrology fieldwork to support ASTAR
- Implement a new 3-year, project to assess flooding at 33 Alaska Native Villages.
- Implement a new USGS-funded project on snow avalanches in Southeast Alaska
- Fully implement the Alaska Landslide Hazards Program and development of a landslide inventory

Data Delivery

- Increase data accessibility; provide new web services for geophysical surveys & upgrade data portals
- Publish new bedrock geology maps for the Styx River and Western Tanacross areas

Coordination

- Support planed Broadband Office and IIJA project coordination (Alaska Geospatial Office)

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 supports core missions of the Department including acquiring and disposing of land and resources; providing use of and access to state lands for the public; fostering responsible development of lands; managing resource data; and protecting the State's natural resource assets consistent with the public interest.



DIVISION OF MINING, LAND & WATER

In FY2021

- Generated \$33.1M in revenues to the state through authorizations for use of state lands and waters, royalty payments, and land sales.
- A total of 38,757.48 acres of municipal entitlement land was conveyed to 9 different Boroughs.
- Sold 161 parcels of land, totaling approximately 1,142 acres of land.
- Generated \$4.8M in revenue from land sales for the Land Income Disposal Fund.
- Finalized the North Slope Area Plan, a plan covering approximately 12.5 million acres of land, for an area that has never before had a regional plan developed and which now provides the basis for management of state land and resources.
- Provide support for the Governor's Unlocking Alaska initiative asserting the state's control of the navigable waters and submerged lands we received at statehood, and our right to manage them in Alaskans' best interests by:
 - Providing a web map of those navigable water's in ANILCA created units.
 - Identifying submerged lands within federal areas managed by NPS, USF&WS, USDA and BLM.
 - Initial quantification of acreage of submerged lands conveyed to SOA in which Alaska was wrongfully charged acreage for lands it already owned as of Statehood.
 - Won Interior Board of Land Appeals decision upholding State's ownership of 7,552 acres of submerged lands beneath the Kuskokwim River validates essential elements of Governor Dunleavy's "Unlocking Alaska" initiative to establish clear ownership of submerged lands.

DIVISION OF MINING, LAND & WATER

In FY2021 continued

- Provided economic relief to land buyers and permit holders by suspending collection of almost \$400k of payments during the COVID-19 pandemic.
- Issued a final finding and decision for Nenana-Totchaket Agricultural Land Sale in support of the Governor's Food Security initiative.
- Continued implementation of realignment of work assignments to increase efficiencies for issuing land use authorizations and reduce the Division backlog.
- Supported efforts to enhance growth of Alaska's mariculture industry, including supporting the state's Mariculture Task Force, and HB 115, which will make it simpler and easier for successful mariculture lessees to renew their leases (HB 115, signed into law 6/15/21).
- Participated in the creation of the Alaska Aquaculture Permitting Portal, a resource for those seeking to obtain new or extend current leases of state shore- or tidelands to support kelp, shellfish or other mariculture sites.
- Developed a new public facing website for the lands section that details the timelines and process for permits, easement, leases and material sites, as well as other general information on state land.

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 FY2021

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.

- Verified and receipted \$1.1 billion in royalty, net profit share lease revenues, rents, bonus bids, unit actions, and federal payments
- Held five area-wide lease sales resulting in \$7.4 million in bonus bids and more than 211 thousand acres leased.
- Recovered \$44.3 million in royalty and Net Profit Share Lease revenue, including interest.
- Collected \$362,000 in leasing application fees and \$16 million in lease rent payments.
- Approved the Donlin Gold natural gas pipeline Right-Of-Way lease on ~ 207 miles of State of Alaska lands in southcentral and western Alaska.
- Entered into two new 1-year Royalty-In-Kind contracts with Marathon and Petro Star
- 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

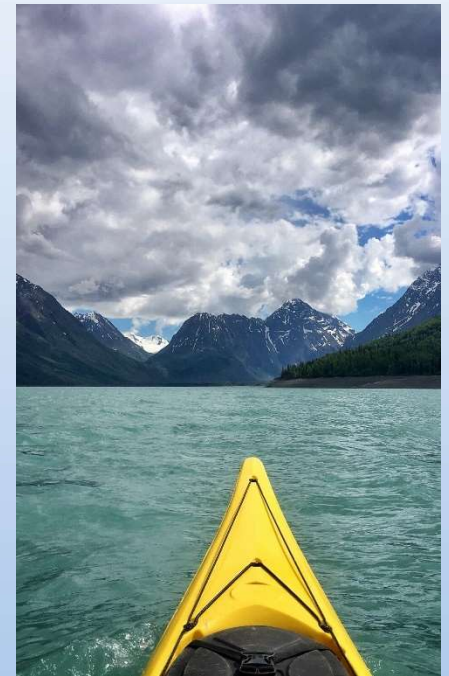
In FY 2021.

- Administered approximately 1,860 leases and licenses, covering nearly 3.8 million acres.
- Issued 115 permits and amendments to authorize surface activities for exploration and development on State land.
- Oversaw activities on 36 oil and gas units and four lease operations, conducted three areawide lease sales and managed 1,924 lease actions.
- Negotiated amendments to three financial assurance agreements with North Slope and Cook Inlet lessees to ensure dismantlement, removal, and restoration occur on the State's leased land.
- Issued two new conditional pipeline Rights-of-Way leases for the Alaska LNG GTP-Mainline-LF and the Alaska LNG Point Thompson Transmission Line and renewed the Nuiqsut pipeline ROW for an additional 30 years.
- Performed 99 Right-of-Way lease compliance and oversight monitoring actions.
- Analyzed and evaluated geothermal energy resources on State lands and issued prospecting permits for Raser Power Systems LLC at Mount Spurr, GeoAlaska LLC at Northwest Mount Spurr. A third geothermal prospecting permit for GeoAlaska LLC at South Augustine Island is under evaluation.
- Delivered oil production forecasts to the Department of Revenue to generate the state's oil revenue forecast.
- Developed and implemented the Permitting Payment portal offering ability to process safely and securely permitting payments via DOG public website.

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.

- 51 percent self-funded via fees, electronic fee stations, public use cabins, admissions, reservations
- Continued to manage open park system embraced with record traffic continuing to climb from 2021, primarily from Alaska resident use
- Successfully acquired contract for Marketing and Merchandising Partner to launch in 2022
- Issued 592 commercial permits, 310 special permits; 76 active & pending outdoor recreation grants
- 29 electronic fee stations save staff time, increase revenue
- Park Rangers responded to 55-plus Search and Rescues
- Office of Boating Safety's 204 classes, 8 pool sessions reached 4,849 participants; 209,139 since inception
- Office of History & Archaeology's State Historic Preservation Office reviewed 2037 projects, signed 12 major agreements and made substantive amendments to 10 other 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 public by coordinating multi-agency project reviews to ensure consistent, defensible, transparent, and timely permit decisions.

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



OFFICE OF PROJECT MANAGEMENT & PERMITTING

In 2020-2021

- Coordinated review, permitting and compliance activities for major projects including:
 - **Oil & Gas:** Pikka (Nanushuk), Willow Master Development Plan, Furie, AK LNG, and Point Thomson
 - **Mining:** Red Dog, Fort Knox, Greens Creek, Kensington, Pogo, Donlin, Pebble, Anarraaq-Aktiguruq, Arctic, Palmer Project, Gil, Illinois Creek, Tetlin, Nixon Fork, and Livengood
 - **Transportation:** Ambler Industrial Access Road, Alaska to Alberta Railroad
- Engaged with federal agencies to advance State interests related to federal planning including:
 - 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 Alaska Roadless Rule for the Tongass
- Facilitated National Environmental Policy Act (NEPA) training for state review team.
- Launched public information dashboards to summarize the status of coordinated large resource development projects.

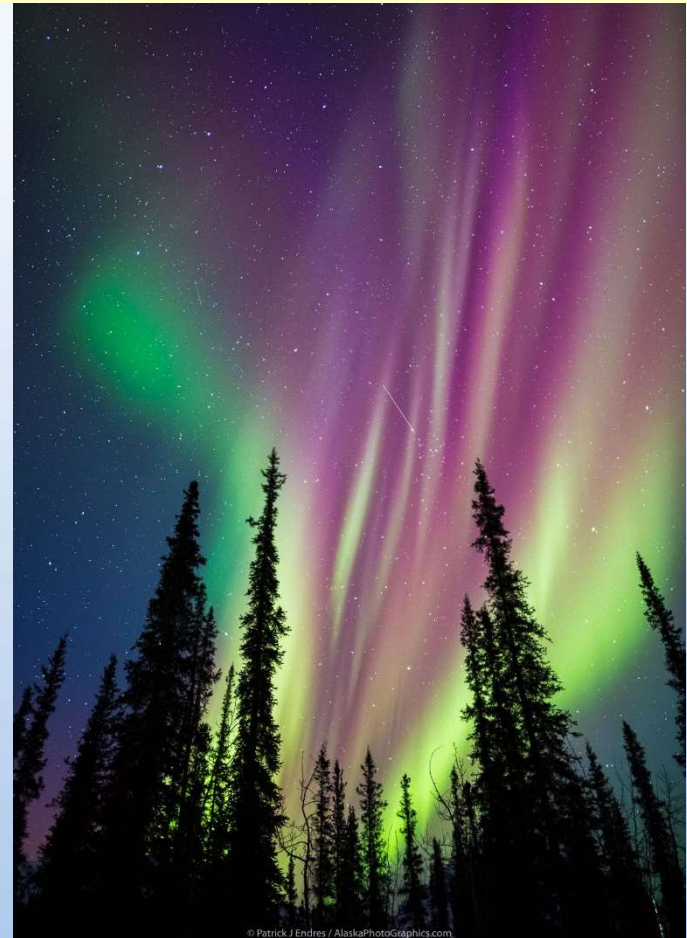
SUPPORT SERVICES DIVISION

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 served our customers during the pandemic by creating and improving processes.
- Records Office increased eRecordings and retained services levels with an overall increase in revenue.

Numbers by Fiscal Year:

- FY2019 - \$4,503,083
 - FY2020 - \$5,438,244
 - FY2021 - \$7,097,156
 - FY2022 - \$3,223,605 (half-way through the FY)
- Continue to consistently collaborate with DOA to find efficiencies and standardized processes across all agencies.



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 \$30.1 M to fund programs for ~85,000 Alaska Mental Health Trust beneficiaries
- Completed final phase, Phase 2B, of the USFS/Trust land exchange. Providing primary timber for SE Alaska timber industry, including last remaining sizable timber mill operated by Viking Lumber on Prince of Wales Island.
- FY2021 timber sales generated over \$2.3 M in revenue and supported roughly 150 jobs.
- FY2021 land sales generated over \$23 M and create additional revenue for taxing authorities.



TRUST LAND OFFICE



Initiatives

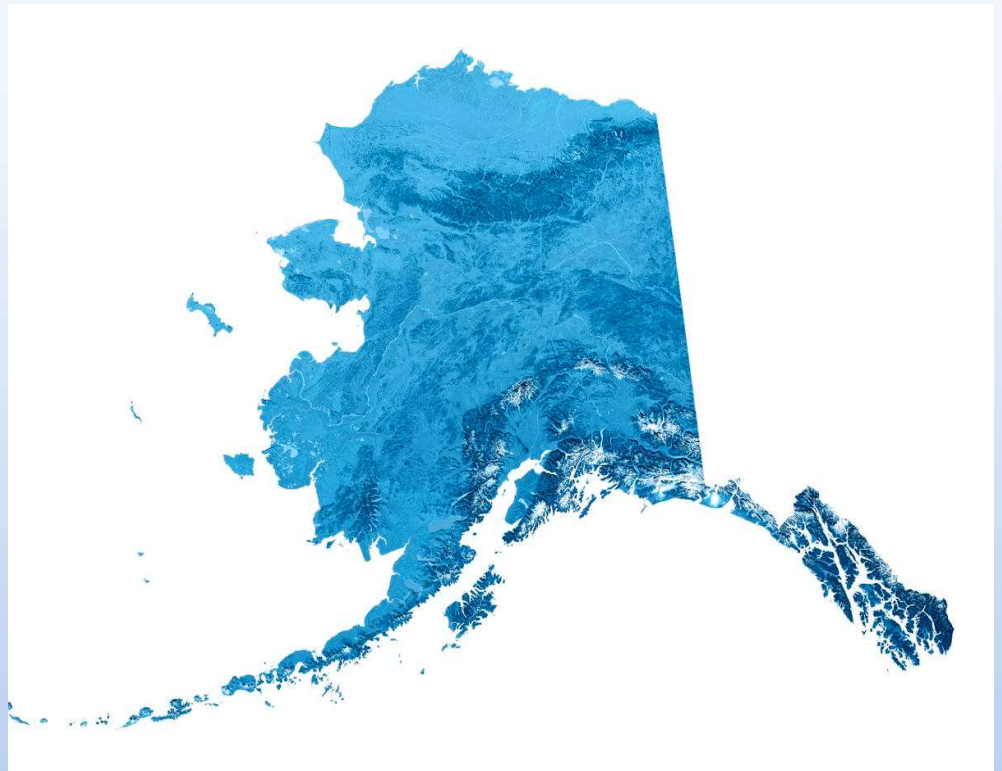
- Subdivision development on multiple Trust parcels statewide to offer in future land sales
- Created new easements program to capture revenue from existing utility infrastructure on Trust land

Coming in FY2022

- Potential timber sales from thousands of acres of harvestable timber lands from completion of the USFS/Trust land exchange
- Additional unique parcels added to online competitive lease program
- Further Exploration of Icy Cape Mineral Project

COMMISSIONER'S OFFICE

- Reducing backlog of administrative appeals – adjudicated nearly 50 appeals in 2021.
- Actively promoting Alaska resources to global investors.
- Continue to press Statehood Defense issues while working with senior federal agency leadership.
- Provide consistent and timely guidance to Division leadership teams.
- Developing Alaska's natural resources through effective, thorough, and streamlined permitting processes.



QUESTIONS?



THANK YOU!

