

# Department of Natural Resources Overview

Natural Resources Senate Finance Sub-Committee  
March 9, 2023

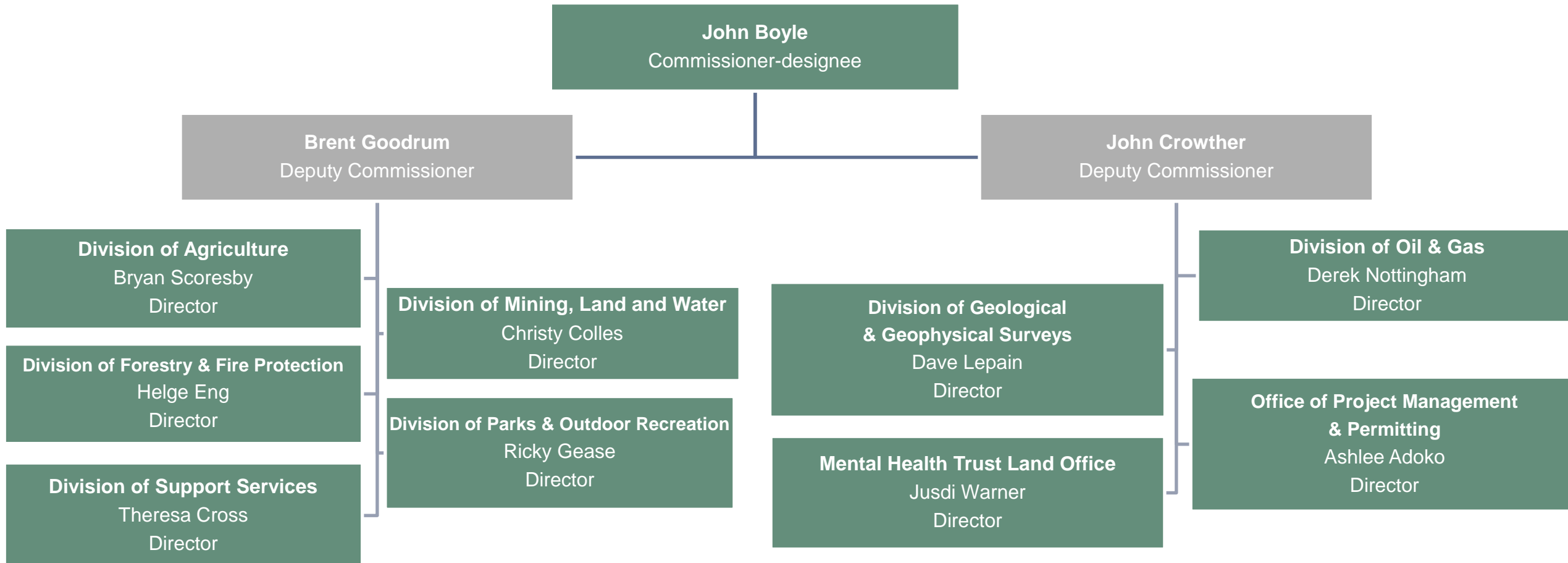


Presented by:

- Brent Goodrum, Deputy Commissioner
- John Crowther, Deputy Commissioner
- Theresa Cross, Administrative Services Director



# Department of Natural Resources Organizational Chart



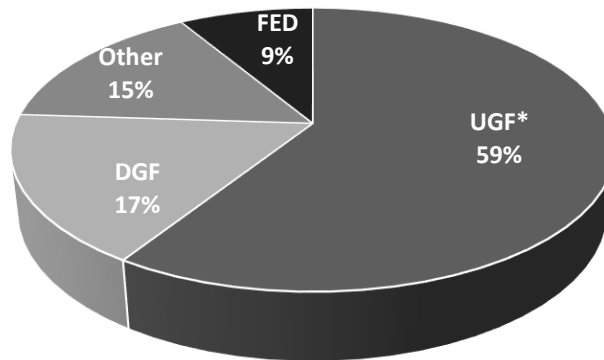
# DNR FY2024 Operating Budget Comparison



	FY2022 Actuals	FY2023 Management Plan	FY2024 Gov + Gov Amd	Difference (FY23 vs FY24)	% Change (FY23 vs FY24)
<b>UGF</b>	120,501.2	71,795.5	72,611.0	815.5	1.1%
<b>DGF</b>	34,682.7	42,677.6	43,890.1	1,212.5	2.8%
<b>Other</b>	31,377.9	39,278.1	41,307.4	2,029.3	4.9%
<b>FED</b>	17,518.2	38,473.3	38,930.9	457.6	1.2%
<b>Total</b>	<b>204,080.0</b>	<b>192,224.5</b>	<b>196,739.4</b>	<b>4,514.9</b>	<b>2.3%</b>

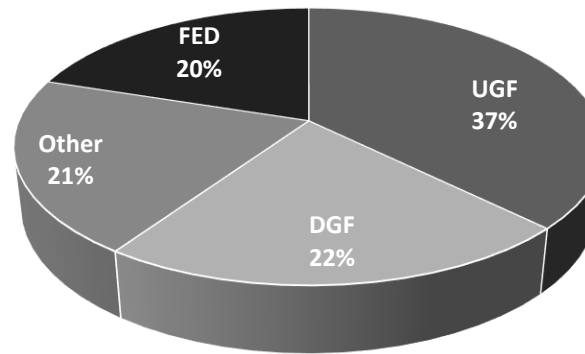
	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor	Difference (FY23 vs FY24)
<b>PFT</b>	639	727	726	(1)
<b>PPT</b>	246	230	230	-
<b>NP</b>	61	56	58	2
	<b>946</b>	<b>1,013</b>	<b>1,014</b>	<b>1</b>

FY2022 Actuals



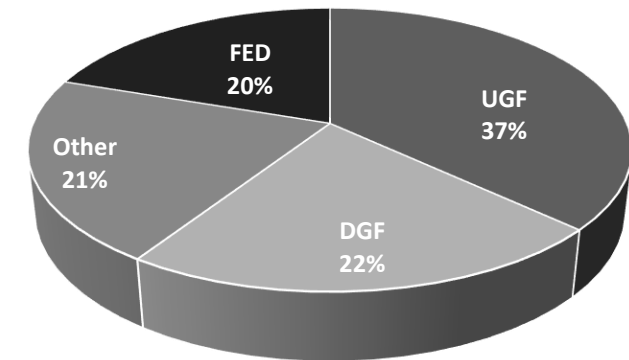
■ UGF ■ DGF ■ Other ■ FED

FY2023 Management Plan



■ UGF ■ DGF ■ Other ■ FED

FY2024 Governor



■ UGF ■ DGF ■ Other ■ FED

\*In FY2022, there was a total of \$45 million in UGF fire emergency declarations.

# FY2024 Fund Source Breakdown by Fund Category



Agency Operating	UGF	DGF	GF Total	Other	Fed	Total	PCN Count		
							PFT	PPT	NP
Non-Formula	72,611.0	43,890.1	116,501.1	41,307.4	38,930.9	196,739.4	726	230	58

UGF	General Fund	71,782.5
	General Fund Match	828.5
DGF	General Fund Program Receipts	30,689.8
	State Land Disposal Income Fund	5,304.7
	Vehicle Rental Tax	5,719.5
	Timber Sales Receipts	1,091.3
	Shore Fisheries Lease	477.5
	Agriculture Revolving Loan Fund	301.0
	Boat Registration Fees	306.3
Other	Statutory Designated Program Receipts	13,855.6
	Inter-Agency Receipts	7,834.8
	Permanent Fund Receipts	6,708.2
	Capital Funds	6,922.3
	Mental Health Trust Authority	5,049.8
	Alaska Liquified Natural Gas I/A	536.3
	Exxon Valdez Oil Spill Settlement	170.2
	Non-General Fund Earnings	150.3
	Oil & Hazard Water I/A	49.5
	Mine Reclamation Trust Fund	30.4
FED	Federal	38,930.9

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

10-Year Average, \$23 in  
revenue for every general  
fund dollar appropriated

# FY2024 Governor Budget Changes



Scenario	Division	Change Record Title	Fund Source	Amount
Gov	Mining, Land & Water	Process Applications for Permits to Mine in Alaska and Hard Rock Exploration Support	General Fund Program Receipts (1005)	\$231.9
Gov Gov Amend	Parks & Outdoor Recreation	Parks Concessionaire Incentives (Gov +\$100.0 / Gov Amend -\$100.0)	Unrestricted General Fund (1004)	\$0.0
Gov Amend	Parks & Outdoor Recreation	Sustaining State Parks Access and Maintenance	General Fund Program Receipts (1005)	\$272.4
Gov	Department-wide	Technical Salary Adjustments	Various	\$2,038.8
Gov	Support Services	Transfer Administrative Services Director (10-0200) from Office of Management and Budget to the Department	Interagency Receipts (1007)	\$221.9
Gov	Parks & Outdoor Recreation	Enhanced Federal Support for the Boating Safety Program	Federal Receipts (1002)	\$300.0
Gov	Forestry & Fire Protection	Increase Capital Receipt Authority to Accommodate Additional Project Activity (Fire Suppression Preparedness)	Capital Improvement Projects (1061)	\$770.0
Gov	Forestry & Fire Protection	Increase Capital Receipt Authority to Accommodate Additional Project Activity (Forest Management & Development)	Capital Improvement Projects (1061)	\$360.0
Gov	Office of Project Management & Permitting	Increase Inter-Agency Receipt Authority Due to Anticipated Funding for State Development Projects	Interagency Receipts (1007)	\$300.0
			<b>Total</b>	<b>\$4,495.0</b>

Fund Source	Amount
UGF	\$815.5
DGF	\$1,212.5
Other	\$2,009.4
Federal	\$457.6
<b>Total</b>	<b>\$4,495.0</b>



# Division of Agriculture



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

- Eradicated 95% of elodea in Alexander/ Sucker Lake complex
- Produced 20,000 lbs. of foundation seed and cleaned 414,000 lbs. of seed for commercial growers
- With the passage of SB 27, Alaska was able to get its Industrial Hemp Plan approved by the U.S. Department of Agriculture effective January 1, 2022
- Land sale completed for initial Phase 1 of the Nenana-Totchaket Agricultural Project



# Division of Agriculture



- Provides buyer required food safety audits (HGAP), seed potato and phytosanitary inspections on over \$140 million of agricultural products
- Administers over \$5 million in grants and marketing services for Alaskans and Alaska businesses
- Agricultural Revolving Loan Fund provided over \$3 million in loans during the last 12 months, which support new or expanded agricultural programs, including mariculture operations



# Division of Forestry & Fire Protection



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

**The complexity of DOF's firefighting mission is increasing rapidly:**

- More intense, longer fire seasons; beetle killed trees
- More Alaskans live in the wildland-urban interface

### **2022 Fire Suppression Accomplishments**

- In 2022, 590 fires burned more than 3 million acres. 216 of these fires burned in Critical protection zones, and through aggressive initial attack, these fires burned only 109 acres
- 376 Emergency Firefighters earned \$4.2 million supporting fires in both Alaska and the Lower 48. 412 vendors received \$6 million supporting Alaskan incidents with services, supplies, and equipment

### **2022 Fuels Treatment Accomplishments**

- Implemented 22 hazardous fuel projects, protecting 19 communities with multiple private sector contractors and government-to-government agreements
- 12 additional projects planned for 2024-2026





# Division of Forestry & Fire Protection



## Legislative Support in 2022

**Building Firefighting Capacity:** DOF received the first half of the \$8 million needed to increase our firefighting forces to Preparedness Level 3, including:

- Lead firefighters, training & fuels specialists, GIS analyst, critical support staff

**Passed Emergency Firefighter (EFF) Bill:** GF funds can now pay EFFs for non-emergency hazardous fuels work.

- Creates stable employment for rural Alaskans
- Rebuilds village fire crews
- Diversifies rural economies

**Reinstated the Wildland Fire Academy**

- Provides training to new firefighters to build expertise and help rebuild our village fire crews.

**Added 6 new firefighting crew support vehicles**

**Provided seasonal wildland firefighters with health care**

# Division of Forestry & Fire Protection



## **Strategic plan will reduce suppression costs & increase public safety**

### **1. Implement the second phase of a self-sufficient Alaska firefighting force that will:**

- Provide for public safety
- Protect critical infrastructure, Alaskan investments and communities from wildland fire
- Reduce suppression costs by containing fires at smaller footprints
- Reduce the need to rely on expensive and potentially unavailable Lower-48 resources

### **2. Create a network of hazardous fuels treatments around communities that:**

- Increases public and firefighter safety
- Includes the use of local contractors
- Creates community involvement and builds skills and preparedness for wildland fire

# Division of Forestry & Fire Protection



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

## **Legislative Support in 2022**

- Increased timber sale capacity
- The Legislature approved four (4) forester positions and the first half of rebuilding support of the timber industry and providing economic opportunities to rural communities that depend on forestry jobs

## **Accomplishments in 2022**

- Sold 34 timber sales totaling 9.4 million board feet, worth \$1.7 million
- Managed 47 million forested acres, including harvest & roads in 3 state forests
- Upheld Forest Resources and Practices Act
- Timber industry contributed 1,580 jobs and \$110 million to Alaska's economy



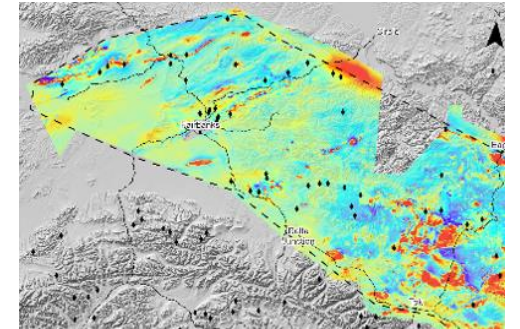
# Division of Geological & Geophysical Surveys



**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**

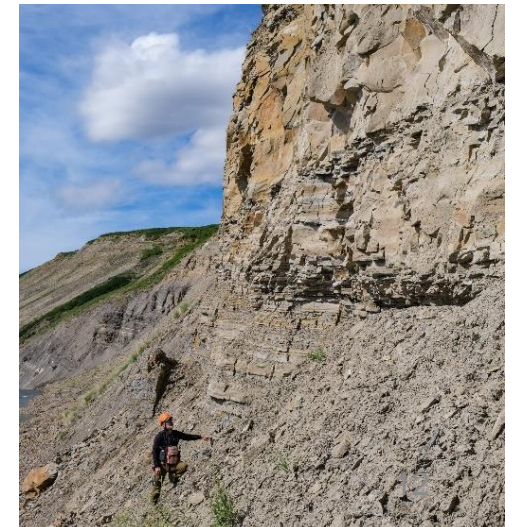
## Mineral Resources

- Flew and published Earth-MRI-funded airborne geophysical survey covering the western part of the mineral-rich Yukon Tanana Upland
- Completed new geologic mapping of 2,317 square miles in eastern interior (Yukon-Tanana Upland)
- Published two new detailed geologic maps of mineral exploration areas in the interior and released geochemical dataset from eastern Interior



## Energy Resources

- Conducted 31 days of helicopter-supported geologic mapping and related applied studies of North Slope petroleum system
- Published landmark synthesis of upper Cook Inlet structural geology and the timing of reservoir development
- Important research on the controls on reservoir quality in the Nanushuk Formation published in international petroleum journal





# Division of Geological & Geophysical Surveys



## Engineering Geology

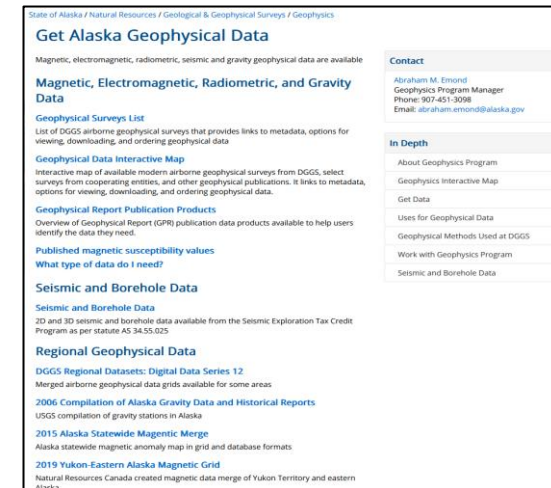
- Visited 138 field sites as part of ASTAR construction materials and hydrology investigations on the North Slope
- Collected 691 square miles of new lidar and nine square miles of new nearshore bathymetry to support hazard assessments all over the state
- Deployed science response teams to landslides at Seward, Skagway, Juneau, and Denali Village, and to western Alaska coastal communities impacted by Extra-Tropical Cyclone Merbok
- Published 22 hazards-related DGGs reports and datasets and an additional four papers in peer-reviewed journals



Flooding in Golovin due to Merbok

## Geologic Information Center

- Produced and distributed 50 new geologic publications, including over 700 square miles of new geologic mapping
- Served over 35 Terabytes of digital geologic data & information from the Division's website and geoportals
- Increased integration with the UAF's Butrovich Data Center that provides the State reliable Petabyte data storage for dramatically lower costs
- Launched numerous online resources, including Geophysical Surveys Web App, Palynology Index, and DGGs Publications Dashboard



# Division of Geological & Geophysical Surveys



## Volcanology

- Completed the 4-year “Analog to Digital” project upgrading volcano monitoring stations, resulting in improved ability to forecast and detect volcanic unrest and eruptions
- Installed initial seismic and GPS sensors at Mt. Edgecumbe in southeast Alaska, in response to new seismic and geodetic unrest indicating magmatic intrusion at depth
- Issued 407 notices of volcanic activity responding to eruptions at three volcanoes and unrest at five others



## Geologic Materials Center

- Inventoried and rescued 40,000 feet of core from two platinum-chrome-nickel prospects in southeast Alaska
- Received \$614,512 Federal match grant to offset costs for hyperspectral core scanning project
- Visitation to research geologic materials increased 56% over 2020



## Alaska Geospatial Office (AGO)

- Held first ever Alaska Geospatial Council conference to coordinate mapping priorities in Alaska
- Acquired pre- and post-storm imagery in western Alaska in response to Typhoon Merbok
- Provided recommendations to 9-1-1 Advisory Board on mapping needs



# Division of Geological & Geophysical Surveys



## Planned for CY 2023

### Resource Development

- Begin multi-year airborne geophysical campaigns in Southwest Alaska and Seward Peninsula
- Complete bedrock geologic mapping in an 8,000-square-kilometer area in the mineral-rich Yukon-Tanana Upland (interior) and publish a bedrock geologic map from an adjacent mineral-rich area
- Drill two bedrock cores to capture important North Slope petroleum reservoir and source rock data
- Conduct field investigations on North Slope and Cook Inlet petroleum systems
- Publish North Slope construction materials resource maps and databases
- Establish renewable energy program to collect baseline data for hydro-electric power

### Hazards and Public Safety

- Implement a new Landslide Emergency Response Team program to help provide geoscience support to communities impacted by landslide disasters
- Publish report and maps of potential tsunami inundation for the Anchorage area, upper Cook Inlet
- Publish lidar-based analysis of Barry Arm unstable slope, Prince William Sound
- Publish online interactive snow avalanche hazard indication maps for Southeast Alaska
- Collaborate with U.S. Geological Survey on post-Merbok flooding and erosion assessment and summary report

### Data Delivery

- Publish an updated geologic database standard and convert 50 databases to this modern standard
- Continue creating cost effective cutting-edge solutions to meet Division's unique IT needs
- Publish new bedrock geology map for Western Tanacross area

### Coordination

- Continuing support for Broadband Office and IIJA project coordination (AGO)



# Division of Mining, Land and 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 and 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 and Water



## In FY2022

- Generated \$32.5M in revenues to the state through authorizations for use of state lands and waters, royalty payments, and land sales
- A total of 20,098 acres of municipal entitlement land was conveyed to 3 different Boroughs
- Sold 148 parcels of land to the public, totaling approximately 1,497 acres of land
- Offered approximately 2,000 acres of Agricultural land in the Nenana-Totchaket Agricultural Project and featured approximately 27 parcels ranging in size from 20-320 acres each
- Generated \$5.4M in revenue from land sales for the Land Income Disposal Fund

## **Provided support for Governor Dunleavy's Unlocking Alaska Initiative asserting, on behalf of all Alaskans, state ownership, management and control over submerged lands and navigable waters and over RS 2477 rights-of-way and other state easements across Alaska by:**

- Commencing litigation against the Federal Government to remove clouds from state title on navigable rivers
- Winning a substantial victory for majority of the North Fork and Middle Fork of the Fortymile River
- Developing the State Transportation Plan for the Fortymile area to be completed in FY2023
- Conducting extensive fieldwork to support Quiet Title Act litigation on rivers across the state and all RS 2477 rights-of-ways located within Yukon-Charley Rivers National Preserve
- Pursuing a Joint Reconciliation Initiative to potentially expand land entitlement to both the State and Native Corporations
- Issuing authorizations for Crescent Lake within Lake Clark National Park & Preserve

# Division of Mining, Land and Water



## In FY2022 continued

- Issued a combined total of 292 water permits and rights to appropriate water. An additional 231 temporary water use authorizations were issued mainly to support industry and construction
- DNR's Abandoned and Derelict Vessel (ADV) Program opened 47 Abandoned and Derelict Vessel (ADV) cases, successfully abated 9 cases, and conducted an ADV inventory in the Sitka area. Recently applied for a \$15 million NOAA grant to fund the removal of ADVs and began process of creating regulations allowing for ADV fund disbursement and ADV enforcement
- Finalized a Site Specific Area Plan for the Ambler Road project and the Grant Lake Hydro project on the Kenai
- Alaska Continuously Operating Reference Network (ACORN) Staffed and in testing with 21 stations, many public-private partnerships, with more planned for FY2023. Planned to go live Summer 2023
- Regional Land Offices issued 588 land use authorizations. Newly-created statewide policy teams improved efficiency, consistency, and customer service, including 81% permit turn-around within 30 days of complete application, development of 30+ statewide policies, and creation of two new over-the-counter permit programs
- Reduced backlogged land applications by 32% and water applications by 42%
- Partnered with our customers, the public and other agencies on land stewardship projects, including:
  - Conceptual recreational plan for the Montana Creek area
  - Cleanup of 57 tons of debris from mining claims near Ester
  - Cleanup of illegal dumping (tons of solid waste and several abandon vehicles) and long-term camping along Dawson Road



# 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.**

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.

## In FY2022

- Verified and receipted \$1.8 billion in royalty, net profit share lease revenues, rents, bonus bids, unit actions, and federal payments
- Oversaw activities on 37 oil and gas units and five lease operations, conducted five areawide lease sales and managed 1,719 lease actions
  - Area-wide lease sales resulted in \$568 thousand in bonus bids and more than 19 thousand acres leased
  - Collected \$227,000 in leasing application fees and \$15.5 million in lease rent payments
- Royalty audits resulted in recovering \$3.3 million in royalty and Net Profit Share Lease revenue, including interest
- Entered into two new multi-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 FY2022 continued

- Reviewed comprehensive interpretation and analysis of geological, geophysical and engineering data leading to the formation of 2 new units encompassing 168,000 acres of State of Alaska oil and gas leases
- Received two new pipeline Right-of-Way lease applications
- Issued 25 land permits, 36 habitat permits, 10 temporary water use, 5 material site contracts, 12 lease amendments, 10 lease compliance reports, and provided other rights-of-way lease support for transportation pipeline systems and pipeline work on state lands
- Performed 153 Right-of-Way lease compliance and oversight monitoring actions
- Issued the South Augustine Island Geothermal and the Susitna Valley Exploration License Best Interest Findings
- Delivered oil production forecasts to the Department of Revenue to generate the state's oil revenue forecast



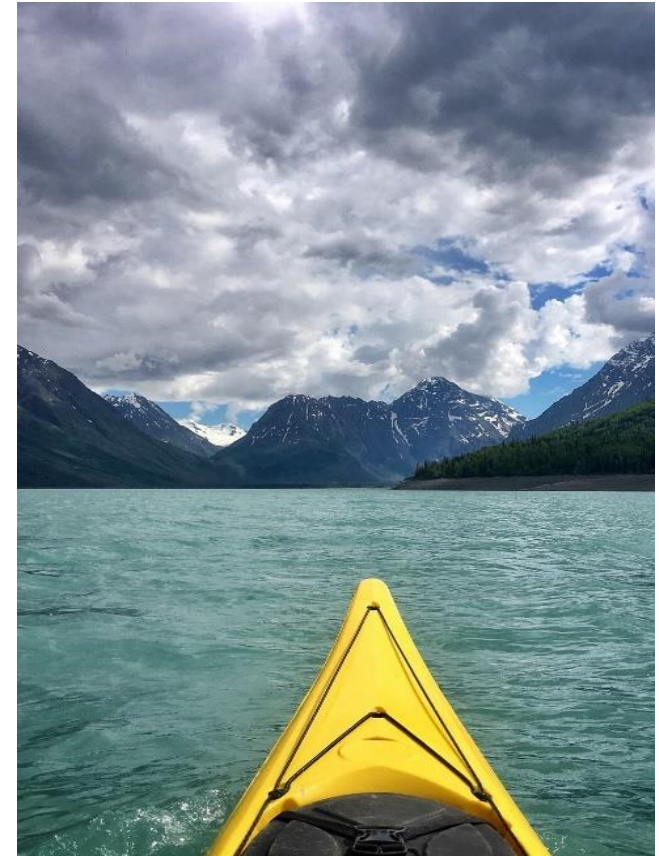


# Division of Parks & Outdoor Recreation



**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
- Acquired contract for Marketing and Merchandising Partner to launch in 2023
- Issued 602 commercial permits, 260 special permits; 82 active & pending outdoor recreation grants
- 49 electronic fee stations installed / 25 more to install to save staff time, increase revenue
- Park Rangers responded to 42-plus Search and Rescues
- Office of Boating Safety's 366 classes, 54 pool sessions reached 10,332 participants; 221,919 since inception
- Office of History & Archaeology's State Historic Preservation Office reviewed 2,111 projects, signed 14 major agreements and made substantive amendments to 9 other major agreements
- Design and Construction Section awarded \$5.5M over 20 construction contracts in FY2022. Completed 12 construction projects in CY2022. Partnered with at least six other agencies to fund and advance access projects across the state



# 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, regulatory agencies, and the Alaskan public by implementing a multi-agency permit coordination program 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



**2021-2022**

**Large Project Coordination:** OPMP provides multi-agency state, federal, and local permit coordination on large natural resource development projects

- Oil & Gas: Pikka, and Willow Master Development Plan
- Mining: Red Dog, Fort Knox, Greens Creek, Kensington, Pogo, Donlin, Pebble, Anarraaq-Aktiguruq, Arctic, Palmer Project, Gil, Illinois Creek, Nixon Fork, Livengood, Niblack, Manh Choh, and Transboundary (Canadian) mining
- Transportation: Ambler Access Road, and West Susitna Access Road
- Hydroelectric: Grant Lake, and Nuyakuk River

**Federal Plans & Activities:** OPMP monitors federal actions and facilitates federal/state coordination, consultation, review, and consolidation of state comments

- Examples include the ANWR Coastal Plain Oil & Gas Leasing Program, NPR-A Integrated Activity Plan, Outer Continental Shelf (OCS) planning and lease sales, Alaska Roadless Rule for the Tongass, White Mountain and Steese Travel and Transportation Plans, IARPC, and Federal Mining Reforms

**Arctic Strategic Transportation and Resources (ASTAR):** In partnership with ADOT&PF and the North Slope Borough, OPMP is working with North Slope communities and stakeholders to identify and advance community and regional infrastructure needs

**Federal Programs and Grants:** OPMP serves a variety of roles for DNR on Federal actions such as NRDA, EVOS, and Compensatory Mitigation Plan



# Support Services Division

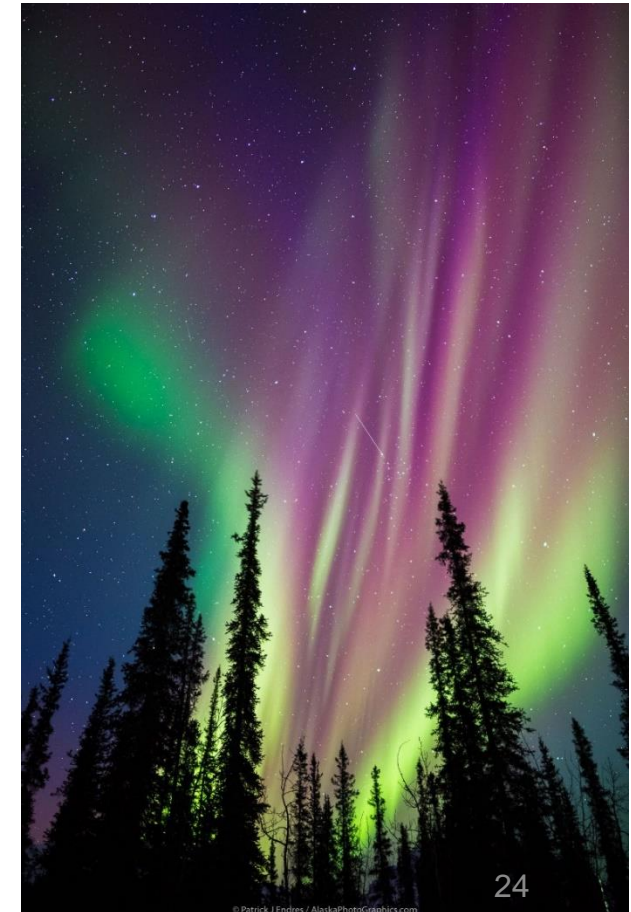


**Mission: Provide client-focused, efficient and cost-effective financial, budget, procurement, human resource, information technology and recording services to the Department of Natural Resources and the public.**

- Records Office increased eRecordings and retained services levels with an overall increase in revenue.

## Numbers by Fiscal Year:

- FY2020 - \$5,438,244
  - FY2021 - \$7,097,156
  - FY2022 - \$5,726,896
  - FY2023 - \$2,168,988 (half-way through the Fiscal Year)
- Continue to consistently collaborate with Department of Administration 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 over \$11 M to fund programs for ~85,000 Alaska Mental Health Trust beneficiaries
- 45 miles of critical permanent access in the USFS/Trust land exchange. This access allows Trust contractors to get fiber to the market which provides revenue to the Trust and a more stable timber industry
- FY2022 minerals & energy assets generated over \$3.6 M in revenue and supported jobs across the state
- FY2022 land sales generated over \$3.4 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 and leasing
- Icy Cape Minerals Project drilling program leading to a prefeasibility study
- Easements program to capture revenue from existing and new utility infrastructure on Trust land

## Coming in FY2023:

- Timber sales from thousands of acres of harvestable timber lands from securing easements in the USFS/Trust land exchange
- Increase in land sale revenues by turning nonperforming assets into sales where appropriate while simultaneously meeting community needs for lots for housing



# Office of the Commissioner



- Reducing backlog of administrative appeals – adjudicated 48 appeals in FY2022
- Actively promoting Alaska resources to global investors
- Continuing to press Statehood Defense issues while working with senior federal agency leadership
- Providing consistent and timely guidance to Division leadership teams
- Developing Alaska's natural resources through effective, thorough, and streamlined permitting processes
- Effectively communicating DNR activities to the public, stakeholders, State agencies and employees





# Questions?



Thank you!



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