



State of Alaska Department of Natural Resources

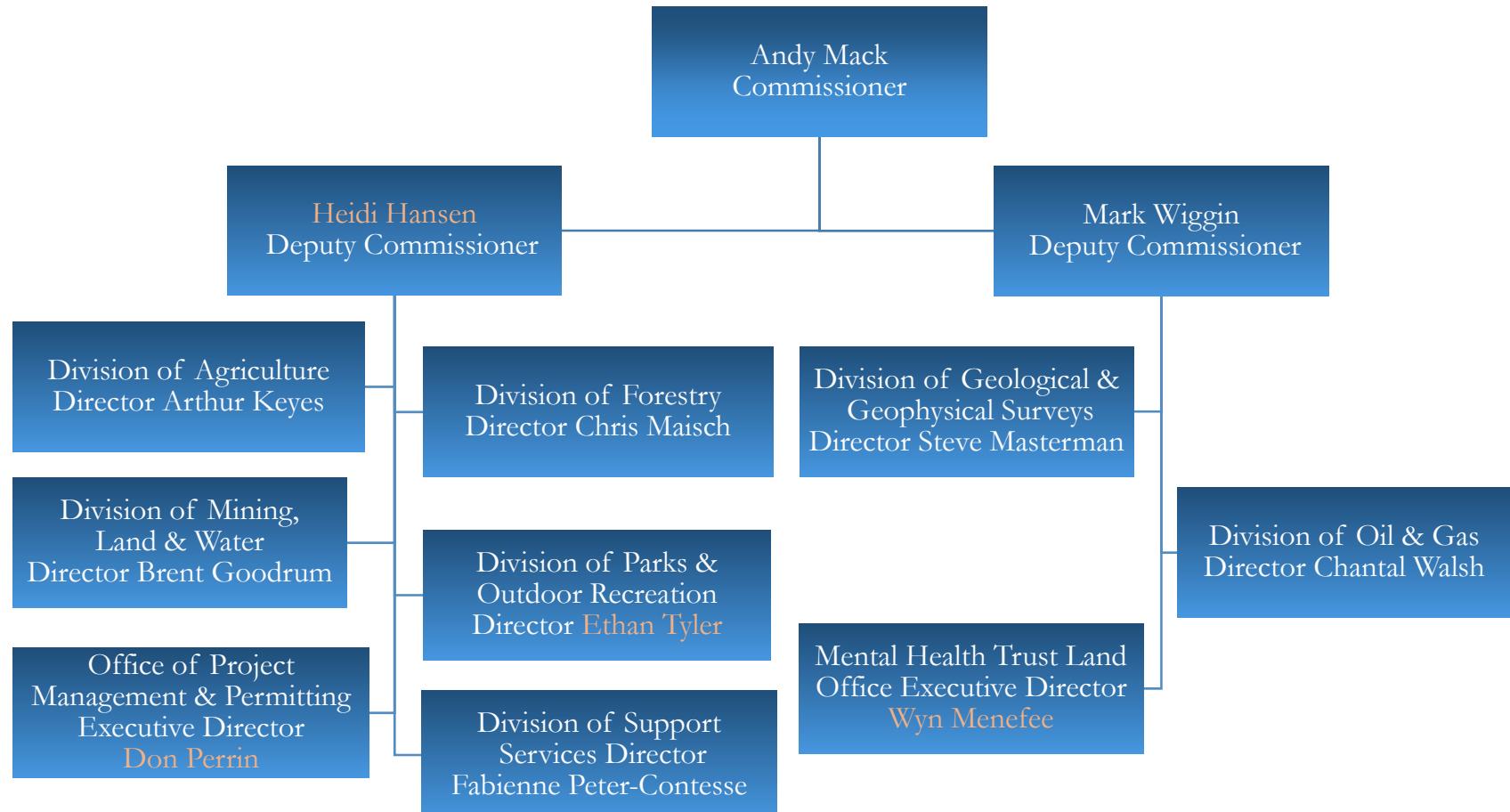
2017 Highlights

House Resources Committee
January 17, 2018



DEPARTMENT OF NATURAL RESOURCES

- ORGANIZATION CHART -



DIVISION OF OIL & GAS

Mission: Manages 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 and environmentally conscious operation & maintenance of common carrier pipelines.

Director: Chantal Walsh

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

DOG 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 2017, the division ...

- Received and verified \$1.1B in FY2017 royalties, rents and bonus bids
- Began releasing to the public tax-credit-supported oil and gas seismic data (AS 43.55.025) under newly-implemented regulatory fee structure. Seismic data is housed at and issued from the Geologic Materials Center.
- Held 3rd largest North Slope lease sale by dollar amount (\$19.9M or \$110 /acre avg) since 1998. Received a total of \$22.0M in bonus bids for all 2017 Alaska Lease Sales.
- Delivered 2018 Production Forecast to the Department of Revenue on schedule; adjusted the model based on 2017 results. 2018 forecast compares extremely well with actual production to date.
- Issued 2 royalty/NPSL audits and collected \$1.2M in additional state revenue
- Processed revised 2009-2016 royalty reports as result of FERC-required TAPS tariff reduction, resulting in \$141M additional revenue

DNR PLANNED ACTIVITIES IN 2018

- OIL AND GAS -

- Continue working to assure timely and efficient release of tax credit seismic data
- Build on very successful 2017 lease sale to focus on increasing oil to TAPS
- Hold special lease sale where tracts adjacent to recently-release tax-credit seismic shoots will be offered
- Complete Spring and Fall 2018 Production Forecasts
- Continue support to ASTAR project
- Issue *2018 North Slope Best Interest Finding*
- Perform commercial analysis in support of negotiations between DNR, AGDC, PTU / PBU WIOs to align interests in pursuit of the AKLNG project
- Work with NS communities, fed administration, and Congressional delegation on Arctic policies to support responsible development in 1002 Area, OCS, & NPR-A
- Rationalize fees, regulations, administrative processes, and develop legislation (as appropriate) to create maximum value from seismic and exploration well data.

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

Mission: 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.

Director: Steven Masterman

The ***Division of Geological & Geophysical Surveys (DGGS)*** collects, analyzes, and publishes data, maps and reports that stimulate oil, gas, and mineral development, and identify geologic hazards.

The division's **Geologic Materials Center (GMC)** makes Alaska's invaluable collection of cores, samples, and data available to developers and the public.

In 2017, the division ...

- Released its 5,000th publication
- Responded to 3,169 requests for geologic info
- Hosted nearly 1,100 individuals at the GMC
- Began releasing tax credit seismic data for fees
- Responded to more than 60 volcanic eruptions
- Established erosion and flood monitoring sites throughout western Alaska
- Documented 20 new mineral occurrences, resulting in 68,700 acres of new state mining claims
- Led a Nanushuk workshop for 40 O&G geologists
- Discovered and documented a new 100' thick oil stained exposure in western Cook Inlet

DNR PLANNED ACTIVITIES IN 2018

- GEOLOGICAL & GEOPHYSICAL SURVEYS -

- Publish results from airborne geophysical surveys over the Porcupine River area (USGS-funded), and at the Yukon River bridge (DOT-funded)
- Publish bedrock geology map of the Iniskin–Tuxedni Bay area to assist Cook Inlet oil and gas development
- Concentrate petroleum geology work on the North Slope, emphasizing Brookian oil and gas reservoir potential
- Complete detailed geology mapping in a copper-molybdenum-gold rich portion of the Tanacross Quadrangle
- Incorporate in-house lidar acquisition in landslide and avalanche assessments for south-central and south-east Alaska communities
- Continue releasing flood hazard maps and flood forecast products for western Alaska communities
- Publish new geologic maps in the Umiat, Tyonek, Styx River, Wrangellia (Denali Hwy), and Alaska Highway Corridor areas
- Initiate material resources assessments in support of the ASTAR project

MENTAL HEALTH 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 revenues from those lands over time to support mental health services.

Executive Director: Wyn Menefee

The ***Trust Land Office (TLO)*** is responsible for managing the land and other natural resources owned by the Alaska Mental Health Trust Authority.

The TLO generates revenue for trust beneficiaries from land sales and leasing, real estate investment and development, timber sales, mineral, coal, oil and gas exploration and development, and sand gravel and rock sales.

In 2017, the TLO ...

- TLO Generated \$11.1M in revenues that can be used to fund programs for ~85,000 Alaskan Mental Health Trust beneficiaries
- Initiated work to complete a large, equal-value land exchange with the USFS in Southeast following enactment of required federal and state legislation
- Initiated exploratory drilling program at Icy Cape to further delineate the resources
- Completely leased the Trust's portfolio of properties identified for programmatic uses
- Completed sale of four parcels to City of Homer (early-2018)

DNR PLANNED ACTIVITIES IN 2018

- TRUST LAND OFFICE -

- Complete Phase 1 of the land exchange with the USFS by May 2018 and continue with the tasks necessary to exchange the remainder by the following May
- Conduct another season of exploratory drilling at Icy Cape
- Keep commercial real estate investment properties fully leased through active management
- Complete digitizing workflow process for authorization processing
- Create new over-the-counter land sale program for Trust lands
- Complete first wetlands mitigation sale for Trust lands

DIVISION OF AGRICULTURE

Mission: Promote and encourage development of an agriculture industry in Alaska.

Director: Arthur Keyes

The ***Division of Agriculture (DoAg)*** provides land sales, loans, inspections, the *Alaska Grown* program and other essential programs to the agricultural industry.

The division's ***Plant Materials Center (PMC)*** is the sole source of seed and plant material developed for Alaska's unique growing conditions.

In 2017, the division ...

- Increased *Alaska Grown* membership
- Inspected and certified 80.3 million board feet (MMBF) of timber for export
- Leveraged \$189,867 in funds for Farm to School activities
- Administered \$650,000 of multi-year USDA Specialty Crop Block Grant Projects
- Launched a successful “\$5 Alaska Grown Challenge” campaign
- Finalized sales of Matanuska Maid and MMMS
- Cleaned a record 210,000 pounds of seed
- Treated 12 invasive Canada Thistle outbreaks

DNR PLANNED ACTIVITIES IN 2018

- AGRICULTURE -

- Sale of five agricultural land parcels totaling 663 acres to be offered at auction.
- Increase support for Alaska's livestock industry.
- Generating a revegetation plan in conjunction with AGDC for the AK LNG pipeline project.
- Treatment of Elodea infestations in Mat-Su Basin through federal grant project.
- Expand on the success of Anchorage School District and their use of Alaska Grown foods in their school lunches.
- Expand our export program for agricultural businesses.
- Promote and run the \$5 Alaska Grown Challenge Campaign (June – October) with increased store participation and marketing.

DIVISION OF FORESTRY

Mission: Serves Alaskans through sustainable forest management and wildland fire protection.

Director: Chris Maisch

The ***Division of Forestry (DOF)*** is the lead state agency for wildland fire management on 150 million acres with a primary goal to protect life and property.

DOF manages ***47 million acres*** of forest for commercial timber sales and public use.

In 2017, the division ...

- Safely managed 353 fires in cooperation with federal partners for 652,904 acres burned
- Filled 2,053 orders for Lower 48 firefighting assignments including three deployments of the Alaska Type I Incident Management Team - a first!
- Sold 11.3 million bd. ft. of timber in 39 sales worth \$1.0 MM in revenue
- Completed construction of the Vallenar Bay road, nearly eight miles and six bridges
- First Good Neighbor Authority timber sale on U.S. Forest Service land - 29 million bd. ft. for \$2.6 MM
- Akfireinfo.com had 130,000 views and Facebook posts reached 2.4 MM with 200,000 engagements

DNR PLANNED ACTIVITIES IN 2018

- FORESTRY -

- Increase involvement with the U.S. Forest Service on the Tongass via Good Neighbor Authority (GNA) projects and implementation of the forest plan
- Offer the full allowable and surplus cut in the Southeast State Forest to help alleviate a shortfall in available federal timber to sustain the forest products sector.
- Increase the use of Unmanned Aerial Vehicles (UAVs) in fire operations to reduce risk and improve information delivery to field units
- Secure competitive grant funding to continue hazardous fuel reduction projects in and near communities with high risk from wildland fire
- Continue federally-funded Forest Inventory and Analysis program in Interior Alaska which will collect physical data important for sustained yield management of state forests
- Prepare and execute a succession management plan for numerous key leadership positions in the Division

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.

Director: Brent Goodrum

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.

The division's responsibilities range from land acquisition and land-use planning to land sales, permitting, and stewardship.

In 2017, the division ...

- Generated \$29.7 M in revenues (FY2017)
- Conveyed 9,700 acres of municipal entitlement lands to boroughs
- Authorized ~135.5 miles of ice/snow roads, and 65 acres of ice pads in fiscal year 2017
- Removed clouds on title to 165.9 river miles of submerged lands
- Issued 188 temporary water use authorizations
- Reduced statewide platting review time from approximately 365 days to 90 days
- Deployed the Unified Permit reconfigured .NET platform for primary DMLW authorizations

DNR PLANNED ACTIVITIES IN 2018

- MINING, LAND, & WATER -

- Work with local stakeholders, other State agencies, the presidential administration, and the Congressional delegation to address recent federal actions
- Clear the way to finalizing statehood land entitlement
- Support federal permit reform and continue automating DNR's permitting processes
- Finalize fee regulation updates for land, water and mining authorizations
- Finalize land exchange at Point Bridget
- Finalize land exchange with the City and Borough of Yakutat in support of a new Tribal Health Clinic
- Continue development of the North Slope Area Plan

DIVISION OF PARKS & OUTDOOR RECREATION

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

Director: Ethan Tyler

The ***Division of Parks and Outdoor Recreation (DPOR)*** operates and provides public safety in the largest state park system in the United States (3.3 million acres), including more than 120 park units and 900 miles of hiking trails.

The division administers federal recreational trail grants and oversees the statewide programs for boating safety and historic preservation.

In 2017, the division ...

- Accommodated 3.6 million visitors
- Collected \$4,074349 in fees
- Issued 626 commercial use permits
- Sold \$15,300 of merchandise
- Converted Delta Area parks to private management
- Completed K'esugi Ken campground
- Initiated an online reservation system for cabins
- Expanded electronic pay options
- Over \$800,000 in Parking Pass sales revenues
- Hosted the 10,000th “Kids Don’t Float” participant

DNR PLANNED ACTIVITIES IN 2018

- ALASKA STATE PARKS -

- Continued efforts to increase State Park system sustainability:
 - Expansion of electronic fee stations and electronic pay options
 - Increase park merchandise sales
 - Planned growth in user fees
- Streamline special use and other permitting process through online applications and simplified processes
- Improvements to Eagle Rock boat launch area on the Kenai River
- Grow the inventory of public use cabins and fee areas to better meet demand and increase sustainable revenues
- Addition of campsites to online reservation system for high use campgrounds
- Increase partnerships with regional and state-wide non profit organizations, volunteer groups, and private sector businesses

OFFICE OF PROJECT MANAGEMENT & PERMITTING

Mission: Coordinates 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.

Director: Don Perrin

The ***Office of Project Management & Permitting (OPMP)*** provides support to private industry, regulators, and the general public by implementing one-stop shop, multi-agency permit coordination 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.

In 2017, the office ...

- Coordinated 20 major projects
- Collected \$1.2 M in contracting fees
- Signed a MOU on GMT-2 coordination
- Protected 3,000 acres of coastal habitat through EVOS TC
- Initiated ASTAR project, completed RFP process
- Coordinated State interests on ANILCA issues
- Mapped 371,488 square miles of Alaska through SDMI

DNR PLANNED ACTIVITIES IN 2018

- PROJECT MANAGEMENT AND PERMITTING -

- Coordinate the State's engagement in the federal environmental review process and state permitting for mining, and oil and gas development projects:
Donlin Gold – Pebble – Greater Moose Tooth 2 – Liberty – Alaska LNG
- Through the ANILCA program, seek the lifting of PLO 5150 for State land selections within the TAPS corridor.
- Permanently conserve about 4,200 acres of coastal habitat through EVOS TC and National Coastal Wetland Conservation settlement funds.
- SDMI will enable GIS data discovery and access to eliminate redundancies and costs, and establish efficiencies for wetlands and surface hydrography mapping.
- ASTAR contracts finalized. Community, industry and Federal engagement; winter access trails data; develop GIS and tool for cumulative benefits analysis; construction materials survey; baseline health data report, data gaps; and development of strategic plan.

CONCLUSION

Thank you, any questions?

