



National Petroleum Reserve, Alaska

Joint Resources Meeting

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Department of Natural Resources

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TOPICS TO BE COVERED

What is the State's role in National Petroleum Reserve – Alaska (NPR-A) Development

Overlap of Resources Between State and Federal Lands

State's Support of Projects Role in NPR-A Development

OFFICE OF PROJECT MANAGEMENT & PERMITTING

State's Roles in NPR-A Development

- Large project coordination
- Cooperating agency
- Regulator and resource manager

State's Support of Projects

- Greater Moose's Tooth 1 & 2
- Willow Master Development Plan



OFFICE OF PROJECT MANAGEMENT & PERMITTING

Large Project Coordination Program

- Under AS 38.05.020(b)(9), OPMP provides permitting coordination for large and complex natural resource development projects
- Optional service: Memorandum of Understanding with project proponent establishes scope of work and level of funding
- Existing project portfolio represents Alaska's natural resource extraction industries:
 - Oil and gas development
 - Hardrock mines



OFFICE OF PROJECT MANAGEMENT & PERMITTING

Cooperating Agency Participation

- Occurs during federally required National Environmental Policy Act (NEPA) review process
- Often requires Environmental Impact Statement (EIS) for land use plans and large development projects
- OPMP coordinates State agency review and comment
- Alaska National Interest Lands Conservation Act (ANILCA) coordination and federal plan review teams provide support



OFFICE OF PROJECT MANAGEMENT & PERMITTING

Development Project Support in NPR-A

- The Bureau of Land Management (BLM) manages NPR-A consistent with the 2012 NPR-A Integrated Activity Plan and 2013 Record of Decision
 - Defines areas available for oil and gas leasing as well as no surface occupancy, timing restrictions, and other stipulations
- Greater Mooses Tooth 1 & 2
- Willow Master Development Plan



DIVISION OF OIL AND GAS

- Division of Oil and Gas role in NPR-A development:
 - Permit rights-of-way for access to project
 - Permit pipelines to transport hydrocarbons to TAPS
 - Participate in Environmental Impact Statement drafting
 - Authorize facility sharing across units



DIVISION OF OIL AND GAS

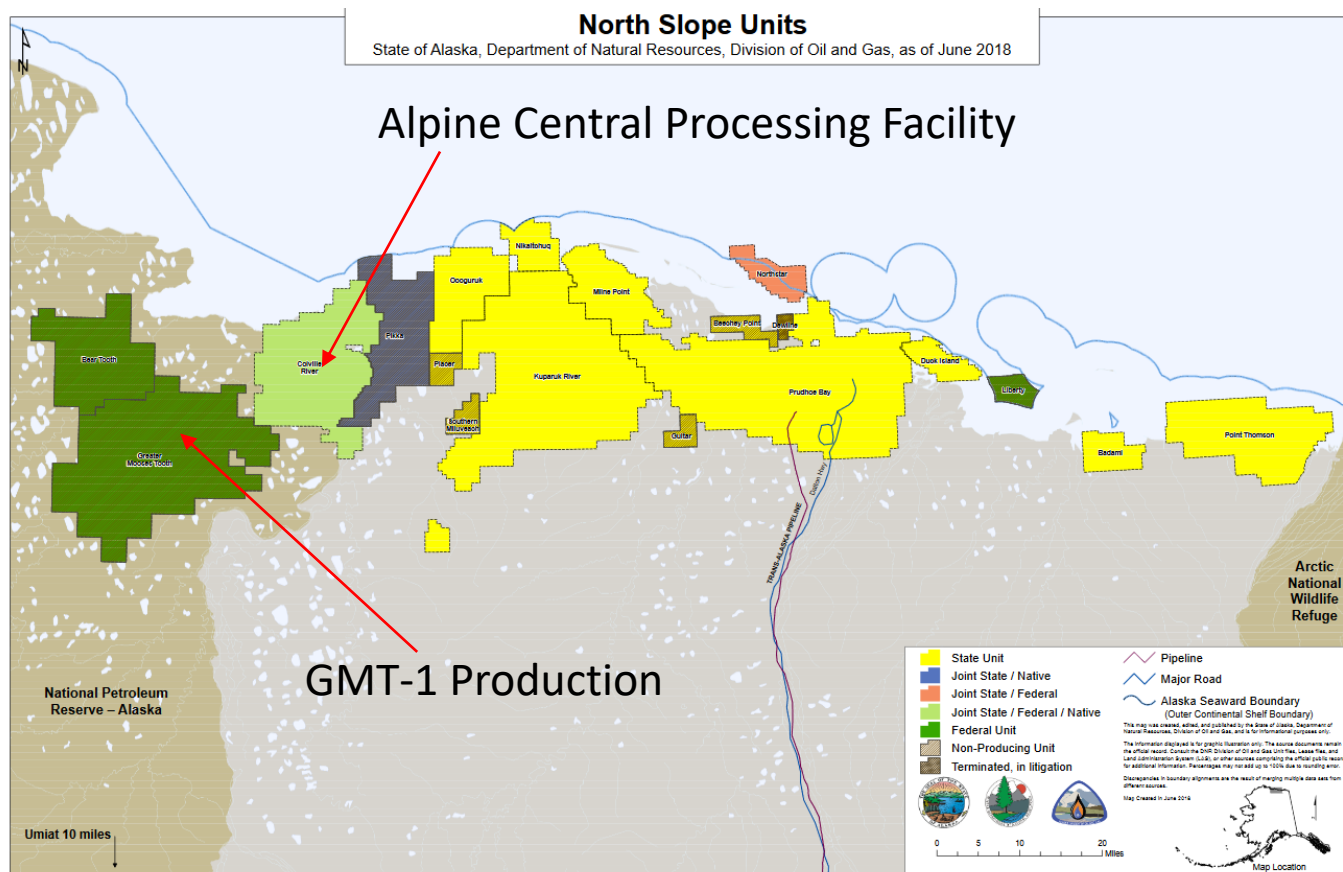
Authorizations for facility access:

- Production may be constrained by access to facilities: availability, proximity, commercial terms
- Limited processing facilities on the North Slope, commercial terms between lessees must be agreed on first
- Hydrocarbon transportation across DNR managed unit boundaries requires authorizations per lease and unit agreements
- Division reviews applications, considers many factors, principally conservation of resources, prevention of waste protection of all parties, including the State

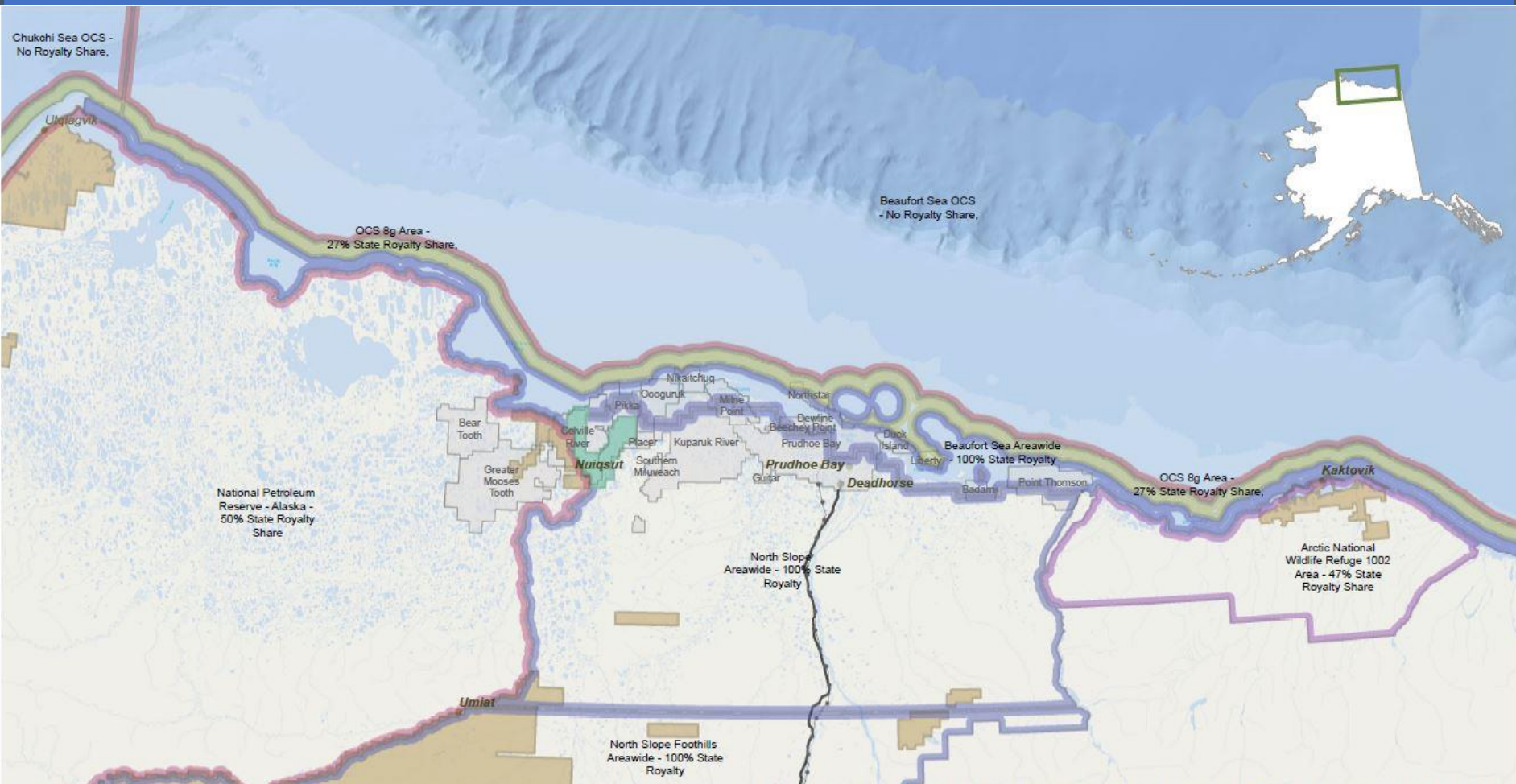


SHARED FACILITY AGREEMENT

DOG approved ConocoPhillips application to use Alpine Central Processing Facility for Greater Mooses Tooth – 1 production



TAX AND ROYALTIES BY REGION



State Percent of Royalty Share



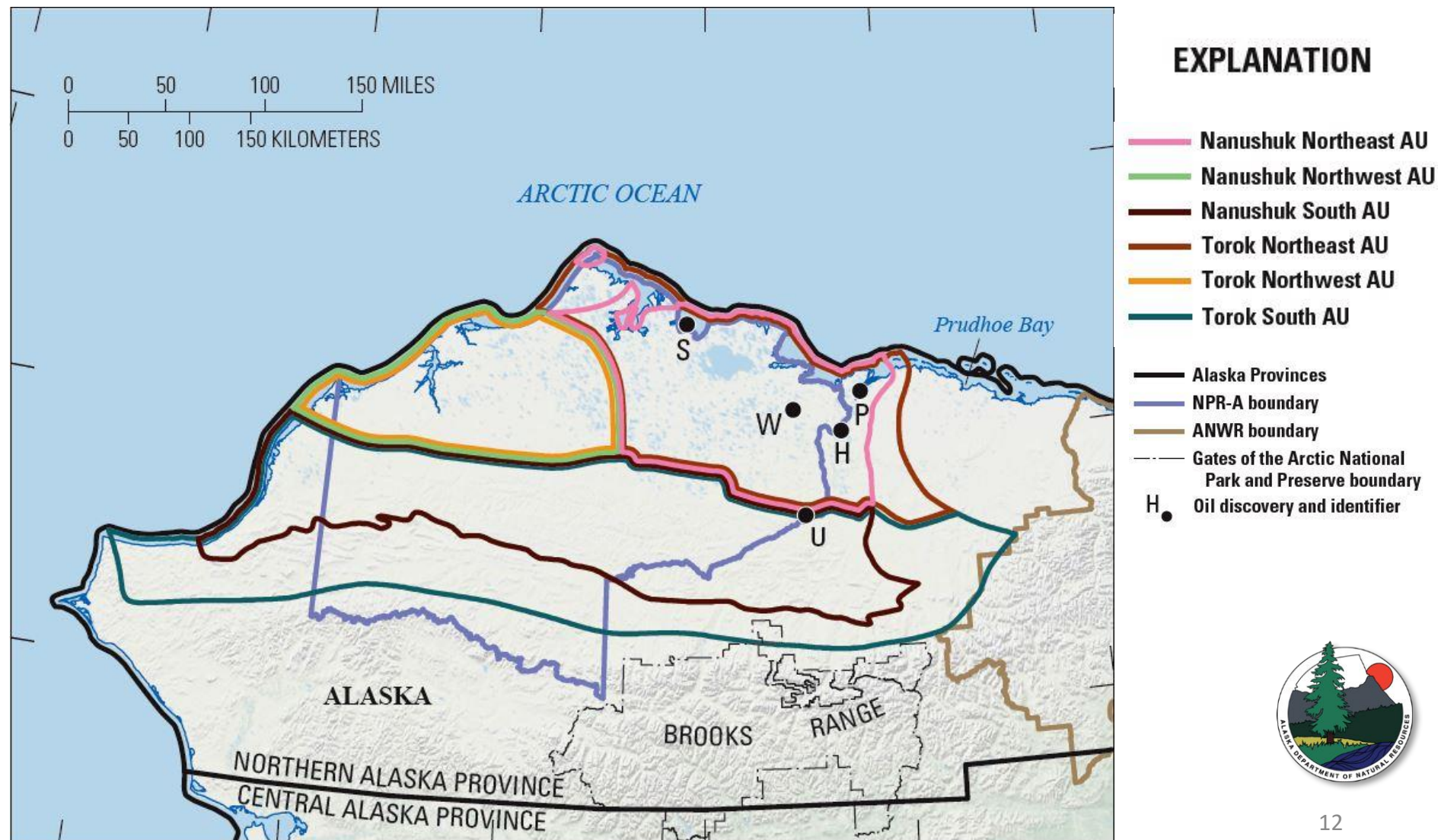
TAX AND ROYALTIES BY REGION

Land status	Revenue component			
	Production tax / credits	Royalty	Corporate Income Tax	Property Tax
Offshore beyond 6 miles - Federal OCS	Do not apply	Federal royalties applies; zero shared back to state (in Alaska; other states do receive shared royalties)	Not included in apportionment factor	Does not apply
Offshore 3-6 miles - Federal OCS 8(g) area	Do not apply	Federal royalties applies; 27% shared back to state with no restrictions	Not included in apportionment factor	Does not apply
State lands	All credits available; tax applies to all taxable production	State royalty applies	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
NPR-A - federal owned	All credits available; tax applies to all taxable production	Federal royalty applies; 50% of royalties are shared back to state but must be used for benefit of local communities	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
ANWR	All credits available; tax applies to all taxable production	Federal royalty applies; 47% shared back to state with no restrictions	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
Other federal land	All credits available; tax applies to all taxable production	Federal royalties applies; 90% shared back to state with no restrictions	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
Private land (including Alaska Native Corporation)	All credits available; tax applies to all taxable production	Privately negotiated royalty applies; not shared with state. However state levies 5% gross tax on the value of private landowner royalty interest as part of production tax	All property, production, and sales included in apportionment factor	Applies to all oil and gas property

Notes:

Offshore submerged lands in the 0-3 miles category treated same as similar onshore land.

USGS RESOURCE ASSESSMENT



USGS RESOURCE ASSESSMENT

- In an effort to maintain consistency, the Division of Oil and Gas relies on the resource assessments conducted by the United States Geological Survey
- The Nanushuk and Torok formations underlie many of the new discoveries you've been hearing about including: Pikka, Willow, Smith Bay, Horsehoe, and Putu. Discoveries overlap state and federal boundaries as production moves west

Assessment units (AUs)	AU prob-ability	Accumu-lation type	Total undiscovered resources											
			Oil (MMBO)				Gas (BCFG)				NGL (MMBNGL)			
			F95	F50	F5	Mean	F95	F50	F5	Mean	F95	F50	F5	Mean
2017 Nanushuk and Torok Assessment Units														
Nanushuk Northeast AU	1.0	Oil	1,271	4,042	11,162	4,862	945	3,164	9,304	3,884	9	32	95	39
		Gas					553	2,998	15,538	4,805	4	22	115	35
Nanushuk Northwest AU	0.9	Oil	0	878	3,152	1,146	0	688	2,574	917	0	7	25	9
		Gas					0	1,940	9,923	3,029	0	14	74	22
Nanushuk South AU	1.0	Oil	6	26	266	71	5	20	212	57	0	0	2	1
		Gas					873	3,098	11,901	4,264	6	23	93	33
Torok Northeast AU	1.0	Oil	466	1,720	5,417	2,177	348	1,342	4,479	1,738	5	20	71	27
		Gas					277	1,446	8,887	2,590	3	15	100	29
Torok Northwest AU	0.9	Oil	0	267	1,379	421	0	210	1,121	336	0	3	18	5
		Gas					0	388	3,148	845	0	4	35	9
Torok South AU	1.0	Oil	11	27	161	50	10	32	196	60	0	0	2	1
		Gas					550	1,539	5,220	2,020	4	12	41	16
Subtotals			1,754	6,960	21,537	8,727	3,561	16,865	72,503	24,545	31	152	671	226

Mean estimate of 8.7 billion barrels of oil within the two formations

SECRETARY'S ORDER 3355

Permitting Resource Overlap

- Possible state assumption of some federal permitting; well completion, recompletion, plugging and abandoning
- Department of Interior Secretary's Order 3355
 - "...intent of immediately improving the Department's National Environmental Policy Act (NEPA) review"
 - environmental impact statements limited to 150 pages, must be completed within 365 days

Purpose:

On August 31, 2017, I issued Secretary's Order 3355 (Order) with the intent of immediately improving the Department's National Environmental Policy Act (NEPA) review. Specifically, the Order instructs each Bureau and Office serving as a NEPA lead agency to prepare Environmental Impact Statements (EIS) that are no longer than 150 pages (300 pages for unusually complex projects)¹ and to complete each Final EIS within 365 calendar days of publishing the associated Notice of Intent (NOI), unless otherwise approved by the Department.² The following guidance provides additional directives for implementation and compliance with the Order, 43 C.F.R Part 46, Subpart E,³ and 40 C.F.R. 1500-1508.



THANK YOU



Questions?