

HB 129: OIL & GAS EXPLORATION AND DEVELOPMENT APPROVAL BY GEOGRAPHICAL AREA

House Finance Committee

March 26, 2013

Department of Natural Resources

- Dan Sullivan, Commissioner
- Wendy Woolf, DO&G



Areawide Oil and Gas Lease Sales

Alaska Five-Year Oil & Gas Leasing Program

Areawide Sales 2013-2017

- Beaufort Sea
- North Slope
- North Slope Foothills
- Cook Inlet
- Alaska Peninsula

Sedimentary Basins by Thickness
(Kirschner, 2002)

- 0-1 km
- 1-3 km
- 3-5 km
- > 5 km

Beaufort Sea

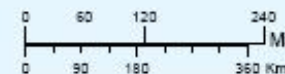
North Slope

North Slope
Foothills

Cook Inlet

Alaska Peninsula

Department of Natural Resources
Division of Oil and Gas



This map is for informational purposes only, and should not be used for any other purpose.

HB 129– “An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date.”



What does HB 129 do?

- It clarifies the Department of Natural Resources can authorize oil and gas exploration and development activities within a geographical area.
- It preserves public notice and review at the beginning of an exploration or development phase.
- It ensures certainty when an approval has been granted for exploration or development activities.

How does this benefit the public?

- It allows the public to comprehensively evaluate oil and gas activities within a geographical area.
- It provides an opportunity for input at the beginning of an exploration or development phase.
- It safeguards environmental concerns through special stipulations and conditions.

How does this benefit industry?

- It allows a project to be planned within approved parameters and conditions.
- It provides certainty that plans of operations meeting those defined criteria can proceed.
- It ensures predictable project approvals for subsequent exploration or development activity.

Oil and Gas Lease Sale Process

- **Proposed Areawide Oil and Gas Lease Sale**
 - Public Notice and Opportunity to Comment
 - Evaluate Statutory Criteria
 - Develop Mitigation Measures
- **Final Finding of the Director to Lease Oil and Gas**
 - **Exploration Phase**
 - Public Notice and Opportunity to Comment
 - **Development Phase**
 - Public Notice and Opportunity to Comment
 - **Transportation (Pipelines)**
 - Public Notice and Opportunity to Comment

Life of an Oil and Gas Lease

Year 0

- Final Finding of the Director – Areawide Oil and Gas Lease Sale
- Lease Issued (10-Year Term)

Lessee develops exploration plans

Year 3

- Lease Plan of Operations – Seismic Program (multiple leases)
- Public Notice and Comment Period

Year 5

- Lease Plan of Operations – Exploration Well
- Public Notice and Comment Period

Year 6

- Lease Plan of Operations – Exploration Well
- Public Notice and Comment Period

Discovery – Lessee formulates development plan

Year 7

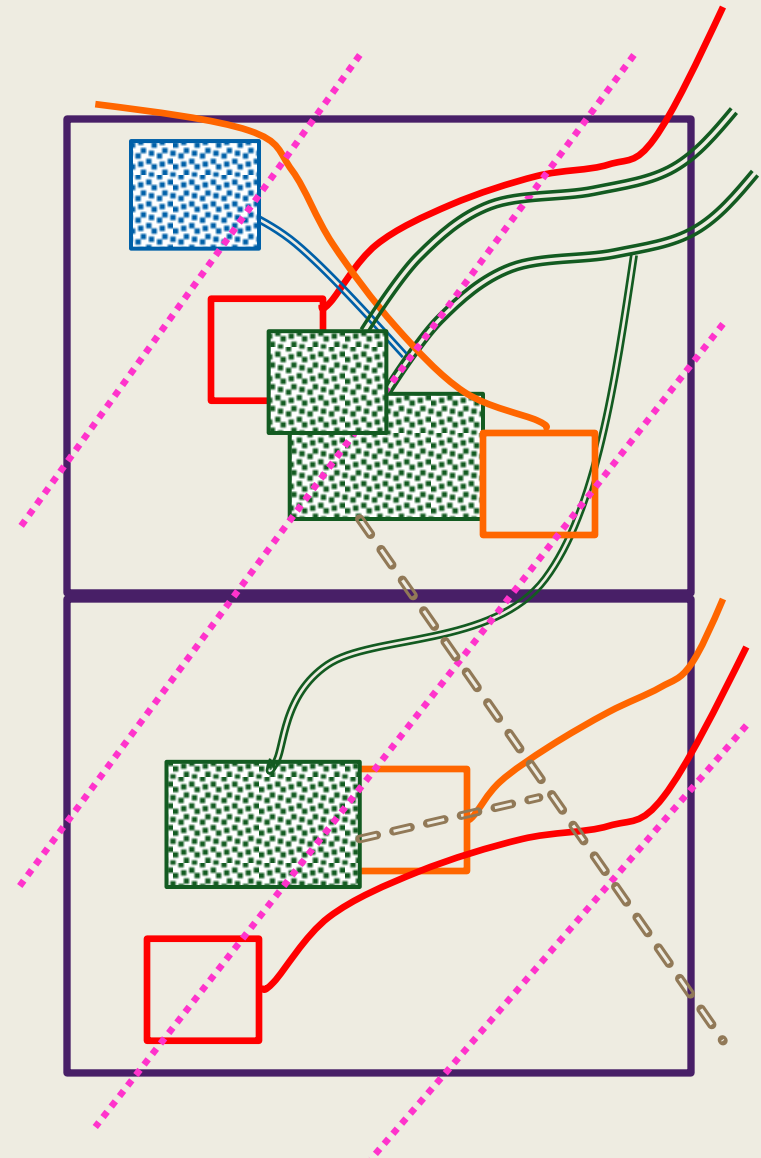
- Lease Plan of Development – Conceptual Development Plan

Year 8

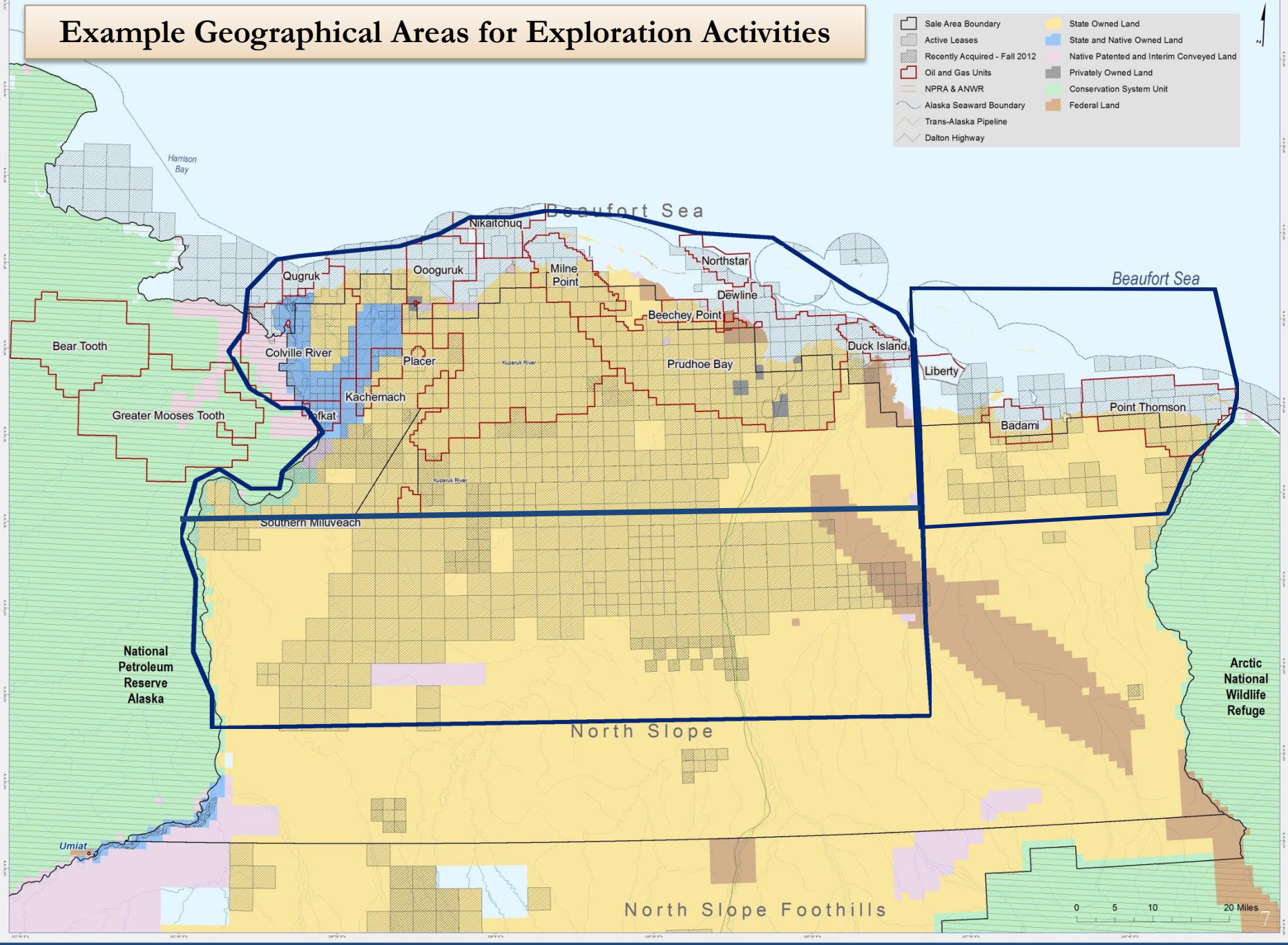
- Lease Plan of Operations – Initial Development Plans
- Public Notice and Comment Period
- Lease Plan of Operations – Modified Development Plans
- Public Notice and Comment Period
- Pipeline Application (AS 38.05.850 or AS 38.35)
- Public Notice and Comment Period

Year 10

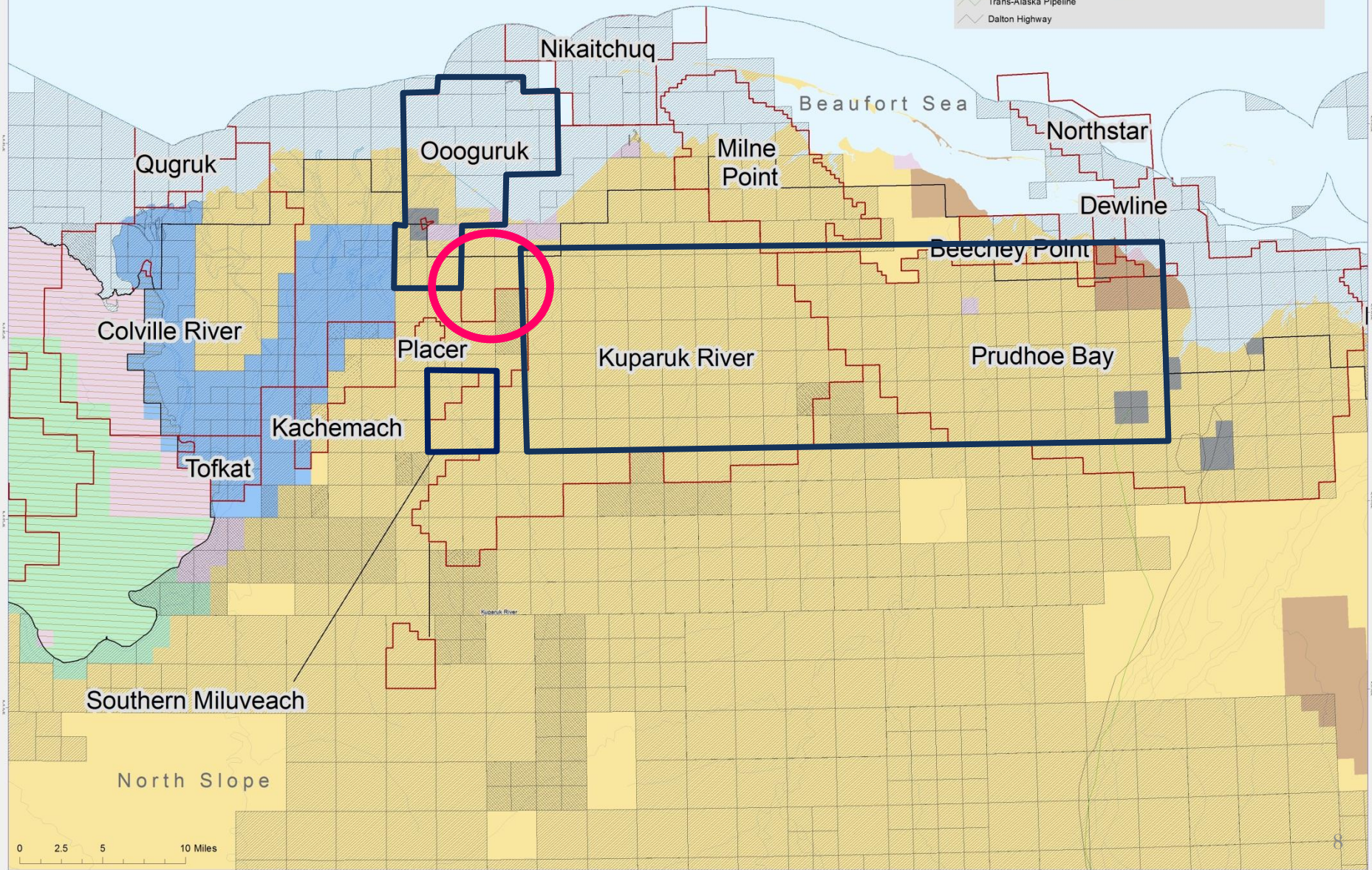
- Production
- Lease Plan of Operations – Additional Development Plans
- Public Notice and Comment Period



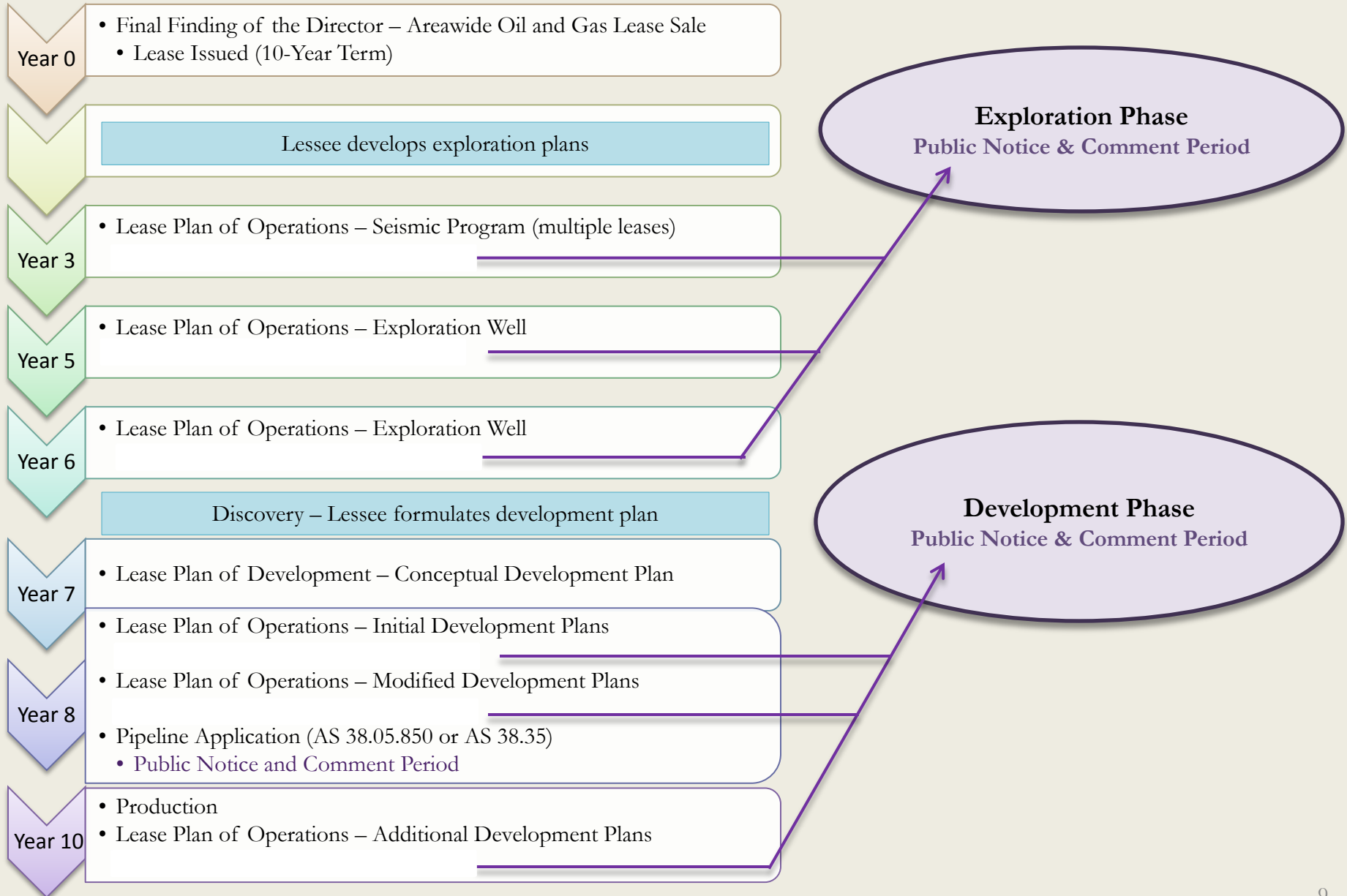
Example Geographical Areas for Exploration Activities



Example Geographical Areas for Development Activities



Life of an Oil and Gas Lease under HB 129



Results

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Questions?

