

# Overview of Department of Natural Resources

*House Resources Committee*

*Presented by:*

Deputy Commissioner  
Sara Longan

Deputy Commissioner  
Brent Goodrum

*February 27, 2019*



# PRESENTATION OUTLINE

**PART I:** Alaska's resource base – oil & gas

**PART II:** Deputy Commissioner Longan

- Division of Oil & Gas
- Office of Project Management and Permitting
- Division of Geological and Geophysical Surveys
- Mental Health Lands Trust Office

**PART III:** Alaska's resource base – minerals

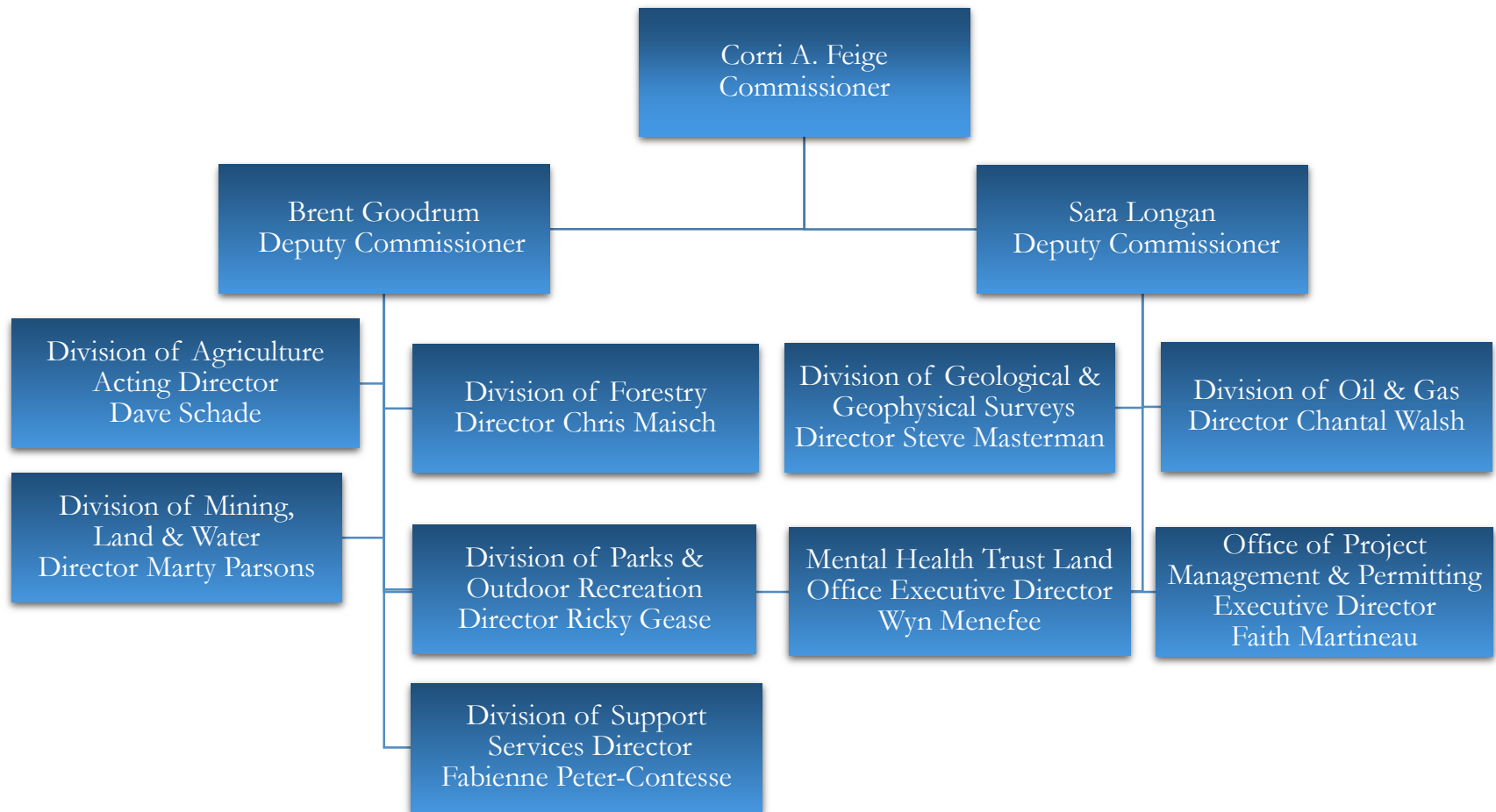
**PART IV:** Deputy Commissioner Goodrum

- Division of Mining, Land and Water
- Division of Forestry
- Division of Parks and Outdoor Recreation
- Division of Agriculture
- Support Services Division

- **PART V:** Conclusion; Q&A

# DEPARTMENT OF NATURAL RESOURCES

## - ORGANIZATION CHART -



# STATE OF ALASKA

## - LAND BASE & OWNERSHIP -

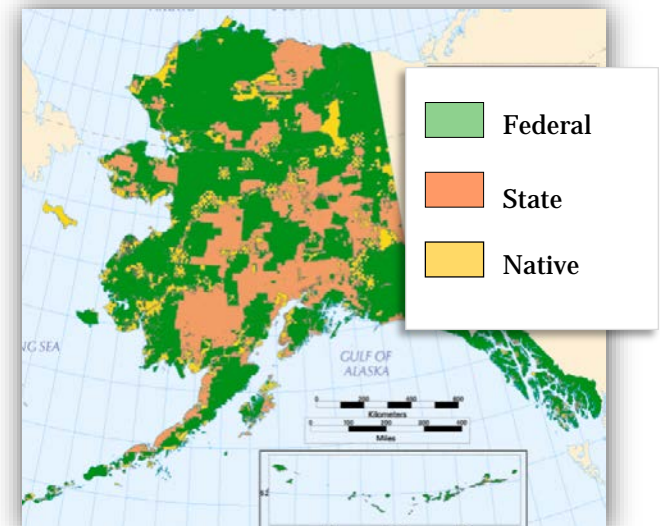


### Land Base

- 586,412 sq. miles—more than twice the size of Texas
- Larger than all but 18 sovereign nations
- More coastline than all other 49 states combined
- More than 3 million lakes; half of world's glaciers
- Approximately 40% of the nation's freshwater supply

### Land Ownership

- *Federal Land*: more than 200 million acres
- *State Land*: Approx. 100 million acres of uplands, 60 million acres of tidelands, shore lands, and submerged lands, and 40,000 miles of coastline
- *Native Corporation Land*: 44 million acres



# STATE OF ALASKA

## - RESOURCE POTENTIAL: OIL & GAS -

### North Slope

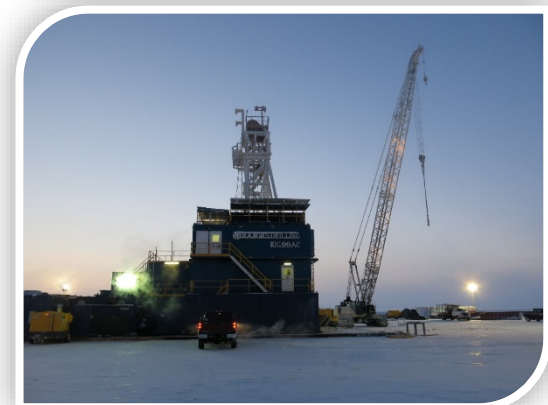
- More undiscovered, potentially recoverable oil than any other Arctic nation
  - **OIL:** Est. 40 billion barrels of conventional oil
  - **GAS:** Est. over 200 trillion cubic feet of conventional natural gas
- Untapped unconventional resource potential, including tens of billions of barrels of heavy oil, shale oil, and viscous oil, and hundreds of trillions of cubic feet of shale gas, tight gas, and gas hydrates

*Compared to most basins, Alaska is relatively underexplored, with 500 exploration wells on the North Slope, compared to Wyoming's 19,000.*

### Cook Inlet

- Significant undiscovered resources remain
  - 19 trillion cubic feet of natural gas
  - 600 million barrels of oil
  - 46 million barrels of natural gas liquids

*Sources: USGS & BOEM*





# 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.

**FY2019 Operating Budget:** \$20.96M (\$8.5M UGF) | **Positions:** 98 | **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.



# DIVISION OF OIL & GAS

## *In 2018, the division ...*

- Held five area-wide lease sales resulting in over \$20M in bonus bids and more than 200,000 acres leased
- Initiated the release of seismic and well datasets for oil and gas exploration projects that received tax credits under AS 43.55.025
- Prepared state's FY2019 production forecast previously prepared by DOR contractor
- Receipted and verified \$1,420M in FY2018 royalties, rents and bonus bids, unit actions and federal payments
- Issued 4 royalty/NPSL audits and 4 state royalty audits and collected \$74.7M including interest
- Administered approximately 2,100 leases and licenses, covering nearly 5.3 million acres
- Updated NPSL regulations to reflect changes in the production tax statutes from HB 247
- Entered into a major financial assurance agreement with a North Slope lease
- Processed 65 Plan of Operation Amendments for activities on the North Slope & Cook Inlet
- Authorized:
  - two new geophysical (seismic) exploration programs
  - two new Lease Plans of Operations
  - three Unit Plans of Operations

# 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.

**FY2019 Operating Budget:** \$6.3M (\$0.9M UGF) | **Positions:** 13 | **Director:** Faith Martineau

The *Office of Project Management & Permitting (OPMP)* supports 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.





# OFFICE OF PROJECT MANAGEMENT & PERMITTING

*In 2018-2019, the office ...*

- Coordinated federal review, State permitting, and regulatory compliance for major projects including:
  - **Oil & Gas:** Nanushuk Project\*, Greater Moose's Tooth\*, Willow Master Development Plan Liberty\*, Alaska Stand Alone Pipeline\*, AKLNG, and Point Thomson
  - **Mining:** Donlin Gold\*, Pebble, Red Dog, Anarraaq-Aktiguruq, Fort Knox, Greens Creek, Kensington, Pogo, Palmer Project, Nixon Fork, Livengood, and the Ambler Mining District Industrial Access Project
- \*Coordinated projects for which a Final EIS was issued in 2018 – (5) in total
- Engaged with federal agencies to advance State interests during federal planning efforts, such as:
  - Coastal Plain Oil & Gas Leasing Program, NPR-A Integrated Activity Plan, OCS Leasing Plans, Central Yukon Resource Management Plan (RMP), Bering Sea Western Interior RMP, and Tongass Roadless Rulemaking
- Partnered with the North Slope Borough on Arctic Strategic Transportation and Resources (ASTAR) planning, and delivered:
  - Stakeholder engagement plan, digital project library containing over 200 proposals, baseline health assessment, and initial phases of terrain unit mapping

# 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.

**FY2019 Operating Budget:** \$8.4M (\$3.6M UGF) | **Positions:** 45 **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 2018, the Division ...*

- Acquired a LIDAR instrument and began LIDAR collection
- Conducted petroleum geology fieldwork on the North Slope including in the ANWR 1002 area
- Hosted 1,358 individuals at the GMC
- Began a sand and gravel assessment of the NPR-A
- Established additional erosion and flood monitoring sites in western Alaska
- Conducted geologic mapping in the Richardson and Tanacross areas for gold and copper-gold systems
- Led a Nanushuk workshop at the GMC, and led North Slope field trips for oil industry geologists

# 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.

**FY2019 Operating Budget:** \$4.5M (\$0 UGF) | **Positions:** 19 | **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 2018, the TLO ...*

- Generated \$11.2M to fund programs for ~85,000 Alaska Mental Health Trust beneficiaries:
  - \$5.4M from land sales, leases, and easements (competitive and negotiated)
  - \$1.8M from real estate investments and leases
  - \$730,000 in oil, gas and mineral royalties
- Explored Icy Cape to better define mineral resources for future development
- Continued focus on USFS Land Exchange to swap 20,000 acres of valuable land

# STATE OF ALASKA

## - RESOURCE POTENTIAL: MINERALS -



The State of Alaska ranks in the *Top Ten in the World* for important minerals including:

**Coal:** 17% of the world's coal; *2nd most in the world*

**Copper:** 4% of the world's copper; *5th most in the world*

**Lead:** 3% of the world's lead; *7th most in the world*

**Gold:** 8% of the world's gold; *4th most in the world*

**Zinc:** 5% of the world's zinc; *7th most in the world*

**Silver:** 4% of the world's silver; *9th most in the world*

*(USGS 2017 estimates)*

Alaska ranked **5<sup>th</sup> for mineral potential**, and **10<sup>th</sup> for investment attractiveness** out of 91 jurisdictions worldwide in the 2017 Fraser Institute Survey of Mining Companies.

With more than **7,400 documented prospects**, Alaska has the potential to lead the nation in mineral production.

# 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.

**FY2019 Operating Budget:** \$28.4M (\$4.8M UGF) | **Positions:** 207 | **Director:** Marty Parsons

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.





# DIVISION OF MINING, LAND & WATER

## *In 2018, the division ...*

- Generated \$27.2M in revenues to the state through authorizations for use of state lands and waters, royalty payments, and land sales
- Continued work on North Slope Area Plan, which will support NSB municipal entitlement decisions
- Issued Haines Borough municipal entitlement preliminary decision to convey ~1,500 acres of land to Haines
- Reviewed and approved 42 survey plats for the unorganized borough
- Successfully worked with federal, state and local partners to dispose of the abandoned and derelict F/V Akutan
- In proceedings and litigation with the federal government, confirmed state title to submerged lands beneath navigable water bodies: Knik River, Delta River, Kisaralik River, the South Fork and portions of the North Fork of the Fortymile River, Egegik River, Becharof Lake, Ruth Lake and Outlet
- Authorized ~196 miles of ice roads, 283 miles of snow roads, and 60 acres of ice pads in the 2017/18 winter season
- Sold 217 parcels of land, totaling approximately 1,824 acres of land generating approximately \$2.42M in land sales
- Completed inspections on 60% of the state's jurisdictional dams

# DIVISION OF FORESTRY

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

**FY2019 Operating Budget:** \$47M (\$25.7M UGF) | **Positions:** 236 | **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 & property.

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

*In 2018, the division ...*

- Responded to 203 fires in state protection areas that burned 46,036 acres
- Sold 7.9 million board feet of logs in 22 timber sales to 15 Alaska-based companies



# DIVISION OF FORESTRY

## *Also in 2018, the division ...*

- Secured 96% Alaska hire in firefighting workforce including training 1,168 people including individuals and crew members
- Generated \$1.4 million in local vendor contracts during fire season
- Conducted 18 Forest Resources and Practices Act (FRPA) inspections on private timber sales and 58 inspections on state timber sales for water quality & fish habitat compliance
- Signed a second Good Neighbor Authority agreement to provide timber sale layout and administration on federal lands on Gravina Island in conjunction with our 2019 Vallenar Bay timber sale



# 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.

**FY2019 Operating Budget:** \$15.9M (\$0.9M UGF) | **Positions:** 164 | **Director:** Ricky Gease

The *Division of Parks and Outdoor Recreation (DPOR)* fosters economic development by operating and providing public safety in the largest state park system in the United States (3.3 million acres), including more than 159 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.

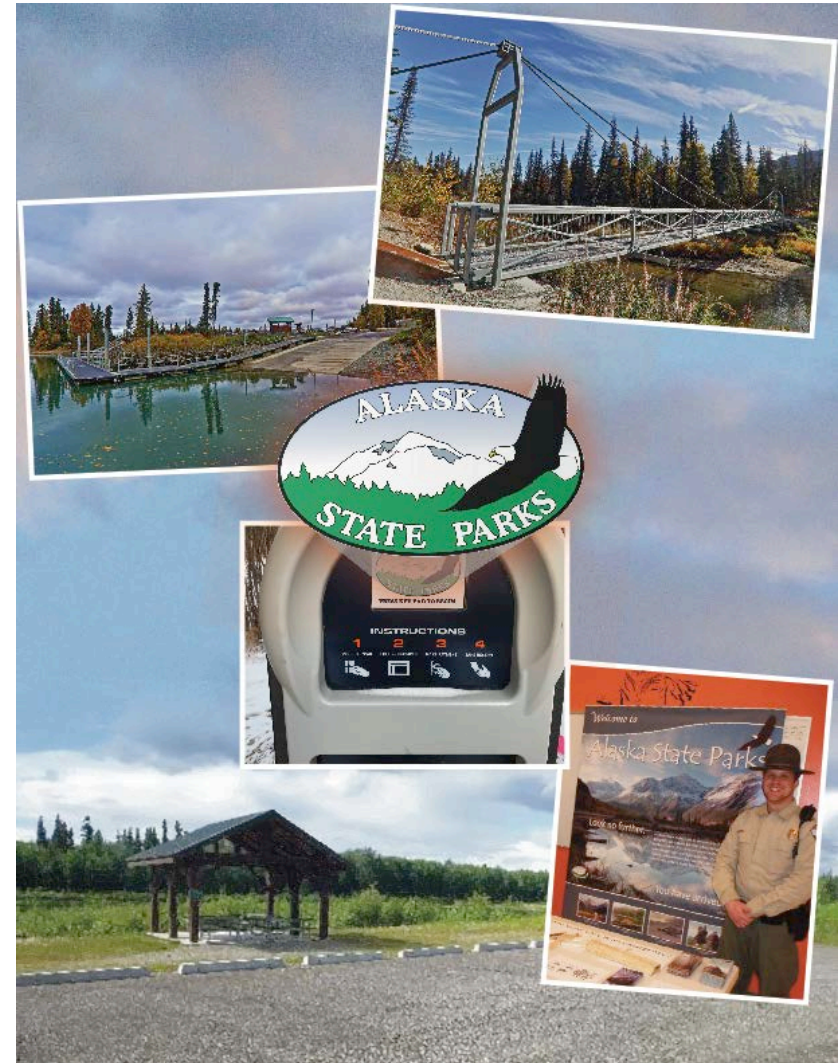




# DIVISION OF PARKS & OUTDOOR RECREATION

*In 2018, the division...*

- Completed Eagle Rock Unit facility facelift: 40 stall parking area, double launch boat ramp, 200 feet of riverbank/fish habitat restoration
- Completed Byers Lake 140-foot suspension bridge, which improves recreation and hunter access
- Continued initiatives to reduce reliance on general funds for state park operations
- Provided 3,949 loaner life jackets, taught 14,724 students through Kids Don't Float Life Jackets program
- Fostered economic development by issuing 40 archaeology survey permits and reviewing over 2,000 projects for impacts to historic properties
- Awarded \$296,000 in historical grants and more than \$1.4M in recreational grants.





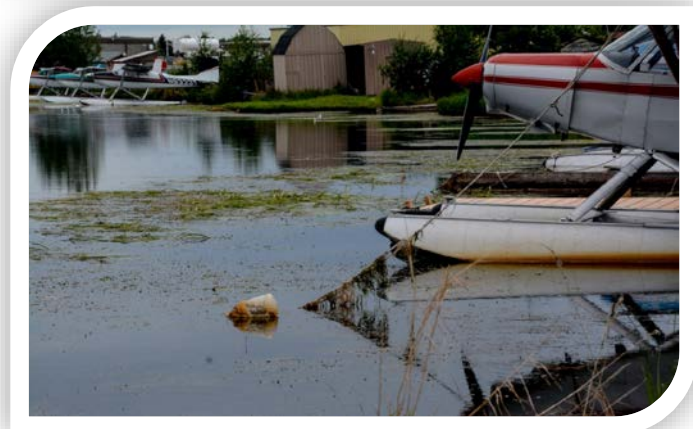
# DIVISION OF AGRICULTURE

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

**FY2019 Operating Budget:** \$4.97M (\$2.7M UGF) | **Positions:** 33 | **Director:** Dave Schade (Acting)

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*) *provides the* sole source of plant material developed for Alaska's unique environment protecting Alaska's Natural Resources from invasive species.



# DIVISION OF AGRICULTURE

*In 2018 the Division ...*

## **Agriculture Development Program**

- Launched first International Trade Effort to open up world markets for Alaska products
- Leveraged \$1.8M in grant funding for state and industry driven projects
- Introduced and facilitated multiple producers into the retail and institutional markets
  - Example: One producer reported nearly 40 tons of product as a result of our introductions to retails and schools
  - Example: Anchorage School District reported purchasing 777,540 pounds of Alaska Grown products (flour, beef, broccoli, lettuce, carrots, potatoes, and cabbage)

## **Agriculture Revolving Loan Fund**

- Managed over \$7.0M within 55 active loans directly supporting Alaska industries

## **Plant Materials Center**

- Conditioned over 165,000 lbs. of native seed, enough to reclaim over 3,700 acres
- Inspected roughly \$100M in timber and agricultural products to be exported
- Leading active management of 1,614 surface acres of *Elodea*-infested waterways and 12 acres of Canada Thistle and Orange Hawkweed

# SUPPORT SERVICES DIVISION

**Mission:** Provide client-focused, efficient and cost-effective financial, budget, procurement, human resource, geographic information systems, and recording services to DNR and the public.

**FY2019 Management Plan:** \$11.2M (\$5.6M UGF) | **Positions:** 71 | **Director:** Fabienne Peter-Contesse

The *Support Services Division (SSD)* provides land records management for more than 160 million acres of state land.

SSD provides GIS support to the department and other state agencies.

The division oversees DNR procurement, budget, and financial transactions, and ensures public funds from 20 different sources are managed with integrity and transparency.

*In 2018, the division ...*

- Transitioned travel services to Shared Services of Alaska as part of the statewide initiative to improve delivery of services and reduce costs
- Provided technology services in creation of a statewide GIS Geoportal, an online one-stop-shop for agencies and industry to have a centralized location to both research and distribute GIS data
- Consolidated office space in Anchorage and Fairbanks, realizing a savings of 25,533 square feet for the department

# CONCLUSION

Thank you, any questions?

