

**ALASKA STATE LEGISLATURE  
SENATE RESOURCES STANDING COMMITTEE**

February 6, 2015

3:30 p.m.

**MEMBERS PRESENT**

Senator Cathy Giessel, Chair  
Senator Mia Costello, Vice Chair  
Senator John Coghill  
Senator Peter Micciche  
Senator Bert Stedman

**MEMBERS ABSENT**

Senator Bill Stoltze  
Senator Bill Wielechowski

**COMMITTEE CALENDAR**

**SENATE JOINT RESOLUTION NO. 10**

Opposing the revised Comprehensive Conservation Plan and Environmental Impact Statement for the Arctic National Wildlife Refuge; opposing attempts by President Obama to alter management of the coastal plain of the Arctic National Wildlife Refuge; encouraging the United States Congress to reject a proposal based on the revised Comprehensive Conservation Plan or accompanying Environmental Impact Statement; encouraging the United States Congress to reject a proposal that does not open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; and finding that decision-making authority over the coastal plain of the Arctic National Wildlife Refuge is reserved exclusively to the United States Congress.

- MOVED CSSJR 10(RES) OUT OF COMMITTEE

**DEPARTMENT OF NATURAL RESOURCES (DNR) OVERVIEW**

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 10

SHORT TITLE: OPPOSE ANWR WILDERNESS DESIGNATION

SPONSOR(s): RESOURCES

02/02/15 (S) READ THE FIRST TIME - REFERRALS  
02/02/15 (S) RES  
02/02/15 (S) RES AT 3:30 PM BUTROVICH 205  
02/02/15 (S) DECLARE CENTRAL PARK A WILDERNESS AREA

#### **WITNESS REGISTER**

MARK MYERS, Commissioner-designee  
Department of Natural Resources (DNR)  
Juneau, AK

**POSITION STATEMENT:** Provided the Department of Natural Resources (DNR) overview.

FRANCI HAVEMEISTER, Director  
Division of Agriculture  
Department of Natural Resources (DNR)  
Palmer, Alaska

**POSITION STATEMENT:** Commented on Division of Agriculture programs.

CHRIS MAISCH, Director  
Division of Forestry  
Department of Natural Resources (DNR)  
Fairbanks, Alaska

**POSITION STATEMENT:** Highlighted the Division of Forestry's duties.

BEN ELLIS, Director  
Division of Parks and Outdoor Recreation  
Department of Natural Resources (DNR)  
Juneau, Alaska

**POSITION STATEMENT:** Commented on the Division of Parks and Outdoor Recreation's activities and the user fee structure.

BRENT GOODRUM, Director  
Division of Mining Land and Water  
Department of Natural Resources (DNR)

**POSITION STATEMENT:** Explained the Stains and Canning Rivers boundary dispute with the Fish and Wildlife Service (USFWS) and the Bureau of Land Management (BLM).

#### **ACTION NARRATIVE**

3:30:16 PM

**CHAIR CATHY GIESSEL** called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to

order were Senators Costello, Coghill, Stedman, and Chair Giessel.

**SJR 10-OPPOSE ANWR WILDERNESS DESIGNATION**

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CHAIR GIESSEL announced the consideration of SJR 10, version 29-LS0446\H. She explained that this resolution calls out the ANWR decision by the President and encourages Congress to reject it; it opposes the United States Fish and Wildlife Service's (USFWS) revised comprehensive conservation plan (CCP) and Environmental Impact Statement (EIS) and any recommendation by the President based on that plan.

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SENATOR MICCICHE joined the committee.

SENATOR COGHILL commented that this is one of the many promises given to the state by Congress that has definitely been misused and he was grateful for the resolution.

SENATOR COSTELLO said she appreciated the chair's leadership in preparing this resolution. She offered a friendly amendment to add the members of Congress as one of the entities receiving copies of the resolution. There were no objections and the amendment was adopted.

SENATOR MICCICHE said he supported all the comments of committee members and that the resolution unifies the body behind this sentiment.

SENATOR STEDMAN said he agreed that it's a good idea to take a vote of the body. He said apparently the state had some input over the last several years as this was under way at the federal level and was wondering if they should have some discussion about it with the administration, so the legislature is more up to speed about some of the behind the scenes inter-workings. The federal government should give them some notice prior to the final decision on something of this magnitude.

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CHAIR GIESSEL said she knew this CCP was out for public comment a while back because she participated in it as did resource development organizations in the state, but the events of last Sunday caught them off-guard. She opened public comment and finding none closed it.

SENATOR COSTELLO moved to report SJR 10, as amended, from committee with individual recommendations and attached fiscal note(s). There were no objections and, therefore, CSSJR 10(RES) moved from the Senate Resources Standing Committee.

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At ease

### Department of Natural Resources (DNR) Overview

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CHAIR GIESSEL invited Mark MYERS, Commissioner-designee, Alaska Department of Natural Resources (DNR), to provide an overview of the department.

MARK MYERS, Commissioner-designee, Department of Natural Resources (DNR), Juneau, AK, said he had been commissioner for about three weeks, but he has 15 years of experience in various capacities within DNR from being a working geologist up to being director of the Division of Oil and Gas. Of any of the agencies, the link between the DNR and the Resources Committee is really important because obviously state lands is where the resources that are being developed are. It drives the state's economy.

He said DNR does a lot of the mapping for the state in collaboration with the federal government, the University and other organizations. The data is critical to understanding our mineral, oil and gas resources, natural hazards, disasters, agriculture, road construction, and timber. Alaska is very poorly mapped and efforts to advance that data and produce it in a way that is easily available to the public is needed. Having a good legal framework makes permitting possible, but without good data and transparency, permitting is very difficult. In many ways, DNR is not only the steward of the state's natural resources, but it is a big part of the scientific capacity of the State of Alaska.

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CHAIR GIESSEL said she appreciated that the Arctic Policy Commission report recommends additional mapping, but has heard that the program is being reduced significantly because of budget cuts.

COMMISSIONER MYERS agreed and said he wanted to have enough time to talk about his strategy for those cuts.

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He said the department has about 1,060 employees; a lot of them are part-time. There are two major divisions:

Deputy Commissioner Marty Rutherford has the Division of Geologic and Geophysical Surveys, Division of Oil and Gas, the Mental Health Trust Land Office, AKLNG, and the State Pipeline Coordinator's Office). Everything else is the Division of Agriculture, the Division of Mining, Land and Water, the Division of Forestry, the Division of Parks and Recreation, the Division of Support Services, and the Office of Management and Permitting under Deputy Commissioner Fogels.

As commissioner, one of his priorities is to streamline administrative overhead and costs. Putting the Pipeline Coordinators Office into the Division of Oil and Gas would eliminate several general fund (GF) positions and keep the remaining positions that are funded by program receipts. He looks first for efficiencies and then program priorities. Unfortunately, doing that led to significant cuts to some truly outstanding people. So, they didn't target individuals or the performance of the organizations, but rather the pieces that would least impact the prioritized core missions and, "It wasn't fun."

SENATOR COSTELLO asked if he had talked to the governor about the philosophical approach to whether or not revenue generating departments such as DNR should be looked at the same as departments that are actually costing the state money.

COMMISSIONER MYERS answered that he had looked at that a lot and had just presented a detailed budget to House Finance. DNR was not cut as much as other non-revenue generating agencies with the exception of Education and the University. He thought the department was treated fairly. He will lose 34 people and 48 positions in this budget. He tried to protect the revenue generation and public safety aspects of the department, but gave up a significant amount of mapping, which could be regenerated in better budget times. He looked at the long term and if the department was losing core capacities that can't be recovered.

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The DNR's core missions are to:

1. Foster responsible commercial development and use of state land and natural resources, consistent with the public interest, for long-term wealth and employment. He added that the lands the state selected (under Governor Hickel) have been extremely strategic. They were picked with a real priority for economic

development overall and because of that, state lands have a lot of mineral potential; but places like ANWR not so much.

COMMISSIONER MYERS gave credit to Tom Marshall who looked at land the industry was not actively exploring and chose it for geologic reasons. That is why Prudhoe Bay and Kuparuk oil fields are on state lands.

He reiterated that the state has a long history of strong stewardship using good science in DNR. To do that the organization has to be technically superior in its scientists and engineers, mapping and sensing, and economists for comparing values. DNR is a very sophisticated organization and its people have made some very good decisions that have driven the state's economy.

DNR does effective permitting with transparency and expediency, a good public process so the permits won't be disputed.

2. Mitigate threat to the public from natural hazards by providing comprehensive fire protection services on state, private and municipal lands, and through identifying significant geologic hazards. He said most people don't think of DNR as a public safety organization, but it fights the state's forest fires and a significant part of their budget supports that. Secondly, Alaska is almost uniquely geologically active with earthquakes, volcanic eruptions, tsunamis associated with the earthquakes, floods, coastal erosion, fire and landslides. Creating warning systems for those hazards and monitoring for them are really important. The Geological Survey division works with the federal government and the University on volcano and earthquake monitoring. The same expertise is used for identifying geologic faults for pipelines and to help community resilience in understanding the rates of coastal erosion and flooding techniques. They don't do the mitigation, but they assess the risks and provide technical advice.

3. Provide access to state lands for public and private use, settlement, and recreation, which goes from the big overall public often to the public individual that wants a recreational site or a homestead to a municipality that needs a land entitlement to build a school. DNR is very active in that structure; it is heavily subsidized but it is very important. It also provides a significant amount of habitat for subsistence and wildlife.

Managing the water aspects of the state is another important function. Water and water adjudication is the number one area of conflict in the world, and Alaska is quite successful in managing that, in part because supply exceeds demand, but also because our ecosystems are largely intact unlike other Lower 48 states'.

CHAIR GIESSEL said the Senate wanted to address wetland mitigation costs, which in Anchorage costs \$125,000 an acre. The gas pipeline is estimated to cost \$2.5 billion to \$3 billion in wetland mitigation fees. She was directed to an EPA document agreeing that Alaska is an unusual circumstance and the mitigation shouldn't be as strictly enforced.

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COMMISSIONER MYERS said compensatory mitigation is not the best technique for Alaska. It works better in the Lower 48 where a fee is paid into a non-profit that can purchase land that is not necessarily wetlands.

For Alaska it would be important to discuss how to really protect the ecosystem with the Corps of Engineers and Environmental Protection Agency (EPA). Maybe you actually create more wetland someplace else, but it's something that can be done by the private party rather than actually paying a dollar amount by formula that has a potentially arbitrary valuation. It's a totally dynamic situation; other approaches could be scientifically valid. DNR will provide the science and work with the Department of Environmental Conservation (DEC) and the Alaska Department of Fish and Game (ADF&G) to accomplish the same goal.

4. Ensure sufficient data acquisition and assessment of land and resources to foster responsible resource and community development and public safety. He explained that providing the public data is core to the department's ability to manage the land; it's important to communities, individuals and corporations that are trying to develop on the land. A certain amount of that data is inherently public, and having the public data set that everyone agrees is authoritative provides a basis for a discussion of values in a way that will allow more effective project permitting and to attract economic development. In his experience on the federal side, when they successfully provided data, like the land set data, for free they saw a 100 times increase in use of it.

He said his directors would talk about their programs and how their web-enabled data sets have streamlined the permitting processes (when the data is entered one time and everyone can access it). He said, "It's making huge advancements in transparency, efficiency, but also in processes that can get parties that are not working together to work together, at least to agree to a fundamental frame of reference to work."

COMMISSIONER MYERS said the data is extremely important and Alaska is the least mapped of any state both on shore and offshore. The DNR leads the effort for the state in coordinating mapping data.

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SENATOR COSTELLO asked since it's so important to have the state mapped, could the federal government help with the cost.

COMMISSIONER MYERS answered that right now the goal is for the state to pay about one-third and the federal government to pay two-thirds in the mapping efforts. In reality, it's closer to 50/50. Several administrations ago, the state set up the Alaska Geo-spatial Council that coordinates with the federal agencies. As director of the United State Geological Survey (USGS), he was the lead mapper for the country on the federal side and worked with the states in partnership. USGS wants to see the state have a solid plan that makes sense and aligns the goals of the organizations and systematically doing the mapping that fits national standards so it could be entered into the national mapping system. The commissioner said he had conversations with the current lead USGS mapper and with the University, which does a significant amount of mapping (satellite data) and serves up much of it through the Division of Mining, Land and Water.

Actually there is a fairly sophisticated sharing of data, quality controlling of data and cost sharing, but it can be enhanced. The Native Corporations are developing significant mapping capacities on the commercial side; the National Aeronautics and Space Administration (NASA) and the National Oceanic and Atmospheric Administration (NOAA) do a lot of mapping and it is one of his intentions as commissioner to build a stronger partnership with them.

SENATOR MICCICHE asked if they could also assume that the geological surveys could be insufficient as well. Could there be far more minerals, oil and gas deposits than people are aware of?

COMMISSIONER MYERS answered he believed so. He said remote sensing and mapping only gives you remote hints of where minerals and oil and gas could be located, but techniques are changing rapidly. So, the State Survey Division is concentrating on gravity and magnetics, two techniques to understand mineral assemblages in a crude sense: what kind of rocks are buried under the ground and the depth of sedimentary rock basins. It won't bull's-eye a mineral deposit, but it will indicate where to look more. New remote sensing techniques are going on, but Alaska is very slow to adapt.

He said when he was lead mapper for the USGS they mapped Afghanistan and discovered copper, oil and gas, coal deposits and water supplies with very sophisticated remote sensing, and Alaska has nothing like that. Partnering with the University to get some of the new technology up here is a big part of doing that. The state has put a lot of energy into surface elevation along with the federal government; that shows what are swamp land, flood plains, coastal erosion and aviation safety issues. So finishing that is important.

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The state needs to have accurate data on its rivers; the hydrology has become really important for lots of reasons. Vegetation and infrastructure mapping all go on a map, but they are acquired and managed differently. So, he is bringing it all together to form a coherent picture. Less than 8 percent of our coastline has decent bathymetry and he is talking with the federal government to get more funding for that.

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COMMISSIONER MYERS said he likes to think about perspectives in space and time and showed a map of Alaska overlaid on a map of the United States that indicated how diverse the landscape that DNR has to manage is: different environments, terrain and ecosystems, different peoples and cultures. The distances are far and there is little infrastructure. Assessing that land alone is difficult, but managing it is even more challenging. People often don't think of the scale, he said, but this state is like a national system; DNR is Alaska's Department of Interior minus Fish and Game, but plus Forestry. The Department of Interior manages it with 70,000 people; the state manages it with about 1,100. He said 2 percent of the GF budget goes to DNR.

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Slide 6 showed the amount of money DNR generates off of state lands, which works out to about \$36 for every GF dollar on average from 2006 to 2014. He showed a graph of oil and gas royalties and taxes, the point being that even when prices decline, royalties are a lot more stable than the tax structure. Of course, without production, the state doesn't get the taxes, so DNR's job of managing the resource for the state is really important. Almost all of the production in Alaska is off state lands, but when prices fluctuate, under our net profit share system, there is a lot of volatility. The royalty part of the investment is much more stable.

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He said the AKLNG project is a high priority and they are now in the middle of making some major decisions and major negotiations in the pre-front end engineering and design (pre-FEED) phase. To get this project to FEED the state has to develop a decision about royalty in kind (RIK) or royalty in value (RIV), get a gas balancing agreement with the producers, work forward the state's equity share of the pipeline, work forward a marketing plan, and really work with the Alaska Gasline Development Corporation (AGDC) in terms of the pipeline specifications: expansion capacity and offtake and intake points.

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The state in the SB 138 framework is taking significantly more risk than normal and its taxes are in the bucket of RIK, so it has to be able to manage risk/reward really effectively. Owning more of the pipeline mitigates risk on commodity price but costs more dollars upfront. Having the producers market it is more secure but will probably get a lower rate of return than if the state were marketing it itself.

Ultimately, the project should go on for 50 years or more, but the first 20 will be Prudhoe Bay and Pt. Thomson, but after that, the gas will come from other resources. DNR Deputy Commissioner Marty Rutherford has a major leadership role in making it happen. To do that, they have exempt-paid employees and a lot of consultants. DNR also acts as the pass-through for money for the Department of Law (DOL) and the Department of Revenue (DOR) on the commercial negotiation parts. A significant amount of DNR's new money has gone into this. So, if you look at their overall budget, it looks like it has gone down just a little bit, but in reality, if this project was taken out, their budget has decreased significantly.

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The Division of Agriculture, he said oversees a fairly small business in Alaska, but it's very important locally and in terms of food security. Opportunities to increase agriculture are really there; the peony business is an example. The division provides loans for farmers and farm start-ups; it does the quarantine for invasive species, manages the Alaska Grown program, and puts produce in schools; and the material plant center is really important with a seed bank for high quality seeds.

SENATOR COSTELLO said she saw a real opportunity for the state to save money in terms of obesity prevention and rising health care costs by keeping kids fit and healthy and asked if more could be done in the Farm to School Program.

COMMISSIONER MYERS agreed and said one of the challenges is the cost goes into one side and the benefit is long term and coming out the other end as healthy kids. Capturing those values is very important, but difficult to capture in terms of the budget. He said the Farm to School Program is very important; so is the Alaskan Grown Program.

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FRANCI HAVEMEISTER, Director, Division of Agriculture, Department of Natural Resources (DNR), Palmer, Alaska, agreed that the Farm to School Program had played a role in educating both the school food service directors and the schools as a whole in eating Alaska grown products, but a lot more can be done. One of the challenges in getting Alaska grown products into the schools is getting it into the schools in a manner in which it can be served. They want a product that is ready serve and the producers have limited ability to process those foods.

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COMMISSIONER MYERS said as the environment changes, people introduce invasive species, often through aquariums or decorative plants, but also on the bottoms of ships. Quarantine of those invasive species and getting ahead of them is a really important service of this division.

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He said the Division of Forestry's budget is largely for fire protection. The more proactive they are - through pre-deployment and getting longer contracts (costs less) - at firefighting the less it costs ultimately and employing rural Alaskans. These teams are some of the best in the world and often deploy outside when they are not used in Alaska.

He explained that environmental changes in Alaska have led to drier conditions that have led to more fire, invasive species and tree death. Many lightning strikes are causing more fires in the Interior.

CHAIR GIESSEL said there is a theory that appropriate harvest would help prevent fires.

COMMISSIONER MYERS responded that appropriate forest management is the other part. To do that you have to have forest sales, proactive treatment of forests (back burns to protect spaces), and wise land management (placement of facilities). He said State Forester Chris Maisch has done a wonderful job of looking at those issues as well as being active with recognizing the economic value of the forests for timber and bio-fuels and pellets.

He said when a forest burns it changes; they are seeing different species, especially in the arboreal forests. Forest sales occur largely on state lands in Alaska.

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There are positive economic impacts of timber sales to the state like providing jobs, personal use, and construction of temporary roads that have an easier time of being permitted, which then get used for recreational and other access purposes. He said Alaska's Forestry management is very sophisticated and is very well respected.

SENATOR MICCICHE asked if the department is looking at the potential for federal trade programs that might bring the timber industry back to life in the future.

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CHRIS MAISCH, Director, Division of Forestry, Department of Natural Resources (DNR), Fairbanks, Alaska, responded that there is both a domestic and offshore market for Alaska's forest products and he is actively trying to meet domestic needs especially in the energy area as well as Pacific Rim needs.

SENATOR MICCICHE said he specifically wanted to know about trading state land for federal land to get to some of the Southeast valuable forests that were traditionally logged.

MR. MAISCH answered that his division was not actively seeking trades, but the Mental Health Trust Division was working on a proposal like that.

SENATOR MICCICHE said the governor has proposed sort of an Alaska-hands-finishing-Alaska-export-products philosophy, which he supports.

CHAIR GIESSEL remarked that SB 32 coming up next will deal with timber sales.

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COMMISSIONER MYERS moved on to the Division of Geological and Geophysical Surveys (DGGS) and said it collects, analyzes and interprets geological information that is really important to understand oil and gas and mineral potentials on state land, but also the geologic background for that. It provides information to Alaska communities on safety, ground water, slope stability, earthquakes, permafrost, and flooding. The publications are high-quality that everyone can use and are very critical for promoting and bringing in new parties that don't have a lot of expertise in Alaska. He said the cores and geologic information that companies who are leaving Alaska give to the state are at a new core facility.

CHAIR GIESSEL said she understood that USGS was going to give Alaska some of their collection of cores and that she heard about one company that looked at some old cores, spotted gold and hurried out of the facility.

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COMMISSIONER MYERS said the Division of Mining, Land and Water, is their workhorse division that really manages the state's surface estate. It works on state disposals, subdivision development and does regulatory oversight and dam safety, coal exploration, and mine reclamation - all critical functions with the state's primacy.

He highlighted a 60 percent decrease in the backlog of permits, and progress on a digital permitting process where data is entered once and everyone can see it and use it.

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SENATOR STEDMAN put in a plug for dealing with tidelands, submerged lands and uplands, but particularly the 50 ft. easement blanket policy between tidelands and uplands throughout the state. He wanted to work on giving the department more

flexibility, because all coast lines aren't created equal, particularly those in communities with platting authority.

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COMMISSIONER MYERS continued that there is a lot more permitting with smaller oil and gas companies, smaller mining companies and individuals, but in addition to handling this growth they have reduced the backlog as well.

He said the Division of Oil and Gas (DOG) is the cash cow for the state; it manages the state lands, leasing programs, unitization, sale of royalty oil and gas, and bonding for dismantlement, removal and restoration (DRR). It's having to work through a lot of issues with respect to smaller companies coming in and their ability to be able to bond versus parent company guarantees. It also protects the correlative rights of all parties in oil and gas units, a really important function.

He explained that a typical oil and gas accumulation has multiple leases and different ownership in those leases and that someone has to make sure they get their fair share of oil out of the field and that it's developed in a way that maximizes recovery of oil and gas. The Alaska Oil and Gas Conservation Commission (AOGCC) does some of those functions, too, but economic and physical waste and correlative rights are an important part of DOG's management.

SENATOR COSTELLO asked if he had signed confidentiality agreements in his role as director of the DOG.

COMMISSIONER MYERS said he worked under an agreement for state confidentiality, which is under state statute and regulation, and didn't have to sign any documents. He didn't have to sign an agreement even when he worked on two other gasline proposals. When he became commissioner, he signed the state confidentiality agreement and he would probably go to jail if he violated that. One of the division's highlights was a huge sale in 2014, the third biggest in northern Alaska. The Cook Inlet renaissance is also very exciting.

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He said the Division of Parks and Outdoor Recreation manages the largest state park system in America, 123 parks. It is challenging, because of the diversity and distances between the parks and their often remote nature. About 80 percent of the parks' visitations are by Alaskans. To lower operating costs, there are only about 103 employees and 850 volunteers. They have

also done a very credible effort in trying to become less expensive on GF and gets 34 percent of its funding through program receipts. The user fees were raised up to 44 percent with a goal of getting to 50 percent.

CHAIR GIESSEL asked how Alaska's user fees compare to Lower 48 user fees.

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BEN ELLIS, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR), said Alaska is under the average in some areas, very close in some and a larger discrepancy in others. The fee increase will bring Alaskan fees more in line with Lower 48 fees.

SENATOR STEDMAN cautioned that raising fees could impact Alaskans' access to hunting and fishing, some for recreation and some for subsistence. It's a way of life up here.

MR. ELLIS said they were very cognizant of that. For example, the day-use fee for areas with restrooms were kept at \$5 where it has been for the last 10 or 15 years. They wanted to make sure that folks could still recreate at an affordable price. The increased fees were for annual parking passes, boat launch fees and public use cabins that get used a lot.

SENATOR MICCICHE added that members had talked about and how some of the public use cabins need a \$40,000 boat to get there and have a high demand for a different demographic than someone on the road system looking for a camp site. Folks need to pay for the services they use.

MR. ELLIS said he was right. You can't build enough public use cabins - the demand far exceeds their ability to finance their construction. And building more cabins on the road system has actually increased the user group to include the elderly, disabled, and younger families. For example a cabin in Kodiak is one of the highest priced cabins at \$80 a night, but it is only used during the hunting season.

SENATOR STEDMAN said Southeast doesn't have state cabins. If you went out there and put a cabin in the Forest Service would burn it down, unless you are lucky enough to find a parcel of state land, which is pretty rare. Southeast has launching issues versus renting of cabins. His concern is the entry and access points that would restrict the lower income folks around the state.

SENATOR COGHILL remarked that the boat launches in the river districts are a little higher maintenance, because they get washed out. He also expressed his great appreciation for the DNR volunteers.

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COMMISSIONER MYERS said the Office of Management and Permitting was created out of what was the Department of Governmental Coordination (DGC) office recognizing that complex projects need complex coordination. They work extensively with state, federal, and local governments at very little cost to the state since user fees pay for most of it. The coordination they provide increases confidence in people working on permitting in Alaska. New oil projects and large mine projects sign up with them; Pt. Thomson is an example of coordination of environmental permitting that went pretty well.

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The State Pipeline Coordinators Office has the important functions of right-of-way leasing and inspection of the 19 regulated pipelines between the North Slope and Kenai, TAPS being the "big gorilla." This organization is being moved into the oil and gas structure to save administrative costs. Most of the office's funding comes from receipts from applicants.

COMMISSIONER MYERS said the Petroleum Systems Integrity Office (PSIO) is an internal organization created eight or nine years ago for looking at gathering lines within fields and that is being rolled into that structure as well, again streamlining the department but keeping the functions active.

The Division of Support Services is very effective with a centralized administrative structure. In addition to manning administration, they manage the information resource management (IRM), the land repository data set computers. They also have the State Records Office that does a good job of electronic recording. They are implementing another cost saving measure of consolidating recording offices over time.

SENATOR COGHILL said data recorded previously had a lot of sensitive information, social security numbers for example, and asked how that is being dealt with.

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The commissioner responded that DNR has to manage a lot of confidential data and has developed firewalls between systems

and often servers are not connected. Archaeological data is another data set that has to be maintained confidentially.

Electronic recording in all 34 districts of Alaska allows customers to file their businesses with the State Recorder's Office. When someone draws a map it looks pretty simple, but the data on that map is probably coming from half a dozen different servers in different places. This coordination role creates efficiencies.

He said the Mental Health Trust Land Office is in DNR, but it actually reports to the Mental Health Trust Board; it has a \$4 million operating budget. Its goal is to use the land to generate money for mental health programs. They have some very valuable properties between Fort Knox, Chuitna, Chickaloon and Livengood and generated \$11.2 million in FY14, which is quite remarkable considering where that office started from.

SENATOR STEDMAN said the Mental Health Office is pretty active in Southeast. They have been very responsive and good to work with in their land exchanges and forward thinking about the next 50 years.

SENATOR COGHILL said one of the things he struggles with is access from state land across federal land into other state land. Some of the boundaries are disputed and some of the access points are disputed significantly, and the work the department does is important in laying some of the groundwork to resolve those issues.

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COMMISSIONER MYERS said they are keeping the ANILCA and RS2477 capacity, but it's much smaller. The reason is that meeting economic generation is a number one priority; the number two priority is public safety and number three was services. The land access piece is a long term fight over a lot of different issues and it has been funded at a high level and has outstanding staff with great expertise and dedication. These guys are not going to stop working these issues.

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BRENT GOODRUM, Director, Division of Mining Land and Water, Department of Natural Resources (DNR), said that he had participated in field research activity this summer between the Stains and Canning Rivers confirming work done by the state, the Fish and Wildlife Service (USFWS) and the Bureau of Land Management (BLM) in 2003. Some confusion has arisen around a

Supreme Court decision, "84 Original," that said the coastal boundary is defined in 1957 by Public Land Order 2214, which specifically names Brownwell Point and the Canning River. But the way USFWS mapped it subsequently was different. They extended it out to the Stains River, which is much further west. After the 2003 field effort, the state submitted the Simpson report sharing it with both federal agencies. Neither agency filed a counter claim or a report, even though they were asked to through several means or correspondence.

Based on this summer's research, he sent a letter to the BLM asking for conveyance of approximately 20,000 acres of uplands between the Stains and the Canning Rivers. In that same timeframe, the Division of Oil and Gas issued offshore leases up to the boundary that the state asserts (running from Brownwell Point to the Canning River). A dialogue with both federal agencies is being pursued to resolve that issue.

SENATOR COGHILL said he was grateful for their work and asked if the legislature could do anything to back-up their actions.

SENATOR MICCICHE remarked that firefighting on the Funny River was amazing; his town could have been engulfed. He said the largest gathering that has occurred on the Kenai, 1,500 people, came to say thanks to the DNR. He appreciated DNR's dedication and being the gatekeepers and urged them to keep that spirit alive, because that is why most people live here.

COMMISSIONER MYERS thanked him for those comments and said he believes that DNR has a strong stewardship ethic within it and that they want what is best for Alaska.

CHAIR GIESSEL thanked the presenters for the overview.

[4:58:59 PM](#)

CHAIR GIESSEL adjourned the Senate Resources Committee meeting at 4:58 p.m.