

Overview  
Dept. of  
Natural  
Resources

1-16-92

# STATE OF ALASKA

**DEPT. OF NATURAL RESOURCES**

*DIVISION OF OIL AND GAS*

WALTER J. HICKEL, GOVERNOR

P.O. BOX 107034  
ANCHORAGE, ALASKA 99510-7034  
PHONE: (907) 732-2553

## **SUMMARY OF THE 1991 SETTLEMENT AGREEMENT** **between** **ARCTIC SLOPE REGIONAL CORPORATION & STATE OF ALASKA** January 1992

### **INTRODUCTION**

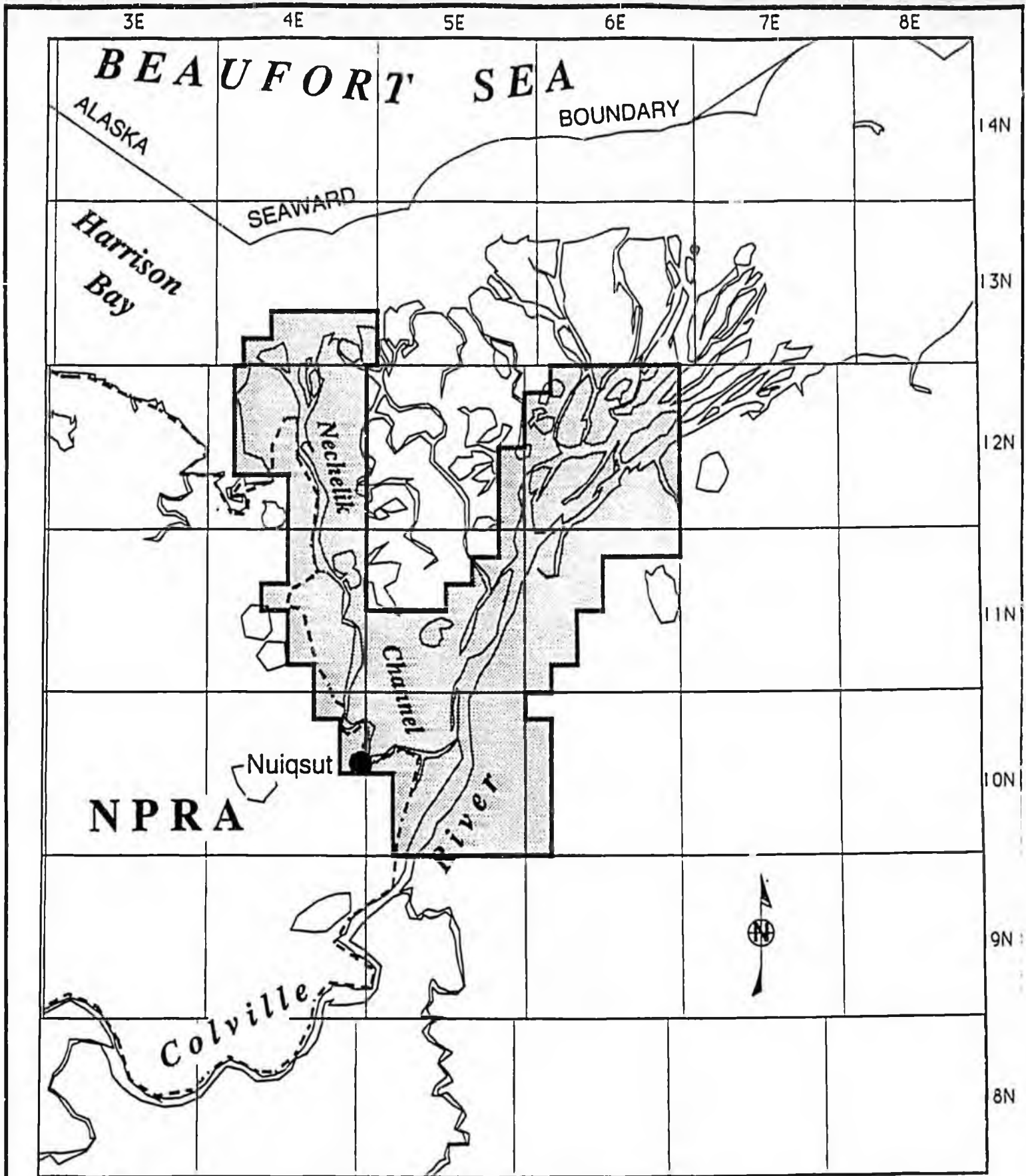
In December 1991, the State of Alaska and the Arctic Slope Regional Corporation (ASRC) settled a long-running legal dispute concerning north slope mineral ownership near Nuiqsut and Point Lay. The settlement resolves litigation resulting from a 1974 agreement in which ASRC and the state agreed to exchange lands near Nuiqsut and Point Lay. The settlement is not effective until approved by the legislature. The Governor will submit the settlement agreement to the legislature at the beginning of the legislative session in January. The area affected by the settlement is displayed in the maps on the next pages.

Under the settlement, the state and ASRC agree to jointly own undivided interest in the mineral estate of the disputed lands. The settlement also grants the state the right to hold oil and gas lease sales jointly for itself and for ASRC. Once a lease has been signed, the state and ASRC each separately administer its lease with respect to its own undivided interest in the subsurface.

Under the settlement agreement, the state does not give up any of its duties to the public imposed by law. The state would still have to determine whether a sale would be in the best interest of the state, and would follow relevant procedural requirements for leasing and for permitting the subsequent exploration for natural resources. The state retains all rights under state law to ensure that development of the subsurface complies with laws governing natural resource management and protection.

The agreement involves only mineral estate; it does not change the surface ownership. The surface estate of the Point Lay lands is state-owned; the Nuiqsut surface is owned by the village corporation for Nuiqsut, Kuukpik Corporation.

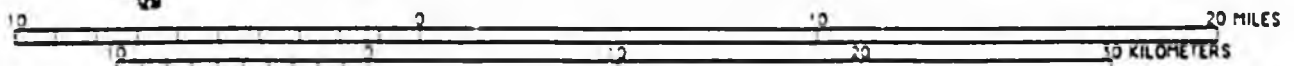
The land dispute began in 1973 when the federal government allowed the village corporations for Nuiqsut and Point Lay to select lands that had previously been transferred to the state. The state then protested the eligibility of those villages under the Alaska Native Claims Settlement Act. One year later, the state withdrew its protest and agreed to give up ownership of Point Lay mineral estate in return for ownership of the Nuiqsut mineral estate. For various reasons, the land exchanges expected by the 1974 agreement were never completed. This smoldering dispute erupted into lawsuits in 1985 after Texaco announced an oil discovery northeast of the Nuiqsut lands.



# Nuiqsut Subsurface

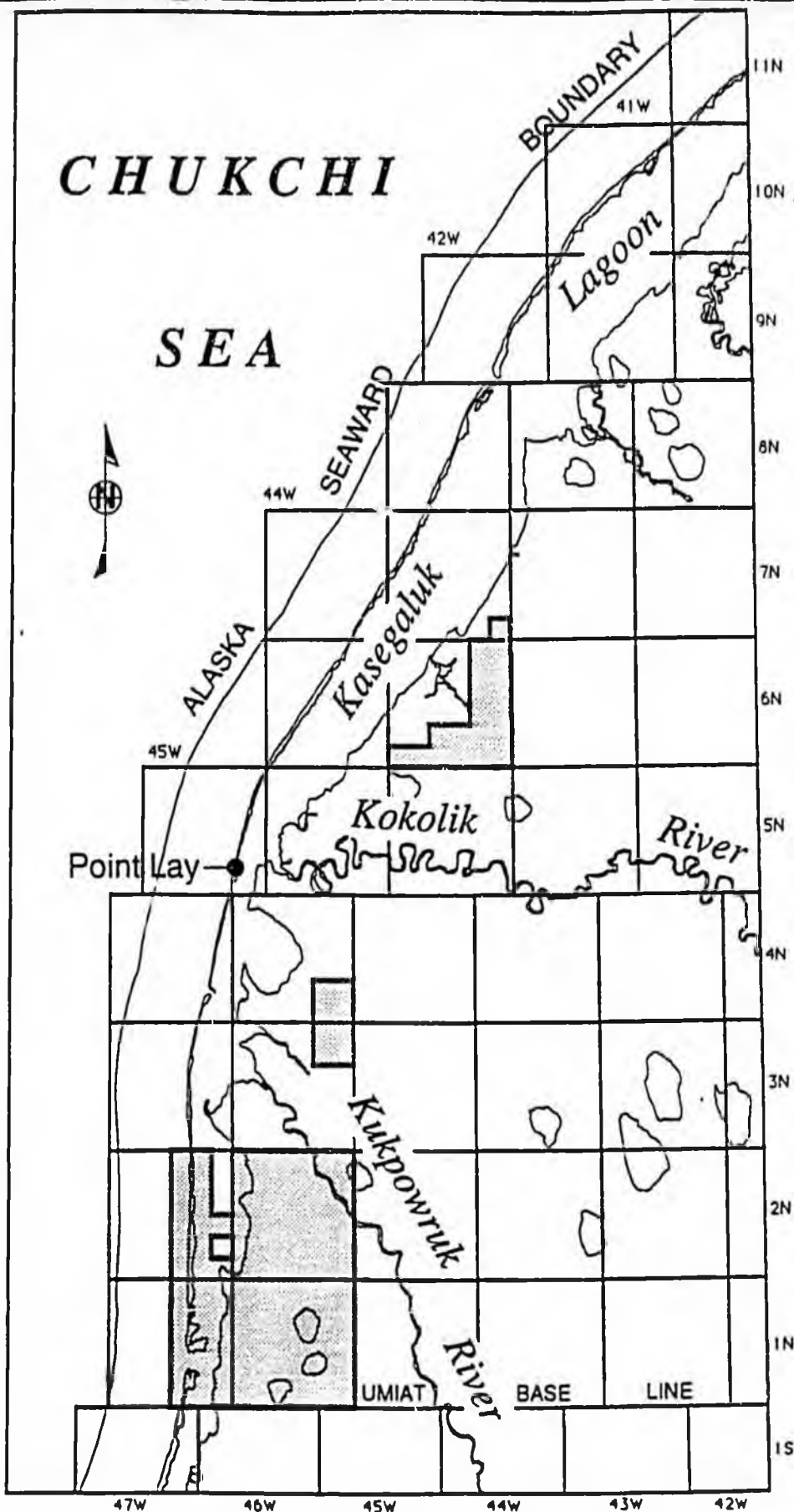
SCALE 1: 317,000 ONE INCH = FIVE MILES APPROX.

Alaska  
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Division of Oil and Gas  
12-4-91



# CHUKCHI

# SEA

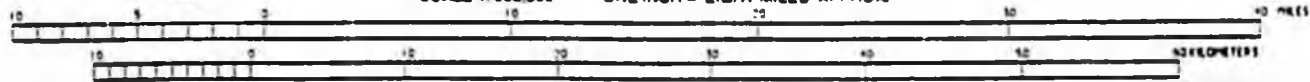


Point Lay



## Point Lay Subsurface

SCALE 1:500,000 ONE INCH = EIGHT MILES APPROX.



Alaska  
Department of  
Natural Resources  
Division of Oil and Gas  
12-4-91

The Point Lay area includes the mineral estate beneath approximately 84,000 acres (including all lands -- both the disputed uplands and the state-owned submerged lands). The Nuiqsut area includes the mineral estate beneath approximately 111,000 acres. However, the Nuiqsut-area acreage will eventually be reduced. The agreement concerns the subsurface estate conveyed to ASRC by the federal government. Conveyances in that area are not complete. The Nuiqsut area includes overselections, all of which will not be conveyed to ASRC. Sections not conveyed to ASRC will eventually be eliminated from the area affected by the agreement.

## SUMMARY OF THE ISSUES

**Land Ownership.** The dispute concerns the ownership of the subsurface estate beneath the uplands in the Nuiqsut and Pt. Lay areas. The agreement resolves the location and amount of the subsurface estate attributable to upland ownership. In concept, the state and ASRC agreed that submerged lands and the subsurface below them were state-owned. However, the location and amount of submerged lands were hotly disputed and difficult to resolve.

The agreement fixes the amount of submerged lands -- for purposes of oil and gas leasing -- for all time. This will eliminate administrative complexity for the state and ASRC, and for lessees who might otherwise be unsure who owns their lease tracts. The agreement also provides that the amount of submerged lands is agreed to for purposes of resolving this litigation only and has no further implication for the many other submerged lands disputes in which the state is involved.

According to the agreement, the state and ASRC own undivided interests in the subsurface estate of each section of land in the Nuiqsut and Pt. Lay areas. The interest that each owns reflects a 50/50 split of the uplands plus a state credit for 100% of the agreed-to submerged land acreage. The agreement establishes percentages for all times; the percentages will not change with changes in the extent of submerged lands (i.e., due to accretion, reliction, or erosion). Boundaries are "squared off" along the coast and along the NPRA border (i.e., the boundary includes entire sections). The squaring off allows for more efficient leasing. It also has the effect of giving ASRC a small share of lands in Harrison Bay which are already leased, and the state a small share of NPRA lands.

$$\text{State \%} = \frac{(\text{upland acres} * 50\%) + (\text{submerged land acres} * 100\%)}{\text{number of acres in the section (usually 640)}}$$

Crucial to the agreement is an exhibit that lists for each disputed section the state and the ASRC percentage ownership in that section. Revenue is calculated by section; it accrues according to the percentage ownership listed by section.

**Land Management.** The state and ASRC agreed to a system where the state manages the land for both parties up to the point of leasing. In return for that management, the state owes ASRC a certain standard of performance. Once the lease has been signed, the state has for the most part

discharged its duty to ASRC. Thereafter, the state and ASRC each separately administers its lease with respect to its own undivided interest in the subsurface. The exception is that in some situations, the commissioner has the power to establish the royalty value of oil for the state. If that occurs the commissioner's decision will also establish the value for purposes of ASRC.

## TERMS OF THE AGREEMENT

**The State's Right to Lease on Behalf of ASRC: *The Grant of Executive Rights.*** Under the agreement, ASRC grants the state "executive rights" to lease the jointly held land on behalf of itself and ASRC. Thus, the state holds the lease sale, accepts bids, and signs the lease agreement with the lessee. The lease binds both the state and ASRC. In return for these executive rights, the state agrees to comply with a standard of performance with respect to ASRC's interest in the land. By this standard, the state agrees to act with "the degree of diligence and discretion that would be exercised by an average landowner, acting as a reasonable and prudent person...in seeking to cause his subsurface to be explored and developed..." The state and ASRC also agree that this standard of performance does not apply "to the extent that the state is prevented from complying with such standard because of its duties and obligations as sovereign or because of applicable federal or state statutes, regulations and constitutional provisions including, but not limited to, those that govern protection of natural resources and procedural requirements for disposal of interests in state lands..."

In other words, the state agrees to a standard of care, but does not give up any of its duties to the public imposed by law (i.e., we still have to determine whether a sale would be in the best interests of the state, etc.). If, for example, it is not in the state's best interest to lease because of potential environmental harm or another reason, the state can decline to lease (can decline to exercise its executive rights). In that case, ASRC has the same rights as any member of the public to appeal the state's finding, but cannot compel the state to act by virtue of this agreement. If the state refuses to lease, ASRC has the right to lease its own interest under the laws of mineral cotenancy. Finally, the state agrees to "treat ASRC's interest in the same manner as it treats its own interest and shall not act in a manner intended to benefit itself at the expense of ASRC."

The state's liability under this standard could, in some circumstances, be quite significant. With knowledge gained by exploration, it is always possible to second-guess the terms of a past lease sale. To avoid claims made in hindsight that the state should have acted differently and did not live up to its promised standard, the parties agreed upon a dispute resolution process to resolve differences before the sale (and without going to court).

In this process, the state proposes "substantive terms and conditions" for a lease sale to ASRC. These terms include such variables as royalty rate and minimum bid, but they do not include sovereign powers of the state such as those that are exercised in best interest findings or in stipulations attached to land use permits. If they cannot agree on the "substantive terms and conditions" of the sale, the disagreement is referred to an expert (called a qualified independent

consultant). The expert determines whether the state's proposed "substantive terms and conditions" meet the standard of performance.

Three outcomes are possible: (1) the state and ASRC agree on terms and the lease sale goes forward; (2) they disagree, and the issue is referred to the expert who decides in favor of the state; or (3) they disagree, and the issue is referred to the expert who decides in favor of ASRC.

If either of the first two situations occurs (agreement or an expert decision favoring the state), ASRC forever waives the right to argue that the state violated its standard of performance. If the expert decides in favor of ASRC, the state can, of course, decide to adopt ASRC's recommendations. It can also go ahead under its own terms. If this occurs, however, ASRC may claim damages in court, arguing that the state violated the standard of performance that it promised in the agreement.

**After the Joint Lease: *Separate Administration.*** After the state signs the lease on behalf of itself and ASRC, the state and ASRC will each separately administer its own interest in the lease. The two parties have what is essentially identical but separate legal relationship with the lessee with respect to the same mineral estate. Although a new concept for Alaska, this is a frequent occurrence in other parts of the United States, like Texas, where landownership is more complicated.

Most state administration of oil and gas leases focuses on an operator's compliance with laws concerning natural resource management and protection (land use permits, etc.). This administration is based not upon the state's statutes for oil and gas leases, but on the state's sovereign powers. These regulatory decisions are made by the state alone. Decisions concerning whether the lessee has lived up to his lease obligation (e.g., paid rent, drilled for oil) are made under the requirements of the individual lease document. These decisions would be administered separately by the two parties with respect to their own interests.

There is an unlikely possibility that the state or ASRC will terminate its lease but that the other will not. In that case, the party with the unleased interest would be free to lease its interest on its own (though such a lease might be worth considerably less than a joint lease). In addition, the lessee may still explore and produce, but as long as part of the subsurface interest is unleased, production occurs under the laws of mineral cotenancy. These laws have not been tested in Alaska, but we expect that the lessee will owe the remaining lessor (the one with the lease) the royalty due under that lease, and will owe the other lessor (the one without a lease) the value of all oil after its share of production and development costs have been subtracted.

This system, while unusual for Alaska, is unlikely to create frequent conflict. The limited nature of decisions made under the lease and the self-interest of both the state and ASRC will likely result in consistent administration.

## **SUMMARY OF PROCESS BEFORE A JOINT LEASE SALE.**

The previous section explained the concept of the settlement agreement. This section explains the steps that precede a joint lease sale.

**The Grant of Executive Rights.** Once State and ASRC both have title to a section and the section is unleased, State has Executive Rights to lease both State and ASRC acreage for oil and gas. With those executive rights, the State is held to a "Standard of Performance" but does not give up its "Sovereign Powers."

1. **State proposes "substantive terms and conditions"** of the lease sale. At least 6 months before sale, State gives ASRC notice of proposed "substantive terms and conditions" for the sale.
  - 2a. **If State and ASRC reach "Approval Agreement"** -- that is, if State and ASRC agree on those terms, State goes forward and holds the sale. Go to Step 3.
  - 2b. **If State and ASRC disagree - the Qualified Independent Consultant (QIC).** If State and ASRC disagree, the disagreement is referred an expert, the Qualified Independent Consultant. State and ASRC show each other and the QIC their information; QIC decides whether State would breach its "Standard of Performance" in using those "substantive terms and conditions."
    - (i) **If QIC decides for State.** State holds lease sale. Go to Step 3.
    - (ii) **If QIC decides against State.** State has two choices:
      - (A) **Change terms to those requested by ASRC and hold sale.** Go to Step 3.
      - (B) **Hold sale using State's proposed terms.** Go to Step 4.
3. **State holds Lease Sale -- Liability Ends.** ASRC loses right to argue State breached Executive Rights "Standard of Performance" because ASRC agreed or lost in front of the QIC.
4. **State holds Lease Sale -- Liability Continues.** ASRC retains right to sue for damages that State breached "standard of performance." If they sue, court reviews decision of QIC based on the record before it. If, based on record before QIC, court decides that QIC's decision was "arbitrary and capricious" State is absolved of liability. If court upholds QIC, then court awards damages on State's failure to comply with "standard of performance."

**Grant of Executive Rights Ends -- State and ASRC Administer Own Interest Separately.** One partial exceptions to separate administration: ASRC agrees to use State's method for royalty evaluation.

**STANDARD OF PERFORMANCE.** The agreed standard of performance is reproduced from the agreement.

#### **4.2 Standard of Performance.**

(a) The State shall exercise the Executive Rights granted herein in compliance with the Limited Prudent Landowner Standard, as defined herein, as to the substantive terms and conditions of all Subsurface Agreements<sup>1</sup> and Subsurface Agreement Solicitations<sup>1</sup> to be executed or issued by the State as executive pursuant to this Settlement Agreement. In exercising such Executive Rights, the State shall treat ASRC's interest in the same manner as it treats its own interest and shall not act in a manner intended to benefit itself at the expense of ASRC.

(b) Neither the Limited Prudent Landowner Standard nor any other provision of this Settlement Agreement creates a fiduciary duty on the part of the State to ASRC.

#### **IMPORTANT DEFINITIONS**

**"Executive Rights"** means the exclusive right, power, and authority to formulate and issue Subsurface Agreement Solicitations<sup>1</sup> and to negotiate, formulate, agree upon, execute, and grant Subsurface Agreements<sup>1</sup> pursuant to the terms of this Settlement Agreement.

**"Limited Prudent Landowner Standard"** means the Prudent Landowner Standard except to the extent that the State is prevented from complying with such standard because of its duties and obligations as sovereign or because of applicable federal or state statutes, regulations, and constitutional provisions, including, but not limited to, those that govern protection of natural resources and procedural requirements for disposal of interests in state lands for leasing, exploration, and development of natural resources, subject, however, to the provisions of subsection 8.2.<sup>2</sup>

**"Prudent Landowner Standard"** means the degree of diligence and discretion that would be exercised by an average landowner, acting as a reasonable and prudent person who is familiar with prevailing practices and standards in the oil, gas, and mineral industry in the area at the time, in seeking to cause his subsurface to be explored and developed and to maximize subsurface revenues from such subsurface and protect such subsurface from drainage.

**"Substantive terms and conditions"** means, but is not limited to, timing of lease sales, lease tract identification and composition, bid terms, and lease terms but shall not include (i) the exercise by the State of its duties and obligations as sovereign, (ii) the State's compliance with applicable federal or state statutes, regulations, and constitutional provisions, including but not

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<sup>1</sup> "Subsurface Agreements" are essentially oil and gas, or coal leases. "Subsurface Agreement Solicitations" is the lease sale.

<sup>2</sup> Section 8.2 ensures that ASRC has not waived "its right to challenge the constitutionality of any statute or the validity of any regulation...that singles out the Nuiqsut subsurface or the Point Lay subsurface for treatment different from that accorded to other lands with the State of Alaska, or that causes any injury-in-fact to any rights expressly granted to ASRC under this Settlement Agreement."

limited to, those that govern protection of natural resources and procedural requirements for disposal of interests in State lands for leasing, exploration, and development of natural resources, (iii) the granting of exploration incentive credits against tax obligations or the State's royalty interest (but not ASRC's royalty interest), or (iv) other exercise of the State's taxing power."

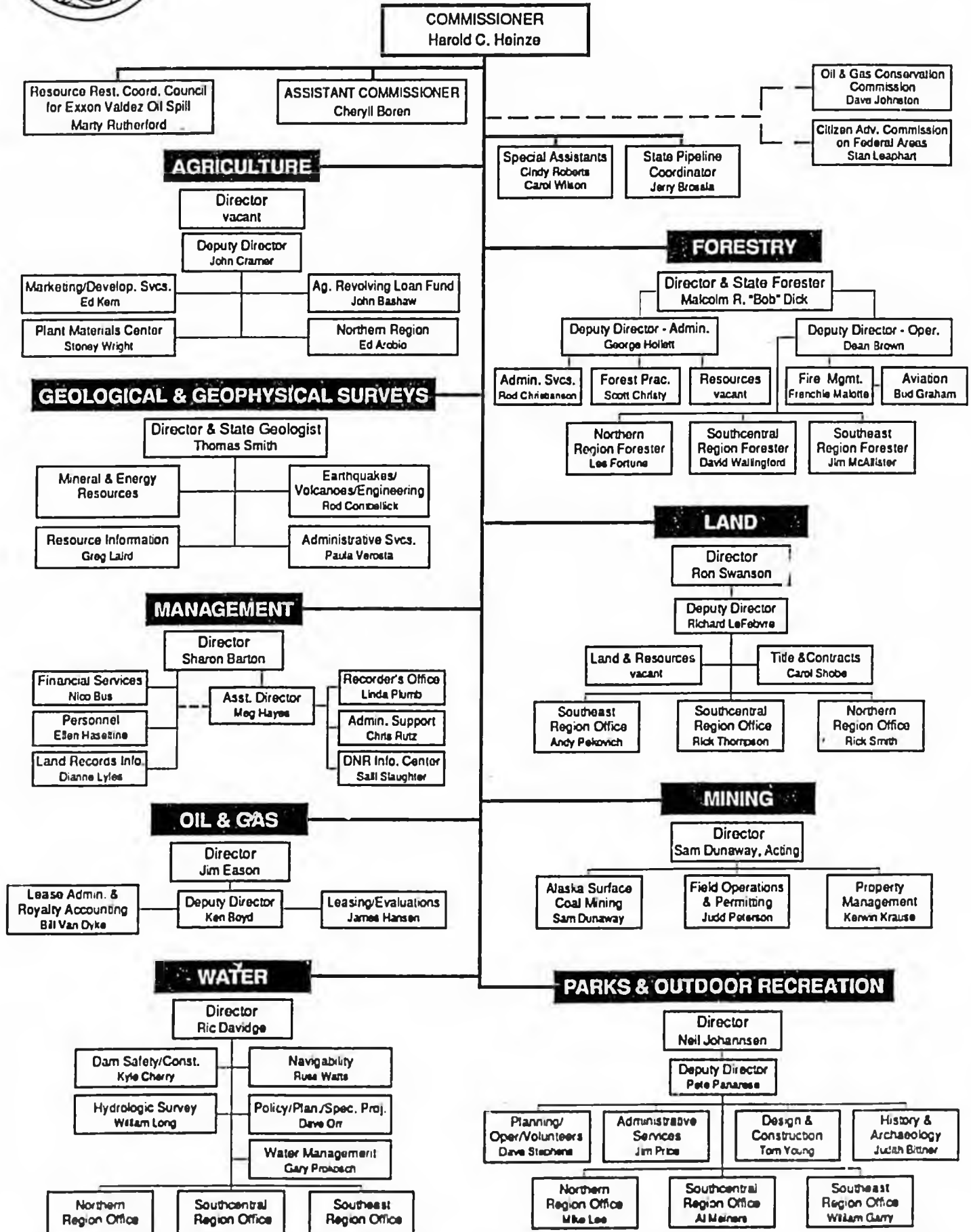
ALASKA DEPARTMENT OF NATURAL RESOURCES  
BRIEFING BEFORE THE HOUSE RESOURCES COMMITTEE

January 16, 1992

- I. Update of DNR Organization ..... Harold C. Heinze
- II. Update of DNR Issues, Plans for 1992 ... Harold C. Heinze/Directors
  - A. Agriculture Issues  
Agriculture Task Force
  - B. Forestry Issues  
Forest Practices Regulations  
Fire Suppression Funding Bill  
Spruce Bark Beetles
  - C. Mining Issues  
Reclamation Regulations  
Reclamation Bill
  - D. Park Issues
  - E. Land Issues ..... with Ron Swanson  
Mental Health Settlement  
Land Selection Project  
Title 38 changes
  - F. Oil and Gas Issues ..... with Jim Eason  
ASRC Settlement  
Update on Lease Sales  
Stratigraphic Well Bill  
Royalty Oil Contract  
Oil Field Development
  - G. Water Issues ..... with Ric Davidge  
Water Fee/Sale Bill  
Water Summit
- III. FY 93 Budget ..... with Sharon Barton



# Alaska Department of Natural Resources



FUTURE OF AGRICULTURE TASK FORCE

Co-Chairs:

Lt. Governor Jack Coghill  
P.O. Box A  
Juneau, AK 99811  
465-3500

Herb Eckman  
Alaska Sausage Co.  
P.O. Box 92157  
Anchorage, AK 99509-2157  
562-3636 (wk)  
562-7343 (fax)

Commissioner Harold Heinze  
400 Willoughby Avenue  
Juneau, AK 99801  
465-2400

Dr. James Drew  
School of Agriculture & Land Resources Management  
University of Alaska Fairbanks  
Fairbanks, AK 99775-0100  
474-7083 (wk)  
474-7670 (fax)

Members:

Bob Baer  
Totem Realty, Inc  
724 E 15th Avenue  
Anchorage, AK 99501  
272-0571 (wk)  
274-9616 (fax)

Mark Kulstad  
Landmark Realty  
2509 Fairbanks  
Anchorage, AK 99503  
278-1133 (wk)  
278-8995 (FAX)

Mike Schultz  
HC62 Box 5400  
Delta Junction, AK 99737  
895-4368

Carroll Livingston  
3296 Vassar Drive  
Anchorage, AK 99508  
274-0784 (wk)

Paul Huppert  
P.O. Box 969  
Palmer, AK 99645  
745-3875  
745-  
684-1179 (fax)

Ron Sexton  
P.O. Box 882  
Soldotna, AK 99669  
262-4177  
262-9242 (wk)

Bob Havemeister  
P.O. Box 2349  
Palmer, AK 99645  
745-2040

Dave Wright  
HC01 Box 6495  
Palmer, AK 99645  
745-4944

## TASK FORCE MEETINGS

January 8 - 1:00 p.m.	Palmer - Division of Agriculture conference room
6:00 p.m.	Susitna Valley - H&H Cafe, Talkeetna Highway Trapper's Creek, Willow, and surrounding areas (meals are available)
January 11 8:00 a.m.	Kodiak - Buskin River Inn
3:00 p.m.	Ninilchik, Homer and all surrounding areas Ninilchik Fairground Building
January 21 1:00 p.m.	Delta Junction - Library Conference Room
MARCH 10 (tentative)	Fairbanks
February 12 10:00 a.m.	Full Task Force - Anchorage location undetermined

## FORESTRY ISSUES

### Forest Practices

The final draft regulation package was reviewed by the Board of Forestry, after which the Division made several changes to the draft. The final document was forwarded to Commissioner Heinze for his review and approval. The Department of Law next will review the package. The draft regulations went through several iterations of public review and Division modification. While not perfect, the package is vastly improved over the initial public draft. Water Quality regulations are being drafted by DEC in a companion process. Their regulations will be included to finalize the package before it goes to the Department of Law.

### Fire Suppression

The Division of Forestry spends an average of \$8 million to \$11 million per year in the wildfire suppression budget component. The annual appropriation averages between \$2 million and \$4 million per year. The shortfall is made up by engaging the disaster relief fund under AS 26.23.300. But this draws down the balance of that fund. Fire suppression funds can also be made available through disaster financing provisions under AS 26.23.050, but that causes delays and excessive paperwork. The Department proposes statutory changes to allow the Commissioner to use for fire suppression during a fiscal year, appropriations expected to lapse at the end of that fiscal year. Appropriate safeguards will be built into the bill.

### The Spruce Bark Beetle

The 1991 legislature authorized the Division to spend \$450,000 to begin a "Forest Health Initiative". The Initiative targets the Kenai Peninsula and the spruce bark beetle as the first project. Public process is emphasized. The Division has a full time person assigned to the project and has formed a work group with involvement from multiple interested parties and agencies. By end March, the Division expects to have developed major direction. The Division will use the Kenai Peninsula project as a model for other forest health problems throughout the state.

## MINING ISSUES

### Mining Reclamation

The reclamation act (AS 27.19) requires reclamation of all mining operations in the State. It went into effect on October 15th, 1991. DNR has sent reclamation regulations to the Department of Law for adoption, but it is not expected that the regulations will become law for several more months. However, the regulations are not necessary for the act to be implemented. A state bond pool has been set up within the Department. The Division is accepting reclamation bonds and receiving and processing reclamation plan applications. Even though the Department is phasing in reclamation plan approval for operations on private lands, most mining operators on private lands have given us notice that they intend to submit reclamation plans and will obtain the reclamation bonds as necessary.

## MENTAL HEALTH TRUST RECONSTITUTION

Legislation enacted last year (Chapter 66, SLA 91) provided the basis for the reconstitution of the Mental Health Trust. This legislation will resolve longstanding problems of land ownership of importance to the public and the state. The Department of Natural Resources has been actively involved in carrying out the provisions of this legislation with the involvement of the plaintiffs representing the mental health constituency groups.

Settlement Agreement. Under the provisions of the enacting legislation, both parties must agree to a Settlement Agreement that must be approved by the court to dismiss the Weiss v. State litigation. This agreement will be submitted to the court later this month. Although not yet final, some of the main provisions of the Agreement include:

1. Common Data Base and Information System. A detailed description of the information to be developed by the department and the plaintiffs, and the provision for a share, equal access information system.

2. Identification of Title Encumbrances. A detailed definition of encumbrances to title; this information is critical to the determination of whether original trust land is conveyable or non-conveyable.

3. Exchange of Land and Mineral Estates. The understanding that exchanges of land can include the surface and subsurface estate, and that such exchanges should be based on comparable characteristics as well as value.

4. Expediting of Land Exchange Process. The ability to expedite the land exchange process (500,000 acres of non-conveyable land and an equivalent acreage of replacement land) through the "aggregation" or generalized grouping of similar parcels.

5. Land Exchange Process. A clear, description of how "land exchanges" would occur and the respective roles of the parties in this process.

6. Release of Land from Hypothecated List. The identification of a process to release land on the Hypothecated List as land exchange occur.

7. Interim Land Management Standards. The establishment of interim management procedures for original mental health, hypothecated, and proposed replacement land.

Mental Health Project. The department has established the Mental Health Project and has begun implementing portions of the 1991 legislation we are responsible for. We must identify all encumbered, non-conveyable land (500,000 acres) and all unencumbered land (500,000 acres) of the Original Mental Health Trust and then identify the value and characteristics of the non-conveyable land. The department is also beginning to determine the value and characteristics of the land proposed by the plaintiffs for exchange. All conveyable parcels will be returned by the department to the Mental Health Trust as soon as the court approves the legislation and settlement agreement early this year.

Since July, 1991, the department has:

1. Settlement Agreement. Participated in the writing and adoption of a Settlement Agreement with the plaintiffs.
2. Administrative Support. Established a Mental Health Settlement Unit within the Division of Land consisting of land title, audit, surveys, appraisal and personnel.
3. Hypothecated Lands List. Developed a detailed listing and description of the land on the Hypothecated Lands List.
4. Title Review Process. Established a title review process for all Mental Health Trust properties, and have begun identifying non-conveyable parcels, beginning in Southeast Alaska.
5. Implementation Plan. Developed a detailed Implementation Plan to guide the research, information system, and land exchange processes of trust reconstitution.
6. Maps of Conveyable/Non-conveyable Tracts. We are preparing maps depicting conveyable and non-conveyable tracts of original mental health trust land at the township scale and developed acreage summaries of this information at the community level.

## In Brief:



Alaska Department of  
**NATURAL  
RESOURCES**

Division of Land • October, 1991

# Return of Municipal Entitlement Land to the Mental Health Trust

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**Background:** The Alaska Legislature has enacted a proposed settlement to the Mental Health Trust Land litigation under SB 65; Ch. 66, SLA, 1991. This law will not become effective until it is approved by the Alaska Superior Court. Under the proposed settlement, original Mental Health Trust Land that has been conveyed or approved for conveyance to municipalities/boroughs may remain with the municipality/borough and need not be returned to the trust.

Part of the settlement is to reconstitute as much of the original one million acres of Mental Health Trust Land as possible. Some municipalities/boroughs have expressed an interest in returning some of the original Mental Health Land they have received. The following information is provided for guidance in returning these lands to the State of Alaska, Department of Natural Resources (DNR).

### **In what situations should a municipality/borough return original Mental Health Trust Land to DNR?**

A municipality/borough must first determine if there is sufficient available State land (as defined in AS 29.65.130) within the boundary of the municipality/borough to compensate for the acreage entitlement if it returns original Mental Health Trust Land to DNR. In that determination it must be remembered original Mental Health Trust Land selected by, but not approved for conveyance to a municipality/borough will be returned to the Trust without any action by the municipality/borough.

### **What other criteria must be met to return original Mental Health Trust Land to DNR?**

- The municipality/borough has not created any third-party rights which would result in a fee title interest on the parcel to be returned. If these rights have been created, the third-party parcels must be excluded by survey before the Mental Health parcel is returned to DNR and the acreage of these third-party rights will remain charged against the municipality's/borough's entitlement.
- If the municipality/borough has created leases on parcels to be returned, report these leased parcels to DNR and DNR will contact the plaintiffs or the Alaska Mental Health Trust Authority (AMHTA) to determine if they want the land subject to the lease.
- If the municipality/borough has created rights of way or easements through the action of the platting authority on parcels proposed to be returned, these parcels will be subject to negotiation with the AMHTA or the plaintiffs prior to DNR acceptance.
- Parcels that have been *approved for conveyance* by DNR, and not yet patented, must be returned to DNR by Quitclaim Deed (QCD). The QCD must use a surveyed legal description or a metes and bounds legal description approved by DNR, Division of Land. If the final decision approving land for conveyance has been recorded, a citation of the recording office, book and page numbers and recording date must be included in the QCD. If the final decision has not been recorded, the municipality/borough must record the decision first and use the citations described above in the QCD to DNR.
- The municipality/borough will convey a *patented parcel* to the DNR by a QCD using a surveyed description or a metes and bounds description approved by the DNR, Division of Land. The QCD must cite the recording office, book and page numbers and recording date of the patent.

- In lieu of title insurance, which is costly, DNR will accept a Certificate of Title stating the municipality/borough has created no third-party right not identified in the conveyance document. The Certificate of Title will be signed by an authorized officer of the municipality/borough. If the municipality/borough prefers to purchase title insurance, DNR will consider this an adequate alternative.
- Each QCD must be accompanied by a copy of a resolution of the municipal/borough assembly agreeing to the conveyance of the original Mental Health Trust Land.

**How will the municipality/borough receive credit for the conveyed land?**

Upon acceptance of the conveyance document by DNR, the appropriate Regional Office will notify the municipality/borough that under the application (ADL file) originally filed for the parcel conveyed, the municipality/borough now has a credit of  $x$  acres on the acreage entitlement. Or the original application (ADL file) has been reopened and the municipality/borough now has a credit of  $x$  acres on the acreage entitlement.

**What will happen to the original Mental Health Trust Land conveyed to DNR?**

When the QCD is accepted by DNR the land will be considered as unencumbered Mental Health Trust Land and will be reconstituted to the Trust.

**What is the timeframe to convey original Mental Health Trust Land back to DNR?**

DNR would like to know which lands the municipalities/boroughs are interested in conveying as soon as possible. No QCD will be accepted until after the Alaska Superior Court has ruled on the acceptance of Ch. 66, SLA 1991 as the settlement of *Weiss v. State of Alaska*.

If you need further information, please contact Bruce Phelps, Mental Health Trust Land Project Manager at 762-2316, or Dennis Daigger, Municipal Entitlement Project Manager at 762-2660.

## Fact sheet:

# MENTAL HEALTH LAND SETTLEMENT



Alaska Department of  
**NATURAL  
RESOURCES**

Division of Land • August, 1991

On June 19, 1991, Governor Hickel signed Senate Bill 65 into law. This law, known as the Alaska Mental Health Trust Settlement Act, proposes a settlement of Weiss v. State of Alaska for the plaintiffs and court to accept. The settlement would reconstitute the mental health land trust created by the Alaska Mental Health Enabling Act of 1956.

**Background:** Prior to statehood, Alaska was granted title to one million acres of federal land to generate revenue to support Alaska's mental health programs. Over the next ten years, land with high income-producing potential was selected to fulfill this trust entitlement. The original trust lands included coal and mineral deposits, commercial forests and agricultural areas. Additional land was selected in and around existing communities to allow growth and to return income to the trust.

As Alaska's population increased, some Alaskans wanted certain of these lands for non-income-producing activities such as parks, municipal expansion and public facilities. In 1978, the legislature waived the trust status of mental health trust land, and redesignated it as general statehood grant land. In return, the legislature was to appropriate 1.5 percent of all income from state lands to the Mental Health Trust Fund.

No appropriation was made, and in 1982, mental health advocates sued the state (Weiss v. State of Alaska, 4FA-82-2208 Civ.). The suit went to the Alaska Superior and Supreme Courts over the next few years. The Supreme Court ruled in favor of the plaintiffs and ordered the state to "reconstitute, as nearly as possible the holdings which comprised the trust when the 1978 law became effective." The 1990 legislature passed a bill providing a revenue stream to the trust. The plaintiffs considered this only a partial solution and, at their request, in July 1990, the court placed an injunction on all activities and conveyances of title to the original mental health trust land.

It was against this background that SB 65 was crafted by the Hickel administration, the plaintiffs' attorneys, and the 1991 legislature.

The Mental Health Trust Lands Settlement Act establishes an independent Mental Health Trust Authority made up of financial managers appointed by the Governor (after considering nominations by groups representing beneficiaries of the trust) to manage the assets of the trust. It reconstitutes the land trust with all unencumbered land from the original mental health trust and provides replacement land through an exchange process for land conveyed out of the trust. While the Mental Health Trust Lands Settlement Act has become law (Ch. 66, SLA 1991), it is not yet in effect. It will only become effective upon dismissal of Weiss v. State by the Superior Court and the expiration of the time for appeal. Although many questions remain about how the Act will be implemented, this fact sheet gives a general description of how the state will fulfill its obligation to reconstitute the mental health trust.

### ***What lands are available for transfer to the trust?***

The Act establishes three categories of lands that can be returned to the trust: (1) certain **original mental health lands**; (2) other state lands to be conveyed to the trust in exchange for original mental health lands not returned to the trust; and (3) "**hypothecated lands**"--lands held as security--that can be transferred to the trust if the state does not make the trust whole within the time specified under the Act.

### ***How much of the original mental health land is available to return to the trust?***

More than half of the original one-million acres is available for return to the trust. Land without permits or leases, land leased for oil and gas or coal development, land with current timber contracts, rights-of-way, and

land with other encumbrances acceptable to the plaintiffs will be returned to the trust. Land selected under the Municipal Entitlement Act but not yet conveyed will or formally approved for conveyance also return to the trust.

***What original mental health land will not be returned to the trust?***

Under the Act, land sold to individuals, transferred to a municipality under the Municipal Entitlement Act, and land within legislative designations such as parks and refuges will not be returned to the trust. However, the legislation requires that the original mental health land now within the Haines and Tanana State Forests be returned to the trust. In addition, some lands with long-term use authorizations not specifically listed in the bill are being reviewed by the plaintiffs to see if they are acceptable to be returned to the trust.

***What state land is being considered for exchange?***

The potential exchange land parcels will be chosen on the basis of similarity to the original trust lands. These parcels should be as similar as possible in character (including terrain, use, location, income and development potential, and accessibility) to the land not being returned to the trust. The land will be exchanged on an equal value basis. The exchanges will be negotiated solely between the commissioner and the plaintiffs in the lawsuit. State tide and submerged land, land within legislative designations and School Trust Lands are not available for exchange.

***When will the trust be reconstituted?***

The Act specifies that the reconstitution process be completed by December 1, 1994.

***What is the Hypothecated Lands List and what is its purpose?***

"Lands Hypothecated to the Mental Health Trust, May 1991" in the Act, is a pool of land pledged to the trust without transferring possession or title, and works as security for the land compensation to the trust. If the state does not complete the exchange process by the time specified in the Act, the plaintiffs can have the court "foreclose" appropriate

land from the hypothecated lands list and transfer it to the trust.

Department of Natural Resources staff worked with the plaintiffs in the Mental Health Land Trust litigation to assemble this land pool. The land on the hypothecated list will either be used as replacement or exchange lands, or released from the list as exchanges are accomplished.

***What lands are on the Hypothecated Lands List?***

As with the exchange lands, the hypothecated land pool is primarily made up of land similar to the original trust land. It includes subdivision lots; large tracts of land such as the Willow Capitol site; land with timber or mineral resources; land designated for settlement in area plans; land with existing commercial leases; and land with mental health facilities such as the Alaska Psychiatric Institute in Anchorage and the Fahrenkamp Center in Fairbanks. The complete Hypothecated Lands List is available for inspection at the Department of Natural Resources offices noted below.

***If a property is on the hypothecated list, what impact will that have on Department of Natural Resources management decisions?***

Although inclusion in the hypothecated list precludes the sale of the parcels, it does not place an injunction on these lands. The department must manage these lands so that their value is not diminished, but this does not preclude development. The department will continue to manage all land in the pool under these guidelines until specific parcels are either conveyed to the trust or released from the list.

***Will unsold lots, access lands and/or public or common lands in state subdivision disposals be put in the pool as exchange lands?***

Unsold subdivision lots which would otherwise be available for sale "over-the-counter" will be available as exchange land. Not available will be rights-of-way and public or common land which are considered part of the subdivision.

***Does the state have sufficient land to reconstitute the trust on a comparable character and equal-value basis, and still meet the other land needs of the state?***

Yes. The state's vast holdings (85 million acres not including tide and submerged land), which will soon be augmented by the state's final statehood land selections (an additional 20 million acres), should be sufficient to answer all of the state's needs. The state has more than 76 million acres of land currently available for exchange.

***What public notice requirements apply to the transfer of lands into the trust?***

The Commissioner of the Department of Natural Resources must give 30 days public notice in local and statewide newspapers and other methods specified by law. These additional requirements can be found in Alaska Statute 38.05.945 (b) and (c). The purpose of the notice is to announce the pending transfers of original mental health land or to announce the decision of the commissioner and the plaintiffs with respect to exchange land. Public hearings are not contemplated in the Act.

***What factors will be considered in selecting land for exchange?***

The Act specifies that the lands to be exchanged must be of comparable character and equal value. Additional factors to be considered in selecting land for exchange are the resulting diversity of both the trust and state land portfolios, revenue generating potential for the trust, public benefits to both the trust and to the state, and resulting efficiencies of land management. The actual process for these considerations has not yet been determined, but there will be a reviewable administrative record.

***Does the commissioner have to reclassify lands or amend land-use plans in order to convey land to the trust?***

No. Land-use plans will eventually be amended to reflect the change in land status. When lands currently covered by land-use plans are conveyed to the trust, the lands are exempt from the area plan provisions.

***After land is transferred to the Trust, what public notice requirements will apply to decisions made by the Alaska Mental Health Trust Authority?***

The Trust Authority must give 30 days notice in statewide and local newspapers and by other methods specified in the law before taking an action. These additional requirements can be found in Alaska Statute 38.05.945 (b) and (c).

***Do multiple use requirements on state lands apply to management of the trust?***

No. The purpose of the trust is to generate revenue to meet the expenses of its beneficiaries.

***For more information, or to review the complete Hypothecated Lands List, contact one of the DNR offices listed below:***

Department of Natural Resources  
Division of Land

Southcentral Regional Office  
3601 C Street, Suite 1080  
P.O. Box 107005  
Anchorage, AK 99510-7005  
(907) 762-2492

Southeast Regional Office  
400 Willoughby Avenue, 4th Floor  
Juneau, AK 99801  
(907) 465-3400

Northern Regional Office  
3700 Airport Way  
Fairbanks, AK 99709  
(907) 451-2700

## MENTAL HEALTH LAND

### *The Mental Health Enabling Act*

In 1956, the U.S. Congress granted the Territory of Alaska one million acres of land to be used first to fund mental health programs. Any funds left over could be used for other public purposes at the discretion of the legislature.

Land was selected under the Mental Health Enabling Act between 1956 and 1966<sup>1</sup>, and included areas along transportation routes and near the state's population centers. Mental health lands were managed by the state as trust land, and, in 1976, the Mental Health Trust Board was established to provide oversight.

Under the enabling act, mental health land could be sold. By 1978, 19,800 acres had been sold to individuals. Income received from mental health land and resources was placed in a separate account within the general fund. As the state's population grew, so did pressure to use these lands for purposes that might produce little or no revenue. Among those uses were municipal expansion, public facilities, utilities, recreation and charitable activities.

### *Redesignation and Litigation*

In 1978, the legislature redesignated the mental health land as general statehood grant land to be managed similar to other state land. In return, the legislature was to annually appropriate 1.5 percent of the state's annual income from land and resources to the mental health trust. However, the legislature did not appropriate the money,<sup>2</sup> and on November 26, 1982, a class action law suit was filed in Superior Court on behalf of several mental health beneficiaries (Weiss v. State of Alaska).

In 1984, the Superior Court directed the state to pay the trust for the mental health land redesignated as general statehood grant land in 1978. In order to value that land, the state produced an accounting of mental health land and assembled a panel of three appraisers to assign a 1978 value to the redesignated lands.<sup>3</sup>

The Superior Court decision was appealed to the Alaska Supreme Court and, on October 4, 1985 that court invalidated the 1978 redesignation.

The court required the state to restore the mental health land holdings as much as possible to their pre-1978 status and to compensate the trust for the value of the land already conveyed, minus prior state expenditures made for mental health programs<sup>4</sup>. The Supreme Court decision also returned the case to the Superior Court so that the remaining issues could be decided. As a result, income from mental health land transactions again began to flow into a specially designated mental health trust account within the state's general fund. In addition, the Department of Natural Resources adopted safeguards to prevent further diminution of the trust (Department Order 121); appointed an Interim Mental Health Trust Officer; and audited mental health land status as of the 1985 court decision.<sup>5</sup>

### *Legislative Action*

In 1986, the legislature passed two bills affecting mental health land. The bills established two bodies: a five-member Interim Mental Health Trust Commission to oversee management of mental health trust land and to develop recommendations for legislation relating to those lands and mental health programs of the state; and a Joint Special Committee on Mental Health Trust Land to hold public hearings and develop a proposal to resolve the mental health trust litigation, particularly from the aspect of annual funding levels for mental health programs.

Based upon the recommendations of the Commission and the Committee, the 1987 legislature passed a bill initiating a mechanism for settlement. A three-member Interim Mental Health Trust Commission was established and charged with approving procedures for the Department of Natural Resources' commissioner to use to determine the fair-market-value of mental health land as of September 7, 1987 (the effective date of the bill); selecting land within legislative designations to equal the value of the original mental health land granted to the state; and continuing oversight of mental health land management. The framers of the bill envisioned a designation "switch," that would release existing mental land from trust status, and replace it with land within legislative designations, such as parks and refuges. The designated land would then be

leased from the trust at eight percent of its value. The proposal would secure the trust with land already removed from the Public Domain, and provide income to the trust through rental of the land. The 1987 bill also established a separate board to consider state mental health needs and funding levels.

### *Valuation*

In 1988, the commission contracted with nine independent fee appraisers to determine the fair-market-value of the surface estate of mental health land. The appraisers set that value at \$511.9 million. However, attorneys for the plaintiffs and intervenors disagreed and hired their own review appraisers. These review appraisers, operating under the direction to determine "the highest value supported by market data" concluded that the surface estate was worth \$833.3 million.

The commission initially decided that there were insufficient data to establish a sub-surface value. Instead, lands with mineral potential were to be replaced with land of similar potential. However, the attorneys for the plaintiffs and intervenors hired a consultant who established a sub-surface value of \$1.5 billion. This value was challenged by several independent experts who concluded that it was not fair-market-value and could not be supported.

In December, 1989, the commission adopted a value of \$2.23 billion for all mental health land. A minority report was prepared by the department establishing the fair-market-value of mental health land at \$564 million. The Commissioner of Natural Resources disagreed with both values, stating that they did not reflect the fair-market-value required by the legislation, and declared an impasse.

### *1990 Actions*

In the 1990 legislative session, several alternatives were proposed to resolve this issue. A bill was introduced removing the fair-market-value requirement from the 1987 legislation, adopting the commission's \$2.23 billion figure and providing for a periodic land revaluation index

based on municipal land assessments. This value would then be the basis for future mental health program expenditures. However, many legislators opposed this approach because it would cause the mental health revenue account to exceed the entire state general fund within a relatively short time-frame.

The 1990 legislature eventually passed SB 493 allocating up to six percent of the state's annual unrestricted general fund revenue to the mental health income account, and redesignating over nine million acres of legislatively designated land as mental health land to secure the trust. In return, the original mental health trust land was redesignated to general state land status. The legislature remains responsible for determining mental health program expenditure levels. However, mental health advocates did not support the bill.

On July 9, 1990, the Superior Court granted a temporary injunction preventing the state from taking any further action on mental health land. On September 7, 10, and 11, attorneys for the mental health litigants filed a Notice of Lis Pendens on the million acres of mental health land. The notice warns people that the title to the property is in litigation, and that they are in danger of being affected by an adverse judgement. This notice is affecting many private transactions as Alaskans attempt to sell their properties, or use them as collateral.

The state petitioned the court to mitigate the effects on third party owners of mental health land and allow the state to issue patent for land that has been paid for. The court refused, however, stating that the plaintiffs "would be within their rights to litigate the issue of third-party rights." Still pending is a motion by the state for declaratory judgement to determine whether the plaintiffs are entitled only to monetary compensation for the prior transfer of mental health land to third parties.

Another outstanding issue yet to be addressed by the court is whether the 1990 legislation complies with the 1985 Supreme Court Weiss decision.

## *Endnotes*

1. State records show that 1,005,843.38 acres of mental health land have been received by the state under the mental health grant. The state is involved in a survey recalculation project to rectify this apparent over-conveyance.
2. The 1.5% appropriation would have amounted to approximately \$71 million by the end of FY 82; it would have grown to \$147 million by the 1985 Supreme Court decision.
3. The 1978 value of mental health land in state ownership as of the redesignation in 1978 was established under this process as \$281,997,805. Brought forward to July, 1985 at 10.5% settlement interest, the total was estimated at \$567,259,354.
4. Total income for mental health land from 1959-1977 was \$25,110,430. State mental health expenditures during this same period were \$115,364,054 with an additional \$16,430,771 being spent on alcohol and drug abuse programs.
5. 1985 mental health land status:

### Mental Health Land no longer in state ownership

The following conveyances were not disputed by mental health plaintiffs in 1985:  
46,000 acres were sold to individuals  
5,000 acres were condemned for the Chena River Lakes flood control project.  
(Total remaining mental health land: 949,000 acres)

The following conveyances were disputed by the mental health plaintiffs:

43,000 acres conveyed to municipalities  
\*36,000 acres were conveyed to Native corporations  
\*3,000 acres were conveyed to the University of Alaska  
(Total remaining mental health land: 867,000 acres)  
\*These conveyances were made under litigation settlement agreements and land exchanges.

### Encumbrances

368,000 acres were legislatively designated for parks, etc.  
6,685 acres were under land lease  
54,600 acres were under coal lease  
131,900 were under oil & gas lease  
4,500 acres were covered by inter-agency land management assignments or transfers  
(e.g. for state facilities)  
1,900 acres were covered by material sales  
28,000 acres supported timber sales  
62,000 acres were covered by state mining claims

## **Department of Natural Resources**

### **State Land Selection Briefing House Resources Committee - January 1992**

*The following is an outline of the state land selection issues described in greater detail in the attached pages.*

**I. Issue: Outstanding Statehood Land Entitlement to Select.** Before 1994, the State of Alaska must select at least 8 million acres from federal public domain land. We are also re-evaluating 10 million acres of existing selections. DNR is well into the first year of a two-and-a-half year process that will finalize our land selections. The deadline for filing land selections is January 2, 1994.

**II. Issue: Problems with Federal Transfer of Land the state has already selected.** The state has selected millions of acres of high value land that cannot be conveyed due to conflicting land claims and federal administrative withdrawals. We are working to reduce conflicting selections and to get the federal government to revoke withdrawals.

**III. Background - Where We Are Today.** The state has received title to over 85 million acres.

**IV. History of State Land Selections.** The Statehood Act, as amended by ANILCA, gave us 35 years to select our land. We are now in the 34th year of this process.

**V. Portfolio of Existing State Land**

**I. Issue: Outstanding Statehood Land Entitlement To Select.** *Before 1994, the State of Alaska must select at least 8 million acres from BLM's public domain land. The state will also re-evaluate 10 million acres of existing selections.*

The Alaska Statehood Act guaranteed the state a land entitlement of 104.5 million acres. Congress intended that these land grants provide the basis for future economic and resource development, eventually making the state independent of federal support and assistance. To date, the state has received title (patent or tentative approval) to 85.9 million acres.

The state will receive an additional 19 million acres from the federal government. Under the Alaska National Interest Lands Conservation Act (ANILCA), the state is allowed to select 25% more land than its outstanding entitlement. The deadline for filing selections is January 3, 1994. Prior to 1994, the state must have filed almost 25 million acres of selections. The state will re-evaluate about 10 million acres of existing selections to determine which to keep and which to relinquish. The state must also prioritize existing selections. Some existing selections may be relinquished so the state can select higher value land elsewhere. Several million acres of state selections will not be transferred to the state because they will be conveyed to Alaska Native Claims Settlement Act (ANCSA) corporations or are within federal military reservations.

### *What We Are Doing*

#### **General Grant Land Selection Project**

DNR, with help from other agencies, is in the midst of a statewide land selection project to complete the state's land entitlement. This project will also result in prioritization of state's remaining land entitlements, which include the General Grant, Community Grant, and School Grant. The project will be completed by 1993. Major components of the project are:

- ▶ Gather the public's knowledge and opinion of land to select
- ▶ Evaluation and exploration of subsurface resource values on available land
- ▶ Identification and field evaluation of potential transportation corridors
- ▶ Evaluation of surface resources on BLM land available for selection
- ▶ Automate land status maps
- ▶ Audit and automate more of the state's land title records

#### **Some Highlights of our work in the Past Year:**

##### **Gather the public's knowledge and opinion of land to select**

- ▶ Identified the 51 million acres of BLM land that is available for selection, divided these into 36 evaluation units
- ▶ Prepared draft report that summarizes known resource values of evaluation units. This report and a map will be available for public review later this winter
- ▶ Established an inter-agency selections team and a selection steering committee that is chaired by the Commissioner, coordinates the overall selections project
- ▶ Met with numerous groups to explain the state selection project

### **Evaluation and exploration of subsurface resource values on available land**

- ▶ Compiled existing data on sub-surface resources
- ▶ Contacted over 80 representatives of the mineral industry to get resource data
- ▶ Met with oil industry and USGS to review unpublished oil and gas data
- ▶ Conducted massive field effort to gather new data in 16 of the evaluation units. The primary resource values on federal land that is still available for selection are sub-surface, wildlife, and transportation
- ▶ Entered preliminary mineral data into GIS

### **Identification and Field Evaluation of potential transportation corridors**

- ▶ Identified 10-14 potential trunk transportation corridors for selection, as well as a numerous linkages to these corridors
- ▶ Established a private sector transportation steering committee with representatives of transportation, oil and gas, minerals, and other groups
- ▶ Entered existing transportation data into the GIS, including map of RS 2477 trails and waterbodies
- ▶ From both existing sources and field work, identified construction material sources in potential corridors

### **Evaluation of surface resources on land available for selection**

- ▶ Compiled report on existing data on surface resources
- ▶ Field investigation of certain recreation, forestry, public use, and wildlife areas

### **Automate land status maps**

- ▶ Gathered information from state and federal land records to create the first statewide computerized land records system (Geographic Information System - GIS) and records have required extensive editing, but the end product will be the most accurate and easy to update land status records for the state.
- ▶ Prepared GIS maps of state selection history, state and federal conservation system lands, ANCSA corporation land, water resources, and other resources.

### **Audit and automate the state's land title records**

- ▶ Hired and trained new staff who audited over 500 of the 5300 General Grant land selection files. The audit revealed that we can select a net increase of 300,000 acres.
- ▶ Worked on automation of state title records
- ▶ Worked with BLM to establish a system for automatic transfer of state land selections

### ***What Is Next in The Process?***

During the next year, we will be gathering additional resource data and getting both public knowledge and preferences for selections. Public comment will take place in late Winter and Spring 1992. The selections team and steering committee will review all this information and make selection decisions in 1993. Selection documents will be prepared and filed by late 1993.

The following are highlights of our activity in the next year.

#### **Gather the public's knowledge and opinion of land to select**

- ▶ Meet with communities, Native corporations, interest groups and others around the state to gather additional knowledge and public preferences for selection
- ▶ Coordinate with inter-agency selections team and a selection steering committee that is chaired by the Commissioner to identify proposed selections

#### **Evaluation and exploration of subsurface resource values on available land**

- ▶ Continue field effort to gather new data for remainder of the evaluation units.
- ▶ Map subsurface resources on available land
- ▶ Evaluate mineral potential of available land

#### **Identification and Field Evaluation of potential transportation corridors**

- ▶ Refine potential trunk transportation corridors for selection, as well as a numerous linkages to these corridors
- ▶ Enter potential transportation corridors into the GIS, refine map of RS 2477 trails
- ▶ Identify methods to establish and protect potential corridors through non-state land

#### **Evaluation of surface resources on land available for selection**

- ▶ Identify land suitable for selection under the Community grant (land for community development or community recreation)
- ▶ Map surface resources on available land

#### **Automate land status maps**

- ▶ Continue to edit the statewide computerized land status maps (Geographic Information System - GIS)

#### **Audit and automate the state's land title records**

- ▶ Continue to audit the 5300 General Grant land selection files.
- ▶ Complete automation of state title records
- ▶ Establish a system for automatic transfer of state land selections

#### ***What Standards Are Used To Make State Selections?***

Overall, the land should give the maximum public benefit. The state looks for the following qualities in its selections:

- ▶ Areas where people and economic activity are or could be located
- ▶ Public benefits
- ▶ Oil and gas, mineral, material, or coal potential
- ▶ Commercial forest potential
- ▶ Transportation routes

- ▶ Accessibility: land that ensures access to and between state land and major transportation and service centers
- ▶ Agriculture or grazing potential
- ▶ Strategic parcels with habitat, recreation, or tourism potential
- ▶ Land management efficiency
- ▶ Land quality: select land with multiple rather than single resource values

Most land with commercial forest, intensive public recreation, agriculture, and settlement potential is already either state owned, privately owned or in a federal Conservation system unit. Therefore, the focus of this selection effort will be oil and gas, mineral, and transportation resources.

### *What Land Is Being Evaluated?*

Approximately 51.5 million acres of BLM public domain land is being reviewed, including:

- ▶ Southcentral and Southeast: land near the Denali Highway, the Tielke block between Valdez and Copper Center, Haines, and Yakataga glaciers;
- ▶ Northcentral: Trans-Alaska Pipeline Utility Corridor, land between Chicken and Yukon-Charley Rivers National Park, old Nike Range near Fairbanks, land east and south of Nowitna Wildlife Refuge, Ray Mountains/Tozitna River, land north, east, and south of Koyukuk National Wildlife Refuge (Hogatza and Dulbi rivers);
- ▶ Southwest: land between Lime Village and McGrath, land west of the Innoko and Koyukuk National Wildlife Refuges;
- ▶ Northwest: Squirrel River drainage, Bendeleben Mountains, land west of Koyukuk National Wildlife Refuge.

## **II. Issue: Problems With Federal Transfer Of Land The State Has Already Selected.** *The state has selected millions of acres of high value acreage that cannot be conveyed due to conflicting land claims and federal withdrawals.*

### *Conflicting Selections*

Over 9 million acres of the state's existing land selections are also selected by Alaska Native Claims Settlement Act (ANCSA) Corporations. Some of these ANCSA selections have priority over the state's selections and will eventually be conveyed to the corporations. Many other ANCSA selections are invalid or exceed the corporations' entitlement. We estimate that between 3 million and 8 million acres of these conflicting selections will be conveyed to the state. The state selections in conflict with ANCSA selections are near communities and are some of the best land currently under state selection. Final resolution of these conflicts may take decades, as the ANCSA entitlements will not be settled until all lands are surveyed. We will meet with affected corporations to get their agreement to reduce the overselection problem. Because there is no limit on the amount of overselections allowed by ANCSA corporations, a cooperative approach is required.

## *Federal Withdrawals*

The state has filed land selections on millions of acres of federal withdrawals. These federal lands were withdrawn for use by federal agencies, existing and possible future power projects, for military reservations and other purposes.

Lands withdrawn for federal purposes are not available for conveyance to the State of Alaska. In many cases, lands that were withdrawn for use by federal agencies for administrative sites, communication facilities, and military stations are no longer used by the federal agencies. In order to make the land available for selection, the BLM is required by law to follow a complicated and time-consuming process.

Most of the hydroelectric power withdrawals are obsolete or cover land where the state is building or plans to build a power project. These withdrawals could be revoked and the land conveyed to the state.

Federal withdrawals for military reservations are likely to remain in effect for many years. However, these withdrawals cover some of the finest real estate in Alaska (such as Fort Richardson). Keeping state selections on these areas on speculation that they may be available could be a worthwhile use of the state's entitlement.

In accordance with Section 906(e) of ANILCA, the state also may file a future application on lands that are not available for selection, such as lands in federal withdrawals. These state filings are counted against the 125 percent limitation until the BLM either denies or rejects the application. If the lands should ever become available for selection, the state's filing automatically falls into place. In time, however, most of these withdrawn lands should be conveyed to the state.

### III. Background - Where We Are Today

**Total Statehood Entitlement: 105.3 Million Acres**

#### Statehood Grants

General grant: 102,550,000 acres  
Community grant: 400,000 acres  
National Forest grant: 400,000 acres\*

#### Territorial Grants

Mental Health: 1,000,000 acres\*  
University: 100,000 acres\*  
\*\* School (rounded): 104,000 acres\*  
\*\* University-Tanana (rounded): 11,000 acres\*

#### Other Grants

ANILCA School Lands: 75,000 acres  
Cook Inlet Land Exchange  
(net, rounded): 691,000 acres\*  
Other (rounded): 1,000 acres\*

\* these grants are largely filled

\*\* in place grants

**Conveyed: 84.9 Million Acres**

\* patented: 35.1 million acres  
\* tentatively approved (ta'd): 49.8 million acres  
\* also received by right at statehood: all tidelands, submerged lands and shorelands

**Remaining Entitlement: 20.7 Million Acres**

**Allowed to Select: 25.8 Million Acres**

- Allowed to select 125% of remaining entitlement.

**Pending Selections: 24.7 Million Acres**

- Approximately 9 million of this is selected by both the state and the ANCSA corporations; we estimate that 4 to 5 million acres of these lands will be conveyed to the state; these 9 million acres are often near communities or have high mineral or recreation values.

- Includes several million acres of federal withdrawals, including military bases and other withdrawals; we estimate that about 2 to 3 million acres of withdrawn land may never be conveyed to the state.

**Need to Select:**

**Approximately 8.1 Million Acres**

- 5 million acres to replace the 5 million dual selected acres that will probably be conveyed to ANCSA corporations.
- 2 million to replace the federal withdrawals that are not likely to be conveyed to us.
- 1.1 million to reach our allowed selection total.

**Available Federal Land:**

**Approximately 51.5 Million Acres**

- This is unreserved federal land managed by BLM (yellow areas on map).

## **IV. How We Got Here: History of State Selections**

### **1959 - 1966 Early Selections**

- Selected 17.4 million acres, an average of a little over 2 million acres/year.
- Small and carefully calculated; directed toward land that had immediate resource value or was surveyed.
- Included land around Fairbanks, Chena Hot Springs, Delta Junction, the Susitna and Matanuska Valleys, McCarthy, the Kenai Peninsula, Haines, and the North Slope (including Prudhoe Bay).

### **1966 - 1971 Land Freeze**

- Dec. 1966 Udall initiated a "freeze" on transfer of federal lands to allow time to sort out Native claims and protests of state selections.
- Selected about 8.5 million acres.
- Concentrated on areas believed to have oil and gas potential and areas lying outside areas of Native claims: more on the North Slope, in Copper River Basin, and the Alaska Peninsula.

### **1972 - 1980 After ANCSA**

- The Native claim issue was resolved with the passage of ANCSA on Dec. 18, 1971.
- Section 17(d)(2) of ANCSA directed the Secretary of Interior to withdraw up to 80 million acres suitable for additions to federal conservation system units.
- The state immediately selected 77.1 million acres in an attempt to preempt federal land withdrawals (early 1972); state and Dept. of Interior later negotiated an agreement that validated 41 million acres of these selections and dropped the other 36 million (September, 1972).
- Native corporations' selection period expired in September 1976. Within the next six months, the state selected 3.6 million acres of land from the pool that had been set aside for Native selections.
- State selected another 41 million acres in 1978; these lands became known as the "May 15" list and were conveyed to the state via ANILCA (subject to existing withdrawals) in December, 1980.

## 1981 - Present After ANILCA

- 1982: State selected 10.3 million acres from previously withdrawn federal land that became available throughout interior Alaska and on the North Slope.
- 1986: State selected 2.8 million acres in the Pipeline Utility Corridor north of the Yukon River and along the Denali Highway.
- 1989: State selected about 600,000 acres in the Utility Corridor within the North Slope Borough. Also completed the National Forest Community Grant Selections.
- 1984 to present: State asked BLM to focus on quality rather than quantity of conveyances; up to that point, BLM had been conveying large acreages without conflict which were the more remote areas and glaciers; focusing on quality conveyances ensures that the state gets higher quality land but slows down the rate of conveyance because it takes time to resolve the conflicts.

## THE STATE'S PORTFOLIO

The state has received patent or tentative approval to 84.7 million acres of its entitlement, excluding university and mental health land. Shown below are the resource values for this portfolio. There is considerable overlap in the figures because most land has multiple resource values. Percentages and acres are not intended to be totaled. Their function is to show relationships between or among the different resources within the state's portfolio.

Percentage	Acres (million)	Values (1)*
4	3.39	Settlement (2)
≤1	.74	Agriculture (3)
25	20.80	Grazing (4)
7	5.92	Forestry
16	13.23	Public Recreation
26	21.96	Wildlife Habitat
16	13.31	Minerals (5)
28	24.13	Oil & Gas (6)
10	8.50	Coal (7)
27	22.46	General Uses (8)
16	13.50	Low Values (9)

\*Numbers refer to the following notes.

1. The acreage totals for each resource value are based on information taken from Promised Land, state land classification reports 1984-90, completed area plans, Hawley's maps of mineral terranes and coal resources, oil and gas basins mapped by the Division of Oil and Gas (DOG), and the FY 83 Statewide Natural Resources Plan. Certain qualifications apply to many of the categories. Please refer to the notes for details.
2. The state has sold approximately 530,000 acres of settlement land.
3. This does not include approximately 200,000 acres of agricultural land in private ownership, most of which was state land.
4. Grazing land includes 16.65 million acres suitable for reindeer grazing.
5. This estimate is based on known mineral terranes, not on land classifications or designations.
6. This estimate is based on oil and gas basins described by DOG.
7. The state's coal reserves are described in Promised Land.
8. The general uses category includes 31.5 million acres of resource management land classified by AS 38.04.020(c), which required all state land in the unorganized borough to be classified. Subsequently, some of this acreage was reclassified to other categories by area plans. According to the FY 83 Statewide Natural Resources Plan, much of the land outside the boundaries of completed area plans has wildlife habitat value. Some of this land also has forestry and subsurface resources.
9. This estimate is based primarily on designations in completed area plans.

## Title 38 Amendments

In general, the proposed Title 38 changes are designed to remove some obsolete land sale and lease requirements (Director of Lands, draining of agricultural land, etc.), allow flexibility in dealing with "preference rights" while getting fair market value for state land, and allow flexibility in developing more appropriate and less costly to administer programs and procedures for surface land sales and leases.

### Summary of the big changes:

38.04.020 -- deletes land disposal bank report to Legislature and land bank hearings; adds a requirement for a five-year land sale program for subdivision sales; makes requesting funds for survey and land disposal optional instead of mandatory.

38.04.030 -- adds flexibility for developing land sale programs by regulation that meet state and public needs.

38.04.065(e) -- allows the state's final 20 million acre land selection to be automatically classified according to the purposes for which it was selected (as described in the final selection report).

38.05.005, .010, .015, .020, .025 -- eliminates the old and nonexistent Division of Lands.

38.05.027 -- allows DNR to develop agreements with municipalities for operating recorder's offices. AS 44, the recorder's office statute, is amended to match this section.

38.05.035 -- adds in necessary old Division of Lands' powers under Commissioner's powers; simplifies solution of "preference right" type problems while requiring fair market value for "preference right" land. Allows extensions for land sale and lease payments because of situations beyond the control of the applicant.

38.05.065 -- allows flexibility in establishing land payment methods, including payment in full at time of purchase; allows incentives for early payoff of existing contracts.

38.05.066 -- Allows development of a land credit certificate program for work (trails, etc.) DNR wants done on public lands to benefit the public ( copied from existing road statute in Title 19).

38.05.070(b) -- allows leases to be negotiated at no less than fair market value plus other terms and conditions that will benefit the state.

38.05.075 -- allows sealed bid as well as public auction lease

offerings.

38.05.082 -- allows the Commissioner to give a local shore fishery development district (like the old mining districts) the power to determine the most qualified applicant for a shore fishery lease site in the district.

38.05.085 -- deletes language about lease terms and reappraisals, allowing them to be developed as a part of each lease.

38.05.090 -- brings state leases in line with private sector leases by establishing that structures etc. left on state land at the end of a lease term belong to the state, and allowing the state to charge the former lessee for removal and clean-up of structures the state doesn't want.

38.05.105 and .840 -- allows periodic adjustment of lease rentals and allows lease rents to be established via a percentage of appraisal or by a fee schedule.

38.05.855(d) -- allows flexibility to hold or not hold a public hearing for the preliminary finding on a proposed mariculture site.

38.07.010 - .060 -- repeals obsolete language relating to clearing and draining of agricultural land.

38.35.140(b) -- allows the state to be reimbursed for operation, maintenance and termination of the TAPS.

Sec. 31 -- Clears up a glitch in the 1991 veteran's land discount bill.

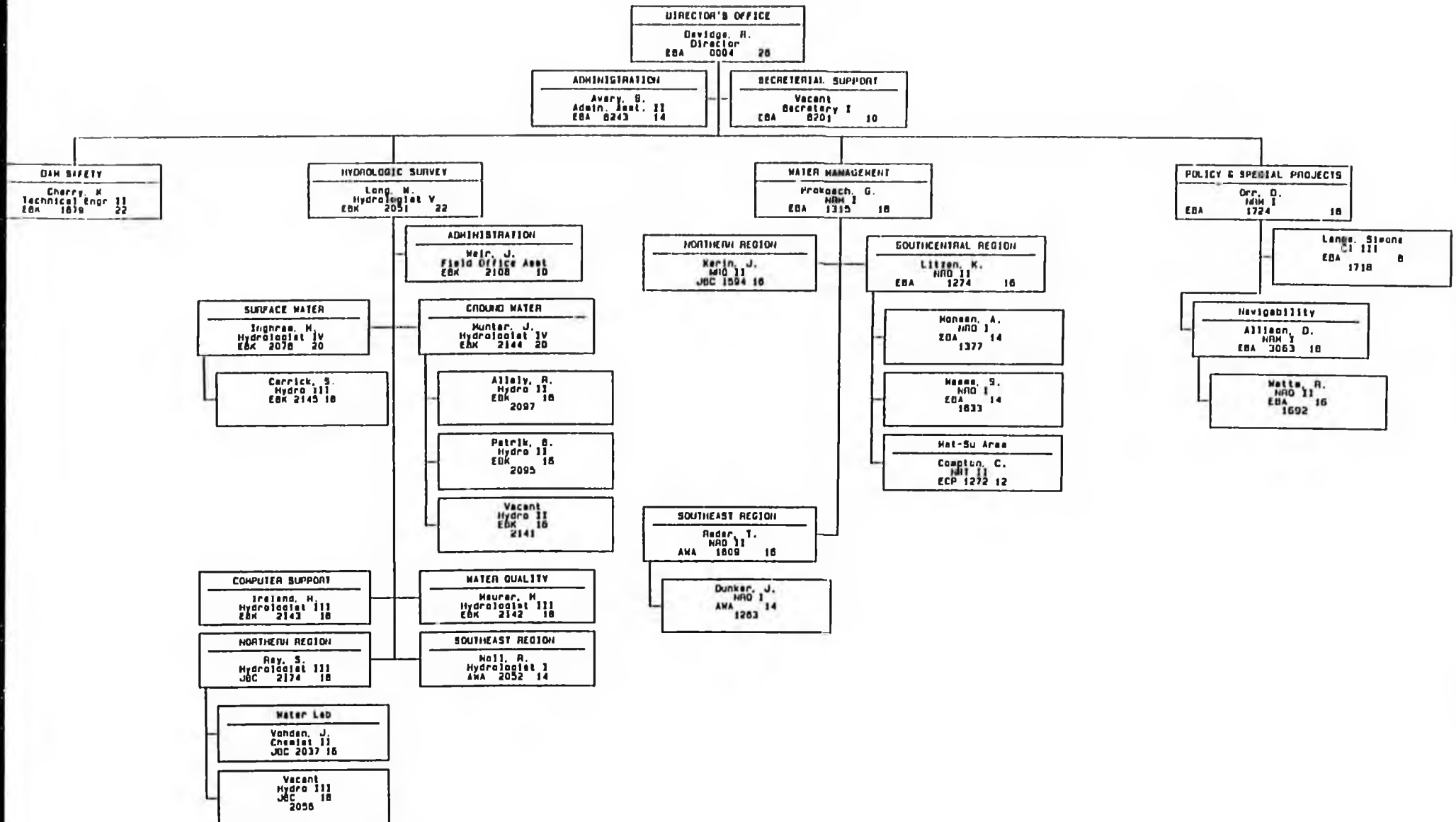


## THE DIVISION OF WATER

The Alaska Division of Water manages an estimated 40% of our Nation's water resources including over 3 million lakes and an estimated 20,000 streams. These responsibilities include the State Water Policy and Management Strategy; issuing water rights; administering the dam safety program; rendering and reviewing administrative navigability determinations, asserting ownership and management of submerged lands; surveying, collecting and distributing water resource data related to the quantity and quality of surface, ground and coastal waters of Alaska; coordinating water related data collection and management activities with other agencies; providing support to the State Water Board; advocating responsible water development including water exports. The Director of the Division represents the Governor at the Western States Water Council consisting of 17 western states.

In addition to the Office of the Director, the Division of Water is comprised of five sections; Hydrologic Survey which includes the State Water Lab, Water Management, Policy and Special Projects, Navigability, and Dam Safety and Construction. The Division has offices in Anchorage, Fairbanks, Juneau and Wasilla.

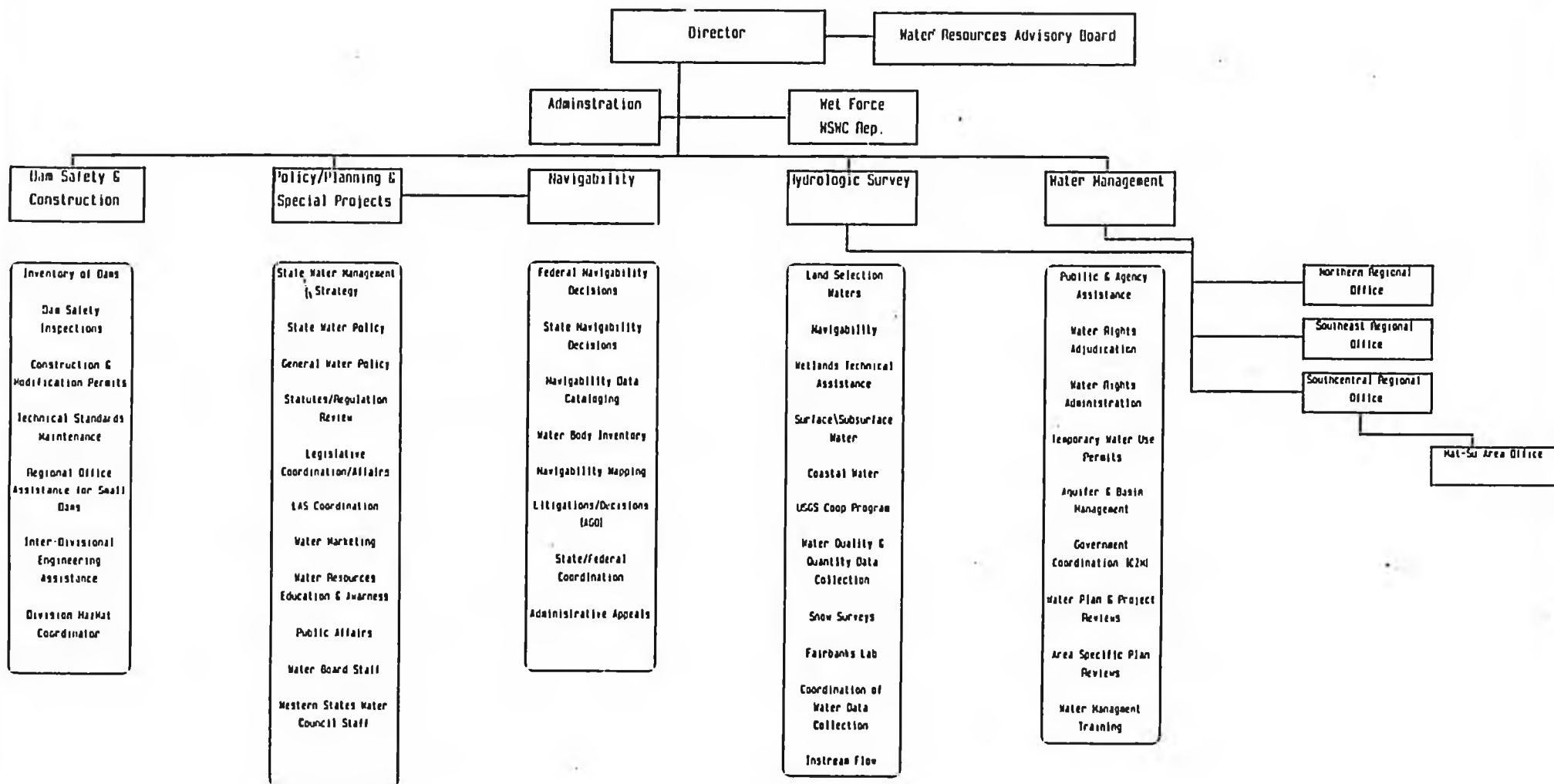
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER



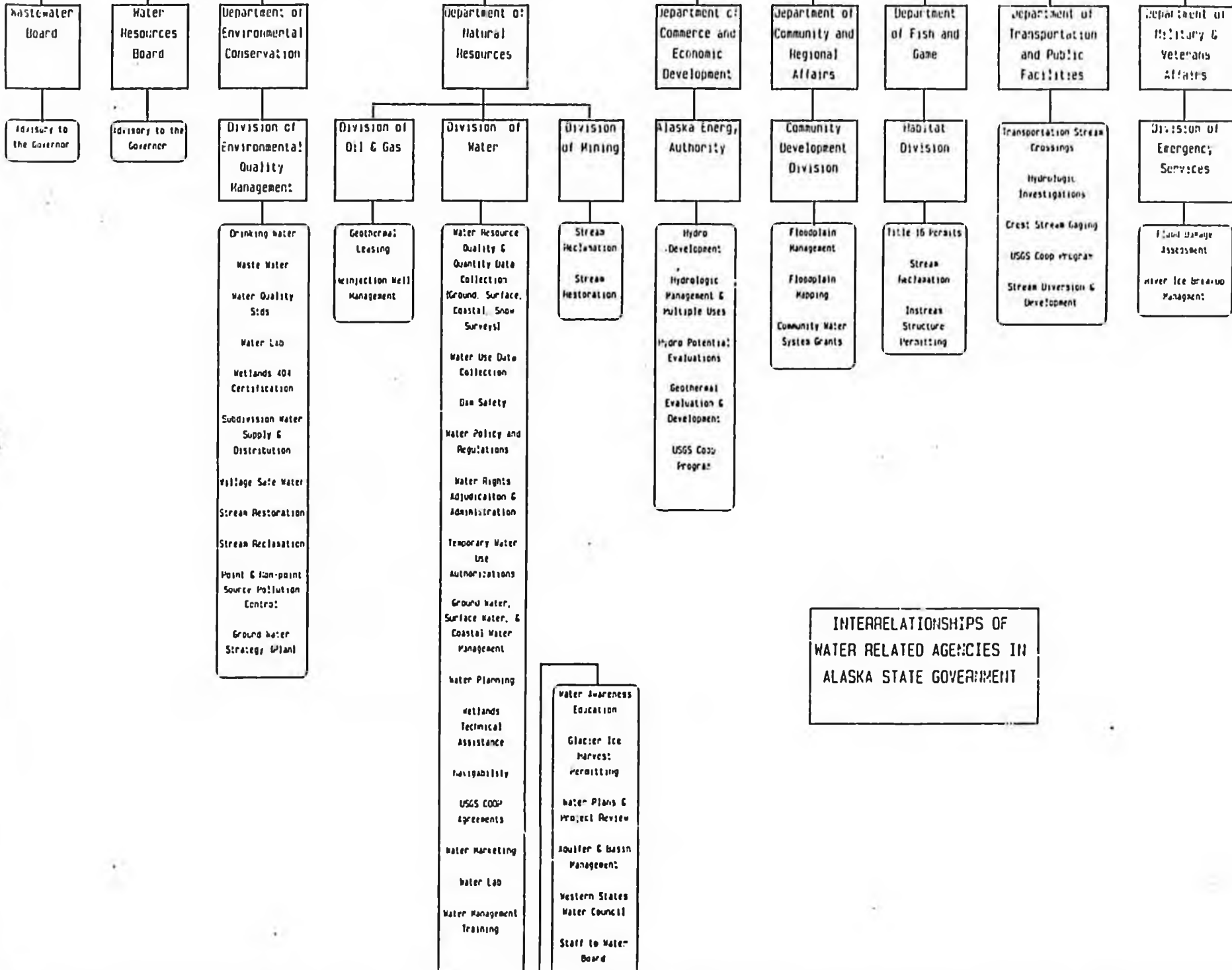
Department of Natural Resources

Division of Water

Program Functions



Governor



INTERRELATIONSHIPS OF WATER RELATED AGENCIES IN ALASKA STATE GOVERNMENT

MEMORANDUM  
DEPARTMENT OF NATURAL RESOURCESSTATE OF ALASKA  
DIVISION OF MANAGEMENT

TO: Max Hcdel  
Chief of Staff  
Office of the Governor

DATE: June 25, 1991

FILE NO.: Diwater

PHONE NO.: 465-2409

THRU: Shelby Stapp  
Director  
Office of Management and  
Budget

SUBJECT: Establishment of Division  
of Water Resources

FROM: Harold C. Heinze  
Commissioner

One of the first organizational suggestions I received as Commissioner was to establish a separate Division of Water Resources. Now that I have had time to study this suggestion and consult with affected interests (i.e., Water Resources Board, House Resources Committee, etc.). I am convinced that creation of this division would be in the best interest of the State.

In recent years, water management has become increasingly important to Alaskans. Water availability is critical to our cities and villages, our fisheries, oil and gas production, seafood processing, hydroelectric development, mining, recreation, navigation and a host of other purposes. Maintenance of our water resources and water allocation decisions among user groups is expected to become even more important in the 1990's. A Division of Water will provide the necessary focus and demonstrate our recognition of the importance of this resource and our commitment to responsible management.

Water resources programs within the Department of Natural Resources currently reside in two divisions -- the Division of Land and Water (DLW) and the Division of Geological and Geophysical Surveys (DGGS). The DLW water programs include the water rights and dam safety projects. Other DLW water responsibilities include serving as staff to the Water Resources Board, representing the State on the Western States Water Council, and water resources planning. The DGGS is responsible for water resources data collection, storage, analysis, and dissemination, and for providing hydrologic assistance to DLW and other government agencies.

The Division of Water Resources would initially consist of 20-25 permanent positions. A new Director position at the Range 26 level will be established. The proposed organizational chart is attached for your approval.

AS 46.15.020(3) specifically authorizes the Commissioner to establish a Division of Water and no new statutes or changes to existing law will be necessary.

Max Hodel  
Page 2  
June 25, 1991

IN ACCORDANCE WITH AB 46.15.020(3), A DIVISION OF WATER IS ESTABLISHED IN THE DEPARTMENT OF NATURAL RESOURCES AS DESCRIBED ABOVE, EFFECTIVE ON THE DATE APPROVED.

*Shelby Stastny*

\_\_\_\_\_  
SHELBY STASTNY  
DIRECTOR  
OFFICE OF MANAGEMENT AND BUDGET

*Walter J. Hickel*

\_\_\_\_\_  
WALTER J. HICKEL  
GOVERNOR

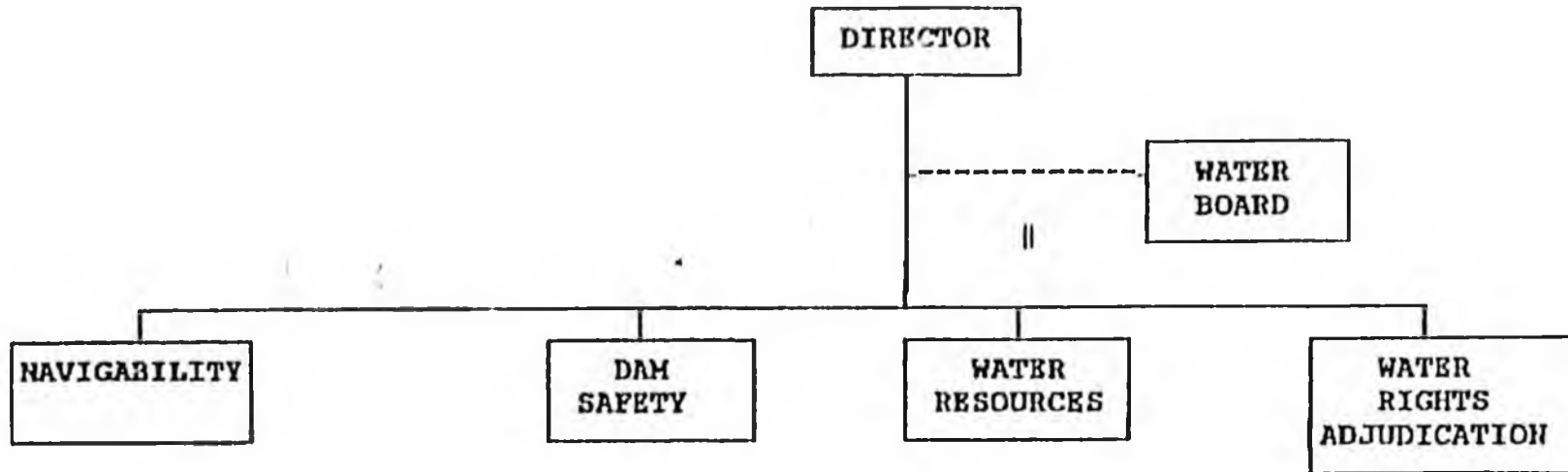
*6-27-91*

\_\_\_\_\_  
DATE

**Attachment**

- cc: Gary Gustafson, Director, DLW
- Tom Smith, Acting Director, DGGS
- Sharon Barton, Director, Management

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER



*Harold C. Fleming*

COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES

*Ally Steady*

DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

*Walter Kiesel*

GOVERNOR, STATE OF ALASKA

*6-27-91*

EFFECTIVE DATE

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER  
PCN LIST

Division of Geological & Geophysical Surveys

<u>PCN</u>	<u>Title</u>	<u>Name</u>	<u>Location</u>
10-2051	Hydrologist V	Long	Eagle River
10-2144	"	IV Muntar	" "
10-2097	"	II Allely	" "
10-2141	"	II LaSage	" "
10-2095	"	II Petrik	" "
10-2078	"	IV Inghram	" "
10-2145	"	III Carrick	" "
10-2142	"	III Maurer	" "
10-2143	"	III Ireland	" "
10-2174	"	<del>II</del> Ray	Fairbanks
10-2037	Chemist II	Vohden	" "
10-2056	Hydrologist III	Moorman	" "
10-2055	Geologist IV	Motyka	Juneau
10-2052	Hydrologist I	Nell	" "
10-2108	Field Office Assistant	Weir	Eagle River

Division of Land & Water

10-1679	Tech Engineer	K. Cherry	Anchorage
10-1724	Nat Res Mgr I	M. Harle	" "
10-1692	Nat Res Off II	R. Watts	" "
10-1718	Clerk Typ III	P. Reamer	" "

Water Rights Adjudicators

10-1263	Nat Res Off I	Dunker	Juneau
10-1609	Nat Res Off II	Rader	" "
10-1274	Nat Res Tech	Litzen	Anchorage
10-1377	Nat Res Off I	Monson	" "
10-1272	Nat Res Tech	Compton	Wasilla (1/2 time)
10-1315	Nat Res Mgr I	Prokosch	Anchorage
10-1633	Nat Res Off I	Weeks	" "
10-1594	Nat Res Off II	Kerin	Fairbanks

# ALASKA

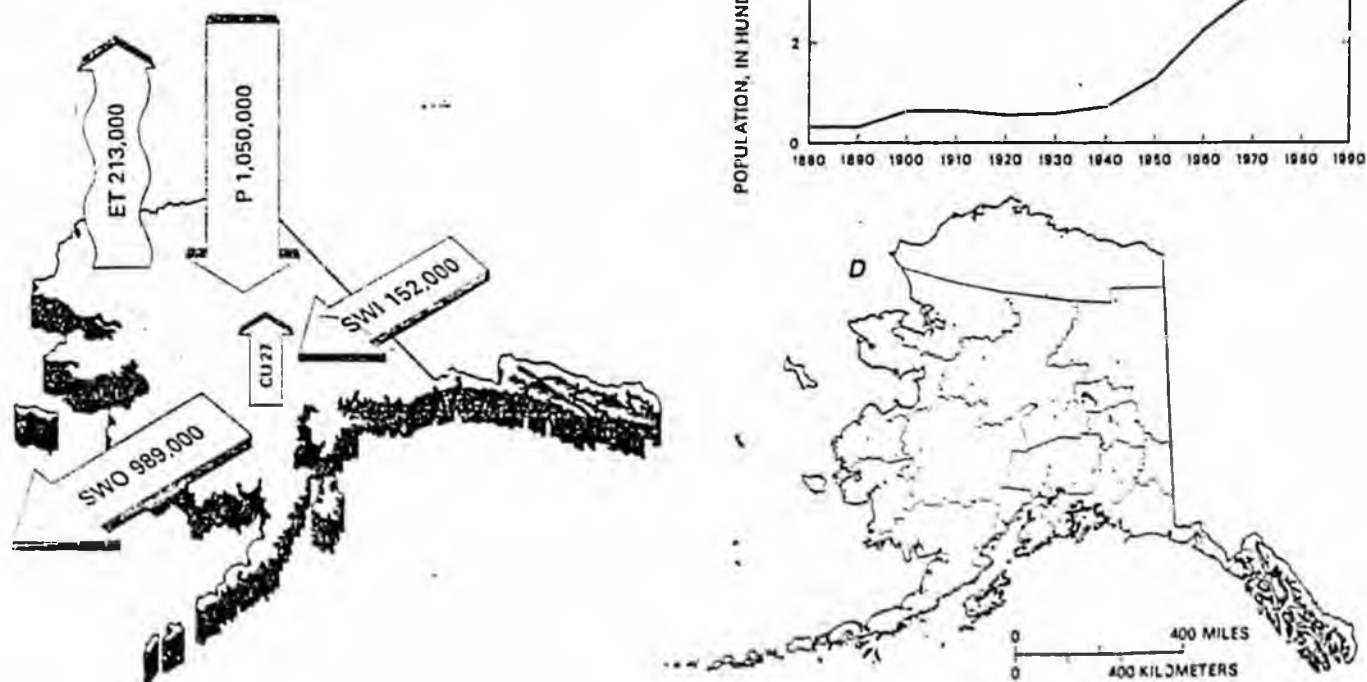
## Water Supply and Use

Alaska's water supplies might appear to be unlimited because of the large quantities of precipitation received in the State (fig. 1A). Statewide average annual precipitation is about 1,050,000 Mgal/d (million gallons per day), and average annual runoff is about 989,000 Mgal/d. Alaska contains more than 40 percent of the Nation's surface-water resources. Three rivers (the Yukon, the Kuskokwim, and the Copper) are among the 10 largest in the United States. More than 3 million lakes range in area from pond size to about 1,000 mi<sup>2</sup> (square miles). Also, large amounts of water are stored within two principal aquifers. Environmental conditions, legal restrictions, and technological problems, however, limit the usability of these abundant supplies.

Alaska encompasses a land area of about 586,000 mi<sup>2</sup>, or about one-fifth of the area of the conterminous United States. Climates range from frozen desert in the Arctic Slope basin to maritime rain forest in the Southeast Alaska basin. Average annual precipitation and temperatures range from about 5 inches and 10° F (degrees Fahrenheit) in the Arctic Slope basin to about 300 inches and 45° F in the Southeast Alaska basin. Much precipitation occurs as snow. Glaciers and icefields cover 28,500 mi<sup>2</sup>, or nearly 5 percent of the land (Post and Mayo, 1971) and affect the timing and the quantity of runoff. Many of the rivers are silt laden, are affected by mid-winter overflow icing or ice-jam flooding at spring breakup, or are ice covered much of the year. The occurrence and the availability of ground water are limited by permafrost. The extent and thickness of the permafrost decrease southward from a continuous layer as much as several hundred feet thick in the Arctic Slope basin to areas

that are generally free of permafrost in the South Central Alaska and the Southeast Alaska basins. Because of these conditions, there is no certainty that either surface or ground water will be available at a given time and location.

Several water issues in Alaska result from this variability in the availability and occurrence of the water resource. Additionally, the legal precedents for obtaining water rights cause conflicts. Com-



**Figure 1.** Water supply and population in Alaska. *A*, Water budget, in million gallons per day. *B*, Cumulative normal storage of reservoirs with at least 5,000 acre-feet capacity, 1880 to 1985. *C*, Population trend, 1880 to 1985. *D*, Population distribution, 1985; each dot on the map represents 1,000 people within a census tract. Abbreviations: CU, consumptive use; ET, evapotranspiration; P, precipitation; SWI, surface-water inflow; SWO, surface-water outflow. (Sources: *A*, R. D. Lamke (US Geological Survey, written commun., 1985); *B*, US Army Corps of Engineers, 1981; *C*, *D*, Compiled by US Geological Survey from US Bureau of the Census data.)

petition for limited surface-water resources exists among industry, fish hatcheries, recreation, and fish and wildlife habitat demands. Ground-water-rights issues primarily involve public supply in basins where surface water is scarce. Currently (1987), the Arctic Slope, the South Central Alaska, and the Southeast Alaska basins are the focus of these issues.

## HISTORY OF WATER DEVELOPMENT

In 1914, the first large reservoir was constructed to provide power for the mining and the timber industries in the Southeast Alaska basin. Since then, 19 additional reservoirs that have storage capacities greater than 5,000 acre-ft (acre-feet) have been built for electric power generation and public supplies. Of these 20 reservoirs, 13 are in the Southeast Alaska basin, 6 are in the South Central Alaska basin, and 1 is in the Yukon basin. These reservoirs contain a cumulative capacity of about 1.78 million acre-ft (fig. 1B).

The first significant increase of Alaska's population occurred during the gold rushes of the late 1800's (fig. 1C). Postwar migration and homesteading increased the population during the late 1940's and 1950's. Population growth during the 1960's and 1970's can be attributed to the development of oil fields in Cook Inlet and at Prudhoe Bay and the related pipeline-construction activities. The continued rapid population growth of the early 1980's can be attributed to the general economic well-being that oil production brought to the State. The population reached 558,000 in 1985; 77 percent of the inhabitants live within 5 of the 28 census districts, or county equivalents (fig. 1D). Anchorage contained 44 percent of the State's population; the next largest concentrations of population were in Fairbanks (13 percent), Kenai (8 percent), Matanuska-Susitna (7 percent), and Juneau (5 percent).

Interest in Alaska's water supplies began during the gold rushes of the late 1800's; miners washed the placer deposits to extract the gold. The population growth and the corresponding urban development, especially after 1940, placed increasing emphasis on water supply. Increasing needs for water supplies for power in the Southeast Alaska and the South Central Alaska basins, for the pulp and paper industry in the Southeast Alaska basin, and for the canneries in the Southeast Alaska and Southwest Alaska basins created demands for water-resource information. Intensive development of other natural resources began during the 1960's and continued through the 1970's. Water was critical to support the oil fields in the Arctic Slope basin and the petrochemical, the seafood, and the timber production industries in the South Central Alaska and the Southeast Alaska basins. Continued population growth, especially in the South Central Alaska basin, increased the demand for public supplies; ground water became a major source of supply. Maintaining instream flows became an issue during the late 1970's, and that concern has increased during the 1980's. Instream flow for hydroelectric power generation and fish hatcheries is an additional water issue today.

## WATER USE

The State's water budget is shown diagrammatically in figure 14. Several natural conditions limit the quantity of freshwater that can be recovered efficiently from Alaska's hydrologic environment; for example, the availability of surface water may be affected by the timing of winter freezeup and spring breakup and by the quantity and the timing of runoff derived from melting snow and glacier ice. The availability of ground water is limited by thick lenses and layers of relatively impermeable sediments and by the limited extent of coarse-grained permeable sediments. In permafrost zones, even coarse-grained sediments may be frozen. Thus, although a substantial quantity of water may be present within the State, the water may not be available when and where it is needed.

Hydroelectric powerplants used 1,480 Mgal/d to generate 18 percent, or 746 GWh (gigawatthours), of the electricity used statewide. About 90 percent of this power was generated in the Southeast Alaska basin. The water was used instream, and no water was considered for consumptive use.

Surface-water withdrawals supplied 82.2 percent of the water needed for offstream uses; ground water provided the remaining 17.8 percent. These values were determined by using the results of a cooperative survey conducted by the Alaska Department of Natural Resources and the U.S. Geological Survey in 1985, in which communities and industries estimated their water use. Where quantities of water use were not available, such data were estimated on the basis of similarities between communities and uses. The statewide distribution of total, surface-water and ground-water withdrawals is aggregated by county in figures 2A, 2B, and 2C, respectively. Surface-water withdrawals by principal drainage basin and ground-water withdrawals by principal aquifer are shown in figures 3A and 3B, respectively. Aquifers have been grouped informally into unconsolidated alluvium and glacial outwash aquifers and bedrock aquifers (U.S. Geological Survey, 1985, p. 129-131). Major ground-water withdrawals were from the unconsolidated aquifers.

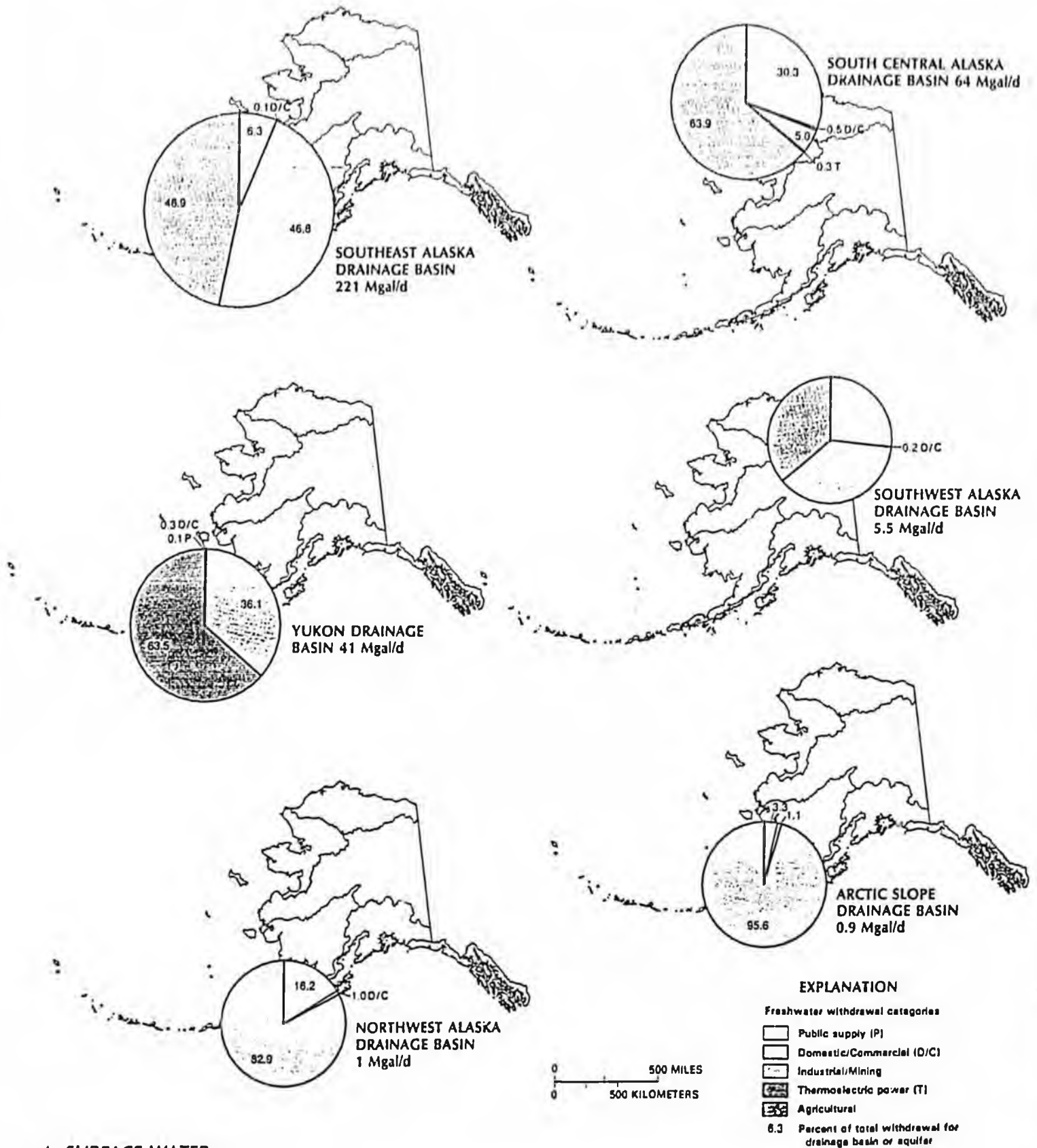
Most withdrawals occur in three of the principal river basins—Southeast Alaska, South Central Alaska, and Yukon (fig. 3A). Withdrawals in the Southeast Alaska basin were 55 percent (221 Mgal/d) of total water use in Alaska. About 99 percent of these withdrawals was surface water. Industry and fish hatcheries were the primary users of this water. In contrast, the South Central Alaska basin accounted for about 27 percent (110 Mgal/d) of the total withdrawals during 1985. This basin withdrew about 64 percent (64 Mgal/d) of the total ground water during 1985. The large withdrawals for public supply and self-supplied domestic uses provide water to the comparatively large population of the area. Public supply, self-supplied domestic, and industry were the major water users. The Yukon basin accounted for 15 percent (41 Mgal/d) of the total withdrawals. Water used for mining and fossil-fueled powerplants was 74 percent of the 61 Mgal/d withdrawn in the Yukon basin. Surface water was used for nearly two-thirds of this quantity.

The remaining basins, the Arctic Slope, the Southwest Alaska, and the Northwest Alaska, included 8 percent of the population and used 3 percent of the total water. Public supply and self-supplied domestic and commercial uses accounted for 61.9 percent of the ground-water withdrawals within the Yukon basin.

The source, use, and disposition of Alaska's water resources are shown diagrammatically in figure 4. The quantities of water given in this figure and elsewhere in this report may not add to the totals indicated because of independent rounding. The source data indicate that total freshwater withdrawals were 406 Mgal/d, of which 334 Mgal/d was surface water and 72 Mgal/d was ground water. The use data indicate that, of total freshwater use, industry and mining accounted for 34.7 percent and agriculture accounted for 38.6 percent. The disposition data indicate that most water (93.3 percent) was returned to natural sources and was available for reuse. Estimated consumptive use was 6.7 percent (27 Mgal/d).

Alaska's water is generally of sufficient quantity and acceptable quality for most uses. However, population increases during the last decade, especially in urban areas, have strained water-distribution systems and generated concern about water availability. In Anchorage, a measurable decline in ground-water levels has been attributed to increased withdrawals. Saltwater intrusion has halted further ground-water development in Auke Bay, near Juneau. In Kenai and in the Arctic Slope basin, water supply is a concern to communities near petrochemical industry activities.

Surface- and ground-water quality problems have been caused either by natural processes or by human activities. Natural processes include suspended sediment caused by glaciers, salinity, and undesirable concentrations of iron or arsenic produced by geo-



**A. SURFACE WATER**

**Figure 3.** Freshwater withdrawals by category of use and hydrologic unit in Alaska, 1985. *A.* Surface-water withdrawals by principal drainage basin. *B.* Ground-water withdrawals by principal aquifer. Abbreviation: Mgal/d is million gallons per day. (Sources: *A.* Drainage basins from Seaber and others, 1987; data from U.S. Geological Survey National Water Data Storage and Retrieval System. *B.* Data from U.S. Geological Survey files.)

chemical processes. Human activities include petrochemical contamination, the addition of nitrates through septic-tank systems, and the encroachment of saltwater in response to intensive ground-water withdrawal. Nevertheless, even in areas of water-supply difficulties, Alaska's water is generally satisfactory for most uses, although locally it may not be readily obtainable from the nearest or most economical source.

#### PUBLIC SUPPLY

Public-supply systems withdraw, treat, and distribute water to users. The total withdrawals for public-supply in Alaska were an estimated 76 Mgal/d (fig. 4), which was 18.7 percent of total withdrawals in 1985. Surface water provided 46.2 percent (35

Mgal/d) of public-supply withdrawals, and ground water provided 53.8 percent (41 Mgal/d). Of total withdrawals for public supply, 40.3 percent was delivered for commercial use, and 39.0 percent was delivered for domestic use. About 60 percent (45 Mgal/d) of public-supplied water was delivered in the South Central Alaska basin.

About 62 percent of Alaska's population was served by public water suppliers in 1985. The Municipality of Anchorage supplied water to one-half of the population served by public-supply systems. The per capita use by all public-supply customers ranged from 10 to 380 gal/d (gallons per day) in 1985. Public-supplied domestic use ranged from 6 to 170 gal/d per capita. These values reflect the different types of water-distribution systems; for example, a public-supply system in the Arctic Slope basin may consist of a water-

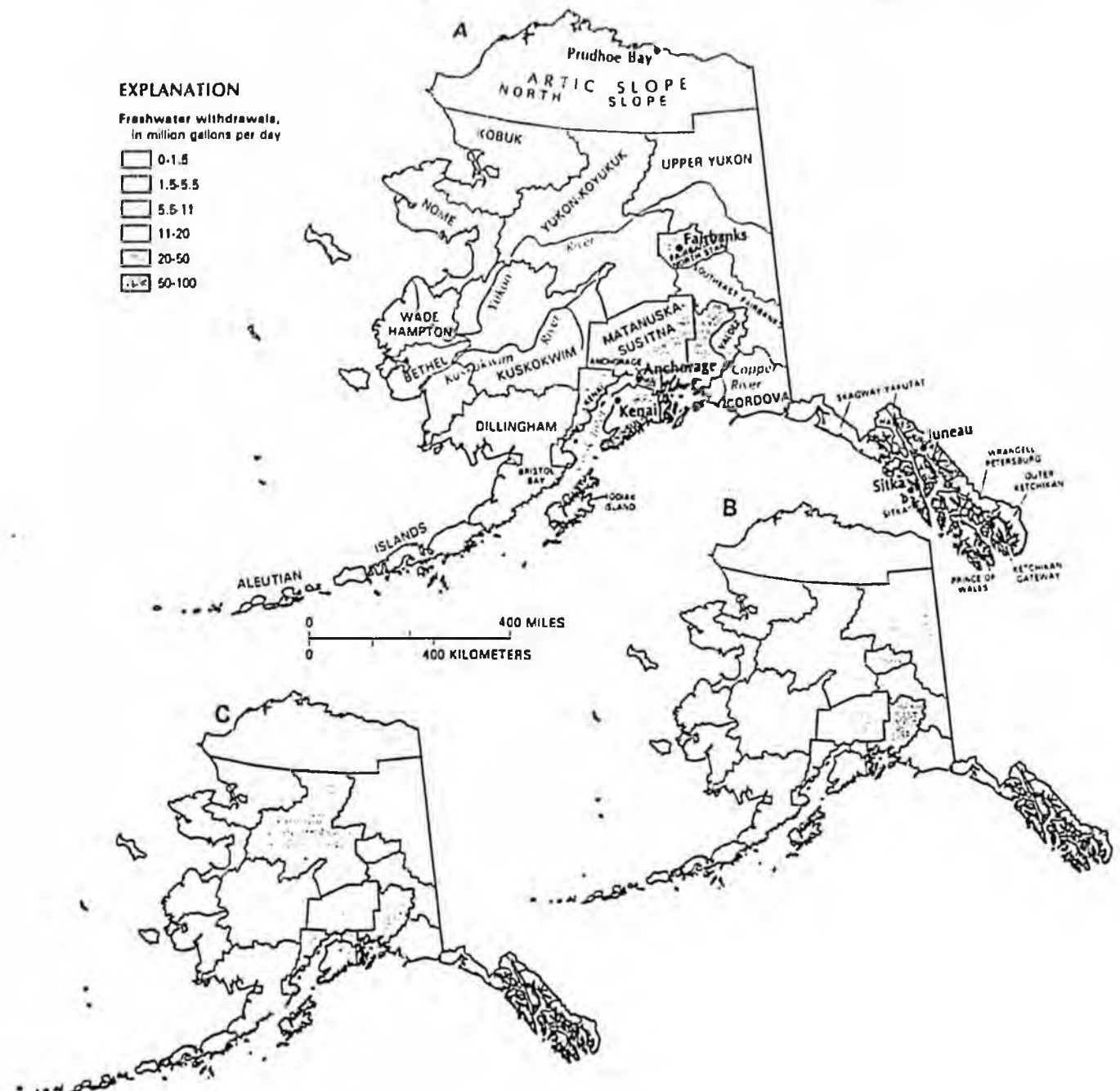


Figure 2. Freshwater withdrawals by county in Alaska, 1985. A, Total withdrawals. B, Surface-water withdrawals. C, Ground-water withdrawals. (Source: Data from U.S. Geological Survey National Water Data Storage and Retrieval System)

delivery truck or a common well, and the primary use is domestic. In contrast, water in the Southeast Alaska basin is abundant, and distribution systems commonly are leaky; residents, commonly leave their faucets running to prevent the pipes from freezing. In addition, water-intensive industries in the Southeast Alaska basin are served by public supply.

**DOMESTIC AND COMMERCIAL**

Total domestic and commercial water use, including conveyance losses and consumptive use, from public-supplied and self-supplied sources was 78 Mgal/d (fig. 4). Domestic use was about 39 Mgal/d, of which 29 Mgal/d was delivered by public-supply systems and 10 Mgal/d was self-supplied. Commercial withdrawals were about 31 Mgal/d, virtually all from public-supply sources. Conveyance losses were 7.6 Mgal/d.

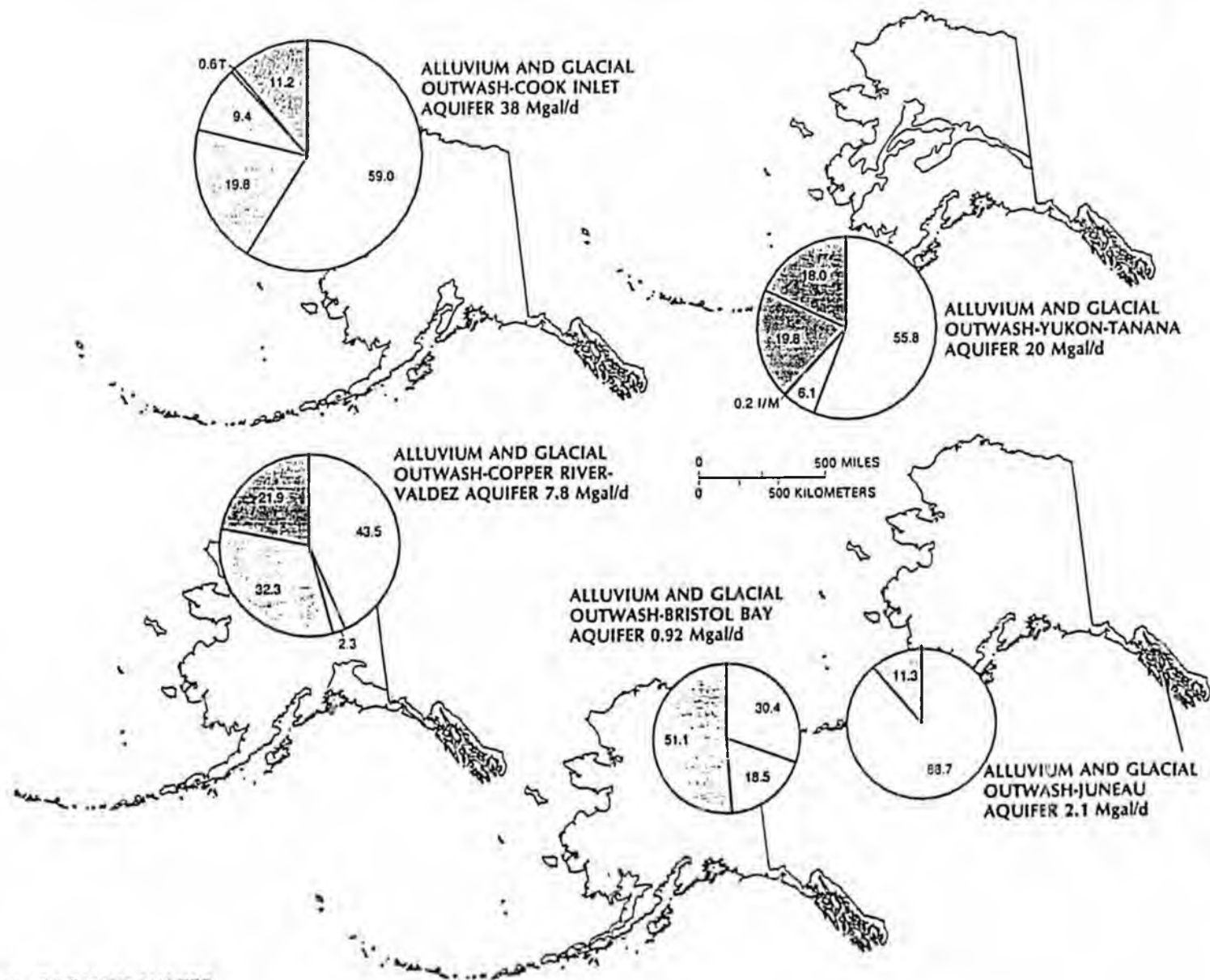
The average per capita domestic use for the population served by public supply was about twice that for the population that was self-supplied. This difference can be explained, in part, by conditions under which water is delivered to homes that use these two

types of supply. Public-supply systems typically serve a household that has standard plumbing. In contrast, many self-supplied households haul water from a lake, spring, river, or well and may have no plumbing.

**INDUSTRIAL AND MINING**

The estimated industrial and mining use was 141 Mgal/d in 1985. This represents 34.7 percent of total offshore water use (fig. 4). Industry used about 122 Mgal/d, of which 87 percent was self-supplied from surface-water sources. About 89 percent of the industrial water use was in the Southeast Alaska basin. Wood-pulp mills and seafood-processing industries in this basin used more than 100 Mgal/d in 1985. The petroleum industry was a major water user in the South Central basin.

Mining accounted for about 19 Mgal/d of water use. The Yukon basin had the largest area of mining activity and accounted for 76 percent of this water use. Adequate water supplies to support the exploration, development, and production in the Arctic Slope



**B. GROUND WATER**

Figure 3. Freshwater withdrawals by category of use and hydrologic unit in Alaska, 1985—Continued.

basin are commonly difficult to locate. Surface water is used primarily by placer-mining operations for washing sediments.

**THERMOELECTRIC POWER**

The fossil-fueled powerplants included in the survey used an estimated 31 Mgal/d (fig. 4) to produce 3,430 GWh of electricity during 1985. About 97 percent of the water was used by two plants in the Yukon basin, whereas 80 percent of the power produced by fossil fuel was produced by six plants in the South Central Alaska basin. These differences reflect the availability of water, the age of the powerplants, and perhaps different reporting methods. The water was used mainly for cooling purposes, and most was returned to surface-water sources.

**AGRICULTURAL**

Agricultural use during 1985 was an estimated 157 Mgal/d (fig. 4). Fish hatcheries dominated this category by using about 156 Mgal/d, of which 66 percent was used in the Southeast Alaska basin. Although the hatcheries in the Southeast Alaska basin exclusively use surface water, facilities elsewhere use ground water, which has a more consistent temperature and quality.

Agricultural water use for purposes other than fish hatcheries or irrigation totaled 0.21 Mgal/d, 48 percent of which was on Kodiak Island. Only 0.03 Mgal/d was used for irrigation; all of the reported irrigated farm acreage is in the Matanuska Valley, which is 40 miles north of Anchorage.

**WATER MANAGEMENT**

The Alaska Water Use Act (AS 46.15.010-270), which was enacted in 1966, established procedures to appropriate State water.

The Act defines the doctrine of prior appropriation ("first in time, first in right") authorized by the State Constitution and delegates administration of the Act to the Alaska Department of Natural Resources (ADNR). The Act established procedures for maintaining existing water rights and for obtaining new water rights to all surface and ground water in Alaska. Water appropriations are limited to the specific use for which an individual applies. Additionally, the ADNR issues permits authorizing development and beneficial use of water. Issuance of a certificate of appropriation by the ADNR to the applicant is the final step in the water-rights process.

The original regulations implementing the Water Use Act were amended extensively on December 29, 1979, and incorporated as 11 AAC 93, Water Management. Recent amendments to the Water Use Act relate to geothermal development, reservation of water for instream uses, and administrative and judicial basinwide water-rights adjudication.

To manage the State's water resources effectively, the ADNR's Division of Land and Water Management (DLWM) requires technical descriptions and analyses and interpretations of various hydrologic conditions. The Department's Division of Geological and Geophysical Surveys (DGGs), Water Resources Section, provides the necessary data, analyses, and interpretations. Many long-term data are collected and interpreted by the U.S. Geological Survey, in cooperation with other Federal, State, and municipal agencies. Water managers of the DLWM use this information for water appropriation and water management decisions. Additionally, the DGGs, in cooperation with the U.S. Geological Survey and other State and Federal agencies, has developed and implemented the Alaska Water Resources Evaluation Plan to coordinate water-data collection and water-resource investigations in the State (Alaska Department of Natural Resources, Division of Geological and Geophysical Surveys, and U.S. Geological Survey, 1985).

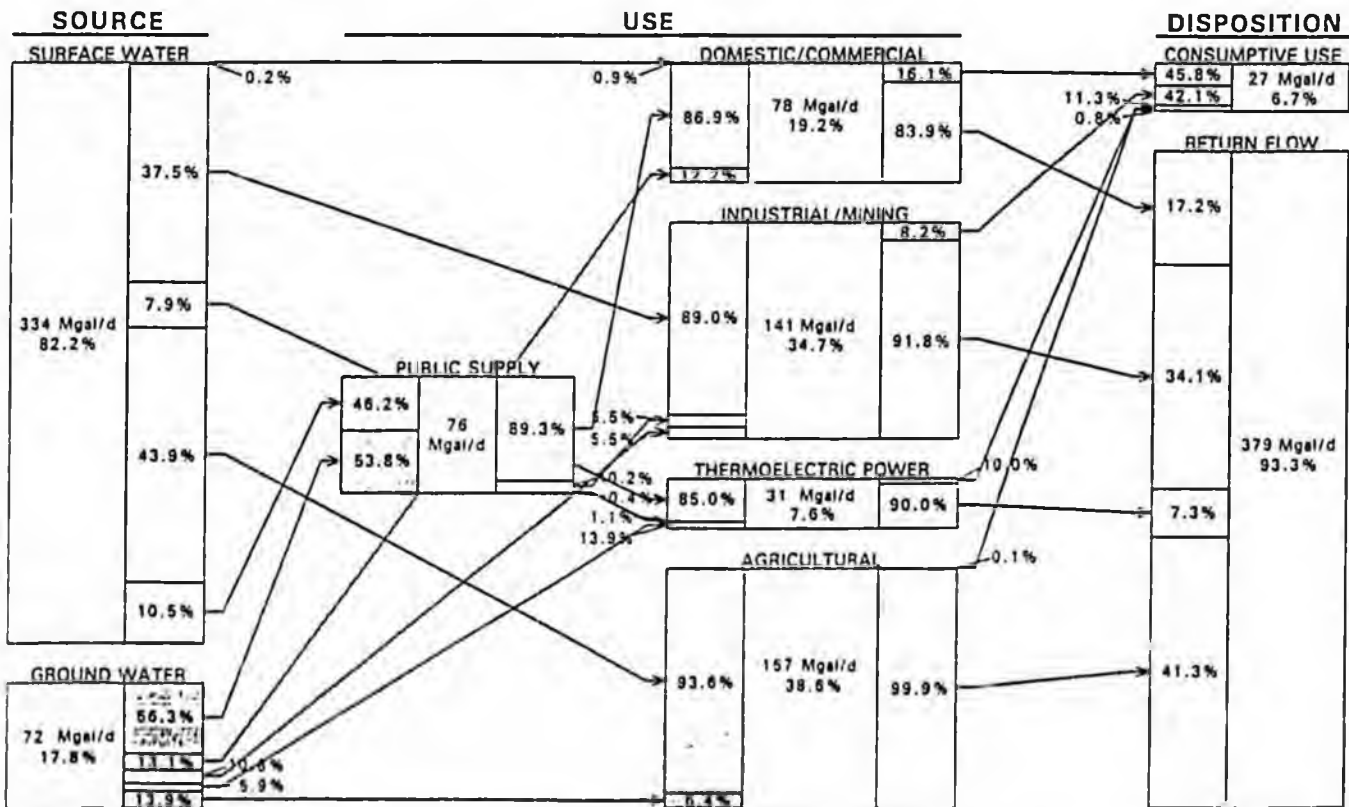


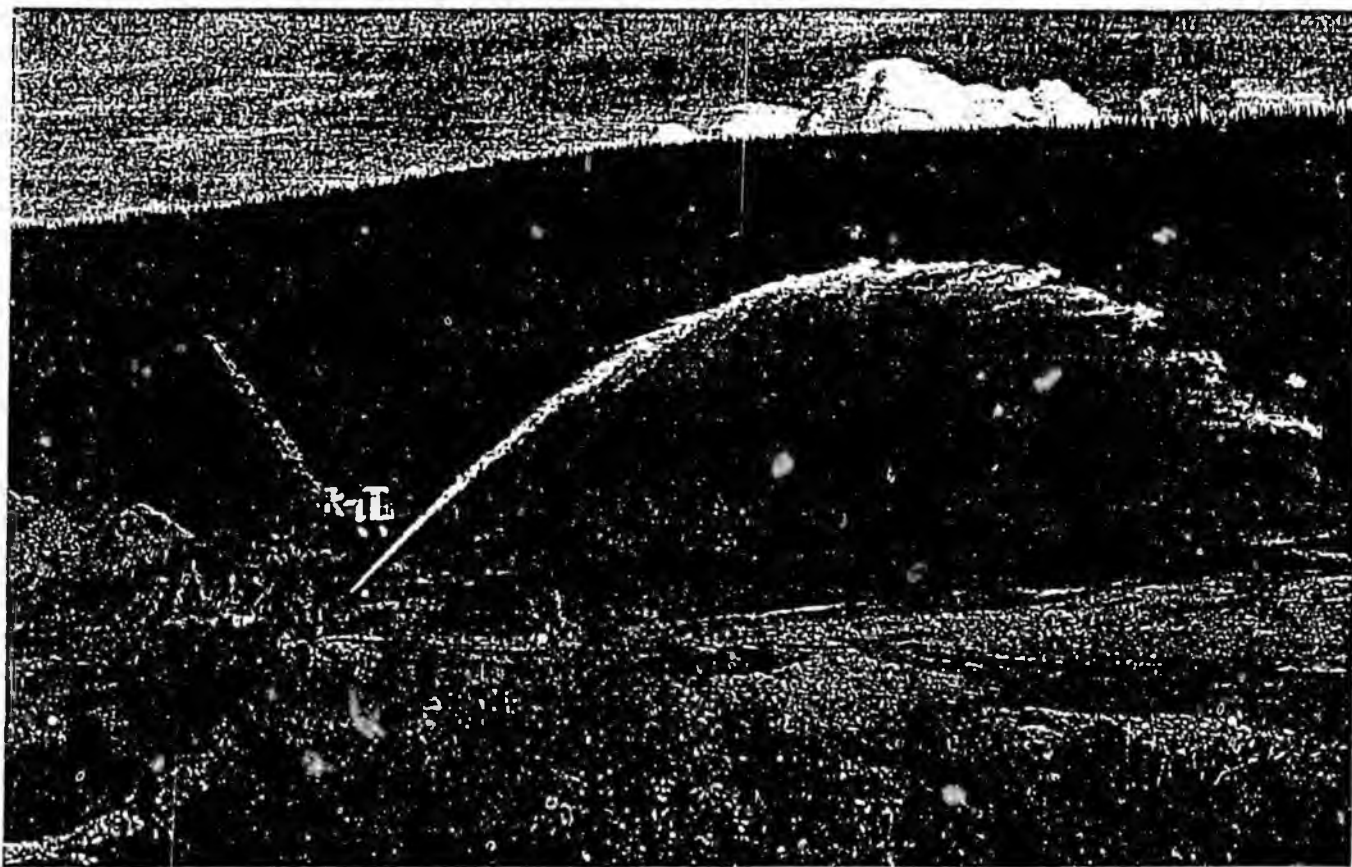
Figure 4. Source, use, and disposition of an estimated 406 Mgal/d (million gallons per day) of freshwater in Alaska, 1985. Conveyance losses in public-supply distribution systems and some public water uses, such as fire fighting, are included in the total shown for domestic and commercial use; losses in irrigation distribution systems are included in the total shown for agricultural return flow. All numbers have been rounded and values may not add to totals. Percentages are rounded to the nearest one-tenth of 1 percent (0.1%) between 0.1 and 99.9 percent. (Source: Data from U.S. Geological Survey National Water Data Storage and Retrieval System.)

Although few streams in Alaska are overappropriated, potential water-use problems exist. In the event of water shortages or drought, Ship Creek at Anchorage and Indian River at Sitka could possibly be examples in which the amount of legally obtainable water may exceed the water available for use. Water issues in Alaska also include hydroelectric projects, placer mining, oil development, salmon aquaculture, and proposed mining developments in the Southeast Alaska basin.

Most ground-water shortages in Alaska currently involve water for public supply and domestic use. Some areas within the Municipality of Anchorage are experiencing great ground-water demand for public and single-family domestic water supplies. As water levels declined, domestic wells become dry. The ADNR and Municipality of Anchorage are working cooperatively to solve several water-supply and distribution problems. Another area experiencing declining ground-water levels and saltwater intrusion is the Auke Bay area near Juneau (Dearborn, 1985), where the ADNR established Alaska's first "Critical Groundwater Management Area" to restrict further water-well drilling and development of ground water.

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Hydraulic "giant" used to remove overburden and expose gold-bearing gravel north of Fairbanks, Alaska. (Photograph by Gary Prokosch, Alaska Department of Natural Resources.)

*Prepared by* Leslie D. Patrick and Elisabeth F. Snyder, U.S. Geological Survey, and Mary Lu Harle, Alaska Department of Natural Resources

FOR ADDITIONAL INFORMATION: District Chief, U.S. Geological Survey, 4230 University Drive, Anchorage, AK 99508-4664

**Alaska Department of Natural Resources  
FY93 Budget Overview**

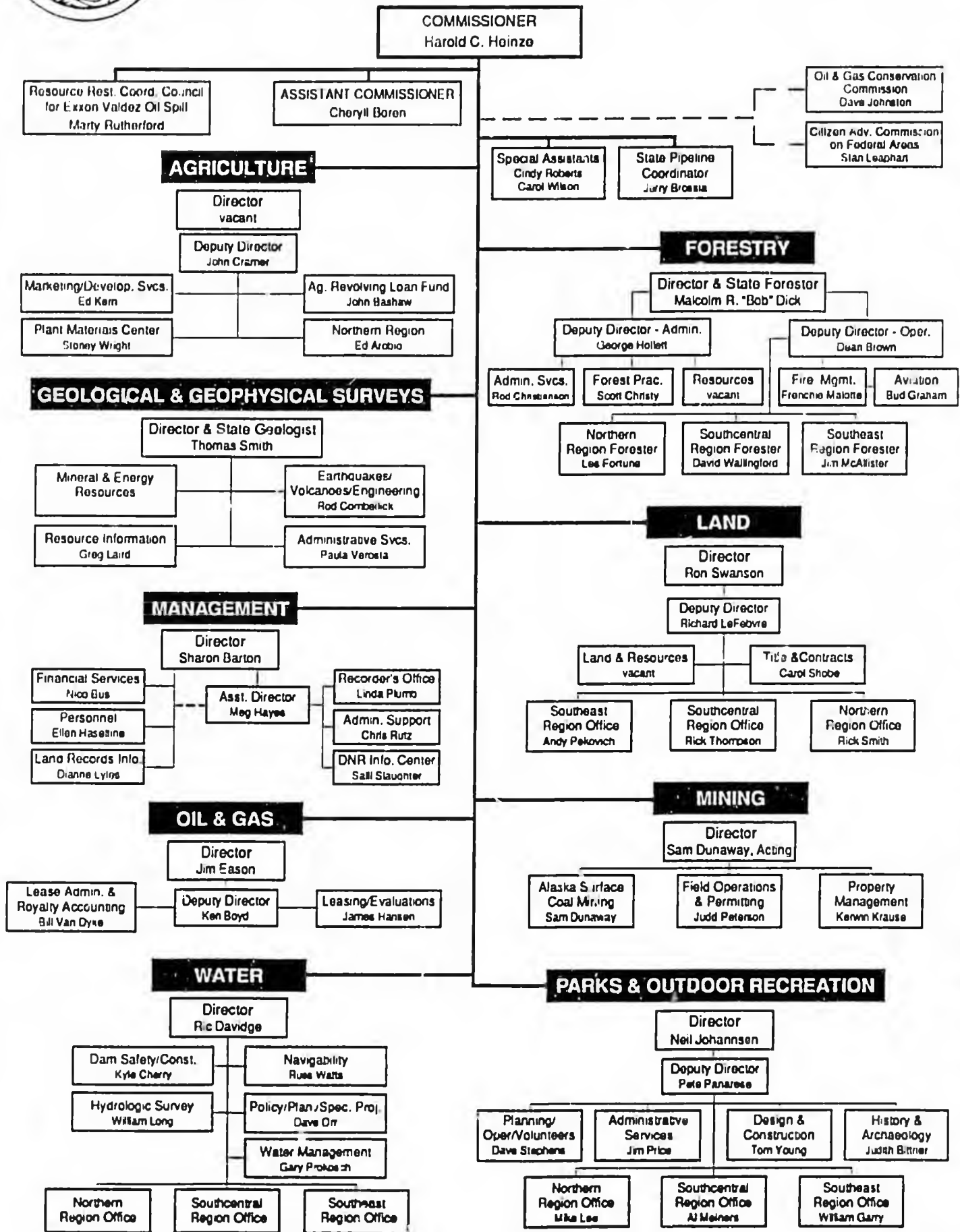


DNR Document 1-92

January 1992



# Alaska Department of Natural Resources



**Alaska Department of Natural Resources  
FY93 Budget Overview**



**STATE OF ALASKA**  
Walter J. Hickel, Governor

**DEPARTMENT OF NATURAL RESOURCES**  
Harold C. Heinze, Commissioner

DNR DOCUMENT 1-92  
January 1992



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*Copies of this document are available from the DNR Division of Management, Attn: Gary Kostenko, Budget Analyst, 400 Willoughby Avenue (3rd floor), Juneau 99801 (907-465-2424).*



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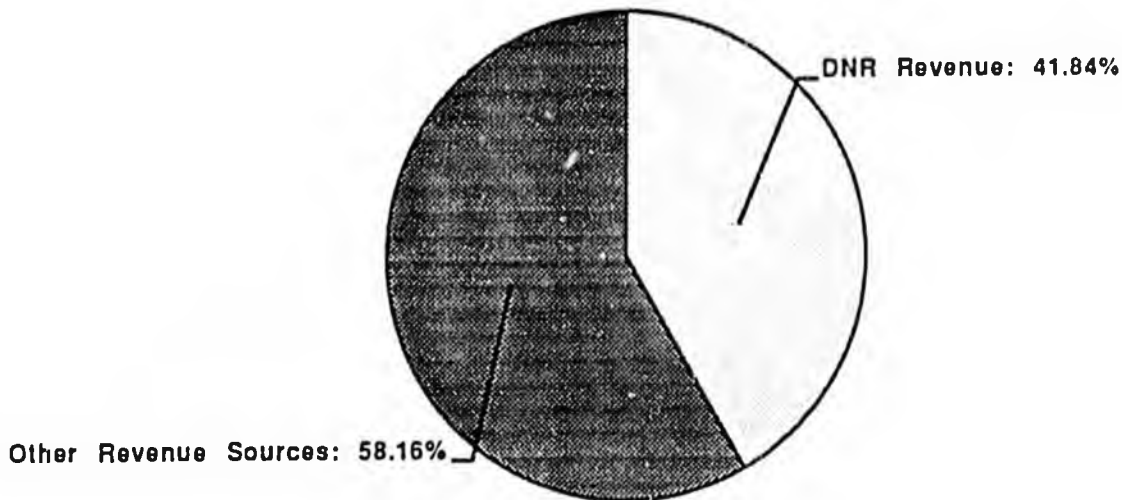
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## Abbreviations:

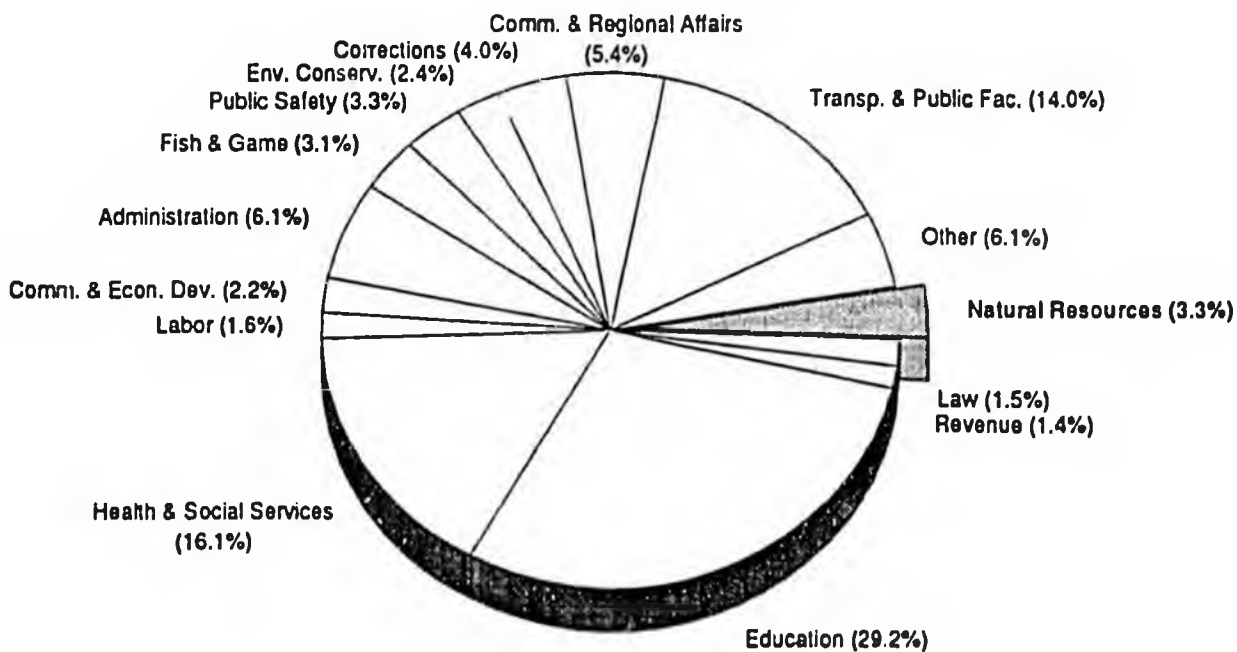
FTE	Full Time Equivalent	BRU	Budget Request Unit
GF	General Fund	GF/Pft	General Fund/Program Receipts
GFM	General Fund Match	Fed	Federal
I - A	Inter-Agency Receipts	CIP	Capital Improvement Projects
PCN	Position Control Number		

# State of Alaska FY91 Unrestricted Revenue

DNR (\$1,419,600,00) vs. Other Sources (\$1,973,500,000)



## FY91 General Fund Expenditures (\$2,731,467,000)



## FOREWORD

*Choices made through this department during the next few years will set the course of Alaska's future for the next century. There can be no greater priority than resolving federal, state and Native land ownership conflicts, ultimately providing the state with a land portfolio on which it can base its economy and earn state revenues.*

*Final selection of the state's 105.5 million acres guaranteed at statehood is less than two years away. It is not enough simply to fill the state's land portfolio by the Jan. 3, 1994 deadline. We must also review millions of acres already selected to be absolutely certain the state receives the best land available -- to build our future and conserve our heritage.*

*Our statehood land grant will give Alaskans ownership of a resource-rich conglomerate the size of California -- land carefully chosen for its oil and gas potential, mineral deposits and virgin timber; for its recreational values and its cultural and historical significance; and for its ability to provide access so generations of Alaskans to come can use the land they own.*

*Expanding that land base and getting the most from the land we have will require special attention to complex land and management issues. Alaska must:*

- Ensure that land beneath its 3 million lakes and thousands of miles of navigable rivers and streams is not counted against the state's land entitlement.*
- Push for resolution of RS2477 rights of way. That century-old federal grant holds the promise of opening vitally needed transportation corridors throughout the state (even through federally protected areas).*
- Negotiate for state oversight of wetlands. Alaska, unique among states for its permafrost wetlands, has lost less than one percent of its wetlands due to settlement and development. We shouldn't be afraid to use those wetlands, but instead should recognize our golden opportunity to develop those lands wisely, for the benefit of conservation and economic growth.*
- Make the Mental Health Trust whole again, opening state lands for development and freeing thousands of private land owners to use or sell their land as they wish.*

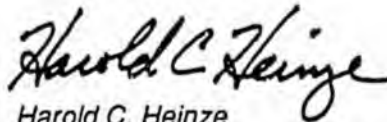
*As Prudhoe Bay continues to decline, other developments that increase state revenues must be brought on line. Remember that Alaska owns 3 trillion cubic feet of natural gas -- one-eighth of the known store of natural gas on the North Slope. We need to aggressively pursue customers to buy OUR natural gas and help open a new market for Alaska's resources. We must encourage further oil and gas exploration in Cook Inlet, the Chukchi Sea, the Beaufort Sea and on the North Slope.*

*We must be persistent in our efforts to open the Arctic National Wildlife Refuges to drilling. We must continue to encourage conservation-minded mining operations such as at Red Dog and Greens Creek. And we must take advantage of our natural attractions, making them more hospitable to visitors by encouraging attractions and accommodations for Alaskans and tourists.*

*Finally, it is time Alaskans seriously consider the ultimate responsibility of state government, which is to serve and protect the people of the state. Every bureaucracy, over time, needs to re-examine how it delivers its product to the people. Can it act more responsibly and more efficiently without sacrificing safety or environmental concerns?*

*This Department asked that question of itself during 1991 and we are responding. First, the new Division of Water was established to allow water issues to receive prominent notice. The Alaska Oil and Gas Conservation Commission joined the department for improved coordination in promoting, developing and regulating petroleum production. This winter, public service functions of each division will be consolidated into a single Public Information Center in Anchorage, easing public access to information and simplifying permitting processes.*

*Change will be an ongoing and evolutionary process at the Department of Natural Resources.*



Harold C. Heinze  
Commissioner

# 1991 Progress Report

*The Alaska Department of Natural Resources is the primary steward of the state's land, water, minerals, oil, gas, agriculture, timber, recreational and historical resources. The scope of its duties is as monumental as the state itself. One-third of state revenues are generated through DNR activities and the future of Alaska, both in terms of development and conservation, rests on decisions made daily within this department.*

*Commissioner Harold Heinze, during his first month in office, issued a list of department priorities in his FY92 Budget Request that reflect the Department's enormous responsibilities. These are not projects that can be accomplished overnight. Several projects will take years to finalize. Others will likely remain top priorities indefinitely.*

*Three on-going issues emerged, requiring immediate and constant attention:*

- Selection of the state's 105.5 million-acre entitlement, the land on which Alaska's future depended, will have to be concluded by the January 3, 1994 deadline.*
- High benefit development projects will need to be moved up to keep Alaskans working, stimulate the economy and provide revenue to the state.*
- As oil revenues decline on the North Slope and in Cook Inlet, alternative revenue sources from mineral, timber, oil, gas, water and tourism will have to be developed.*

*In addition, the commissioner promised special emphasis would be placed on several one-time projects:*

- Settle the Mental Health Lands dispute.*
- Write regulations implementing the Forest Practices Act and Mining Reclamation.*
- Refurbish the highway-accessible state parks.*
- Resolve groundwater contamination problems in populated areas.*
- Clean up contaminated state land and water.*
- Wage "war" on the spruce bark beetle.*
- Create backup storage for the plant diversity facility.*

*This progress report shows how each division within the DNR worked toward these goals, either independently or in concert with other state and federal agencies .*

## **1. Finalize the selection of the state's land entitlement**

After 33 years, the state is still selecting land to complete its statehood land entitlements. The entitlements, as modified over the years, will result in the state receiving 105.5 million acres, an area larger than the entire state of California. This land base provides most of the state's revenue and will determine the opportunities for future Alaskans.

During FY 92, the Division of Land accelerated the final two and one-half year land selection project. Approximately 20 million acres remain to be selected before midnight January 3, 1994. The division is re-evaluating another 16 million acres of existing selections and studying another 41 million acres of federal land for possible selection. In FY91, 724,994 acres were added to the state's land portfolio. The process by which land is transferred from the federal government to the state is complicated by extensive conflicts with Native corporation selections, mining claims, and numerous federal withdrawals.

Because the revenue-generating capacity of the state's final land selections is of critical importance to Alaska's future, the Division of Geological and Geophysical Surveys has a key role in assessing the value of subsurface mineral, coal, geothermal, and construction material resources on all candidate lands. The Division of Water is accelerating resolution of title navigability issues that result in more uplands being available for state selection. In its first three months of existence, the division identified 16,485 streams which are potentially navigable.

A statewide team effort contributes to the selection process. The Division of Forestry has reviewed land for its timber potential. The State Pipeline Coordinator's Office is selecting transportation corridors that will allow access to state land and resources. The Division of Parks and Recreation is assessing outdoor recreation potential and cultural resource values. The Division of Management is mapping resource and ownership information to portray selection alternatives and is building a title subsystem to load selected lands into the DNR Land Administration System (LAS). The Division of Mining has identified mineral districts where transportation access is needed to speed the development of known deposits. The Division of Oil and Gas consulted with USGS and industry geologists concerning hydrocarbon potential of Interior basins and potential of coal bed methane resources within the state.

## **2. Expedite high benefit development projects**

Bringing new developments on-line requires strong state oversight without placing unreasonable and costly impediments in the path of developers. The Wishbone Hill coal mine is a good example of cooperative efforts between the state and industry. The Division of Mining issued a major coal mining permit to Idemitsu Alaska, Inc. to develop the Wishbone Hill deposit beginning in 1994. This mine will employ approximately 200 Mat-Su Valley residents and produce 1 million metric tons per year for up to 15 years, benefitting the local economy while paying royalties and taxes to the state.

The Division of Oil and Gas has expedited permitting of several new North Slope and Cook Inlet exploratory wells planned by industry for the '91-'92 exploration season and has lobbied extensively in Congress for the opening of ANWR. The division participated in the settlement of North Slope royalty litigation, bringing in \$300 million to the state during the last two years and encouraging further exploration and development.

In an effort to foster the development of our tourist attractions, Alaska State Parks has created a plan for new recreation/tourism facility development. If funded, this initiative will provide visitor facilities in Denali State Park and on the Kenai Peninsula, new campground development in the Healy/Stampede vicinity, a recreation development plan for the Copper River Highway, a nordic ski training center at Independence Mine State Historic Park, and park development on the lower Kenai River and at Gruening State Park.

The State Pipeline Coordinator's Office has established a single point of contact for pipeline companies to obtain both state and federal permits, thereby streamlining the process and unifying the agencies into a team effort. Alaska Oil and Gas Conservation Commission oversight of the operators' reservoir management practices helps ensure the greatest recovery possible in the Prudhoe Bay, Kuparuk River, Endicott, Lisburne and Cook Inlet oil fields and has contributed to the state's continued high output of oil and gas. The new Division of Water assisted in resolving complicated water issues helping keep the AJ Mine, Kensington Mine, Valdez Creek Mine on line.

### 3. Keep state revenue up.

The Division of Land initiated efforts to develop a portfolio of strategic properties that can be made available for development. The division will:

- Emphasize development of recreation and tourism related opportunities.
- Reduce restrictions to allow the transfer of land to state residents.
- Convey municipal land entitlements to initiate local control of selected land.
- Support the development of economic activities dependent on state land and resources.
- Provide and protect access to and across state lands to reach developable resources.
- Revise the state's land disposal program to encourage settlement and development.

The Division of Water is implementing fees more appropriate to the cost of services and is seeking authority to sell water and establish a water user fee. The passage of such legislation will result in \$2.2 million in new revenue by the end of FY94 and an expected \$5 million annually by FY95.

The Recorder's/UCC Component increased FY91 revenues \$115,000 over FY90 and projects an increase of approximately \$600,000 in FY92. User fees from the State Park system will generate \$1.27 million in new dollars in FY93. These funds are used to defer the cost of operating the 132 units of the state park system.

The Division of Oil and Gas plans to conduct a minimum of three oil and gas lease sales each year through 1995; is continuing royalty litigation; improved royalty oil and gas accounting procedures; began negotiations with PetroStar concerning a long term Royalty In-Kind oil contract for its proposed new refinery in Valdez; and solicited new industry participants in state oil and gas lease sales.

### 4. Mental Health Trust Land settlement

The Division of Land is the lead division for implementation of the Mental Health Trust Land Settlement, signed by the governor in June. A project team has been assembled and the following tasks have been identified:

- Create a comprehensive plan for implementation of the settlement.
- Work with the legal staff and the plaintiffs in an effort to resolve unanswered issues.
- Refine legal descriptions of lands to be placed in the LAS system.
- Design a computer system for land records for the Trust Authority.
- Identify all Mental Health land impacted by the Submerged Land Recalculation.

The Division of Management is designing and implementing a subsystem to the DNR Land Administration System (LAS) that will track hypothecated and replacement lands. In addition, the Division of Oil and Gas tracked revenues received from original mental health lands and estimated potential revenues to the trust from substitute lands.

### 5. Forest Practices Act and Mining Reclamation regulations

After more than a year of negotiating and drafting by state agencies, the Division of Forestry took draft regulations implementing the Forest Practices Act to the public. Open houses, public hearings and a day-long scientific and technical comment session were held. All written and verbal comments have been compiled and evaluated. The draft regulations are now in the process of being finalized in light of the public comments.

As a joint effort, the **Division of Mining** and the **Division of Land** (which is responsible for sand and gravel pits, quarries, and other material mines) prepared a public review draft and held hearings on regulations to implement requirements for mining reclamation on federal, state, and municipal land. After considering some 250 pages of written comments and hearing testimony, mining reclamation regulations were finalized in November 1991 and forwarded to the Lt. Governor's office for approval. This is a large step forward to ensure that mining on state and federal lands is conducted in an environmentally sound manner. In addition, the **State Pipeline Coordinator's Office** is working with pipeline companies to establish workable reclamation plans that will affect approximately 100 gravel pits within the pipeline corridor.

## **6. Refurbish the highway accessible state parks.**

A plan for refurbishing road-accessible campgrounds and trailheads is included in the FY93 CIP budget request. The **Division of Parks and Outdoor Recreation** is requesting \$11.2 million to rehabilitate and expand tourist facilities.

## **7. Clean up contaminated state land and water.**

An inter-agency (DEC, DNR, DOTPF, ADFG) work group has been formed to address the cleanup of contaminated sites on state land. The Department has reviewed the list of sites on DNR managed lands and has submitted four sites to ADEC for inclusion into a statewide priority list. Sites located on state land will be prioritized based on the risk to public health and the probability that the contaminant might spread. In addition, DNR has taken an aggressive position on testing its underground storage tanks and removing those not considered necessary.

EPA's annual review concluded that the **Alaska Oil and Gas Conservation Commission** administered an effective Underground Injection Control program, helping to prevent groundwater contamination. A revised memorandum of agreement clarifying UIC requirements between EPA and the commission was also signed during 1991. The **Division of Water** has raised the priority of the Kenai Peninsula Groundwater Task Force. This effort is not only gathering critical data of the contamination problems of this area, but it is also developing a comprehensive understanding of the groundwater resources on the peninsula.

## **9. Wage "war" on the spruce bark beetle.**

The **Division of Forestry** received \$450,000 in capital funding for a Forest Health Initiative. Strategies are being developed to deal with the declining health of Alaska's aging spruce forests. Dealing with the "symptoms" of this decline, as shown by the major outbreaks of the spruce bark beetle, has begun on the Kenai Peninsula. Varying levels of spruce beetle infestation have been identified within a 40,000 acre area between Kasilof and Clam Gulch and a 55-acre sale took place in November.

## **10. Create back-up storage for the plant diversity facility.**

In June 1991, the **Division of Agriculture** transferred valuable plant materials to four facilities as a way of safeguarding Alaska's ability to reproduce those plants. This will prevent loss of important germplasm (the reproductive cells of an organism) due to fire or other disaster.

# Introduction

## Overview of the Governor's FY93 Budget

Decrements totalling \$2,083.600 are proposed by the governor. Again this year, decrements are proposed that will reduce unnecessary red tape but not essential services to the public. The package includes increments for a total of \$7.2 million of which \$3.9 million is General Fund. Of that \$3.9 million, \$2.3 million is revenue neutral due to program receipts. Another \$1.0 million is for Fire Suppression and has been funded through supplemental requests the past two years.

Some proposed decrements in Land Management and the Recorder's Office are contingent on statutory changes being proposed in the governor's Title 38 bill.

Two organizational changes are reflected in this budget. First, the Division of Water was created by gathering up water functions from the Division of Land and Water and the Division of Geological and Geophysical Surveys. The budget for that division is shown separately as the Water Management BRU and an explanation of the transfers can be found in Appendix D. Second, the Oil and Gas Conservation Commission was transferred over from the Department of Commerce and Economic Development. The budget is shown as a component in the Management and Administration BRU.

## Revenue

During the past nine years, DNR's unrestricted revenues (to all fund accounts) have varied from a high of \$1.57 billion in FY83 to a low of \$658 million in FY87. In FY91, the department contributed 41.8 percent (\$1.42 billion) of the total unrestricted revenues collected into all fund accounts by the state.

## Budget History

From FY83 to FY92, department operating budgets varied from a high of \$66.1 million to a low of \$53.2 million. Staffing levels varied from a high of 870 full-time employees in FY85 to a low of 573 full-time employees in FY88. Historic staffing and funding summaries are shown in Appendices A and B, respectively.

## FY93 Governor's Approved Increments/Decrements

### Governor's Approved Decrements

<u>Division</u>	<u>Program</u>	<u>Funding</u>	<u>Page</u>
Commissioner's Office	Coastal Mgmt. Coordination	33.3 (I-A)	15
	Miscellaneous Wetlands Reduction	250.0 (GF)	15
	Miscellaneous Reduction	132.5 (GF)	15
Division of Management	Reduce Support to DHSS	15.0 (I-A)	21
	Transfer of Recording Duties	187.2 (GF/PR)	21
Division of Land	Reduction in Land Disposal	679.2 (GF, GF/PR)	25
Division of Forestry	Fire Suppression	195.9 (GF, Fed)	29
	Forestry Coastal Zone Mgmt.	19.1 (I-A)	29
	Reduction in Base Funding	192.6 (GF)	29
Division of Oil and Gas	Support for Geologic Field Work	28.8 (GF)	33
Division of Mining	Mining Reclamation	40.0 (GF)	35
	Mineral Property Mgmt.	30.6 (GF)	35
Division of Parks and Outdoor Recreation	Park Maintenance and Operations	101.0 (GF/PR)	41
	Alaska Historical Commission	38.9 (GF/PR)	41
	Miscellaneous Reduction	35.0 (GF)	41
Division of Agriculture	Alaska Grown Prod. Promotion	78.1 (GF)	43
	Equipment and Travel	26.4 (GF)	43

### Governor's Approved Increments

<u>Division</u>	<u>Program</u>	<u>Funding</u>	<u>Page</u>
Commissioner's Office	Wetlands	450.0 (GF, GF/PR)	16
State Pipeline Coordinator's Office	Monitoring of TAPS	500.0 (GF/PR)	17
	Material Sales Inventory	150.0 (GF/PR)	17
	New Common Carrier Pipeline	320.5 (GF/PR)	17
	Pipeline Rental Increase	312.0 (GF/PR)	17
Oil and Gas Conserv.Comm.	Petroleum Inspection Program	273.5 (GF)	19

<u>Division</u>	<u>Program</u>	<u>Funding Request</u>	<u>Page</u>
Division of Management	DNR Public Information Center	450.0 (I-A)	22
	DOA Data Processing Chargeback	225.0 (GF)	22
	Drafting Techs to Full Time	40.0 (CIP)	22
	Mental Health Lands Services	500.0 (I-A)	22
Division of Land	Mental Health Personal Services	875.7 (I-A)	25
Division of Forestry	Fire Support	1,000.0 (GF)	30
	Fed. Co-op Forestry Program	452.0 (Fed)	30
	Keep Green Initiative	100.0 (GF, Fed)	30
Division of Oil and Gas	North Slope Royalty Litigation	50.0 (GF)	33
	Prog. Receipts from Permitting	50.0 (GF/PR)	33
Division of Mining	Mineral Property Management	256.0 (GF/PR)	35
Division of Water	Water Management	337.0 (GF/PR)	39
Division of Parks and Outdoor Recreation	Increase Prog. Receipts Collection	392.2 (GF/PR)	41
Division of Agriculture	Agriculture Revolving Loan Fund	918.0 (ARLF)	43

## Department of Natural Resources FY93 CIP Proposals

*CIP proposals representing DNR priorities have been submitted to the governor. At the time of printing, the governor's CIP decisions were not available. Because there are previously identified statewide priorities some level of funding is presumed for the following CIP projects.*

### **1. Land Selection**

Alaska's statehood land entitlement is approximately 105 million acres. At present, the state has obtained 87 million acres and has until January 3, 1994, to complete its selections. This requires an exhaustive examination of oil and gas potential, hard rock minerals, geothermal resources, hydroelectric site potential, coal, forestry resources, agricultural areas, recreational potential, anthropological sites and critical habitat areas. To ensure submerged lands are not counted against the state's entitlement, title navigability to all lands underlying 30,000 rivers and streams and over 3 million lakes must be resolved.

### **2. Mental Health Lands**

This project implements the Alaska Mental Health Lands Trust settlement, transferring approximately 1 million acres of land to an independent state authority. It is essential for resolving all issues related to mental health trust lands. Without resolution of these issues, third-party properties will remain encumbered, development of these properties cannot occur and the funding of mental health activities will continue to come from the state general fund.

# Division Overviews

# Commissioner's Office

Commissioner: Harold C. Heinze (465-2400)  
 Assistant Commissioner: Cheryll Boren (762-2483)



2.91% of DNR budget

## Mission

*The commissioner of the Department of Natural Resources oversees and facilitates the wise use, development and conservation of state-owned land, oil, gas, timber, minerals, energy, water, agriculture and recreational resources. As a prudent steward of public land, the commissioner strives to maximize current and future public benefits from the state's renewable and non-renewable resources.*

<u>Commissioner's Office</u>	General Fund	Other Funds	FTE
FY92 Authorized	2,176.9	70.0	11
FY93 Governor's Budget	385.9	44.0	8
<u>Grants</u>	General Fund	Other Funds	FTE
FY92 Authorized	15.0	0	0
FY93 Governor's Budget	15.0	0	0
<u>Mental Health</u>	General Fund	Other Funds	FTE
FY92 Authorized	0	0	0
FY93 Governor's Budget	1,453.3	0	0
<u>Commissions</u>	General Fund	Other Funds	FTE
FY92 Authorized	150.7	0	2
FY93 Governor's Budget	156.5	0	2

## Governor's Approved Decrements

### Funding Reduction

<b>Coastal Management Coordination</b> This position is no longer needed as the work is being accomplished by other DNR staff.	<b>33.3 (I-A)</b>
<b>Miscellaneous Reduction - Wetlands</b> A budget amendment will spread this reduction out to DNR programs. Incremental wetlands funding will be shown in the front sections of the budget bill.	<b>250.0 (GF)</b>
<b>Miscellaneous Reduction</b> This reduction was made to keep DNR within the approved target. A budget amendment will spread the reduction out to DNR programs.	<b>132.5 (I-A)</b>

## Governor's Approved Increments

### Funding Request

#### Wetlands

The state has the opportunity to assume permitting authority over wetlands currently under federal jurisdiction. DEC and DNR are coordinating the state's initiative and together are requesting the increment to cover first year costs. The General Fund request will be offset by decrements in the same amount. This funding request will be found in the front sections of the budget bill as a total of \$1,500.0. DNR would receive 450.0 of that and the remainder would go to ADEC.

450.0

250.0 (GF)

200.0 (GF/PR)

## FY 93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Commissioner's Office Operations</b> The executive office of the department provides policy advice to the governor and cabinet, and resource information to the Legislature, business, industry and the public	Provides responsible management of Alaska's resources.	<b>429.9</b> 385.9 (GF) 44.0 (I-A)
<b>Kawerak Reindeer Grant</b> This project provides funds to the Kawerak Native Association for the inoculation of reindeer.	Helps stabilize the economy of the Kawerak Natives by keeping reindeer free of disease.	15.0 (GF)
<b>Mental Health Land Transfer</b> This project completes land work to transfer state land to the Mental Health Trust based on settlement legislation approved by the court.	Helps establish Mental Health Trust and satisfies court agreement.	<b>1,453.3</b> General Fund/ Mental Health
<b>Citizens Advisory Commission on Federal Areas in Alaska (CACFA)</b> Administratively attached to the Commissioner's Office, this independent commission oversees federal land management issues.	Minimizes conflicts between federal statutes and regulations and helps maintain traditional uses of Alaska's federal land.	156.5 (GF)

# State Pipeline Coordinator's Office

State Pipeline Coordinator: Jerry Brossia (278-8594)  
 Deputy Coordinator for Resources: R.L. "O.D." Odsather  
 Deputy Coordinator for Engineering: Gregory Swank



3.80% of DNR budget

## Mission

*The state pipeline coordinator reports to the commissioner. The office is a joint federal-state agency that coordinates oversight, monitoring, permit, and disposal activities affecting common carrier pipelines. The office provides permit coordination and engineering services to ensure that pipelines are designed, constructed and operated to meet environmental and safety standards.*

	General Fund	Other Funds	FTE
FY92 Authorized	1,142.6	223.4	14
FY93 Governor's Budget	2,464.9	223.4	14

## Governor's Approved Increments

### Funding Request

### Monitoring of Trans-Alaska Pipeline System

500.0 (GF/PR)

This project is needed to monitor TAPS, including review of oil spill contingencies and correction of corrosion problems. Periodic review of field conditions, design, and construction is required to protect the environment, human safety, and the state's financial interests. Increased funding will be used to implement recommendations by the U.S. General Accounting Office.

### Material Sales Inventory

150.0 (GF/PR)

Funds will be used for the administrative costs of selling material and monitoring gravel mining plans for common carrier pipelines. Gravel is sold for construction, maintenance, and operations of pipelines, access roads, work pads, pump stations, etc.

### Pipeline Rental Increase

312.0 (GF/PR)

Increased funding is requested through increased pipeline right-of-way rentals to support ADNR, ADF&G, ADOT/PF and the Department of Law for monitoring the operations and maintenance of the common carrier pipelines. This project promotes the effective and efficient development, use, maintenance and operation of pipelines. As the state acquires new land and pipelines are built across it new revenue can be expected. In FY93 the state can expect to receive \$500.0 from pipeline rentals.

## Governor's Approved Increments

## Funding Request

### New Common Carrier Pipeline

320.5 (GF/PR)

Two major firms are interested in construction of a medium diameter 16"-24" common carrier pipeline from Fairbanks to Kenai. The proposed alignment will cross state land and environmentally sensitive areas such as tidal flats and state and federal park lands. The state is authorized to receive funds from pipeline companies who request the state to process and administer common carrier pipeline rights-of-way. A new common carrier pipeline will create new jobs during construction and maintenance phases of pipeline operations.

## FY93 Project Descriptions

### Project

### Benefit

### Funding

#### Pipeline Coordinator's Office

This project promotes the effective and efficient development, use and control of pipeline transportation systems.

Ensures safe operation of pipelines, monitors construction costs and tariff increases.

2,688.3

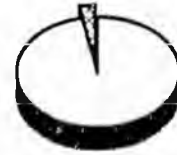
2,464.9 (GF/PR)

165.0 (Fed)

58.4 (I-A)

# Alaska Oil and Gas Conservation Commission

Chairman: David W. Johnston (279-1433)



2.65% of DNR budget

## Mission

*The Oil and Gas Conservation Commission oversees oil and gas drilling, development and production, reservoir depletion and metering operations on all lands subject to the state's police powers. The commission acts to prohibit the physical waste of crude oil and natural gas, to protect the correlative rights of mineral interest owners, and to obtain the maximum ultimate recovery of oil and gas that is prudently possible.*

	General Fund	Other Funds	FTE
FY92 Authorized	1,440.7	100.0	20
FY93 Governor's Budget	1,773.8	100.0	22

## Governor's Approved Increments

Funding Request

### Petroleum Inspection Program

273.5 (GF)

This increment adds two inspectors and restores travel funds to provide extra support necessary for a quality inspection program and send a strong message that Alaska is committed to environmental sound oil and gas production. Oil field activities have increased substantially during the late 1980's. New reservoirs are being developed and more exploratory wells are being drilled. These activities are expected to continue increasing in the 90's; additional inspection capabilities are required to maintain responsible state oversight.

## FY 93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
Alaska Oil and Gas Conservation Commission		1,873.8
Prevents waste, protects correlative rights, and maximizes ultimate recovery of oil and gas deposits.	Provides sound management of the state's oil and gas resources.	1773.8 (GF)
Implements the Underground Injection Control (UIC) Program for oil and gas wells in Alaska.		100.0 (Fed)

# Division of Management

Director: Sharon Barton (465-2406)  
Assistant Director: Meg Hayes (762-2291)



13.20% of DNR budget

## Mission

*The Division of Management provides the Department of Natural Resources with fiscal, personnel, automation, and public land record system support. The Recorder's/UCC Section is responsible for the preservation, maintenance, and availability of historic and current real estate records and security interests for the public.*

	General Fund	Other Funds	FTE
FY92 Authorized	6,600.3	910.6	144.4
FY93 Governor's Budget	7,396.4	1,931.7	150.8

## Governor's Approved Decrements

### Funding Reduction

#### Transfer of recording to local governments

187.2 (GF/PR)

This decrement would allow the transfer of recording responsibilities to local governments on a volunteer basis. Revenue would be split according to responsibility, beginning a new partnership between the state Recorder's Office and local governments. Recording functions handled locally will allow the public to go to one location to transact business regarding real estate.

#### Reduce Data Processing Support to DHSS

15.0 (I-A)

The Department of Health and Social Services Epidemiology component acquired a minicomputer reducing its need for data processing assistance.

## Governor's Approved Increments

### Funding Request

<p><b>DNR Public Information Center</b>          This new project consolidates the department's public service functions into a single unit. The center is the sole Anchorage location for all of DNR's interaction with walk-in customers and for responding to telephone inquiries. It expands the public's access to information. Funding is transferred from several BRUs. No new funding is requested.</p>	<p>450.0 (I-A)</p>
<p><b>DOA Data Processing Chargeback</b>          During FY92, the DOA established a new chargeback policy and rate structure. This increment will fund the department's mainframe usage to the level anticipated in FY93.</p>	<p>225.0 (GF)</p>
<p><b>Increase Drafting Technicians to Full Time</b>          This increment adds 9.6 months of staff time to convert three Direct Charge CIP part time positions to permanent full time as reflected in FY92 CIP project plans.</p>	<p>40.0 (CIP)</p>
<p><b>Mental Health Trust Lands Automated Services</b>          This increment will support department work on the settlement of the Mental Health Trust litigation by providing mapping and information tracking system support, which will continue through December 1994.</p>	<p>500.0 (I-A)</p>

## FY93 Project Description

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<p><b>Administrative Support</b>            Director's office provides policy direction. Administrative Support Unit oversees procurement activities and provides facilities support in Anchorage and Juneau.</p>	<p>Centralized support functions provide the most cost-effective services to DNR managers.</p>	<p>709.5            651.5 (GF)            58.0 (I-A)</p>
<p><b>Financial Services</b>            Provides centralized financial management including department budget preparation and revenue and expenditure accounting.</p>	<p>Ensures that DNR financial activities comply with state law and policy.</p>	<p>1,521.1            1,208.2 (GF)            312.9 (I-A)</p>

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Personnel/Payroll</b> Establishes DNR personnel policies and procedures. Provides centralized recruitment, classifications, labor relations, and payroll support to managers.	Ensures that all DNR personnel actions comply with state law, bargaining unit contracts and state and department policies and procedures.	594.2 457.5 (GF) 136.7 (I-A)
<b>DNR Public Information Center</b> Serves as the central location for customer service and public access to DNR's programs in Anchorage.	Consolidation of these services enables the department to expand hours of operation and offer a higher quality service.	450.0 (I-A)
<p><i>NOTE: A full explanation of transfers required to fund and staff the new Public Information Center can be found in Appendix D.</i></p>		
<b>Fairbanks Building Maintenance</b> Pays for building maintenance, electricity, heat, water and sewer at the DNR office complex in Fairbanks.	Maintains access for DNR services in Fairbanks.	104.9 (GF)
<b>Data Processing Services</b> Provides analysis, design, programming, maintenance and enhancements on DNR's Land Administration mainframe computer applications. Automates tracking of state lands and resources, contracts, and associated revenues.	Provides accurate and timely resource information to decision makers and accounts for all state revenues from the sale or use of state resources, including oil and gas royalties.	636.8 431.8 (GF) 205.0 (I-A)
<b>Status Graphics</b> Creates, maintains and distributes the graphic records (more than 18,300 status plat maps) that depict ownership and use of the state's land and resource holdings.	Current and accurate maps facilitate resource management decisions by the public and the state and help prevent costly lawsuits.	991.5 856.5 (GF) 135.0 (I-A)
<b>DNR Computer Information Center</b> Provides technical support in the use of computer systems. Supports more than 500 microcomputer workstations, including needs assessments, acquisition, and operation. Maintains DNR's statewide data communications network.	Maximizes specialized knowledge and substantial technical investment necessary to use DNR's business and resource information processing systems.	346.8 (GF)

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<p><b>Geographic Information Systems</b> Provides the state with the ability to geographically portray complex natural resource data in relation to management activity and historical land use.</p>	<p>Provides options for appraisal scenarios and multi-use development plans for DNR-managed lands.</p>	<p>482.9 298.1 (GF) 10.0 (GF/PR) 174.8 (I-A)</p>
<p><b>DNR Automated Support</b> Consists of contractual monies for maintenance and lease costs of mapping and analytical modeling minicomputers, microcomputers and peripherals, and for reprographic and microfilming equipment.</p>	<p>DNR computer systems and reprographic equipment provide accurate and timely information to decision makers and the public.</p>	<p>302.1 (GF)</p>
<p><b>State Land Status Automation</b> Funds automation of the state status plat maps, tracking surface and subsurface ownership of all lands owned and managed by the state.</p>	<p>Increases readability and accuracy, and decreases records retention liability for an inventory of 30,000 maps.</p>	<p>459.3 (CIP)</p>
<p><b>Recorder's Office/UCC</b> Receives and records all documents related to real property in 14 locations statewide. Receives, files and provides searches of financial documents for the public record.</p>	<p>Provides an orderly record of all real property transactions. Program receipts exceed costs.</p>	<p>2,010.5 (GF/PR)</p>
<p><b>DOA DP Chargeback</b> During FY92, the DOA established a new chargeback policy and rate structure. This project funds the department's mainframe usage to the level anticipated in FY93.</p>		<p>708.5 (GF)</p>

# Division of Land

Director: Ron Swanson (762-2692)  
 Deputy Director: Dick LeFebvre (762-2692)



16.30% of DNR budget

## Mission:

*The Division of Land serves as stewards of state land, upholding Alaska's constitutional mandate to "...encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." The division makes a balanced combination of land available for both public and private purposes.*

	General Fund	Other Funds	FTE
FY92 Authorized	10,831.1	986.9	201.5
FY93 Governor's Budget	9,740.7	1,769.0	184.5

## Governor's Approved Decrements

### Funding Reduction

### Reduction in Land Disposal Program

679.2

This decrement will eliminate eight full-time positions and reduce five others by slowing down the disposal program in areas with no immediate demand.

538.2 (GF)  
 141.0 (GF/PR)

## Governor's Approved Increments

### Funding Request

### Mental Health Personal Services

875.7 (I-A)

This increment funds 10 positions assigned to the Mental Health Project Team.

## FY 93 Project Descriptions

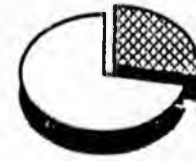
*NOTE: The Division of Land re-organized its projects during FY92. A full explanation of the re-organization can be found in Appendix C.*

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<p><b>Land Acquisition</b> This project includes selecting and securing Alaska's full entitlement under the Statehood Act, exchanging land with other owners to assemble strategic blocks of state-owned property, and ensuring that the chain of title is clear of encumbrances.</p>	<p>Provides the foundation for Alaska's unique position as an owner-state. Alaska's vast portfolio of real estate and resources not only funds almost all of state government but it produces annual dividends to Alaskans.</p>	<p>1,057.7 (GF)</p>
<p><b>Protect/Defend Ownership Rights</b> Defends the state's real estate holdings against title encumbrances and other adverse claims. It surveys state land and coastal boundaries to protect against boundary and acreage disputes, especially in contests with the federal government over offshore mineral lease revenues or ownership of submerged lands.</p>	<p>Audits the federal government land conveyances to the state to ensure that the state secures its full entitlement in each grant category and to correct erroneous land transfers from the federal government.</p>	<p>724.5 694.5 (GF) 30.0 (GF/PR)</p>
<p><b>Identify Resource Assets and Allocate</b> Analyzes what is known about the state inventory of resources and compares possible combinations of uses, yielding the array that produces the greatest benefits. The project results in site-specific guidelines for putting the land to use by resource developers, land purchasers, and the general public.</p>	<p>Meets constitutional mandate by organizing knowledge of state landholdings, resources and revenue opportunities, and identifying complex access problems owing to remoteness and mixed land ownership.</p>	<p>1,432.1 1,362.1 (GF) 20.0 (GF/PR) 50.0 (Fed)</p>
<p><b>Economic Development, Settlement of Land</b> Appraises the fair market value of state land and surface resources, funds special assessments to install improvements such as roads and water lines, and auctions sand and gravel. It issues and administers leases, offers state land for Alaskans to purchase, and fulfills land grants.</p>	<p>Serves the state as a real estate development and property management enterprise.</p>	<p>4,121.7 2,404.0 (GF) 1,697.7 (GF/PR) 20.0 (I-A)</p>

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<p><b>Maintain/Protect Assets</b>  Provides field personnel to halt unauthorized uses such as theft of state-owned gravel, assures consistency with the Alaska Coastal Management Program, supports non-commercial uses of state land, defends state land against contamination by toxic substances, and ensures reclamation of former gravel pits.</p>	<p>Provides for management of land to be maintained in public ownership. Through proper design of permit conditions, it ensures that short-term resource development activities will not cause long-term impacts.</p>	<p>855.8  645.9 (GF)  209.9 (I-A)</p>
<p><b>Provide/Protect Access</b>  Asserts and defends the public claim to rights-of-way, secures public easements, and provides for easements before the state conveys land.</p>	<p>Ensures that Alaskans have legal access to state-owned land and water for resource development, travel, hunting, fishing, and other uses.</p>	<p>234.4 (GF)</p>
<p><b>Ensure Stewardship of Land/Resource Assets</b>  Provides the policy and guidance to the asset management program throughout the state.</p>	<p>Answers questions about state programs and ensures public and private sector participation in program development.</p>	<p>2,000.7  1,594.4 (GF)  406.3 (I-A)</p>
<p><b>Survey Direct Charge CIP</b>  Surveys and plats parcel boundaries for various state land disposals.</p>	<p>Costly land ownership conflicts are avoided.</p>	<p>207.1 (CIP)</p>
<p><b>Mental Health Lands Services</b>  Implements the Mental Health Trust Lands settlement, works with plaintiffs, refines legal descriptions of lands, administers automated systems to track land records and identify submerged lands within Mental Health lands.</p>	<p>Settles a longstanding lawsuit and assists the new independent state authority managing the lands for the benefit of mental health programs in the state.</p>	<p>875.7 (I-A)</p>

# Division of Forestry

Director: Malcolm R. "Bob" Dick (762-2501)  
 Deputy Director Management: George Hollett (762-2503)  
 Deputy Director Operations: Dean Brown (762-2508)



28.88% of DNR budget

## Mission

*The Division of Forestry manages forest land and protects the forest's natural values while supporting Alaska's economy through development of forest products. The Fire Suppression program pays for Alaska's wildlands fire expenses.*

<i>Forest Management</i>	<b>General Fund</b>	<b>Other Funds</b>	<b>FTE</b>
<b>FY92 Authorized</b>	9,560.5	739.1	127.5
<b>FY93 Governor's Budget</b>	9,732.8	1,238.7	126.5
<i>Fire Suppression</i>	<b>General Fund</b>	<b>Other Funds</b>	<b>FTE</b>
<b>FY92 Authorized</b>	3,069.4	5,350.0	3.8*
<b>FY93 Governor's Budget</b>	4,069.4	5,350.0	3.8*

\* Approximately 750 non-permanent firefighters are hired seasonally.

## Governor's Approved Decrements

### Funding Reduction

#### Forestry Coastal Zone Management

19.1 (I-A)

Budgeted inter-agency receipts were not received in FY92 and are not expected in future years.

#### Reduction in Continuation Level Base Funding

192.6 (GF)

Reduced funds will lower timber sales, cut one administrative position by two work months, eliminate three positions in fire management.

## Governor's Approved Increments

### Funding Request

#### Fire Suppression/Fire Support

1,000.0 (GF)

Contract costs for dedicated suppression aircraft, maintenance of the division's fleet aircraft, fire suppression and support services provided from federal cooperators have risen dramatically since 1986. Fixed costs for contract aircraft have increased to the point where no funds are available to take action on fires without access to disaster relief or supplemental funds.

#### Federal Cooperative Forestry Programs

452.0 (Fed)

This increment will authorize receipt of new federal funds for Forest Stewardship (assisting private forest landowners) and America the Beautiful Programs (fostering volunteer tree planting and teaching tree care.)

#### Keep Green Initiative

100.0

Most of the fires the division responds to are human-caused. A statewide prevention effort run by a private organization should result in a drop of fire starts and therefore save state funds. Most western states have "Keep Green" programs co-sponsored by agencies, industries and citizens, to help control human-caused fires.

50.0 (Fed)  
50.0 (GFM)

## FY93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Fire Management</b>		<b>5,222.3</b>
Maintains a state of readiness to detect, attack and control wildfires while they are small. Provides management and coordination of the preparedness program to protect state, private and municipal lands from wildfire.	Protects \$15 billion of state resources and improvements. A cost savings of about \$2.5 million annually results from coordination with federal agencies.	5,106.1 (GF) 16.2 (I-A) 50.0 (Fed) 50.0 (GFM)
<b>Resource Management</b>		<b>3,021.8 (GF)</b>
Wise stewardship maintains healthy, pest-resistant, aesthetically pleasing and productive forests. Enforces the Forest Practices Act.	Provides timber resources required by the forest products industry and revenue to the state, stimulating the economy and providing jobs.	

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Forest Administration</b> Provides policy direction and administrative support for operating projects.	Manages division programs for optimal return on investment in the state's forestry program.	1,554.9 (GF)
<b>Federal Cooperative Forestry Programs</b> Handles federal funding for Rural Community Fire Protection and Cooperative Forestry Assistance.	Assists private landowners in forest stewardship and local communities with tree planting through use of federal matching funds.	1,172.5 (Fed)
<b>Fire Suppression</b> Pays for the actual cost of fire suppression.	Provides protection for more than \$15 billion in improvements and resources.	9,419.4 5,350.0 (Fed) 4,069.4 (GF)

# Division of Oil and Gas

Director: James E. Eason (762-2547)  
Deputy Director: Ken Boyd (762-2548)



5.92% of DNR budget

## Mission

*The primary responsibilities of the Division of Oil and Gas are to (1) make state lands available for oil and gas exploration and development and evaluate the resource potential of these areas; (2) ensure that surface operations on oil and gas leases are conducted in an environmentally and economically sound manner; (3) ensure that all revenues due from oil and gas production are received in full; (4) advocate petroleum resource development throughout the state; and (5) provide technical and policy support to the Commissioner and Governor's Office.*

	General Fund	Other Funds	FTE
FY92 Authorized	3,887.7	78.0	53
FY93 Governor's Budget	4,106.1	78.0	53

## Governor's Approved Decrements

### Funding Reduction

### Reduce Support For Geologic Field Work

28.8 (GF)

This decrement reduces helicopter charters/fuel purchases in support of field work and is needed to meet the division's targeted FY93 budget reduction.

## Governor's Approved Increments

### Funding Request

### Alaska North Slope Royalty Litigation

50.0 (GF)

This increment is needed to enable the state to gather data on a systematic basis to support its claim of the royalty oil value under the Alaska North Slope (ANS) royalty litigation settlements. The state needs the ability to contract with outside experts to support its case concerning the value of the oil. Royalty litigation settlements resulted in more than \$300 million to the state over the last two years.

### Program Receipts Generated by Permitting/Processing

50.0 (GF/PR)

This increment will provide funds to the division provided authority is obtained to allow the division to receive program receipts. It would shift some of the costs of administering oil and gas leases to those who benefit from those services.

## FY93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Federal Receipts/Energy Research</b> Performs federal-state government cooperative studies related to the petroleum resources of Alaska	Enhances the state's ability to perform petroleum resource studies.	78.0 (Fed)
<b>Petroleum Administration</b> Provides policy direction and administrative support for the division.	Results in policy decisions that maximize the return on investment in the state's petroleum-related programs.	502.0 (GF)
<b>Leasing/Evaluation</b> Develops and implements the state's five-year oil and gas leasing program. Establishes leasing terms and bidding methods designed to maximize petroleum-related revenues.	Provides direct economic returns, jobs and capital investment in Alaska and encourages competition and timely development.	1,651.0 (GF)
<b>Lease Administration/Royalty Accounting</b> Issues new oil and gas leases, administers complex lease and unit contract requirements, offers royalty in-kind sales and accounts for revenues due the state from bonuses, rentals and royalties.	Assures environmentally responsible development, protection of the state's economic interests and full receipt of bonuses, rentals and royalties due the state.	1,953.1 1,903.1 (GF) 50.0 (GF/PR)

# Division of Mining

Acting Director: Sam Dunaway (762-2163)



3.70% of DNR budget

## Mission

*The Division of Mining manages the placer, hardrock and coal resources of Alaska in a manner that stimulates increased investment, encourages mineral production, and provides proper environmental controls. The division provides current mineral location information to the mining industry and government agencies, participates in land use decisions which affect mining, assists preparation of good operation and reclamation plans, conducts field inspections to assure compliance with state and federal requirements, and implements the surface coal and reclamation regulations.*

	General Fund	Other Funds	FTE
FY92 Authorized	1,148.1	1,233.5	24
FY93 Governor's Budget	1,364.9	1,243.8	25.5

## Governor's Approved Decrements

### Funding Reduction

### Mining Reclamation

40.0 (GF)

General fund request is reduced to meet funding targets.

### Mineral Property Management

30.6 (GF)

General fund request is reduced to meet funding targets.

## Governor's Approved Increments

### Funding Request

### Mineral Property Management Section

256.0 (GF/PR)

This section administrates, maintains and adjudicates all mineral property records on state lands. It maintains records on mining claims, leasehold locations, prospecting sites, upland mining leases, coal leases and offshore prospecting permits and leases. Recent legislation requires the division to oversee added rent and royalty requirements as well as new reclamation regulations without added funding. This increment requests program receipts be used to administer the new regulations.

## FY 93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Mining Administration</b> Provides policy direction and administrative support.	Ensures a maximum return from state mineral resources	253.1 (GF)
<b>Mineral Property Management</b> Maintains, administers and adjudicates mineral property locations such as mining claims, leasehold locations and prospecting sites. The division issues mining leases and permits, collects rents and royalties and conducts coal and offshore mineral disposals.	Returns jobs and capital investments to the state. Provides the state with approximately \$2.2 million annually in rents and royalties.	256.0 (GF/PR)
<b>Coal Regulatory Program</b> Processes permit applications and conducts compliance inspections.	Supports the state's coal mining industry.	174.5 (GFM)
<b>Coal Federal Receipts</b> Authorize receipt of federal matching funds for the Coal Surface Mining Regulatory Program.	Supports the state's coal mining industry.	523.1 (Fed)
<b>Abandoned Coal Mines</b> Provides for the reclamation of state, local and private lands that have hazards caused by past mining activities.	Eliminates hazards due to mining.	720.7 (Fed)
<b>Surface Coal Mining Program Income Credit</b> Creates a program receipts account for deposit of income from Surface Coal Mining Program.	Maximizes federal matching funds for the Surface Coal Mining Program.	41.1 (GF/PR)
<b>Mineral Industry Management and Technical Assistance</b> Coordinate the annual placer mining application process. Provide expert technical assistance to the mining industry by conducting site visits and helping mining operators meet complex environmental and reclamation regulation requirements.	Ensures practical and timely issuance of permits and environmentally sound mining operations that comply with environmental and reclamation regulations.	640.2 (GF)

# Division of Geological and Geophysical Surveys

Director and State Geologist: Thomas E. Smith (474-7147)  
 Associate Director: Milton A. Wiltse (474-7147)



4.22% of DNR budget

## Mission

*The Division of Geological and Geophysical Surveys locates, assesses and inventories the mineral and energy resources of Alaska's lands; monitors and reports on the quality, quantity and availability of ground and surface waters; identifies, locates and evaluates geologic hazards that threaten the health and safety of Alaska's residents and industry; and facilitates the timely transfer of these data to state and federal agencies as well as the private sector.*

	General Fund	Other Funds	FTE
FY92 Authorized	3,543.7	725.9	52
FY93 Governor's Budget	2,618.5	360.7	42

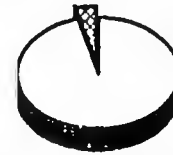
## FY 93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Statewide Mineral Resource Appraisal</b> Evaluates mineral resource potential of land available for state selection as well as providing an inventory of geologic resources on state lands. Prepares annual Alaska's Mineral Industry report.	Enhances revenue-generating capability of state lands by providing geologic resource inventory and predicting mineral asset values. Provides current information on mineral industry.	742.5 (GF)
<b>Energy Resource Appraisal</b> Conducts statewide geologic studies to support inventories of petroleum, coal and other energy resources in Alaska, with emphasis on Alaska's North Slope.	Provides the state and private sector with the geologic information for estimates of Alaska's energy resources.	461.3 (GF)
<b>Geologic Materials Center</b> Curate, store and make available to the public a priceless collection of cores, samples and geologic information from oil and gas wells and hardrock mineral deposits in Alaska.	Benefits the public and private sector, exploration and development projects and assessment of the state's energy and mineral assets.	85.7 (GF)

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Earthquakes, Volcancoes and Engineering</b> Generates and distributes information about geologic conditions that affect public safety, and development of harbors, urban facilities, and transportation corridors.	Significantly reduces financial risks and human casualties.	295.2 (GF)
<b>Construction Materials Resources</b> Provides reliable information on construction materials resources for use in state land selection, to support statewide construction, and to facilitate effective land management.	Provides direct economic benefit to the state from lease revenues and indirectly supports local economies.	140.6 (GF)
<b>Resource Information</b> Publishes technical maps and reports on Alaska's geologic resources. Supports division and inter-agency reports for mineral assessments in state land selection areas.	Provides a public database for Alaska's geologic resources that directly supports state resource management and geologic resource development.	320.5 (GF)
<b>Administrative Services</b> This project provides administrative services to the Geological Management BRU including project management, financial services, personnel services and clerical services.	Provides support necessary to produce mineral, energy and construction materials resource inventories, produce geologic hazard information and publish technical data.	511.1 (GF)
<b>Federal Receipts</b> This project provides authorization to receive and expend funds from federal agencies.	Provides cost-effective public services and promotes cooperative agreements.	258.9 (Fed)
<b>Inter-Agency Receipts</b> This project provides authorization to receive and expend funds from other state agencies.	Provides cost-effective public services and promotes cooperative agreements.	101.8 (I-A)
<b>Program Receipts</b> This project provides authorization to receive and expend funds from other state agencies.	Provides cost-effective public services and promotes cooperative agreements.	61.6 (GF/PR)

# Division of Water

Director: Ric Davidge (762-2575)



3.76% of DNR budget

## Mission

*The Division of Water was created in 1991 to manage, plan, promote and authorize the responsible use and economic potential of Alaska's water resources; to resolve state title to the submerged lands under all navigable water bodies; to collect and provide information needed on the quantity and quality of Alaska's vast surface, ground and coastal waters; to protect lives and property at risk by dams; and to educate Alaskans about the responsible use of their water resources.*

	General Fund	Other Funds	FTE
FY92 Authorized	0	0	0
FY93 Governor's Budget	2,115.9	540.9	28

*NOTE: A full explanation of the transfers required to fund and staff the new Division of Water can be found in Appendix D.*

## Governor's Approved Increments

### Funding Request

### Water Management

337.0 (GF/PR)

Increasing program receipts encourages cost effectiveness and establishes a dollar relationship to services provided. These funds, generated through water rights applications fees, temporary water use fees, dam safety application fees and the USGS-Hydro Survey Co-op cost recovery program, are essential to the continued operation of the Division of Water at the current level. Failure to authorize this increase in program receipts will require personnel layoffs in water rights adjudication and hydrologic surveys. Backlogs in permit applications would likely increase and site inspection of high hazard dams will be limited.

## FY93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
Director's Office Provides overall management and administrative support.	Focuses division objectives and methods of obtaining them.	154.6 (GF)

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Dam Safety</b> Reviews and inspects dams and responds to emergencies in the event of a disaster. Construction of new dams will begin in FY93.	Protects lives and property from possible dam failures.	<b>235.6</b> 56.4 (GF) 64.2 (GF/PR) 115.0 (Fed)
<b>Hydrologic Survey</b> Collects and disseminates information on Alaska's surface and ground waters. Hundreds of streams and millions of lakes have yet to be added to data base. Includes a cooperative program with US Soil Conservation Service to improve snow fall data in arctic regions.	Provides information vital to public health and economic development. The arctic snow survey may revolutionize human understanding of arctic environments thus allowing more oil and gas exploration and development.	<b>1,536.8</b> 558.4 (GF) 602.5 (GF/PR) 196.8 (Fed) 179.1 (I-A)
<b>Water Rights</b> Adjudicates water rights applications associated with the use of water for domestic, commercial and industrial needs. Enforces compliance on water users in Alaska now taking large quantities of water without authorization. Participates in land and water resource plans.	Authorizes the use of water while protecting the public interest. Provides increased revenues and increased collection of water data related to site-specific hydrology and the availability, use and distribution of water.	<b>547.2</b> 452.9 (GF) 44.3 (GF/PR) 50.0 (Fed)
<b>Water Management Policies and Procedures</b> Develops and promulgates Alaska's first comprehensive water management policy. Develops, publishes and holds public hearings on Alaska's first statewide water management strategy organized by hydrological unit.	Gives guidance to and provides context for water management decisions. An organized strategy allows public input into water management decisions.	<b>89.1 (GF)</b>
<b>Title Navigability</b> Establishes and protects the state's title to submerged lands and access to millions of acres of uplands. The emphasis is to identify and claim title to all remaining, but currently unclaimed, navigable water bodies before the state land selection process is concluded.	Increases the total upland acres the state can select. It also protects access for recreation and commerce.	<b>93.5 (GF)</b>

# Division of Parks and Outdoor Recreation

Director: Neil C. Johannsen (762-2600)  
Deputy Director: Pete Panarese (762-2603)



10.31% of DNR budget

## Mission

*The Division of Parks and Outdoor Recreation plans, develops and manages state parks, recreation areas and historic sites for the benefit of Alaskans and visiting tourists; and locates, inventories and conserves historic and cultural sites.*

	General Fund	Other Funds	FTE
FY92 Authorized	5,498.7	1,431.0	99
FY93 Governor's Budget	5,791.7	1,485.8	99

## Governor's Approved Decrements

### Funding Reduction

#### Park Maintenance and Operations Project

Reduce park maintenance and operations project funding by reducing seasonal staff months to parallel peak visitation, delay start of private janitorial maintenance and refuse collection contracts.

101.0 (GF/PR)

#### Alaska Historical Commission

Funding will be reduced for this commission, which provides a forum for citizen input into the development of state history policy and promotes understanding of Alaska's history.

38.9 (GF/PR)

#### Miscellaneous Reduction

This miscellaneous reduction will be spread to a specific line item in a budget amendment.

35.0 (GF)

## Governor's Approved Increments

### Funding Request

#### Increase Collection and Use of Program Receipts

Authorization is requested to increase collection and use of program receipts to improve maintenance and operation of park facilities. Specifically, the funds will be used to increase maintenance service due to higher visitation and to provide new or upgraded facilities increasing access to fishing.

392.2 (GF/PR)

## FY 93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Historic Resource Management</b> Management, planning, enhancement, and interpretation of Alaska's heritage resources is accomplished through the Alaska Historical Commission.	Encourages citizen input into state history policy; promotes Alaska's history; and locates, inventories, protects Alaska's heritage resources.	<b>491.5</b> 225.1 (GFM) 5.2 (GF) 36.1 (GF/PR) 225.1 (I-A)
<b>Archaeological Surveys</b> Conducts historical and archaeological surveys.	Provides protection of heritage sites and preservation of artifacts.	<b>342.0</b> 21.1 (Fed) 33.1 (GFM) 287.8 (I-A)
<b>Parks Administration</b> Provides policy direction and administrative support for the division.	Sets direction and provides support to state park operations.	<b>407.5 (GF)</b>
<b>Challenge Alaska Grant</b> Provides a pass-through grant to Challenge Alaska for the promotion of handicap recreation access programs in Alaska.	Promotes outdoor recreation opportunities for handicapped Alaskans.	<b>35.0 (GF)</b>
<b>Federal Grants Administration</b> Administers the Land and Water Conservation Fund and the Historic Preservation Grant Program.	Provides matching funds to Alaskan communities and individuals for outdoor recreation projects and historic site planning.	<b>194.5 (CIP)</b>
<b>CIP Direct Costs</b> Designs and manages facility improvement at state parks.	Generates significant tourism revenue through well-designed and well-maintained parks.	<b>726.9 (CIP)</b>
<b>Park Operation and Maintenance</b> Provides staff for 132 park units statewide, and day-to-day janitorial maintenance for state park facilities, primarily through private-sector contracts. Program provides work for young people over the age of 18.	Protects public health, provides private-sector jobs and protects the state's \$60 million investment in park facilities.	<b>5,080.1</b> 30.4 (CIP) 3,766.4 (GF) 1,283.3 (GF/PR)

# Division of Agriculture

Director: Vacant

Deputy Director: John Cramer (745-7200)



4.32% of DNR budget

## Mission

*The Division of Agriculture strives to create opportunities for local producers and marketers of food, fiber, landscaping, and revegetation materials. State support of the agricultural industry helps provide the stability necessary for growth and innovation.*

	General Fund	Other Funds	FTE
FY92 Authorized	1,594.8	615.1	30.3
FY93 Governor's Budget	1,488.5	1,562.3	26.7

## Governor's Approved Decrements

### Funding Reduction

#### Alaska Grown Products Promotion

Reduce personnel to part-time during harvest time when services are required, deleting travel to trade shows, fairs and farm markets and cutting contractual services for materials and advertising.

78.1 (GF)

#### Equipment and Travel

Reduces equipment and travel from the Plant Materials Center budget request, reducing its ability to repair or replace damaged equipment and buildings.

26.4 (GF)

## Governor's Approved Increments

### Funding Request

#### Agricultural Revolving Loan Fund

Lack of funding in the FY92 budget reduced operating funds by \$500.0. A Dept. of Law opinion stated that funds should not be expended from the corpus of the ARLF without legislative approval. Legal costs have increased to handle litigation and liquidate recovered property. AS03.10.040(b) states that money in the fund may be appropriated by the legislature for costs of administering this program.

918.0 (ARLF)

## FY 93 Project Descriptions

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Director's Office</b> Provides policy direction and administrative support for the division.	Maximizes return on investment in the state's agricultural program.	212.0 (GF)
<b>Food/Farm Product Inspection</b> Provides state and federally mandated regulatory services to Alaskan producers, marketers, and consumers of agricultural products.	Prevents loss of agricultural product sales due to poor quality, fraud and misrepresentation.	107.0 6.0 (Fed) 101.0 (GF)
<b>Agricultural Land Conservation</b> Conserves soil and water resources to optimize the long-term economic value of agricultural lands.	Protects the state's interest in land resource values.	162.2 (GF)
<b>Alaska Grown Promotion</b> Expands demand for competitively priced Alaskan farm products through promotional activities.	Encourages the in-state agricultural industry and import substitution.	215.5 15.0 (Fed) 200.5 (GF)
<b>Revegetation/Seed Production</b> Provides cost-effective testing, production, and distribution of north-latitude revegetation materials needed by resource industries to meet environmental requirements.	Facilitates mine reclamation and supports in-state seed industry.	420.3 55.4 (Fed) 327.3 (GF) 37.6 (GF/PR)
<b>Vegetation and Landscape Crop Improvements</b> Provides cost-effective testing, production and distribution of berry, vegetable and landscape plants.	Stimulates growth of in-state horticulture and produce industry.	315.4 289.1 (GF) 26.3 (GF/PR)
<b>Agriculture Revolving Loan Fund</b> Administers the ARLF, a low-interest program for agricultural development. Also administers Alaska Agricultural Advisory Council loans.	Provides major source of in-state agricultural industry financing.	1,461.9 (ARLF)

<u>Project</u>	<u>Benefit</u>	<u>Funding</u>
<b>Agricultural Management Inter-Agency Receipts</b> Provides compensation to the division for services provided to other agencies, such as revegetation, horticulture and erosion control.	Provides technical assistance to other agencies.	24.0 (I-A)
<b>State Fairs</b> Supports operations and maintenance of regional fairs.	Stimulates economy and provides arena for products.	132.5 (GF)

# Appendices

## APPENDIX A

**Alaska Department of Natural Resources  
Historical Staffing Summary  
FY-88-FY93\***

BRU	FY88 Authorized			FY89 Authorized			FY90 Authorized			FY91 Authorized			FY92 Authorized			FY93 Governor's		
	PFT	PPT	Total	PFT	PPT	Total	PFT	PPT	Total	PFT	PPT	Total	PFT	PPT	Total	PFT	PPT	Total
Commissioner	11	0	11	11	0	11	11	0	11	11	0	11	11	0	11	8	0	8
Commissions	2	0	2	0	0	0	2	0	2	2	0	2	2	0	2	2	0	2
Pipeline Office										5	0	5	14	0	14	14	0	14
AOGCC												20	0	20	22	0	22	
Management	143	7	150	143	7	150	143	7	150	143	6	149	139	10	149	146	6	152
Land and Water	196	61	213	201	16	217	201	15	216	189	24	213	195	13	208			
Land																177	15	192
Water																28	0	28
Forest Mgmt	71	135	206	80	129	209	80	131	211	80	131	211	88	127	215	88	125	213
Fire Suppression	0	0	0	0	0	0	0	0	0	1	0	1	2	3	5	2	3	5
Petroleum Mgmt	47	0	47	47	0	47	47	0	47	55	0	55	53	0	53	53	0	53
Mining Mgmt	20	6	26	22	4	26	23	4	27	24	2	26	23	2	25	25	1	26
Geological Mgmt	12	56	68	11	56	67	12	55	67	12	55	67	49	6	55	35	4	39
Parks Mgmt	41	101	142	44	100	144	46	93	139	46	91	137	42	93	135	41	94	135
Agricultural Mgmt	29	14	43	31	10	41	32	9	41	29	9	38	23	13	36	21	11	32
TOTALS	573	335	908	592	320	912	597	314	911	597	318	915	661	267	928	662	259	921

\* It should be noted that the FY93 position count includes:

- 22 positions transferred in from the Department of Commerce and Economic Development with the Oil and Gas Conservation Commission;
- 8 new positions with the State Pipeline Coordinator's Office totally funded from program receipts;
- 8 new project positions established in FY92 and 10 additional proposed for FY93 to implement the Mental Health Settlement (to be deleted upon completion of that work).

APPENDIX B

Alaska Department of Natural Resources  
 Historical Budget Summary  
 FY89-FY93\*

	FY89 Authorized			FY90 Authorized			FY91 Authorized			FY92 Authorized			FY93 Governor's		
	GF	Other	Total	GF	Other	Total	GF	Other	Total	GF	Other	Total	GF	Other	Total
BRU															
Commissioner	949.7	60.0	1,009.7	929.2	66.6	995.8	929.2	66.6	995.8	2,191.9	70.0	2,261.9	400.9	44.0	444.9
Mental Health													1,453.3	0	1,453.3
Commissions				159.2		159.2	159.2		159.2	150.7		150.7	156.5		156.5
Pipeline Office							905.7	55.0	1,040.7	1,142.6	223.4	1,366.0	2,464.9	223.4	2,688.3
AOGCC										1,440.7	100.0	1,540.7	1,773.8	100.0	1,873.8
Management	6,726.7	491.8	7,218.5	6,567.6	566.2	7,133.8	6,598.8	685.1	7,283.9	6,600.3	910.6	7,510.9	7,386.4	1,931.7	9,318.1
Land and Water	11,147.3	1,002.6	12,149.9	10,879.0	688.2	11,567.3	10,958.1	838.2	11,796.3	10,831.8	986.9	11,818.7			
Land													974.7	1,769.0	1,150.7
Water													2,115.9	540.9	2,656.8
Forest Mgmt	8,173.3	516.7	8,690.0	8,310.1	524.5	8,834.6	8,248.1	520.0	8,768.1	9,560.5	739.1	10,299.6	9,732.8	1,238.7	10,971.5
Fire Suppression	7,108.3	150.0	7,258.3	3,539.4	150.0	3,689.4	3,539.4	275.0	3,814.4	3,069.4	535.0	3,604.4	4,069.4	535.0	4,604.4
Petroleum Mgmt	3,090.3	168.0	3,258.3	3,163.8	105.6	3,269.4	3,865.7	78.0	3,943.7	3,887.7	78.0	3,965.7	4,106.1	78.0	4,184.1
Mining Mgmt	1,225.7	1,404.8	2,630.5	1,351.7	1,210.8	2,562.5	1,452.6	1,210.8	2,663.4	1,148.1	1,233.5	2,381.6	1,364.9	1,243.8	2,608.7
Geological Mgmt	3,276.6	1,005.6	4,282.2	3,637.9	1,475.0	5,112.9	3,512.9	1,015.0	4,527.9	3,543.7	725.9	4,269.6	2,618.5	360.7	2,979.2
Parks Mgmt	5,171.8	1,455.8	6,627.6	5,348.9	1,685.8	7,034.7	5,239.5	1,373.7	6,613.2	5,498.7	1,431.0	6,929.7	5,791.7	1,485.8	7,277.5
Agricultural Mgmt	1,933.6	175.8	2,109.4	1,364.5	1,595.0	2,959.5	1,364.5	1,462.9	2,827.4	1,594.8	615.1	2,209.9	1,488.5	1,562.3	3,050.8
<b>TOTALS</b>	<b>47,903.3</b>	<b>8,005.7</b>	<b>55,909.0</b>	<b>45,251.4</b>	<b>8,067.7</b>	<b>53,319.1</b>	<b>46,853.7</b>	<b>10,055.3</b>	<b>56,909.0</b>	<b>50,660.9</b>	<b>12,463.5</b>	<b>63,124.4</b>	<b>54,664.3</b>	<b>15,928.3</b>	<b>70,592.6</b>

\* It should be noted that the \$3.9 million FY93 General Fund Increase includes:

- \$1,000.0 for Fire Suppression that has been covered by supplemental requests for the past two years due to underfunding of the program.
- \$2,320.5 that is revenue neutral due to program receipt increments.

## APPENDIX C

### Division of Lands 1991 Project Budget Re-organization

New FY93 Project Title <i>FY92 projects</i>	FY92 Authorized	Gov's FY93 Budget
<b>Acquire Land</b>		1,057.7
<i>State Land Selections</i>	228.3	
<i>State Land Exchange</i>	199.1	
<i>Title Administration</i>	832.0	
<b>Protect/Defend Ownership</b>		724.5
<i>Title Defense</i>	305.8	
<i>Coastal Marine Boundary</i>	210.7	
<i>Survey Operations</i>	168.5	
<b>Identify Resource Assets &amp; Allocate</b>		1,432.1
<i>RAS/Regional Development</i>	1,259.9	
<i>Plans Implementation/Classification</i>	479.6	
<b>Economic Development/Settlement of State Land</b>		4,121.7
<i>Contract Maintenance</i>	664.7	
<i>Leases</i>	700.1	
<i>Material Sales</i>	514.1	
<i>Construction Realty Services</i>	422.0	
<i>Shore Fishery Leases</i>	185.3	
<i>Contract Administration</i>	540.9	
<i>Municipal Entitlements</i>	47.6	
<i>Land Disposal Sales</i>	988.9	
<i>Aquatic Farming</i>	77.3	
<b>Maintain/Protect Assets</b>		855.8
<i>Permits</i>	685.9	
<i>Mining Reclamation</i>	83.3	
<b>Provide/Protect Access</b>		234.4
<i>Navigability/Public Access*</i>	284.1	
<b>Ensure Stewardship of Land and Resource Assets</b>		2,000.7
<i>District Operations</i>	809.4	
<i>Land and Water Administration*</i>	554.5	
<i>Interdivisional Assistance</i>	106.1	
<i>Miscellaneous Agency Receipts</i>	328.3	
<i>Chitna</i>	30.0	
<b>Other</b>		875.7
<i>Dam Safety*</i>	235.6	
<i>Water Rights Adjudication*</i>	678.8	
<b>Survey Direct Charge/CIP</b>	197.9	207.1
<b>TOTAL</b>	<b>11,818.7</b>	<b>11,509.7</b>

\* All or part of these projects were transferred to other divisions.

## APPENDIX D

### Transfers

#### Division of Management

NOTE: The consolidation of public service functions into one Public Information Center required the following position transfers. Funded by Inter-agency receipts.

Transfers from:	Explanation
Land and Water Mgmt	Provided positions for one Natural Resources Manager and one PCN Natural Resources Technician.
Geological Mgmt	Provided PCN for one Natural Resource Technician and one Clerk IV.
Commissioner's Office	Provided Public Information Officer
Agriculture Mgmt.	Provided one PCN for Natural Resources Officer I.

#### Division of Water

NOTE: The Division of Water was established in June 1991. This table shows how the division was staffed and funded from within the department.

Transfers from:	Explanation	Funding
Commissioner's Office	Provided position to establish division director.	
Agriculture Management	Provided position to support inter-agency requests on submerged lands in Hydrological Survey project.	
Geological Management	Provided 11.4 positions to support Hydrological Survey project.	694.4
	Provided associated administrative funding for Hydrological Survey project and director's office.	11.0
	Provided associated federal, inter-agency and program receipts and 2.6 positions.	676.4
Land and Water Mgmt.	Provided one position and funding for Dam Safety project.	235.6
	Provided nine PFT positions and funding for Water Rights project.	636.3
	Provided two PFT positions and funding for Navigability project.	93.5

## APPENDIX E

### Alaska Department of Natural Resources Statutorily Required Reports Prepared for the Legislature

*The Department of Natural Resources prepares the following reports for the legislature, as required by statute. Copies of the reports are available from Gary Kostenko, DNR Budget Analyst (465-2406).*

#### Commissioner's Office

Report: *Publications of the DNR*  
Due Date: Updated as needed  
Description: Lists all publications produced by the DNR and explains how they can be obtained

#### Division of Land

Report: *Land Disposal Bank Report* (AS38.04.020(d))  
Due Date: January 1  
Description: Reports the status of land in the land disposal bank under specific categories identified by statute.

Report: *Classification Report* (AS 38.05.300(b))  
Due Date: February 1  
Description: Describes and shows the location of all classifications of state land made under AS 38.05.300(a) during the preceding year.

Report: *Management Agreements* (AS 38.05.027(b))  
Due Date: Within 30 days of the beginning of each regular legislative session  
Description: Summarizes cooperative resource management and development agreements entered into by the Department of Natural Resources.

Report: *Land Exchange Proposals* (AS 38.50.140)  
Due Date: Within 10 days of the convening of a regular legislative session  
Description: Provides the legislature with the opportunity to approve proposed land exchanges.

#### Division of Forestry

Report: *Fire Suppression Fund* (AS 41.15.240)  
Due Date: 10th day of each regular legislative session  
Description: Reports operations of the Fire Suppression Fund. Fund no longer exists and request has been made to repeal the report requirement.

Report: *Reforestation Fund* (As 41.17.320)  
Due Date: 10th day of each regular legislative session  
Description: Reports on the uses of funds in the State Land Reforestation Fund, the proposed uses for the next fiscal year, and fund balances.

**Division of Oil and Gas**

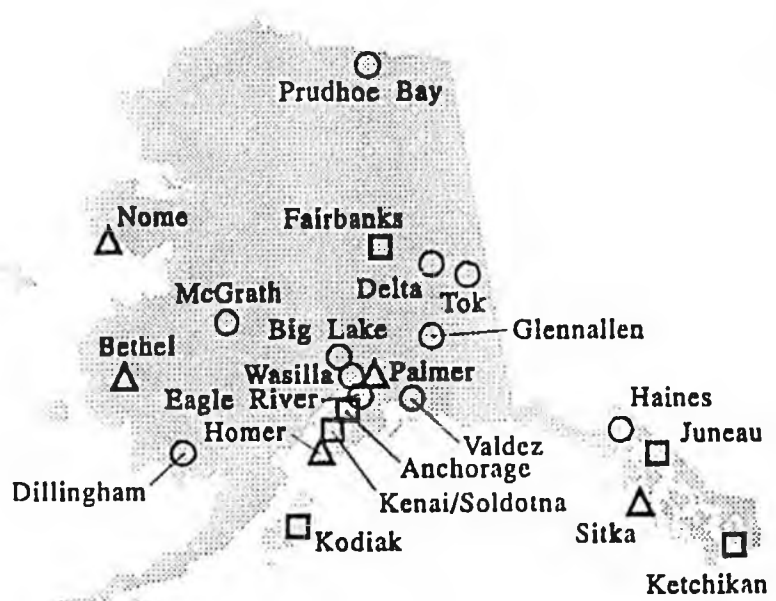
Report: *Five-Year Oil and Gas Leasing Program* (AS 38.05.180(b))  
Due Date: Within 15 days after the new legislature convenes.  
Description: Projects a five-year leasing schedule; includes the locations of tracts.

Report: *Determination to Take Royalty in Money* (AS 38.05.182(b))  
Due Date: No set due date  
Description: Provides the legislature with an opportunity to revoke a determination to take royalty in money.

**Division of Agriculture**

Report: *Plant Materials Center Annual Report* (AS 032.060)  
Due Date: Each January  
Description: Reports on operations of the center with statement of receipts and disbursements.

- △ Recorder's Office
- Field Office
- Recorder's Office and Field Office



Location of DNR Offices

