

**1/24/11**

**BUDGET**

**OVERVIEW:**

**DEPARTMENT**

**OF NATURAL**

**RESOURCES**

<TARGET><BILL></BILL><SUBJECT>1-24-11 BUDGET OVERVIEW  
DEPARTMENT OF NATURAL  
RESOURCES</SUBJECT><COMM>HF1N27</COMM></TARGET>

1/24/11

# Alaska Department of Natural Resources



**HOUSE FINANCE  
FY12 OVERVIEW  
JANUARY 24, 2011**



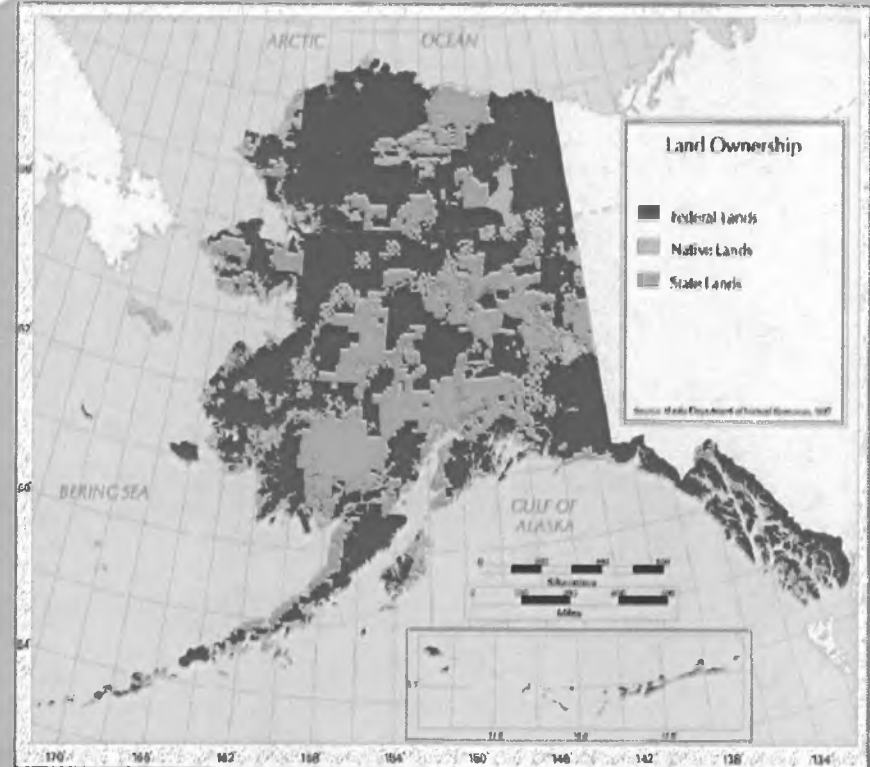
# Who We Are and What We Do



- Article 8, Section 1 of the Alaska Constitution provides that “it is the policy of the State 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.”
- Article 8, Section 2 provides that the “legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.”

# Department Mission

- Develop, conserve and enhance natural resources for present and future Alaskans



# What We Do



- DNR manages (1) the state's land – approximately 100 million acres of uplands, 60 million acres of tidelands, shore lands, and submerged lands, and 40,000 miles of coastline – and (2) the state's vast energy and natural resources
- State land use and the natural resources developed from state land are the primary source of state revenue

## What We Do

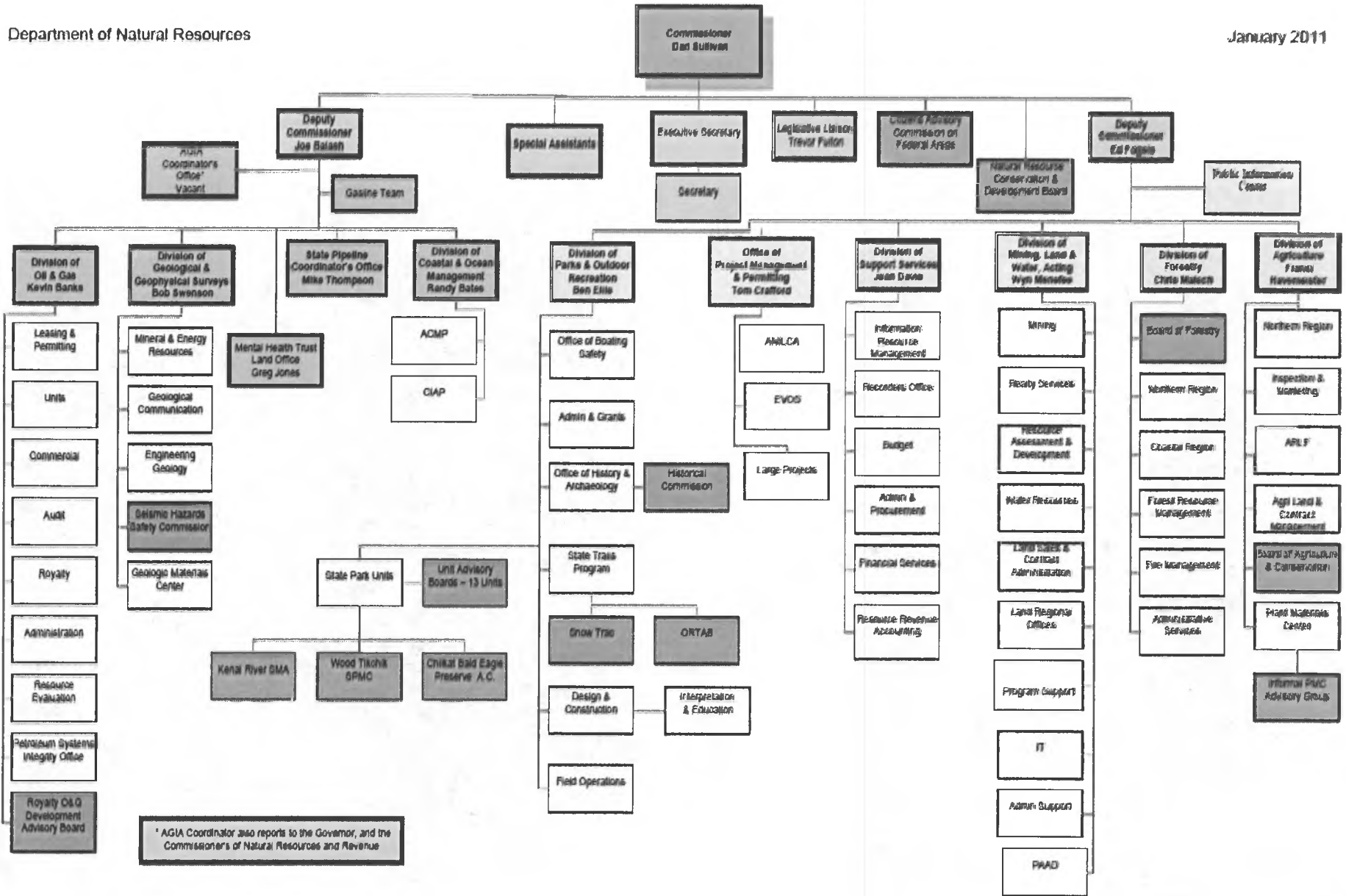


- DNR also manages state parklands; conducts wildland fire suppression; and supports the agriculture and timber industries in Alaska
- Another important function of DNR is obtaining and providing the geologic, hydrologic, land records, and other information needed to manage and utilize the state's natural resources

# Employees and Budget



- DNR currently employs about 1,100 Alaskans in full-time and seasonal positions, with main offices in Anchorage, Juneau, Fairbanks and Palmer, and regional offices throughout the state
- Our FY11 operating budget is \$152.5 million, which includes funding for AGIA implementation
- Our FY12 operating budget request is \$153.7 million, made up of:
  - 48% Unrestricted General Fund
  - 17% Designated General Fund
  - 23% Other funds including industry receipts
  - 12% Federal



# Divisions

- Oil and Gas

Kevin Banks, Director

105 full and part time  
budgeted positions

10.82% of DNR's FY12  
Operating Budget Request

\$16,624.5 budget request  
(all sources)



# Divisions

- Mining, Land & Water

Wyn Menefee, Acting  
Director

207 full and part time  
budgeted positions

15.27% of DNR's FY12  
Operating Budget Request

\$23,481.2 budget request  
(all sources)



# Divisions

- Forestry

Chris Maisch, Director

280 full and part time  
budgeted positions (does  
not include the hundreds of  
fire season crews)

25.38% of DNR's FY12  
Operating Budget Request

\$38,988.6 budget request  
(all sources)



# Divisions

- Geological & Geophysical Surveys

Bob Swenson, Director

48 full and part time  
budgeted positions

5.85% of DNR's FY12  
Operating Budget Request

\$8,983.2 budget request  
(all sources)



# Divisions

- Coastal & Ocean Management

Randy Bates, Director

33 full time budgeted positions

3.05% of DNR's FY12 Operating Budget Request

\$4,691.7 budget request (all sources)



# Divisions

- Agriculture

Franci Havemeister,  
Director

46 full and part time  
budgeted positions

4.74% of DNR's FY12  
Operating Budget Request

\$7,282.4 budget request  
(all sources)



# Divisions

- Parks & Outdoor Recreation

Ben Ellis, Director

185 full and part time  
budgeted positions

10.09% of DNR's FY12  
Operating Budget Request

\$15,495.5 budget request  
(all sources)



# Divisions

- Support Services

Jean Davis, Director

130 full and part time  
budgeted positions

8.48% of DNR's FY12  
Operating Budget Request

\$12,113.4 budget request  
(all sources)



# Offices

- State Pipeline  
Coordinator's Office

Mike Thompson, State  
Pipeline Coordinator

31 full and part time  
budgeted positions

5.07% of DNR's FY12  
Operating Budget Request

\$7,789.2 budget request  
(all sources)



# Offices

- Project Management & Permitting

Tom Crafford, Director

12 full time budgeted positions

2.75% of DNR's FY12 Operating Budget Request

\$4,223.9 budget request (all sources)



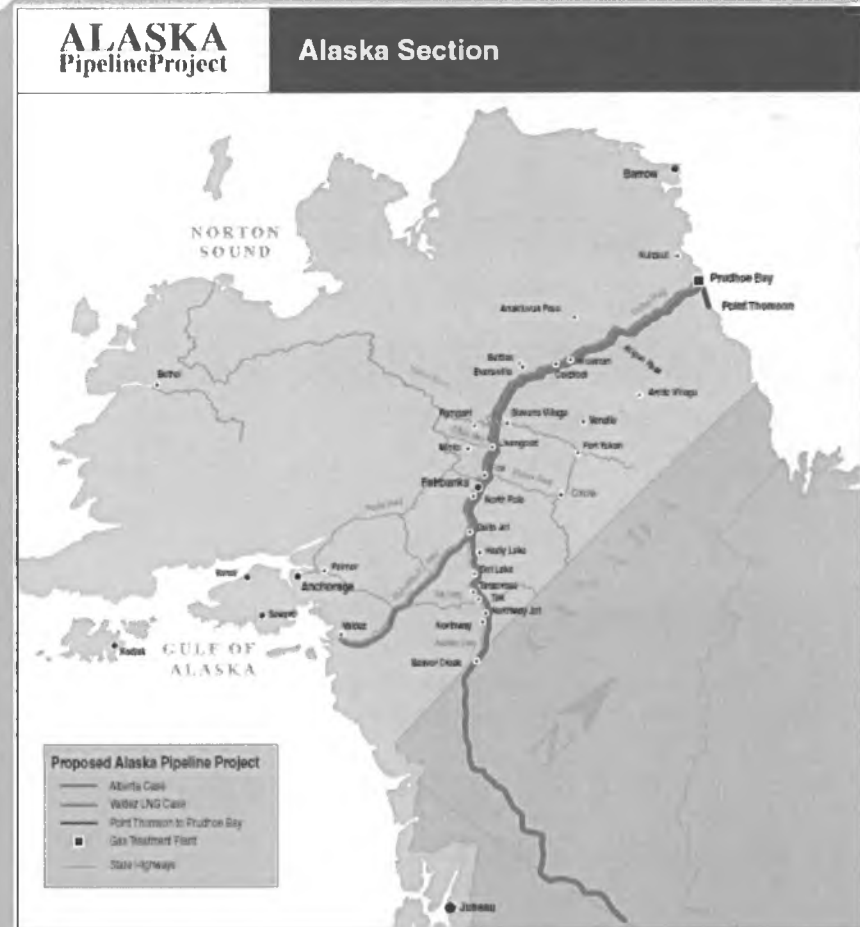
# Offices

- AGIA Coordinator's Office

9 full and part time budgeted positions

2.32% of DNR's FY12 Operating Budget Request

\$3,563.3 budget request (all sources)



# Offices

- Mental Health Trust Lands Office

Greg Jones, Executive Director

16 full and part time budgeted positions

1.88% of DNR's FY12 Operating Budget Request

\$2,892.7 budget request (all sources)



# Offices



- Office of the Commissioner

Dan Sullivan, Commissioner

9 full time budgeted positions

0.79% of DNR's FY12 Operating Budget Request

\$1,221.1 budget request (all sources)

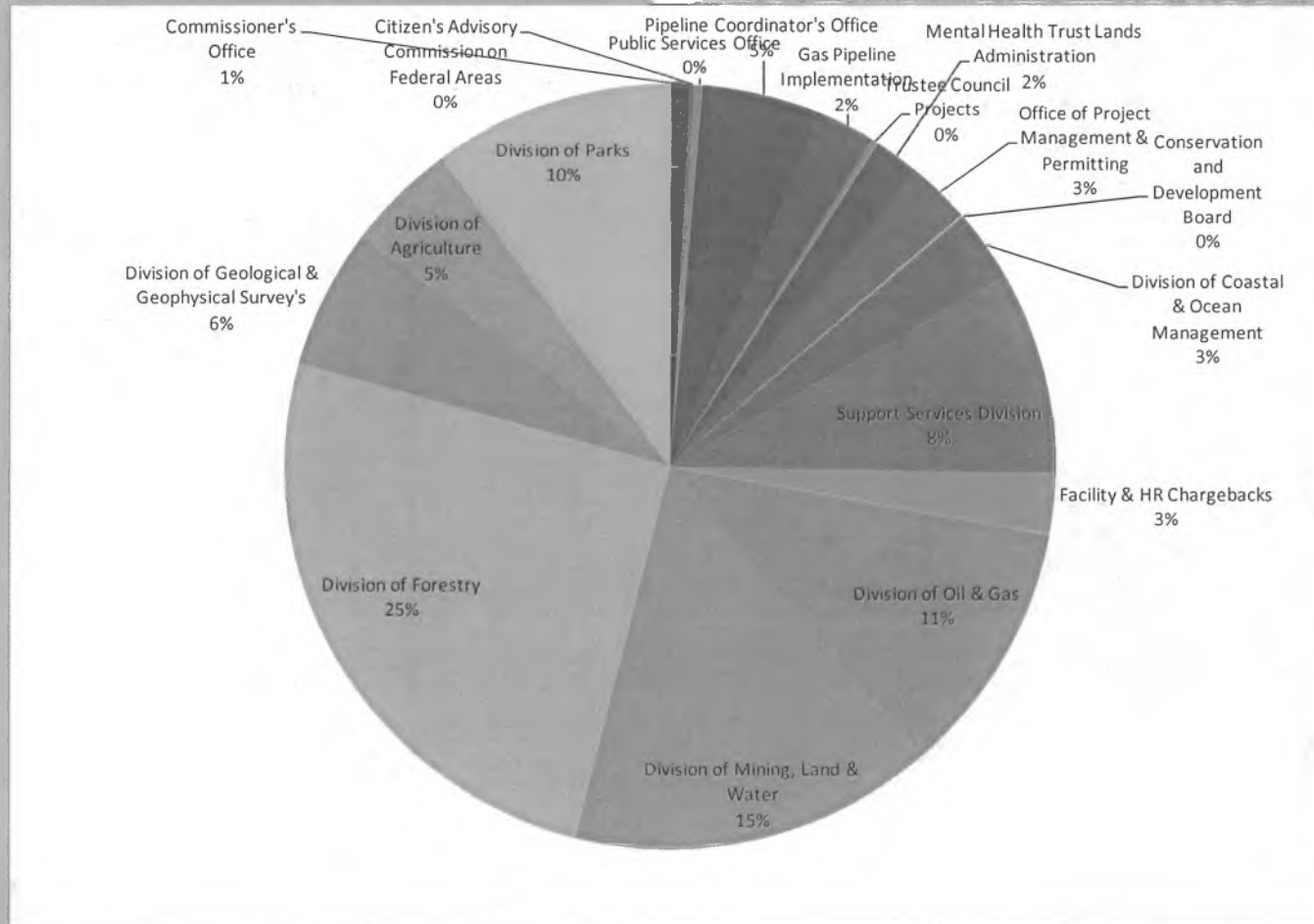
# Boards and Commissions



- Natural Resource Conservation & Development Board (NRCDB)
- Citizen's Advisory Commission on Federal Areas (CACFA)
- Board of Agriculture and Conservation
- Board of Forestry
- Alaska Historical Commission
- Alaska Royalty Oil and Gas Development Board
- Seismic Hazards Safety Commission
- Outdoor Recreation Trails Advisory Board



# FY12 Operating Budget - \$153,746.7



# Engagement Tour



- Meeting with key stakeholders
- What I'm hearing, seeing, learning
  - Challenges
  - Opportunities
  - Need for partnership



# Challenges



- TAPS throughput
- Aging infrastructure
- High energy costs throughout the state
- Gas pipeline
- Cook Inlet energy
- Permitting efficiencies

# DNR Specific Challenges & Solutions

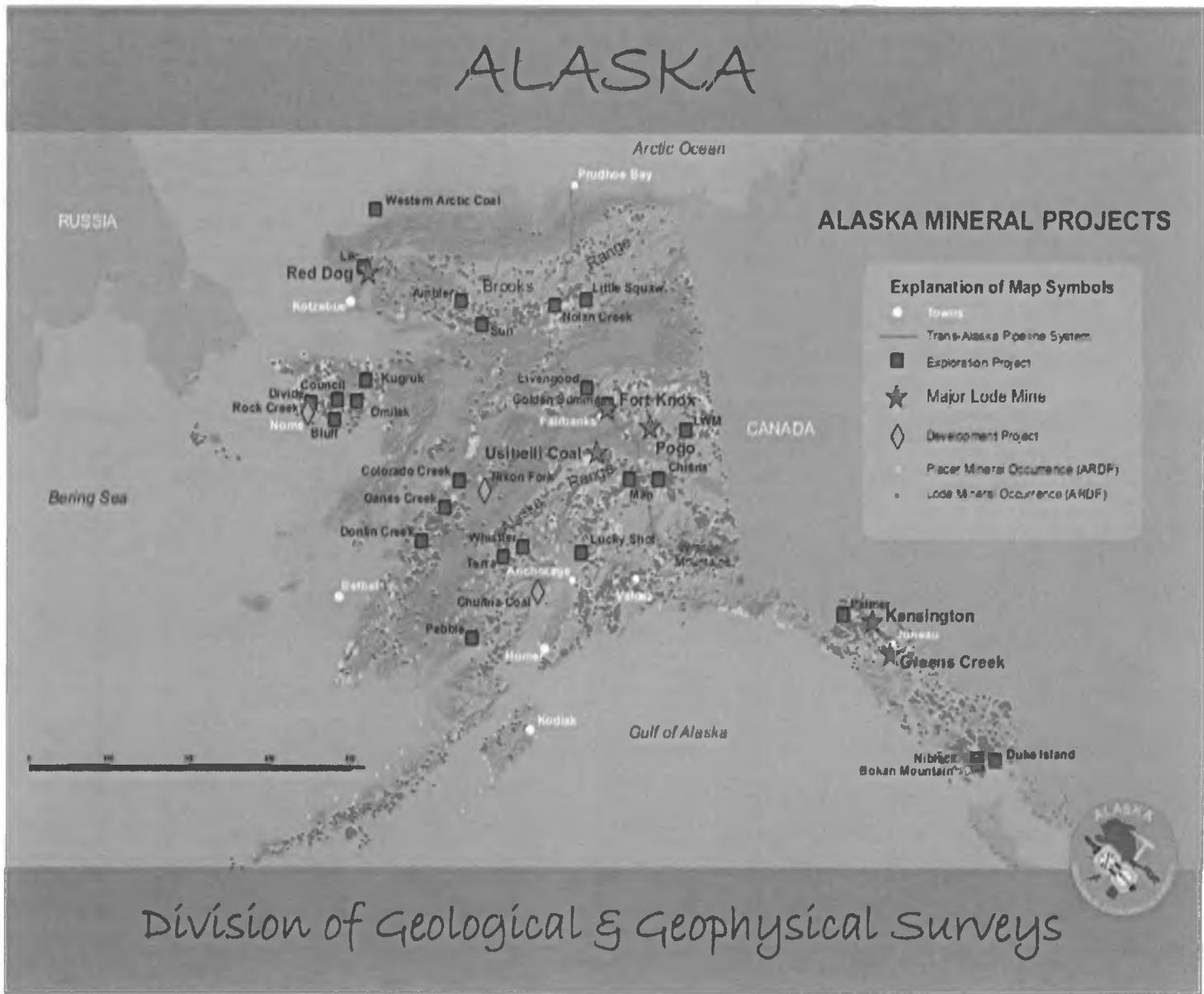
- Permitting efficiencies & workload
  - Federal land conveyance
  - Litigation - defending permitting process
  - Forest management
  - Unlocking resources
  - Publicizing resources
  - Management challenges
  - Retention / Recruitment
- Maintain budget & obtain increments
  - Improve coordination
  - Creative thinking & implementation

# Opportunities – Alaska as a Storehouse



- North Slope: world class energy basin
- Massive mineral deposits
- Vast amounts of renewable resources
- New players looking to unlock our resource potential
- Ongoing innovation

# ALASKA



## ALASKA MINERAL PROJECTS

- Explanation of Map Symbols**
- Towns
  - Trans-Alaska Pipeline System
  - Exploration Project
  - ★ Major Lode Mine
  - ◇ Development Project
  - Placer Mineral Occurrence (ARDF)
  - Lode Minerals Occurrence (ARDF)

Division of Geological & Geophysical Surveys

# Alaska as a Storehouse



- **Oil:** 43 billion barrels of undiscovered, technically recoverable reserves; this does not include massive quantities of unconventional (shale, heavy oil, etc.)
- **Gas:** 236 trillion cubic feet of undiscovered, technically recoverable reserves
- **Coal:** 17% of the world's coal resources; 2nd most in the world
- **Copper:** 6% of the world's copper resources; 3rd most in the world
- **Lead:** 2% of the world's lead resources; 6th most in the world

## Alaska as a Storehouse



- **Gold:** 3% of the world's gold resources; 7th most in the world
- **Zinc:** 3% of the world's zinc resources; 8th most in the world
- **Silver:** 2% of the world's silver resources; 8th most in the world
- **Rare earth elements:** Alaska has over 150 occurrences, and one of N. America's most significant deposits
- **Timber:** Alaska has 17% of the nation's forestland

# Importance of Partnership



- Stakeholders eager to form alliances
- Partnership moves projects forward
- Missing one key partner....

# Federal Obstruction



- Projects delayed or derailed
- Opportunities foreclosed
- Jobs lost and investment climate chilled
- But we will redouble cooperation efforts

# State at a Crossroads: Bright Future



- TAPS decline arrested
  - OCS's elephant fields placed on-line
  - ANWR and NPR-A open for development
  - Innovation leads to unconventional and heavy oil production
- North Slope gas brought on-line
- Mining production throughout the state
- Cook Inlet resurgence
- Renewable resources meet state's growing energy needs
- Rural Alaska: jobs up & energy costs down
- New markets for our resources
- Value added industries

# State at a Crossroads: Bleak Future



- TAPS throughput decline accelerates
- Aging infrastructure failures hamper operations
- Major energy companies leave the state
- No gas pipeline
- Existing mines exhausted and no new mines brought on-line
- Crushing energy costs
- Importation of LNG to meet Railbelt energy needs
- Federal overreach transforms state into a national park
- State population declines