

HB

129

<TARGET><BILL>HB 129</BILL><SUBJECT>HB
129</SUBJECT><COMM>HRES28</COMM></TARGET>

HOUSE COMMITTEE REPORT

3-18-13

(9)
Date Referred to Committee: February 20, 2013

FURTHER REFERRALS: Finance

Date of Committee Action: 3-15-13

The RESOURCES Committee considered:

HB 129

HOUSE BILL NO. 129

"An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date."

HB 129-OIL & GAS EXPLORATION/DEVELOPMENT AREAS

Recommends it be replaced with [] HCS or [] CS for _____ (_____)
For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ [] Same Title [] New Title

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s)	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
FN#	List by Dept(s)	Fiscal	Indet.	Zero
1	DNR	✓		

5

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
<i>Phil Hawk</i>	Hawker	*			
<i>Craig Johnson</i>	Johnson				
<i>Debra Wilson</i>	Wilson	X			
<i>Paul Seaton</i>	SEATON			X	
Chair: <i>[Signature]</i>	FELGE	X			
Chair: <i>[Signature]</i>	SADDLER	X			

CO

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Governor Sean Parnell
STATE OF ALASKA

February 18, 2013

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to approval for oil and gas or gas only exploration and development in a geographical area. This bill will reduce the time required to get oil into production and flowing through TAPS, while protecting Alaska's environment.

Under current procedures, the Department of Natural Resources (DNR) grants lease exploration and development approval in conjunction with individual plans of operation for a lease or project. As such, a separate public notice is required for each approval, often resulting in repetitive approvals within the same geographical area. In order to streamline the State's permitting process, this bill allows DNR to comprehensively evaluate oil and gas exploration and development in a geographical area, and define the criteria by which specific projects are evaluated and approved. Approvals made under the provisions of this bill are valid for up to ten years as specified by DNR's Director of the Division of Lands.

Creating economic opportunity in Alaska requires a clear, predictable, and timely permitting process that encourages resource development while protecting the environment. I urge your prompt and favorable action on this measure to create a streamlined permitting process in the interests of increasing oil throughput and growing Alaska's economy.

Sincerely

A handwritten signature in black ink that reads "Sean Parnell".

Sean Parnell
Governor

Enclosure

HB 129: OIL AND GAS EXPLORATION/DEVELOPMENT AREAS

SECTIONAL ANALYSIS

FOR THE HOUSE RESOURCES COMMITTEE • FEBRUARY 27, 2013

Section 1 of HB129 adds a new subsection (o) to AS 38.05.035 that allows the director to approve exploration or development for all or part of an area previously approved for oil and gas or gas only leasing under best interest findings as required under AS 38.05.035(e).

This section preserves the right for the public to comment by requiring the Department of Natural Resources to provide public notice.

If the approval is granted, exploration and development activities would be valid for a period of up to 10 years as specified by the director and the lessee can begin exploration or development only after it receives other authorizations as required by state or federal law. After exploration or development has begun on a lease, the approval for exploration or development under this subsection remains valid for the term of the lease.

This approval process would apply only to lands DNR previously described as areawide lease sales in its five-year program of proposed oil and gas or gas only lease sales.

Section 2 of HB129 establishes an immediate effective date.

HB129: OIL & GAS EXPLORATION/DEVELOPMENT AREAS

BRIEFING PAPER

FOR THE HOUSE RESOURCE COMMITTEE • FEBRUARY 27, 2013

HB129 will consolidate the Department of Natural Resources' exploration and development approvals, while still protecting the environment and providing for public participation. The right to explore and develop oil and gas is granted through a lease that has been through an extensive public disposal process. A lease is subject to mitigation measures, multiple agency permits, and plans of operations approval. Exploration and development approvals are made in conjunction with individual plans of operations for a lease or project and include a separate public notice for each approval. Many approvals are repetitive, subject to the same mitigation measures, and within the same geographical area.

HB129 will allow the department to comprehensively evaluate oil and gas exploration and development in a geographical area, without regard to lease boundaries, and define the criteria by which specific projects are evaluated and approved. The initial comprehensive review of a geographical area gives the public, government agencies and industry an opportunity to participate and identify exploration and development considerations for all subsequent projects. Projects may then move forward within the defined parameters and subject to the lease mitigation measures without additional public review following the geographical area approval process, saving time and resources for both the state and lessee when approving subsequent plans of operations.

Approvals covering a broader area would both create efficiencies in the exploration and development review process and provide for the department to look at the overall effects of exploration and development across multiple leases. This bill will still protect the public interest by requiring public notice and an opportunity to comment under AS 38.05.945. Further, it provides certainty to the oil and gas industry that exploration and development projects may proceed within defined parameters.

This bill will:

- Create efficiencies by streamlining the oil and gas exploration and development approval processes;
- Protect the public interests by requiring public notice and the opportunity to comment during the approval process for a geographical area;
- Enable a review of the effects of exploration and development across multiple leases;
- Allow exploration or development approvals to be consolidated into a comprehensive decision at the beginning of the process; and,
- Provide certainty to oil and gas operators, industry and the public when approval is granted.

FISCAL NOTE

STATE OF ALASKA
2013 LEGISLATIVE SESSION

Bill Version HB 129
 Fiscal Note Number 1
 (H) Publish Date 2/20/13

Identifier (file name) LL0970-DNR-DOG-1-14-13 Dept. Affected Natural Resources
 Title Oil and Gas Exploration and Development Approval Appropriation Oil and Gas
 Allocation Oil and Gas
 Sponsor Rules by Request of the Governor
 Requester Governor OMB Component Number 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES								
Personal Services	80.0							
Travel	3.0							
Services	48.8							
Commodities	2.2							
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	134.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF	134.0						
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		134.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

Full-time							
Part-time							
Temporary	1						

CHANGE IN REVENUES

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Estimated **SUPPLEMENTAL (FY13) operating costs** 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY14) costs** 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended, or repealed? N/A Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version, not applicable.

Prepared by Bill Barron
 Division Oil and Gas
 Approved by Daniel S. Sullivan, Commissioner
Department of Natural Resources

Phone 269-8800
 Date/Time 1/14/13 5:00 PM
 Date 1/14/2013

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 129

Analysis

This bill will allow the Department of Natural Resources to approve oil and gas exploration and development for a geographic area, without regard to individual lease boundaries.

To implement this bill would require one non-permanent position (NRSIII) to prepare exploration approvals for existing oil and gas lease sale areas, contractual services for legal support, public outreach and notice, and travel for public meetings. On-going exploration and development approvals would be accomplished using existing staff as a result of efficiencies gained through implementing this bill.

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

House Resources

March 15, 2013

Department of Natural Resources

- Dan Sullivan, Commissioner
- William C. Barron, Director, DO&G
- Wendy Woolf, DO&G



Areawide Oil and Gas Lease Sales

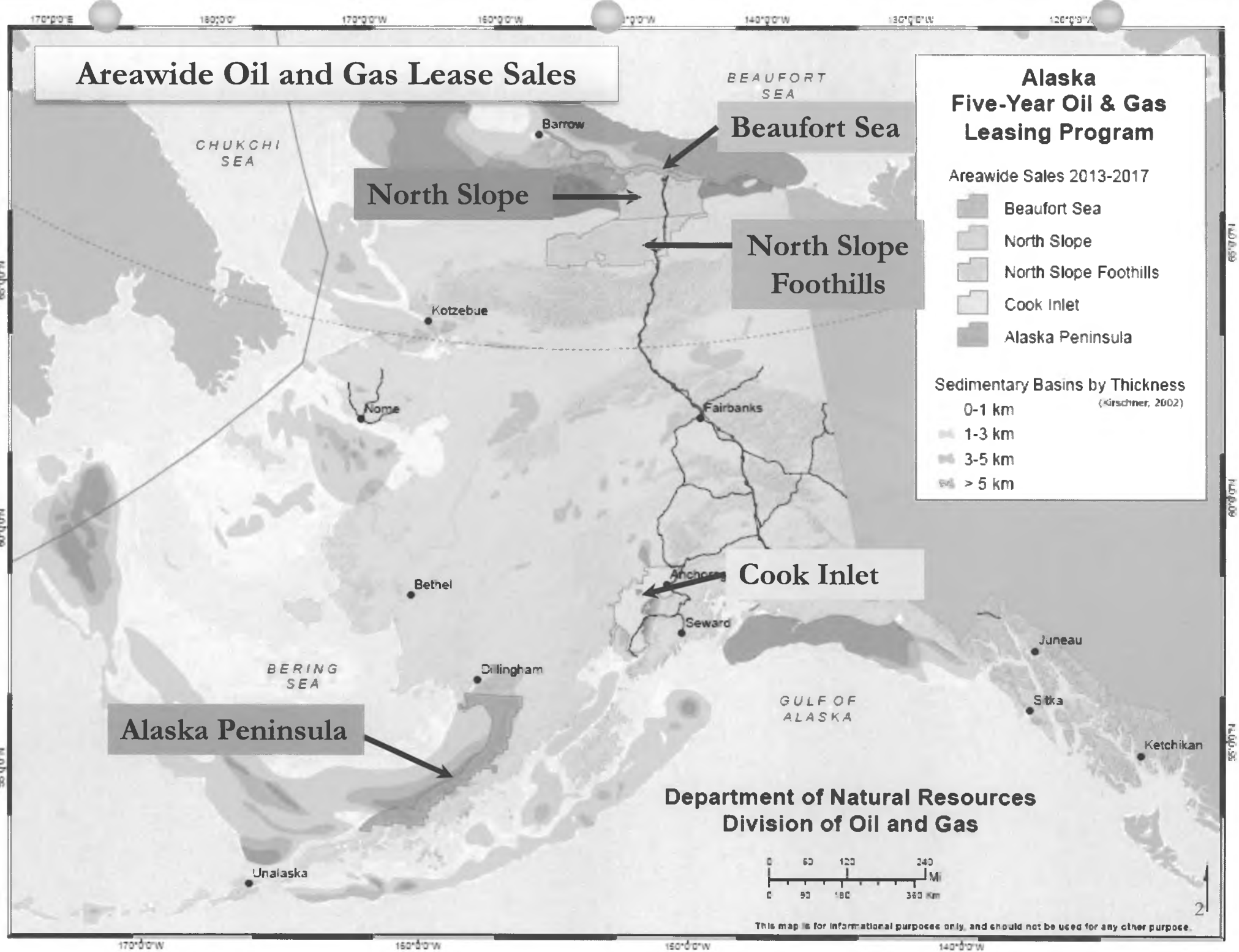
Alaska Five-Year Oil & Gas Leasing Program

Areawide Sales 2013-2017

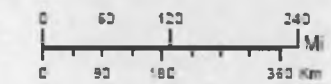
- Beaufort Sea
- North Slope
- North Slope Foothills
- Cook Inlet
- Alaska Peninsula

Sedimentary Basins by Thickness

- (Kirschner, 2002)
- 0-1 km
 - 1-3 km
 - 3-5 km
 - > 5 km



Department of Natural Resources
Division of Oil and Gas



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

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



What does HB 129 do?

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

How does this benefit the public?

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

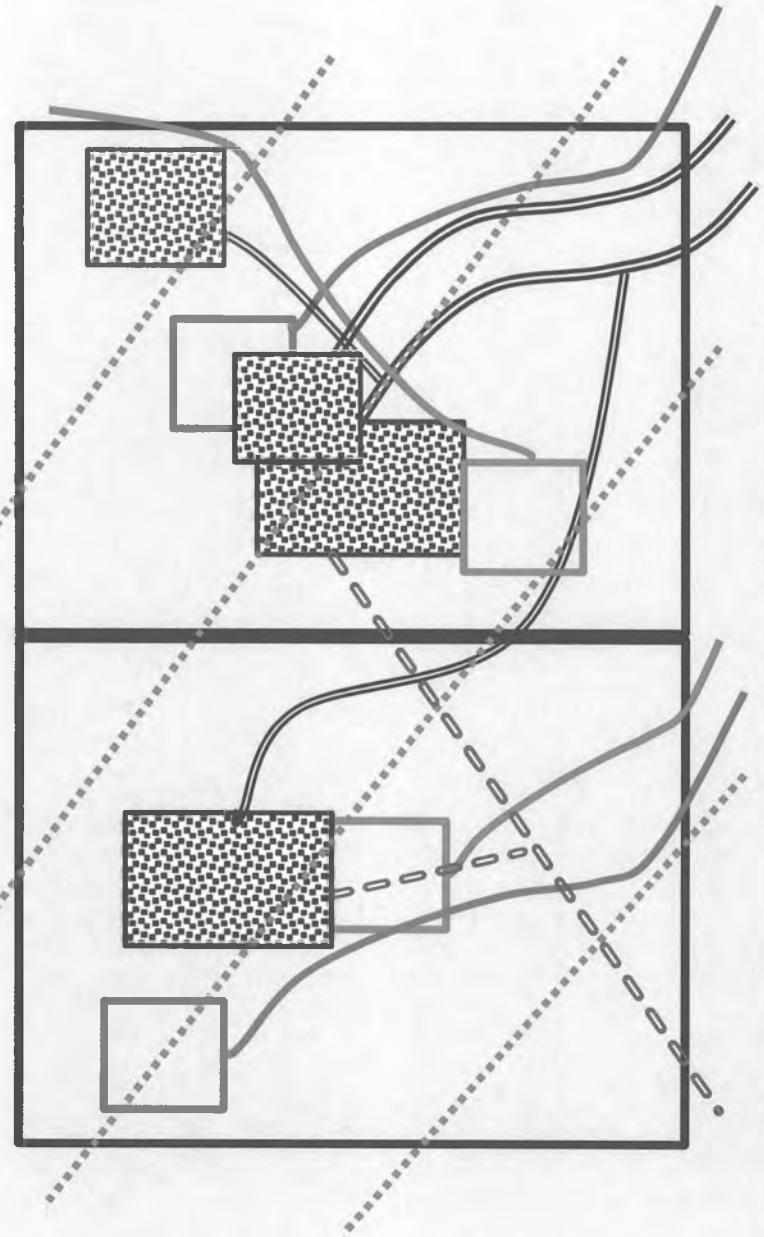
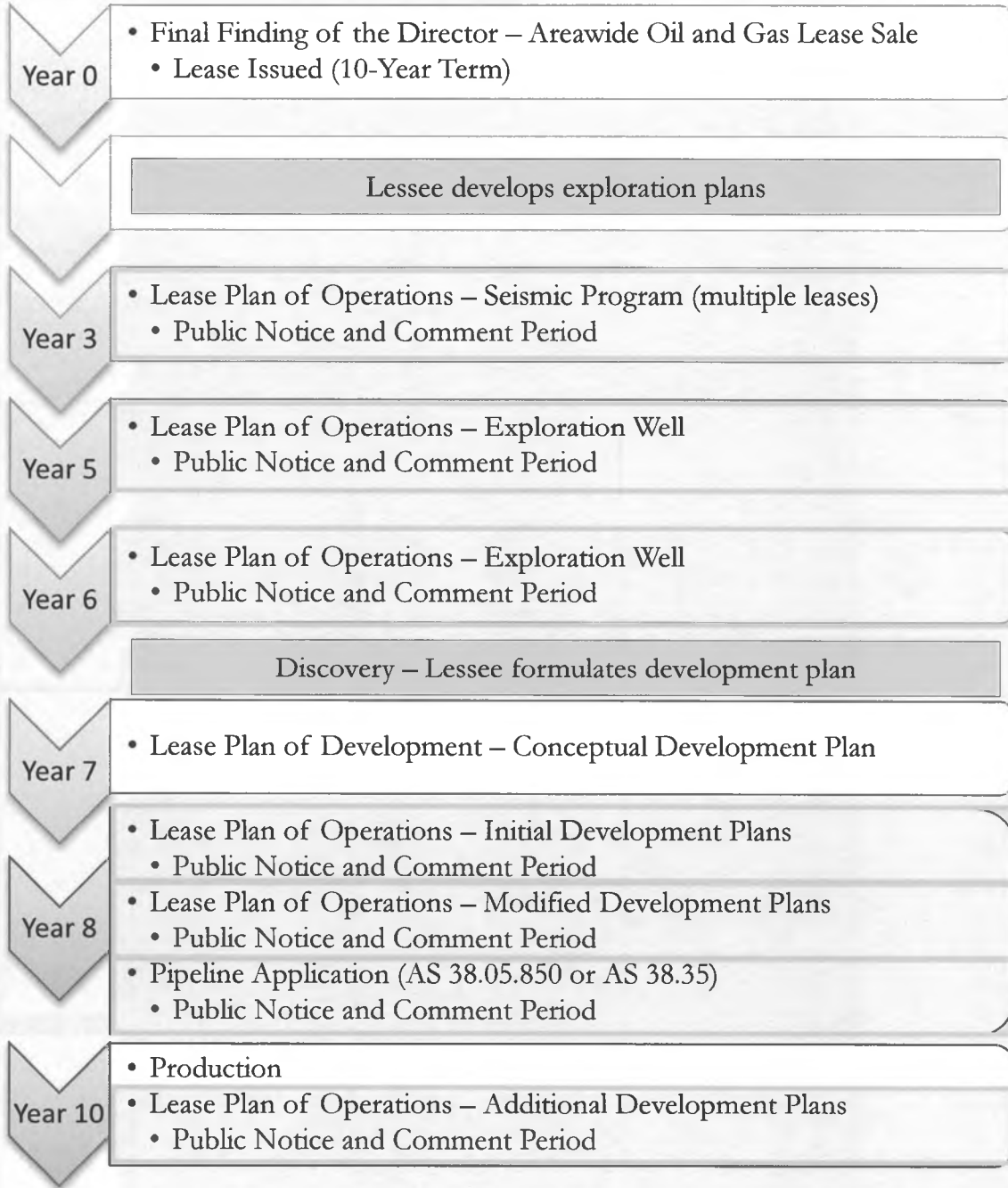
How does this benefit industry?

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

Oil and Gas Lease Sale Process

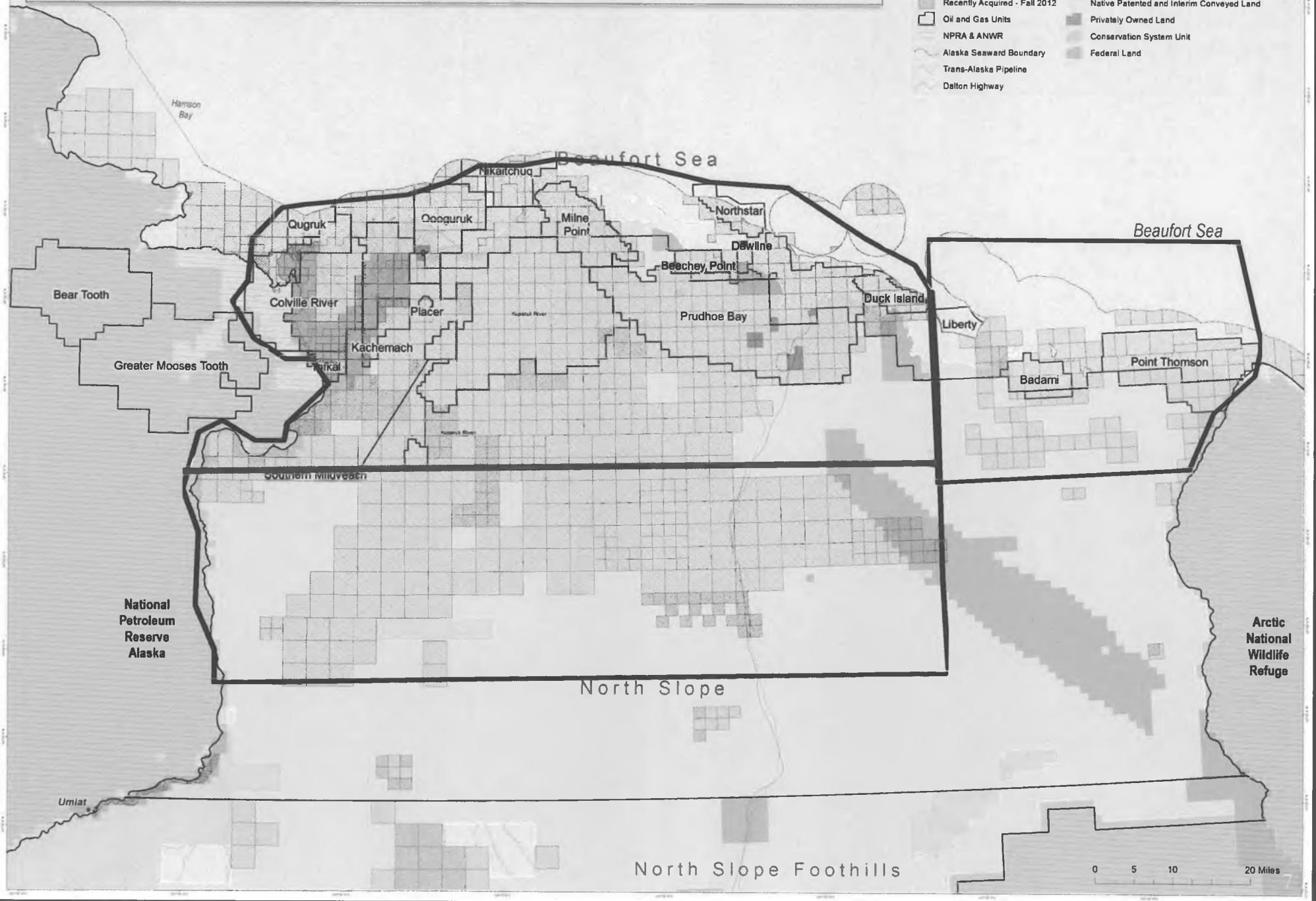
- **Proposed Areawide Oil and Gas Lease Sale**
 - Public Notice and Opportunity to Comment
 - Evaluate Statutory Criteria
 - Develop Mitigation Measures
- **Final Finding of the Director to Lease Oil and Gas**
 - **Exploration Phase**
 - Public Notice and Opportunity to Comment
 - **Development Phase**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

Life of an Oil and Gas Lease



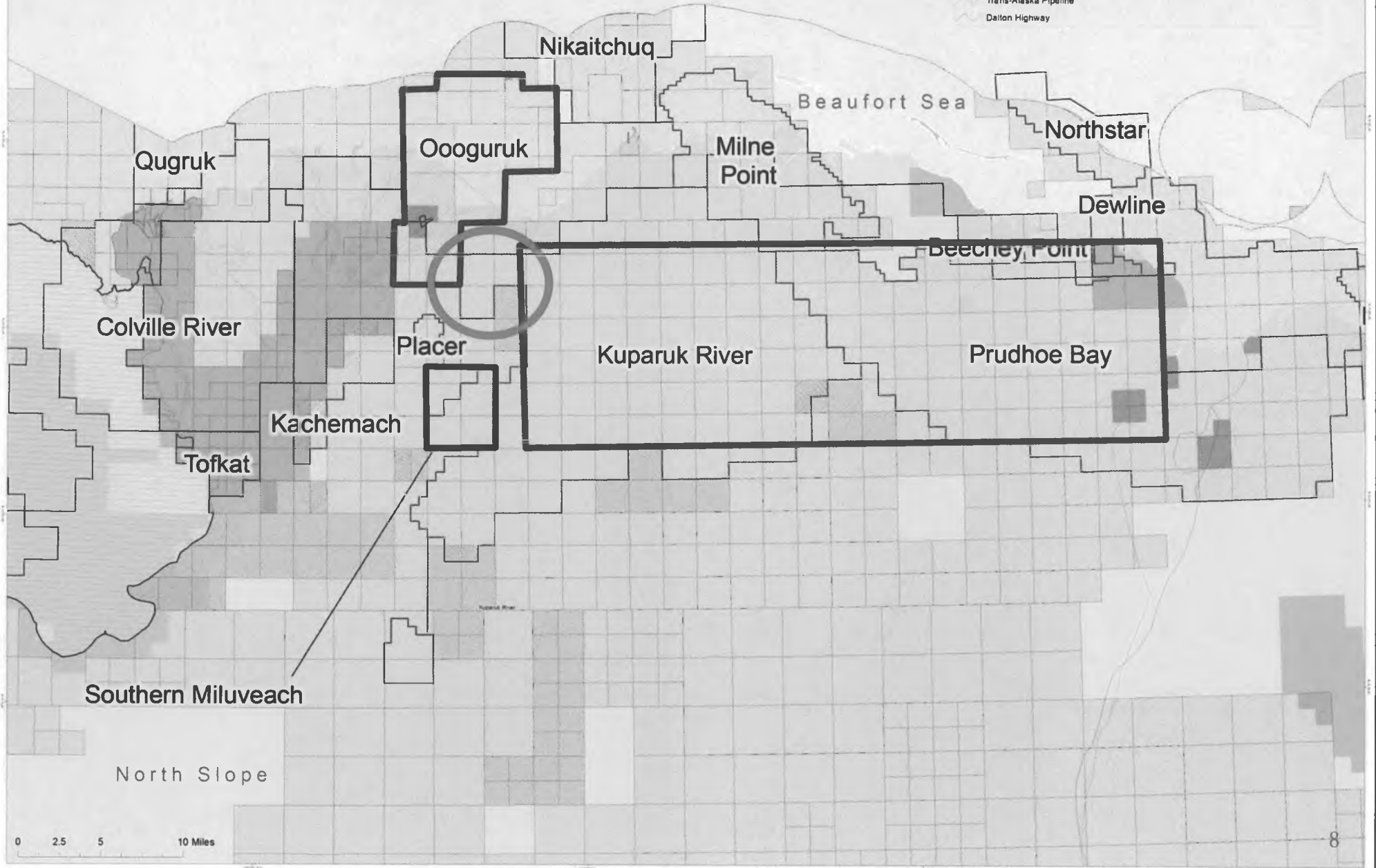
Example Geographical Areas for Exploration Activities

- | | |
|---|---|
|  Sale Area Boundary |  State Owned Land |
|  Active Leases |  State and Native Owned Land |
|  Recently Acquired - Fall 2012 |  Native Patented and Interim Conveyed Land |
|  Oil and Gas Units |  Privately Owned Land |
|  NPRA & ANWR |  Conservation System Unit |
|  Alaska Seaward Boundary |  Federal Land |
|  Trans-Alaska Pipeline | |
|  Dalton Highway | |

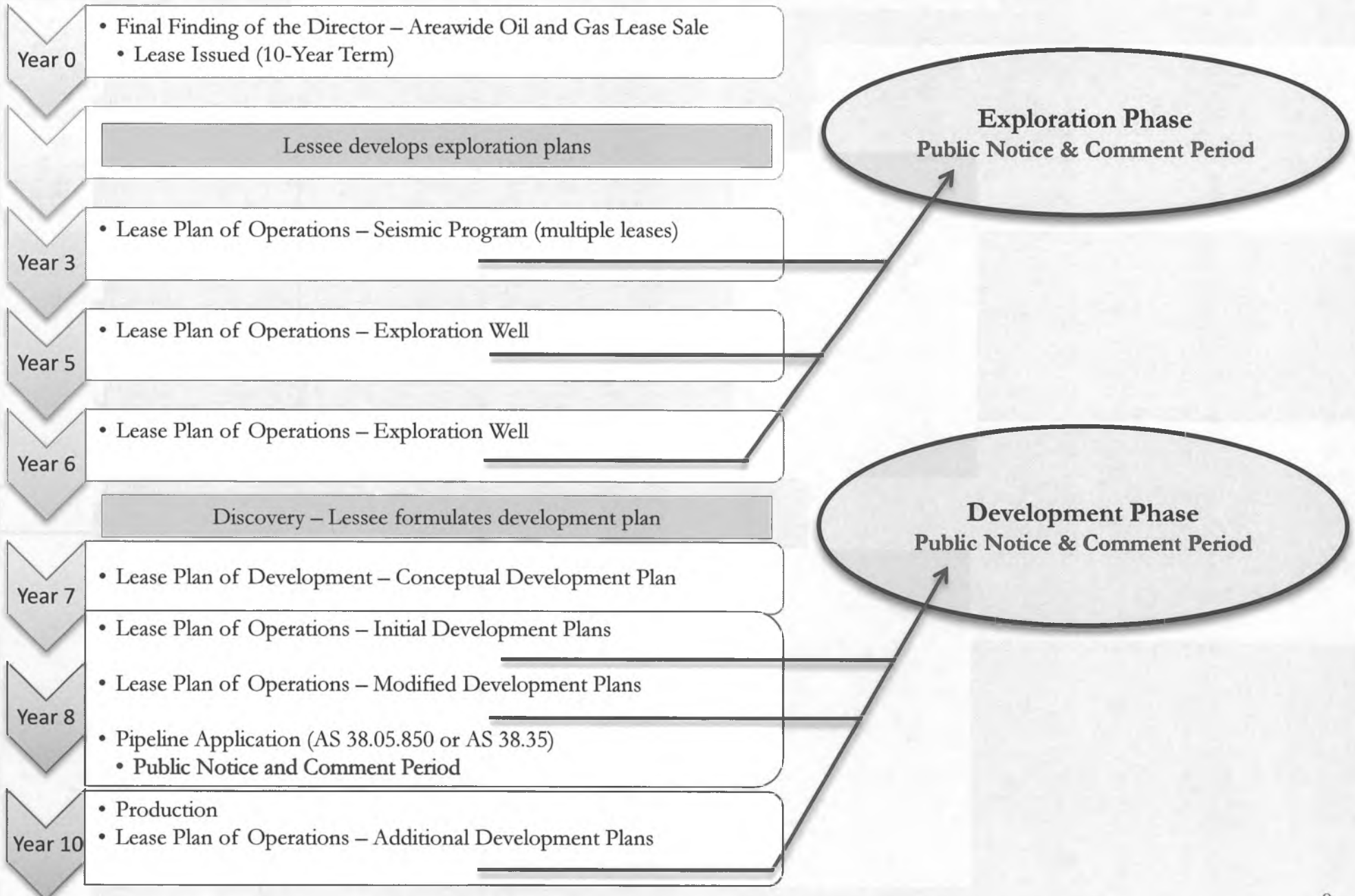


Example Geographical Areas for Development Activities

- | | | | |
|--|-------------------------------|--|---|
| | Sale Area Boundary | | State Owned Land |
| | Active Leases | | State and Native Owned Land |
| | Recently Acquired - Fall 2012 | | Native Patented and Interim Conveyed Land |
| | Oil and Gas Units | | Privately Owned Land |
| | NPRA & ANWR | | Conservation System Unit |
| | Alaska Seaward Boundary | | Federal Land |
| | Trans-Alaska Pipeline | | |
| | Dillon Highway | | |

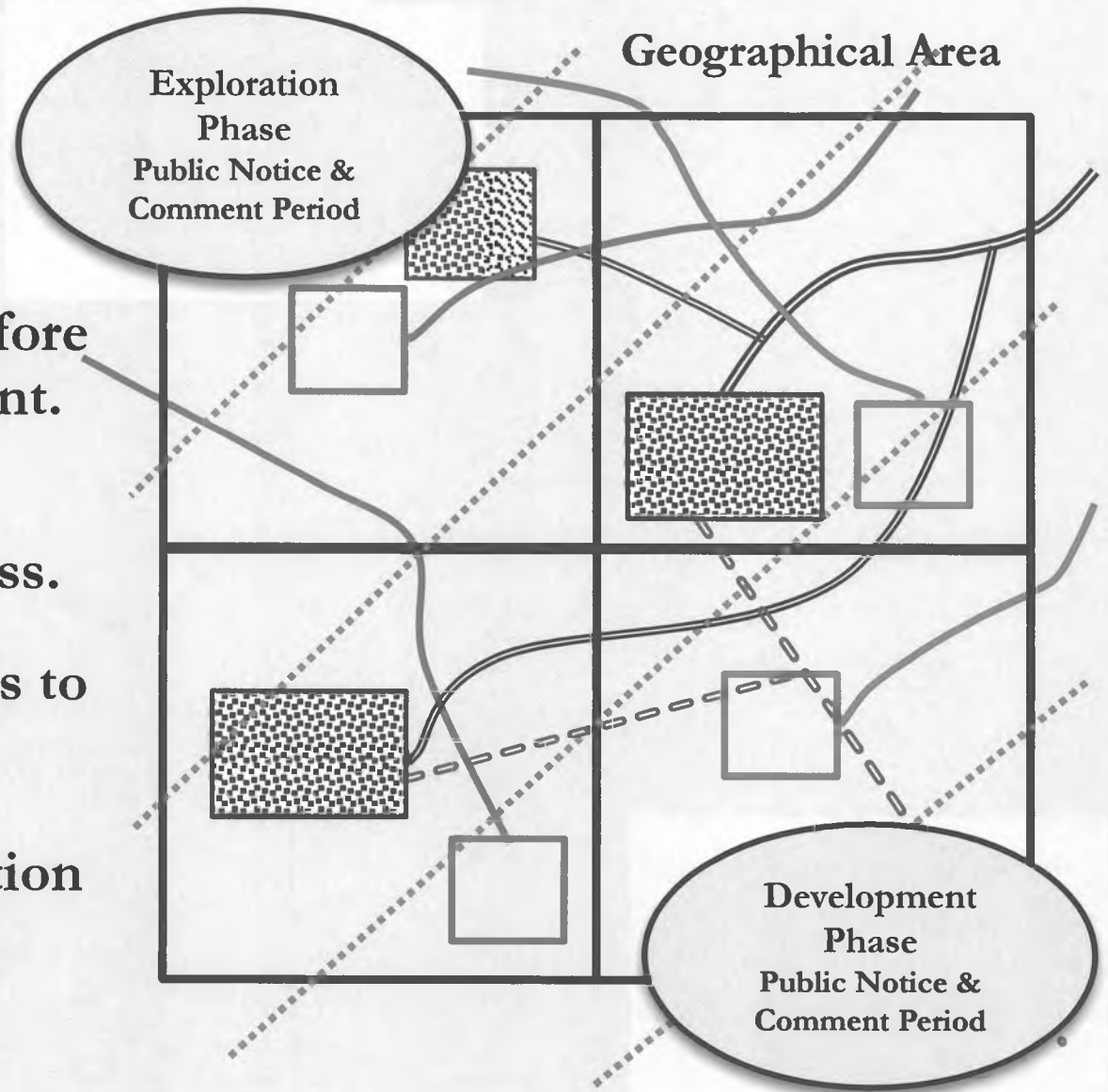


Life of an Oil and Gas Lease under HB 129



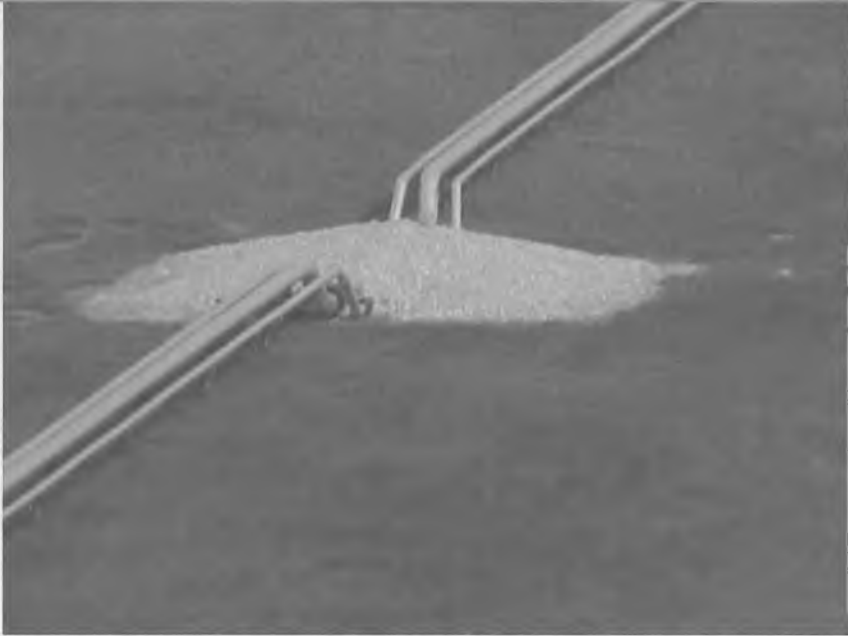
Results

- HB 129 provides for a comprehensive review before exploration or development.
- HB 129 preserves public participation in the process.
- HB 129 allows stipulations to be approved before a company develops site specific plans for exploration or development activities.





Questions?



Dear House Resources Committee Members:

HB 129 undercuts a legal commitment made to Alaskans through legislation passed in 2001 – that they would have the opportunity to review and comment on oil and gas exploration and development project activities in or near their communities before exploration or development could proceed.

The 2001 legislation was passed in response to an Alaska Supreme Court decision that required the Department of Natural Resources (DNR) to prepare a comprehensive best interest finding for each phase of a project. For oil and gas projects, the phases are lease sale disposal, exploration, development and transportation. The legislation amended AS 38.05.035(e) with the stated intent of making it clear that no best interest finding is required after the lease disposal phase but that “public notice and the opportunity to comment shall be provided at each phase of the project.”¹

Under AS 38.05.035(e)(1)(C), a best interest finding may be limited in scope to those facts and issues that pertain solely to the disposal phase of a project. This is known as a “phased review.” At the lease sale disposal phase in a phased review, the potential future effects of oil and gas project activities are discussed in general terms and for the entire disposal area. Project specific effects are addressed later when details of an activity and its location are known.

DNR may do a phased review for an oil and gas disposal when “before the next phase of the project may proceed, public notice and the opportunity to comment are provided under regulations adopted by the department...”²

The best interest findings issued for DNR’s five areawide oil and gas lease sale disposals are done as phased reviews. As stated in a 2011 areawide lease sale best interest finding, “In the case of oil and gas, DO&G cannot determine with any specificity or definition at the lease sale phase if, when, where, how, or what kind of exploration, development or production might ultimately occur as the result of a lease sale.”³

The finding explains that the public notice and comment condition for a phased review of the oil and gas disposal is met because “before the next phase of the project may proceed, ADNR provides public notice and the opportunity to comment on proposed plans of operations in the lease sale area.” [Emphasis added]. The finding further states, “The effects of future exploration, development, and production will be considered at each subsequent phase, when various government agencies and the public review applications for specific proposed activities at specific locations.”

¹ Section 1, Legislative Purpose, CSSB 156(RES) 2001

² AS 38.05.035(e)(1)(C)(ii)

³ North Slope Foothills Areawide Sale Best Interest Finding – excerpt attached.

March 1, 2013

Under HB 129, Alaskans will no longer have the opportunity to comment on proposed plans of operation for specific project activities that may occur in or near their community. They will be required to comment on oil and gas exploration and development without knowing the “when, where, how, or what kind of exploration, development or production might ultimately occur” in a potentially vast sale area – from 2 million acres in the Beaufort Sea region to 7.6 million acres in the North Slope Foothills.⁴

In addition, HB 129 provides that a general exploration or development approval is good for ten years and an approved lease activity that is initiated during that ten years is authorized for the entire lease term, a term that could extend for decades. Decades without an official means for Alaskans to convey to state regulators the site specific concerns they may have with an oil and gas exploration or development project that affects their community.

People may still be able to comment on site-specific permits issued for an oil and gas activity. However, such permits address only a particular part of a project and are more limited in scope than a plan of operations that provides comprehensive details on the entire project and its effects. It should also be noted that other legislation is being proposed that will limit public involvement for site-specific permits. SB 26/HB 77 authorizes the commissioner to issue general permits for a broad range of activities that may include oil and gas exploration and development project activities. Like the general approvals proposed in HB 129, a general permit has broad application and limits the opportunity for people to comment on concerns specific to their community. They may not even have notice that an activity is about to occur.

For example, in September 2012, Homer residents were surprised to learn about a company’s plans to drill in the midst of their community because the leases had been issued ten years ago. Fortunately, the people of Homer will still have opportunities to provide input about their local concerns as the company applies for various state authorizations, including plans of operation.

Now imagine how surprised, and upset, people will be when drilling rigs show up in their neighborhood and learn that their opportunity to comment on the activity is long gone, that the only time for public involvement was back when a general exploration or development approval was issued, potentially a decade earlier. This is what will happen if HB 129 is enacted – with even more consequences if the administration’s other permitting bill, SB 26/HB 77, passes.

There is a reason for public notice. It is to let people know that there will be activity in their area. There is a reason for public comment. It is so state regulators can learn about issues of concern to an affected community that may be located far from where the regulator is based, and so those concerns are addressed through the authorization process. With Alaska’s vast

⁴ The other three arewide lease sale areas are: Alaska Peninsula, 5.8 million acres; Cook Inlet, 4.2 million acres; North Slope, 5.1 million acres.

HB 129 – Public Testimony – Lisa Weissler

March 1, 2013

size, DNR should welcome local involvement, rather than trying to limit public participation in project reviews.

On March 26, 2013, in a Senate TTP committee hearing on SB 59 (companion to HB 129), DNR described industry applicants as “customers.” But Alaska is not a business that serves industry. Alaska is a sovereign state whose government has a duty to regulate industry and represent the public interest. While there may be a need to simplify the permitting process, it should not be done at the expense of public involvement in state government decision-making. Alaskans are the state’s true customers and should be treated as such. Honor the commitment made to Alaskans in 2001. Please say “no” to HB 129.

Thank you for your consideration.

Sincerely,

Lisa Weissler
340 Highland Drive
Juneau, AK 99801
907-723-5902
lisaweissler@gmail.com
Business website: <http://changingtides.com>

ATTACHMENT

ATTACHMENT

Excerpt: North Slope Foothills Areawide Final Best Interest Finding, 2011 – pages 2-3 to 2-5:

D. Phased Review

Phased review recognizes that some disposals of oil and gas, or of gas only, may result in future development that cannot be predicted or planned with any certainty or specificity at the initial lease sale phase, and that any future development will be subject to detailed review before it takes place. In the case of oil and gas, DO&G cannot determine with any specificity or definition at the lease sale phase if, when, where, how, or what kind of exploration, development or production might ultimately occur as the result of a lease sale. Although advances in technology, unpredictable market changes, and specific infrastructure requirements for possible production cannot be foreseen, new developments or improvements in any or all of these areas may occur.

Phasing allows the review and finding for a lease sale to focus only on the issues pertaining to the lease sale phase and reasonably foreseeable, significant effects of a lease sale. Additional authorizations are required for exploration, development, production, and other phases. When a project is multi-phased, review of issues that would require speculation about future factors may be deferred until permit authorization is sought at the exploration, development, and production phases. A discussion of governmental and public involvement at these later phases can be found in Chapter Seven.

Under AS 38.05.035(e)(1)(C), the Director may, if the project for which the proposed disposal is sought is a multiphased development, limit the scope of an administrative review and finding for the proposed disposal to the applicable statutes and regulations, facts, and issues identified above that pertain solely to the disposal phase of the project when:

- (i) the only uses to be authorized by the disposal are part of that phase;
- (ii) the disposal is a disposal of oil and gas, or of gas only, and, before the next phase of the project may proceed, public notice and the opportunity to comment are provided** unless the project is subject to a consistency review under AS 46.40 and public notice and the opportunity to comment are provided under AS 46.40.096(c);
- (iii) the department's approval is required before the next phase may proceed; and,
- (iv) the department describes its reasons for a decision to phase. [Emphasis added]

The conditions under which phasing may occur have been met in this best interest finding for the North Slope Foothills areawide oil and gas lease sales. Accordingly, the review of activities in the lease sale area is of a multi-phased development. The Director, in making this finding, has limited the scope of the finding to the applicable statutes and regulations, facts, and issues that pertain solely to the lease sale phase of oil and gas activities and the reasonably foreseeable significant effects of a lease sale.

March 1, 2013

Condition (i) is met because the only uses authorized are part of the lease sale phase. The lease gives the lessee, subject to the provisions of the lease, the right to conduct geological and geophysical exploration for oil, gas, and associated substances within the leased area and the right to drill for, extract, remove, clean, process, and dispose of any oil, gas, or associated substances that may underlie the lands described by the lease. While the lease gives the lessee the right to conduct these activities, the lease itself does not authorize any exploration or development activities by the lessee on leased tracts.

Condition (ii) is met because the lease sale is of oil and gas or gas only, and before the next phase of the project may proceed, ADNR provides public notice and the opportunity to comment on proposed plans of operations in the lease sale area. Additionally, any plan of operations in the lease sale area that is within the coastal zone is subject to consistency with the ACMP standards, including public notice and opportunity to comment under AS 46.40. [Emphasis added]

Condition (iii) is met because ADNR's approval is required before the next phase (in this case exploration) may proceed. See Chapter Six for a discussion of post-leasing phases. Before exploration activities can occur on leased lands, the lessee must secure all applicable authorizations. Additional authorizations must also be secured for any subsequent development or production on the lease.

The plans of operation must identify the specific measures, design criteria, construction methods, and standards that will be employed to meet the provisions of the lease. A plan of operations is subject to extensive technical review by a number of local, state, and federal agencies. Oil and gas exploration, development, or production-related activities will be permitted only if proposed operations comply with all local, state, and federal laws and the provisions of the lease.

Condition (iv) is met because ADNR describes above the reasons for its decision to phase. The effects of future exploration, development, and production will be considered at each subsequent phase, when various government agencies and the public review applications for specific proposed activities at specific locations. However, this finding does discuss, in general terms, the potential effects that may occur with oil and gas exploration, development, production, and transportation within the lease area as well as proposed measures to be imposed as terms of the lease, subsequent permits, and plan of operations to mitigate possible adverse effects. [Emphasis added]



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

Division of Oil & Gas
Anchorage Office

550 W. 7th Avenue Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
Fax: 907.269.8939

March 19, 2013

MAR 22 2013

The Honorable Eric Fiege, Co-Chair
The Honorable Dan Saddler, Co-Chair
House Resources Committee
State Capitol
Juneau, AK 99801

Dear Representative Fiege and Saddler:

I wanted to thank you for inviting Wendy Woolf and me to testify before the House Resources Committee on March 15, 2013 on HB-129, Oil and Gas Exploration/Development Areas. This correspondence allows me to reiterate a few of the points from the testimony and answer specific questions raised during the committee meeting.

The Division manages its oil and gas leasing program through areawide lease sales conducted each year. The decision to lease is made in a "Best Interest Finding" issued after an extensive public process and evaluation of criteria under AS 38.05.035(g).

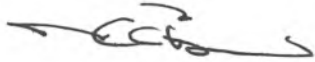
HB-129 will simply allow "geographical areas" to be reviewed holistically through a public process prior to an exploration or development phase as required by AS 38.05.035(e)(1)(C)(ii).

Reviewing exploration or development activities across geographical areas is a discretionary tool that will add efficiency to the process for approving subsequent plans of operations. The process outlined in this bill is optional, not mandatory, pursuant to the bill language. Further, the process outlined in the bill does not change the existing regulatory obligation for the Division to approve lease or unit specific operations for individual projects. After an area has been approved for exploration or development, it provides certainty to the public and industry that future activities will be conducted within those approved parameters.

The bill language contemplates that an area of approval (or "geographical area" as referenced in the bill title) could include all or part of an area previously approved for oil and gas or gas only leasing under (e) of this subsection. The reason that geographical areas are not further defined in this bill is to maintain flexibility as circumstances change. Whether to assess exploration for an area as broad as an areawide sale area or a narrower subset of that area will largely depend on degree of existing development in the area. Because levels of development will change over time, it is important to maintain flexibility to adjust geographical areas for considering exploration. For development, we have stated that the geographical area will likely be much smaller, such as a unit. But to limit the development areas to units would limit our ability to consider joint development across multiple leases that have not unitized. If HB-129 passes, we anticipate adopting regulations to implement this statute. The public would have input into this process.

I want to thank the Committee members for their time and questions and for the Committee's decision to move the HB-129 forward. As HB-129 moves forward in the House, if you require more information, I and my Division are happy to provide it. Again, thank you for the opportunity, and I look forward to future discussions.

Sincerely,



W. C. Barron
Director

Cc: Daniel Sullivan, Commissioner Department of Natural Resources
Joseph Balash, Deputy Commissioner, Department of Natural Resources
Representative Mike Hawker
Representative Craig Johnson
Representative Kurt Olson
Representative Paul Seaton
Representative Peggy Wilson
Representative Geran Tarr
Representative Chris Tuck



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

Office of the Commissioner
550 West 7th Avenue, Suite 1400
Anchorage, Alaska, 99501-3650
Phone: 907.269.8431
Fax: 907.269.8918

February 27, 2013

The Honorable Eric Feige, Co-Chair
The Honorable Dan Saddler, Co-Chair
House Resources Committee
State Capitol Rooms 126 and 104
Juneau, AK 99801

Dear Representative Feige and Representative Saddler:

The Department of Natural Resources respectfully requests a hearing in the House Resources Committee on HB 129, "An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date."

The purpose of this legislation is to clarify that oil and gas exploration and development approvals can be made for all or part of an oil and gas lease sale area, without regard to lease boundaries. This statutory change will help the Division of Oil and Gas do its business more efficiently and should enable the public to be better served by incorporating their participation earlier in the process for approving oil and gas exploration and development.

A copy of Governor Parnell's transmittal letter, the bill, a briefing paper, sectional analysis, and fiscal note accompany this request.

Your favorable consideration of this request is appreciated. If you need any additional information, please contact Esther Tempel, Legislative Liaison for the Department of Natural Resources at 907-465-4730 or Robert Pawlowski, Legislative & Policy Advisor for the Division of Oil and Gas at 907-269-8802.

Sincerely,

A handwritten signature in cursive script that reads "Daniel S. Sullivan".

Daniel S. Sullivan
Commissioner

Cc: Heather Brakes, Legislative Director, Office of the Governor