

Cook Inlet Jack-Up Rig Mobilization to Explore for Oil and Gas Resources **FY2006 Request: \$6,000,000**
Reference No: AMD 40609

AP/AL: Appropriation **Project Type:** Planning
Category: Natural Resources
Location: Kenai Areawide **Contact:** Mark Myers
House District: Kenai Areawide (HD 33-35) **Contact Phone:** (907)269-8800
Estimated Project Dates: 07/01/2005 - 06/30/2008

Brief Summary and Statement of Need:

With these funds, the Department of Natural Resources will reimburse a company (or consortium of companies) for 50% of their actual and reasonable costs, up to a maximum of \$6,000,000, for mobilizing and de-mobilizing a jack-up rig to explore for oil and gas resources on state owned leases within the Cook Inlet basin.

Funding:	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Total</u>
Gen Fund	\$6,000,000						\$6,000,000
Total:	\$6,000,000	\$0	\$0	\$0	\$0	\$0	\$6,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

This is a new project request.

Project Description/Justification:

With these funds, the Department of Natural Resources will reimburse a company (or consortium of companies) for 50% of their actual and reasonable costs, up to a maximum of \$6,000,000, for mobilizing and de-mobilizing a jack-up rig to explore for oil and gas resources on state owned leases within the Cook Inlet basin.

Prior to mobilization, an applicant would apply to DNR for approval of a reimbursement plan. The application would include information on the estimated total mobilization and de-mobilization costs, an itemization of those estimated costs, proposed drilling locations, and terms by which other companies could use the rig to explore other locations. Once the reimbursement plan is approved and mobilization costs are incurred, the applicant would provide DNR with receipts of actual costs incurred, and would receive 50% reimbursement for all reasonable approved costs, up to a total reimbursement of \$6,000,000.

A detailed reimbursable agreement with the companies is being developed.