

# **State of Alaska FY2005 Governor's Operating Budget**

## **Department of Natural Resources Large Project Permitting Component Budget Summary**

# Contents

<i>Component: Large Project Permitting</i>	3
<i>End Results</i>	3
<i>Strategies to Achieve Results</i>	3
Component Financial Summary	8
Summary of Component Budget Changes	9
Personal Services Information	10

**Component: Large Project Permitting**

**Contribution to Department's Mission**

Large Project Permitting manages resource development projects through the permit process to ensure that complex, multi-agency resource development projects are reviewed in a manner that is efficient for the applicant, involve the public in decisions that affect them, and result in decisions that protect public resources. This component also represents the State by participating in federal land use planning projects to ensure the State’s best interests are represented.

**Core Services**

This component, along with the "Alaska Coastal Management Program" component, constitutes the new "Office of Project Management and Permitting."

Special resource development project authorizations are included in this component. This project uses primarily funds provided by an applicant to coordinate the permitting of a large and complex project. Most of the projects permitted under this arrangement are large mines. Under state law DNR is the coordinating agency for large complex resource development projects. Projects that are being coordinated under this program include the Alpine Satellite Development Project, revisions to the NPR-A Northeast EIS, the North Slope Industrial Road, the Pogo Mine Project near Delta, the Fort Knox and True North Projects near Fairbanks, the Red Dog Project near Kotzebue, the Donlin Creek Project near Crooked Creek. This component also coordinates with federal agencies in permitting of operations located on federal lands such as the Greens Creek Mine and Kensington Mine Project near Juneau.

In addition to large projects related to mining and oil & gas development, this component "houses" other development project funding, typically one-time funding for projects such as the Ring-of-Fire Resource Management Plan Project Agreement, ANILCA review and other large scale multi-agency planning efforts which lay the groundwork for future successful resource development.

End Results	Strategies to Achieve Results
<p><b>(1) Promote responsible resource development through superior (effective and efficient) delivery of project management, review, stewardship, and permitting services.</b></p> <p><u>Target:</u> Large resource development projects are expedited, coordinated by, and shepherded through the state permitting system by knowledgeable and experienced project managers.</p> <p><u>Measure:</u> Every large resource development project that proposes to fund the state's review activities has a Project Manager assigned to it.</p>	<p><b>(1) Assign project managers to manage state agency and local government representatives in identifying permitting requirements, baseline information needs, establishing timelines, and minimizing duplication of process.</b></p> <p><u>Target:</u> Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.</p> <p><u>Measure:</u> Number of candidates and personnel identified and utilized for permit reviews.</p> <p><b>(2) Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.</b></p> <p><u>Target:</u> Negotiate and sign MOU's for all large resource development projects with applicable state and federal agencies.</p> <p><u>Measure:</u> MOU's signed that ensure the required personnel, resources, and process design.</p>

**Major Activities to Advance Strategies**

- Administrative functions to manage grants
- Recruit and hire qualified OPMP staff
- Facilitate improved day-to-day coordination and communication among state and federal resource agencies
- Complete Memorandums of Understanding with federal and state agencies to develop specific consistency review procedures
- Assign Project Managers as resource development projects are proposed
- Identify information required from resource developers to initiate the State permitting process
- Establish Permitting Timelines for Projects
- Coordinate state agency activities to expedite project review and permitting
- Presentations at public and industry forums to improve understanding of resource project
- Work to integrate and simplify federal and state permitting processes
- Eliminate duplication of information requirements and permit stipulation

**FY2005 Resources Allocated to Achieve Results**

**FY2005 Component Budget: \$2,358,500**

**Personnel:**

Full time	11
Part time	0
<b>Total</b>	<b>11</b>

**Performance Measure Detail**

**(1) Result: Promote responsible resource development through superior (effective and efficient) delivery of project management, review, stewardship, and permitting services.**

**Target:** Large resource development projects are expedited, coordinated by, and shepherded through the state permitting system by knowledgeable and experienced project managers.

**Measure:** Every large resource development project that proposes to fund the state's review activities has a Project Manager assigned to it.

**(1) Strategy: Assign project managers to manage state agency and local government representatives in identifying permitting requirements, baseline information needs, establishing timelines, and minimizing duplication of process.**

**Target:** Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.

**Measure:** Number of candidates and personnel identified and utilized for permit reviews.

**(2) Strategy: Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.**

**Target:** Negotiate and sign MOU's for all large resource development projects with applicable state and federal agencies.

**Measure:** MOU's signed that ensure the required personnel, resources, and process design.

## Key Component Challenges

The establishment of the Large Project Permitting component within OPMP has expanded DNR's role and participation in development of natural resources and federal land use planning. As new development projects and federal planning exercises are moved forward, OPMP will be required to fill the designated Project Manager and Large Project Coordinator positions with qualified individuals to manage the State's involvement with implementation of the National Environmental Policy Act (NEPA) and the state permitting process.

LPP anticipates an increase in the level of participation concerning ANILCA issues with the transfer of the ANILCA Coordinator to OPMP. With the increase in activities within Alaska, the National Park Services has committed to funding an ANILCA position to assist the ANILCA Coordinator in evaluating and responding to NEPA activities, revisions to 36 Code of Federal Regulations Part 13, and development of land use plans that could possibly restrict uses of federal land in Alaska.

## Significant Changes in Results to be Delivered in FY2005

1. An agreement for Pt. Thomson project coordination was entered into between the Department of Natural Resources and ExxonMobil on September 23, 2002, and FY03 authorization was granted by Legislative Budget and Audit (LB&A) on RPL #10-3-4044 (approved October 3, 2002). This project has been put on indefinite hold by Exxon/Mobil.
2. An agreement for the "Ring of Fire" Resource Management Plan project coordination was entered into between the Department of Natural Resources and the Bureau of Land Management (BLM) on September 6, 2002, and FY03 authorization was granted by Legislative Budget and Audit (LB&A) on RPL #10-3-4041 (approved October 3, 2002). This request provides authorization for continuation of the agreement into FY05.

The BLM invited the State to partner with them in a cooperating agency relationship on the "Ring of Fire" and East Alaska Resource Management Plan Amendments. BLM funded a State Project Coordinator position through an Interagency Personnel Agreement. The plan will evaluate multiple-use and protection options for the Ring of Fire planning area which includes approximately 1.3 million acres in the Copper River Basin, Tielke River area, and Bering Glacier area, Southcentral Alaska, Alaskan Peninsula and the Aleutian Islands. BLM is expanding planning efforts in FFY 05 to include the development of Resource Management Plans for the Seward Peninsula/Kobuk planning area and the Bristol Bay region.

The Ring of Fire Project Coordinator acts as the State's lead contact on the project and coordinates state participation in the process. Responsibilities include close coordination with BLM staff, development of coordinated state agency comments on the management plans and Environmental Assessments, communication with affected communities and other stakeholders, and participation in technical and scientific meetings.

3. An agreement for the Northwest National Petroleum Reserve Alaska project coordination was entered into between the Department of Natural Resources and the Bureau of Land Management (BLM) on August 29, 2002, and FY03 authorization was granted by Legislative Budget and Audit (LB&A) on RPL #10-3-4038 (approved October 3, 2002). This agreement was modified to include revisions to the Northeast National Petroleum Reserve Alaska EIS, and this request provides authorization for continuation of this agreement into FY05.

The BLM invited the State to partner with them on the revisions to the Northeast National Petroleum Reserve-Alaska (NPR-A) Integrated Activity Plan (IAP)/Environmental Impact Statement (EIS) land planning process. The plan will consider appropriate multiple-use management options for the planning area including renewed oil and gas exploration and development. BLM funded a State Project Coordinator position and associated costs through an Interagency Personnel Agreement.

The NE NPR-A Project Coordinator acts as the State's lead contact on the project and coordinates state participation in the IAP/EIS process. Responsibilities include close coordination with the federal BLM and Minerals Management Service staff; the development of coordinated state agency comments on the IAP/EIS; communication with the North Slope Borough, environmental community and other stakeholders; and participation in technical and scientific meetings.

4. An agreement for the Western North Slope Satellite Development project coordination was negotiated between the Department of Natural Resources and ConocoPhillips. FY04 authorization was granted by Legislative Budget and

Audit (LB&A). This request provides authorization for continuation and completion of the agreement into FY05.

The agreement provides for ConocoPhillips to reimburse the state for state costs associated with the review of the Western North Slope Satellite Development Project and the processing of state applications necessary for development and operation of the project. ConocoPhillips proposes to develop five production pads in the Western North Slope (WNS) region. Three pads will be located in the National Petroleum Reserve - Alaska (Alpine West, Lookout and Spark) and two pads will be located north and south of the Alpine facility (CD - North [Fiord] and CD - South [Nanuq]). All five production projects will be reviewed concurrently through a single environmental impact statement (EIS) process.

The Department of Natural Resources (DNR) provided a Western North Slope Project Coordinator to oversee a coordinated review of federal and state permitting and environmental review processes for the WNS Project. The Coordinator works closely with the State's Departments of Environmental Conservation, Fish and Game, Law, the Division of Governmental Coordination, and other DNR divisions in the permit review process and the processing of State applications necessary for development and operation of the project. The Coordinator is also the State's lead representative for coordination with the US Department of Interior, Bureau of Land Management, cooperating agencies, and federal and local permitting agencies on the development of the project EIS under the National Environmental Policy Act (NEPA).

Potential future projects that may involve this office include Coalbed Methane Project, integrated permitting for exploration licensing, and coordinating with DEC on exploration permitting for Foothills, Beaufort Sea, and NPRA areas, Kensington Mine, and Donlin Creek Mine.

5. A Reimbursable Services Agreement was initiated with the Department of Transportation and Public Facilities (DOT& PF) to assist with permitting the Nuiqsut Industrial Road to facilitate access for oil and gas exploration along the foothills of the North Slope and access across the Coleville River. The infrastructure will also provide a staging area for future exploration into the National Petroleum Reserve. The Nuiqsut Industrial Road Project Coordinator acts as the State's lead contact to facilitate the development of and compilation of the necessary information required for a complete and comprehensive application for the federal, state, and North Slope Borough permitting processes. The cooperation between LPP and DOT&PF on this industrial road project has effectively opened the door for additional cooperation to assist with the permitting and construction of "roads to resources" that is critical for future responsible resource development.
6. With the increase in federal activity within Alaska, the ANILCA Coordinator and an assistant funded by the National Park Service will be able to participate to a greater extent and be involved in more relevant federal planning issues. This participation is critical to ensure the State of Alaska's multiple departmental interests, authorities, and jurisdictions are properly recognized and utilized, where appropriate, in federal management actions for over 100 million acres of national interest lands designated as conservation system units (CSUs) by ANILCA. The goal is to ensure that federal management of such CSUs is conducted consistent with Congressional directions in ANILCA that modifies federal laws, regulations and polices specifically for Alaska.

## Major Component Accomplishments in 2003

1. Established the Office of Project Management and Permitting. This office leads and coordinates all matters relating to the state's review and authorization of resource development projects. The purpose of the office is to facilitate and expedite resource development by coordinating and streamlining the permitting activities of all state agencies with authority over a project.
2. Established state agency permitting team for the Western North Slope Development Project which has progressed through the EIS from scoping to the DEIS stage. The EIS, ACMP and permitting timelines were scheduled concurrently to enable all permits to be completed by August 2004.
3. Coordinated state efforts to complete the DEIS for Northwest NPR-A. Coordinated state/federal efforts to develop a consistent stipulation and required operating procedures package for the FEIS preferred alternative.
4. Established state agency permitting team for Northeast National Petroleum Reserve-Alaska EIS revisions.

5. Established state agency permitting team to assist the Department of Transportation with the North Slope Industrial Road Project.
6. State interagency efforts on the Pogo Mine Project DEIS and access right-of-way progressed to secure the required state authorizations. The FEIS was completed October 2003.
7. Coordinated efforts to issue permits for the expansion of the True North deposit and addressed various regulatory issues affecting this operation and at the Ft. Knox gold mine.
8. At the invitation of the US Forest Service and Green's Creek Silver Mine, the Division participated in federal-state environmental reviews of operation at the site near Juneau as well for renewal of the reclamation plan and reclamation bond. Also participated in the USFS DEIS for the expansion of the tailings facility including modifying the state's solid waste permit, reclamation plan and bond.
9. Coordinated interagency efforts at the Red Dog Zinc Mine to address the need for a solid waste permit, reclamation plan renewal and estimating an appropriate reclamation bond.
10. Coordinated preliminary interagency permitting efforts for the Donlin Creek Project including discussions with federal agencies (EPA and USACE).
11. Compiled and submitted to BLM extensive collection of state data and information related to the BLM Ring of Fire and East Alaska planning areas covering the southern tier of the state from Southeast Alaska to the Aleutian Peninsula.
12. Coordinated the development of interagency state scoping comments for submittal to BLM as part of the preliminary scoping process of the Ring of Fire and East Alaska Resource Management Plans/Environmental Impact Statements.
13. Continued state coordination on ANILCA related issues with various federal agencies.
14. Coordinated State Agency efforts for the Kensington Project, including the drafting and release of the DEIS.
15. Initiated discussions with industry officials regarding possible Large Project Permitting involvement in other mine projects, including Rock Creek Project near Nome, the Pebble Copper Project near Lake Illimana, the Gill Project near Fort Knox, and reopening of the Nixon Fork Mine. Also initiated discussions with Canadian officials to coordinate State agency input to the Tulsequah Chief Mine Project, located in Canada near Juneau.

## Statutory and Regulatory Authority

AS 27  
AS 38  
11 AAC

### Contact Information

**Contact:** William R. Jeffress, Director  
**Phone:** (907) 269-8429  
**Fax:** (907) 269-8918  
**E-mail:** William\_Jeffress@dnr.state.ak.us

### Large Project Permitting Component Financial Summary

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	938.7
72000 Travel	0.0	0.0	51.2
73000 Contractual	0.0	0.0	1,340.2
74000 Supplies	0.0	0.0	28.4
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>2,358.5</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	0.0	445.3
1004 General Fund Receipts	0.0	0.0	102.3
1007 Inter-Agency Receipts	0.0	0.0	300.0
1108 Statutory Designated Program Receipts	0.0	0.0	1,175.9
1153 State Land Disposal Income Fund	0.0	0.0	335.0
<b>Funding Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>2,358.5</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	0.0	0.0	445.3
Interagency Receipts	51015	0.0	0.0	300.0
Statutory Designated Program Receipts	51063	0.0	0.0	1,175.9
State Land Disposal Income Fund	51434	0.0	0.0	335.0
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>2,256.2</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>0.0</b>	<b>2,256.2</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Transferred Base Budget from Development Special Projects Component	0.0	385.3	1,510.9	1,896.2
-Transfer in GF from the AK Coastal Mgmt Program component for ANILCA	102.3	0.0	0.0	102.3
<b>Proposed budget increases:</b>				
-National Park Service Funding for ANILCA program	0.0	60.0	0.0	60.0
-Coordination with DOT for North Slope Industrial Roads project	0.0	0.0	300.0	300.0
<b>FY2005 Governor</b>	<b>102.3</b>	<b>445.3</b>	<b>1,810.9</b>	<b>2,358.5</b>

**Large Project Permitting  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	0	11	Annual Salaries	698,600
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	267,349
			<i>Less 2.82% Vacancy Factor</i>	(27,249)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>0</b>	<b>11</b>	<b>Total Personal Services</b>	<b>938,700</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
ANILCA Assistant	1	0	0	0	1
ANILCA Coordinator	1	0	0	0	1
Lrg Project Coordinator	8	0	0	0	8
Lrg Project Manager	1	0	0	0	1
<b>Totals</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>