

State of Alaska FY2006 Governor's Operating Budget

Department of Natural Resources Large Project Permitting Component Budget Summary

Component: Large Project Permitting

Contribution to Department's Mission

Large Project Permitting (LPP) 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. LPP also assists the Alaska Department of Transportation & Public Facilities in facilitating the development of the “roads to resources” projects identified by the Administration. This component also leads the State by participation in federal land use and policy development to ensure the State’s best interests are represented.

Core Services

- This component, along with the "Alaska Coastal Management Program" component, constitutes the "Office of Project Management and Permitting."
- Under state law DNR is the coordinating agency for large complex resource development projects. Projects that fall under this coordination umbrella include hard rock mining projects and oil/gas projects.
- Coordination with federal agencies in permitting of operations located on federal lands such as Greens Creek Mine and Kensington Mine Project.
- Assist ADOT & PF with facilitating the permitting and development of “roads to resources” such as Colville River Road, Yukon - Kuskokwim Corridor Road, and the Pebble Mine Port and Road Project.
- Participation in large scale multi-agency planning efforts such as Ring of Fire Resource Management Plan Project and revisions to the Northeast National Petroleum Reserve Alaska EIS, which lay the groundwork for successful resource development.
- ANILCA coordination to ensure the State of Alaska's multiple departmental interests, authorities, and jurisdictions are properly recognized. Participation ensures federal management of 100 million acres of land is conducted consistent with Congressional intent.
- Coordinate Alaska review of trans-boundary Canadian mine projects which have the potential to affect Alaskan waters and fisheries.
- Assist the Alaska Railroad and U.S. Army with the development of surface access to the Tanana Flats Training Area, Fort Wainwright, Delta, and Fort Greely.

End Results	Strategies to Achieve Results
<p>A: Promote responsible resource development through superior (effective and efficient) delivery of project management, review, stewardship, and permitting services.</p> <p><u>Target #1:</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 #1:</u> Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.</p>	<p>A1: 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.</p> <p><u>Target #1:</u> Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.</p> <p><u>Measure #1:</u> Number of candidates and personnel identified and utilized for permit reviews.</p> <p>A2: Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.</p> <p><u>Target #1:</u> Negotiate and sign MOU's for all large resource</p>

	<p>development projects with applicable state and federal agencies. <u>Measure #1:</u> MOU's signed that ensure the required personnel, resources, and process design are adequately funded to meet the review and permitting schedule.</p> <p>A3: Secure funding and support to continue participating in the review of trans-boundary projects located in Canada.</p> <p><u>Target #1:</u> Negotiate and sign RSA's with other state or federal agencies to secure funding to review and comment on trans-boundary projects. <u>Measure #1:</u> RSA's signed that ensure the required personnel and resources are adequately funded to meet the review and commenting schedule set forth by the Canadian Federal Agencies and British Columbia.</p>
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Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> • 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 review procedures • Assign Project Managers as resource development projects are proposed • Identify information required from resource developers to initiate the State permitting process | <ul style="list-style-type: none"> • 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 projects • Work to integrate and simplify federal and state permitting processes • Eliminate duplication of information requirements and permit stipulations • Advocate for federal policies that accommodate access, tourism, and resource development and state management needs |
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FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$2,543,600	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Full time</td> <td style="text-align: right; padding: 2px;">11</td> </tr> <tr> <td style="padding: 2px;">Part time</td> <td style="text-align: right; padding: 2px;">0</td> </tr> <tr> <td style="padding: 2px;">Total</td> <td style="text-align: right; padding: 2px;">11</td> </tr> </table>	Full time	11	Part time	0	Total	11
Full time	11						
Part time	0						
Total	11						

Performance Measure Detail

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

Target #1: Large resource development projects are expedited, coordinated by, and shepherded through the state permitting system by knowledgeable and experienced project managers.

Measure #1: Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.

Analysis of results and challenges: Every large resource development project has a Project Manager or Coordinator assigned to it.

A1: 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 #1: Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.

Measure #1: Number of candidates and personnel identified and utilized for permit reviews.

Analysis of results and challenges: Listed below are the Large Project Team Members by title and their assigned projects:

Large Mine Coordinator: Donlin Creek with Placer Dome; Red Dog Mine with Teck Cominco AK, Inc.; Greens Creek Mine with Kennicott Greens Creek Mining Co.; Pogo Mine with Teck-Pogo, Inc.; Ft. Knox and True North Mine, and Gil Project with FGMI; Pebble Copper Gold with Northern Dynasty; Rock Creek Project with Alaska Gold Co.; Kensington Mine with US Forest Services; Canadian Mine Project Reviews (Tulsequah Chief Mine, Galore Creek Mine, and Premier-Westin Mine cleanup Project) with Dept. of Fish and Game.

Large Project Coordinator: Resource Road Development Projects with Dept. of Transportation and Public Facilities; NE NPR-A with Bureau of Land Management.

Large Project Coordinator: Ring of Fire Project with Bureau of Land Management.

Acting Gas Line Coordinator: Angts Foothills with TransCanada; Alpine Satellites with ConocoPhillips Alaska, Inc.

ANILCA Coordinator and Assistant: ANILCA Planning Assistance with National Park Service.

A2: Strategy - Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.

Target #1: Negotiate and sign MOU's for all large resource development projects with applicable state and federal agencies.

Measure #1: MOU's signed that ensure the required personnel, resources, and process design are adequately funded to meet the review and permitting schedule.

Analysis of results and challenges: To date, all MOU's have been signed with resource development companies.

A3: Strategy - Secure funding and support to continue participating in the review of trans-boundary projects located in Canada.

Target #1: Negotiate and sign RSA's with other state or federal agencies to secure funding to review and comment on trans-boundary projects.

Measure #1: RSA's signed that ensure the required personnel and resources are adequately funded to meet the review and commenting schedule set forth by the Canadian Federal Agencies and British Columbia.

Analysis of results and challenges: RSA has been signed with the Dept. of Fish and Game and interagency teams are currently monitoring and reviewing permitting progress for the Tulsequah Chief Mine, the Galore Creek Mine, and the Premier-Westin Mine cleanup project.

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 ensure that the designated Project Manager and Large Project Coordinator positions are staffed with qualified individuals in order to efficiently and expeditiously manage the State's involvement with implementation of the National Environmental Policy Act (NEPA) and the state/federal permitting process.

LPP anticipates an increase in the level of participation concerning ANILCA issues. 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, and revisions to 36 Code of Federal Regulations Part 13. Other federal agencies, including the US Fish and Wildlife Service and US Forest Service are also increasing their ANILCA activities, correspondingly increasing the need to participate in and influence the development of land use plans and policies that could possibly restrict public uses and state management activities on federal land in Alaska.

Significant Changes in Results to be Delivered in FY2006

1. An agreement for Pt. Thomson project coordination was entered into between the Department of Natural Resources and Exxon Mobil 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. An additional request may be submitted to extend the authorization into FY06.

Initially, the BLM invited the State to partner with them in a cooperating agency relationship on the "Ring of Fire" and East Alaska Resource Management Plans. Planning efforts have since expanded to include the Kobuk Seward Peninsula and Bristol Bay. BLM funded a State Project Coordinator position through an Interagency Personnel Agreement. These plans will evaluate multiple-use management strategies for four distinct planning areas:

1. Ring of Fire planning area which includes approximately 1.3 million acres in Southeast Alaska, Southcentral Alaska, the Alaskan Peninsula and the Aleutian Islands;
 2. East Alaska planning area which includes approximately 7.6 million acres in the Copper River Basin and Bering Glacier Areas.
 3. Kobuk Seward planning area which includes 12.9 million acres in western and northwestern Alaska.
 4. BLM is expected to expand planning efforts in FFY 05/06 to include the development of a Resource Management Plan for the Bristol Bay region.
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 the amendment 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 FY06.

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, 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, NPRA areas, and Holitna Basin.

5. A Reimbursable Services Agreement was initiated with the Department of Transportation and Public Facilities (DOT& PF) to assist with permitting the Coleville River 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 Coleville River 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. Issues include protecting public access, access to inholdings, and transportation and utility corridors; and insuring that federal regulations are minimized or – where necessary – are fully justified.
7. LPP expects to receive permit applications in FY2006 for the Pebble Project, a potential Copper-Gold mine near Lake Iliamna. The Pebble Project could employ over 1000 workers, and could contain 16.5 billion pounds of copper and 25 million ounces of gold.
8. LPP expects to review, process, and possibly issue operating permits for the Rock Creek Project near Nome. This mine project could employ over 100 workers, and produce 500,000 ounces of gold.
9. The Alaska Rail Road and U.S. Army Alaska (USARAK) funding of LLP Team to move forward with review and permitting for the development of surface access to the Tanana Flats Training Area, Fort Wainwright, Delta, and Fort Greely.

Major Component Accomplishments in 2004

1. 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 and all permits issued in October of 2004.

2. 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.
3. Established state agency permitting team for Northeast National Petroleum Reserve-Alaska IAP/EIS amendment.
4. Established state agency permitting team to assist the Department of Transportation with the North Slope Industrial Road Project.
5. Coordinated State interagency efforts on the Pogo Mine Project to implement authorizations to begin construction of the mine.
6. Coordinated efforts to address various regulatory issues affecting the True North and Ft. Knox gold mines.
7. At the invitation of the US Forest Service and Green's Creek Silver Mine, the LPP participated in federal-state environmental reviews of operation at the site near Juneau. Also coordinated modifying the state's solid waste permit.
8. 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.
9. Coordinated preliminary interagency permitting efforts for the Donlin Creek Project including discussions with federal agencies (EPA and USACE). LPP expects to receive the permit applications for this mine in FY2005, and will start coordinating the state agency review of these permit applications.
10. Coordinated preliminary interagency permitting efforts for the Pebble Copper Gold Project, including discussions with Federal agencies (EPA, USACE, USFWS, NMFS, and NPS).
11. Coordinated preliminary interagency permitting efforts for the Rock Creek Gold Project, including discussions with Federal agencies (EPA, USACE, and USFWS).
12. Coordinated preliminary interagency permitting efforts for the Gil Gold Project, including discussions with Federal agencies (EPA, USACE, and USFWS).
13. Compiled and submitted to BLM extensive collection of state data and information related to the BLM Ring of Fire, East Alaska, and Kobuk-Seward planning areas covering the southern tier of the state from Southeast Alaska to the Aleutian Peninsula as well as large portion of northwest Alaska.
14. Participated on interdisciplinary teams developing alternative management strategies for BLM managed lands in the Ring of Fire and East Alaska planning areas, working to achieve consistency with existing state management strategies for adjacent state lands and state selected lands.
15. Continued state coordination on ANILCA related issues with various federal agencies. Highlights include successfully resolving a number of precedent-setting refuge planning issues in the soon-to-be-released Alaska Peninsula/Becharof refuge plan, and working with the National Park Service on a carefully crafted regulations package that avoids most conflicts with rural Alaska interests.
16. Coordinated State Agency efforts for the Kensington Project, including the drafting and release of the FEIS, and the issuance of all the necessary operating permits.
17. Continued discussions with Canadian officials to coordinate State agency input to the Tulsequah Chief Mine Project the Galore Creek Mine Project, and the Premier Westin Mine Cleanup Project, located in Canada near Juneau.

Statutory and Regulatory Authority

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Contact Information
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Large Project Permitting Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	953.9	1,046.3
72000 Travel	0.0	51.2	56.2
73000 Services	0.0	1,340.2	1,412.7
74000 Commodities	0.0	28.4	28.4
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	2,373.7	2,543.6
Funding Sources:			
1002 Federal Receipts	0.0	456.3	610.7
1004 General Fund Receipts	0.0	0.6	0.0
1007 Inter-Agency Receipts	0.0	300.0	300.4
1108 Statutory Designated Program Receipts	0.0	1,178.2	1,187.5
1153 State Land Disposal Income Fund	0.0	438.6	445.0
Funding Totals	0.0	2,373.7	2,543.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	0.0	456.3	610.7
Interagency Receipts	51015	0.0	300.0	300.4
Statutory Designated Program Receipts	51063	0.0	1,178.2	1,187.5
State Land Disposal Income Fund	51434	0.0	438.6	445.0
Restricted Total		0.0	2,373.1	2,543.6
Total Estimated Revenues		0.0	2,373.1	2,543.6

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.6	456.3	1,916.8	2,373.7
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	0.5	0.2	0.7
-Fund Change for FY05 Health Insurance Increase from GF to LDIF	-0.6	0.0	0.6	0.0
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	2.5	8.5	11.0
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	1.4	6.8	8.2
Proposed budget increases:				
-All Seasons Joint Project with U.S. Army, AK Railroad, and DOT/PF	0.0	150.0	0.0	150.0
FY2006 Governor	0.0	610.7	1,932.9	2,543.6

**Large Project Permitting
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2005</u>				
<u>Management</u>		<u>FY2006</u>		
<u>Plan</u>		<u>Governor</u>		
		Annual Salaries		749,068
Full-time	11	COLA		925
Part-time	0	Premium Pay		0
Nonpermanent	0	Annual Benefits		347,652
		<i>Less 1.77% Vacancy Factor</i>		(19,445)
		Lump Sum Premium Pay		0
Totals	11	Total Personal Services		1,078,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Anilca Coordinator	1	0	0	0	1
Large Mine Project Manager	1	0	0	0	1
Large Project Coordinator	7	0	1	0	8
Natural Resource Spec III	1	0	0	0	1
Totals	10	0	1	0	11