

State of Alaska FY2007 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 and 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 Bullen Point 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 development of the South 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.
- Assist the Knik Arm Bridge and Toll Authority and the Federal Highway Administration with permitting and development of an Environmental Impact Statement for construction of a bridge across Knik Arm connecting the Municipality of Anchorage and the Mat-Su Borough.
- Establish a collaborative approach between state, federal and local resource agencies and land managers to addressing North Slope resource information needs through the North Slope Science Initiative.

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 development projects with applicable state and federal agencies.</p> <p><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.</p> <p><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	
<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

FY2007 Resources Allocated to Achieve Results							
FY2007 Component Budget: \$2,741,200	<p>Personnel:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Full time</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">12</td> </tr> </table>	Full time	12	Part time	0	Total	12
Full time	12						
Part time	0						
Total	12						

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; Northern Extension of the Alaska Rail Road; Knik Arm Crossing Project; South NPR-A with Bureau of Land Management.

Large Project Coordinator: Ring of Fire, East Alaska, Kobuk-Seward, Bay Area, and White Mountain Resource Management Plans/EIS with Bureau of Land Management.

ANILCA Coordinator and Assistant: ANILCA implementation by the National Park Service, US Fish and Wildlife Service, US Forest Service, and Bureau of Land Management.

Executive Director, North Slope Science Initiative: The Executive Director is responsible for providing leadership, managerial guidance, and executive oversight for the development and implementation of the North Slope Science Initiative.

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 is experiencing a high demand for state involvement in ANILCA issues, including new ANILCA initiatives from the US Forest Service. The National Park Service is maintaining its commitment to partially funding the assistant ANILCA Coordinator; however, DNR and ADF&G will lose funding from the US Fish and Wildlife Service (USFWS) by December 2005. The increased ANILCA activity and lost USFWS funding place greater demands on OPMP's efforts to influence the development of land use plans and policies needed to ensure public access and uses and state management activities on federal land in Alaska.

Significant Changes in Results to be Delivered in FY2007

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:

- Ring of Fire planning area which includes approximately 1.3 million acres in Southeast Alaska, Southcentral Alaska, the Alaskan Peninsula and the Aleutian Islands;
 - East Alaska planning area which includes approximately 7.6 million acres in the Copper River Basin and Bering Glacier Areas.
 - Kobuk Seward planning area which includes 12.9 million acres in western and northwestern Alaska.
 - Bay Area planning area which includes approximately 3.6 million acres of BLM administered land in the Bristol Bay and Goodnews Bay areas.
 - White Mountain National Recreation Area plan amendment addresses a planning area of approximately 1 million acres.
3. An agreement for a designated State of Alaska representative for the National Petroleum Reserve Alaska (NPR-A) planning 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 state participation for completing the NPR-A Northwest EIS, revisions to the NPR-A Northeast EIS, and other North Slope issues on BLM lands as required. This request provides authorization for continuation of this agreement into FY07 for NPR-A South planning which is expected to be completed in 2009.

The NPR-A Project State Representative acts as the State's lead contact for NPR-A planning and coordinates participation of state agencies 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. The Colville River Industrial Road project was shelved in late 2004. The LPP RSA with DOT&PF was refunded shortly after receipt of the \$3.2 million FY2005 Supplemental-Governor allocation to DNR to establish a road/pipeline corridor on the Eastern North Slope (Bullen Pt. Project.) The DNR Commissioner's Office, through the OPMP/LPP component, assigned a project manager to: 1) Work with DOT&PF to secure a contractor to provide engineering, surveying, geotechnical, hydrological, and environmental services required for permitting the projects, 2) Establish and fund a state project team to work on permitting issues, and 3) develop pipeline ROW lease applications for oil and gas lines. DNR has committed to funding 20% of the contractor costs, while DOT&PF will cover the remainder. The estimated project dates for expenditure of the \$3.2 million supplemental are from March 1, 2005 to June 30, 2007.
6. LPP expects to receive permit applications in FY2006 for the Pebble Project, a potential Copper-Gold mine near Lake Iliamna. In FY2007, LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project. The Pebble Project could employ over 1000 workers, and could contain 16.5 billion pounds of copper and 25 million ounces of gold.
7. LPP expects to receive permit applications in FY2006 for the Donlin Creek Project, a potential Gold mine southwest of McGrath. In FY2007, LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project. The Donlin Creek Project could employ over 300 workers, and could contain 12 million ounces of gold. In FY2007, LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project.
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 is funding a LLP Team to move forward with review and permitting for the development of rail access to the Tanana Flats Training Area, Fort Wainwright, Delta, and Fort Greely.

10. The North Slope Science Initiative (NSSI) was formalized in the federal Energy Bill signed into law August 8, 2005. A strategy for obtaining an appropriation as authorized by this legislature will be developed to address information gaps identified by the member agencies. A CIP will be requested to contribute the State of Alaska's share towards the administrative costs of this effort.
11. Large Project Permitting (LPP) expects to receive permit applications for the Chuitna Coal Project in FY2006. LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project in FY 2007. The Chuitna Coal Project, located across Cook Inlet from Kenai, could produce from 3 to 10 million tons of coal for export annually.

Major Component Accomplishments in 2005

1. Coordinated consolidated state participation and comment on the Bureau of Land Management **National Petroleum Reserve-Alaska Northeast** revised Integrated Activity Plan/Environmental Impact Statement.
2. Established a state review team to participate and comment on the Bureau of Land Management **National Petroleum Reserve-Alaska South** planning effort.
3. Established state permitting team to participate as interdisciplinary team members for the **Knik Arm Crossing Project**.
4. Established state permitting team to participate as interdisciplinary team members for the **Alaska Railroad Northern Rail Extension Project**.
5. Selected contractor to begin baseline data gathering for the **Bullen Point industrial road** project.
6. Established state team to develop an oil and gas pipeline right-of-way application and supporting documentation.
7. Initiated contact and continuing discussions with the US Fish and Wildlife Service to seek a land exchange in Izembek National Wildlife Refuge for the purpose of constructing an **all-season road from King Cove to Cold Bay**.
8. Coordinated State interagency efforts on the **Pogo Mine Project** to implement authorizations to begin construction of the mine.
9. Coordinated efforts to address various regulatory issues affecting the **True North and Ft. Knox gold mines**.
10. 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.
11. 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.
12. 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 FY2006, and will start coordinating the state agency review of these permit applications.
13. Coordinated preliminary interagency permitting efforts for the **Pebble Copper Gold Project**, including discussions with Federal agencies (EPA, USACE, USFWS, NMFS, and NPS).
14. Coordinated preliminary interagency permitting efforts for the **Rock Creek Gold Project**, including discussions with Federal agencies (EPA, USACE, and USFWS). LPP expects to receive permit applications in FY2006.
15. Coordinated preliminary interagency permitting efforts for the **Gil Gold Project**, including discussions with Federal agencies (EPA, USACE, and USFWS).
16. Compiled and submitted to BLM extensive collection of state data and information related to the BLM Bristol Bay and Kobuk-Seward in southwest and northwest Alaska.
17. Participated on interdisciplinary teams developing alternative management strategies for BLM managed lands in the **Bristol Bay and Kobuk-Seward planning areas**, working to achieve consistency with existing state management strategies for adjacent state lands and state selected lands.
18. Prepared and submitted consolidated State comments on the **BLM Draft East Alaska Resource Management Plan/EIS** and the prepublication draft of the **Ring of Fire Resource Management Plan/EIS**.
19. Continued state participation in 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.
20. 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.
21. 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.
22. **Chartered the North Slope Science Initiative Oversight Group** consisting of the Commissioner, Dept. of Fish and Game; Commissioner, Dept. of Natural Resources; State Director, BLM; Regional Directors of FWS, USGS, MMS, NPS, NMFS, Mayor of the North Slope Borough, and President of Arctic Slope Regional Corporation.
 23. Submitted charter for NSSI Science Technical Group to the Secretary of Interior for approval and drafted the North Slope Science Strategy.
 24. Provided agency, industry, and university briefings on **North Slope research**, inventory and monitoring activities to the Oversight Group and developed an extensive list of these activities with identified contacts in order to increase collaborative efforts between agency staff, industry and the university.

Statutory and Regulatory Authority

AS 27
AS 38
11 AAC

Contact Information
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**Large Project Permitting
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	479.2	1,278.8	1,361.1
72000 Travel	33.2	61.0	39.0
73000 Services	421.5	1,446.7	1,322.7
74000 Commodities	12.7	28.4	18.4
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	946.6	2,814.9	2,741.2
Funding Sources:			
1002 Federal Receipts	360.1	806.2	698.9
1004 General Fund Receipts	0.6	0.0	0.0
1007 Inter-Agency Receipts	28.3	303.3	282.4
1061 Capital Improvement Project Receipts	91.2	0.0	0.0
1108 Statutory Designated Program Receipts	216.2	1,230.4	1,264.7
1153 State Land Disposal Income Fund	250.2	475.0	495.2
Funding Totals	946.6	2,814.9	2,741.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Managem ent Plan	FY2007 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	360.1	806.2	698.9
Interagency Receipts	51015	28.3	303.3	282.4
Statutory Designated Program Receipts	51063	216.2	1,230.4	1,264.7
Capital Improvement Project Receipts	51200	91.2	0.0	0.0
State Land Disposal Income Fund	51434	250.2	475.0	495.2
Restricted Total		946.0	2,814.9	2,741.2
Total Estimated Revenues		946.0	2,814.9	2,741.2

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	806.2	2,008.7	2,814.9
Adjustments which will continue current level of service:				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	8.1	16.5	24.6
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.7	1.5	2.2
-FY 07 Retirement Systems Cost Increase	0.0	16.0	30.8	46.8
Proposed budget decreases:				
-Reduction in Federal and I/A Receipt Authority to anticipated receipt levels	0.0	-135.1	-20.9	-156.0
Proposed budget increases:				
-Risk Management Self-Insurance Funding Increase	0.0	3.0	5.7	8.7
FY2007 Governor	0.0	698.9	2,042.3	2,741.2

**Large Project Permitting
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	12	12	Annual Salaries	901,534
Part-time	0	0	COLA	24,663
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	466,877
			<i>Less 2.30% Vacancy Factor</i>	(31,974)
			Lump Sum Premium Pay	0
Totals	12	12	Total Personal Services	1,361,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Anilca Coordinator	1	0	0	0	1
Exec Dir North Slope Science	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	11	0	1	0	12