

Alaska Gas Development Study**FY2003 Request: \$500,000****Reference No: 35792****AP/AL:** Appropriation**Project Type:** Planning**Category:** Natural Resources**Location:** Statewide**Contact:** Dan Spencer**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-5655**Estimated Project Dates:** 07/01/2002 - 06/30/2004**Brief Summary and Statement of Need:**

The AOGCC needs to evaluate the conservation issues associated with gas development in Alaska from areas such as the Prudhoe Bay Unit, Point Thompson Unit, the North Slope Foothills, and the numerous prospects for Coalbed Methane (CBM). The issues include what impact gas development will have on the recovery of liquid hydrocarbons, appropriate development practices for new fields and how to manage CBM development. CBM development is technologically different than conventional gas development and is the subject of much debate in the continental US. The AOGCC does not have the resources to conduct this study.

Funding:	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Total
AOGCC Rcpt	\$500,000						\$500,000
Total:	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000

<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 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	0
Totals:	0	0

Additional Information / Prior Funding History:

FY2002 gas pipeline appropriation funding may be available if the state receives an application for construction of a pipeline this year.

Project Description/Justification:

Project Name	Amount	Fund Source
Alaska Gas Development Study	\$500.0	AOGCC Receipts

Problem: The AOGCC needs to evaluate the conservation issues associated with gas development in Alaska from areas such as the Prudhoe Bay Unit, Point Thompson Unit, the North Slope Foothills and the numerous prospects for Coalbed Methane (CBM). The issues include what impact gas development will have on the recovery of liquid hydrocarbons, appropriate development practices for new fields and how to manage CBM development. CBM development is technologically different than conventional gas development and is the subject of much debate in the continental US. The AOGCC does not have the resources to conduct this study.

Solution: The AOGCC proposes to hire independent, outside experts to assist with identifying and proposing conservation management solutions for these various gas development issues. The scope of the studies will be prioritized to accommodate the timing of the various gas development

proposals.

Benefit: The State of Alaska (everyone) will benefit from acquiring the necessary information with which to responsibly develop its valuable gas resources. Also, with adequate information and preparation, the State of Alaska can avoid the costly and lengthy litigation that other states have encountered when developing their CBM resources.

What We Are Buying: A technical study and report that identifies specific issues and recommendations regarding methods to manage and regulate the development of both conventional gas and CBM.

Prior Funding History: FY 2002 gas pipeline appropriation may be available if the state receives an application for construction of a pipeline this year. That money would be used to study the impact of major gas sales on the recovery of oil at Prudhoe Bay.

Timeline: Project to begin July 1, 2002, and end June 30, 2004.

Other Details: Regardless of whether the state receives an application for a gas pipeline this year, the AOGCC must initiate this study now.