

Language Section: National Petroleum Reserve Alaska **FY2004 Request: \$35,300,000**
Impact Grant Program; PCE Pgm **Reference No: 35360**

AP/AL: Appropriation **Project Type:** Construction
Category: Development
Location: Barrow **Contact:** Tena Hart
House District: Arctic (HD 40) **Contact Phone:** (907)465-4731
Estimated Project Dates: 07/01/2003 - 06/30/2008

Brief Summary and Statement of Need:

Grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the National Petroleum Reserve.

Funding:	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>Total</u>
NPR Fund	\$35,300,000						\$35,300,000
Total:	\$35,300,000	\$0	\$0	\$0	\$0	\$0	\$35,300,000

<input type="checkbox"/> State Match Required	<input 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:

Refer to the funding matrix in the detailed description.

Project Description/Justification:

As authorized December 12, 1980 by 42 U.S.C. Chapter 78, Sections 6501-6508, the Federal Government, through the U.S. Department of the Interior, Bureau of Land Management (BLM) allows for the exploration and development of oil and gas within the National Petroleum Reserve-Alaska (NPRA).

Though the federal government manages the NPRA, Section 6508 of the federal statute requires that fifty-percent of the money received by the federal government from the "sales, rentals, bonuses, and royalties on leases issued..." be paid to the State of Alaska. Leases awarded by the federal government are usually for ten years and require that each company holding a lease pay an annual amount which decreases each year.

In accordance with Section 6508, the monies are to be used by "the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section."

In accordance with federal statute, the Alaska Legislature enacted AS 37.05.530(c) through (e), establishing the NPRA Impact Grant Program within the Department of Community and Economic Development (DCED) whereby communities may apply for assistance, i.e., grants to fund projects that fall within the federal and state guidelines. As required, priority is given to those communities directly or severely impacted by oil and gas development.

DCED is anticipating \$1,680,000 from the 1999 leases and \$33,600,000 from the most recent June 2002 leases. The total is approximately \$35,300,000. The application process for NPRA monies anticipated in FY04 has been completed. There are 20 projects in two communities/boroughs that have been tentatively approved. They are:

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North Slope Borough	Nuiqsut Natural Gas Upstream Conditioner	\$ 2,000,000
North Slope Borough	Waterfowl in NPRA Continuation	443,619
North Slope Borough	Arctic Fox Satellite Project	316,582
North Slope Borough	Caribou Movements and Distribution	359,245
North Slope Borough	Survey & Inventory of Fish Resources	362,931
North Slope Borough	Petroleum Hydrocarbons in Fish of NPRA	405,659
North Slope Borough	Subsistence Harvest Monitoring	188,030
North Slope Borough	Thermal Oxidation/Waste Heat/Electric	1,500,000
North Slope Borough	Grant Oversight and Supervision	213,418
North Slope Borough	Volunteer Search & Rescue Equipment	565,425
North Slope Borough	Fire Department Equipment Upgrade	250,276
North Slope Borough	Barrow Sewage Treatment Facility	14,953,863
North Slope Borough	Emergency Radio Communications System	1,550,570
Barrow	Recreation Building Addition Feasibility	40,000
North Slope Borough	Police Department Facilities & Training	728,999
Barrow	Renovate Multi-purpose Facility	53,719
North Slope Borough	Telecommunications System Upgrade	156,145
North Slope Borough	Research Equipment for NPRA Activities	250,000
North Slope Borough	Barrow School Resources Officers	237,240
North Slope Borough	NPRA Village School Counselors	453,736
	Total	\$ 25,029,457

AS 37.05.530(g) provides that any funds received that are not appropriated as impact grants to the municipalities are deposited as follows: 25% to the principal of the Alaska Permanent Fund and .5% to the public school trust fund. The amount remaining may be appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100). As result, it is estimated that approximately \$10,270,500 may be distributed as follows:

- 1) Alaska Permanent Fund Principal: \$2,567,600
- 2) Public School Trust Fund: \$51,400
- 3) PCE Fund: \$7,651,500

Funding History - this appropriation has been funded in the language section since its inception.

Year	Amount	Legislation
FY 2000	20,000,000	SLA 99 Ch 2 Page 28 Line 25
FY 2002	1,683,900	SLA 01 Ch 61 Page 124 Line 3
FY 2003	1,686,100	SLA 02 Ch 1 Page 108 Line 20