

Alaska Oil and Gas Exploration, Development and Permitting Federal DOE Project

FY2004 Request: \$737,700
Reference No: 37770

AP/AL: Appropriation

Project Type: Information Systems

Category: Natural Resources

Location: Statewide

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House District: Statewide (HD 1-40)

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Estimated Project Dates: 07/01/2003 - 06/30/2006

Brief Summary and Statement of Need:

This is a federal Dept. of Energy grant project for the Alaska Oil and Gas Exploration, Development, and Permitting project. The goal of the program is to increase the production of domestic oil. The intent of the Alaska project is to increase development activity from small to moderate sized firms by providing them with extensive public information on existing wells via the Internet.

Funding:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	Total
Fed Rcpts	\$737,700						\$737,700
Total:	\$737,700	\$0	\$0	\$0	\$0	\$0	\$737,700

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased Project	<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	
Totals:	0	0

Additional Information / Prior Funding History:

This is a new project request. An FY03 RPL for \$856,000 was approved by LB&A on October 3, 2002. (ADN#10-3-4039).

Project Description/Justification:

The State of Alaska was awarded a US Dept. of Energy Grant titled "The Alaska Oil and Gas Exploration Development, and Permitting Project. The goal of the DOE grant program is to increase the production of domestic oil. The intent of the Alaska proposal is to increase development activity from small to moderate sized firms by providing them with extensive public information on existing wells via the Internet. Excellent potential for new production is present from existing wells, particularly the older wells. A streamlined permitting process from Governmental Coordination will cut startup times and further help to lower the entry costs for new producers. The Department of Fish & Game will receive funding to publish an electronic North Slope Fisheries Atlas needed to support timely environmental reviews. The project team will collaborate to build a shared computer system that can produce maps and deliver the planned information.

This is a two-year project spanning federal fiscal years FY03 and FY04. The original DOE funding approval is for \$1,393,600, with a state match of \$601,100. State match requirements can be met from existing funding within AOGCC and DNR, including AOGCC GF capital funds, which helped to secure this grant. No incremental GF contribution is necessary. An additional \$200,000 in federal authorization is included in the FY04 CIP request to reflect an expectation of increased funding from DOE to address additional project needs during the second year.

Detailed Project Justification:

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The State of Alaska has three primary goals for this project: encourage exploration and development of the state's vast oil prospects; improve permitting of oil exploration and development activities; and create a shared GIS environment to support exploration, development and permitting. The project is statewide in scope, with emphasis on the North Slope.

Objectives

The key objectives are:

1. Encourage oil and gas companies to make new assessments of oil potential from improved organization and presentation of existing public well data – existing wells, particularly the pre-1986 wells, offer high potential for generating new production.
2. Create a foundation for electronic permit review processes that is shared among related agencies and the public. The goal is 'smarter' projects, better public-private collaboration, and reduced approval time. The Alaska Coastal Management Program (ACMP) is the environmental review for permits required from state resource agencies and as the state's review for federal approvals and activities – the grant enables many positive changes.
3. Use geography as an organizing principal to bring shared interests together in support of the development and permitting processes. A Data Center model supported by relational database technologies is described.

Methods

This project uses the following methods to increase oil exploration and development, improve access to essential resource and land status information, and streamline review cycle times:

1. Web enable, with GIS query tools, public subsurface geoscience and engineering information (e.g., well logs);
2. Develop an on-line diagnostic to determine and access required permit applications;.
3. Build web-based software for automating the mechanics of coordinated ACMP consistency reviews and storing permit information in a publicly accessible database;.
4. Create an on-line customer identity management system that is shared among agencies;
5. Build a cooperative multi-agency geographic information system (GIS) for sharing land status and resources data to support oil and gas planning and permitting decisions.

Why is this Project Needed Now:

This funding fits into long-term plans, missions and measures of all members of the project team. This project reflects a commitment to public access. AOGCC has a significant document management system underway that directly complements the goals of this project. DNR mapping and computer GIS applications can be advanced to work with other departments' applications, such as through the permitting process of DGC. DGC has initiated permit automation and is ready to move to the next step. ADFG is actively working on publication of an official electronic copy of the Anadromous Waters Catalog and this project advances that goal for the North Slope.

Specific Spending Detail:

DOE Energy Grant	FY03	FY04	TOTAL
Federal Funds	\$856,000	\$737,700	\$1,593,600.

Cost Detail	FY03	FY04- Approved	FY04 -Planned	FY04 Total	Total
100 Personal Services	\$25,000.	\$ 310,000.	\$80,000	\$390,000.	\$415,000.00
200 Travel	\$ 6,000.	\$ 15,700.	0.	\$15,700.	\$21,700.
300 Contractual	\$675,000	\$ 175,000.	\$100,000.	\$275,000.	\$850,000.
400 Supplies	\$ 0.	\$ 37,000.	\$20,000.	\$57,000.	\$37,000.
500 Equipment	\$150,000	\$ 0.	0.	\$0.	\$150,000.
Total	\$856,000	\$537,700.	\$200,000.	\$737,700.	\$1,593,700.

In-kind match is budgeted at \$600,00, spread over the two fiscal years. No new existing GF obligation is required. Match will come from existing AOGCC GF CIP expenditures and DNR-LRIS GF personal services.

Line Item Detail Description:

100 Personal Services – Analyst Programmers, Project Manager for Permit Automation DGC (fy04)
200 Travel – Trips to plan project in Juneau, Tulsa OK
300 Contractual Services – Data purchase of digital well data from early wells, technical services for web work and GIS work
400 Supplies – mid-tier computer hardware and software
500 Equipment – contribution to hardware/software for shared GIS environment w/in Juneau data center

Project Support:

The project team is composed of the Alaska Oil and Gas Conservation Commission (AOGCC); the Office of the Governor, Division of Governmental Coordination; the Department of Natural Resources, Land Records Information Section and Division of Oil and Gas; and the Department of Fish and Game. The project team will work with other state agencies on options to participate in the ITG based GIS environment. Funding will come to DNR and RSAs will be issued per the specs set out in the detailed proposal. Detailed proposal available upon request.

State Match Required:

Yes, State in-kind matching funds have been used to complement the broad goals of this project. This matching work directly benefits the project goals, and supports broader state goals associated with the automation strategies set for the department. In-kind match is budgeted at \$601,100 spread over the two fiscal years. No new existing GF obligation is required. Match will come from existing AOGCC GF CIP expenditures and DNR-LRIS GF personal services.

Annual Operating and Maintenance Costs:

The first two phases of the project should offer an offset of any new costs with operational efficiencies. For example, AOGCC is introducing all new business processes as a result of CIP projects for scanning and document management, this project is complementary by providing the phase IV goals of GIS front end at an early time and with federal funding support. DGC will have a less paper intensive process and also be able to reinvent its internal business processes as a result of the automation plan. The third component involves building the shared GIS environment within a state data center. This will create an on-going charge back relationship between ITG and the participating agencies. The plan is to move this concept forward and is still being developed as alternatives are described, estimated, and benchmarked. The participating Agencies will align their ability to meet on-going costs with the planning estimates defined by ITG.