

# **State of Alaska FY2009 Governor's Operating Budget**

**Department of Natural Resources**

**Department of Natural Resources**

**Mission**

Develop, conserve, and maximize the use of Alaska's natural resources consistent with the public interest.

**Core Services**

- Oil and Gas Development
- Geological and Geophysical Development
- Petroleum Pipeline Right-of-Way Leases and Coordination
- Land Title Acquisition and Defense
- Land Sales and Municipal Entitlements
- Land Uses - Claims, Permits, and Leases (includes Mine Development)
- Water Development
- Large Project Management and Permitting
- Habitat Management and Permitting
- Alaska Coastal and Oceans Management Program
- Forest Management and Development
- Wildland Fire Preparedness and Suppression
- Parks Management and Development
- State Historic Preservation Program Administration
- Agricultural Development
- Recordation and UCC Indexing
- Information Resource Management and Access
- Support Services for all the above operations

End Result	Strategies to Achieve End Result
<p><b>A: Encourage resource development that creates Alaskan jobs and ensures economic growth in all regions of the State.</b></p> <p><u>Target #1:</u> Increase the total employment in the Natural Resources and Mining Industries category as reported in the Alaska Economic Trends by 1%.</p> <p><u>Measure #1:</u> Percentage of employment growth as measured by the Alaska Department of Labor for resource industries.</p>	<p><b>A1: Facilitate responsible resource development through project management, review, stewardship, and permitting services.</b></p> <p><u>Target #1:</u> 100% of large resource development projects are reviewed, expedited, coordinated, 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>
End Result	Strategies to Achieve End Result
<p><b>B: Ensure resource development planning, management, and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.</b></p> <p><u>Target #1:</u> 100% of resource developers meet agency requirements for protection of fish, wildlife, and their habitats.</p> <p><u>Measure #1:</u> Percentage of developers in compliance with their approved permit.</p>	<p><b>B1: Enhance our Title 41 review process by adding appropriate conditions to protect resources, reviewing projects in a timely manner, and monitoring, as needed.</b></p> <p><u>Target #1:</u> 100% of Fish Habitat (Title 41) permit applications are approved as is or modified with appropriate conditions to protect resources.</p> <p><u>Measure #1:</u> Percentage of Fish Habitat (Title 41) permits approved as is or modified with appropriate conditions.</p>

<p><u>Target #2:</u> Review 100% of the resource development projects for compliance with ACMP requirements. <u>Measure #2:</u> Percentage of projects that comply.</p> <p><u>Target #3:</u> FY08 Target: 3 million visits (user sessions) <u>Measure #3:</u> Number of users requesting information and data from the Division of Geological and Geophysical Surveys (DGGS) and Alaska Volcano Observatory (AVO) Web sites.</p>	<p><b>B2: Effective delivery of project management and review services.</b></p> <p><u>Target #1:</u> Achieve 95% project consistency (i.e., compliant with the ACMP). <u>Measure #1:</u> Percentage of projects found consistent compared to projects found inconsistent.</p> <p><b>B3: Produce reliable new information on geologic hazards in areas at risk of economic losses and casualties from disasters.</b></p> <p><u>Target #1:</u> FY08 Target: Two report on geologic hazards <u>Measure #1:</u> Number of peer-reviewed reports or maps published during the fiscal year that provide improved assessment of geologic hazards that pose significant risks to public safety.</p>
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End Result	Strategies to Achieve End Result
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<p><b>C: Ensure resource sustainability and multiple use, including the recreational enjoyment of the resource base.</b></p> <p><u>Target #1:</u> 100% compliance with Forest Resources and Practices Act (FRPA) best management practices. <u>Measure #1:</u> Percent compliance with FRPA Best Management practices.</p>	
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End Result	Strategies to Achieve End Result
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<p><b>D: Streamline natural resource leasing, sales, and permitting processes.</b></p> <p><u>Target #1:</u> 100% availability of DNR computer systems and web sites for the employees and the public to expedite their transactions. <u>Measure #1:</u> Percentage of availability of DNR information systems</p>	
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**Major Activities to Advance Strategies**

- See individual components

**FY2009 Resources Allocated to Achieve Results**

<p><b>FY2009 Department Budget: \$131,210,800</b></p>	<p><b>Personnel:</b></p>
	<p>Full time 806</p>
	<p>Part time 247</p>
	<p><b>Total</b> 1,053</p>

**Performance Measure Detail**

**A: Result - Encourage resource development that creates Alaskan jobs and ensures economic growth in all regions of the State.**

**Target #1:** Increase the total employment in the Natural Resources and Mining Industries category as reported in the Alaska Economic Trends by 1%.

**Measure #1:** Percentage of employment growth as measured by the Alaska Department of Labor for resource industries.

**Average Monthly Employment in Natural Resources and Mining**

Year	YTD	% change
2003	10,200	
2004	10,100	-1%
2005	10,700	+6%
2006	12,631	+18%
2007	14,300	+13%

2007 YTD - Through 3Q. Data source Dept. Of Labor Industry Employment Estimates

**Analysis of results and challenges:** These numbers include:

- Forestry and Logging
- Mining and Oil and Gas Extraction

When evaluating these numbers from 2003 to the current number one observes an initial slow down in employment of the average monthly employment, but now as of September 2007 this number climbed to 14,300 - a record high! In 2006 mining generated 3,253 jobs in Alaska, about 700 more than in 2005. Most of the 2006 increase came from jobs in gold mining, exploration and development. The latest increase in 206/2007 is in the oil and gas extraction, with much activity on the North Slope.

**A1: Strategy - Facilitate responsible resource development through project management, review, stewardship, and permitting services.**

**Target #1:** 100% of large resource development projects are reviewed, expedited, coordinated, 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.

**Number of Project Managers/Coordinators by Fiscal Year**

Year	YTD
2005	6
2006	7
2007	7

**Analysis of results and challenges:** Every large resource development project has a Project Manager or Coordinator assigned to it. Although the Office of Project Management and Permitting (OPMP) does not (and cannot) control the amount of resource development that is proposed in the State, it can respond to proposals and offer project management services to promote the responsible development of the State's resources. As can be seen by the graph, the number of large resource development projects that OPMP is coordinating is increasing. This is a reflection of the superior service that OPMP offers in project management, review, stewardship, and permitting services. Similarly significant and indicative of the success and value of the OPMP services is the amount of funding resource develop applicants are providing to OPMP to manage their projects. For this fiscal year (FY07), OPMP has already secured \$1.8 million in funding to manage projects. Trend-wise, these data indicate that OPMP continues to consistently achieve a high level of project management services, and is embraced by the industry and state agencies as promoting responsible resource development through superior project management.

Such project management success can be seen in the recent final permitting for the Pogo Mine, the Kensington Mine, and the Rock Creek Mine.

**B: Result - Ensure resource development planning, management, and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.**

**Target #1:** 100% of resource developers meet agency requirements for protection of fish, wildlife, and their habitats.

**Measure #1:** Percentage of developers in compliance with their approved permit.

**# of Title 41 permit applications reviews**

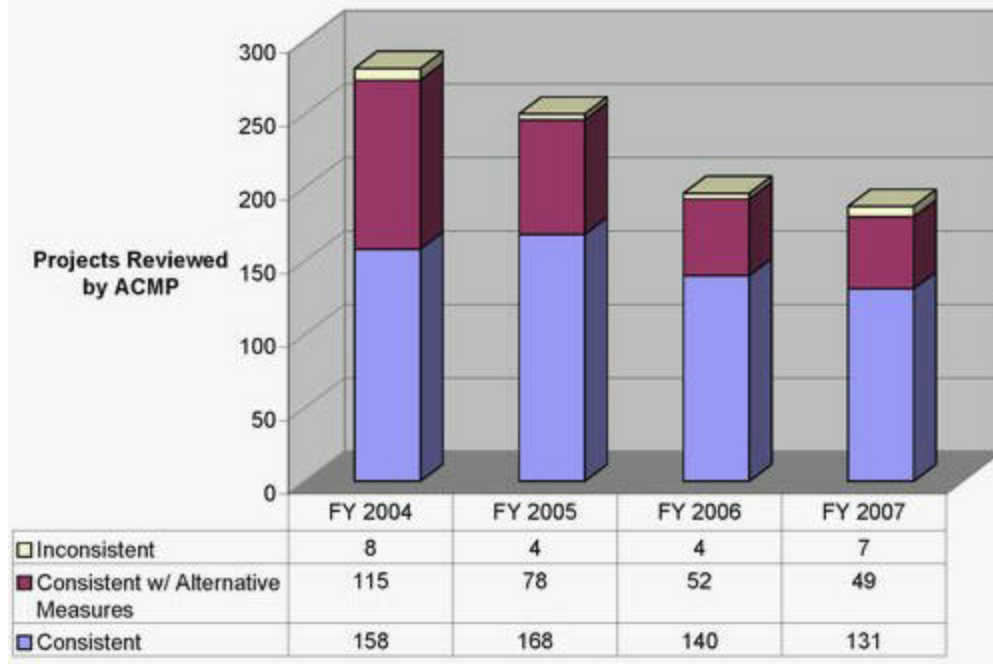
Year	% in Compliance	YTD
2004	99.6%	1,597
2005	99.6%	2,397
2006	99.7%	2,648
2007	99.5%	2,595

YTD 3Q. 2007

**Analysis of results and challenges:** 99.5% of all developers are in compliance with Fish Habitat permits (Title 41). The above percentage reflects projects where permits have been successfully issued and the developer is in compliance with their approved permit conditions. This percentage is an indication of our success in protecting fish, wildlife, and their habitats, while allowing approvable development activities to proceed. Data are not available for FY 2003, the year the Office of Habitat Management and Permitting (OHMP) moved to the Department of Natural Resources (DNR) from the Department of Fish & Game. Further, the number of Title 41 permit applications reviews continues to increase. For FY 04, 05, and 06, the numbers were 1597, 2397, and 2648, respectively, or an increase of almost 66% in 3 years. Trend-wise, this data indicates that OHMP continues to consistently achieve a high level of habitat protection simultaneous with an increase in permitted development activity.

**Target #2:** Review 100% of the resource development projects for compliance with ACMP requirements.

**Measure #2:** Percentage of projects that comply.



**Analysis of results and challenges:** 96% of all projects reviewed in FY 2007 are compliant with the ACMP laws. The above percentage reflects projects that were compliant as proposed by the applicant, as well as projects that were modified by alternative measures that were needed to bring the projects into compliance. This percentage is an indication of our success in protecting coastal uses and resources while promoting resource

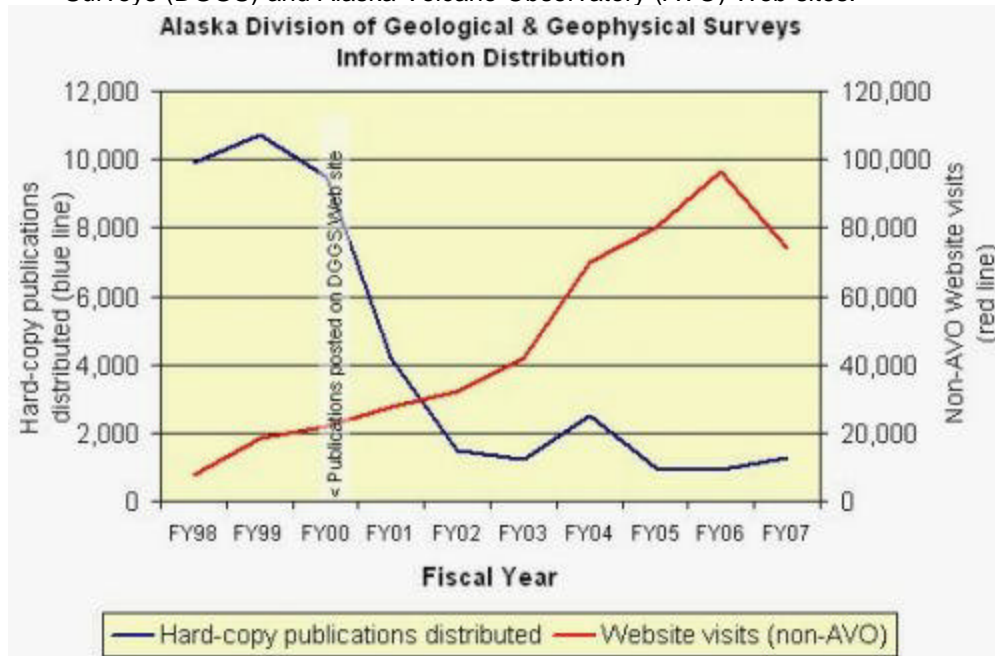
development activities.

The graph also illustrates the number of individual projects the Division of Coastal and Ocean Management (DCOM) reviews for consistency with the ACMP. As demonstrated, there has been a decrease in individual consistency reviews conducted by DCOM. This decrease is a result of DCOM processing more projects in a streamlined fashion under the List of Expedited Consistency Review and State Authorizations Subject to the ACMP (ABC List), rather than conducting an individual consistency review. Streamlined consistency reviews and greater use of the ABC List allows DCOM staff to spend more time on the more complex and controversial projects.

Trend-wise, this data indicates that DCOM continues to consistently achieve a high level of coastal use and resource protection, even during significant program change and a refocusing of the workload.

**Target #3:** FY08 Target: 3 million visits (user sessions)

**Measure #3:** Number of users requesting information and data from the Division of Geological and Geophysical Surveys (DGGG) and Alaska Volcano Observatory (AVO) Web sites.



**Total DGGG+AVO user sessions**

Year	Result	Target
FY 2004	248,806	Not Established
FY 2005	1,525,372	Not Established
FY 2006	5,394,637	280,000
FY 2007	3,274,002	2,000,000
FY 2008	0	3,000,000

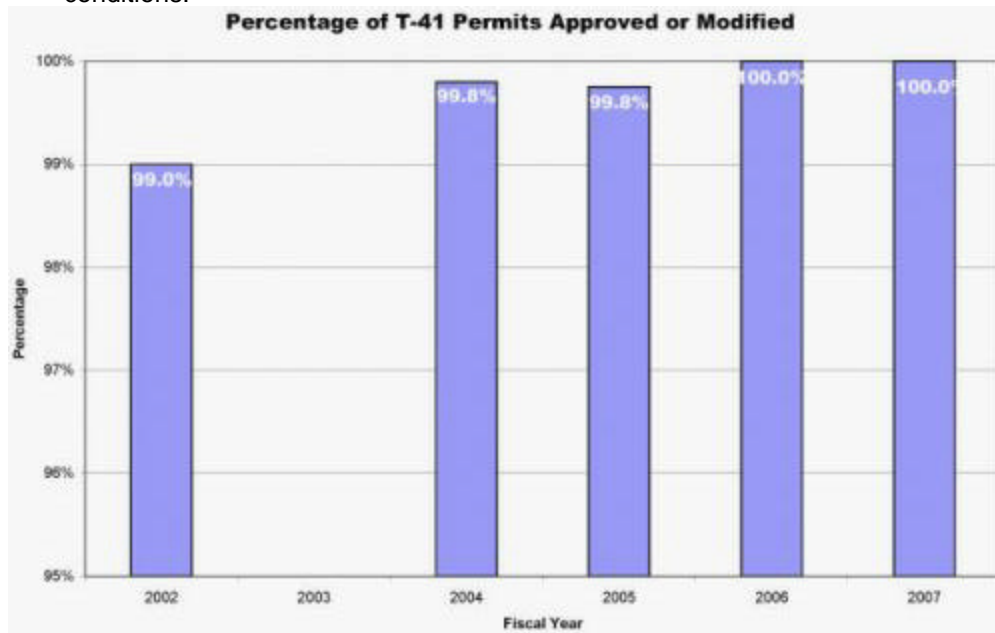
**Analysis of results and challenges:** Dissemination of information via the internet has increased dramatically over the past 8 years. This is especially true of detailed technical reports and large datasets that were previously difficult to obtain outside a local distribution center. Although the initial development costs are high, the dramatic decrease in hard-copy requests, as well as the much wider distribution of information, will pay large dividends in the form of increased knowledge transfer to a much broader base of users. The Division of Geological and Geophysical Surveys (DGGG) has focused a significant effort on developing and maintaining this service, and as a result, has seen a dramatic increase in geologic data inquiries via the internet since posting the data on its website. Our FY06 total website visits (DGGG+Alaska Volcano Observatory, or AVO) far exceeded the target as a result of the eruption of Augustine Volcano and the subsequent public inquiries to the AVO web site, which DGGG manages (see table). It was the first volcanic eruption in history that the public could monitor in real time via the Internet. Total visits were down from that level in FY 2007 but still far above FY 2005 numbers. DGGG is

committed to continuing and improving this important service. The graph gives a visual comparison between the decline and leveling off of hard-copy publication distribution since FY 2000 (blue line) and the dramatic increase in online user sessions (red line; only non-AVO sessions are shown on the graph because we did not begin tallying AVO user sessions separately until FY04). Note that the scales are vastly different; annual hard-copy distribution peaked at around 11,000, whereas annual Web user sessions are measured in the tens of thousands (millions when we include AVO). All results have been recalculated and the graph redrawn, as we discovered an error in the routines to calculate user sessions.

**B1: Strategy - Enhance our Title 41 review process by adding appropriate conditions to protect resources, reviewing projects in a timely manner, and monitoring, as needed.**

**Target #1:** 100% of Fish Habitat (Title 41) permit applications are approved as is or modified with appropriate conditions to protect resources.

**Measure #1:** Percentage of Fish Habitat (Title 41) permits approved as is or modified with appropriate conditions.



**Percentage of T-41 Permits Approved or Modified**

Year	YTD
FY 2004	99.8
FY 2005	99.8 0%
FY 2006	100 +0.20%
FY 2007	100 0%

**Analysis of results and challenges:** The Office of Habitat Management and Permitting's (OHMP) top priority is the review of Fish Habitat (Title 41) permit applications. 100% of Fish Habitat permits applications are approved as is, or modified with appropriate conditions to protect resources. This measure is an indication of the quality of our review. In spite of an 18% cut in staff and an 11% cut in budget in FY 04, OHMP continues to achieve high level results. Typically less than 1% of permits are denied or withdrawn, which means that OHMP is successful in reviewing and authorizing appropriate development activities while simultaneously protecting fish and fish habitat. Data are not available for FY 2003, the year that OHMP moved to the Department of Natural Resources (DNR). Trend-wise, this data indicates that OHMP consistently is able to approve permits while protecting the natural resources we manage.

**B2: Strategy - Effective delivery of project management and review services.**

**Target #1:** Achieve 95% project consistency (i.e., compliant with the ACMP).

**Measure #1:** Percentage of projects found consistent compared to projects found inconsistent.

**Analysis of results and challenges:** DCOM continues to exceed the target for finding projects consistent with the ACMP. This high percentage of consistent project reviews is indicative of DCOM's pre-review work with the applicant to explain the ACMP laws and requirements, and of DCOM's work during the consistency review with the applicant and resource agencies to modify projects into consistency with the ACMP.

Consistent projects include consistent as proposed, consistent with conditions, those determined to have no coastal effects and projects receiving expedited approvals.

**B3: Strategy - Produce reliable new information on geologic hazards in areas at risk of economic losses and casualties from disasters.**

**Target #1:** FY08 Target: Two report on geologic hazards

**Measure #1:** Number of peer-reviewed reports or maps published during the fiscal year that provide improved assessment of geologic hazards that pose significant risks to public safety.

**Analysis of results and challenges:** Public safety and preventing economic disasters caused by natural phenomena are distinctly tied to our understanding the risks associated with the complex geology in Alaska. Mitigation of these risks can only come about through detailed mapping and understanding of the natural hazards and processes, and timely distribution of that information to the public and government planners. Increasing population and development in Alaska create significant demands for acquiring geologic data and distributing it in a timely fashion. Completed in FY06 was the development of a geologic-hazards Web site for the Alaska Coastal Management Program. No hazards reports were completed for publication in FY07 but several are expected to be published in FY08. The Division of Geological & Geophysical Surveys will continue its attempt to keep pace with the growing need for hazards information through collaborative projects, publication, Web materials, and community outreach.

**C: Result - Ensure resource sustainability and multiple use, including the recreational enjoyment of the resource base.**

**Target #1:** 100% compliance with Forest Resources and Practices Act (FRPA) best management practices.

**Measure #1:** Percent compliance with FRPA Best Management practices.

**% Compliance by Region.**

Year	Region I	Region II	Region III	Statewide
	% Compliance	% Compliance	% Compliance	% Compliance
2003	n/a	n/a	n/a	n/a
2004	93% / 4.6	70% / 4.2	n/a	4.4
2005	95% / 4.7	80% / 4.3	n/a	4.5
2006	89% / 4.6	91% / 4.4	83% / 4.4	4.5
2007	0	0	0	0

**Analysis of results and challenges:** FRPA compliance is measured through routine monitoring with score sheets. Implementation of best management practices is rated on a scale of 1 to 5. For this analysis, scores of 4 and 5 are considered compliant. Data are compiled by calendar year – the most recent data is for 2006. Sample size reflects the relatively small extent of harvesting in Region III (less than 10% of the statewide acreage harvested is in Region III), particularly on private land.

Average scores for Region I increased slightly in 2005, and the overall percentage of compliant scores increased considerably in Region II. Region II scores were lower than those for Region I, due to the adverse impacts of a few problem operations on the overall ratings. The Division of Forestry is targeting training to improve compliance in Region II and increase sample size in Region III.



**D: Result - Streamline natural resource leasing, sales, and permitting processes.**

**Target #1:** 100% availability of DNR computer systems and web sites for the employees and the public to expedite their transactions.

**Measure #1:** Percentage of availability of DNR information systems

**% of availability of DNR Computer systems**

Year	YTD
2003	99.1%
2004	98.5%
2005	98.3%
2006	99.0%
2007	99.4%

*In the age of information technology both the DNR employees and the public rely heavily on the DNR computer systems to be available 24/7 in order to process the workload requirements as efficient as possible.*

**Key Department Challenges**

- Workforce development - it is increasingly more difficult to retain and recruit quality staff. State of Alaska's compensation packet is no longer competitive with other employers.
- Alaska Gasline Inducement Act (AGIA) Request for Applications review and process to accelerate construction of the gasline.
- Continue to attract independent producers to Alaska.
- Promote oil and gas leasing on the Alaska Peninsula and the North Slope foothills by researching and obtaining geophysical and geological data, and improving access to information for companies looking at investing in Alaska.
- Ongoing Royalty Settlement Reopeners and arbitration.
- Commercial analysis of oil and gas pipeline tariffs.
- Petroleum Systems Integrity Office - Statutory and Regulatory GAP Analysis, and Industry Oversight/GAP Analysis.
- Land Stewardship and Authorization Backlog. How do we manage the additional two million acres of state land we receive each year in addition to the existing land base?
- Reduction of federal funding support for core requirements and programs.
- Deliver geo-technical and land status information for existing North Slope wells to promote new production.
- Provide geologic information to facilitate industry interest in Alaska.
- Provide geologic hazard information to facilitate infrastructure and transportation corridor development
- Mining Projects. An important challenge for Alaska is completing the permitting to enable the development, or continued development, of Alaska's large mines:
  - Pogo Project
  - Red Dog
  - Kensington
  - Green's Creek
  - Usibelli Coal Mine
  - Rock Creek
  - Donlin Creek
  - Pebble Copper
  - Chuitna Coal
  - Trans-boundary mines. Provide technical review for Canadian mines potentially affecting Alaskan waters.
- Land Sales to Alaskans - Initiate a comprehensive review of how to revise current practices in order to better meet the public's demand for State Land. Land sales plans must identify and offer new areas for sale under the Subdivision and Remote Recreational Cabin programs.
- Increase the rate of transferring state lands to municipalities under Municipal Entitlement Program and starting up new Land Use Plans.
- University Land - complete the conveyance of 250,000 acres of state land to the University of Alaska to supplement the University's federal land grant.
- Complete the process to increase the rate of land transfers to the state from the federal government started in 2004, with an ambitious goal of largely fulfilling land transfers to Alaska Native Claims Settlement Act (ANCSA) Corporations, Native Allottees and the state for its Statehood Entitlement by 2009.
- Administration and recordation of RS2477 rights-of-way.

- Settlement of the School Trust Lands valuation issue to determine the appropriate amount to be deposited into the School Trust Fund annually.
- Management, review, and termination of Sec. 17(b) of Alaska Native Claim Settlement Act (ANCSA) easements to Alaska Native corporations.
- Improve timeliness of permit/lease processing. Methods to increase efficiency and improve the quality of the department's land management include making better use of technology through such techniques as allowing on-line payment and applications, and through streamlining procedures and processes.
- Managing fire suppression costs in spite of increased length of fire season, continued below normal precipitation in fire prone areas, increased wildland-urban interface fires, increased demand for all-risk response, and difficulty in hiring qualified, experienced personnel.
- Stimulating interest in timber in interior Alaska in a period of poor global timber markets, especially in areas with trees damaged by fire or insects.
- Providing sufficient timber to sustain southeast mills within the limits of the small state timber base.
- Manage state parks to provide Alaskans and visitors high quality and affordable recreation experiences with a sustainable level of revenue generated from user fees while managing the park system's \$52 million dollar deferred maintenance backlog.
- Disposal of the Matanuska Maid Dairy and support to the Dairy Industry. Mt. McKinley Meat and Sausage continued operations or development of an alternative to support the industry.
- Long term solvency of the Agricultural Revolving Loan Fund.
- Sharing of Federal, Borough, Municipal and Native Group data bases and information.
- Implementation of the Statewide Digital Mapping Initiative - a joint effort between the Department of Natural Resources, the Department of Military & Veterans Affairs and the University of Alaska.
- Overseeing Alyeska's major reconfiguration of the Trans-Alaska Pipeline System to a highly automated pipeline system.
- Upgrading of our legacy database systems such as the Royalty Accounting, Land Administration System, and the Land Status Geographic Information System.
- Build a multi-agency information portal for a wide collection of mineral, geologic, and mining property rights sources. Demonstrate Alaska's economic environment is full of opportunity for exploration and development investment.
- Long term planning for replacement and upgrades of some of our aging facilities - the Fairbanks, Kenai, and Kodiak Fire Facilities, the Eagle River Geologic Material Center, and our Palmer Plant Material Center facilities.

## Significant Changes in Results to be Delivered in FY2009

- As we have received applicants for a gasline contract, considerable effort is required to draft the detailed accounting and commercial structure agreements that will be annexes to the contract.
- Professional and support staff will participate in more royalty and net profit share audits, evaluate Cook Inlet oil and North Slope gas royalty reduction requests and rulings, analyze Cook Inlet gas valuation proposals and options for storage of Cook Inlet gas, and work with lessees to commercialize oil on the North Slope.
- The Petroleum Systems Integrity initiative may add significantly to the division's budget needs in FY2008 and 2009, depending on policy decisions where to take this initiative. In addition to adding engineering and other technical expertise, the division may need to add inspectors and shift workload among existing positions. In addition, the effort may add contractual and travel costs to the division's budget.
- The Division of Geological and Geophysical Surveys will expand its energy-related geologic work to accelerate development of geologic reports and maps that will support exploration for commercial oil and gas as well as new energy sources for communities. Specifically, they will expand geologic studies in Cook Inlet, the Bristol Bay and Alaska Peninsula region in support of new oil and gas leasing and exploration efforts in those regions, while maintaining a strong energy program in the Brooks Range foothills region of the North Slope.
- Accelerated Land Conveyance from BLM (BLM 2009). As BLM receives funding to accelerate their conveyance process, the Department expects that 2 to 3 million acres of federal land could be conveyed to Alaska per year. The transfer rate will start out a bit slower as the Native Land Conveyances take priority. This process will continue through FY2009. With an increase in the total acreage for which the state is responsible we are experiencing an increasing backlog in our land stewardship actions.
- DNR has completed the design phase of the Unified Permit Project. The Office of Project Management and Permitting funds this project in partnership with the Division of Mining Land and Water. The Unified Permit Project will streamline permit review and processing, and will achieve a high degree of integration with existing DNR systems and it is expected to provide the foundation for automation of other permitting processes within the department.
- The Office of Project Management and Permitting Large Projects Office (LPO) expects to receive applications and initiate permitting for the Donlin, and Pebble projects. The LPO will continue the permitting of the Chuitna project. The LPO will also provide permitting coordination for construction of the Rock Creek and Kensington mines; permit

administration for the Pogo, Red Dog, Fort Knox and Green's Creek Mines; and review permits for the trans-boundary Canadian mines.

- We hope to implement the findings in our Parks Strategic Plan, starting in FY08 and continuing in FY09. Our Park Operations will place a stronger emphasis on the maintenance of our infrastructure.
- Agricultural Development - the Matanuska Maid Creamery will be closed and the assets are for sale through a RFP. The challenge we have is to bridge the gap between the MatMaid closure and the start-up of a new Joint Venture Creamery early in calendar year 2008 in order for the farmers still to have an outlet for their milk production.
- The potential of significant federal funding is being made available to perform gas hydrate production tests within the North Slope units and the State of Alaska is being asked to identify its commitment to help facilitate a program that will assess the viability of this potential 50+ tcf of natural gas.
- We plan to reinstate the hydrology research program as mandated by AS 41.08.017. This statute charges DNR to collect data, allocate, and manage the State's vast water resources, both surface and subsurface. As the Alaska population continues to grow and large resource development projects are permitted and come on line, a comprehensive database of 'baseline' data will be very important to ensure protection of the state's valuable resources. Continued growth in these sectors will require that the state work with the federal government and the university to ensure adequate information is available to make responsible decisions. While there appears to be an abundant supply of clean water it does not address specifics of timing and location of the water that often control both economic expansion, and the health and safety of the residents.
- There is renewed interest in developing mines to extract coal resources. As one of the most regulated mining activities in Alaska, there is much oversight required by DNR at all phases of a project, even before an application is submitted. Additional resources are added to meet enforcement and permitting requirements.
- It is becoming critical to add dam safety engineering resources to insure that new dams and existing dams are not a threat to public safety. The additional resources are added to deal with a major backlog of dam inspection reviews, approvals to construct and repair dams, approvals to operate dams and approvals to appropriate water.

## Major Department Accomplishments in 2007

- Alaska Gasline Inducement Act (AGIA) - crafted legislation and provided legislative testimony in furtherance of commercializing North Slope natural gas resources. With the aid of consultants, built a complex, flexible, robust, and sophisticated economic model to analyze multiple pipeline proposals under AGIA. Completed the work for a Request for Applications for companies to build the gasline, which were opened on November 30, 2007.
- Initiated program development of the Petroleum Systems Integrity Office: completed a statutory and regulatory gap analysis to identify infrastructure and activities lacking oversight. Initiated blanket notification requirements for safety and shutdown events, and developed the first draft system integrity plan for the Prudhoe Bay Unit.
- Collected \$2.3 billion in revenues from royalty, settlement, rental, federal share, and bonuses.
- Completed royalty settlement agreement amendment relating to marine transportation costs with ConocoPhillips.
- Provided modeling and policy support to the Department of Revenue in the formulation of Alaska's Clear and Equitable Share (ACES) legislation for the tax policy effects on exploration and development incentives.
- Worked with the timber industry regarding Habitat's AS 41.14.840 fish passage authority to ensure efficient and reasonable permitting.
- Land Transferred into State Ownership - In FY07, the state received over 2 million acres of land from the federal government under its land grants. This included increased review of ANCSA Corporation conveyances and draft conveyances to the state.
- Land Sales to Individual Alaskans - In FY07, the department exceeded land sale parcel quantity targets and brought in over \$5.6 million in over-the-counter and auction sales.
- Large Mine Projects - Reviewed permits and inspected progress of at least 9 large mine projects, including the authorization of a 160 million ton heap leach facility expansion for Fort Knox; Donlin Creek baseline studies and permitting; Kensington construction oversight; Galore Creek project review; Pebble Gold Copper baselines studies review; Red Dog road management issues, annual inspection and monitoring; Greens Creek monitoring and operations; Preliminary permitting for Gil Gold Project, and Rock Creek permitting.
- RS2477 Settlement - In FY07 the Department settled the Quiet Title Action case regarding the Coldfoot to Chandalar RS2477 in favor of the State and located, and surveyed the route.
- Geologically mapped over 800,000 acres of Alaska state land identifying new minerals, energy, and construction materials resources .
- Identified and categorized geologic hazards risk on over 480,000 acres of transportation corridor lands in preparation of gas-line and energy development.
- Gathered high-resolution airborne geophysical survey data on over 450,000 acres of high minerals potential land and published new data on over 390,000 acres

- Participated in advisory board determinations on climate change mitigation in Alaska, natural gas hydrates development, seismic hazards, Federal geologic.
- Successfully suppressed 94% of the 230 wildland fires in critical protection at 10 acres or less exceeding the goal of 90%.
- Sold ~61 million board feet of timber in 65 sales to 48 purchasers statewide, the largest volume sold in over 20 years. Sales included a record-high 23.8 million board feet sold in southern southeast to help support the timber industry beset by shortages of federal timber.
- Initiated work with the USFS to design and offer more timber in economically feasible timber sales from the Tongass National Forest.
- Statewide Digital Mapping Initiative (SDMI) Delivers Images - In year-one of the SDMI project DNR established a strong mapping partnership with the University of Alaska Fairbanks. The UAF staff provide statewide LANDSAT imagery, over 20 million acres of high-resolution imagery (eg. Fairbanks Forestry Imagery, Mat-Su, Anchorage, Kenai etc); improved USGS Maps of all published scales, access to NOAA nautical charts, and versions of the Alaska digital elevation model.
- Completed digital conversion of 10 years of Recorder's documents and recorded survey plats and posted them on the DNR Intranet; and all approved document types (deeds, plats, mining claims) are now all on the Internet. This represents about fifteen million images, making it much more efficient for the public and industry to do their research.

For other departmental accomplishments, see individual components.

**Prioritization of Agency Programs**

*(Statutory Reference AS 37.07.050(a)(13))*

The prioritization of the department's programs is reflected in the order of its components. The policy and administration are listed first before the highest operational priority of Oil & Gas Development. Oil & Gas Development provides the most revenues to the state, yet many of the other departmental programs are essential in order for oil & gas development to take place. At the bottom of our priority order are those components which serve internal chargeback functions.

The Fire Suppression Program is listed as the second priority RDU. When there is wildland fire activity it becomes the highest priority as it is an emergency response function.

Parks & Recreation Management is listed as the third priority RDU.

<b>Contact Information</b>	
<p><b>Commissioner:</b> Tom Irwin, Commissioner  <b>Phone:</b> (907) 269-8431  <b>Fax:</b> (907) 269-8918  <b>E-mail:</b> tom.irwin@alaska.gov</p>	<p style="text-align: center;"><b>Administrative</b></p> <p><b>Services Director:</b> Leta Simons  <b>Phone:</b> (907) 465-3379  <b>Fax:</b> (907) 465-3886  <b>E-mail:</b> leta.simons@alaska.gov</p>

**Department Budget Summary by RDU**

*All dollars shown in thousands*

	<b>FY2007 Actuals</b>				<b>FY2008 Management Plan</b>				<b>FY2009 Governor</b>			
	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b><u>Formula Expenditures</u></b>												
None.												
<b><u>Non-Formula Expenditures</u></b>												
Resource Development	38,035.2	5,123.2	32,877.4	76,035.8	45,635.2	9,662.4	37,905.8	93,203.4	42,684.5	8,741.9	37,429.0	88,855.4
State Public Domain & Access	0.0	0.0	0.0	0.0	512.7	0.0	69.9	582.6	509.8	0.0	145.1	654.9
Statewide Fire Suppression	26,420.1	12,451.4	1,850.6	40,722.1	20,075.9	6,293.9	2,105.1	28,474.9	21,200.1	6,322.2	2,133.7	29,656.0
Parks & Recreation Mgmt	4,983.6	111.5	5,808.7	10,903.8	4,956.4	436.6	5,206.9	10,599.9	5,570.1	595.6	5,878.8	12,044.5
<b>Totals</b>	<b>69,438.9</b>	<b>17,686.1</b>	<b>40,536.7</b>	<b>127,661.7</b>	<b>71,180.2</b>	<b>16,392.9</b>	<b>45,287.7</b>	<b>132,860.8</b>	<b>69,964.5</b>	<b>15,659.7</b>	<b>45,586.6</b>	<b>131,210.8</b>

### Funding Source Summary

*All dollars in thousands*

Funding Sources	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
1002 Federal Receipts	17,530.7	16,392.9	15,659.7
1003 General Fund Match	1,883.3	2,002.6	2,166.3
1004 General Fund Receipts	63,527.8	65,022.1	63,445.2
1005 General Fund/Program Receipts	3,278.9	3,404.9	3,585.5
1007 Inter-Agency Receipts	5,567.4	7,583.5	7,184.2
1018 Exxon Valdez Oil Spill Settlement	224.0	414.8	414.8
1021 Agricultural Loan Fund	2,437.6	2,508.3	2,540.0
1053 Investment Loss Trust Fund	978.7		
1055 Inter-agency/Oil & Hazardous Waste	50.7	56.2	57.2
1061 Capital Improvement Project Receipts	7,856.2	4,883.9	5,141.1
1066 Public School Fund		582.6	
1092 Mental Health Trust Authority Authorized Receipts	1,460.4	1,653.7	1,686.4
1105 Alaska Permanent Fund Corporation Receipts	4,710.3	4,929.1	5,046.9
1108 Statutory Designated Program Receipts	5,323.0	9,186.3	9,577.4
1153 State Land Disposal Income Fund	4,408.1	5,723.7	6,025.9
1154 Shore Fisheries Development Lease Program	307.0	343.9	343.9
1155 Timber Sale Receipts	677.1	781.6	809.1
1156 Receipt Supported Services	6,389.5	6,540.1	6,659.7
1188 Federal Unrestricted Receipts	155.4		
1191 DEED CIP Fund Equity Account	125.0		
1192 Mine Reclamation Trust Fund	21.7	100.0	100.0
1200 Vehicle Rental Tax Receipts	748.9	750.6	767.5
<b>Totals</b>	<b>127,661.7</b>	<b>132,860.8</b>	<b>131,210.8</b>

### Position Summary

Funding Sources	FY2008 Management Plan	FY2009 Governor
Permanent Full Time	786	806
Permanent Part Time	252	247
Non Permanent	76	75
<b>Totals</b>	<b>1,114</b>	<b>1,128</b>

### FY2009 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Reservoir Studies to Evaluate Oil and Gas Resources on the North Slope	0	0	4,000,000	4,000,000
Contract Auditors for Reducing Royalty and Net Profit Share Lease Audit Backlogs	0	0	200,000	200,000
Oil and Gas Royalty Valuation	0	0	1,000,000	1,000,000
Alaska Energy Inventory Project Completion of Phase 1	0	0	350,000	350,000
Land Sales - New Subdivision Development	0	0	2,614,000	2,614,000
Wildland Fire Truck Replacement Phase 1	625,000	0	0	625,000
State Park Emergency Repairs	400,000	0	0	400,000
Department of Natural Resources Deferred Maintenance	0	0	6,323,000	6,323,000
Airborne Geophysical and Geological Mineral Inventory	850,000	0	350,000	1,200,000
Architecture and Engineering for a New Geologic Material Center in Eagle River - Phase 1	1,500,000	0	0	1,500,000
Implement Electronic Document Recording	0	0	120,000	120,000
Reforestation in Southcentral and Interior Alaska	370,000	0	0	370,000
BLM 2009 - State Support for Public Access	300,000	0	0	300,000
Gas Pipeline Corridor Geologic Hazards and Resources - Phase 2	0	0	600,000	600,000
CO2 Sequestration Assessment Phase 1	100,000	200,000	0	300,000
Statewide Digital Mapping Initiative Year 3	2,000,000	2,000,000	0	4,000,000
State Park Sanitation and Safety Projects	850,000	0	0	850,000
National Historic Preservation Fund Federal Grant Program	50,000	1,000,000	0	1,050,000
Geologic Materials Center Deferred Maintenance, Repairs and Operational Upgrades	65,000	0	0	65,000
Cook Inlet Energy Assessment	0	0	260,000	260,000
Fire Fighting Equipment Replacement Phase 2	500,000	0	0	500,000
Geologic Hazards Associated with Climate Change Phase 1	330,000	0	0	330,000
Federal and Local Government Funded Forest Resource and Fire Program Projects	0	2,200,000	800,000	3,000,000
AK Coastal Management Federal Pass Through Grants	0	1,360,000	0	1,360,000
Remote Recreational Cabin Sites Surveys and Appraisals	0	0	1,011,500	1,011,500
Alaska Boating Safety Program	0	1,000,000	200,000	1,200,000
Land and Water Conservation Fund Federal Grant Program	0	600,000	0	600,000
National Recreational Trail Grants Federal Program	0	1,500,000	0	1,500,000
Snowmobile Trail Development and Program Grants	0	0	250,000	250,000
Plant Material Center Deferred Equipment Replacement	465,000	0	0	465,000
Abandoned Mine Lands Reclamation Federal Program	0	3,000,000	0	3,000,000
Cooperative Water Resource Program	0	0	545,000	545,000
RS2477 Surveys	100,000	0	0	100,000
Matanuska Susitna Borough Hydrogeology Assessment Phase 1	295,000	0	0	295,000
Forest Legacy Federal Grant Program	0	2,516,500	0	2,516,500
Kenai River Public Use Study	200,000	0	0	200,000
Coastal Impact Assistance Program (CIAP)	0	3,000,000	0	3,000,000

FY2009 Capital Budget Request				
Project Title	General Funds	Federal Funds	Other Funds	Total Funds
EVOS Restoration Acquisition of Small Parcels - Anchor River, Kiliunda Bay, Soldotna, Valdez	0	0	1,513,000	1,513,000
EVOS Parcel Acquisition - Afognak	0	0	10,000,000	10,000,000
Mental Health Trust Land Development	0	0	650,000	650,000
Mental Health Trust Facilities Maintenance	0	0	350,000	350,000
<b>Department Total</b>	<b>9,000,000</b>	<b>18,376,500</b>	<b>31,136,500</b>	<b>58,513,000</b>

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
EVOS Restoration Acquisition of Small Parcels - Anchor River, Kiliunda Bay, Soldotna, Valdez	0	0	1,513,000	1,513,000
EVOS Parcel Acquisition - Afognak	0	0	10,000,000	10,000,000
Mental Health Trust Land Development	0	0	650,000	650,000
Mental Health Trust Facilities Maintenance	0	0	350,000	350,000
<b>Department Total</b>	<b>9,000,000</b>	<b>18,376,500</b>	<b>31,136,500</b>	<b>58,513,000</b>

*This is an appropriation level summary only. For allocations and the full project details see the capital budget.*



### Summary of Department Budget Changes by RDU

From FY2008 Management Plan to FY2009 Governor

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>71,180.2</b>	<b>16,392.9</b>	<b>45,287.7</b>	<b>132,860.8</b>
<b>Adjustments which will continue current level of service:</b>				
-Resource Development	-4,567.4	-504.1	-1,550.9	-6,622.4
-State Public Domain & Access	6.6	0.0	4.3	10.9
-Statewide Fire Suppression	267.3	28.3	28.6	324.2
-Parks & Recreation Mgmt	113.7	17.8	171.0	302.5
<b>Proposed budget decreases:</b>				
-Resource Development	-143.1	-629.8	-1,288.4	-2,061.3
-State Public Domain & Access	-9.5	0.0	0.0	-9.5
<b>Proposed budget increases:</b>				
-Resource Development	1,759.8	213.4	2,362.5	4,335.7
-State Public Domain & Access	0.0	0.0	70.9	70.9
-Statewide Fire Suppression	856.9	0.0	0.0	856.9
-Parks & Recreation Mgmt	500.0	141.2	500.9	1,142.1
<b>FY2009 Governor</b>	<b>69,964.5</b>	<b>15,659.7</b>	<b>45,586.6</b>	<b>131,210.8</b>