

**Shale Oil Environmental Data****FY2013 Request: \$1,000,000****Reference No: 53995****AP/AL:** Appropriation**Project Type:** Energy**Category:** Natural Resources**Location:** Prudhoe Bay**House District:** Arctic (HD 40)**Impact House District:** Arctic (HD 40)**Contact:** Jean Davis**Estimated Project Dates:** 07/01/2012 - 06/30/2017**Contact Phone:** (907)465-2422**Brief Summary and Statement of Need:**

The Division of Oil and Gas will develop an inventory of environmental data to support permitting for shale oil development. The data will include the identification and delineation of wetlands, streams, and other jurisdictional water bodies, surveys of habitat and animal/fish populations, and surveys of subsistence activities and other potential resource conflicts. The state will provide this data to North Slope shale oil developers to document environmental impact statements (EISs) required for federal permits. In absence of this state data collection effort, the developers may find themselves competing for the same information. As a consequence data will be more costly and development may be slowed.

| <b>Funding:</b> | <u>FY2013</u> | <u>FY2014</u> | <u>FY2015</u> | <u>FY2016</u> | <u>FY2017</u> | <u>FY2018</u> | <u>Total</u> |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Gen Fund        | \$1,000,000   |               |               |               |               |               | \$1,000,000  |
| <b>Total:</b>   | \$1,000,000   | \$0           | \$0           | \$0           | \$0           | \$0           | \$1,000,000  |

|                                               |                                                      |                                       |                                             |                                   |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <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            |
| <u>One-Time Startup:</u> | 0             |              |
| <b>Totals:</b>           | 0             | 0            |

**Additional Information / Prior Funding History:****Project Description/Justification:**

Although the development potential of shale oil on state land on the North Slope remains uncertain, it may make a substantial contribution to future oil production and revenues for the state. Shale oil development has the potential to have large surface impacts associated with operations and production facilities. This means that environmental permitting at the local, state, and federal level will likely be substantial. Through this capital request, the state will develop a database of typical environmental data and make it available for developers.

The initial phase of this project will build an inventory of existing available data and determine gaps and requirements for new data collection. The project will first conduct a review of available literature and data, identify data gaps, then develop the appropriate data collection methodologies and, to the extent that funding is available begin field work. Care will be taken not to duplicate current data collection efforts and to leverage existing local, state, and federal databases. In addition to an assessment of available data, some initial mapping and regional data will be collected and

assembled. As industry completes more detailed preliminary project designs, more site-specific and project specific data can be added to the inventory in future years.

Department of Natural Resources (DNR) will consider combining its effort with the efforts of industry in return for open access to the data for all shale oil developers operating on the North Slope. Open access to a publicly available source of data will obviate the needless duplication of data collection efforts. As a consequence developers will reduce costs and save time in the initial development stages of their projects. The intent is to streamline the EIS process by providing current environmental data that would otherwise take several seasons for each developer to collect.

**Why is this Project Needed Now?:**

The state has a role to provide environmental data to new shale oil developers. Without baseline data necessary for permit decisions shale oil development may be slowed as each company enters the federal permitting process. Data collected by the state and made publically available to shale oil developers will facilitate timely, efficient and effective permitting decisions by local, state, and federal agencies.

The state will benefit because access to its shale oil resource will not be incapacitated by the normal proprietary acquisition of environmental data. The state is also in a position to begin baseline data collection in a more timely way and more trend data will be available to document environmental effects to facilitate and improve permitting decisions. Moreover, federal agencies tend to give more credence to data acquired by state agencies as opposed to third-party collection under contract to industry.

**Specific Spending Detail:**

| <u>LINE ITEM</u>  | <u>DOLLAR AMOUNT</u> | <u>DESCRIPTION</u>                     |
|-------------------|----------------------|----------------------------------------|
| Personal Services | \$ 75,000            | Existing part-time project coordinator |
| Travel            | \$ 10,000            | Project site and survey area visits    |
| Services          | \$ 865,000           | Contractors                            |
| Commodities       | \$ 50,000            | Equipment & Supplies                   |

**State Match Required:**

- NO**
- YES**

**Project Support:**

Alaska Department of Environmental Conservation; Alaska Department of fish and Game, Alaska Oil and Gas Conservation Commission; Department of Natural Resources (Division of Mining Land and Water, Division of Geological and Geophysical Survey, Office of Project Management and Permitting); North Slope Borough; US Corps of Engineers; US Environmental Protection Agency; shale oil developers