The Permitting Framework for Oil and Gas Development in Alaska

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Presented By:

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Office of Project Management and Permitting (OPMP)

OPMP coordinates:

- Oil & Gas
- Large Mine Projects Team
- Transportation
- Renewable Energy
- BLM Planning

21 full time budgeted positions

OPMP Authority

OPMP coordinates permitting of natural resource development projects in accordance with AS 38.05.020(b)(9):

> *The commissioner may lead and coordinate all matters relating to the state's review and authorization of resource development projects.*

- OPMP is located in the DNR Commissioner's Office
- OPMP coordination is voluntary, reimbursable expense (currently 36 large projects coordinated by OPMP)

OPMP Project Coordination

- Each project is assigned a Project Coordinator (PC)
  - PC's are experienced professionals, appointed by the Governor's Office
- PC coordinates State, Federal, and Local Agencies
- PC is single/primary Point of Contact for State Permitting
- NEPA review process drives permitting timeline
  - OPMP signs as Cooperating Agency on behalf of the State
  - OPMP consolidates state agency comments – "Single Voice"
  - PC works to synchronize state permitting processes with NEPA process

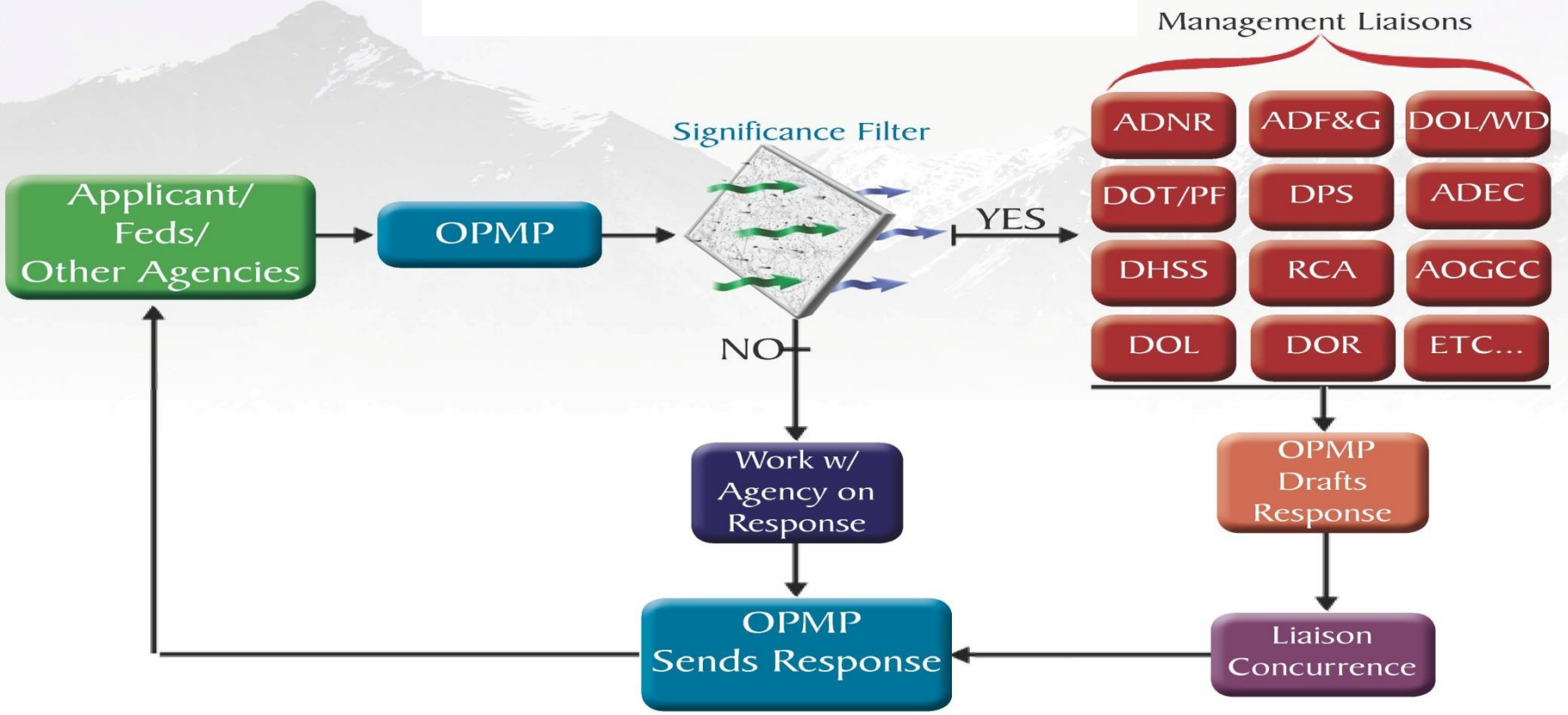
OPMP State Agency Coordination

- Department of Environmental Conservation
- Department of Fish & Game
- Department of Natural Resources
- Department of Health & Social Services
- Department of Transportation and Public Facilities
- Department of Law
- Department of Commerce, Community & Economic Development
- Department of Labor & Workforce Development
- Department of Public Safety
- Department of Revenue
- Alaska Railroad
- Regulatory Commission of Alaska
- Alaska Oil & Gas Conservation Commission

OPMP Federal Agency Coordination

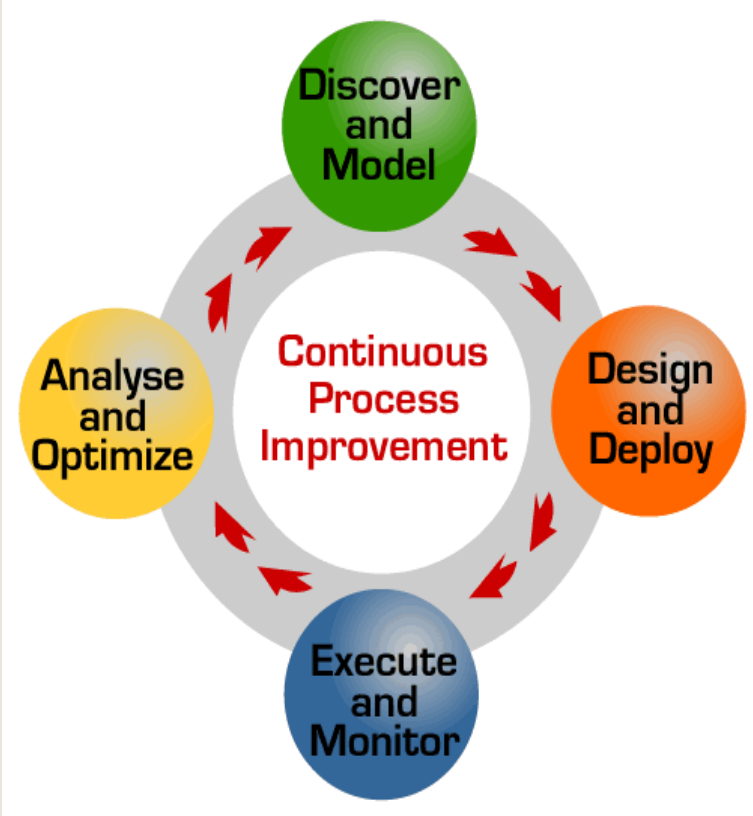
- Army Corps of Engineers
- Environmental Protection Agency
- Bureau of Land Management
- Bureau of Ocean Energy Management
- Bureau of Safety and Environmental Enforcement
- DOT Pipeline and Hazardous Materials Safety Administration
- National Park Service
- U. S. Forest Service
- U. S. Fish & Wildlife Service
- National Marine Fisheries Service
- Federal Aviation Administration
- Federal Energy Regulatory Commission
- Occupational Safety & Health Administration
- U. S. Coast Guard

Communication Protocol for State Agency Coordination



Unified Permit Program
Division of Mining, Land & Water

- Umbrella of programming efforts to create permitting efficiencies
- Initially focused on DMLW but created to benefit DNR
- Key element to developing incremental efficiencies, manage back-logs



Continuous Process Improvement Model

Unified Permit Program Successes and Deliverables

- Business Process Management (BPM): unified portal to help increase systems efficiencies
  - Two case types working in the system
  - Includes template generation, stipulation database, tracking system, routing, research tools, manager approval, electronic case file, and reporting systems
  - Provides more consistent, timely and efficient outputs
- Content Management System (CMS): e file repository
  - Use of electronic case files integrated with other data systems
  - Data management and security with over a million documents scanned

DNR Permitting Efficiencies

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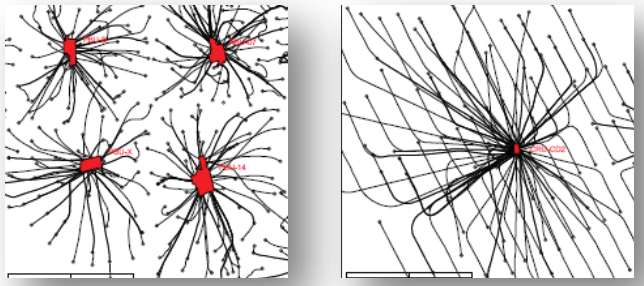
Robust Environmental Standards
- Advances in Exploration & Drilling Technology -

Minimal Impact During Exploration

- Advances in technology allow for minimal impact during the exploration phase of development
- For instance, onshore exploration drilling occurs only in the winter
  - Heavy equipment is brought out to remote sites on ice roads and the drilling rigs are assembled on ice pads
  - When the ice melts, there is no trace left of the pad—the only visible sign of prior activity is an eight-by-eight foot well house that will remain on location because the well is part of a field under development and will one day produce oil
- In short, it is possible to explore for oil on the North Slope and leave no visible footprint

Drilling Technology

- Horizontal and multi-lateral drilling technology represents a cost-effective method to develop remaining oil
- Extended-reach horizontal drilling means that today, the same level of production can be achieved with fewer wells
- This means that not only more complicated stratigraphic plays can be developed, but also any formations can be more efficiently drilled and produced with a smaller number of wells



Figures show how one pad (right) can now service the same area underground as four larger pads could thirty years ago (left)

Robust Environmental Standards
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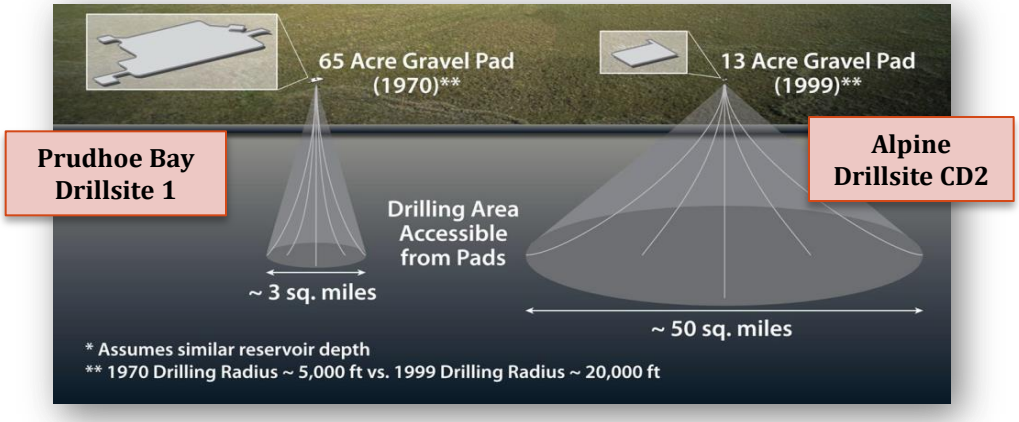

- In 30 years, surface footprint requirements have been dramatically reduced. At the Alpine field, 54 wells have been drilled from one 13-acre pad
- Wells can also reach a much larger radius – from 3 sq. miles in 1970 to 50 sq. miles in 1999 and, perhaps, 100 sq. miles in 2012
- If a rig was set at the U.S. Capital Building, the wells could extend out to Andrews Air Force Base in the southeast, Silver Spring to the north, and well into Fairfax County to the west