



Alaska Department of Natural Resources



AMA Conference
Juneau, AK
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Presenter: Dan Sullivan
DNR Commissioner



Overview



- DNR Background
- Engagement Tour
- Alaska's Opportunities and Challenges
- DNR's Mining Related Initiatives & Accomplishments



Mission Statement



*To develop, conserve and maximize
the use of Alaska's natural resources
consistent with the public interest*



Who We Are & What We Do

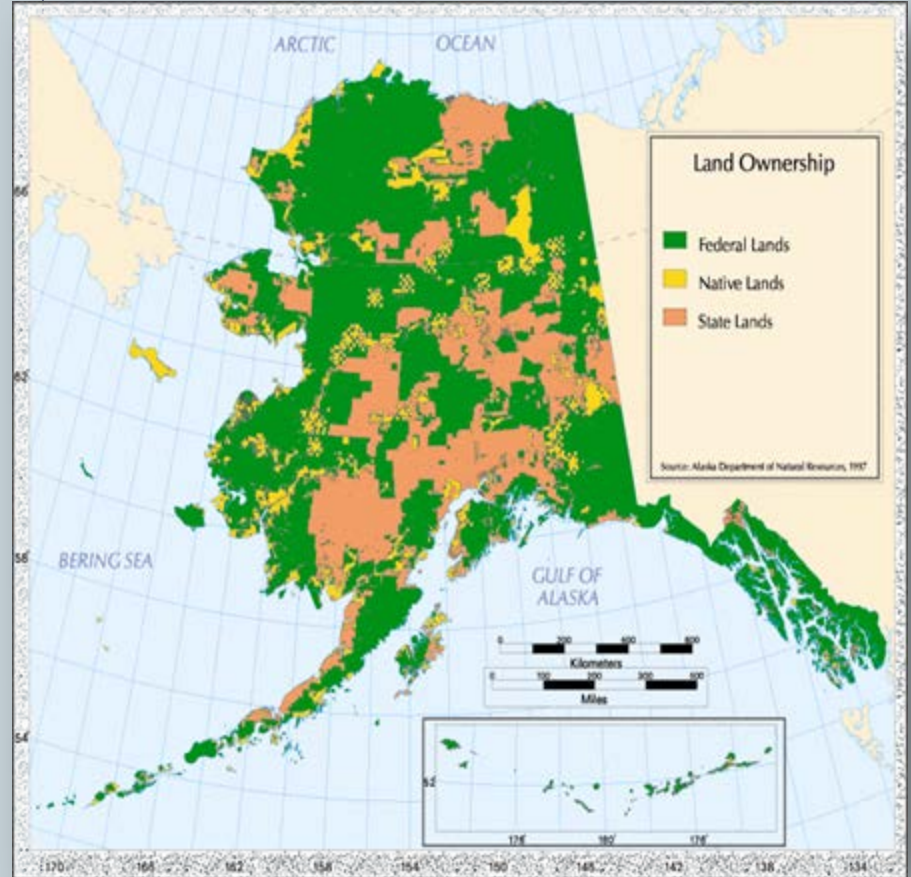


- Article 8, Section 1 of the Alaska Constitution provides that “it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.”
- Article 8, Section 2 provides that the “legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.”



What We Do

- DNR manages:
 - the state's land: approximately 100 million acres of uplands, 60 million acres of tidelands, shore lands, and submerged lands, and 40,000 miles of coastline
 - the state's vast energy and natural resources





Engagement Tour



- Meeting with key stakeholders
- What I'm hearing, seeing, and learning
 - Challenges
 - Opportunities
 - Need for partnership



Key Challenges



- Arrest TAPS throughput decline
- Continue momentum on gas pipeline
- Ensure safety of aging infrastructure
- Address the state's high-energy costs
- Foster resource development—mining, timber, and hydro—under federal control
- Increase permitting efficiencies and decrease backlog



Opportunities



Alaska as a Storehouse

- North Slope remains a world class energy basin
- Massive mineral deposits and water
- Vast amounts of renewable resources
- New players looking to unlock our resource potential
- Ongoing innovation



Alaska as a Storehouse



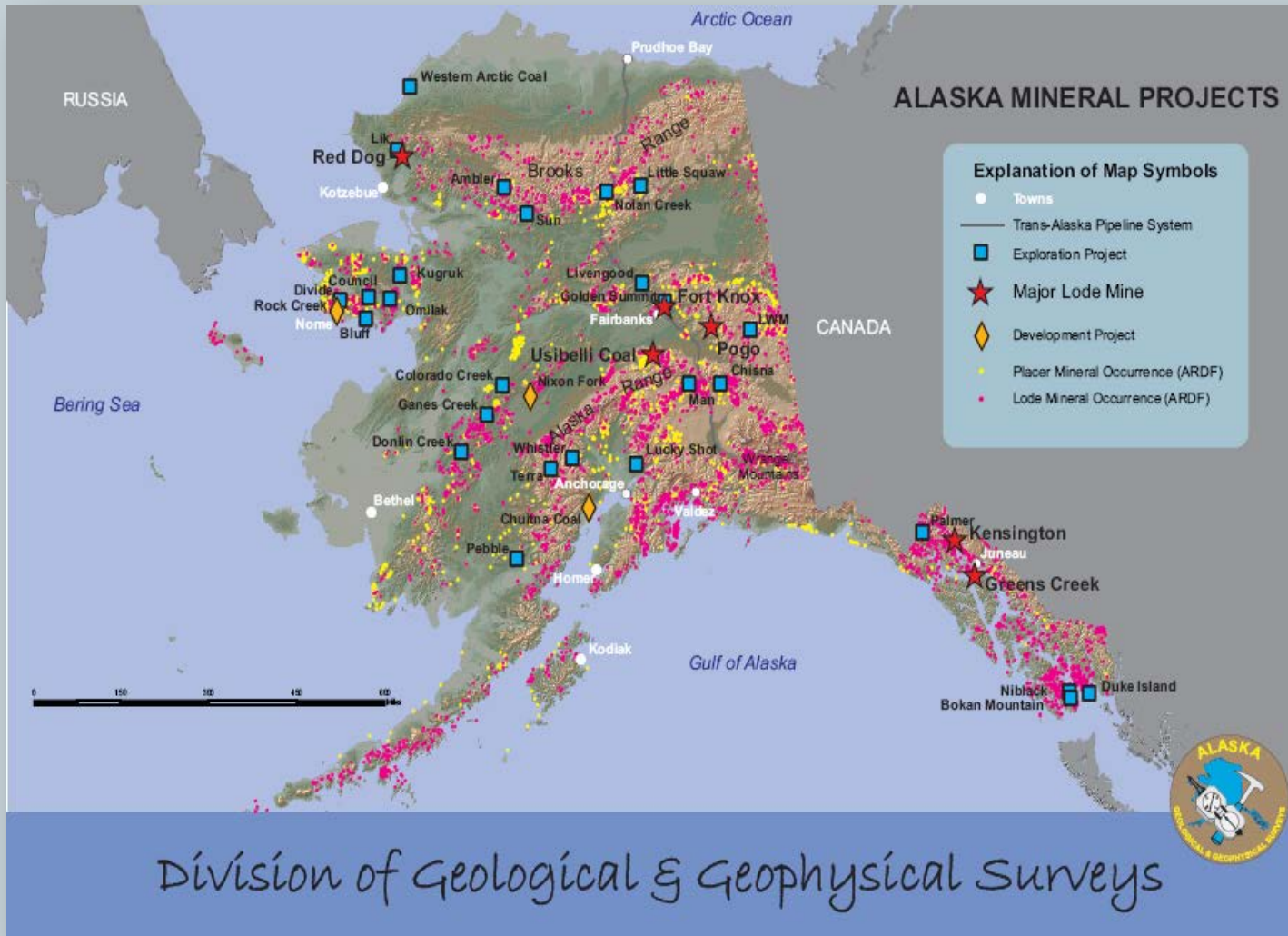
- **Oil:** 40 billion barrels of undiscovered, technically recoverable reserves, not including massive quantities of unconventional (shale, heavy oil, etc.)
- **Gas:** 236 trillion cubic feet of undiscovered, technically recoverable reserves
- **Coal:** 17% of the world's coal resources; *2nd most in the world*
- **Copper:** 6% of the world's copper resources; *3rd most in the world*
- **Lead:** 2% of the world's lead resources; *6th most in the world*



Alaska as a Storehouse



- **Gold:** 3% of the world's gold resources; *7th most in the world*
- **Zinc:** 3% of the world's zinc resources; *8th most in the world*
- **Silver:** 2% of the world's silver resources; *8th most in the world*
- **Rare earth elements:** over 150 occurrences
- **Timber:** 17% of the nation's forest land
- **Water:** ~40% of the nation's fresh water



Division of Geological & Geophysical Surveys





Importance of Partnership



- Stakeholders eager to form alliances
- Partnership moves projects forward
 - BTC Pipeline
 - Kensington
- Missing one key partner....



Federal Obstruction



- Projects delayed or derailed
- Opportunities foreclosed
- Jobs lost and investment climate chilled
- Alaska's economic future damaged
- National security and energy security undermined
- *Alaskans should voice frustration*
- *But we will redouble cooperative efforts*



DNR's Mining-Related Initiatives



- Exciting time for mining in Alaska:
 - 6 operating mines
 - 6 mines in advanced exploration or development phase
 - 24 exploration projects that spent >\$1 million each in 2010
- DNR is developing initiatives to foster responsible resource development:
 - Permitting
 - Access
 - Strategic Minerals, including REE



Permitting Initiative



- Permitting Initiative
 - *Objective:* To make immediate improvements in the timely processing of all land and water use applications and to eliminate the backlog within three years
 - *Process Evaluation & Redesign:* Assess existing process, evaluate staff structure, document statutory and regulatory obstacles, and identify efficiency opportunities in automation, work flow, inter-agency collaboration, and appeals
 - *Staff Recruitment:* Governor's budget provides funding
 - ✦ Total MLW GF Request: \$4,540.1 million for: permitting efficiencies, guide concession, litigation, access assertions, RDI fees, coal regulatory, oversight of federal land transfer processes
 - *Prioritization:* Inventory the backlog w/in 3 months, and identify applications that have greatest affect on development projects/private sector job growth



Access Initiative



- Access Initiative
 - Objective: To ensure that Alaskans have access to public lands and waters
 - Assert and defend existing access rights:
 - ✦ Fight Wild Lands policy
 - ✦ File quiet title actions
 - Unlock the 40-mile region (initial focus)
 - Improve access for resource development
 - ✦ Identify potential new access routes
 - Road to Ambler Mining District
 - Road to Umiat



Strategic Minerals



- Strategic Minerals Initiative
 - *Objective:* To contribute to the nation's security and welfare through assessment and development of strategic minerals, including Rare Earth Elements (REE)
 - Undertake a statewide assessment of strategic minerals
 - ✦ Governor's budget
 - ✦ Collaboration with University of Alaska
 - Provide support for the development of known or highly-prospective strategic minerals occurrences
 - ✦ Road to Ambler Mining District
 - ✦ Skagway Ore Terminal = more Alaska jobs



Strategic Minerals



- Strategic Minerals Initiative, continued
 - Partner with industry and federal government to encourage development
 - ✦ Governor's letter to President Obama
 - Improve permitting efficiencies
 - Continue effective efforts of large mine permitting process
 - Promote Alaska



Other Critical Issues & Partnerships



- Safety
 - Good record in Alaska
 - But we cannot be complacent
- Environmental Stewardship
 - Constitutional duty
- Alaska Hire
 - DOL and Commissioner Bishop
 - Training resources
 - ✦ Apprenticeships
 - ✦ Core drilling program
 - ✦ Underground mining simulator



Crossroads: Bright Future



- TAPS decline arrested
- North Slope gas brought on line
- Increased hydro power
- Mining production and processing, including REE
- Increased economic contribution from forest lands
- Renewable resources meet state's growing energy needs
- Jobs up & energy costs down in Rural Alaska
- New markets for our resources
- Value-added industries



Crossroads: Bleak Future



- TAPS throughput decline accelerates
- Aging infrastructure failures hamper operations
- Major energy companies leave the state
- No gas pipeline
- Existing mines exhausted and no new mines on line
- Crushing energy costs
- Importation of LNG to meet Railbelt energy needs
- Federal overreach and lack of willing partnership transforms state into a national park
- State population declines