SB 59: OIL & GAS EXPLORATION AND DEVELOPMENT APPROVALS BY GEOGRAPHICAL AREA

and a popular

Senate Special Committee on TAPS Throughput

February 26, 2013

Department of Natural Resources

- Dan Sullivan, Commissioner
- William C. Barron, Director, DO&G
- Wendy Woolf, DO&G

SB 59 – "An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date."

What does SB 59 do?

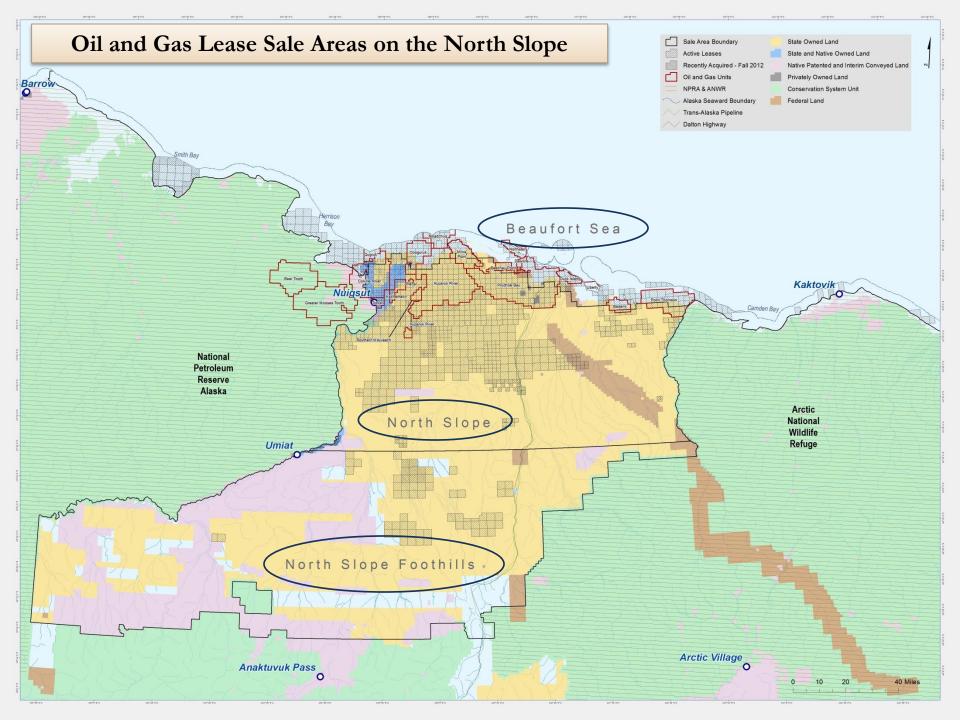
- It clarifies the Department of Natural Resources can authorize oil and gas exploration and development activities within a geographical area.
- It preserves public notice and review at the beginning of an exploration or development phase.
- It ensures certainty when an approval has been granted for exploration or development activities.

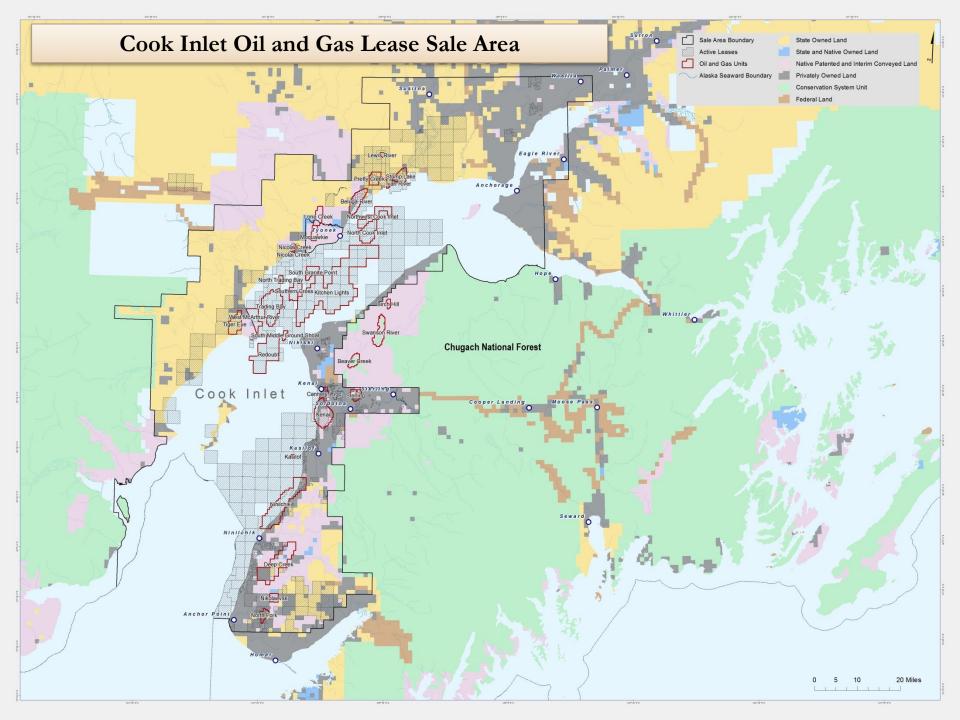
How does this benefit the public?

- It allows the public to comprehensively evaluate oil and gas activities within a geographical area.
- It provides an opportunity for input at the beginning of an exploration or development phase.
- It safeguards environmental concerns through special stipulations and conditions.

How does this benefit industry?

- It allows a project to be planned within approved parameters and conditions.
- It provides certainty that plans of operations meeting those defined criteria can proceed.
- It ensures predictable project approvals for subsequent exploration or development activity.





Oil and Gas Lease Sale Process

Proposed Areawide Oil and Gas Lease Sale

Public Notice and Opportunity to Comment Evaluate Statutory Criteria Develop Mitigation Measures

- Final Finding of the Director to Lease Oil and Gas
 - Exploration Phase
 Public Notice and Opportunity to Comment
 - Development Phase
 Public Notice and Opportunity to Comment
 - Transportation (Pipelines)
 Public Notice and Opportunity to Comment

Life of an Oil and Gas Lease

Year 0

- Final Finding of the Director Areawide Oil and Gas Lease Sale
 - Lease Issued (10-Year Term)

Lessee develops exploration plans

Year 4

- Lease Plan of Operations Seismic Program (multiple leases)
- Public Notice and Comment Period

Year 5

- Lease Plan of Operations Exploration Well
- Public Notice and Comment Period

Year 6

- Lease Plan of Operations Exploration Well
- Public Notice and Comment Period

Discovery – Lessee formulates development plan

Year 7

- Lease Plan of Development Conceptual Development Plan
- Lease Plan of Operations Initial Development Plans
 - Public Notice and Comment Period

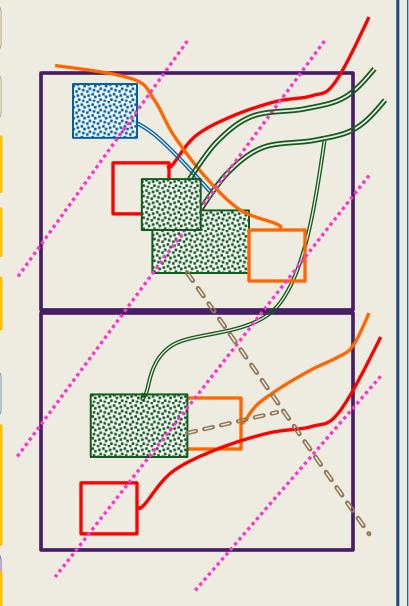
• Lease Plan of Operations – Modified Development Plans

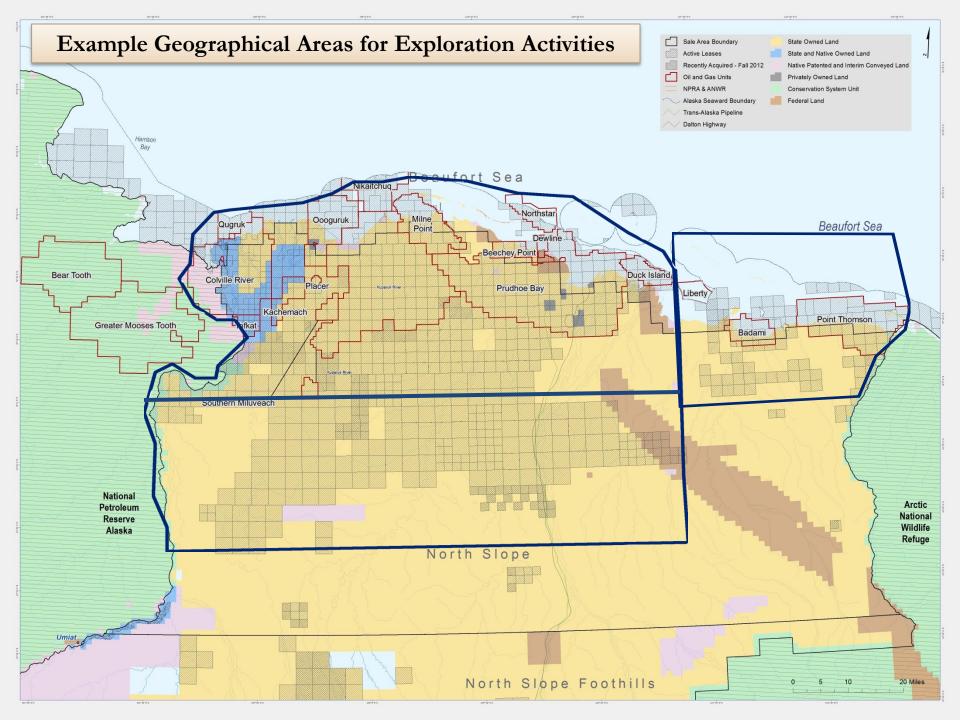
- Public Notice and Comment Period
- Pipeline Application (AS 38.05.850 or AS 38.35)
 - Public Notice and Comment Period
- Production

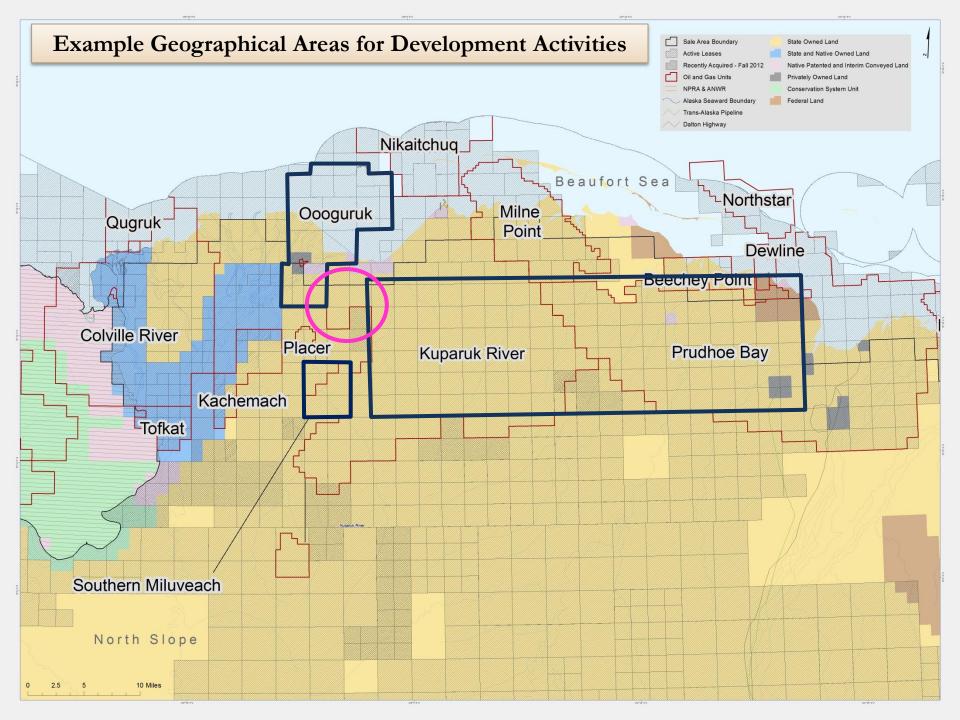
Year 10

Year 8

- Lease Plan of Operations Additional Development Plans
 - Public Notice and Comment Period







Life of an Oil and Gas Lease

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 - Lease Issued (10-Year Term)

Lessee develops exploration plans

Exploration Phase
Public Notice & Comment Period

Year 4

• Lease Plan of Operations - Seismic Program (multiple leases)

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• Lease Plan of Operations – Exploration Well

Year 5

• Lease Plan of Operations – Exploration Well

Year 6

Discovery – Lessee formulates development plan

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- Lease Plan of Operations Initial Development Plans
- Lease Plan of Operations Modified Development Plans

Year 8

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- Production

Year 10

• Lease Plan of Operations – Additional Development Plans

Development Phase

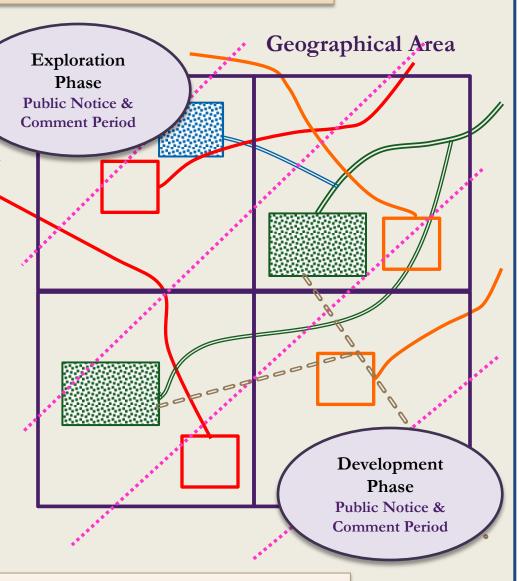
Public Notice & Comment Period

Results

• SB 59 provides for a comprehensive review before exploration or development.

• SB 59 preserves public participation in the process.

 SB 59 allows stipulations to be approved before a company develops site specific plans for exploration or development activities.



Questions?