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

Senate Special Committee on TAPS Throughput
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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)

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

Year 7
- Lease Plan of Development – Conceptual Development Plan

Year 8
- 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

Year 10
- Production
- Lease Plan of Operations – Additional Development Plans
  - Public Notice and Comment Period

Lessee develops exploration plans

Discovery – Lessee formulates development plan
Example Geographical Areas for Exploration Activities
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)

Year 4
- Lease Plan of Operations – Seismic Program (multiple leases)

Year 5
- Lease Plan of Operations – Exploration Well

Year 6
- Lease Plan of Operations – Exploration Well

Year 7
- Lease Plan of Development – Conceptual Development Plan

Year 8
- Lease Plan of Operations – Initial Development Plans
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- Pipeline Application (AS 38.05.850 or AS 38.35)
  - Public Notice and Comment Period

Year 10
- Production
- Lease Plan of Operations – Additional Development Plans

Exploration Phase
Public Notice & Comment Period

Development Phase
Public Notice & Comment Period

Lessee develops exploration plans

Discovery – Lessee formulates development plan
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.