

Alaska
Department of
Natural Resources



SOUTHEAST CONFERENCE
MARCH 9, 2011



Overview



- **DNR Background**
- **Engagement Tour**
- **Alaska's Opportunities and Challenges**
- **DNR's Role in Southeast Development**

Who We Are and 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.”

Department Mission

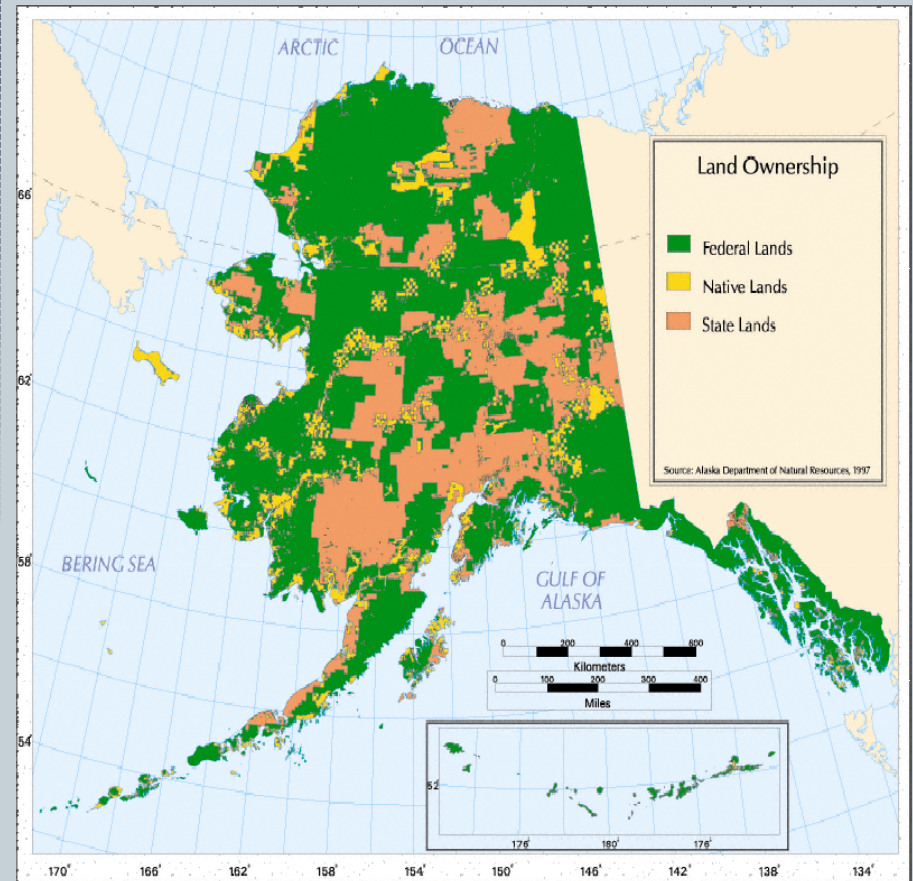


- To develop, conserve and maximize the use of Alaska's natural resources consistent with the public interest



What We Do

- DNR manages:
 - (1) 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
 - (2) the state's vast energy and natural resources
 - (3) SE lands – mostly federal



Engagement Tour



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



Some Key Challenges



- Arrest TAPS throughput decline
- Continue momentum on a gas pipeline
- Ensure safety of aging infrastructure
- Address high energy costs throughout the state
- Fostering SE 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 – particularly in SE
- Vast amounts of renewable resources
- New players looking to unlock our resource potential
- Ongoing innovation

Alaska as a Storehouse



- **Oil:** 43 billion barrels of undiscovered, technically recoverable reserves; this does not include 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:** Alaska has over 150 occurrences
- **Timber:** Alaska has 17% of the nation's forestland
- **Water:** about 40% of the country's fresh water

ALASKA



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
- Substance and process
 - Forest Service economic transition plan
- Opportunities foreclosed
- Jobs lost and investment climate chilled
- Hurts Alaska's economic future
- Undermines national security and energy security
- Alaskans should voice frustration
- But we will redouble cooperation efforts

DNR's Role in SE Development



- Permitting – important for large and small projects
- Survey geology – e.g., rare earth elements
- Cooperate with Forest Service on timber sales
 - The state Tongass Team is working to ensure coordination between state agencies and provides comment on various Forest Service timber sale planning projects to push for full implementation of the 2008 Tongass Land Management Plan (TLMP)
 - Analyzing recent federal court roadless decision
- Manage state forests

DNR's Role in SE Development



- In 2010, via a Governor's Office sponsored bill, the legislature established the first units of the SSE State Forest (25,291 acres) to help stabilize and diversify a timber supply for sawmills and related businesses in SE
- The Governor has followed last year success with a proposed addition to the State Forest of 23,181 acres with HB-105 and SB-44
- The state will invest in pre-commercial thinning to speed the growth rate and quality of young growth timber on state forest lands
- DNR has worked to promote wood energy opportunities in SE
- DNR appreciates SE Conference and Shelly Wright's support

DNR's Role in SE Development



- Office of Project Management & Permitting (OPMP)
 - strong record on permitting
 - Greens Creek Mine (Hecla Mining Co.)
 - Kensington Mine (Coeur Alaska Inc.)
 - Niblack Copper-Gold-Zinc-Silver property (Heatherdale Resources Ltd.)

State at a Crossroads: Bright Future



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

State at a 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 brought on-line
- Crushing energy costs
- Importation of LNG to meet Railbelt energy needs
- Federal overreach transforms state into a national park
- State population declines