

Oil and Gas

Priority Issues

1. Field Operations Issues
2. Gasline/AK LNG Project/ASAP
3. Tax Policy
4. Government Efficiency
5. Offshore Development (OCS)
6. Value-Added Industry
7. Lower-Cost Energy
8. Unconventional Oil & Gas
9. Transparency

1. Field Operations Issues

Goals

- To safely increase production.
- Update statutes and regulations to reflect current and future development needs.
- Encourage facility sharing and state regulation.
- Allow more efficient information sharing (seismic and core data, production activities).
- Provide consistency in administration.
- Review the DR&R issue to be sure the risk is shared equitably among stakeholders.
- Increase speed of conducting routine transactions.
- Establish an open regulatory process that attracts and keeps investment by both new and existing producers.
- Allow competition to benefit Alaskans.
- Have established and comprehensive procedures and timelines for decisions (especially important for routine matters such as the transfer of assets).

Executive Summary of Comments

The team discussed many topics regarding field operations. Throughout the entire discussion, two themes emerged. First, the administration should have open discussions with the industry to determine how the state can work more efficiently with industry. Second, state agencies need to be more responsive to the industry's concerns, perhaps through the use of technical workshops.

An increase in production is necessary and should be done in the safest manner possible. Producers should be incentivized to actively explore and develop new opportunities in both new and legacy fields. The nature of facility access and sharing on the North Slope was thoroughly discussed as was identifying and working to remove barriers to the entry of new competitive entrants.

Providing competitive entrants with reasonable and timely access to existing field facilities will help encourage development of our oil and gas resources. There was contention within the group as to how best to provide such access. Some felt commercial negotiations among stakeholders alone were sufficient while the majority felt reliance upon such commercial negotiations was insufficient due to disparities in the relative market power among the stakeholders. All agreed State regulation of access to field facilities, if adopted, should be timely, on reasonable terms, and sensitive to an existing owner's investment in and legacy use of such facilities.

Information sharing could improve field operations in Alaska. This administration should support DGGs in development of Petroleum Information Management (PIM) and more efficiently keep track of seismic data, core data, and production activities.

The group agreed there should be greater clarity and consistency as to the State's requirements associated with routine industry-related matters. There was concern among many in the group that the State's requirements for many routine approvals necessary to operate (such as the transfer of assets among operators, tank approvals for standard drilling activities, acquiring rights-of-way, DR&R obligations, deductibility of transportation for royalty purposes) were ill-defined and inconsistently applied. The group agreed with the need for the administration to issue regulations which more efficiently, consistently, and timely resolve the approval process for such activities.

A clear and efficient regulatory process is essential to attract and maintain independent investment in the State. To move this process forward, the group felt a listening summit at which independent producers could discuss their concerns would be valuable.

The group felt there was a need to review the State's approach to DR&R issues in Alaska to make sure that the risk is equitably shared among stakeholders. The group discussed the State, prior owners, and new owners as potential stakeholders. The group also discussed the potential problem of regulatory overlap. Some commented that smaller oil companies are frustrated by the introduction of DR&R bonding requirements into the lease assignment process. The group agreed greater clarity and consistency would be helpful. The group also agreed that the risks associated with DR&R should be more broadly distributed.

The industry-supported 470 fund should be rescoped so that its financing more closely reflects its use. Currently, the 470 fund is funded by the oil industry, but its use is largely in support of commercial shipping and other industry groups. The group discussed whether to narrow the use of the fund to support only the oil industry or to keep the scope of use broad and to have other benefitting industries support the fund in amounts consistent with their use of the fund. The group favored expanding funding to include the other industry groups that were benefitting from the fund.

Dispute resolution is inefficient and decisions need to be more timely and based on a process that is transparent and more predictable to the industry.

Recommendations

- To safely increase production.
- Update statutes and regulations to more efficiently respond to the development needs for both new and legacy fields.
- Ensure competitive entrants have access to field facilities on reasonable terms.
- Allow more efficient information sharing (seismic and core data, production activities).
- Hold a “listening” summit for independent producers and potential competitive entrants to hear concerns associated with development of oil and gas resources.
- Comprehensively review the DR&R issue to be sure it is administered efficiently with no regulatory overlap and adopt regulations that permit the risks to be shared equitably among stakeholders.
- Increase clarity and efficiency of conducting routine transactions.
- Establish a transparent and consistent regulatory process that will help attract additional investment and competitive entrants to Alaska.
- Encourage and support the development of an open, transparent, and competitive market to optimize our resource development.
- Establish comprehensive procedures and timelines for decisions (especially important for routine matters).
- Complete the best-practices review

2. Gasline/AK LNG Project/ASAP

Goals

- To achieve a commitment to build through an appropriately disciplined process.
- The State of Alaska to conduct the due-diligence necessary to understand the revenue sharing between the state and industry.
- Encourage the government to maintain the momentum towards the construction of a large-diameter AK LNG pipeline.
- Encourage cooperation between the AK LNG project and the ASAP project on a technical and engineering basis so the State’s options to connect the ANS gas resource to Alaskans are efficiently progressed.
- That gas project fiscal terms provide adequate support for the industry to progress without the industry or the State accepting inappropriate risk or uncertainty.
- Ensure Alaska’s interests are met and protected.

Executive Summary of Comments

The oil and gas transition team agreed that the construction of a large-diameter LNG gas pipeline is a central goal for the new administration. Toward this end, the group agreed the new administration should: (1) maintain the momentum of the AK LNG project; (2) achieve a commitment to build the AK LNG project through an appropriately disciplined process; (3) immediately conduct the due-diligence necessary to understand and assess the AK LNG project; (4) move forward without inappropriate risk on either side; (5) ensure Alaska's needs are met and protected; and (6) encourage cooperation between the AK LNG and ASAP projects. As a professional courtesy from BP, the group was provided bound copies of the existing, public agreements and related documents associated with the AK LNG project.

The group agreed the new administration should preserve Alaska's interests while moving forward to construct a large-diameter LNG pipeline to tidewater. Some expressed a concern that there was no current commitment to build such a pipeline, while others pointed out there are several steps needed to be taken by all participants (including the State) before a commitment can be made. The group agreed that achieving a commitment to build is important to advancing the AK LNG project, while following an appropriately disciplined process. Many in the group felt the new administration should quickly assess the AK LNG project and how best to bring the largest net revenue to Alaska. Further, many suggested that in order to achieve a commitment to build, intermediate benchmarks need to be established and maintained. The group felt the new administration should request the AK LNG participants provide a checklist and identify a general project path. There was contention within the group as to the degree to which the new administration should be bound to the current process and statute (SB 138/Heads of Agreement) and the particular terms negotiated by the prior administration. Some felt the best path forward was for the new administration to commit to the current process. Others were concerned that the new administration should have the opportunity to review and evaluate the current process and the prior administration's terms before committing to the best path forward. There was a concern that neither the group nor the new administration had yet had the opportunity to review the confidential pre-feed agreement and should not recommend too specific an approach at this point. A majority felt the administration should be encouraged to evaluate the AK LNG project expeditiously and act to maintain the AK LNG project momentum.

The group felt the new administration's review and evaluation of the AK LNG project should consider the revenue sharing as between the State and the industry. To advance this goal, most felt a project team should be formed to gather the necessary information, perform an analysis of the project, and establish and maintain communications with the new administration and the industry. Finally, the group felt that clear and transparent communication should be consistently maintained as between the State, industry, stakeholders, and the public regarding the specifics of the project and the identified risks and rewards.

All felt the new administration should be encouraged to maintain momentum towards the construction of a large diameter AK LNG pipeline. Some felt the new administration should also maintain the momentum for the ASAP project to ensure leverage and a backup plan to the AK LNG project. All felt any change in the current plans for the AK LNG project should carefully consider the impact of that change on the current project schedule. The group felt the administration should promote trust and open communication among the project participants.

The administration should expeditiously meet with the industry and senior officials from each participating stakeholder group to discuss the project status and be informed about any and all agreements.

The group was concerned that the AK LNG project may not progress with the industry or the State may accept an inappropriate amount of risk or uncertainty. The new administration should have early and frequent communication and interaction with the industry and periodically report the status and agreements to the legislature and the public.

There seemed to be a consensus that Alaska's interests should continuously be met and protected throughout the entire process. An in depth analysis should be conducted regarding the obligation to optimize Alaska's resources pursuant to the State's constitution. The group discussed the opportunities within Alaska to optimize value from the AK LNG project through lower fuel costs and value-added opportunities.

Finally, the group felt that cooperation between the AK LNG project and the ASAP project on a technical and engineering basis is necessary

Recommendations

- Goal: Achieve a commitment to build through an appropriately disciplined process
 - Encourage the administration to request AK LNG to provide a short checklist to identify a project path to a commitment to build
- Goal: The State of Alaska does due-diligence necessary to understand the revenue sharing between the state and industry.
 - Provide clear communication of project revenue streams, project particulars, risks and rewards, to all stakeholders, including the public.
 - Retain / hire appropriate expertise to perform and communicate the analyses.
 - Engage with project teams and participants to gather necessary information.
- Goal: Encourage the government to maintain the momentum towards the construction of a large diameter pipeline AK LNG line.
 - The new administration is encouraged to expeditiously meet with the industry regarding each project's status and agreements.
 - Encourage the project participants to develop trust and communication with each other.
 - Carefully weigh and consider any change in direction with risk of project delay.
 - Engage with senior officials from each project participant.
- Goal: Encourage cooperation between the AK LNG project and the ASAP project on a technical and engineering basis so the State's options to connect the ANS gas resource to Alaskans are efficiently progressed.
 - Maintain appropriate two-way data sharing.
 - Look for opportunities for other cooperative studies / synergies.
- Goal: That gas project fiscal terms provide adequate support for the industry to progress without the industry or the state accepting inappropriate risk or uncertainty.
 - Encourage early and frequent interaction with the industry.
 - Provide periodic reports to the legislature and the public.
 - Understand risks through various workshops and maintain a risk register.

- Goal: Ensure Alaska's Interests are met and protected
 - The new administration should conduct a careful analysis of the obligation to optimize Alaska's resources pursuant to constitutional requirements.
 - Emphasize the importance of frequent and thorough communication concerning the project's compliance with the constitution.
 - Communicate the constitutional compliance to all participants including the public.
 - Provide frequent communication with the public

3. Tax Policy

Goals

- This administration should extend the existing series of tax credits and policies in Cook Inlet that are set to expire in 2016.
- To simplify and add greater certainty to ad valorem taxes.
- Tax policy should be stable for the industry and competitive to the degree necessary to attract capital.
- Tax policy should encourage investment in Alaska.
- Tax policy and economic impacts should be evaluated sufficiently so that the impact to Alaska of the various types of oil extraction, gas extraction, and even regionally, is fully and transparently considered.
- Encourage active participation by the municipalities in an open process regarding tax policies.
- Invest in better state resources to timely monitor/audit taxes.

Executive Summary of Comments

The oil and gas transition team determined that tax policies are an important issue in Alaska. After lengthy discussions, the team determined the seven primary goals the new administration should work to achieve as are indicated above.

The new administration should support resource development in the Cook Inlet and extend the tax credits and policies that are set to expire in 2016. After considering the benefits of the tax credits, the administration will recognize the production benefits of those policies and will conclude that Alaskans want this type of production to continue.

The determination of ad valorem taxes needs greater certainty. The administration should consider amending AS 43.56 in order to simplify the process and add greater certainty to all parties involved. If the administration decides to amend AS 43.56, all stakeholders should be allowed to provide input in an open and transparent process.

The group agreed the new administration should create a stable tax environment in Alaska that takes into account the varying types of production and promotes investment in Alaska. Toward this end, the group believed the vote on SB 21 should be respected and other sources of revenue should be explored to address the budget deficit prior to reopening the issues resolved by SB 21. In evaluating tax policy in the future, however, the new administration should take into consideration the nature of the underlying field (legacy or new) and its need for support as well as the challenges unique to the resource play (heavy oil).

As the group discussed in the government-efficiency topic, tax policy will benefit from the State encouraging active participation by the municipalities in an open process. The current process can only benefit from using existing statutory authority to create and utilize joint state / municipal assessments for tax purposes. Local governments affected should be afforded a seat at the table early and often in the policy process.

The funding for the 470 fund was discussed, and the group agreed the current funding mechanism needed to be expanded to reflect funding from all industries benefiting from access to the fund.

Finally, the team discussed the importance of determining tax obligations efficiently. Many felt the tax obligations due to Alaska were not being efficiently determined and that tax audits were not currently being completed in a consistent and timely manner. The group felt having a predictable and efficient tax system encourages additional investment in Alaska.

Recommendations

- The administration should extend the Cook Inlet's EIC's beyond 2016.
- Amend 43.56 to simplify and add greater certainty to the ad valorem tax policy while gathering input and working with all stakeholders in an open and transparent process.
- Look to other sources of revenue before revisiting the oil tax structure.
- Tax policies should encourage investment in Alaska.
- The new administration should measure the efficiencies of existing tax policy and should include field analysis and the kind of oil / gas resource.
- Utilize existing statutory authority to conduct joint state / municipal assessments.
- Invest in better, timely tax audits.
- Provide timely and certain audits for royalty payments and in-kind contracts.
- The scope of the 470 fund should be broadened to include new industry funding sources proportional to each industry's use of the fund.

4. Government Efficiency

Goals

- Provide regulatory reform and legislation that increases the efficiency for the day-to-day workings of industry with government (e.g. templates).
- Identify and eliminate areas of duplication and waste within the departments and streamline regulations.
- Create a physical co-location of agencies where practical (e.g. One-stop-shop, OPMP).
- Provide greater collaboration with local governments and include them earlier in the process for appropriate projects.
- Agencies should separate regulatory, proprietary, and adjudicatory functions.
- Ensure greater efficiencies for information filings.
- Taxation amounts should be finally determined on set timelines.

Executive Summary of Comments

The oil and gas transition team agreed the State government needs to operate more efficiently to encourage resource development. The team discussed many different topics and determined there are many areas within government that can be improved. The seven main goals set forth above were most discussed.

Many of the issues identified by the team contain a central theme of improving the procedural efficiency of the agencies interfacing with the industry. The team discussed regulatory reform to increase efficiency and optimize resource development by minimizing industry barriers to entry and operation. Better coordination among government agencies, creating templates for routine industry matters requiring State approval, and reforming practices and procedures were discussed by the group and determined to be helpful improvements.

The group agreed reducing areas of duplication and overlap would be helpful. The group decided that asking key stakeholders in industry and government to identify areas of government waste and inefficiency would be an important first step. The group discussed the benefits of using an outside contractor to review government inefficiency and offer additional recommendations for improvement.

The group agreed (where practical) that agencies required to coordinate should be physically co-located (e.g. One-stop-shop) to ensure better coordinated agency action. The group agreed that more efficient access to information accumulated by agencies will complement resource development, as long as confidentiality is preserved.

The group discussed and agreed on the benefits of identifying a lead agency for each specific project to create efficiency in coordinating each project. The lead agency should also create a single point of contact, create timeline goals where practical, and provide incentives for getting projects through each point of the process. If these steps are taken, the result will be an expedited process with greater coordination among agencies and with the industry.

The group agreed government action should be better coordinated with local governments. The State should ensure local governments and tribal councils are receiving reasonable notice and participating early in the process to ensure better coordination. The group agreed that better coordination between local and State government is necessary to protecting all stakeholders' interests affected by a project.

Government efficiency will also be achieved if the State can separate the regulatory, proprietary, and adjudicatory functions within the agencies. The group agreed these are separate and distinct functions that are often confused, resulting in a compromised process and less predictable and less reliable government action.

Information filings need to be streamlined in order to create efficiency within the government. And, to the degree possible, forms requiring similar information should be standardized to a greater degree to ensure more efficient processing of information across agencies.

The group also discussed the need to review and modify existing unitization policies to ensure they are properly applied to meet the challenges of smaller producers and non-conventional plays such as hydraulic fracturing plays and more technologically challenged plays such as heavy oil plays.

Lastly, the State should determine tax liabilities and in-kind royalty liabilities in a more timely and efficient fashion. When disputes arise, they should also be efficiently resolved in a timely fashion.

Recommendations

- Create templates for inter-agency and industry use to outline common practices and concepts.
- Where practical, identify a lead agency for a project to assist in coordinating the project with other agencies.
- Develop more efficient access by users and allow for greater information efficiencies and sharing of information as appropriate.
- Encourage the new administration to set in place a process to evaluate opportunities for greater efficiency in government for the oil and gas industry.
- Ensure local governments have an opportunity for reasonable notice and participation of the permitting process.
- Establish reasonable timeframes for decisions.
- Require separation between regulatory, proprietary, and adjudicatory functions within the agencies.
- Ensure appeals are made to impartial parties as decision-makers.
- Review the unitization policy for efficiency, consistency, and application to smaller producers and to non-conventional plays.

5. Offshore Development (OCS)

Goals

- To provide ongoing support for regulatory and access challenges (EPA/ESA/etc.).
- To encourage congressional delegation to get congressional approval of revenue sharing provisions for offshore development consistent with other coastal states in the lower 48.
- To encourage collaboration with government and local communities.
- To use the safest method to transport oil – TAPS

Executive Summary of Comments

The oil and gas transition team determined that offshore development of oil and gas resources is an important issue that should continue to be addressed to bring abundant Alaskan resources to market. The promotion of offshore development should be a collaborative process among federal, state, and local governments. After lengthy discussions, the team determined four primary goals that the new administration should work to achieve as indicated above.

The team agreed that the new administration should promote ongoing support regarding both regulatory and federal challenges to development. This includes reviewing Alaska's litigation positions and making efforts to determine successful paths for offshore development. Further, the team agreed that Alaska should investigate and promote methods that can affect federal decisions regarding lease sales and the approval of project permits.

Further, the team decided the best way to move forward in offshore development is to issue a proclamation to Alaska's congressional delegation requesting that it use its majority position to obtain congressional support that will enable Alaska to receive OCS revenue sharing comparable to other coastal states.

The group recognized the importance of community within Alaska and agreed that offshore development requires collaboration with local communities affected by the offshore development. The group agreed that the new administration should work closely with AML and the affected Municipalities throughout the permitting process, lease sales, and extensions.

For environmental, safety, and efficiency purposes, the group agreed that offshore production should be transported to market through TAPS. The group agreed that the new administration should promote TAPS as the safest method of transport. TAPS is currently running under full capacity and can support the additional barrels, which would reduce future transportation costs and may extend the economic life of the North Slope.

Recommendations

- The new administration should review State of Alaska litigation positions and current efforts to identify likely successful paths and alternative methods to impact federal decisions in order to hold OCS lease sales and approve OCS project permits.
- The new administration should issue a proclamation to Alaska's congressional delegation requesting they use their majority position to obtain congressional support for Alaska receiving OCS revenue sharing comparable to other coastal states.
- The new administration should request Alaska's legislative bodies to issue a similar resolution to above.
- The new administration should meet with Alaska's congressional delegation in person to emphasize the message with proclamations.
- The new administration should work with AML and the affected Municipalities to seek their continuing input and support for OCS development and permitting throughout the various processes.
- The new administration should work with AML and the affected Municipalities, the lease holders, and the congressional delegation to encourage OCS lease production to flow through TAPS.
- The new administration should work with AML and the affected Municipalities, the lease holders, and the congressional delegation to encourage the extension of the current offshore leases.

6. Value-Added Industry

Goals

- To support lower-cost energy in Alaska.
- To encourage successful starts of manufacturing facilities in Alaska resulting in sales of finished products, more jobs, increased taxes, and benefits to State and local governments (e.g. Agrium, Flint Hills).

Executive Summary of Comments

The oil and gas transition team agreed that value-added industry is an important issue for the new administration. Value-added industry can create jobs, lower energy costs, and increase tax revenue for the State. After extensive discussions, the team determined two primary goals the new administration should work to achieve as are indicated above.

The group discussed the important role for value-added industry. The State and the new administration need to support businesses that can operate manufacturing facilities resulting in sales of finished products. Adding value to our oil and gas resources in Alaska will optimize the value of those resources to Alaskans. The group discussed the benefits of processing a higher percentage of our oil and gas resources within Alaska. If value-added industry is created and supported in Alaska, it would increase the availability of jobs, lower energy costs for Alaskans, increase the State's tax revenue, and have significant benefits to both State and local governments.

The team agreed the new administration needs to investigate and encourage value-added industry in Alaska. In order to move forward with encouraging value-added industry throughout the State, the new administration should hold a summit with the value-added industry to better understand its challenges and how best to encourage additional value-added industry to locate in Alaska. Such companies as Flint Hills and Agrium should be encouraged to attend.

Recommendations

- The new administration should investigate and encourage opportunities to develop value-added industry in Alaska.
- The new administration should meet with the representatives of value-added industry to better understand their challenges and to encourage them to develop a greater value-added industrial base in Alaska.
- The new administration should meet with Agrium officials to discuss what steps can be taken to move forward and reopen the fertilizer plant in Nikiski.
- The new administration should maintain gas royalties as currently based.

7. Lower-Cost Energy

Goals

- To support lower-cost energy in Alaska.
- To expeditiously review the Interior Energy Project for appropriate source of supply.

Executive Summary of Comments

The oil and gas transition team determined that low-cost energy is an important issue to Alaskans. After lengthy discussions, the team determined two primary goals the new administration should work to achieve, as indicated above. The group was also careful to limit its recommendations to areas that would not directly overlap with the consumer energy team.

There was complete consensus that lower-cost energy is needed throughout the State. Most team members agreed that the new administration should immediately meet with the current stakeholders and then declare an energy emergency in Fairbanks due to the poor air quality resulting from continuing to use wood, coal, and fuel oil for space heating rather than natural gas.

The new administration should support lower-cost energy projects throughout the State in order to address the gas supply issues plaguing Alaska. This goal can be accomplished by supporting programs necessary to allow Alaskans to convert to lower-cost and cleaner-burning energy. The State also needs to facilitate private industry, including the continuation of the AHFC conservation grant program.

The new administration should immediately review the Interior Energy Project and determine the appropriate source of supply for the project. When reviewing the project, the new administration should specifically look at the continuing use of AIDEA/AEA as the project manager and whether the source of natural gas supply should be from the North Slope liquefaction plant, as currently conceived, from the Cook Inlet liquefaction plants, or from some other source.

Recommendations

- Provide support programs necessary to allow Alaskans to convert to lower-cost energy options.
- Support the rapid development of distribution infrastructure.
- Continue AHFC conservation grant program.
- Exeditiously reevaluate and identify source of supply for the Interior Energy Project.
- The new administration should evaluate the management of the Interior Energy Project.

8. Unconventional Oil & Gas

Goals

- To develop unconventional resources.
- Evaluate how to better collaborate and integrate the Alaskan universities for original research and training to support the industry for both conventional and unconventional resources.

Executive Summary of Comments

The oil and gas transition team agreed that production from unconventional oil and gas is an important issue for Alaska. The group discussed the tremendous value of energy from unconventional sources and the need to begin focusing additional resources on the development of these resources. After discussing the issues, the team determined the two primary goals the new administration should work to achieve are as indicated above.

The group agreed the new administration should meet with parties involved in the development of these resources within the State. For example, the new administration should meet with Great Bear (shale play) and the major producers involved in heavy oil development to better understand and encourage the development of these resources.

The group agreed that original research and industry-specific training was necessary to unlock the value of unconventional sources of energy. The importance of technological and industry-specific skills for unlocking the energy potential from shale oil, heavy oil, and methane hydrates were all discussed by the group.

The group agreed the new administration should collaborate with people within the Alaska university systems and the industry to discuss the universities' current involvement and potential new initiatives to support Alaska's conventional and unconventional oil and gas development. This collaboration should include a summit and/or workgroup involving the unconventional players throughout the industry and university stakeholders to determine the best way to move forward. The team discussed the need for the new administration to support the universities' role in conducting original research and providing the industry-specific skills necessary to develop Alaska's conventional and unconventional oil and gas resources.

Recommendations

- The new administration should meet with development parties working on Alaskan unconventional resources (e.g. Great Bear/Shale/Hilcorp/Heavy Oil).
- The new administration and DNR Commissioner should meet with university presidents and leadership to develop greater university involvement and potential new initiatives to support Alaska's conventional and unconventional oil and gas (e.g. New technology).
- The new administration should meet with industry participants to talk about the universities' involvement in potential initiatives to support unconventional and conventional oil plays.

9. Transparency

Goals

- To have transparent government that to the maximum degree possible establishes policies of sharing information underlying the policy decisions in the oil and gas area, while maintaining confidentiality as needed.
- That DNR establish policy with respect to lease sales that rewards the highest bidder after lease conflicts are resolved with title.

Executive Summary of Comments

The oil and gas transition team agreed that greater transparency as to the information underlying oil and gas policy decisions in Alaska is an important issue for the new administration. As the team discussed transparency policies, there was little disagreement. After lengthy discussions, the team determined the two primary goals the new administration should work to achieve are as indicated above.

All team members agreed on the importance that government establish a policy that allows as much information to be shared with the public as possible regarding the State's policy decisions regarding the development of our oil and gas resources. Some expressed the concern that transparency was not always possible given the commercially sensitive and confidential nature of some information. While the group agreed this was a legitimate concern, the majority suggested government could be much more transparent with regard to oil and gas matters.

The group discussed one specific example of a transparency issue relating to the DNR's practice and procedures in lease sales and purchases. A concern was raised that the DNR, without completing a title search, allows companies and individuals to publicly bid on leases. This procedure creates a situation where private companies and individuals are forced to divulge their highest bid to the public with the possibility of never receiving clear title. Currently, once the title is cleared, the lease goes back into the next lease sale, but at this point the previous bidders' highest bids are already known by all other bidders. In order to remedy this situation, the group agreed DNR should reward the lease to the previous highest bidder once title conflicts are cleared rather than rebidding the lease.

Recommendations

- Encourage a transparent government that to the maximum degree possible establishes policies of sharing information underlying the policy decisions in the oil and gas area, while maintaining confidentiality as needed.
- Develop a policy regarding issuance of leases following title search that awards the lease to the successful bidder after all issues have been resolved.

Acronym	Definition
470 Fund	Oil and Hazardous Substance Release Response Fund (OHSRRF)
AEA	Alaska Energy Authority
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
AML	Alaska Municipal League
ANS	Alaska North Slope
AS 43.56	Alaska Statute 43.56: Oil & Gas Exploration, Production & Pipeline Transportation Property Taxes
ASAP	Alaska Stand Alone Pipeline
CI	Cook Inlet
DGGS	Alaska Division of Geological & Geophysical Surveys
DNR	Department of Natural Resources
DR&R	Dismantlement, Removal & Restoration
EIC	Exploration Incentive [Tax] Credit
EPA	Environmental Protection Agency
ESA	Endangered Species Act
IEP	Interior Energy Project
LNG	Liquid Natural Gas
O&G	Oil & Gas
OCS	[Alaska] Outer Continental Shelf
OPMP	Office of Project Management & Permitting
PIM	Petroleum Information Management
SB 138	Senate Bill 138: Gas Pipeline; Alaska Gasline Development Corporation; Oil & Gas Production Tax
SB 21	Senate Bill 21: Oil & Gas Production Tax
TAPS	Trans Alaska Pipeline System