

APPLICATION PACKET

NATIONAL PETROLEUM RESERVE – ALASKA (NPRA) IMPACT MITIGATION PROGRAM

Issued By:

State of Alaska

Department of Commerce, Community and Economic Development

Division of Community Advocacy

September 2006

NPRA Impact Mitigation Program Application Packet

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Federal statute 42 U.S.C. 6501 – 6508
Alaska statute AS 37.05.530 as amended by SB 171
Alaska Administrative Code 3 AAC 150.010 – 3 AAC 150.090

I. GENERAL INFORMATION

A. Issuing Agency and Contact Person

This Application Packet is issued by:

State of Alaska
Department of Commerce, Community and Economic Development (DCCED)
Division of Community Advocacy - Grants Section
Attention: Melanie Greer
P.O. Box 110809
Juneau, Alaska 99811-0809 (Mailing Address)

150 Third Street
Juneau, Alaska (Delivery Address)

Phone Number: (907) 465-5541
Fax Number: (907) 465-5867
E-mail: melanie_greer@commerce.state.ak.us

B. Additional Information and Assistance Available

Applicants should carefully review this Application Packet for errors, questionable or objectionable materials, and items requiring clarification. Applicants should put comments and/or questions in writing and mail them to the above address or phone the above individual for clarifications. DCCED may issue written clarifications to all those who initially received a copy of the Application Packet.

DCCED will be hosting a workshop in conjunction with the North Slope Borough Grants Division to assist applicants in identifying eligible projects and understanding the NPRA Impact Program. The workshop will be held on September 13 and 14, 2006 in Barrow, Alaska. DCCED will provide further information under separate cover.

C. Introduction of the NPRA Impact Grant Program

As authorized December 12, 1980, by 42 U.S.C. Chapter 78, Sections 6501-6508, the Federal Government, through the U.S. Department of the Interior, Bureau of Land Management (BLM) manages and allows for the exploration and development of oil and gas within the National Petroleum Reserve-Alaska (NPRA). In accordance with 42 U.S.C. § 6508, 50 percent of the money received by the federal government from the “sales, rentals, bonuses, and royalties on leases issued . . .” within the NPRA is paid to the State of Alaska.

As required by Alaska statute (AS) 37.05.530, DCCED adopted regulations addressing the NPRA Impact Program under Alaska Administrative Code (AAC) 3 AAC 150.010 – 3 AAC 150.090 which allows municipalities impacted by oil and gas development in the NPRA to apply for assistance (grants) to alleviate the impact.

In accordance with:

- AS 37.05.530(c), participation is limited to municipalities.
- AS 37.05.530(c), (d), and (e), municipalities must demonstrate present impact or the need to determine or plan for future impact of oil and gas development within the NPRA.
- AS 37.05.530(c), priority is given to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development within the NPRA.
- AS 37.05.530(e), municipalities may use the funds to alleviate the impact of the oil and gas development within the NPRA only for the following activities and services: **(1) planning; (2) construction, maintenance, and operation of essential public facilities by the municipality; and (3) other necessary public services provided by the municipality.**
- AS 37.05.530(f), funds may not be used for the retirement of municipal debt.
- 3 AAC 150.050(c), **impact is defined as** an effect reasonably attributable to NPRA oil and gas activities under 42 U.S.C. § 6508 on:
(1) population; (2) employment; (3) finances; (4) social and cultural values; (5) air and water quality; (6) fish and wildlife habitats; (7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and (8) other things of demonstrable importance to the applicant or the applicant's residents.

D. Who May Apply

In accordance with AS 37.05.530(c), only municipalities are eligible to apply for and receive NPRA impact funds.

Alaska has two types of municipalities: (1) cities and (2) organized boroughs. For ease of reference, the word *municipality* will be used throughout this document when referring to cities and boroughs unless the context requires use of the specific type of municipality.

Although only municipalities may apply, unincorporated communities may benefit if located within the boundaries of an organized borough within the NPRA. The organized borough may submit an application for NPRA impact assistance for an unincorporated community.

E. Current and Potential Impacts

In accordance with AS 37.05.530(c), (d), and (e) and 3 AAC 150.050(c), the Applicant must demonstrate that the municipality and/or its residents have been and/or may be impacted by oil and gas development in the NPRA. The more direct or severe the impact, the higher funding priority the Applicant will receive.

The applicant must clearly **identify NPRA oil and gas development activities or anticipated activities; identify the impact(s) and tie those impacts** to the development or anticipated development; and demonstrate **how the proposed project will alleviate the impact(s).**

F. Types of Projects

In accordance with AS 37.05.530(e), projects must be for activities and services that will *alleviate the impact* on a municipality and/or its residents resulting from oil and gas development activities in the NPRA and are limited to: **(1) planning; (2) construction, maintenance, and operation of essential public facilities by the municipality; and (3) other necessary public services provided by the municipality.**

Examples of potential projects include, but are not limited to the following:

- resource protection to ensure the continued viability of fish, wildlife, and other natural resources on which the applicants' residents rely for subsistence needs;
- alleviation or mitigation of adverse social or cultural impacts;
- health needs, including hospitals, clinics, emergency medical facilities, alcohol and drug abuse facilities, mental health facilities, waste disposal systems, and water quality improvement systems; public safety needs including police protection, search and rescue, and fire protection;
- utility needs including electric generating plants and distribution systems, water supply systems, telephone systems, and other fuel distribution systems;
- housing needs;
- recreation needs

G. Project Requirements

In addition to the parameters of the NPRA Impact Program identified in this Application Packet, an applicant must also take into consideration provisions routinely required when entering into a Grant Agreement with DCCED. DCCED will make available, upon request, a sample Grant Agreement for potential applicants.

H. Project Budget

A detailed and comprehensive budget that clearly identifies all proposed project costs must be provided as part of the application. It is important for the applicant to include professional cost estimates and/or explain how all proposed costs were computed in the budget narrative. DCCED may choose to fund a project at a lesser amount than that proposed. If the proposed project is a continuation of an existing NPRA grant activity(s), the applicant is advised to provide details on the status of the open grant(s) and the distinction between expected outcomes for the proposed grant versus existing grant(s).

This is a cost reimbursable grant program. The applicant will be required to expend funds and then seek reimbursement from DCCED on either a monthly or a quarterly basis.

II. SUBMISSION DETAILS

I. Due Date, Number of Copies, and Format

An applicant must submit an original and 5 copies of an NPRA Application to the address and individual listed on page 3 of this Application Packet. **A separate Application must be submitted for each proposed project.**

The application **must be postmarked no later than November 15, 2006** in order to receive funding consideration. **Facsimile copies will not be accepted.** Application materials submitted after the November 15, 2006 postmark date may not be accepted or considered in the review process. **All materials to be considered should be enclosed with the application.** The applicant must submit an original application but may choose to submit one copy of each application on Compact Disk rather than five hard copies.

Each Application should consist of the following:

- **Section J: NPRA Impact Mitigation Program Signature Sheet & Certifications (sample attached)**
- **Section K: Resolution of the Applicant's Local Governing Body (sample attached)**
- **NPRA Impact Mitigation Program Detailed Budget Summary Sheet (sample attached)**
- **A Narrative addressing at a minimum the information outlined in Sections L through P of this Application Packet as appropriate to the proposed project**
- **A copy of the applicant's most recent audit or certified financial statement (only one copy is required of the audit/certified financial statement and should be attached to the original application)**

J. Signature Sheet and Certifications

An Application must include the attached NPRA Signature Sheet and Certifications which attests to the truthfulness of the information provided and provides the *signature* of the official authorized to submit the application on behalf of the applicant and bind them to the terms of the application.

K. Resolution of the Applicant's Local Governing Body

An Application must include a Resolution passed by the municipality's local governing body (borough assembly or city council, as applicable) authorizing submission of the application and participation in the program. The applicant may use the Resolution Form attached to this Application Packet or a similar version.

L. Administrative Capability & Applicant Information **15 Points Possible**

Provide the complete name, mailing address, and physical address of the applicant.

Provide the name, title, phone number, and email address, if available, of the applicant's contact person.

Discuss the applicant's previous experience in accomplishing and/or providing and/or managing similar projects.

Identify the applicant's key personnel, including at a minimum, the project manager and financial or administrative manager and provide the following information for each individual:

- Name and position title.
- Responsibilities in relationship to this project.
- Previous experience with similar projects and/or any projects funded by grants from other state or federal agencies.
- Individual résumés of key personnel should also be included.

If the Applicant intends to hire a contractor(s) to perform portions of this project, the applicant should disclose that intent and, if possible, provide the following information for each contractor at time of Application. If this information is not included in the Application it will be required to be submitted either when the grant agreement is executed or prior to release of funds:

- Complete name, mailing address, and physical address of the contractor and a contact person.
- Verification of business license and other licensing credentials required under Alaska law.
- Identification of the contractor's key personnel; previous experience; and responsibilities of each in the completion of the project.
- Individual résumés should also be included.

M. Current & Potential Impacts & How Project Alleviates those Impacts Possible Points 45

The applicant must clearly identify current impacts and/or potential impacts resulting from oil and gas development within the NPRA and how the proposed project alleviates those impacts. The more direct or severe the impact(s) the higher priority the project will receive in funding consideration. For potential impact(s), the applicant should provide an anticipated timeframe.

In order to receive maximum points in this rating category, it is critical that the applicant identify NPRA oil and gas development activities or anticipated activities; tie those impacts to the development or anticipated development; and discuss how the proposed project will alleviate the impact(s). The more complete this discussion of impacts and the more documentation provided, the higher the score the applicant is likely to receive in this category.

In accordance with 3 AAC 150.050(c), the impact(s) should be discussed in the context of the elements listed below. A few examples of possible documentation are identified below:

- Population: A discussion of and documentation of changing demographics; population increases or decreases which are supported with census or similar survey data; how these changes are related to oil and gas development within the NPRA; and how the proposed project mitigates those impacts.
- Employment: A discussion and documentation reflecting increased or decreased employment opportunities based on Department of Labor or other valid statistical data; how these changes are attributable to oil and gas development within the NPRA; and how the proposed project mitigates those impacts.

- Finances: A discussion of the applicant or impacted municipality's changing financial status and how this is attributable to oil and gas development within the NPRA. Discussion might include a list of the types of services and/or staff the municipality is providing as a result of oil and gas development within the NPRA which was not provided before. Copies of recent audited financial statements might be provided as support for increased municipal costs. Also include a discussion of how the proposed project will mitigate the identified impacts.
- Social Impacts: A discussion of the social issues impacted by oil and gas development within the NPRA such as increases in the incidence of domestic violence; drug and alcohol abuse; incidence of suicide; health related issues; and incidences of crime which may be attributed to oil and gas development within the NPRA. Documentation which demonstrates these increases and a discussion of how the proposed project will mitigate those impacts should be included.
- Cultural Impacts: A discussion of how oil and gas development within the NPRA has resulted in cultural impacts and how the proposed project will address those. Records of changes in the subsistence lifestyle; availability of subsistence resources; and changes in the day to day lifestyle and habits of local residents for example, which can be attributable to oil and gas development and how the proposed project will mitigate those impacts.
- Air and Water Quality and related Environmental Impacts: A discussion of environmental impacts documenting, for example, a change in air or water quality, which is attributable to oil and gas development activities within the NPRA and how the proposed project will mitigate those impacts.
- Fish and Wildlife Impacts: A discussion of and documentation reflecting impacts to fish and wildlife habitats which are due to oil and gas development within the NPRA and how the proposed project will mitigate those.
- Public Services. A discussion of and records reflecting demand for police, fire, search and rescue operations; health care, hospital, and emergency services; educational services; demand on electrical generation and distribution systems; water supply and distribution systems; fuel distribution systems; refuse collection and disposal; telephone systems; transportation; and the need of municipal personnel or services to oversee various NPRA impact areas and a discussion of how attributable to oil and gas development activities.
- Other areas of demonstrable importance to the applicant or applicant's residents which can be attributed to oil and gas development and for which documentation reflecting a change or potential change as a result of NPRA oil and gas activity is provided.

Note: Not all of the above categories will be applicable for every impact or project. The list is intended to assist applicants in identifying and documenting current and potential impact of oil and gas development within the NPRA. **Applicants must not only identify NPRA oil and gas development activities and resulting impacts, but also show how those are attributable to oil and gas development within the NPRA and how the proposed project will alleviate them.**

N. Project Description

Possible Points 20

The applicant must provide a detailed narrative of every aspect of the proposed project. At a minimum, the narrative should include but not be limited to:

- Clear and concise discussion of what the project is and what community it will benefit, including whether it is for (1) planning, (2) construction, maintenance, or operation of essential public facilities; or (3) other necessary public services.
- Clear and concise discussion of the project's goal and/or what will be accomplished and how the end result relates to and/or mitigates the current or potential impacts identified by the applicant.
- Clearly identified time-lines, goals, and specific activities/objectives to be accomplished; completion date of each; and completion date of the entire project.
- If the project is for facility construction/renovation or involves the use of real property, detailed information on the facility location; construction designs and specifications; engineering designs; technical specifications; and evidence demonstrating that the applicant has a legal right to use and/or access the property (site control) must be provided.
- If the project is for facility construction/renovation or involves the use of real property, a discussion of how the project will be sited and constructed in a manner which addresses state and federal land-use standards; coastal zone management; erosion control; flood-plain management; and other applicable standards must be included.
- Discussion of environmental and industry permits; certifications; and other special requirements and necessary approvals should be included in the application.
- Discussion of the total project cost and other funding available beyond the NPRA request if needed for completion of project.

Note: If the proposed project is a continuation of an existing NPRA grant activity(s) the applicant is advised to provide details on the status of the on-going grant(s) and to clearly define the expected outcomes for the proposed grant versus the existing grant(s). It is recommended that current status reports of similar open grants be attached to the application for a continuation grant.

O. Project Budget

Possible Points 15

The application must provide a detailed and comprehensive budget that clearly identifies all costs associated with the project, including independent cost estimates and supporting documentation as available. At a minimum applicants should provide a narrative which explains how proposed costs were computed. All applicants must complete and submit the attached **NPRA Detailed Budget Summary Sheet**. The narrative discussion should include, but by no means be limited to the following:

- Identify all direct project costs. Examples include, but are not limited to materials and supplies needed for facility modifications; freight; equipment rental and/or purchases; land; contractual or professional services; payroll and benefits if force accounted; and similar costs.
- Identify all administrative costs and whether computed as a direct or indirect percentage of total project cost. Only those applicants with approved indirect administrative rates from a cognizant federal agency may request indirect rates. Direct administrative costs must be identified by line item.

P. Project Sustainability

Possible Points 5

The applicant must describe the long-term sustainability of the project. Information must be consistent with information presented elsewhere in the application. Discussion should include but is not limited to:

- How the project will continue to function and alleviate the impact of oil and gas development within the NPRA on a long-term basis -- beyond the initial project or grant.
- The continuing costs of the project; including operation and maintenance; equipment upgrades and replacement; facility upgrades and replacement; and other improvements.
- The source and amount of funds available to sustain the project for the long term.

III. REVIEW AND EVALUATION OF APPLICATIONS BY ASC

Q. Threshold Review of Applications

DCCED will perform a threshold review of all applications postmarked by the November 15th deadline to identify those that meet the minimum requirements for further review and funding consideration. DCCED, at its sole discretion, may contact the applicant for additional information or clarification or declare an application non-responsive and reject it in its entirety during Threshold Review. Factors that will be considered in the threshold review include, but are not necessarily limited to the following:

- Was the application postmarked by November 15, 2006?
- Is the applicant eligible to apply, i.e., a municipality within the boundaries of the NPRA?
- Does the applicant exercise the power required under Alaska Statute 29 to legally perform the project?
- Is the project eligible, i.e., is it for **1) planning; 2) construction, maintenance, and operation of essential public facilities by the municipality; 3) other necessary public services provided by the municipality?**
- Did the applicant identify oil and gas development activity or activities within the NPRA which resulted in an impact or impacts and demonstrate how the proposed project will alleviate those impact(s)?

Note: It is the responsibility of the Application Selection Committee (ASC) to determine the adequacy of the impacts and the degree to which the impacts and alleviation of those are demonstrated.

- Did the applicant include a **Resolution of the Applicant's Local Governing Body** authorizing the submission of the application and participation in the NPRA impact program?
- Did the applicant include the attached **NPRA Signature Sheet and Certifications** with appropriate signature?
- Did the applicant include the attached **Detailed Budget Summary Sheet** and provide a budget narrative which clearly identifies all costs of the project?
- Is the application complete enough and does it provide enough information for evaluation?

If an application fails to pass threshold review it will be eliminated from further funding consideration and the applicant will be so notified.

R. Evaluation of Applications

Applications passing threshold review will be forwarded to an Application Selection Committee (ASC) for scoring based upon the rating criteria identified below. The more thorough and complete an Applicant's response to Sections L through P of this Application Packet, the higher numerical score the application will likely receive.

<u>Evaluation Factor</u>	<u>Maximum Possible Points</u>
Administrative Capability	15 (Section L)
Current and Potential Impacts	45 (Section M)
Project Description	20 (Section N)
Project's Budget	15 (Section O)
Project's Sustainability	5 (Section P)
Maximum Possible Points	100

The Application Selection Committee members will have the opportunity to meet as a group after they have read and reviewed the applications forwarded to them for funding consideration. The purpose of the meeting is to discuss the applications and finalize the individual scores. After all scoring is completed by ASC members the scores for each Application are averaged and the Applications are listed in rank order for review and final funding recommendations by the Commissioner's Office.

S. Results of the Evaluation and Requests for Reconsideration

All applicants will be notified in writing of the results of the application review process and of the funding results. DCCED anticipates completing the evaluation review process and announcing awards in January or February 2007.

Unsuccessful applicants may request reconsideration of the funding results by addressing such requests in writing to:

Commissioner
Department of Commerce, Community and Economic Development
P.O. Box 110800
Juneau, AK 99811-0800

A copy of each request for reconsideration should also be forwarded to Jo Grove, Grant Manager at 211 Cushman, Fairbanks, AK 99701.

Requests for reconsideration should identify the reasons and justification for the request and must be received in the Commissioner's Office no later than 30 days after funding decisions are announced.

Required of all applicants:

- ☆ Completed and signed NPRA Application Signature Sheet and Certifications
- ☆ Completed NPRA Application Detailed Budget Summary Sheet
- ☆ Completed Resolution of Local Governing Body authorizing submission of the Application and Participation in Program
- ☆ Application Narrative addressing areas identified in **Sections L through P** of the Application Packet which are:
 - Applicant Information & Administrative Capabilities
 - Current & Potential Impacts & How Project Alleviates those Impacts
 - Project Description
 - Project Budget (including narrative and Detailed Budget Summary Sheet)
 - Project Sustainability
- ☆ One copy of Applicant's most recent Audit or Certified Financial Statement

The following documentation should be attached in order to receive maximum points in Project Rating:

- ... Professional cost estimates and documentation for budget items
- ... Design, engineering or site plan if appropriate
- ... Permits, if appropriate
- ... Site control (deed, lease, etc.) if project involves the use of land or an existing facility
- ... Information showing that those who will carry out the project are qualified to do so (i.e., resumes)
- ... Source documentation to support claims of Impact and evidence supporting how the proposed project will alleviate those impacts
- ... Any other information showing that the project, if funded, will likely be completed and that there is enough money committed to complete it
- ... Any other documentation that will help your project secure more points in Project Rating

**NPRA IMPACT MITIGATION PROGRAM
DETAILED BUDGET SUMMARY SHEET**

Cost Category	NPRA Request	Total Project Cost
Labor/Fringe Benefits	\$	\$
Contractual	\$	\$
Equipment Rental/Purchase	\$	\$
Materials/Supplies	\$	\$
Freight	\$	\$
Travel	\$	\$
Administration	\$	\$
Other (explain)	\$	\$
TOTAL	\$	\$

Please provide a narrative description of each budget amount in your application and explain how each amount was computed. Include cost estimates if available.

**RESOLUTION OF APPLICANT'S LOCAL GOVERNING BODY
AUTHORIZING SUBMISSION OF THE APPLICATION AND PARTICIPATION IN
THE NPRA IMPACT MITIGATION PROGRAM**

RESOLUTION NUMBER _____(1)

A RESOLUTION of the _____(2) authorizing participation in the National Petroleum Reserve - Alaska (NPRA) program.

WHEREAS, the _____(2) wishes to provide _____(3) for use in the community; and

WHEREAS, the municipality is an applicant for a grant in the amount of \$ _____(4) from the Alaska Department of Commerce, Community and Economic Development under the NPRA Impact Mitigation Program authorized by Chapter 53, SLA 1986 as amended;

NOW THEREFORE BE IT RESOLVED that the _____(5) of the _____(2) is hereby authorized to submit this application and negotiate and execute any and all documents required for granting and managing funds on behalf of this municipality.

The _____(5) is also authorized to execute any subsequent amendments to said grant agreement to provide for adjustments to the project within the scope of services or task and based upon the needs of the project.

PASSED AND APPROVED BY THE _____(6) on _____(7), 2006.

IN WITNESS THERETO:

By: _____(5)
Signature and Title

Attest: _____(8)
Signature and Title

- (1) Resolution Number
- (2) Name of Municipality
- (3) Project Title
- (4) Amount of NPRA grant funds
- (5) Chief Administrative Officer or Highest Elected Official
- (6) Municipal governing body
- (7) Date resolution was adopted
- (8) Clerk of Municipality

UNITED STATES CODE
Title 42 - The Public Health And Welfare
Chapter 78 - National Petroleum Reserve In Alaska

Sec. 6501. - "Petroleum" defined

As used in this chapter, the term "petroleum" includes crude oil, gases (including natural gas), natural gasoline, and other related hydrocarbons, oil shale, and the products of any of such resources

Sec. 6502. - Designation of National Petroleum Reserve in Alaska; reservation of lands; disposition and conveyance of mineral materials, lands, etc., preexisting property rights

The area known as Naval Petroleum Reserve Numbered 4, Alaska, established by Executive order of the President, dated February 27, 1923, except for tract Numbered 1 as described in Public Land Order 2344, dated April 24, 1961, shall be transferred to and administered by the Secretary of the Interior in accordance with the provisions of this Act. Effective on the date of transfer all lands within such area shall be redesignated as the "National Petroleum Reserve in Alaska" (hereinafter in this chapter referred to as the "reserve"). Subject to valid existing rights, all lands within the exterior boundaries of such reserve are hereby reserved and withdrawn from all forms of entry and disposition under the public land laws, including the mining and mineral leasing laws, and all other Acts; but the Secretary is authorized to

(1) make dispositions of mineral materials pursuant to the Act of July 31, 1947 (61 Stat. 681), as amended (30 U.S.C. 601 et seq.), for appropriate use by Alaska Natives and the North Slope Borough,

(2) make such dispositions of mineral materials and grant such rights-of-way, licenses, and permits as may be necessary to carry out his responsibilities under this Act,

(3) convey the surface of lands properly selected on or before December 18, 1975, by Native village corporations pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), and

(4) grant such rights-of-way to the North Slope Borough, under the provisions of title V of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761 et seq.) or section 28 of the Mineral Leasing Act, as amended (30 U.S.C. 185), as may be necessary to permit the North Slope Borough to provide energy supplies to villages on the North Slope. All other provisions of law heretofore enacted and actions heretofore taken reserving such lands as a Naval Petroleum Reserve shall remain in full force and effect to the extent not inconsistent with this Act

Sec. 6503. - Transfer of jurisdiction, duties, property, etc., to Secretary of the Interior from Secretary of Navy

(a) Transfer of jurisdiction over reserve; date of transfer

Jurisdiction over the reserve shall be transferred by the Secretary of the Navy to the Secretary of the Interior on June 1, 1977.

(b) Protection of environmental, fish and wildlife, and historical or scenic values; promulgation of rules and regulations

With respect to any activities related to the protection of environmental, fish and wildlife, and historical or scenic values, the Secretary of the Interior shall assume all responsibilities as of April 5, 1976. As soon as possible, but not later than the effective date of transfer, the Secretary of the Interior may promulgate such rules and regulations as he deems necessary and appropriate for the protection of such values within the reserve.

(c) Contract responsibilities and functions

The Secretary of the Interior shall, upon the effective date of the transfer of the reserve, assume the responsibilities and functions of the Secretary of the Navy under any contracts which may be in effect with respect to activities within the reserve.

(d) Equipment, facilities, and other properties used in connection with operation of reserve; transfer without reimbursement

On the date of transfer of jurisdiction of the reserve, all equipment, facilities, and other property of the Department of the Navy used in connection with the operation of the reserve, including all records, maps, exhibits, and other informational data held by the Secretary of the Navy in connection with the reserve, shall be transferred without reimbursement from the Secretary of the Navy to the Secretary of the Interior who shall thereafter be authorized to use them to carry out the provisions of this chapter.

(e) Unexpended funds previously appropriated for use in connection with reserve and civilian personnel ceilings assigned to management and operation of reserve

On the date of transfer of jurisdiction of the reserve, the Secretary of the Navy shall transfer to the Secretary of the Interior all unexpended funds previously appropriated for use in connection with the reserve and all civilian personnel ceilings assigned by the Secretary of the Navy to the management and operation of the reserve as of January 1, 1976

Sec. 6504. - Administration of reserve

(a) Congressional authorization as precondition for production and development of petroleum

Except as provided in subsection (e) of this section, production of petroleum from the reserve is prohibited and no development leading to production of petroleum from the reserve shall be undertaken until authorized by an Act of Congress.

(b) Conduct of exploration within designated areas to protect surface values

Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve.

(c) Continuation of ongoing petroleum exploration program by Secretary of Navy prior to date of transfer of jurisdiction; duties of Secretary of Navy prior to transfer date

The Secretary of the Navy shall continue the ongoing petroleum exploration program within the reserve until the date of the transfer of jurisdiction specified in section 6503(a) of this title. Prior to the date of such transfer of jurisdiction the Secretary of the Navy shall -

(1) cooperate fully with the Secretary of the Interior providing him access to such facilities and such information as he may request to facilitate the transfer of jurisdiction;

(2) provide to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives copies of any reports, plans, or contracts pertaining to the reserve that are required to be submitted to the Committees on Armed Services of the Senate and the House of Representatives; and

(3) cooperate and consult with the Secretary of the Interior before executing any new contract or amendment to any existing contract pertaining to the reserve and allow him a reasonable opportunity to comment on such contract or amendment, as the case may be.

(d) Commencement of petroleum exploration by Secretary of the Interior as of date of transfer of jurisdiction; powers and duties of Secretary of the Interior in conduct of exploration

The Secretary of the Interior shall commence further petroleum exploration of the reserve as of the date of transfer of jurisdiction specified in section 6503(a) of this title. In conducting this exploration effort, the Secretary of the Interior -

(1) is authorized to enter into contracts for the exploration of the reserve, except that no such contract may be entered into until at least thirty days after the Secretary of the Interior has provided the Attorney General with a copy of the proposed contract and such other information as may be appropriate to determine legal sufficiency and possible violations under, or inconsistencies with, the antitrust laws. If, within such thirty day period, the Attorney General advises the Secretary of the Interior that any such contract would unduly restrict competition or be inconsistent with the antitrust laws, then the Secretary of the Interior may not execute that contract;

(2) shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives any new plans or substantial amendments to ongoing plans for the exploration of the reserve. All such plans or amendments submitted to such committees pursuant to this section shall contain a report by the Attorney General of the United States with respect to the anticipated effects of such plans or amendments on competition. Such plans or amendments shall not be implemented until sixty days after they have been submitted to such committees; and

(3) shall report annually to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives on the progress of, and future plans for, exploration of the reserve

Sec. 6505. - Executive department responsibility for studies to determine procedures used in development, production, transportation, and distribution of petroleum resources in reserve; reports to Congress by President; establishment of task force by Secretary of the Interior; purposes; membership; report and recommendations to Congress by Secretary; contents

(a) Omitted

(b)

(1) The President shall direct such Executive departments and/or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska, to determine the best overall procedures to be used in the development, production, transportation, and distribution of petroleum resources in the reserve. Such study shall include, but shall not be limited to, a consideration of -

(A) the alternative procedures for accomplishing the development, production, transportation, and distribution of the petroleum resources from the reserve, and

(B) the economic and environmental consequences of such alternative procedures.

(2) The President shall make semiannual progress reports on the implementation of this subsection to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives beginning not later than six months after April 5, 1976, and shall, not later than one year after the transfer of jurisdiction of the reserve, and annually thereafter, report any findings or conclusions developed as a result of such study together with appropriate supporting data and such recommendations as he deems desirable. The study shall be completed and submitted to such committees, together with recommended procedures and any proposed legislation necessary to implement such procedures not later than January 1, 1980.

(c)

(1) The Secretary of the Interior shall establish a task force to conduct a study to determine the values of, and best uses for, the lands contained in the reserve, taking into consideration

- (A) the natives who live or depend upon such lands,
- (B) the scenic, historical, recreational, fish and wildlife, and wilderness values,
- (C) mineral potential, and
- (D) other values of such lands.

(2) Such task force shall be composed of representatives from the government of Alaska, the Arctic slope native community, and such offices and bureaus of the Department of the Interior as the Secretary of the Interior deems appropriate, including, but not limited to, the Bureau of Land Management, the United States Fish and Wildlife Service, the United States Geological Survey, and the United States Bureau of Mines.

(3) The Secretary of the Interior shall submit a report, together with the concurring or dissenting views, if any, of any non-Federal representatives of the task force, of the results of such study to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives within three years after April 5, 1976, and shall include in such report his recommendations with respect to the value, best use, and appropriate designation of the lands referred to in paragraph (1)

Sec. 6506. - Applicability of antitrust provisions; plans and proposals submitted to Congress to contain report by Attorney General on impact of plans and proposals on competition

Unless otherwise provided by Act of Congress, whenever development leading to production of petroleum is authorized, the provisions of subsections (g), (h), and (i) of section 7430 of title 10 shall be deemed applicable to the Secretary of the

Interior with respect to rules and regulations, plans of development and amendments thereto, and contracts and operating agreements. All plans and proposals submitted to the Congress under this chapter or pursuant to legislation authorizing development leading to production shall contain a report by the Attorney General of the United States on the anticipated effects upon competition of such plans and proposals

Sec. 6507. - Authorization of appropriations; Federal financial assistance for increased municipal services and facilities in communities located on or near reserve resulting from authorized exploration and study activities

(a) There are authorized to be appropriated to the Department of the Interior such sums as may be necessary to carry out the provisions of this chapter.

(b) If the Secretary of the Interior determines that there is an immediate and substantial increase in the need for municipal services and facilities in communities located on or near the reserve as a direct result of the exploration and study activities authorized by this chapter and that an unfair and excessive financial burden will be incurred by such communities as a result of the increased need for such services and facilities, then he is authorized to assist such communities in meeting the costs of providing increased municipal services and facilities. The Secretary of the Interior shall carry out the provisions of this section through existing Federal programs and he shall consult with the heads of the departments or agencies of the Federal Government concerned with the type of services and facilities for which financial assistance is being made available

Sec. 6508. - Competitive leasing of oil and gas

There shall be conducted, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska: Provided, That

(1) activities undertaken pursuant to this section shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve);

(2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) (43 U.S.C. 1712, 1782) shall not be applicable to the Reserve;

(3) the first lease sale shall be conducted within twenty months of December 12, 1980: Provided, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332);

(4) the withdrawals established by section 102 of Public Law 94-258 (42 U.S.C. 6502) are rescinded for the purposes of the oil and gas leasing program authorized herein;

(5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1)(A) through (H) [1] of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629) (43 U.S.C. 1337(a)(1)(A)-(H));

(6) lease tracts may encompass identified geological structures;

(7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary;

(8) each lease shall be issued for an initial period of ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon;

(9) for purposes of conservation of the natural resources of any oil or gas pool, field, or like area, or any part thereof, lessees thereof and their representatives are authorized to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit agreement for such pool, field, or like area, or any part thereof (whether or not any other part of said oil or gas pool, field, or like area is already subject to any cooperative or unit plan of development or operation), whenever determined by the Secretary to be necessary or advisable in the public interest. Drilling, production, and well reworking operations performed in accordance with a unit agreement shall be deemed to be performed for the benefit of all leases that are subject in whole or in part to such unit agreement. When separate tracts cannot be independently developed and operated in conformity with an established well spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by the United States, under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Secretary of the Interior to be in the public interest, and operations or production pursuant to such an agreement shall be deemed to be operations or production as to each such lease committed thereto;

(10) to encourage the greatest ultimate recovery of oil or gas or in the interest of conservation the Secretary is authorized to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, including on any lease operated pursuant to a unit agreement, whenever in his judgment the leases cannot be successfully operated under the terms provided therein. The Secretary is authorized to direct or assent to the suspension of operations and production on any lease or unit. In the event the Secretary, in the interest of conservation, shall direct or assent to the suspension of operations and production on any lease or unit, any payment of acreage rental or minimum royalty

prescribed by such lease or unit likewise shall be suspended during the period of suspension of operations and production, and the term of such lease shall be extended by adding any such suspension period thereto; and

(11) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this section shall be paid into the Treasury of the United States: Provided, That 50 percent thereof shall be paid by the Secretary of the Treasury semiannually, as soon thereafter as practicable after March 30 and September 30 each year, to the State of Alaska for:

(A) planning;

(B) construction, maintenance, and operation of essential public facilities; and

(C) other necessary provisions of public service: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105(b) and (c) of Public Law 94-258 (42 U.S.C. 6505(b), (c)) shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190) (42 U.S.C. 4332(2)(C)), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: Provided, That not more than a total of 2,000,000 acres may be leased in these two sales: Provided further, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)

ALASKA STATUTES
Title 37. Public Finance
Chapter 5. Fiscal Procedures Act
Section 530. National Petroleum Reserve - Alaska Special Revenue Fund

(a) The National Petroleum Reserve - Alaska special revenue fund is established. The fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6508 (P.L. 96-514) since December 12, 1980, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984.

(b) The commissioner of revenue shall manage the National Petroleum Reserve - Alaska special revenue fund.

(c) The Department of Community and Economic Development shall adopt regulations under which municipalities impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact. The department shall give priority in the allocation of grants to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska. The department shall fund all meritorious grant applications out of the money appropriated to it each year. Within 10 days after the convening of each regular session of the legislature, the department shall submit to the legislature a list of all municipalities that have received grants, a list of all municipalities determined by the department to be eligible for further grants, a recommendation of the amount of money to be granted for those additional applications, and written justification of each past and potential grant.

(d) It is the intent of the legislature that each year all of the money in the National Petroleum Reserve - Alaska special revenue fund be made available for appropriation by the legislature to municipalities that demonstrate under (c) of this section present impact, or the need to determine or plan for future impact, from oil and gas development under 42 U.S.C. 6508. It is the intent of the legislature that an initial appropriation be made to the Department of Community and Economic Development to cover anticipated impact grants, and that additional funds be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

(e) A municipality may use the funds received under (d) of this section only for the following activities and services to alleviate the impact of the oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska:

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities by the municipality; and
- (3) other necessary public services provided by the municipality.

(f) Funds appropriated under (d) of this section may not be used for the retirement of municipal debt.

(g) The provisions of this subsection apply to amounts received by the state under 42 U.S.C. 6506a(l) of former 42 U.S.C. 6508, as follows:

(1) amounts received and not appropriated for grants to municipalities under (d) of this section shall be deposited at the end of each fiscal year as follows:

(A) 25 percent of amounts received by the state during that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6408 to the principal of the Alaska permanent fund; and

(B) .5 percent of amounts received by the state during that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6408 to the public school trust fund (AS 37.14.110);

(2) if, after making the grants under (d) of this section, the amounts remaining are insufficient to make payment in full of the deposits required by (1) (A) and (B) of this subsection, the deposits shall be allocated pro rata between the fund deposits;

(3) the amounts remaining after the making of payment of the deposits in full to the Alaska permanent fund and the public school trust fund under (2) of this subsection may be appropriated

(A) first, to each of the funds described in (1)(A) and (B) of this subsection to recover amounts not paid to those funds on or after the effective date of this Act because of deficiencies in making the payments required by (2) of this subsection; and

(B) after appropriations authorized by (A) of this paragraph, to the power cost equalization and rural electric capitalization fund (AS 42.45.100);

(4) the amounts remaining after any appropriation to the power cost equalization and rural electric capitalization fund shall lapse into the general fund for use by the state for the following facilities and services: planning; construction, maintenance, and operation of essential public facilities; and other necessary public services.

(h) In making appropriations from the National Petroleum Reserve - Alaska special revenue fund, the legislature shall identify the grants for activities, services, and facilities as capital appropriation items and shall specify the amounts for each item. Notwithstanding other provisions of law and unless expressly provided by the legislature in the appropriation item making the appropriation, an appropriation from the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes of determining the funding sources for the appropriation be treated as though the appropriation takes effect in the fiscal year in which the appropriation passes the legislature. The authorization to expend funds appropriated from the fund shall take effect as otherwise provided by law.

ALASKA ADMINISTRATIVE CODE
Title 3. Community and Economic Development
Chapter 150. National Petroleum Reserve - Alaska Impact Program

3 AAC 150.010. General Objectives

The primary objective of the National Petroleum Reserve-Alaska (NPR-A) Impact Program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil or gas leasing within the NPR-A, including exploration, production, and oil or gas transportation activities, conducted under the authority of 42 U.S.C. 6508. Financial assistance may be available for

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; and
- (3) other necessary public services.

3 AAC 150.020. Administration of NPR-A Impact Program

Under sec. 2, ch. 53, SLA 1986, the legislature will appropriate each year the balance remaining in the National Petroleum Reserve-Alaska special revenue fund to the Department of Community and Economic Development. The department will, in accordance with this chapter, receive, review, and evaluate applications from eligible municipalities each year, and will fund qualified grant requests up to the amount of the appropriation. Money not allocated to eligible municipalities each year lapses in accordance with sec. 3, ch. 53, SLA 1986. If the total amount of money requested by eligible municipalities in a year exceeds the appropriation for that year, the department will allocate the available grant money in accordance with the criteria for priority set out in 3 AAC 150.060 - 3 AAC 150.080. Additional money might be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

3 AAC 150.030. Eligibility in General

Eligibility for NPR-A impact assistance has two main components: applicant eligibility and project eligibility.

3 AAC 150.040. Applicant Eligibility

To be eligible to receive assistance under the NPR-A Impact program, the applicant

- (1) must be a municipality under state law; and
- (2) must demonstrate present impact, regardless of date of initial occurrence, or foreseeable future impact, on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

3 AAC 150.050. Project Eligibility

(a) To be eligible for funding under the NPR-A impact program, a project must be related to present, continuing, or reasonably foreseeable impact on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

(b) To be eligible for funding, a project also must be for the purpose of

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; or
- (3) other necessary public services.

(c) In this section, "impact" means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508 on

- (1) population;
- (2) employment;
- (3) finances;
- (4) social and cultural values;
- (5) air and water quality;
- (6) fish and wildlife habitats;
- (7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and
- (8) other things of demonstrable importance to the applicant or the applicant's residents.

(d) Examples of needs that eligible projects may address include the following:

- (1) resource protection to ensure the continued viability of fish, wildlife, and other natural resources on which the applicant's residents rely for subsistence needs;
- (2) alleviation or mitigation of adverse social or cultural impacts;
- (3) health needs, including hospitals, clinics, emergency medical facilities, alcohol and drug abuse facilities, mental health facilities, waste disposal systems, and water quality improvement systems;
- (4) public safety needs, including police protection, search and rescue, and fire protection;
- (5) utility needs, including electric generating plants and distribution systems, water supply systems, telephone systems, and other fuel distribution systems;
- (6) housing needs;
- (7) recreational needs.

3 AAC 150.060. Project Criteria

(a) If the total amount of money requested by eligible applicants for eligible projects in meritorious applications exceeds the amount appropriated for grants that year, the department will rank applications for the purpose of establishing priority for funding.

(b) In determining the merit of an application, the department will consider

- (1) the degree to which the project proposed in the grant application alleviates the impact caused by development in the NPR-A under 42 U.S.C. 6508;
- (2) the ability of the applicant to accommodate or absorb the impacts through existing facilities or programs; and
- (3) other criteria the department identifies as critical to determination of the merit of the application.

(c) In ranking the applications, the department will consider

- (1) the severity of the impact caused by the development in the NPR-A under 42 U.S.C. 6508 on the municipality; and
- (2) the degree to which the impact on the municipality is directly caused by development in the NPR-A under 42 U.S.C. 6508.

3 AAC 150.070. Submission of Applications

(a) Application must be made on forms provided by the department. The forms will be such that they may be easily filled out by small communities without technical staff. The department will, upon request, provide assistance to applicants to the extent possible based upon the availability of financial and human resources.

(b) A municipality that believes it is eligible to receive NPR-A impact assistance under 3 AAC 150.010 – 3 AAC 150.060 may file an application with the department as provided for in (a) of this section. An application must be postmarked no later than November 15 of each year in which NPR-A assistance money is available for appropriation by the legislature under AS 37.05.530. If November 15 is a Saturday, Sunday, or legal holiday, the deadline for postmark is the department's next regular business day.

3 AAC 150.080. Review of Applications and Award of Grants

(a) The department will review applications for eligibility for NPR-A impact assistance and place applications in order of priority in accordance with 3 AAC 150.060.

(b) The department will review each application determined to be eligible for NPR-A impact assistance to determine whether the amount requested for a project is reasonably necessary for the project to alleviate impacts from oil and gas development in the NPR-A under 42 U.S.C. 6508, the department will deduct from the amount requested any amounts that are not reasonably necessary for that purpose.

(c) If, after making necessary adjustments to grant requests under (b) of this section, the department determines that the total amount for eligible projects requested by all eligible applicants that year is equal to or less than the amount appropriated for that year, the department will fund all meritorious requests. If the total amounts requested are greater than the amount appropriated, the department will fund requests in accordance with the priorities established in 3 AAC 150.060 until the appropriation is spent. The department will, in its discretion, recommend to the legislature that additional money be made available through supplemental appropriations.

3 AAC 150.090. Reconsideration and Judicial Review

A municipality aggrieved by a decision made under this chapter may request reconsideration by the commissioner of community and regional affairs, and must seek such reconsideration before seeking judicial review. A final decision of the department is subject to judicial review in accordance with Rule 602 of the Alaska Rules of Appellate Procedure.