

State of Alaska FY2011 Governor's Operating Budget

Department of Natural Resources Petroleum Systems Integrity Office Component Budget Summary

Component: Petroleum Systems Integrity Office

Contribution to Department's Mission

The Petroleum Systems Integrity Office (PSIO) contributes to the department's local and statewide mission by improving the development and conservation of resources through coordination of oil and gas oversight activities among all local, state and federal agencies with oil- and gas-related authority and responsibility, and by requiring quality management programs of oil and gas operators, to maximize implementation of prudent systems integrity practices.

Core Services

- Review the quality management programs of unit/lease operators relative to oil and gas systems integrity; prioritize areas of risk for corrective attention, identify gaps or weaknesses in the state programs for corrective action,
- assign or exercise oversight of compliance.
- Coordinate oversight activities between state and federal agencies with oil and gas related responsibility, including coordination of investigations of incidents and public/employee concerns.
- Ensure no regulatory gaps or duplicative efforts occur in the regulation and oversight of oil and gas related infrastructure and activity among state, local and federal agencies.

Key Component Challenges

Key component challenges include:

- Establishment and implementation of a Quality Management Program that evaluates the sufficiency and implementation of operator programs.
- Development of an efficient investigatory arm to address public and other concerns raised.

Significant Changes in Results to be Delivered in FY2011

Implementation of processes and methods to prioritize areas of risk for corrective action and/or additional oversight/monitoring.

Completion of final phases of a gas analysis, which consists of coordinating all identified gaps and overlaps with PSIO's designated liaison agencies and identifying ways to increase the efficiency of the state's oversight of oil and gas infrastructure (increased coordination, statutory/regulatory changes, etc.). Cost/benefit analysis for high priorities will be completed by September 2010.

Major Component Accomplishments in 2009

Ongoing development and implementation of a management system includes formation and implementation of PSIO work processes (communication, notification, investigation, documents and records, etc.). Began implementation management system to prioritize areas of risk for corrective action and/or additional oversight/monitoring.

Completed Phase two of the Gap Analysis; which confirmed numerous gaps and overlaps in state oversight of oil and gas activities. Began next and final phase of Gap Analysis efforts, which will consist of coordinating all identified gaps and overlaps with PSIO's designated liaison agencies and identifying ways to increase the efficiency of the state's oversight of oil and gas infrastructure (increased coordination, statutory/regulatory changes, etc.). Gap Analysis results are intrinsically linked to the identification and prioritization of risks.

Continued coordinated activities with liaisons, including: a) cooperative agreement with the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, relative to information sharing and comprehensive system integrity efforts; b) participation in DEC's State of Alaska Risk Assessment project and closely coordinated this effort with the Gap Analysis project; and c) organized and participated in two root cause analysis training sessions, one for liaison agency investigatory/field personnel, and the second for agency/industry managers.

Statutory and Regulatory Authority

AS 38.05.020
AS 38.05.180 (a) (1) (A)
AS 38.05.180 (a) (2) (A) (ii)
AS 38.05.850
AS 44.37.020 (a)

Additional Authorities: Agreements with companies including standard oil and gas leases, unit plans of development, and plans of operations.

Contact Information
<p>Contact: Kevin Banks, Acting Director Phone: (907) 269-8800 Fax: (907) 269-8938 E-mail: kevin.banks@alaska.gov</p>

**Petroleum Systems Integrity Office
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	561.2	951.9	958.0
72000 Travel	27.0	70.3	70.3
73000 Services	178.3	6.3	6.3
74000 Commodities	9.8	8.5	8.5
75000 Capital Outlay	0.0	1.0	1.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	776.3	1,038.0	1,044.1
Funding Sources:			
1004 General Fund Receipts	776.3	1,038.0	1,044.1
Funding Totals	776.3	1,038.0	1,044.1

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	1,038.0	0.0	0.0	1,038.0
Adjustments which will continue current level of service:				
-FY2011 Health Insurance Cost Increase Non-Covered Employees	6.1	0.0	0.0	6.1
FY2011 Governor	1,044.1	0.0	0.0	1,044.1

Petroleum Systems Integrity Office Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2010 Management Plan	FY2011 Governor		
Full-time	8	8	Annual Salaries	696,890
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	329,276
			<i>Less 6.64% Vacancy Factor</i>	(68,166)
			Lump Sum Premium Pay	0
Totals	8	8	Total Personal Services	958,000

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Engineering Assistant II	1	0	0	0	1
Natural Resource Spec II	1	0	0	0	1
Natural Resource Spec III	1	0	0	0	1
Natural Resource Spec IV	1	0	0	0	1
Petroleum Facil Integ/Comp Mgr	1	0	0	0	1
Petroleum Facil Integrity Eng	1	0	0	0	1
Petroleum Facil Integrity Spec	1	0	0	0	1
Tech Eng I / Architect I	1	0	0	0	1
Totals	8	0	0	0	8

Component Detail All Funds
Department of Natural Resources

Component: Petroleum Systems Integrity Office (2847)
RDU: Resource Development (136)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	561.2	896.9	896.9	951.9	958.0	6.1	0.6%
72000 Travel	27.0	100.3	100.3	70.3	70.3	0.0	0.0%
73000 Services	178.3	26.3	26.3	6.3	6.3	0.0	0.0%
74000 Commodities	9.8	13.5	13.5	8.5	8.5	0.0	0.0%
75000 Capital Outlay	0.0	1.0	1.0	1.0	1.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	776.3	1,038.0	1,038.0	1,038.0	1,044.1	6.1	0.6%
Fund Sources:							
1004 Gen Fund	776.3	1,038.0	1,038.0	1,038.0	1,044.1	6.1	0.6%
General Funds	776.3	1,038.0	1,038.0	1,038.0	1,044.1	6.1	0.6%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	8	8	8	8	8	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Natural Resources

Component: Petroleum Systems Integrity Office (2847)

RDU: Resource Development (136)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
	ConfCom	1,038.0	896.9	100.3	26.3	13.5	1.0	0.0	0.0	8	0	0
1004 Gen Fund		1,038.0										
Subtotal		1,038.0	896.9	100.3	26.3	13.5	1.0	0.0	0.0	8	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
ADN 10-0-5036 Transfer from Travel, Commodities, and Services Lines to Personal Services												
	LIT	0.0	55.0	-30.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
Subtotal		1,038.0	951.9	70.3	6.3	8.5	1.0	0.0	0.0	8	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
FY2011 Health Insurance Cost Increase Non-Covered Employees												
	SalAdj	6.1	6.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		6.1										
Costs associated with Health Insurance Increases.: \$6.1												
Totals		1,044.1	958.0	70.3	6.3	8.5	1.0	0.0	0.0	8	0	0

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2011 Governor (7749)
Component: Petroleum Systems Integrity Office (2847)
RDU: Resource Development (136)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
10-4250	Natural Resource Spec IV	FT	A	SS	Anchorage	2A	21E / F	12.0		77,385	0	0	37,289	114,674	114,674
10-4251	Natural Resource Spec II	FT	A	GP	Anchorage	2A	16B / C	12.0		47,818	0	0	27,613	75,431	75,431
10-4252	Natural Resource Spec III	FT	A	GP	Anchorage	2A	18E / F	12.0		60,741	0	0	31,996	92,737	92,737
10-4254	Engineering Assistant II	FT	A	GP	Anchorage	2A	19C / C	12.0		59,712	0	0	31,647	91,359	91,359
10-4255	Tech Eng I / Architect I	FT	A	GP	Anchorage	2A	24C / C	12.0		83,712	0	0	39,788	123,500	123,500
10-T015	Petroleum Facil Integrity Eng	FT	A	XE	Anchorage	AA	26M	12.0		130,000	0	0	55,730	185,730	185,730
10-T016	Petroleum Facil Integrity Spec	FT	A	XE	Anchorage	AA	26M	12.0		118,446	0	0	52,519	170,965	170,965
10-T017	Petroleum Facil Integ/Comp Mgr	FT	A	XE	Anchorage	AA	26M	12.0		119,076	0	0	52,694	171,770	171,770

	Total Positions	New	Deleted	Total Salary Costs:	Total COLA:	Total Premium Pay:	Total Benefits:
Full Time Positions:	8	0	0	696,890	0	0	329,276
Part Time Positions:	0	0	0				
Non Permanent Positions:	0	0	0				
Positions in Component:	8	0	0				
Total Component Months:	96.0						
				Total Pre-Vacancy:	1,026,166		
				Minus Vacancy Adjustment of 6.64%:	(68,166)		
				Total Post-Vacancy:	958,000		
				Plus Lump Sum Premium Pay:	0		
				Personal Services Line 100:	958,000		

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1004 General Fund Receipts	1,026,166	958,000	100.00%
Total PCN Funding:	1,026,166	958,000	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Natural Resources
Travel

Component: Petroleum Systems Integrity Office (2847)
RDU: Resource Development (136)

Line Number	Line Name	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel	27.0	70.3	70.3

Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			27.0	70.3	70.3

72100	Instate Travel	Instate travel is budgeted for permitting and reinpections, meetings and travel to conferences and professional courses to maintain proficiency, to develop new analytical techniques and to promote state oil and gas permitting.	19.7	50.3	45.3
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72400	Out Of State Travel	Out of state travel is budgeted for permitting, coastal policy council meetings, federal related activity. Travel to conferences and professional courses to maintain proficiency, to develop new analytical techniques and to promote state oil and gas permitting.	7.3	20.0	25.0
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Line Item Detail
Department of Natural Resources
Services

Component: Petroleum Systems Integrity Office (2847)

RDU: Resource Development (136)

Line Number	Line Name			FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services			178.3	6.3	6.3
Expenditure Account	Servicing Agency	Explanation		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals				178.3	6.3	6.3
73025	Education Services	Technical training, tuition and conference registration fees for the division's technical staff.		8.6	0.0	0.5
73050	Financial Services	Management/Consulting		6.1	0.0	0.0
73156	Telecommunication	Telecommunications		1.7	0.0	0.5
73450	Advertising & Promos	Public Notices.		7.7	0.0	0.5
73753	Program Mgmt/Consult	Contract program management and consultants with other services. (Gap Analysis, Quality Management Symposium).		130.0	0.0	0.0
		The PSIO was established by Administrative Order 234 in April 2007. The best use of funds continues to be analyzed. In FY09, less money will be spent in travel, commodities and equipment, which will be used in the services line. The PSIO will establish a contract for a Gap Analysis, which will cost approximately \$300,000 spread over FY09 & FY10, and a Quality Management Symposium will be held in December 2008 for government and industry personnel.				
73804	Economic/Development (IA Svcs)	NatRes	DNR Public Information Center RSA.	0.1	0.0	0.1
73805	IT-Non-Telecommnctns	Admin	ETS Computer Services RSA. In FY08 PSIO was charged Oil & Gas's portion. Oil & Gas paid PSIO portions of other inter-agency services.	5.0	2.0	0.5
73806	IT-Telecommunication	Admin	Symantic antivirus and Microsoft Contract.	1.7	1.6	0.3
73809	Mail	Admin	Central Mail RSA.	0.4	0.4	0.4
73810	Human Resources	Admin - Computer Services	Division of Personnel/Human Resources RSA.	0.5	0.5	0.2
73811	Building Leases	Admin	North Slope building lease DNR shared with Mining	15.0	1.0	0.8

Line Item Detail
Department of Natural Resources
Services

Component: Petroleum Systems Integrity Office (2847)

RDU: Resource Development (136)

Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000 Services Detail Totals			178.3	6.3	6.3	
		Land & Water.				
73812	Legal	Admin	Regulations RSA	0.1	0.1	0.1
73815	Financial	Admin	Division of Finance AKSAS/AKPAY RSA.	0.7	0.5	0.7
73816	ADA Compliance	Labor	ADA Compliance	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	Admin	Contract Service fees for US Travel	0.6	0.0	0.6
73848	State Equip Fleet	Trans	The PSIO will pay for the vehicle, previously paid for by Oil and Gas that is shared with the Division of Mining, Land and Water on the North Slope. These funds are used to support the use of the North Slope vehicle SEF Fuel A87, SEF Operating A87, SEF Svcs/PRT A87 and SEF F/C A87. O&G does not require the use of this vehicle after FY09.	0.0	0.1	1.0

Line Item Detail
Department of Natural Resources
Commodities

Component: Petroleum Systems Integrity Office (2847)
RDU: Resource Development (136)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		9.8	8.5	8.5
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000 Commodities Detail Totals			9.8	8.5	8.5
74222	Books And Educational	Books and education	1.3	1.5	0.5
74226	Equipment & Furniture	Office furniture: desk, computer returns, bookcases and file cabinets.	1.5	1.5	1.5
74229	Business Supplies	Funds are used for the purchase of general office supplies, paper, print cartridges, copy machine supplies, furniture, software and general office equipment replacement necessary for the current staff and 4 new positions.	0.9	1.5	1.5
74233	Info Technology Equip	The funds are used for the purchase of cartographic supplies, camera film, polyester film and technical books to assist with resource evaluation, also used for data processing supplies: paper, tapes, blank CDs and diskettes as well as other networking tools used for the North Slope office.	0.5	1.0	1.5
74236	Subscriptions	Subscriptions.	4.9	1.5	1.5
74600	Safety (Commodities)	Arctic safety winter clothing and boots.	0.7	1.5	2.0

Line Item Detail
Department of Natural Resources
Capital Outlay

Component: Petroleum Systems Integrity Office (2847)
RDU: Resource Development (136)

Line Number	Line Name	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000	Capital Outlay	0.0	1.0	1.0

Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000 Capital Outlay Detail Totals			0.0	1.0	1.0
75400	Materials & Supplies	Computer Equipment	0.0	1.0	1.0

Inter-Agency Services
Department of Natural Resources

Component: Petroleum Systems Integrity Office (2847)
RDU: Resource Development (136)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010			
				FY2009 Actuals	Management Plan	FY2011 Governor	
73804	Economic/Development (IA Svcs)	DNR Public Information Center RSA.	Intra-dept	NatRes	0.1	0.0	0.1
73804 Economic/Development (IA Svcs) subtotal:					0.1	0.0	0.1
73805	IT-Non-Telecommnctns	ETS Computer Services RSA. In FY08 PSIO was charged Oil & Gas's portion. Oil & Gas paid PSIO portions of other inter-agency services.	Inter-dept	Admin	5.0	2.0	0.5
73805 IT-Non-Telecommnctns subtotal:					5.0	2.0	0.5
73806	IT-Telecommunication	Symantic antivirus and Microsoft Contract.	Inter-dept	Admin	1.7	1.6	0.3
73806 IT-Telecommunication subtotal:					1.7	1.6	0.3
73809	Mail	Central Mail RSA.	Inter-dept	Admin	0.4	0.4	0.4
73809 Mail subtotal:					0.4	0.4	0.4
73810	Human Resources	Division of Personnel/Human Resources RSA.	Inter-dept	Admin - Computer Services	0.5	0.5	0.2
73810 Human Resources subtotal:					0.5	0.5	0.2
73811	Building Leases	North Slope building lease DNR shared with Mining Land & Water.	Inter-dept	Admin	15.0	1.0	0.8
73811 Building Leases subtotal:					15.0	1.0	0.8
73812	Legal	Regulations RSA	Inter-dept	Admin	0.1	0.1	0.1
73812 Legal subtotal:					0.1	0.1	0.1
73815	Financial	Division of Finance AKSAS/AKPAY RSA.	Inter-dept	Admin	0.7	0.5	0.7
73815 Financial subtotal:					0.7	0.5	0.7
73816	ADA Compliance	ADA Compliance	Inter-dept	Labor	0.1	0.1	0.1
73816 ADA Compliance subtotal:					0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	Contract Service fees for US Travel	Inter-dept	Admin	0.6	0.0	0.6
73819 Commission Sales (IA Svcs) subtotal:					0.6	0.0	0.6
73848	State Equip Fleet	The PSIO will pay for the vehicle, previously paid for by Oil and Gas that is shared with the Division of Mining, Land and Water on the North Slope. These funds are used to support the use of the North Slope vehicle SEF Fuel A87, SEF Operating A87, SEF Svcs/PRT A87 and SEF F/C A87. O&G does not require the use of this vehicle after FY09.	Inter-dept	Trans	0.0	0.1	1.0
73848 State Equip Fleet subtotal:					0.0	0.1	1.0
75400	Materials & Supplies	Computer Equipment	Inter-dept		0.0	1.0	1.0
75400 Materials & Supplies subtotal:					0.0	1.0	1.0
Petroleum Systems Integrity Office total:					24.2	7.3	5.8
Grand Total:					24.2	7.3	5.8