

State of Alaska FY2002 Governor's Operating Budget

Department of Administration
Alaska Oil and Gas Conservation Commission
BRU/Component

Component: Alaska Oil and Gas Conservation Commission

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Component Mission

To protect the public interest in oil and gas resources.

Component Services Provided

- Issue pooling rules and conservation orders.
- Approve and monitor plans for reservoir development and enhanced oil recovery.
- Approve permits for initial drilling, re-drill, sidetrack, and remedial well operations. This includes the evaluation and approval of proposed designs for drilling fluids, well control, casing, cementing and well completion operations.
- Approve well stimulation operations.
- Inspect drill rigs and wells to insure compliance with AOGCC regulations.
- Witness safety valve, mechanical integrity, and blowout preventer tests.
- Witness meter-proving, calibration, and oil quality tests.
- Monitor and enforce well spacing rules, production rates, injection well pattern, gas/oil/water ratios, and pressure maintenance efforts.
- Monitor and evaluate gas flaring.
- Collect and maintain all oil and gas production records.
- Collect and maintain all well history files and well log records.
- Administer Alaska's Underground Injection Control (UIC) program and the annular waste disposal program.

Component Goals and Strategies

PREVENT PHYSICAL WASTE OF THE RESOURCE

- Evaluate drilling programs to ensure proper well design, construction and well control equipment.
- Inspect wells and drilling projects to verify compliance with approved regulations, procedures and safety requirements for drilling and production practices.
- Evaluate proposals for enhanced oil recovery and gas cap liquids recovery.

ENSURE GREATER ULTIMATE RECOVERY

- Analyze production data, including pressure, gas-oil ratios, water cut, etc., to ensure these variables fall within the required parameters necessary to provide for greater ultimate recovery.
- Require and approve development proposals, including plans for enhanced oil recovery operations.

INDEPENDENTLY ASSESS OIL AND GAS DEVELOPMENT

- Independently audit/verify that oil and gas proposals are in compliance with the purposes and intent of Title 31.

PROTECT ALASKA'S UNDERGROUND SOURCES OF DRINKING WATER

- Provide engineering and geological review of all requests for underground disposal of drilling wastes.

PROTECT CORRELATIVE RIGHTS

- Provide all owners of oil and gas rights the opportunity to recover their fair share of the resource through well spacing provisions, permit review and pooling authority.

ADJUDICATE DISPUTES BETWEEN OWNERS

- Provide a public forum to resolve disputes between owners.

Key Component Issues for FY2001 – 2002

- Evaluate and respond to impacts of expanded statewide exploration and development on the effectiveness of AOGCC oversight.
- Initiate strategic planning for evaluation of conservation issues associated with any large-scale gas offtake proposal for the Prudhoe Bay Field.
- Maintain the integrated reservoir evaluation program.
- Fully implement the Commission's audit capability with additional equipment, software, and personnel.
- Continue to develop electronic data storage and retrieval capability for improved information access, management and e-commerce.
- Sustain an active role to protect Alaska's UIC program in light of changing federal policy.

Major Component Accomplishments for FY2000

- Effectively and timely evaluated and issued approvals for numerous sub-surface oil and gas operations.
- Continued to efficiently oversee the UIC program. Gained a national voice regarding state management of underground injection and ground water protection.
- Fully implemented the requirements of Chapter 34 SLA 99 (SB 134) through the adoption of Regulatory Cost Charge regulations.
- Acquired software and successfully implemented Phase I of document imaging program, which will allow improved information management and access.
- Selected and contracted for an oil and gas relational database (Phase II of information technology project) for management of well data, which will allow improved information management and access.
- Completed initial project in conjunction with the Petroleum Development Laboratory at the School of Mineral Engineering at the University of Alaska, Fairbanks.

Statutory and Regulatory Authority

AS 31.05, 20 AAC 25

Alaska Oil and Gas Conservation Commission
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,594.5	1,873.8	1,995.6
72000 Travel	123.6	149.0	174.0
73000 Contractual	560.4	810.3	968.3
74000 Supplies	71.6	26.0	26.0
75000 Equipment	106.5	50.1	50.1
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,456.6	2,909.2	3,214.0
Funding Sources:			
1002 Federal Receipts	100.0	102.6	102.7
1108 Statutory Designated Program Receipts	0.0	35.9	0.0
1162 Alaska Oil & Gas Conservation Commission Rcpts	2,356.6	2,770.7	3,111.3
Funding Totals	2,456.6	2,909.2	3,214.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	6.8	0.0	0.0	2.1	2.5
Unrestricted Total		6.8	0.0	0.0	2.1	2.5
Restricted Revenues						
Federal Receipts	51010	100.0	102.6	100.0	102.7	120.0
Statutory Designated Program Receipts	51063	0.0	35.9	35.9	0.0	0.0
Oil & Gas Conservation Commission Rcpts	51079	2,608.6	2,770.7	2,770.7	3,111.3	2,900.0
Restricted Total		2,708.6	2,909.2	2,906.6	3,214.0	3,020.0
Total Estimated Revenues		2,715.4	2,909.2	2,906.6	3,216.1	3,022.5

Alaska Oil and Gas Conservation Commission
Proposed Changes in Levels of Service for FY2002

None anticipated

Summary of Component Budget Changes
From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	0.0	102.6	2,806.6	2,909.2
Adjustments which will continue current level of service:				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.1	10.6	10.7
Proposed budget increases:				
-Training, Travel and Salary Administration	0.0	0.0	106.4	106.4
-Additional Lease Costs	0.0	0.0	50.0	50.0
-Database Development, Implementation and Data Management	0.0	0.0	137.7	137.7
FY2002 Governor	0.0	102.7	3,111.3	3,214.0

Alaska Oil and Gas Conservation Commission

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	23	24	Annual Salaries	1,445,446
Part-time	0	0	COLA	32,503
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	477,274
			<i>Less 3.05% Vacancy Factor</i>	<i>(59,623)</i>
			Lump Sum Premium Pay	100,000
Totals	23	24	Total Personal Services	1,995,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk I	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Manager II	1	0	0	0	1
Commissioner, Oil and Gas Comm	3	0	0	0	3
Executive Secretary	1	0	0	0	1
Natural Resource Manager I	1	0	0	0	1
Petroleum Engineer	1	0	0	0	1
Petroleum Geologist Asst	1	0	0	0	1
Petroleum Geologist II	1	0	0	0	1
Petroleum Inspector	5	0	0	0	5
Petroleum Research Analyst	1	0	0	0	1
Petroleum Reservoir Engineer	1	0	0	0	1
Senior Petroleum Engineer	1	0	0	0	1
Senior Petroleum Geologist	1	0	0	0	1
Senior Petroleum Reservoir Eng	1	0	0	0	1
Statistical Technician II	2	0	0	0	2
Totals	24	0	0	0	24