

**State of Alaska
FY2003 Governor's Operating Budget**

**Department of Law
Oil, Gas and Mining
Component Budget Summary**

Component: Oil, Gas and Mining

Contact: Jan Levy, Assistant Attorney General

Tel: (907) 465-3600 **Fax:** (907) 465-2417 **E-mail:** jan_levy@law.state.ak.us

Component Mission

Mission statement appears at the department summary and BRU levels.

Component Services Provided

The Oil, Gas, and Mining section is responsible for in-house Department of Law services in oil, gas, and mining-related disputes:

- legal representation to state agencies for the investigation, defense, and prosecution of claims concerning the state's oil and gas royalty and taxation programs, including paralegal services, data collection and processing to support the litigation effort;
- monitoring and protesting tariffs charged for transportation of oil and gas production through pipelines; and
- legal advice to state agencies concerning the development of state oil, gas, and mineral resources

Department attorneys must frequently rely on economists, engineers, and other experts to assist in the development of these highly technical oil and gas cases. Moreover, due to the complexity, length, and magnitude of major tax, royalty, tariff, and antitrust cases, outside counsel is sometimes used to help litigate these disputes. Contracts for these outside services are funded directly from the Oil and Gas Litigation and Legal Services BRU, and managed by department staff funded within the Oil, Gas, and Mining component.

The Oil, Gas, and Mining component is funded by intra-agency receipts from the Oil and Gas Litigation and Legal Services BRU, and is shown as a separate component to clearly identify Department of Law's contribution to the state's oil and gas litigation activities.

As discussed in more detail in the Oil and Gas Litigation and Legal Services BRU Issues section, the state has been improving its in-house auditing and litigation capabilities. This has resulted in a shift of more and more cases being handled primarily, if not completely, in-house rather than by more expensive outside counsel.

The services provided under this component are described in the Oil and Gas Litigation and Legal Services BRU, except for Mining and Ethics services, which are described below.

MINING

The section also undertakes representation of the Department of Natural Resources, Division of Mining, in all legal matters. However, the mining work is not funded by the intra-agency receipts from the Oil and Gas Litigation and Legal Services BRU; it is funded instead with general funds as part of our natural resources efforts. The matters include ongoing litigation regarding mineral royalties, mining rights, and rights regarding surface occupancy of mining claims. Department attorneys also assist the division in complying with federal statutes regulating surface mining, including legal review for the use of reclamation funds, and drafting agreement with operators to insure compliance with state and federal reclamation requirements. The department also advises and assists the Department of Natural Resources' Division of Mining in drafting bonding agreements, permits, leases, best interest findings, proposed legislation, and regulations.

ETHICS

Administration of the Executive Branch Ethics Act is also provided by the section. As with mining legal matters, ethics-related work is not funded by the Oil and Gas Litigation and Legal Services BRU. When possible, such services are billed to the client agency involved, or funded with the Department of Law's general funds. The ethics attorney in the section provides advice and training to executive branch agencies and boards and commissions on the Act; advises former employees on their responsibilities under the act; investigates ethics complaints; works with designated supervisors to resolve complaints; if necessary, prosecutes ethics violations before the Personnel Board; and handles

any appeals of board decisions.

Component Goals and Strategies

The goals and strategies related to oil and gas services are described in the Oil and Gas litigation and Legal Services BRU.

The mining attorney's goal is to insure compliance with state mining statutes and regulations.

The goal of the ethics attorney is to advise and educate executive branch agencies and employees on the Executive Branch Ethics Act.

The goal of the ethics attorney is to investigate alleged violations of the Executive Branch Ethics Act and initiate enforcement action in appropriate cases.

Key Component Issues for FY2002 – 2003

The key issues under this component are described in the Oil and Gas Litigation and Legal Services BRU.

Major Component Accomplishments in 2001

The major accomplishments under this component are described in the Oil and Gas Litigation and Legal Services BRU.

Statutory and Regulatory Authority

AS 44.23.020

Oil, Gas and Mining
Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,011.0	2,291.8	2,343.0
72000 Travel	59.5	90.5	90.5
73000 Contractual	494.8	431.4	431.4
74000 Supplies	51.8	54.2	54.2
75000 Equipment	67.7	0.0	0.0
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	2,684.8	2,867.9	2,919.1
Funding Sources:			
1007 Inter-Agency Receipts	2,684.8	2,867.9	2,919.1
Funding Totals	2,684.8	2,867.9	2,919.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	0.3	0.0	0.0	0.0	0.0
Unrestricted Total		0.3	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	2,684.8	2,867.9	2,867.9	2,919.1	2,919.1
Restricted Total		2,684.8	2,867.9	2,867.9	2,919.1	2,919.1
Total Estimated Revenues		2,685.1	2,867.9	2,867.9	2,919.1	2,919.1

Oil, Gas and Mining
Proposed Changes in Levels of Service for FY2003

None.

Summary of Component Budget Changes
From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	2,867.9	2,867.9
Adjustments which will continue current level of service:				
-Adjust vacancy by fund source between line items and components ADN# 0320124	0.0	0.0	-11.9	-11.9
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	52.8	52.8
Proposed budget increases:				
-Legal Secretary Reclassification	0.0	0.0	10.3	10.3
FY2003 Governor	0.0	0.0	2,919.1	2,919.1

Oil, Gas and Mining

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	32	32	Annual Salaries	1,875,445
Part-time	0	0	COLA	56,904
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	544,828
			<i>Less 5.42% Vacancy Factor</i>	<i>(134,200)</i>
			Lump Sum Premium Pay	0
Totals	32	32	Total Personal Services	2,342,977

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk II	0	0	1	0	1
Analyst/Programmer IV	1	0	0	0	1
Assoc Attorney II	2	0	0	0	2
Attorney IV	7	0	2	0	9
Attorney V	2	0	2	0	4
Data Processing Mgr I	0	0	1	0	1
Data Processing Tech I	1	0	0	0	1
Law Office Assistant I	2	0	1	0	3
Law Office Assistant II	1	0	1	0	2
Paralegal I	1	0	0	0	1
Paralegal II	2	0	2	0	4
Procurement Spec II	0	0	1	0	1
Secretary	0	0	1	0	1
Spec Asst To The Comm II	0	0	1	0	1
Totals	19	0	13	0	32