

State of Alaska FY2009 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 state and federal agencies with oil- and gas-related authority and responsibility, and by requiring quality assurance programs of oil and gas operators, to maximize implementation of prudent systems integrity practices.

Core Services

- A. Review the quality assurance 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, and exercise oversight of compliance.
- B. Coordinate oversight activities between state and federal agencies with oil- and gas-related responsibility, including coordination of investigations.
- C. Ensure no regulatory gaps or duplicative efforts occur in the regulation and oversight of oil- and gas-related infrastructure and activity.

FY2009 Resources Allocated to Achieve Results		
FY2009 Component Budget: \$837,600	Personnel:	
	Full time	4
	Part time	0
	Total	4

Key Component Challenges

Key component challenges include: (1) establishment of the umbrella Quality Assurance Program that evaluates the sufficiency of operator programs, and (2) development of an efficient investigatory arm to address public and other concerns raised.

Significant Changes in Results to be Delivered in FY2009

Administrative Order 234 created this component. In addition to tasks identified in the AO, the immediate and ongoing need for an investigatory arm is clear.

Tasks to be accomplished during FY09 include:

1. Hire quality assurance and investigations staff.
2. Establish the umbrella quality assurance program.
3. Establish the operator's quality assurance program for the Prudhoe Bay Unit.
4. Establish an investigatory arm, including: capacity for receipt of issues or complaints, thorough investigation, interagency coordination, and development of final report/conclusions.
5. Clarify the role and program priorities for liaison officers in designated agencies; determine if additional funding is required for adequate support.

Major Component Accomplishments in 2007

The Petroleum Systems Integrity Office was initiated by AO 234 on April 18, 2007.

Basic organizational and logistics activities were accomplished and work started on development of a work plan in FY08.

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
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**Petroleum Systems Integrity Office
Component Financial Summary**

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	604.4	605.0
72000 Travel	0.0	42.0	42.0
73000 Services	0.0	151.6	151.6
74000 Commodities	0.0	27.0	27.0
75000 Capital Outlay	0.0	12.0	12.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	837.0	837.6
Funding Sources:			
1004 General Fund Receipts	0.0	837.0	837.6
Funding Totals	0.0	837.0	837.6

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	837.0	0.0	0.0	837.0
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.6	0.0	0.0	0.6
FY2009 Governor	837.6	0.0	0.0	837.6

Petroleum Systems Integrity Office Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2008</u>		<u>FY2009</u>		
	<u>Management</u>		<u>Governor</u>		
	<u>Plan</u>				
Full-time	4		4	Annual Salaries	417,864
Part-time	0		0	Premium Pay	0
Nonpermanent	0		0	Annual Benefits	190,436
				<i>Less 0.54% Vacancy Factor</i>	(3,300)
				Lump Sum Premium Pay	0
Totals	4		4	Total Personal Services	605,000

Position Classification Summary						
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total	
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	
Totals	4	0	0	0	4	