

State of Alaska FY2012 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 effective performance-based 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, and 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:

- Implementation of an Assessment Program that evaluates the sufficiency and implementation of operator performance-based management programs.
- Further development of an efficient investigatory arm.
- Implementation of the Gap Analysis.

Significant Changes in Results to be Delivered in FY2012

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

Completion of final phases of a gap 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.).

Implementation of PSIO's Assessment Program for assessing industry's performance-based management systems.

Major Component Accomplishments in 2010

Ongoing development and implementation of a management system that includes formation and implementation of PSIO work processes (communication, notification, investigation, documents and records, etc.).

Completed gap identification, risk ranking and initial corrective action recommendation steps associated with the Gap Analysis. Gap Analysis results are intrinsically linked to the identification and prioritization of risks.

Continued coordinated activities and sharing of information with liaisons agencies. Additionally, organized and participated in risk management training for liaison agency (state and federal) personnel.

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: Administrative Order 234 and 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

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	718.2	981.1	1,015.0
72000 Travel	9.2	67.6	25.6
73000 Services	256.0	6.3	48.3
74000 Commodities	20.3	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	1,003.7	1,064.5	1,098.4
Funding Sources:			
1004 General Fund Receipts	1,003.7	1,064.5	1,098.4
Funding Totals	1,003.7	1,064.5	1,098.4

**Summary of Component Budget Changes
From FY2011 Management Plan to FY2012 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2011 Management Plan	1,064.5	0.0	0.0	0.0	1,064.5
Adjustments which will continue current level of service:					
-FY 2012 Personal Services increases	32.9	0.0	0.0	0.0	32.9
-FY 2011 Over/Understated GGU/SU salary adjustments	1.0	0.0	0.0	0.0	1.0
FY2012 Governor	1,098.4	0.0	0.0	0.0	1,098.4

**Petroleum Systems Integrity Office
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2011 Management Plan	FY2012 Governor		
Full-time	8	8	Annual Salaries	674,579
Part-time	0	0	COLA	9,679
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	357,279
			<i>Less 2.55% Vacancy Factor</i>	<i>(26,537)</i>
			Lump Sum Premium Pay	0
Totals	8	8	Total Personal Services	1,015,000

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 Tech II	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)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	718.2	972.3	981.1	981.1	1,015.0	33.9	3.5%
72000 Travel	9.2	67.6	67.6	67.6	25.6	-42.0	-62.1%
73000 Services	256.0	6.3	6.3	6.3	48.3	42.0	666.7%
74000 Commodities	20.3	8.5	8.5	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	1,003.7	1,055.7	1,064.5	1,064.5	1,098.4	33.9	3.2%
Fund Sources:							
1004 Gen Fund	1,003.7	1,055.7	1,064.5	1,064.5	1,098.4	33.9	3.2%
Unrestricted General (UGF)	1,003.7	1,055.7	1,064.5	1,064.5	1,098.4	33.9	3.2%
Designated General (DGF)	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%
Federal 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 FY2011 Conference Committee (Final) To FY2011 Authorized *****												
FY2011 Conference Committee	ConfCom	1,055.7	972.3	67.6	6.3	8.5	1.0	0.0	0.0	8	0	0
1004 Gen Fund		1,055.7										
ADN 10-1-5007, FY 2011 Non-covered Salary Increase Year 1 SLA 10 Chapter 56 (HB 421)	FisNot	8.8	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		8.8										
: \$8.8												
Subtotal		1,064.5	981.1	67.6	6.3	8.5	1.0	0.0	0.0	8	0	0
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
Subtotal		1,064.5	981.1	67.6	6.3	8.5	1.0	0.0	0.0	8	0	0
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
Realign Line Items to Reflect Spending Plan	LIT	0.0	0.0	-42.0	42.0	0.0	0.0	0.0	0.0	0	0	0
When the budget for the Petroleum Systems Integrity Office (PSIO) was set up, office rent was not included. This cost has been paid for with funds from the Oil and Gas component. A general funds transfer from the travel line item is needed in order for PSIO to fund the cost of office rent from FY12 onward. Authority is available in travel because not as many inspections in Prudhoe have been necessary.												
FY 2012 Personal Services increases	SalAdj	32.9	32.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		32.9										
This change record includes the following personal services increases: : \$32.9												
Alaska State Employees Assn (GGU) FY2012 Health Insurance Increased Costs : \$7.9												
Alaska Public Employees Assn (SU) FY2012 Health Insurance Increased Costs : \$1.9												
Non-Covered Employees FY2012 Health Insurance Increased Costs : \$5.7												
Alaska State Employees Association (GGU) FY 12 COLA increases : \$6.9												

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	
Alaska Public Employees Association (SU) FY 12 COLA increases : \$1.1												
Non-Covered Employees FY 12 COLA increases : \$9.4												
FY 2011 Over/Understated GGU/SU salary adjustments												
	SalAdj	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		1.0										
When the SU and GGU salary adjustments were calculated, errors were made that understated some GGU amounts and overstated some SU amounts. This change record identifies the over and under stated amounts associated with these calculations.: \$1.0												
Totals		1,098.4	1,015.0	25.6	48.3	8.5	1.0	0.0	0.0	8	0	0

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2012 Governor (8665)
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 Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
10-4250	Natural Resource Tech II	FT	A	GP	Anchorage	200	12A / A	12.0		35,748	0	0	28,207	63,955	63,955
10-4251	Natural Resource Spec II	FT	A	GP	Anchorage	200	16B / C	12.0		49,980	0	0	33,218	83,198	83,198
10-4252	Natural Resource Spec III	FT	A	GP	Anchorage	200	18F / G	12.0		64,741	0	0	38,415	103,156	103,156
10-4254	Engineering Assistant II	FT	A	GP	Anchorage	200	19A	12.0		57,588	0	0	35,897	93,485	93,485
10-4255	Tech Eng I / Architect I	FT	A	GP	Anchorage	200	24D / E	12.0		91,618	0	0	47,879	139,497	139,497
10-T015	Petroleum Facil Integrity Eng	FT	A	XE	Anchorage	AA	26F	12.0		132,600	3,423	0	60,107	196,130	196,130
10-T016	Petroleum Facil Integrity Spec	FT	A	XE	Anchorage	AA	26F	12.0		120,840	3,120	0	56,687	180,647	180,647
10-T017	Petroleum Facil Integ/Comp Mgr	FT	A	XE	Anchorage	AA	26F	12.0		121,464	3,136	0	56,869	181,469	181,469

	Total Positions	New	Deleted	Total Salary Costs:	674,579
Full Time Positions:	8	0	0	Total COLA:	9,679
Part Time Positions:	0	0	0	Total Premium Pay:	0
Non Permanent Positions:	0	0	0	Total Benefits:	357,279
Positions in Component:	8	0	0	Total Pre-Vacancy:	1,041,537
				Minus Vacancy Adjustment of 2.55%:	(26,537)
				Total Post-Vacancy:	1,015,000
				Plus Lump Sum Premium Pay:	0
				Personal Services Line 100:	1,015,000

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1004 General Fund Receipts	1,041,537	1,015,000	100.00%
Total PCN Funding:	1,041,537	1,015,000	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		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000	Travel		9.2	67.6	25.6
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000 Travel Detail Totals			9.2	67.6	25.6
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.	5.1	13.0	13.0
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.	4.1	54.6	12.6

Line Item Detail
Department of Natural Resources
Services

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

Line Number	Line Name			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000	Services			256.0	6.3	48.3
Expenditure Account	Servicing Agency	Explanation		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals				256.0	6.3	48.3
73025		Education Services	Technical training, tuition and conference registration fees for the division's technical staff.	16.9	0.0	0.5
73050		Financial Services	Management/Consulting	0.0	0.0	23.0
73156		Telecommunication	Telecommunications	1.4	0.0	0.5
73450		Advertising & Promos	Public Notices.	0.4	0.0	0.5
73675		Equipment/Machinery	Equipment/Machinery	2.3	0.0	0.0
73753		Program Mgmt/Consult	Contract program management and consultants with other services. (Gap Analysis, Quality Management Symposium).	200.0	0.0	0.0
73756		Print/Copy/Graphics	Printing of technical materials	1.6	0.0	0.0
73804	NatRes	Economic/Development (IA Svcs)	DNR Public Information Center RSA.	0.0	0.0	0.1
73805	Admin	IT-Non-Telecommnctns	Other Inter-agency services will be paid by other line itmes. ETS Computer Services RSA.	5.9	5.9	0.5
73806	Admin	IT-Telecommunication	Symantic antivirus and Microsoft Contract.	3.8	0.4	0.3
73809	Admin	Mail	Central Mail RSA.	0.3	0.0	0.4
73810	Admin - Computer Services	Human Resources	Division of Personnel/Human Resources RSA.	0.9	0.0	0.2
73811	Admin	Building Leases	Atwood Building lease space for 8th floor \$19.0 and Dead Horse lease \$0.8	21.6	0.0	19.8
73812	Admin	Legal	Regulations RSA	0.1	0.0	0.1
73815	Admin	Financial	Division of Finance AKSAS/AKPAY RSA.	0.5	0.0	0.7
73816	Labor	ADA Compliance	ADA Compliance	0.1	0.0	0.1
73819	Admin	Commission Sales (IA Svcs)	Contract Service fees for US Travel	0.2	0.0	0.6
73848	Trans	State Equip Fleet	The PSIO will pay for the vehicle, previously paid for by	0.0	0.0	1.0

Line Item Detail
Department of Natural Resources
Services

Component: Petroleum Systems Integrity Office (2847)

RDU: Resource Development (136)

Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals			256.0	6.3	48.3

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 Svs/PRT A87 and SEF F/C A87. O&G does not require the use of this vehicle after FY09.

Line Item Detail
Department of Natural Resources
Commodities

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

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000	Commodities		20.3	8.5	8.5
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000 Commodities Detail Totals			20.3	8.5	8.5
74222	Books And Educational	Books and education	2.2	2.0	1.0
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.	1.5	1.0	2.0
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.	16.6	5.5	2.0
74236	Subscriptions	Subscriptions.	0.0	0.0	1.5
74600	Safety (Commodities)	Arctic safety winter clothing and boots.	0.0	0.0	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		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
75000	Capital Outlay		0.0	1.0	1.0
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 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 Actuals	FY2011		
					Management Plan	FY2012 Governor	
73804	Economic/Development (IA Svcs)	DNR Public Information Center RSA.	Intra-dept	NatRes	0.0	0.0	0.1
73804 Economic/Development (IA Svcs) subtotal:					0.0	0.0	0.1
73805	IT-Non-Telecommnctns	Other Inter-agency services will be paid by other line itmes. ETS Computer Services RSA.	Inter-dept	Admin	5.9	5.9	0.5
73805 IT-Non-Telecommnctns subtotal:					5.9	5.9	0.5
73806	IT-Telecommunication	Symantic antivirus and Microsoft Contract.	Inter-dept	Admin	3.8	0.4	0.3
73806 IT-Telecommunication subtotal:					3.8	0.4	0.3
73809	Mail	Central Mail RSA.	Inter-dept	Admin	0.3	0.0	0.4
73809 Mail subtotal:					0.3	0.0	0.4
73810	Human Resources	Division of Personnel/Human Resources RSA.	Inter-dept	Admin - Computer Services	0.9	0.0	0.2
73810 Human Resources subtotal:					0.9	0.0	0.2
73811	Building Leases	Atwood Building lease space for 8th floor \$19.0 and Dead Horse lease \$0.8	Inter-dept	Admin	21.6	0.0	19.8
73811 Building Leases subtotal:					21.6	0.0	19.8
73812	Legal	Regulations RSA	Inter-dept	Admin	0.1	0.0	0.1
73812 Legal subtotal:					0.1	0.0	0.1
73815	Financial	Division of Finance AKSAS/AKPAY RSA.	Inter-dept	Admin	0.5	0.0	0.7
73815 Financial subtotal:					0.5	0.0	0.7
73816	ADA Compliance	ADA Compliance	Inter-dept	Labor	0.1	0.0	0.1
73816 ADA Compliance subtotal:					0.1	0.0	0.1
73819	Commission Sales (IA Svcs)	Contract Service fees for US Travel	Inter-dept	Admin	0.2	0.0	0.6
73819 Commission Sales (IA Svcs) subtotal:					0.2	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	0.0	1.0
73848 State Equip Fleet subtotal:					0.0	0.0	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:					33.4	7.3	24.8
Grand Total:					33.4	7.3	24.8

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 Actuals	FY2011 Management Plan	FY2012 Governor
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