

Comprehensive Oil and Gas Infrastructure Risk Assessment

FY2008 Request: \$5,000,000
Reference No: AMD 43339

AP/AL: Appropriation

Project Type: Planning

Category: Natural Resources

Location: Statewide

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House District: Statewide (HD 1-40)

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Estimated Project Dates: 07/01/2007 - 06/30/2012

Brief Summary and Statement of Need:

The purpose of this project is to conduct a comprehensive risk assessment of Alaska's crude oil production, storage and transportation system including the Trans Alaska Pipeline and Valdez Marine Terminal. The system wide risk assessment will evaluate the safety, environmental and operational risks associated with the system and reliability of the existing infrastructure to operate for another generation. The risk assessment will also evaluate the extent, degree and adequacy of government oversight and make recommendations for continued safe and reliable operation of the system.

Funding:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Total
Gen Fund	\$2,500,000						\$2,500,000
Oil/Haz Fd	\$2,500,000						\$2,500,000
Total:	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$5,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

This is a new one time project with no prior funding history or future funding obligations. Funding is 50% General Fund (1004) and 50% Oil and Hazardous Response Fund (1052).

Project Description/Justification:

Uninterrupted flow of North Slope crude oil is essential to the State's financial well-being. Similarly, avoiding spills and leaks from pipeline operations is a high priority for environmental reasons. This project represents an investment in effective measures to protect the State's interests in the integrity of the infrastructure.

Alaska's oil and gas infrastructure comprises a complex, integrated system. Over the years, new parts have been added and older parts have been modernized. Operational changes have been made to increase efficiency, to increase production, to improve integrity, and to adapt to changes in field characteristics. All the while, oil and gas science and technology has continued to advance.

The current state of Alaska's oil and gas facilities is a result of the combined effect of factors such as age, change, industry operations and government oversight. Good management requires that we understand the current state of the infrastructure, and the engineering risk assessment envisioned by this project is a means to gain such an understanding. No such assessment has ever been conducted.

To be effective – to tell us what we need to know – requires that the assessment be comprehensive, thorough and objective. The risk assessment will tell us what's in good shape, what's not, where the risks are, and how serious they are.

With that information, both government and industry can make the decisions about how best to address risks. While a risk

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assessment is a snapshot of condition and risk at a particular point in time, it can be used to focus and direct our efforts for years to come. It will serve as a sound basis for how we manage our existing infrastructure, as well as how new facilities are developed.