

# **State of Alaska FY2018 Governor's Operating Budget**

## **Department of Natural Resources Oil & Gas Component Budget Summary**

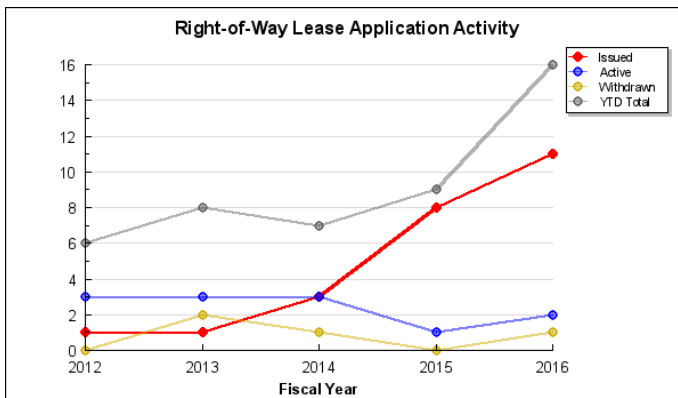
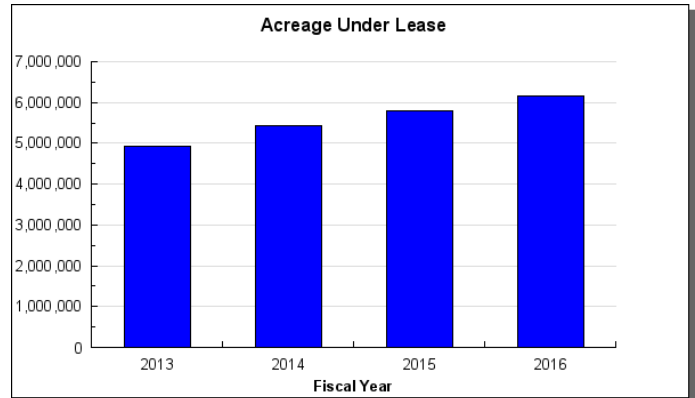
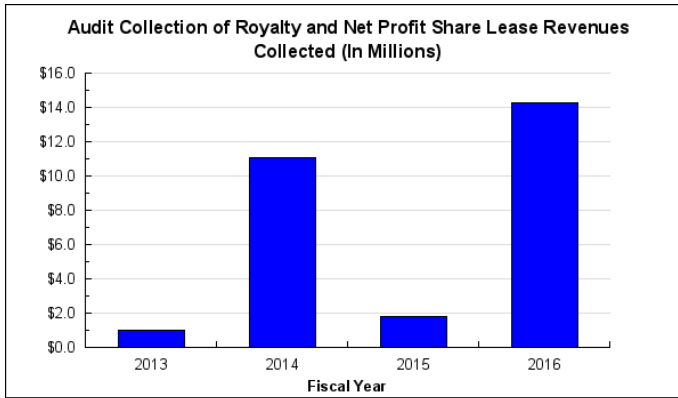
**Component: Oil & Gas**

**Contribution to Department's Mission**

The Division of Oil and Gas manages lands for oil, gas, and geothermal exploration and development in a fair and transparent manner to maximize prudent use of resources for the greatest benefit of all Alaskans, and facilitates safe and environmentally conscious operation and maintenance of common carrier pipelines.

**Results**

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)



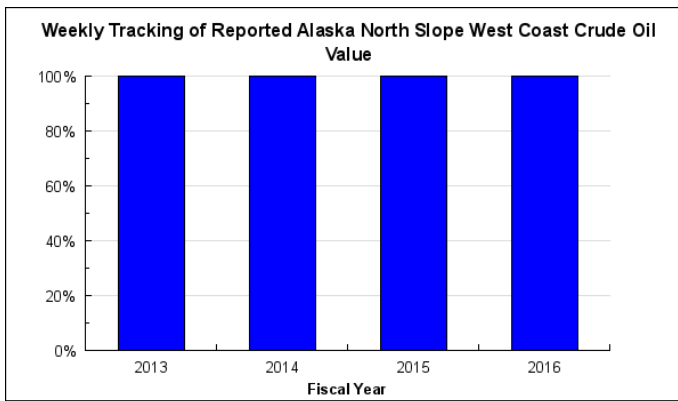
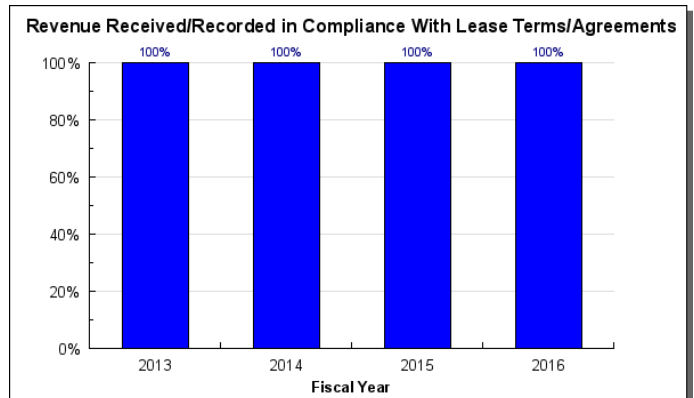
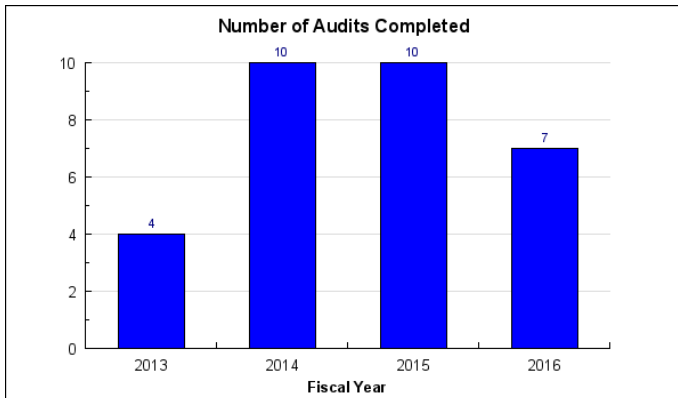
**Core Services**

- Maximize royalty from oil and gas production.
- Evaluate the geological, geophysical, and engineering aspects of Alaska’s resource endowment to promote effective development, protect all parties, and to determine the state’s royalty share.
- Make oil, gas, and geothermal lands available for licensing or leasing.
- Ensure that exploration, leasehold, and unit-related operations are conducted in timely and responsible manner.
- Administer A.S.38.35 leases; revenue collection, permitting, authorizations, oversight of construction, operation, maintenance and termination of pipelines. Coordination with other state and federal agencies in a manner that serves the state’s interests.

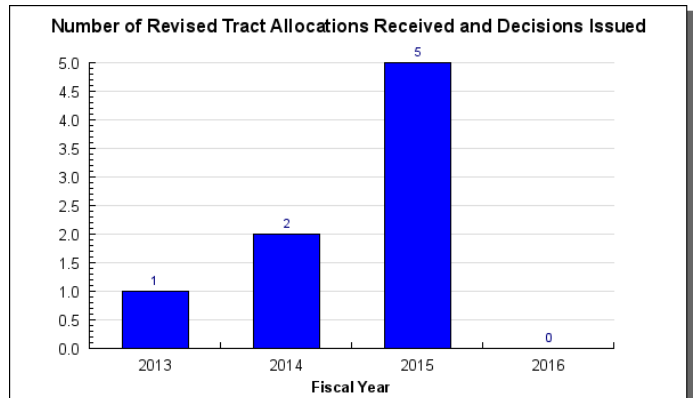
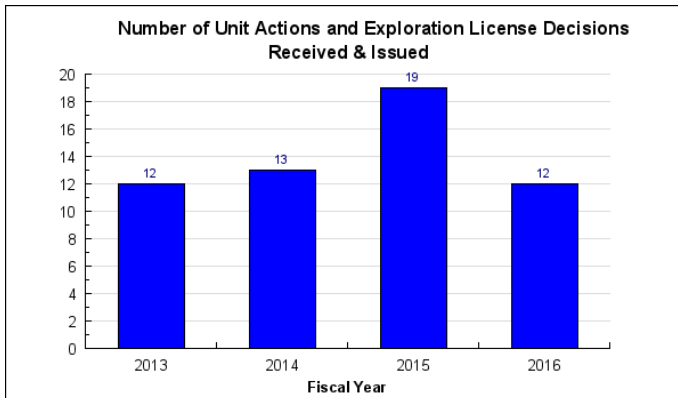
**Measures by Core Service**

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

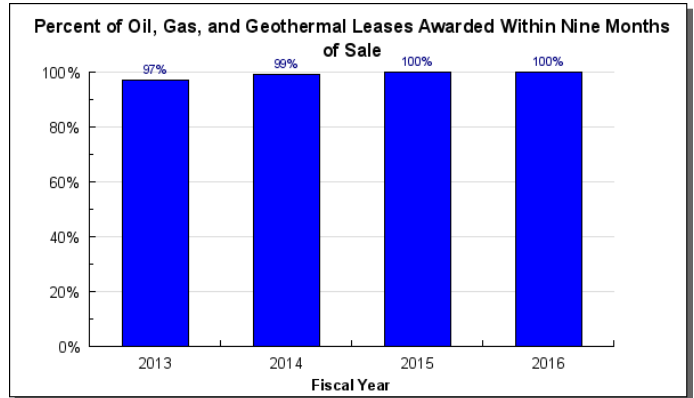
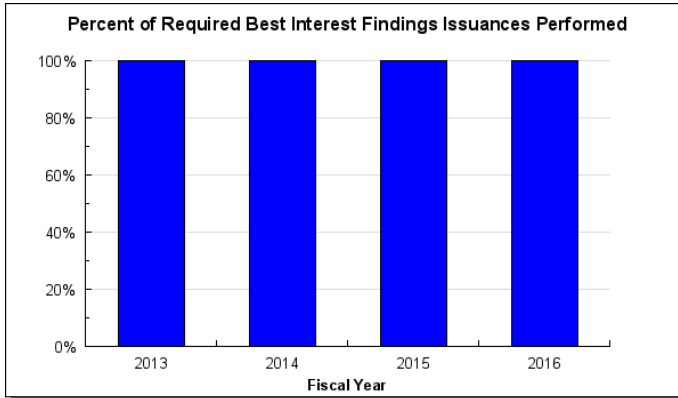
**1. Maximize royalty from oil and gas production.**



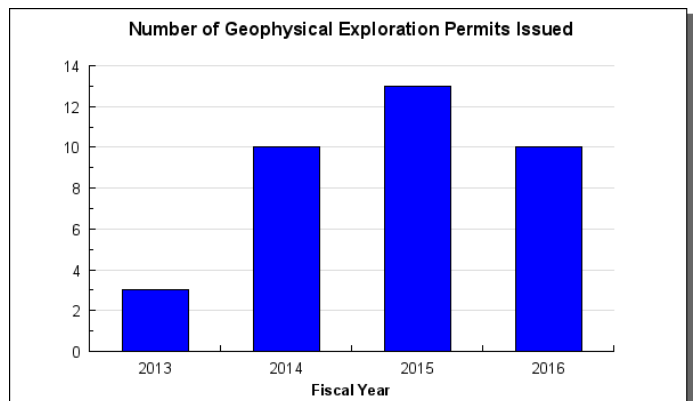
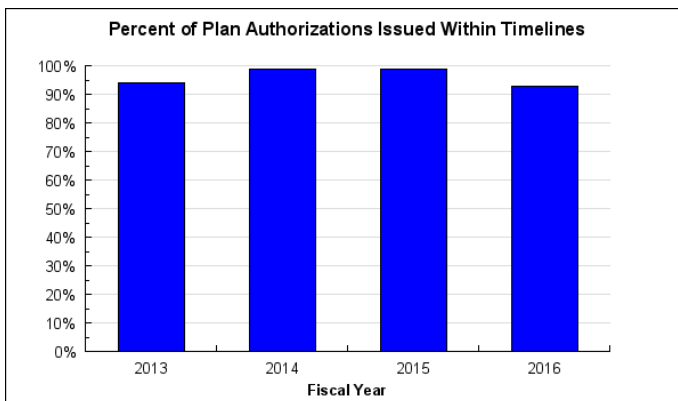
**2. Evaluate the geological, geophysical, and engineering aspects of Alaska’s resource endowment to promote effective development, protect all parties, and to determine the state’s royalty share.**



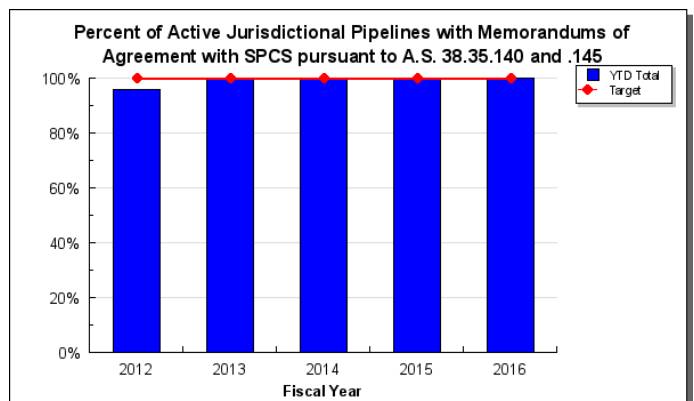
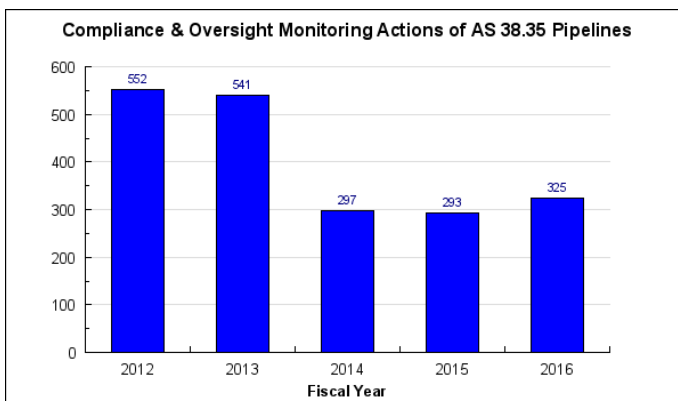
**3. Make oil, gas, and geothermal lands available for licensing or leasing.**

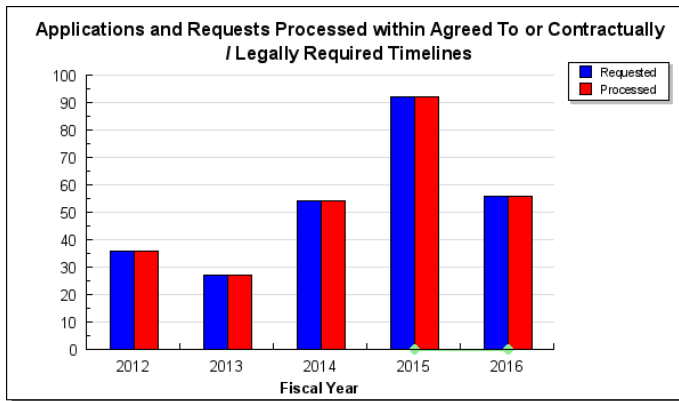


**4. Ensure that exploration, leasehold, and unit-related operations are conducted in timely and responsible manner.**



**5. Administer A.S.38.35 leases; revenue collection, permitting, authorizations, oversight of construction, operation, maintenance and termination of pipelines. Coordination with other state and federal agencies in a manner that serves the state's interests.**





## Major Component Accomplishments in 2016

- Issued 3 net profit shared leases (NPSL) and 4 federal royalty audits and collected \$27.0 million.
- Held 5 area-wide lease sales resulting in \$10 million in bonus bids and 205,653 acres leased. The division administered approximately 2219 leases and licenses, covering nearly 5.9 million acres. Also issued 1 additional exploration license.
- Verification and receipt of \$919.9 million in royalty, net profit share lease revenues, rents, bonus bids, unit actions, and Federal payments. Also, distributed these revenues to the proper fund (general, school, permanent, and budget reserve).
- Authorized 13 new geophysical (seismic) exploration programs, 1 Exploration License Plan of Operations, 3 new Lease Plans of Operation, 4 Unit Plans of Operations, and processed 123 Plan of Operation Amendments for activities on the North Slope and in Cook Inlet.
- Issued 11 unit action decisions, including 3 Unit Expansions, 2 Unit Term Extensions, 3 Participating Area Modifications, 1 Discovery Well Certification, 1 Cook Inlet Discovery Royalty Decision, and 1 Paying Quantities Certification.
- Served as the lead state permitting and coordinating agency for the Alaska Liquefied Natural Gas and coordinated multiple agency workshops for permitting the project. Facilitated review and state agency comment on federal resource reports in support of the Federal Energy Regulatory Commission's Environmental Impact Statement.
- Issued multiple permits for geotechnical and geophysical work in support of a large diameter gas pipeline.
- Provided oversight for 19 existing pipelines and 5 pipelines in the permitting process.

## Key Component Challenges

The Division of Oil and Gas (DOG) applies an integrated team approach to managing the state's oil gas and geothermal resources in order to capture maximum value for the people of Alaska and protect the interests of the state. As a result of this work, royalties, rents, and taxes provides approximately 60 percent of Alaska's unrestricted general fund revenues. DOG uses a highly skilled, cross-disciplinary team of geoscientists, engineers, land managers, and economists to evaluate resource and land use options ensuring Alaska's resources are being explored for and developed efficiently and effectively, while conserving other natural resources for the people of the state. Geologists, geophysicists, and petroleum engineers, together with land managers, determine which state lands with hydrocarbon resource potential are available for lease and exploration. Land managers, natural resource specialists, and commercial analysts develop competitive terms and conditions for leasing, and develop plan and permit authorizations that serve the state's best interest in realizing maximum value from the lands and associated oil, gas, and geothermal resources. Royalty accountants and auditors ensure the state collects the full value of its royalty shares.

The division faces the following challenges:

- Attracting new companies and investors to Alaska to facilitate resource development in the state.

- Declining annual budgets and manpower reductions that hinder the performance of core business functions (such as lease sales, commercial analyses, technical data reviews, and analyses of geotechnical engineering and geophysical data).
- Decreasing capacity to respond to federal actions that threaten Alaska's resource development activities and limited ability to support special projects or requests from other departments or agencies.
- Recruiting, hiring, training, and retaining high-quality technical and professional level staff in the face of declining budgets and perceived instability in state government employment. Elimination of staff positions and the absorption of related workloads by already fully engaged remaining staff.

### **Asset Management Section**

This section manages the state's oil, gas, and geothermal resource lands, making them available for exploration, development and production through leasing and exploration licensing. Challenges include:

- Developing competitive terms and conditions for oil and gas lease sales that attract new companies.
- Managing the evolution of Alaska's oil and gas industry into a greater number of small, independent companies.

### **Audit Section**

This section recovers millions of dollars that would otherwise be lost. Historically, audits return approximately \$15 million annually in additional revenue. Auditors ensure the State receives the full value due by performing state royalty and Net Profit Share Lease (NPSL) audits and federal royalty audits. Revenue collected from audits is generally deposited into the state's Constitutional Budget Reserve Fund to help fund the operations of state government. Challenges include:

- Resolving audits in appeals, while further review is conducted by company, legal teams, and the Commissioner's Office. Proposed statutory changes would streamline the process for deciding on appeals.
- The ability to provide substantial audit coverage of royalty and NPSL revenue by conducting, completing, and resolving complex audits within the statute of limitations, and with limited resources.

### **Commercial Section**

This section is the in-house advisor that analyzes and provides strategic insight on all economic and financial matters. Its commercial expertise cross-cuts all division programs to fulfill the constitutional mandate of promoting responsible development of Alaska's natural resources, realizing maximum value, and protecting the state's interests. Maximizing the state's resource and land value requires analysis of project economics, market structure, optimization, financial risk management, and price and cost assessments. This includes commercial implications of laws, regulations, and contract provisions for policy, legislative, and regulatory decisions of the state. When resource negotiations are required, the Commercial Analysts are essential to the state's negotiation strategy and success.

The Commercial Section is fully integrated into and supports the Royalty Accounting, Audit, Asset Management (Leasing), Units, Permitting, and Resource Evaluation sections, and the Director's Office. Challenges include:

- Providing economic assessments for new state oil and gas development initiatives.
- Balancing abandonment and decommissioning risk mitigation needs of the State with operators' financing constraints.
- Calibrating and continuously improve North Slope and Cook Inlet oil production forecast model to provide Department of Revenue with reliable data for budgeting purposes.

### **Permitting Section**

This section adjudicates and issues statewide decisions for surface land use and improvements supporting oil, gas, and geothermal projects. This includes reviewing and issuing decisions for Exploration License Plans of Operations, Lease Plans of Operations, Unit Plans of Operations, Plan Amendments and Miscellaneous Land Use Permits for seismic acquisition, and Easements (on the North Slope). Challenges include:

- Providing increased project coordination and consultation assistance to companies, which are less familiar with Alaska's regulatory processes with reduced staffing.
- Converting and manage a large volume of permitting documents electronically with declining resources.

**Resource Evaluation (RE) Section**

This section provides the scientific basis for strategic state land use decisions for leasing and development of the state's energy resources. RE provides critical information on the state's resource potential through geological, geophysical, and engineering analysis. Their work provides objective and in-depth interpretations of technical data relating to oil, gas, and geothermal prospectivity exploration, and production throughout Alaska. RE's analysis and activities cross-cut every section of the division. Challenges include:

- Attracting, hiring and retaining technical people with the skills, oil and gas industry experience, and knowledge comparable to industry counterparts
- Communicating and educating, both internally and externally, the value of the section's contribution to the state in the strategic management of the state's hydrocarbon resources.

**Royalty Accounting Section**

This section accomplishes complex oil and gas royalty accounting analyses and reconciliations to ensure the state receives the correct royalty value and amounts based on lease terms or settlement agreements. The team calculates the royalty value and payment amounts, and determines the royalty ownership from producing leases and units, the value of the state's net profit shares, the reported values and volumes produced on state acreage, and whether the royalty is taken in-value or in-kind. The section accounts for and distributes royalty revenue from state leases as well as revenues generated in other sections in the division from rents, bonus bids, commitment and storage fees and royalties, rentals, and interests from federal oil and gas lands in Alaska, to the different state funds. The state funds include the general fund, school fund, permanent fund, and constitutional budget reserve fund. Challenges include:

- Continued maintenance and ultimate replacement of the division's Data Management System for in-house royalty reporting and reconciliation.
- Producing meaningful and timely information for the division's website and management reports with limited staff.
- Developing effective documentation of verification procedures on reported royalty filing volumes and values.

**State Pipeline Coordinator (SPC) Section**

This section implements the state's oversight of permitting, preconstruction, construction, operation, and termination of AS 38.35 "The Right-of-Way Leasing Act" pipelines. The SPC has dedicated DNR staff and liaisons from five state agencies for assessing, permitting, and monitoring all state health, safety, and environmental issues related to these pipelines. Under the SPC, these agencies facilitate and maintain a system-wide approach to pipeline oversight. Challenges include:

- Monitoring the Trans-Alaska Pipeline System given the challenges associated with declining throughput, cold weather operations, aging infrastructure, and low oil prices.
- Providing adjudication of increased and multiple oil and natural gas pipeline right-of-way leasing applications and permitting activities.
- Conducting timely comprehensive regulatory and lease compliance oversight with the goal of reducing the likelihood of pipeline shutdowns, safety incidents, and environmental hazards as resources are strained for industry and regulatory agencies.

**Units Section**

When leased lands are shown to have energy potential that is commercially viable, leases may be consolidated into a single, contiguous block of land (a unit) to allow for more effective management and administration of the resource extraction activities. Proper administration and oversight of units is necessary to conserve resources, prevent economic and resource waste, and protect the rights of all parties involved in the unit. Unit managers work closely with land managers, attorneys, commercial analysts, the Resource Evaluation Section, and industry to ensure proper unit administration. This section currently administers 40 oil and gas units and 81 participating areas within those units. Challenges include:

- Updating the division's 25-year-old regulations related to unitization to reflect current practice, with limited resources.
- Establishing and maintaining a document management system which provides public on-line access to unit decisions.

## Significant Changes in Results to be Delivered in FY2018

- Continue progress toward a more business-like and business oriented approach aiming to conduct business at the speed of business.
- After successful implementation of an on-line permit application system, develop an efficient electronic Permit Management System for tracking, reviewing, and delivering responses to applicants.
- Document royalty accounting business processes to capture legacy corporate knowledge and ensure continuity of operations. Refine processes and procedures into training and performance metrics to improve accounting services.
- Finalize internal document management system for efficient access to decision documents.

## Statutory and Regulatory Authority

AS 31.05.035 Confidential Reports  
AS 38.05.020 Authority and duties of the Commissioner  
AS 38.05.035 Powers and duties of the Director  
AS 38.05.130 Damages and posting of bond  
AS 38.05.131 Applicability: determinations; regulations  
AS 38.05.132 Exploration license for oil and gas or gas only  
AS 38.05.133 License procedures  
AS 38.05.134 Conversion to lease  
AS 38.05.135 Leasing generally; royalty and net profit share payments and interest  
AS 38.05.137 Leasing agreements  
AS 38.05.145 Leasing procedure  
AS 38.05.160 Oil shale  
AS 38.05.177 Nonconventional gas leases  
AS 38.05.180 Oil and gas and gas only leasing  
AS 38.05.181 Geothermal resources  
AS 38.05.182 Royalty on natural resources  
AS 38.05.183 Sale of royalty  
AS 38.05.850 Permits  
AS 38.06 Alaska Royalty Oil and Gas Development Advisory Board  
AS 41.06 Geothermal Resources  
AS 41.09 Oil and Gas Exploration Incentive Credits  
11 AAC 02 Appeals  
11 AAC 03 Disposition of Royalty Oil, Gas, or Gas Liquids  
11 AAC 04 Payment of Oil and Gas Royalties, Rents and Bonuses  
11 AAC 05 Fees for Department Services  
11 AAC 82 Mineral Leasing Procedures  
11 AAC 83 Oil and Gas Leasing  
11 AAC 84.300 Oil Shale  
11 AAC 84.700-790 Geothermal Leasing  
11 AAC 84.800-950 Geothermal Unitization  
11 AAC 87 Geothermal Drilling and Conservation  
11 AAC 89 Exploration Incentive Credit  
11 AAC 96 Miscellaneous Land Use

### SPC Specific

AS 27.19 Mining Reclamation  
AS 38.05 Alaska Land Act  
AS 38.35 Right-of-Way Leasing Act  
AS 46.15 Alaska Water Use Act  
11 AAC 51 Public Easements  
11 AAC 53 Records, Survey, Platting  
11 AAC 71 Timber and Material Sites  
11 AAC 80 Pipeline Rights-of-Way



11 AAC 96 Miscellaneous Land Use  
11 AAC 97 Mining Reclamation

Contact Information
<p><b>Contact:</b> Chantal Walsh, Director <b>Phone:</b> (907) 269-8800 <b>Fax:</b> (907) 269-8938 <b>E-mail:</b> chantal.walsh@alaska.gov</p>

Oil & Gas Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2017 Management Plan	FY2018 Governor		
Full-time	107	100	Annual Salaries	9,475,920
Part-time	0	0	Premium Pay	13,479
Nonpermanent	5	1	Annual Benefits	5,133,687
			<i>Less 5.81% Vacancy Factor</i>	<i>(849,686)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>112</b>	<b>101</b>	<b>Total Personal Services</b>	<b>13,773,400</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	1	0	0	0	1
Accountant IV	2	0	0	0	2
Accounting Tech I	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Accounting Tech III	1	0	0	0	1
Admin Operations Mgr I	1	0	0	0	1
Administrative Assistant II	2	0	0	0	2
Administrative Officer I	1	0	0	0	1
Administrative Officer II	2	0	0	0	2
Analyst/Programmer III	1	0	0	0	1
Analyst/Programmer IV	3	0	0	0	3
Analyst/Programmer V	2	0	0	0	2
Bus Process Integration Mgr	1	0	0	0	1
Commercial Analyst	5	0	0	0	5
Commercial Manager	1	0	0	0	1
Data Processing Mgr I	1	0	0	0	1
Deputy Director	1	0	0	0	1
Division Director	1	0	0	0	1
Micro/Network Spec I	2	0	0	0	2
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Spec II	4	0	0	0	4
Natural Resource Spec III	14	0	0	0	14
Natural Resource Spec IV	9	0	0	0	9
Natural Resource Tech II	3	0	0	0	3
Natural Resource Tech III	1	0	0	0	1
Office Assistant II	3	0	0	0	3
Oil & Gas Revenue Audit Master	1	0	0	0	1
Oil & Gas Revenue Auditor III	4	0	0	0	4
Oil & Gas Revenue Auditor IV	3	0	0	0	3
Oil & Gas Revenue Specialist	1	0	0	0	1
Petroleum Economist II	1	0	0	0	1
Petroleum Engineer	1	0	0	0	1
Petroleum Geologist I	7	0	0	0	7
Petroleum Geologist II	2	0	0	0	2
Petroleum Geophysicist I	1	0	0	0	1
Petroleum Land Manager	5	0	0	0	5

<b>Position Classification Summary</b>					
<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Petroleum Reservoir Engineer	3	0	0	0	3
Pipe Line Coordinator	1	0	0	0	1
Policy & Program Specialist	1	0	0	0	1
Prog Mgr/Coord	1	0	0	0	1
Project Assistant	1	0	0	0	1
Student Intern	1	0	0	0	1
Tech Eng I / Architect I	0	1	0	0	1
<b>Totals</b>	<b>100</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>101</b>

**Component Detail All Funds**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	11,446.8	15,182.7	15,182.7	14,612.4	13,773.4	-839.0	-5.7%
72000 Travel	65.9	477.7	477.7	477.7	227.7	-250.0	-52.3%
73000 Services	785.4	6,265.3	6,265.3	6,835.6	6,563.1	-272.5	-4.0%
74000 Commodities	258.8	315.6	315.6	315.6	315.6	0.0	0.0%
75000 Capital Outlay	0.0	22.0	22.0	22.0	22.0	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%
<b>Totals</b>	<b>12,556.9</b>	<b>22,263.3</b>	<b>22,263.3</b>	<b>22,263.3</b>	<b>20,901.8</b>	<b>-1,361.5</b>	<b>-6.1%</b>
<b>Fund Sources:</b>							
1002Fed Rcpts (Fed)	90.1	246.5	246.5	246.5	247.1	0.6	0.2%
1004Gen Fund (UGF)	8,185.7	8,921.0	8,921.0	8,921.0	8,007.3	-913.7	-10.2%
1005GF/Prgm (DGF)	181.1	683.1	683.1	683.1	688.0	4.9	0.7%
1007I/A Rcpts (Other)	107.7	157.0	157.0	157.0	157.2	0.2	0.1%
1105PFund Rcpt (Other)	3,992.3	4,051.8	4,051.8	4,051.8	4,095.1	43.3	1.1%
1108Stat Desig (Other)	0.0	7,537.4	7,537.4	7,537.4	7,039.6	-497.8	-6.6%
1217NGF Earn (Other)	0.0	150.0	150.0	150.0	150.0	0.0	0.0%
1232ISPF-I/A (Other)	0.0	516.5	516.5	516.5	517.5	1.0	0.2%
<b>Unrestricted General (UGF)</b>	<b>8,185.7</b>	<b>8,921.0</b>	<b>8,921.0</b>	<b>8,921.0</b>	<b>8,007.3</b>	<b>-913.7</b>	<b>-10.2%</b>
<b>Designated General (DGF)</b>	<b>181.1</b>	<b>683.1</b>	<b>683.1</b>	<b>683.1</b>	<b>688.0</b>	<b>4.9</b>	<b>0.7%</b>
<b>Other Funds</b>	<b>4,100.0</b>	<b>12,412.7</b>	<b>12,412.7</b>	<b>12,412.7</b>	<b>11,959.4</b>	<b>-453.3</b>	<b>-3.7%</b>
<b>Federal Funds</b>	<b>90.1</b>	<b>246.5</b>	<b>246.5</b>	<b>246.5</b>	<b>247.1</b>	<b>0.6</b>	<b>0.2%</b>
<b>Positions:</b>							
Permanent Full Time	88	109	109	107	100	-7	-6.5%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	2	10	10	5	1	-4	-80.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2017 Conference Committee To FY2017 Authorized *****												
<b>FY2017 Conference Committee</b>												
ConfCom		22,113.3	15,182.7	477.7	6,115.3	315.6	22.0	0.0	0.0	109	0	10
1002 Fed Rcpts		246.5										
1004 Gen Fund		8,921.0										
1005 GF/Prgm		683.1										
1007 I/A Rcpts		157.0										
1105 PFund Rcpt		4,051.8										
1108 Stat Desig		7,537.4										
1232 ISPF-I/A		516.5										
<b>FY2017 Cook Inlet Energy Sec19a Ch3 4SSLA2016 P78 L17 (HB256)</b>												
ConfC(L)		150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
1217 NGF Earn		150.0										
Sec. 19 (a) The interest earned during the fiscal year ending June 30, 2017, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be \$150,000, is appropriated from interest held in the general fund to the Department of Natural Resources for the purpose of the bond for the fiscal years ending June 30, 2017, and June 30, 2018, and June 30, 2019.												
<b>Subtotal</b>		<b>22,263.3</b>	<b>15,182.7</b>	<b>477.7</b>	<b>6,265.3</b>	<b>315.6</b>	<b>22.0</b>	<b>0.0</b>	<b>0.0</b>	<b>109</b>	<b>0</b>	<b>10</b>
***** Changes From FY2017 Authorized To FY2017 Management Plan *****												
<b>Align Authority to Comply with Vacancy Factor Guidelines</b>												
LIT		0.0	-570.3	0.0	570.3	0.0	0.0	0.0	0.0	0	0	0
Transfer authorization from personal services to services to align authority and comply with vacancy factor guidelines. Authority is available due to deleting positions vacant for over 12 months.												
<b>Delete Positions Vacant Over 12 Months</b>												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2	0	-5
Delete positions related to capital projects expected to conclude by the end of FY2017.												
Delete (10-T017) Program Manager/Coordinator, range 24, Anchorage, Full-Time												
Delete (10-4255) Tech Engineer I/Architect I, range 24, Anchorage, Full-Time												
Delete (10-014A) Student Intern, range 6, Anchorage, Non-Permanent												
Delete (10-019B) Student Intern, range 8, Anchorage, Non-Permanent												
Delete (10-021A) Student Intern, range 6, Anchorage, Non-Permanent												
Delete (10-404SI) Student Intern, range 0, Anchorage, Non-Permanent												
Delete (10-405SI) Student Intern, range 0, Anchorage, Non-Permanent												

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<b>Subtotal</b>		<b>22,263.3</b>	<b>14,612.4</b>	<b>477.7</b>	<b>6,835.6</b>	<b>315.6</b>	<b>22.0</b>	<b>0.0</b>	<b>0.0</b>	<b>107</b>	<b>0</b>	<b>5</b>

\*\*\*\*\* Changes From FY2017 Management Plan To FY2018 Governor \*\*\*\*\*

**FY2018 Salary and Health Insurance Increases**

SalAdj	28.4	28.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts	0.6											
1004 Gen Fund	13.1											
1005 GF/Prgm	1.1											
1007 I/A Rcpts	0.2											
1105 PFund Rcpt	6.5											
1108 Stat Desig	6.5											
1232 ISPF-I/A	0.4											

Includes: ACOA COLA, 2.25% per contract ending 6/30/2018; GGU HI increase from \$1346 to \$1389; LTC HI increase from \$1363 to \$1432.: \$28.4

FY2018 PS Health Ins.: \$28.4

**Reduce Uncollectible Statutory Designated Program Receipt Authority**

Dec	-517.0	0.0	0.0	-517.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1108 Stat Desig	-517.0											

In FY2017 Management Plan the division deleted positions vacant for more than a year. This will bring the Department's budget closer in line with actual spending. This is a technical adjustment and has no impact on services to the public.

**Restore Cook Inlet Energy Reclamation Bond Interest**

IncM	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1217 NGF Earn	150.0											

In 2009, Pacific Energy Resources Limited. (PERL) abandoned Redoubt Unit as a result of bankruptcy. The bond in the amount of \$6,600.0 along with interest earned for abandonment liabilities for the Redoubt Unit between PERL and Department of Natural Resources' (DNR) Division of Oil and Gas was transferred to DNR in October 2009.

The assets were purchased in December 2009, by Cook Inlet Energy (CIE). The remaining funds from the original bond will be used as a part of the new bond posted by CIE. This bond will be used toward abandonment and reclamation if CIE abandons the facilities or begins reclamation.

The original bond was held in an escrow account at First National Bank, where interest was earned on the principle. It cost over \$1,800/mo in bank fees to hold the money in escrow. The department would prefer to hold the bond in Treasury. Interest earnings on the bond would then require an annual appropriation to the bond.

DNR requests that the interest earned be applied to the bond. The earned interest would maximize the value of the bond funds available for abandonment and reclamation costs.

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP

\$150.0 is the estimate of interest to be earned on the bond for FY2018.

Unless abandonment or reclamation occurs, all earned interest and bond funds will remain in the bond account.

If funding is not received, interest earned on the bond held by Department of Revenue's Division of Treasury cannot be applied toward future bond requirements, imposing additional financial burden on this small and producing company.

**Language**

The interest earned during the fiscal year ending June 30, 2018, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be \$150,000, is appropriated from interest held in the general fund to the Department of Natural Resources for the purpose of the bond for the fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020.

**Reduce TAX/CREDIT:FILM/OIL & GAS/GAS STOR./CORP. SEC2 CH15 SLA2012 P46 L8 (HB284)**

	OTI	-102.2	-96.7	0.0	-5.5	0.0	0.0	0.0	0.0	0.0	-1	0	0
1004 Gen Fund		-102.2											

In FY2013, \$211.4 and two full time positions was appropriated to the Division of Oil & Gas related to "SB23 Tax Credit: Film/Oil and Gas/Gas Storage/Corporations". A fiscal note for "HB276 Oil/Gas Production Tax Credits" was incorporated with SB23. Funding was reduced by \$7.0 in FY2014. The beginning of the phase-out of SB23 began in FY2017 with a reduction of \$102.2 and one position. The phase-out of SB23 concludes in FY2018 with a reduction of \$102.2 and one position.

Elimination of one Microcomputer/Network Specialist II will shift management and oversight of the division servers housing extremely large volumes of data including tax credit data to the division's Data Processing Manager which significantly adds to the complexity and responsibilities of that position.

Delete (10-4241) Microcomputer/Network Specialist II, range 20, Anchorage, Full-Time

**Reverse Cook Inlet Energy Reclamation Bond Interest Sec19a Ch3 4SSLA2016 P78 L17 (HB256)**

	OTI	-150.0	0.0	0.0	-150.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1217 NGF Earn		-150.0											

In 2009, Pacific Energy Resources Limited (PERL) abandoned Redoubt Unit as a result of bankruptcy. The bond in the amount of \$6,600.0 along with interest earned for abandonment liabilities for the Redoubt Unit between PERL and Department of Natural Resources' (DNR) Division of Oil and Gas was transferred to DNR in October 2009.

The assets were purchased in December 2009, by Cook Inlet Energy (CIE). The remaining funds from the original bond will be used as a part of the new bond posted by CIE. This bond will be used toward abandonment and reclamation if CIE abandons the facilities or begins reclamation.

The original bond was held in an escrow account at First National Bank, where interest was earned on the principle. It cost over \$1,800/mo in bank fees to hold the money in escrow. The department would prefer to hold the bond in Treasury. Interest earnings on the bond would then require an annual appropriation to the bond.

DNR requests that the interest earned be applied to the bond. The earned interest would maximize the value of the bond funds available for abandonment and

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	

reclamation costs.

\$150.0 is the estimate of interest to be earned on the bond for FY2017.

Unless abandonment or reclamation occurs, all earned interest and bond funds will remain in the bond account.

If funding is not received, interest earned on the bond held by Department of Revenue's Division of Treasury cannot be applied toward future bond requirements, imposing additional financial burden on this small and producing company.

**Language**

The interest earned during the fiscal year ending June 30, 2017, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be \$150,000, is appropriated from interest held in the general fund to the Department of Natural Resources for the purpose of the bond for the fiscal years ending June 30, 2017, June 30, 2018, and June 30, 2019.

**Division Consolidation to Manage Oil and Gas Resources**

	Dec	-870.0	-870.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6	0	0
1004 Gen Fund		-870.0											

Proposed staff reductions within the Division of Oil & Gas (DOG) could have some negative effect on DOG's capacity to optimally manage oil and gas leasing, permitting, units and participating area management activities, along with the oil industry's performance in Alaska. However, DOG believes that such risks and impacts can be mitigated somewhat through streamlining of existing work practices, and more effective scope of work and staff management.

Over the past two years the division has made progress towards consolidating its approach to management of oil and gas resources. This proposed reorganization further consolidates the division, including Best Interest Findings through lease sales, and units and participating area management functions.

As a result of these reductions the lease sale schedule may be affected, potentially leading to less acreage available on an annual basis. Additionally, many unit management processes follow timelines mandated in statute and regulation (unit formation, expansion, contraction, plan of development approval, etc.). Delaying decisions is not a viable option so significant effort will be needed to assure that the work is completed timely without diminishing the thoroughness of analyses. The division will also have minimal staff and less depth available to draft comments related to federal legislation and its potential impacts on Alaska resource development.

- Delete (10-4101) Petroleum Reservoir Engineer, range 26, Anchorage, Full-Time
- Delete (10-4110) Natural Resource Specialist IV, range 21, Anchorage, Full-Time
- Delete (10-4169) Natural Resource Specialist V, range 23, Anchorage, Full-Time
- Delete (10-0111) Office Assistant II, range 10, Anchorage, Full-Time
- Delete (10-4250) Natural Resource Specialist IV, range 21, Anchorage, Full-Time
- Delete (10-T003) Petroleum Land Manager, range 26, Anchorage, Full-Time

**Delete Vacant Positions**

PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	-4
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Delete vacant positions as funding is not currently available.



**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Delete (10-034B) Student Intern, range 0, Anchorage, Non-Permanent												
Delete (10-047B) Student Intern, range 0, Anchorage, Non-Permanent												
Delete (10-402SI) Student Intern, range 0, Anchorage, Non-Permanent												
Delete (10-B009) Student Intern, range 0, Anchorage, Non-Permanent												
<b>Align Authority for Projected Expenditures</b>												
	LIT	0.0	0.0	-250.0	250.0	0.0	0.0	0.0	0.0	0	0	0
Align unused authority in travel to cover anticipated expenditures in services, where additional authority is needed.												
<b>Supervisory Unit 15 Hour Furlough Contract Terms</b>												
	SalAdj	-4.7	-4.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund -1.4												
1005 GF/Prgm -0.5												
1105 PFund Rcpt -1.5												
1108 Stat Desig -1.2												
1232 ISPF-I/A -0.1												
Alaska Public Employees Association, supervisory unit, 15 hours of furlough required for each permanent full-time employee in each year from July 1, 2016 to June 30, 2018.												
<b>FY2018 Alaska Care &amp; PSEA Health Insurance Increase</b>												
	SalAdj	104.0	104.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 46.8												
1005 GF/Prgm 4.3												
1105 PFund Rcpt 38.3												
1108 Stat Desig 13.9												
1232 ISPF-I/A 0.7												
Alaska Care rate increase from \$1346 to \$1555 per month for APEA members. \$28.4												
Alaska Care rate increase from \$1346 to \$1555 per month for exempt and partially exempt employees. \$75.6												
<b>Totals</b>		<b>20,901.8</b>	<b>13,773.4</b>	<b>227.7</b>	<b>6,563.1</b>	<b>315.6</b>	<b>22.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100</b>	<b>0</b>	<b>1</b>

**Personal Services Expenditure Detail**  
**Department of Natural Resources**

**Scenario:** FY2018 Governor (13956)  
**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

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	UGF Amount
10-0111	Office Assistant II	FT	A	GP	Anchorage	200	10C / D	12.0		0	0	0	0	0	0
10-0112	Administrative Officer II	FT	A	SS	Anchorage	99	19L	12.0		83,460	0	0	48,833	132,293	0
10-0113	Natural Resource Mgr III	FT	A	SS	Anchorage	200	22B / C	12.0		83,370	0	0	48,801	132,171	0
10-0115	Administrative Officer I	FT	A	SS	Anchorage	99	17K / L	12.0		72,318	0	0	44,830	117,148	0
10-0116	Office Assistant II	FT	A	GP	Anchorage	99	10M	12.0		46,548	0	0	33,539	80,087	0
10-0119	Natural Resource Spec III	FT	A	GP	Anchorage	200	18K / L	12.0		75,978	0	0	44,113	120,091	0
10-0121	Natural Resource Spec III	FT	A	GP	Anchorage	200	18F / G	12.0		68,154	0	0	41,302	109,456	0
10-0133	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21G	12.0		85,836	0	0	47,655	133,491	0
10-0134	Natural Resource Spec III	FT	A	GP	Anchorage	200	18F / G	12.0		68,154	0	0	41,302	109,456	0
10-0135	Tech Eng I / Architect I	FT	A	GP	Fairbanks	203	24G	12.0		108,924	0	0	55,950	164,874	0
10-0141	Commercial Manager	FT	A	XE	Anchorage	N00	26	12.0		148,625	0	0	70,789	219,414	142,619
10-0142	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		106,137	0	0	56,837	162,974	104,303
10-0143	Policy & Program Specialist	FT	A	XE	Anchorage	N00	24	12.0		110,126	0	0	58,270	168,396	202
10-0144	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		143,980	0	0	69,405	213,385	136,566
10-0145	Analyst/Programmer III	FT	A	GP	Anchorage	200	18A / B	12.0		59,291	0	0	38,117	97,408	62,341
10-0147	Natural Resource Spec III	FT	A	GP	Anchorage	99	18L	12.0		77,916	0	0	44,809	122,725	0
10-0157	Accounting Tech I	FT	A	GP	Anchorage	200	12K / L	12.0		50,321	0	0	34,894	85,215	0
10-0162	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21G	12.0		85,836	0	0	47,655	133,491	0
10-0253	Administrative Assistant II	FT	A	GP	Anchorage	200	14J	12.0		55,524	0	0	36,764	92,288	0
10-0254	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21B / C	12.0		74,526	0	0	43,591	118,117	0
10-0266	Micro/Network Spec I	FT	A	GP	Anchorage	99	18N / O	12.0		87,092	0	0	48,106	135,198	0
10-034B	Student Intern	NP	N	XE	Anchorage	99	0A	12.0		0	0	0	0	0	0
10-047B	Student Intern	NP	N	XE	Anchorage	99	0A	12.0		0	0	0	0	0	0
10-1147	Natural Resource Mgr II	FT	A	SS	Anchorage	99	20N	12.0		95,064	0	0	53,002	148,066	0
10-1297	Natural Resource Spec III	FT	A	GP	Anchorage	200	18J	12.0		73,092	0	0	43,076	116,168	0
10-1313	Natural Resource Spec III	FT	A	GG	Anchorage	99	18N	12.0		83,064	0	0	46,659	129,723	0
10-1793	Natural Resource Spec III	FT	A	GP	Anchorage	200	18A / B	12.0		59,206	0	0	38,087	97,293	0
10-402SI	Student Intern	NP	A	XE	Anchorage	99	0A	2.0		0	0	0	0	0	0
10-4100	Division Director	FT	A	XE	Anchorage	N00	27	12.0		150,000	0	0	71,199	221,199	0
10-4101	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		0	0	0	0	0	0
10-4104	Petroleum Geologist II	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,586	249,020	159,373
10-4105	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		120,480	0	0	61,990	182,470	116,781
10-4109	Oil & Gas Revenue Specialist	FT	A	GP	Anchorage	200	25G	12.0		113,700	0	0	57,666	171,366	0
10-4110	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21C / C	12.0		0	0	0	0	0	0
10-4114	Natural Resource Spec III	FT	A	GP	Anchorage	200	18E / F	12.0		66,636	0	0	40,756	107,392	44,235
10-4115	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22D / E	12.0		84,806	0	0	47,285	132,091	132,091

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.

**Personal Services Expenditure Detail**  
**Department of Natural Resources**

**Scenario:** FY2018 Governor (13956)  
**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

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	UGF Amount
10-4118	Administrative Officer II	FT	A	SS	Anchorage	99	19J / K	12.0		80,909	0	0	47,916	128,825	72,657
10-4119	Natural Resource Tech II	FT	A	GP	Anchorage	99	12K	12.0		51,716	0	796	35,681	88,193	56,444
10-4122	Micro/Network Spec I	FT	A	GP	Anchorage	200	18F / G	12.0		68,243	0	0	41,334	109,577	70,129
10-4125	Analyst/Programmer V	FT	A	GP	Anchorage	200	22G / J	12.0		94,206	0	0	50,662	144,868	92,716
10-4128	Accounting Tech II	FT	A	GP	Anchorage	200	14G	12.0		53,292	0	0	35,962	89,254	57,123
10-4133	Data Processing Mgr I	FT	A	SS	Anchorage	200	22J / K	12.0		105,570	0	0	56,777	162,347	103,902
10-4135	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21E / F	12.0		80,305	0	0	45,667	125,972	80,622
10-4136	Project Assistant	FT	A	GP	Anchorage	200	16C / D	12.0		53,710	0	0	36,112	89,822	57,486
10-4144	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		61,076	0	1,827	39,415	102,318	65,484
10-4145	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21D / E	12.0		82,857	0	0	48,616	131,473	0
10-4146	Accountant IV	FT	A	GP	Anchorage	200	20E / F	12.0		76,362	0	0	44,251	120,613	77,192
10-4147	Admin Operations Mgr I	FT	A	SS	Anchorage	99	22O	12.0		123,070	0	0	63,065	186,135	0
10-4149	Accounting Tech III	FT	A	GG	Anchorage	99	16O / P	12.0		78,166	0	0	44,899	123,065	78,762
10-4158	Accountant III	FT	A	GP	Anchorage	200	18G / J	12.0		72,372	0	0	42,817	115,189	73,721
10-4163	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21F	12.0		86,508	0	0	49,928	136,436	87,319
10-4165	Natural Resource Spec III	FT	A	GP	Anchorage	200	18D / E	12.0		65,616	0	0	40,390	106,006	67,844
10-4167	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21D / E	12.0		82,242	0	0	48,395	130,637	83,608
10-4169	Natural Resource Spec V	FT	A	GP	Anchorage	200	23C	12.0		0	0	0	0	0	0
10-4171	Natural Resource Spec III	FT	A	GP	Anchorage	200	18F / G	12.0		70,212	0	2,160	42,817	115,189	73,721
10-4181	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		144,293	0	0	69,498	213,791	136,826
10-4182	Petroleum Geologist II	FT	A	XE	Anchorage	N00	26	12.0		168,575	0	0	76,734	245,309	156,998
10-4183	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		167,958	0	0	76,551	244,509	156,486
10-4184	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		168,095	0	0	76,591	244,686	156,599
10-4185	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,586	249,020	159,373
10-4193	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,586	249,020	159,373
10-4194	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24J / K	12.0		112,693	0	0	57,304	169,997	169,997
10-4196	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20B / C	12.0		69,496	0	0	41,784	111,280	71,219
10-4203	Analyst/Programmer V	FT	A	GP	Anchorage	200	22G	12.0		91,980	0	0	49,862	141,842	90,779
10-4207	Natural Resource Spec III	FT	A	GP	Anchorage	200	18K	12.0		75,468	0	0	43,929	119,397	76,414
10-4210	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24J / K	12.0		110,607	0	0	56,555	167,162	167,162
10-4211	Accountant IV	FT	A	GP	Anchorage	200	20J / K	12.0		85,352	0	0	47,481	132,833	85,013
10-4213	Natural Resource Tech III	FT	A	GP	Anchorage	200	14C / D	12.0		47,472	0	0	33,870	81,342	52,059
10-4214	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		120,480	0	0	61,990	182,470	116,781
10-4215	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22C / D	12.0		80,547	0	0	45,754	126,301	126,301
10-4216	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		135,929	0	0	67,006	202,935	129,878

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.

**Personal Services Expenditure Detail**  
**Department of Natural Resources**

**Scenario:** FY2018 Governor (13956)  
**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

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	UGF Amount
10-4217	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		131,433	0	0	65,666	197,099	126,143
10-4222	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		99,332	0	0	54,392	153,724	98,383
10-4223	Natural Resource Spec IV	FT	A	SS	Anchorage	99	21K	12.0		92,665	0	0	52,140	144,805	101,364
10-4224	Natural Resource Spec II	FT	A	GP	Anchorage	200	16C / D	12.0		55,046	0	1,639	37,181	93,866	60,074
10-4225	Natural Resource Spec II	FT	A	GP	Anchorage	200	16F / G	12.0		60,481	0	3,654	39,858	103,993	66,556
10-4226	Bus Process Integration Mgr	FT	A	XE	Anchorage	N00	24	12.0		89,753	0	0	50,950	140,703	85,266
10-4227	Deputy Director	FT	A	XE	Anchorage	N00	26	12.0		155,000	0	0	72,689	227,689	0
10-4229	Administrative Assistant II	FT	A	GP	Anchorage	200	14F / G	12.0		52,257	0	0	35,590	87,847	56,222
10-4230	Office Assistant II	FT	A	GP	Anchorage	200	10B / C	12.0		35,179	0	0	29,454	64,633	41,365
10-4231	Office Assistant II	FT	A	GP	Anchorage	200	10C / D	12.0		37,020	0	0	30,115	67,135	0
10-4232	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24J	12.0		110,160	0	0	56,394	166,554	166,554
10-4233	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22B / C	12.0		79,878	0	0	45,514	125,392	125,392
10-4234	Natural Resource Tech II	FT	A	GP	Anchorage	200	12C / D	12.0		41,180	0	0	31,610	72,790	46,586
10-4235	Natural Resource Spec II	FT	A	GP	Anchorage	200	16A / B	12.0		51,559	0	0	35,339	86,898	55,615
10-4236	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20K / L	12.0		86,841	0	0	48,016	134,857	86,309
10-4238	Petroleum Economist II	FT	A	GP	Anchorage	200	22B / C	12.0		79,674	0	0	45,441	125,115	80,074
10-4240	Natural Resource Tech II	FT	A	GP	Anchorage	200	12G / J	12.0		48,032	0	0	34,072	82,104	52,547
10-4241	Micro/Network Spec II	FT	A	SS	Anchorage	99	20J	12.0		0	0	0	0	0	0
10-4244	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21D / E	12.0		83,370	0	0	48,801	132,171	84,589
10-4245	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		60,821	0	0	38,667	99,488	63,672
10-4247	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20B / C	12.0		69,496	0	0	41,784	111,280	71,219
10-4249	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22B / C	12.0		78,858	0	0	45,147	124,005	124,005
10-4250	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21C / C	12.0		0	0	0	0	0	0
10-4256	Natural Resource Spec III	FT	A	GP	Anchorage	200	18C / D	12.0		61,854	0	0	39,038	100,892	64,571
10-4257	Natural Resource Spec II	FT	A	GP	Anchorage	200	16D / E	12.0		56,656	0	3,403	38,393	98,452	51,441
10-8106	Pipe Line Coordinator	FT	A	XE	Anchorage	N00	26	12.0		118,524	0	0	61,287	179,811	0
10-B009	Student Intern	NP	N	XE	Anchorage	N00	0	2.0		0	0	0	0	0	0
10-I012	Student Intern	NP	N	XE	Anchorage	N00	0A	12.0		33,300	0	0	3,796	37,096	0
10-T002	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,586	249,020	159,373
10-T003	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		0	0	0	0	0	0
10-T006	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		103,525	0	0	55,898	159,423	102,031
10-T007	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		101,000	0	0	54,991	155,991	99,834
10-T009	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		165,771	0	0	75,899	241,670	154,669
10-T010	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		143,501	0	0	69,262	212,763	136,168
10-T011	Petroleum Geophysicist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,586	249,020	159,373

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.

**Personal Services Expenditure Detail**  
**Department of Natural Resources**

**Scenario:** FY2018 Governor (13956)  
**Component:** Oil & Gas (439)  
**RDU:** Oil and Gas (601)

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	UGF Amount
10-T015	Prog Mgr/Coord	FT	A	XE	Anchorage	N00	24	12.0		92,964	0	0	52,104	145,068	0
10-T019	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		127,171	0	0	64,394	191,565	122,602
10-T020	Petroleum Engineer	FT	A	XE	Anchorage	99	26M	12.0		137,208	0	0	67,387	204,595	0
10-T021	Oil & Gas Revenue Audit Master	FT	A	XE	Anchorage	N00	26	12.0		123,000	0	0	62,896	185,896	0
10-T022	Commercial Analyst	FT	A	XE	Anchorage	N00	26A	12.0		101,000	0	0	54,991	155,991	99,834
10-X001	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		151,700	0	0	71,706	223,406	142,980

														<b>Total Salary Costs:</b>	9,475,920
														<b>Total COLA:</b>	0
														<b>Total Premium Pay:</b>	13,479
														<b>Total Benefits:</b>	5,133,687
														<b>Total Pre-Vacancy:</b>	14,623,086
														<b>Minus Vacancy Adjustment of 5.81%:</b>	(849,686)
														<b>Total Post-Vacancy:</b>	13,773,400
														<b>Plus Lump Sum Premium Pay:</b>	0
														<b>Personal Services Line 100:</b>	13,773,400

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1002 Federal Receipts	166,773	157,083	1.14%
1004 General Fund Receipts	6,993,307	6,586,955	47.82%
1005 General Fund/Program Receipts	497,447	468,542	3.40%
1007 Interagency Receipts	25,096	23,638	0.17%
1105 Alaska Permanent Fund Corporation Receipts	4,345,751	4,093,238	29.72%
1108 Statutory Designated Program Receipts	2,449,631	2,307,293	16.75%
1232 In-state Pipeline Fund Interagency	145,081	136,651	0.99%
<b>Total PCN Funding:</b>	<b>14,623,086</b>	<b>13,773,400</b>	<b>100.00%</b>

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 (1676)**  
**Department of Natural Resources**  
**Travel**

**Component:** Oil & Gas (439)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		65.9	477.7	227.7
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>2000 Travel Detail Totals</b>			<b>65.9</b>	<b>477.7</b>	<b>227.7</b>
2000	In-State Employee Travel		23.7	436.8	186.8
2001	In-State Non-Employee Travel	Royalty Board Members travel to Royalty Board meetings	0.0	1.4	1.4
2002	Out of State Employee Travel	Outreach, conferences and professional courses	42.2	39.5	39.5

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Services**

**Component:** Oil & Gas (439)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		785.4	6,835.6	6,563.1
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>785.4</b>	<b>6,835.6</b>	<b>6,563.1</b>
3000	Education Services	Oil and gas related professional memberships and training	71.3	75.5	75.5
3001	Financial Services	Cook Inlet Energy Reclamation Bond Funds Interest	58.3	150.0	150.0
3003	Information Technology	Software licensing	95.4	129.0	29.0
3004	Telecommunications		15.6	62.0	375.0
3006	Delivery Services		14.3	35.3	35.3
3007	Advertising and Promotions	Legal and public meeting notices	25.4	43.0	43.0
3008	Utilities	Document shredding services	0.0	2.3	2.3
3009	Structure/Infrastructure/Land	Off site records storage, janitorial, snow removal, and office reconfiguration	14.1	23.5	23.5
3010	Equipment/Machinery	Repair and maintenance of office equipment, furniture, and vehicles	22.3	40.5	44.5
3011	Other Services	Geographic sample analysis, travel fees, and other small contracts	5.1	23.3	23.3
3011	Other Services	Royalty Reopener	0.0	400.0	437.0
3011	Other Services	Security services, maps reproduction, arctic gear cleaning.	0.0	150.0	150.0
3011	Other Services	Contracts for oil & gas consulting svcs	0.0	525.9	514.2
3012	Inter-Agency Federal Indirect Rate Allocation	NatRes - Administrative Services (424)	12.0	20.9	20.9
3016	Inter-Agency Economic	NatRes - Administrative Services (424) Related to AS 38.35 pipelines	0.0	220.9	230.0

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Services**

**Component:** Oil & Gas (439)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor	
<b>3000 Services Detail Totals</b>			<b>785.4</b>	<b>6,835.6</b>	<b>6,563.1</b>	
	Development	(indirect)				
3016	Inter-Agency Economic Development	FishGm - Department-wide	Related to AS 38.35 pipelines	0.0	599.0	599.0
3016	Inter-Agency Economic Development	NatRes - Agricultural Development (455)	Related to AS 38.35 pipelines	0.0	18.4	19.0
3016	Inter-Agency Economic Development	NatRes - Forest Management & Develop (435)	Related to AS 38.35 pipelines	0.0	10.9	11.0
3016	Inter-Agency Economic Development	NatRes - Geological & Geophysical Surveys (1031)	Related to AS 38.35 pipelines	0.0	73.1	74.0
3016	Inter-Agency Economic Development	NatRes - History and Archaeology (451)	Related to AS 38.35 pipelines	0.0	71.8	72.0
3016	Inter-Agency Economic Development	NatRes - Information Resource Mgmt. (427)	Related to AS 38.35 pipelines	0.0	12.0	15.0
3016	Inter-Agency Economic Development	NatRes - Mining, Land & Water (3002)	Related to AS 38.35 pipelines	0.0	162.1	164.0
3016	Inter-Agency Economic Development	NatRes - Parks Management & Access (3001)	Related to AS 38.35 pipelines	0.0	14.5	15.0
3016	Inter-Agency Economic Development	NatRes - Project Management & Permitting (2733)	Related to AS 38.35 pipelines	0.0	6.7	6.7
3016	Inter-Agency Economic Development		Pending projects related to 38.35 pipeline projects	0.0	1,794.8	1,277.8
3016	Inter-Agency Economic Development	EnvCon - Department-wide	For liaison and services related to AS 38.35 pipelines	0.0	640.2	641.0
3016	Inter-Agency Economic Development	H&SS - Department-wide	For services related to AS 38.35 pipelines	0.0	53.6	55.0
3016	Inter-Agency Economic Development	PubSaf - Department-wide	For liaison and services related to AS 38.35 pipelines	0.0	137.8	139.0
3016	Inter-Agency Economic Development	Labor - Department-wide	For liaison and services related to AS 38.35 pipelines	0.0	270.7	272.0
3016	Inter-Agency Economic Development	Trans - Department-wide	For services related to AS 38.35 pipelines	0.0	109.7	110.0



**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Services**

**Component:** Oil & Gas (439)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>785.4</b>	<b>6,835.6</b>	<b>6,563.1</b>
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	114.0	140.2	140.2
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	0.0	74.4	74.4
3021	Inter-Agency Mail	Admin - Department-wide	3.3	5.0	5.0
3022	Inter-Agency Human Resources	Admin - Department-wide	10.6	22.4	22.5
3023	Inter-Agency Building Leases	Admin - Department-wide	308.1	575.0	575.0
3024	Inter-Agency Legal	Law - Department-wide	0.3	70.0	50.0
3026	Inter-Agency Insurance	Admin - Department-wide	0.4	5.2	5.2
3027	Inter-Agency Financial	Admin - Department-wide	10.7	10.8	10.8
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	0.3	1.7	1.7
3029	Inter-Agency Education/Training	Admin - Department-wide	0.0	2.2	3.0
3037	State Equipment Fleet	Trans - Department-wide	3.9	51.3	51.3

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Commodities**

**Component:** Oil & Gas (439)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		258.8	315.6	315.6
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>4000 Commodities Detail Totals</b>			<b>258.8</b>	<b>315.6</b>	<b>315.6</b>
4000	Business	General office supplies & computer equipment, books & subscriptions	257.9	305.2	305.2
4002	Household/Institutional	Arctic gear and personal protective equipment for oil & gas related field travel	0.0	7.8	7.8
4004	Safety	First aid and defibrillator kits, life jackets, safety tools & equip for vehicles	0.0	1.9	1.9
4015	Parts and Supplies	Nuts, bolts and miscellaneous hardware	0.1	0.1	0.1
4020	Equipment Fuel	Vehicle fuel	0.8	0.6	0.6

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Capital Outlay**

**Component:** Oil & Gas (439)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
5000	Capital Outlay		0.0	22.0	22.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>5000 Capital Outlay Detail Totals</b>			<b>0.0</b>	<b>22.0</b>	<b>22.0</b>
5004	Equipment	Replace copiers, printers, plotters, servers, scanners and cisco switches	0.0	22.0	22.0

**Revenue Detail (1681)**  
**Department of Natural Resources**

Component: Oil & Gas (439)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>5002 Fed Rcpts (1002 Fed Rcpts)</b>			<b>90.1</b>	<b>246.5</b>	<b>247.1</b>
5010 Federal Natural Resources - Miscellaneous Grants		Office of Natural Resources Revenue (ONRR) cooperative agreement	90.1	246.5	247.1
<b>5005 GF/Prgm (1005 GF/Prgm)</b>			<b>750.8</b>	<b>683.1</b>	<b>688.0</b>
5112 Program Receipts Natural Resources - Charges for Services		Application filing fees	249.9	234.7	235.0
5113 Program Receipts Natural Resources - Rent and Royalties		Lease payments	500.9	448.4	453.0
<b>5007 I/A Rcpts (1007 I/A Rcpts)</b>			<b>111.1</b>	<b>157.0</b>	<b>157.2</b>
5301 Inter-Agency Receipts	NatRes - Project Management & Permitting (2733)	Miscellaneous projects	0.0	157.0	157.2
5301 Inter-Agency Receipts	NatRes - Oil & Gas (439)	Division indirect for federal grant	4.9	0.0	0.0
5301 Inter-Agency Receipts	NatRes - NorthSlope Gas Commercialization (3082)	Alaska LNG project	99.9	0.0	0.0
5301 Inter-Agency Receipts	NatRes - Project Management & Permitting (2733)	Pt Thompson, Conoco Phillips GMT#1, Blue Crest Cosmopolitan	2.2	0.0	0.0
5301 Inter-Agency Receipts	NatRes - Mining, Land & Water (3002)	Expert witness service-Dickson case	4.1	0.0	0.0
<b>5105 PFund Rcpt (1105 PFund Rcpt)</b>			<b>3,992.3</b>	<b>4,051.8</b>	<b>4,095.1</b>
5414 Alaska Permanent Fund Corporation Receipts			3,992.3	4,051.8	4,095.1
<b>5108 Stat Desig (1108 Stat Desig)</b>			<b>0.0</b>	<b>7,537.4</b>	<b>7,039.6</b>
5206 Statutory Designated Program Receipts - Contracts		Related to AS 38.35 pipelines	0.0	7,537.4	7,039.6
<b>5217 NGF Earn (1217 NGF Earn)</b>			<b>0.0</b>	<b>150.0</b>	<b>150.0</b>
5429 Non-General Fund Earnings - Miscellaneous		Cook Inlet Energy Reclamation Bond	0.0	150.0	150.0
<b>5232 ISPF-I/A (1232 ISPF-I/A)</b>			<b>0.0</b>	<b>516.5</b>	<b>517.5</b>

**Revenue Detail (1681)**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)

<b>Revenue Type (OMB Fund Code)</b> <b>Revenue Source</b>	<b>Component</b>	<b>Comment</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
5426 In-State Pipeline Fund IA		Alaska Stand Alone Pipeline Project (ASAP)	0.0	516.5	517.5
<b>FUND Fund Only (9999 No specif.)</b>			<b>796,677.3</b>	<b>625,634.9</b>	<b>682,960.8</b>
6095 Fund Only - Interest Earned		Bid Bonus Interest Oil & Gas - State	4.7	0.0	0.0
6095 Fund Only - Interest Earned		Interest on Royalty Oil & Gas - State	11,657.4	5,505.9	5,505.9
6095 Fund Only - Interest Earned		Federally Shared Oil & Gas Royalty Interest	-127.5	72.8	72.3
6097 Fund Only Natural Resources - Fines and Forfeitures		Fees - Unrestricted GF	868.2	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties		Bid Bonus - Oil & Gas - State	11,335.0	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties		Federally Shared Mineral Rentals	60.6	61.7	61.7
6098 Fund Only Natural Resources - Rents and Royalties		Net Profet Share (NPSL) - State	15,959.0	17,300.5	19,958.0
6098 Fund Only Natural Resources - Rents and Royalties		Federally Shared Oil & Gas Royalty Interest	8,858.2	9,602.2	11,077.2
6098 Fund Only Natural Resources - Rents and Royalties		Rentals - Oil & Gas - State	12,538.1	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties		Minimum Royalty - Oil & Gas - State	21.9	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties		Oil Royalty in Value - State	714,259.6	569,981.9	619,945.2
6098 Fund Only Natural Resources - Rents and Royalties		Gas Royalty - State	21,062.4	23,109.9	26,340.5
6098 Fund Only Natural Resources - Rents and Royalties		Fees - Unrestricted GF	179.7	0.0	0.0

**Inter-Agency Services (1682)**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)

	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>	<b>463.6</b>	<b>5,175.3</b>	<b>4,660.5</b>
With Department of Natural Resources	12.0	611.3	627.6
With Department of Fish and Game	0.0	599.0	599.0
With Unspecified	0.0	1,794.8	1,277.8
With Department of Environmental Conservation	0.0	640.2	641.0
With Department of Health and Social Services	0.0	53.6	55.0
With Department of Public Safety	0.0	137.8	139.0
With Department of Labor and Workforce Development	0.0	270.7	272.0
With Department of Transportation/Public Facilities	3.9	161.0	161.3
With Department of Administration	447.4	836.9	837.8
With Department of Law	0.3	70.0	50.0

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3012 Inter-Agency Federal Indirect Rate Allocation	NatRes - Administrative Services (424)		12.0	20.9	20.9
3016 Inter-Agency Economic Development	NatRes - Administrative Services (424)	Related to AS 38.35 pipelines (indirect)	0.0	220.9	230.0
3016 Inter-Agency Economic Development	FishGm - Department-wide	Related to AS 38.35 pipelines	0.0	599.0	599.0
3016 Inter-Agency Economic Development	NatRes - Agricultural Development (455)	Related to AS 38.35 pipelines	0.0	18.4	19.0
3016 Inter-Agency Economic Development	NatRes - Forest Management & Develop (435)	Related to AS 38.35 pipelines	0.0	10.9	11.0
3016 Inter-Agency Economic Development	NatRes - Geological & Geophysical Surveys (1031)	Related to AS 38.35 pipelines	0.0	73.1	74.0
3016 Inter-Agency Economic Development	NatRes - History and Archaeology (451)	Related to AS 38.35 pipelines	0.0	71.8	72.0
3016 Inter-Agency Economic Development	NatRes - Information Resource Mgmt. (427)	Related to AS 38.35 pipelines	0.0	12.0	15.0

**Inter-Agency Services (1682)**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)

Object Class		Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3016	Inter-Agency Economic Development	NatRes - Mining, Land & Water (3002)	Related to AS 38.35 pipelines	0.0	162.1	164.0
3016	Inter-Agency Economic Development	NatRes - Parks Management & Access (3001)	Related to AS 38.35 pipelines	0.0	14.5	15.0
3016	Inter-Agency Economic Development	NatRes - Project Management & Permitting (2733)	Related to AS 38.35 pipelines	0.0	6.7	6.7
3016	Inter-Agency Economic Development		Pending projects related to 38.35 pipeline projects	0.0	1,794.8	1,277.8
3016	Inter-Agency Economic Development	EnvCon - Department-wide	For liaison and services related to AS 38.35 pipelines	0.0	640.2	641.0
3016	Inter-Agency Economic Development	H&SS - Department-wide	For services related to AS 38.35 pipelines	0.0	53.6	55.0
3016	Inter-Agency Economic Development	PubSaf - Department-wide	For liaison and services related to AS 38.35 pipelines	0.0	137.8	139.0
3016	Inter-Agency Economic Development	Labor - Department-wide	For liaison and services related to AS 38.35 pipelines	0.0	270.7	272.0
3016	Inter-Agency Economic Development	Trans - Department-wide	For services related to AS 38.35 pipelines	0.0	109.7	110.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide		114.0	140.2	140.2
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide		0.0	74.4	74.4
3021	Inter-Agency Mail	Admin - Department-wide		3.3	5.0	5.0
3022	Inter-Agency Human Resources	Admin - Department-wide		10.6	22.4	22.5
3023	Inter-Agency Building Leases	Admin - Department-wide		308.1	575.0	575.0
3024	Inter-Agency Legal	Law - Department-wide	Regulation review	0.3	70.0	50.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management and property insurance	0.4	5.2	5.2
3027	Inter-Agency Financial	Admin - Department-wide	AKPAY, ALDER, and IRIS	10.7	10.8	10.8
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide		0.3	1.7	1.7
3029	Inter-Agency Education/Training	Admin - Department-wide	Dept of Admin sponsored training	0.0	2.2	3.0

**Inter-Agency Services (1682)**  
**Department of Natural Resources**

**Component:** Oil & Gas (439)

<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
3037 State Equipment Fleet	Trans - Department-wide	through LearnAlaska Vehicle fixed/replacement costs	3.9	51.3	51.3