

State of Alaska FY2019 Governor's Operating Budget

Department of Natural Resources Oil & Gas RDU/Component Budget Summary

RDU/Component: Oil & Gas

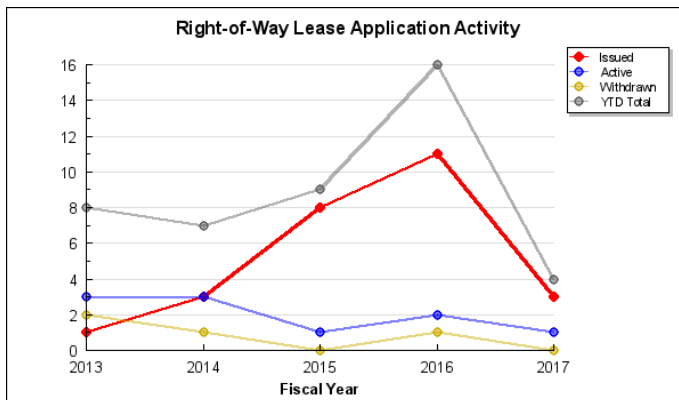
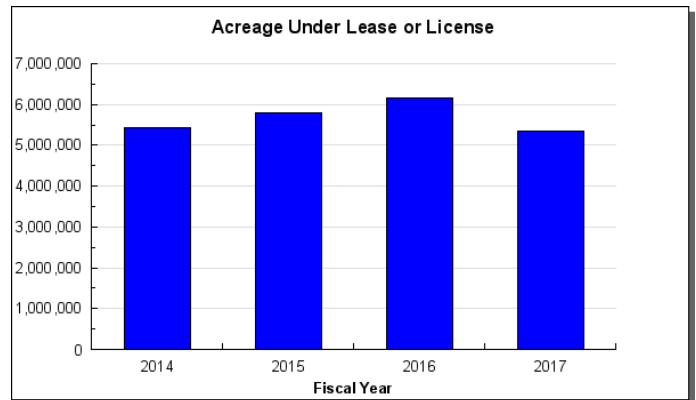
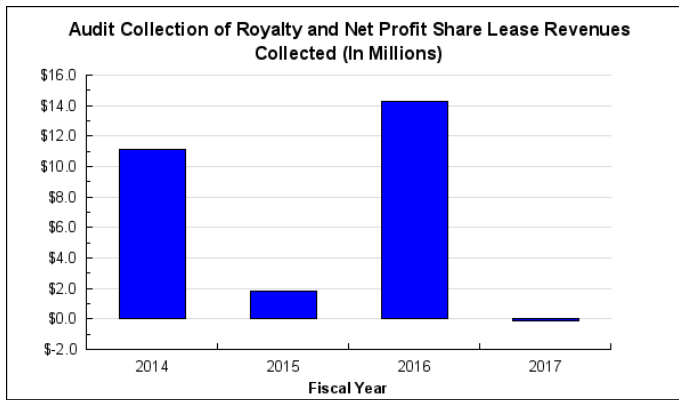
(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

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>.)



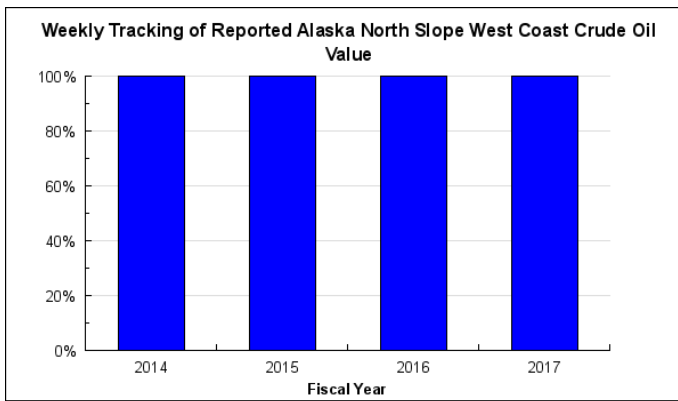
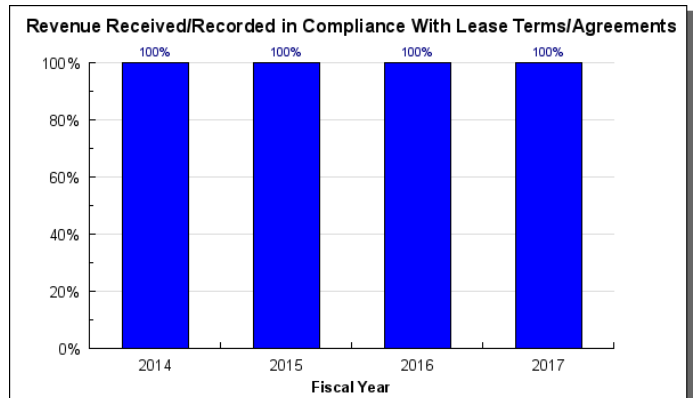
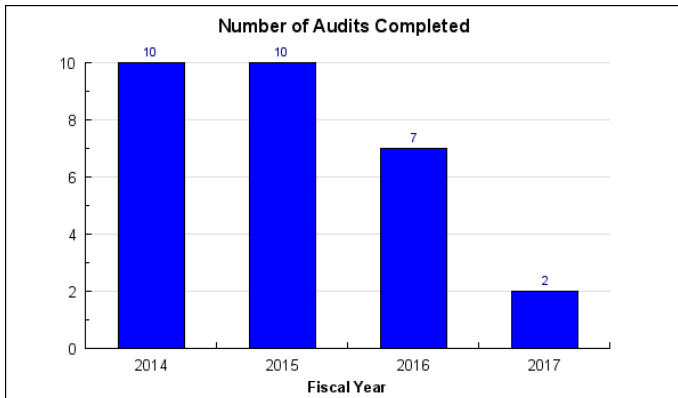
Core Services

- Maximize royalty from oil and gas production.
- Enforce exploration and development obligations of lease and unit agreements, considering the geological, geophysical, engineering, and commercial aspects of Alaska's resources, proposed work commitments, and protection of all parties.
- Offer oil, gas, and geothermal lands for licensing or leasing.
- Ensure that exploration, leasehold, and unit-related operations are conducted in a timely and responsible manner.
- Administer AS 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.

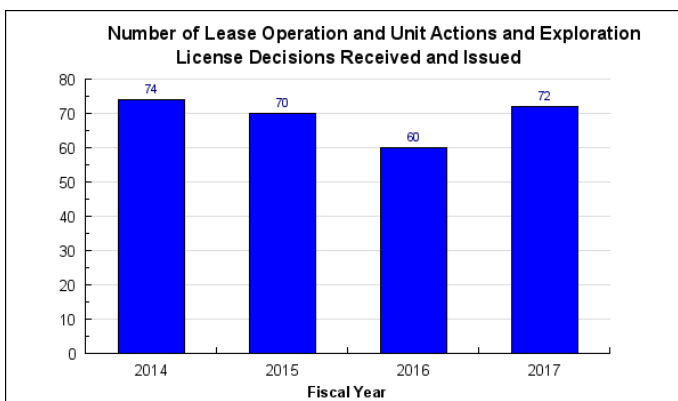
Measures by Core Service

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

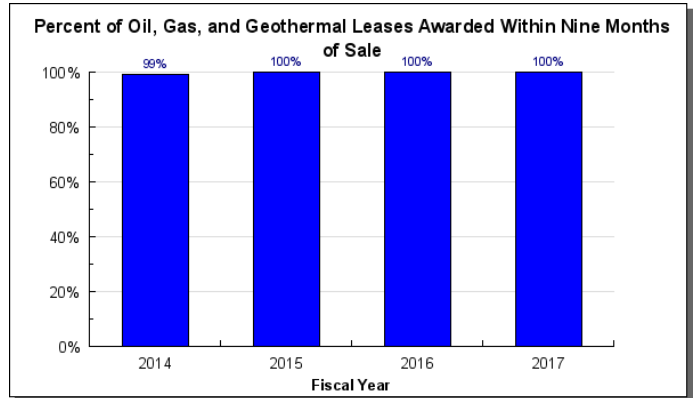
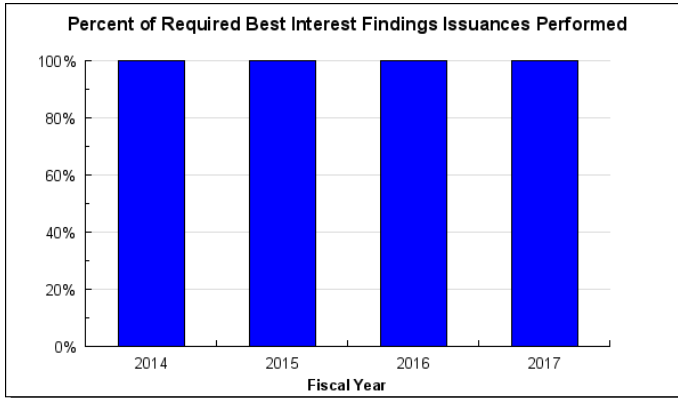
1. Maximize royalty from oil and gas production.



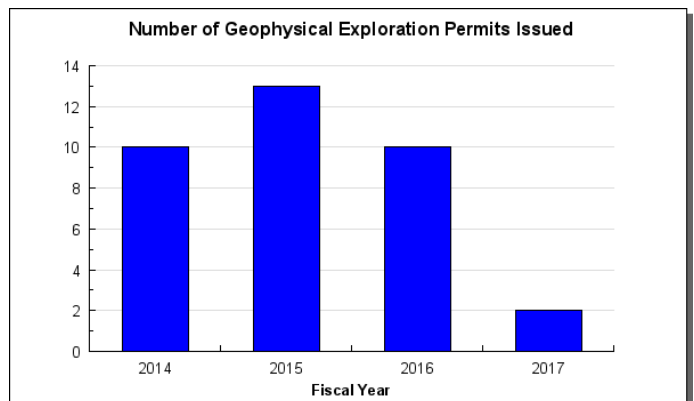
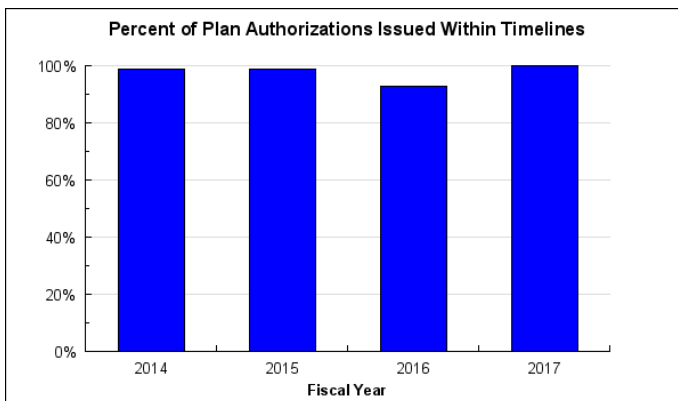
2. Enforce exploration and development obligations of lease and unit agreements, considering the geological, geophysical, engineering, and commercial aspects of Alaska’s resources, proposed work commitments, and protection of all parties.



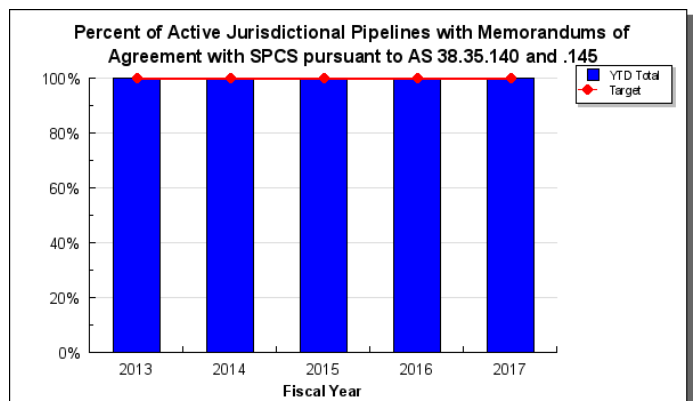
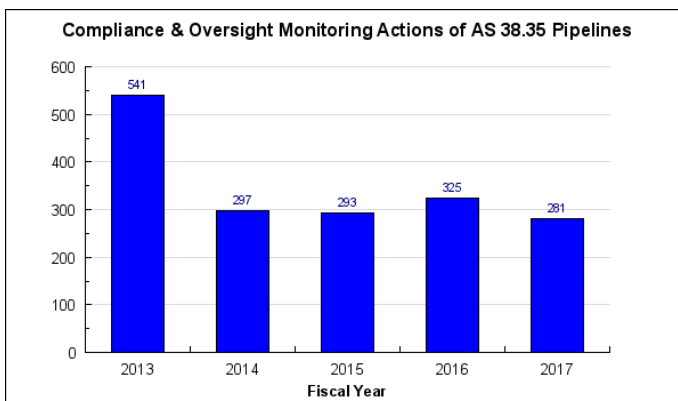
3. Offer oil, gas, and geothermal lands for licensing or leasing.

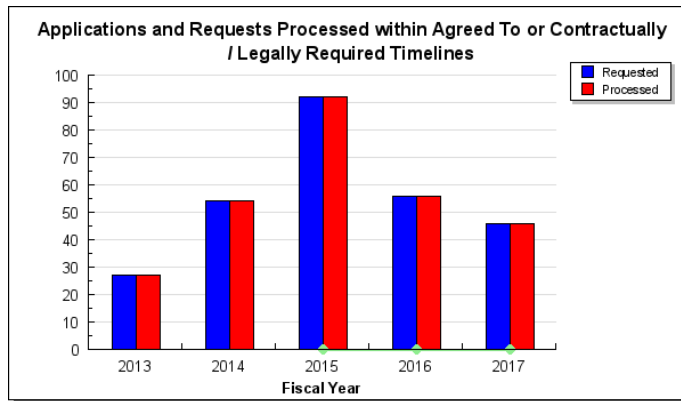


4. Ensure that exploration, leasehold, and unit-related operations are conducted in a timely and responsible manner.



5. Administer AS 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 2017

Issued one net profit share lease (NPSL) audit and one state royalty audit and collected \$1.2 million, including interest.

Held five area-wide lease sales resulting in more than \$18 million in bonus bids and more than 500,000 acres leased.

The division administered approximately 2,100 leases and licenses, covering nearly 5.3 million acres.

Verification and receipt of \$1.09 billion 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 two new geophysical (seismic) exploration programs, two new Lease Plans of Operations, three Unit Plans of Operations, and processed 65 Plan of Operation Amendments for activities on the North Slope and in Cook Inlet.

Issued 72 unit action decisions, including 46 plans of exploration/development, 12 unit expansion/contraction, four participating area, one unit extension, and five termination decisions.

Issued multiple land permits, habitat permits, water use authorizations, material sites and right-of-way lease support for transportation pipeline systems and pipeline work on state lands.

Provided technical, health, safety and environmental oversight and reporting for 19 existing pipelines and five 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 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 provide 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 development and land use proposals, ensuring Alaska's resources are being explored for and developed prudently, all parties are protected, and other natural resources are conserved for the people of the state. Geologists, geophysicists, petroleum engineers, and 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 adjudicate plan and permit authorizations that serve the state's best interest and 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:

- Tight investment climate limiting exploration company and investor activity.
- Vetting the completeness and digital integrity of well and seismic data submitted in fulfillment of tax credit obligations, and preparing and releasing eligible data to publicly-accessible inventory at the state's Geologic Materials Center. Wide distribution of early tax credit datasets is already attracting investment to drive new exploration projects, and future releases are expected to amplify this effect.
- 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.

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 operation 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, 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 improving the statewide North Slope and Cook Inlet oil production forecast model to provide the Department of Revenue with reliable data for budgeting purposes (in collaboration with the Resource Evaluation section).

Leasing Section

This section markets and offers oil, gas, and geothermal resource lands through lease sale and exploration licensing programs. Coordinates management and protection of these resource lands over the life of the lease or license. 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.
- Modernizing how we conduct leasing business within parameters set forth in statutes and regulations

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.
- Convert 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 exploration and production throughout Alaska. RE's analysis and activities cross-cut every section of the division. Challenges include:

- Vetting the completeness and digital integrity of well and seismic data submitted in fulfillment of tax credit obligations, and preparing and releasing eligible data to publicly-accessible inventory at the state's Geologic Materials Center.
- Calibrating and continuously improving the statewide oil production forecast model to provide the Department of Revenue with reliable data for budgeting purposes (in collaboration with the Commercial section).
- Analyzing reservoir models to quantify ultimate oil recovery by Participating Area lease tract in producing units to protect all parties and ensure appropriate royalty allocations.
- 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 assesses, permits and monitors all state health, safety, and environmental issues related to these pipelines and maintains a system-wide approach to pipeline oversight. Challenges include:

- Monitoring the cold weather operations and aging infrastructure of the Trans-Alaska Pipeline System.
- Conducting timely comprehensive regulatory and lease compliance oversight with the goal of reducing the likelihood of pipeline shutdowns, safety incidents, and environmental hazards.

Units Section

The Units Section adjudicates the formation, expansion, and contraction of units, exploration and development obligations under lease and unit agreements, and allocation of production to leases within a unit for purposes of determining royalty payments. Proper administration and oversight of units and lease operations is necessary to conserve resources, prevent economic and resource waste, and protect the rights of all parties involved. The section currently administers 6 lease operations, 33 oil and gas units, and 73 participating areas within those units. In addition to unit and lease operations, unit managers frequently manage inter-disciplinary projects for the Division and brief or prepare materials for the Director and Commissioner. Challenges include:

- Continuing to provide thorough, timely decisions after a 40 percent reduction in the number of unit managers.
- Retaining existing personnel and their institutional knowledge and unique experience, particularly in the face of salary freezes and furloughs.
- Expansion of responsibilities within the Division without a corresponding increase in personnel.
- Developing creative solutions within the bounds of existing statutes, regulations, and agreements to respond to new and unanticipated scenarios and technologies.

Significant Changes in Results to be Delivered in FY2019

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
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**Oil & Gas
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2018</u> <u>Management</u> <u>Plan</u>	<u>FY2019</u> <u>Governor</u>		
			Annual Salaries	9,314,019
Full-time	98	98	Premium Pay	12,708
Part-time	0	0	Annual Benefits	5,088,713
Nonpermanent	1	1	<i>Less 4.26% Vacancy Factor</i>	(614,636)
			Lump Sum Premium Pay	0
Totals	99	99	Total Personal Services	13,800,804

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 III	1	0	0	0	1
Admin Operations Mgr I	1	0	0	0	1
Administrative Assistant I	1	0	0	0	1
Administrative Assistant II	2	0	0	0	2
Administrative Officer I	2	0	0	0	2
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	8	0	0	0	8
Natural Resource Tech II	3	0	0	0	3
Natural Resource Tech III	1	0	0	0	1
Office Assistant II	1	0	0	0	1
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 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
Petroleum Reservoir Engineer	4	0	0	0	4

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
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	1	0	0	0	1
Totals	99	0	0	0	99

Component Detail All Funds
Department of Natural Resources

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

Non-Formula Component

	FY2017 Actuals	FY2018 Conference Committee	FY2018 Authorized	FY2018 Management Plan	FY2019 Governor	FY2018 Management Plan vs FY2019 Governor	
71000 Personal Services	13,991.1	13,773.4	13,773.4	13,773.4	13,800.8	27.4	0.2%
72000 Travel	246.7	227.7	227.7	227.7	227.7	0.0	0.0%
73000 Services	3,411.9	6,563.1	6,563.1	6,563.1	6,513.1	-50.0	-0.8%
74000 Commodities	219.1	315.6	315.6	315.6	315.6	0.0	0.0%
75000 Capital Outlay	34.0	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%
Totals	17,902.8	20,901.8	20,901.8	20,901.8	20,879.2	-22.6	-0.1%
Fund Sources:							
1002Fed Rcpts (Fed)	100.4	247.1	247.1	247.1	197.6	-49.5	-20.0%
1004Gen Fund (UGF)	8,897.3	8,007.3	8,007.3	8,007.3	8,521.1	513.8	6.4%
1005GF/Prgm (DGF)	682.2	688.0	688.0	688.0	688.7	0.7	0.1%
1007I/A Rcpts (Other)	27.3	157.2	157.2	157.2	157.6	0.4	0.3%
1105PFund Rcpt (Other)	4,050.8	4,095.1	4,095.1	4,095.1	4,100.9	5.8	0.1%
1108Stat Desig (Other)	3,665.0	7,039.6	7,039.6	7,039.6	6,545.4	-494.2	-7.0%
1217NGF Earn (Other)	40.2	150.0	150.0	150.0	150.0	0.0	0.0%
1232ISPF-I/A (Other)	439.6	517.5	517.5	517.5	517.9	0.4	0.1%
Unrestricted General (UGF)	8,897.3	8,007.3	8,007.3	8,007.3	8,521.1	513.8	6.4%
Designated General (DGF)	682.2	688.0	688.0	688.0	688.7	0.7	0.1%
Other Funds	8,222.9	11,959.4	11,959.4	11,959.4	11,471.8	-487.6	-4.1%
Federal Funds	100.4	247.1	247.1	247.1	197.6	-49.5	-20.0%
Positions:							
Permanent Full Time	107	100	100	98	98	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	5	1	1	1	1	0	0.0%

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 FY2018 Conference Committee To FY2018 Authorized *****												
FY2018 Cook Inlet Energy Sec33a Ch1 SSSLA2017 P104 L20 (HB57)												
1217 NGF Earn	ConfC(L)	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
Sec. 33 (a) 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, and June 30, 2019, and June 30,2020.												
FY2018 Conference Committee												
1002 Fed Rcpts	ConfCom	247.1	13,773.4	227.7	6,413.1	315.6	22.0	0.0	0.0	100	0	1
1004 Gen Fund		8,007.3										
1005 GF/Prgm		688.0										
1007 I/A Rcpts		157.2										
1105 PFund Rcpt		4,095.1										
1108 Stat Desig		7,039.6										
1232 ISPF-I/A		517.5										
Subtotal		20,901.8	13,773.4	227.7	6,563.1	315.6	22.0	0.0	0.0	100	0	1
***** Changes From FY2018 Authorized To FY2018 Management Plan *****												
Add Petroleum Reservoir Engineer (10-5000) for State Pipeline Coordinator's Section												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
During FY2017, the State Pipeline Coordinator's Section added a new exempt Petroleum Reservoir Engineer to fulfill statutory, regulatory and lease obligations related to the technical and integrity standards and conditions of pipelines. This addition is offset by the deletion of a long term exempt Petroleum Engineer position which was not extended.												
Add (10-5000) Petroleum Reservoir Engineer, range 26, Anchorage, Full-Time												
Delete Vacant Natural Resource Specialist IV (10-0162)												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Delete position connected to a project that has been completed and will not be extended. Statutory Designated Program Receipts funding this position will be deleted during FY2019.												
Delete (10-0162) Natural Resource Specialist IV, range 21, Anchorage, Full-Time												
Transfer to Department of Administration for Shared Services of Alaska Implementation												
Atroat		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	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	
The Department of Natural Resources is transferring an initial wave of positions to the Shared Services of Alaska organization for travel and accounts payable activities.												
Transfer Full-time Office Assistant II (10-4231), range 10, located in Anchorage												
Delete Petroleum Engineer (10-T020) in State Pipeline Coordinator's Section	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Delete long term exempt position that will not be extended. Funding will be used for a new permanent exempt Petroleum Reservoir Engineer position (10-5000).												
Delete (10-T020) Petroleum Engineer, range 26, Anchorage, Full-Time												
Subtotal		20,901.8	13,773.4	227.7	6,563.1	315.6	22.0	0.0	0.0	98	0	1

***** **Changes From FY2018 Management Plan To FY2019 Governor** *****

FY2019 Salary and Health Insurance Increases

SalAdj	27.4	27.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts	0.5											
1004 Gen Fund	13.8											
1005 GF/Prgm	0.7											
1007 I/A Rcpts	0.4											
1105 PFund Rcpt	5.8											
1108 Stat Desig	5.8											
1232 ISPF-I/A	0.4											

Salary and Health Insurance Increases: \$27.4

Calculate FY2019 increase to GGU Health Insurance from \$1389 to \$1432 per member per month.

Reverse Cook Inlet Energy Reclamation Bond Interest

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 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 costs over \$1,800/month in bank fees to

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
<p>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.</p> <p>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.</p> <p>\$150.0 is the estimate of interest to be earned on the bond for FY2018.</p> <p>Unless abandonment or reclamation occurs, all earned interest and bond funds will remain in the bond account.</p> <p>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.</p> <p>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.</p>												
Reservoir Modeling Contractual Services												
	IncOTI	250.0	0.0	0.0	250.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		250.0										

Reservoir studies capital funds were allocated in FY2009 to build and maintain sophisticated reservoir models in house. Rather than build and maintain these models it was found to be more cost effective to pay yearly for the proprietary software necessary to analyze data to the degree that would allow qualitative policy decisions with respect to field development and hire consultants to analyze reservoirs on the North Slope and Cook Inlet on an as-needed basis.

The majority of the capital project was reappropriated to the high priority Arctic Strategic Transportation and Resources (ASTAR) project at the end of FY2017 leaving enough funds to cover FY2018 software licensing and contractual services for imminent reservoir analysis, with the understanding that an operating budget increment would be requested for FY2019.

This one time item will allow the Division of Oil & Gas (DOG) to hire consultants to analyze reservoirs on the North Slope and in Cook Inlet. Reservoir dynamic models are used to predict future performance and recovery of oil, water and gas. The results from predictive model runs are used to calculate where production originates in the reservoir and under which leases. In this manner, equity in a producing reservoir is established by calculating volumes recovered from each owner's lease and the resulting royalty volumes are determined.

The nature of resource evaluation requires technical experts to perform state-of-the-art mechanistic and deterministic three-dimensional (3D) studies. A static model is created from thousands to hundreds of thousands of pieces of data. A dynamic reservoir model is created and populated with data that describes the rock and fluid (oil, water and gas) characteristics over the range of pressure and temperature conditions. In addition, the layers of the reservoir are described as thousands of cells with length, width and height dimensions. All of the mathematical fluid and flow relationships are put in the 3D computer models to calculate and match reservoir history. Enhanced oil recovery processes are also included to predict and estimate the impact on recovery. Both the static and dynamic models may be modified to attain a better history match and improve model performance.

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

Differential lease royalty terms and different mineral estate owners' equity stakes must be accurately determined. The state may wish to perform their own model studies to audit the unit operators' work or to evaluate a disagreement on where hydrocarbons are produced and how much is allocated to each equity owner and mineral estate owner.

Oil and gas producers typically conduct these studies for stakeholders, but there are occasions when the stakeholders do not agree or align on technical and commercial issues. It is in the state's interest to perform due diligence studies to assure the state's interest is protected and to verify and validate the producers' work. A recent study disputed a producer's work, resulting in an additional \$100 million in state revenue (net present value).

The Alpine, Nanuq-Kuparuk, Fiord-Nechelik, Nanuq-Nanuq, Qannik, and Fiord-Kuparuk units are scheduled for redeterminations in FY2018 and FY2019. If an increment is not approved the division will not be able to perform any of the geological and engineering analysis and the state may forego significant royalty revenue.

Reservoir Modeling Software Licensing

	Inc	250.0	0.0	0.0	250.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		250.0										

Reservoir Studies capital funds were allocated in FY2009 to build and maintain sophisticated reservoir models in house. Rather than build and maintain these models it was found to be more cost effective to pay yearly for the proprietary software necessary to analyze data to the degree that would allow qualitative policy decisions with respect to field development. Annual software licensing were paid out of these CIP funds.

The majority of the capital project was reappropriated to the high priority Arctic Strategic Transportation and Resources (ASTAR) project at the end of FY2017 leaving enough funds to cover FY2018 software licensing and contractual services for imminent reservoir analysis, with the understanding that an operating budget increment would be requested for FY2019.

If an increment is not approved the division will not be able to renew the software licenses which allow the division to perform the geological and engineering analysis and the state could forego significant royalty revenue.

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
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 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 costs over \$1,800/month 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.

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	
<p>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.</p> <p>\$150.0 is the estimate of interest to be earned on the bond for FY2019.</p> <p>Unless abandonment or reclamation occurs, all earned interest and bond funds will remain in the bond account.</p> <p>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.</p> <p>Language The interest earned during the fiscal year ending June 30, 2019, 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, 2019, June 30, 2020, and June 30, 2021.</p>												
Reduce Uncollectable Statutory Designated Program Receipt Authority												
	Dec	-500.0	0.0	0.0	-500.0	0.0	0.0	0.0	0.0	0	0	0
1108 Stat Desig		-500.0										
Reduction of statutory designated program receipt authority better aligns the budget with actual spending.												
Reduce Uncollectable Federal Receipt Authority												
	Dec	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		-50.0										
Reduction of federal receipt authority better aligns the budget with actual spending.												
Totals		20,879.2	13,800.8	227.7	6,513.1	315.6	22.0	0.0	0.0	98	0	1

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2019 Governor (14641)
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
10-0112	Administrative Officer II	FT	A	SS	Anchorage	99	19M	12.0		87,016	0	0	50,269	137,285	0
10-0113	Natural Resource Mgr III	FT	A	SS	Anchorage	200	22C / D	12.0		86,382	0	0	50,040	136,422	0
10-0115	Administrative Officer I	FT	A	SS	Anchorage	99	17L	12.0		73,315	0	0	45,319	118,634	0
10-0116	Office Assistant II	FT	A	GP	Anchorage	99	10M / N	12.0		47,950	0	0	34,639	82,589	0
10-0119	Natural Resource Spec III	FT	A	GP	Anchorage	200	18L	12.0		77,916	0	0	45,465	123,381	0
10-0121	Natural Resource Spec III	FT	A	GP	Anchorage	200	18G	12.0		70,212	0	0	42,682	112,894	0
10-0133	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21G / J	12.0		86,136	0	0	48,435	134,571	0
10-0134	Natural Resource Spec III	FT	A	GP	Anchorage	200	18G	12.0		70,212	0	0	42,682	112,894	0
10-0135	Tech Eng I / Architect I	FT	A	GP	Anchorage	200	24B / C	12.0		89,540	0	0	49,665	139,205	0
10-0141	Commercial Manager	FT	A	XE	Anchorage	N00	26	12.0		148,625	0	0	71,163	219,788	142,862
10-0142	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		106,137	0	0	57,034	163,171	104,429
10-0143	Policy & Program Specialist	FT	A	XE	Anchorage	N00	24 / A	12.0		105,000	0	0	56,623	161,623	0
10-0144	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		143,980	0	0	69,770	213,750	136,800
10-0145	Analyst/Programmer III	FT	A	GP	Anchorage	200	18A / B	12.0		59,376	0	0	38,767	98,143	62,812
10-0147	Natural Resource Spec III	FT	A	GP	Anchorage	99	18L / M	12.0		79,584	0	0	46,068	125,652	0
10-0157	Accounting Tech I	FT	A	GP	Anchorage	200	12L	12.0		51,468	0	0	35,910	87,378	0
10-0253	Administrative Assistant II	FT	A	GP	Anchorage	200	14J / K	12.0		55,599	0	0	37,402	93,001	0
10-0254	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21C / D	12.0		77,164	0	0	45,194	122,358	0
10-0266	Micro/Network Spec I	FT	A	GP	Anchorage	99	18O	12.0		87,436	0	0	48,905	136,341	0
10-1147	Natural Resource Mgr II	FT	A	SS	Anchorage	99	20N / O	12.0		99,421	0	0	54,751	154,172	0
10-1297	Natural Resource Spec III	FT	A	GP	Anchorage	200	18D / E	12.0		65,091	0	0	40,832	105,923	0
10-1313	Natural Resource Spec III	FT	A	GG	Anchorage	200	18N	12.0		83,064	0	0	47,325	130,389	0
10-1793	Natural Resource Spec III	FT	A	GP	Anchorage	200	18C / D	12.0		62,729	0	0	39,978	102,707	0
10-4100	Division Director	FT	A	XE	Anchorage	N00	27	12.0		150,000	0	0	71,576	221,576	0
10-4104	Petroleum Geologist II	FT	A	XE	Anchorage	N00	26A	12.0		150,000	0	0	71,576	221,576	141,809
10-4105	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		120,480	0	0	62,216	182,696	116,925
10-4109	Oil & Gas Revenue Specialist	FT	A	GP	Anchorage	200	25G / J	12.0		117,443	0	0	59,746	177,189	0
10-4114	Natural Resource Spec III	FT	A	GP	Anchorage	200	18F / G	12.0		68,959	0	0	42,229	111,188	0
10-4115	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22E / F	12.0		87,846	0	0	49,053	136,899	136,899
10-4118	Administrative Officer II	FT	A	SS	Anchorage	99	19K / L	12.0		81,218	0	0	48,174	129,392	0
10-4119	Natural Resource Tech II	FT	A	GP	Anchorage	99	12L	12.0		51,716	0	0	35,999	87,715	56,138
10-4122	Micro/Network Spec I	FT	A	GP	Anchorage	200	18G	12.0		70,212	0	0	42,682	112,894	72,252
10-4125	Analyst/Programmer V	FT	A	GP	Anchorage	200	22J	12.0		95,796	0	0	51,925	147,721	94,541
10-4128	Administrative Officer I	FT	A	GP	Anchorage	200	17G / J	12.0		65,730	0	0	41,063	106,793	26,944
10-4133	Data Processing Mgr I	FT	A	SS	Anchorage	200	22J / K	12.0		105,573	0	0	56,974	162,547	104,030
10-4135	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21F / G	12.0		83,203	0	0	47,376	130,579	83,571
10-4136	Project Assistant	FT	A	GP	Anchorage	200	16D / E	12.0		55,721	0	0	37,446	93,167	59,627

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Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2019 Governor (14641)
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
10-4144	Natural Resource Spec III	FT	A	GP	Anchorage	200	18C / D	12.0		63,166	0	1,890	40,819	105,875	67,760
10-4145	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21E / F	12.0		85,749	0	0	49,811	135,560	0
10-4146	Accountant IV	FT	A	GP	Anchorage	200	20F / G	12.0		78,960	0	0	45,843	124,803	79,874
10-4147	Admin Operations Mgr I	FT	A	SS	Anchorage	200	22J	12.0		102,379	0	0	55,820	158,199	0
10-4149	Accounting Tech III	FT	A	GG	Anchorage	99	16P / Q	12.0		80,706	0	0	46,473	127,179	81,395
10-4158	Accountant III	FT	A	GP	Anchorage	200	18J	12.0		73,092	0	0	43,722	116,814	74,761
10-4163	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21F / J	12.0		87,444	0	0	50,424	137,868	88,236
10-4165	Natural Resource Spec III	FT	A	GP	Anchorage	200	18A / B	12.0		58,356	0	0	38,398	96,754	61,923
10-4167	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21E / F	12.0		87,914	0	0	50,594	138,508	88,645
10-4171	Natural Resource Spec III	FT	A	GP	Anchorage	200	18G	12.0		70,212	0	2,160	43,462	115,834	74,134
10-4181	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		144,293	0	0	69,864	214,157	137,061
10-4182	Petroleum Geologist II	FT	A	XE	Anchorage	N00	26	12.0		168,575	0	0	77,148	245,723	157,263
10-4183	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		167,958	0	0	76,963	244,921	156,749
10-4184	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		168,095	0	0	77,004	245,099	156,863
10-4185	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	78,006	249,440	159,642
10-4193	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	78,006	249,440	159,642
10-4194	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24K	12.0		113,736	0	0	58,407	172,143	172,143
10-4196	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20A / B	12.0		66,840	0	0	41,464	108,304	69,315
10-4203	Analyst/Programmer V	FT	A	GP	Anchorage	200	22G / J	12.0		95,001	0	0	51,638	146,639	93,849
10-4207	Natural Resource Spec III	FT	A	GP	Anchorage	200	18J / K	12.0		73,587	0	0	43,901	117,488	75,192
10-4210	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24K	12.0		113,736	0	0	58,407	172,143	172,143
10-4211	Accountant IV	FT	A	GP	Anchorage	200	20K	12.0		86,256	0	0	48,479	134,735	86,230
10-4213	Natural Resource Tech III	FT	A	GP	Anchorage	200	14A / B	12.0		44,808	0	0	33,503	78,311	50,119
10-4214	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		120,480	0	0	62,216	182,696	116,925
10-4215	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22D / E	12.0		83,432	0	0	47,458	130,890	130,890
10-4216	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		135,929	0	0	67,354	203,283	130,101
10-4217	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		106,000	0	0	56,984	162,984	104,310
10-4222	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		99,332	0	0	54,575	153,907	98,501
10-4223	Natural Resource Spec IV	FT	A	SS	Anchorage	99	21J / K	12.0		89,991	0	0	51,344	141,335	98,935
10-4224	Natural Resource Spec II	FT	A	GP	Anchorage	200	16D / E	12.0		57,081	0	1,701	38,552	97,334	62,294
10-4225	Natural Resource Spec II	FT	A	GP	Anchorage	200	16G	12.0		61,416	0	3,780	40,870	106,066	67,882
10-4226	Bus Process Integration Mgr	FT	A	XE	Anchorage	N00	24	12.0		89,753	0	0	51,114	140,867	85,365
10-4227	Deputy Director	FT	A	XE	Anchorage	N00	26	12.0		155,000	0	0	73,076	228,076	0
10-4229	Administrative Assistant II	FT	A	GP	Anchorage	200	14G	12.0		53,292	0	0	36,569	89,861	57,511

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Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2019 Governor (14641)
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
10-4230	Administrative Assistant I	FT	A	GP	Anchorage	200	12B / C	12.0		39,563	0	0	31,608	71,171	45,549
10-4232	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24J / K	12.0		113,736	0	0	58,407	172,143	172,143
10-4233	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22A / B	12.0		76,362	0	0	44,904	121,266	121,266
10-4234	Natural Resource Tech II	FT	A	GP	Anchorage	200	12B / C	12.0		39,893	0	0	31,728	71,621	45,837
10-4235	Natural Resource Spec II	FT	A	GP	Anchorage	200	16B / C	12.0		53,223	0	0	36,544	89,767	57,451
10-4236	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20L	12.0		89,064	0	0	49,493	138,557	88,677
10-4238	Petroleum Economist II	FT	A	GP	Anchorage	200	22A / A	12.0		74,988	0	0	44,407	119,395	76,413
10-4240	Natural Resource Tech II	FT	A	GP	Anchorage	200	12J	12.0		48,276	0	0	34,756	83,032	53,141
10-4244	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21F	12.0		83,472	0	0	47,473	130,945	83,805
10-4245	Natural Resource Spec III	FT	A	GP	Anchorage	200	18C / D	12.0		62,554	0	0	39,915	102,469	58,387
10-4247	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20C / D	12.0		71,490	0	0	43,144	114,634	73,366
10-4249	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22C / D	12.0		81,515	0	0	46,766	128,281	128,281
10-4256	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		59,801	0	0	38,920	98,721	63,181
10-4257	Natural Resource Spec II	FT	A	GP	Anchorage	200	16B / C	12.0		52,464	0	3,177	37,417	93,058	41,234
10-5000	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26A	12.0		137,208	0	0	67,738	204,946	0
10-8106	Pipe Line Coordinator	FT	A	XE	Anchorage	N00	26	12.0		118,524	0	0	61,509	180,033	0
10-I012	Student Intern	NP	N	XE	Anchorage	N00	0	12.0		36,000	0	0	4,104	40,104	0
10-T002	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	78,006	249,440	159,642
10-T006	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		101,000	0	0	55,178	156,178	99,954
10-T007	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		101,000	0	0	55,178	156,178	99,954
10-T009	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		165,771	0	0	76,307	242,078	154,930
10-T010	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		143,501	0	0	69,626	213,127	136,401
10-T011	Petroleum Geophysicist I	FT	A	XE	Anchorage	N00	26	12.0		150,000	0	0	71,576	221,576	141,809
10-T015	Prog Mgr/Coord	FT	A	XE	Anchorage	N00	24	12.0		92,964	0	0	52,274	145,238	0
10-T019	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		133,529	0	0	66,634	200,163	128,104
10-T021	Oil & Gas Revenue Audit Master	FT	A	XE	Anchorage	N00	26	12.0		123,000	0	0	63,126	186,126	0
10-T022	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		101,000	0	0	55,178	156,178	99,954
10-X001	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		150,000	0	0	71,576	221,576	221,576

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: FY2019 Governor (14641)
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
		Total Positions	New	Deleted										Total Salary Costs:	9,314,019
														Total COLA:	0
	Full Time Positions:	98	0	0										Total Premium Pay::	12,708
	Part Time Positions:	0	0	0										Total Benefits:	5,088,713
	Non Permanent Positions:	1	0	0											
	Positions in Component:	99	0	0											
	Total Component Months:	1,188.0													
														Total Pre-Vacancy:	14,415,440
														Minus Vacancy Adjustment of 4.26%:	(614,636)
														Total Post-Vacancy:	13,800,804
														Plus Lump Sum Premium Pay:	0
														Personal Services Line 100:	13,800,804

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1002 Federal Receipts	156,812	150,126	1.09%
1004 General Fund Receipts	6,906,343	6,611,875	47.91%
1005 General Fund/Program Receipts	521,633	499,392	3.62%
1007 Interagency Receipts	150,973	144,536	1.05%
1105 Alaska Permanent Fund Corporation Receipts	4,278,903	4,096,462	29.68%
1108 Statutory Designated Program Receipts	2,400,775	2,298,412	16.65%
Total PCN Funding:	14,415,440	13,800,804	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 (1676)
Department of Natural Resources
Travel

Component: Oil & Gas (439)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
2000	Travel		246.7	227.7	227.7
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
2000 Travel Detail Totals			246.7	227.7	227.7
2000	In-State Employee Travel	Employee travel instate	103.8	197.7	197.7
2002	Out of State Employee Travel	Outreach, conferences and professional courses	25.4	30.0	30.0
2006	Other Travel Costs		117.5	0.0	0.0

Line Item Detail (1676)
Department of Natural Resources
Services

Component: Oil & Gas (439)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000	Services		3,411.9	6,563.1	6,513.1
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000 Services Detail Totals			3,411.9	6,563.1	6,513.1
3000	Education Services		39.8	40.0	40.0
3001	Financial Services		226.3	150.0	150.0
3002	Legal and Judicial Services		0.6	0.6	0.6
3003	Information Technology	Core Service: Software licensing	381.0	348.8	348.8
3004	Telecommunications		29.0	32.0	32.0
3006	Delivery Services		8.5	10.0	10.0
3007	Advertising and Promotions	Legal and public meeting notices.	26.0	30.0	30.0
3008	Utilities	Document shredding services.	4.1	9.5	9.5
3009	Structure/Infrastructure/Land	Offsite records storage, janitorial, snow removal, and office reconfiguration.	12.6	12.5	12.5
3010	Equipment/Machinery	Repair and maintenance of office equipment, furniture, and vehicles.	38.8	45.0	45.0
3011	Other Services	Geographic sample analysis, travel fees, and other small contracts.	298.0	300.0	300.0
3011	Other Services	Oil and Gas modeling software	0.0	0.0	250.0
3011	Other Services	Consultant services for reservoir analysis (redeterminations)	0.0	0.0	250.0
3012	Inter-Agency Federal Indirect Rate Allocation	NatRes - Administrative Services (424) For services related to AS 38.35 pipelines (indirect).	129.7	300.0	300.0
3016	Inter-Agency Economic Development	EnvCon - Department-wide	586.2	270.0	270.0
3016	Inter-Agency Economic Development	FishGm - Department-wide	300.0	241.8	280.0

Line Item Detail (1676)
Department of Natural Resources
Services

Component: Oil & Gas (439)

Object Class		Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000 Services Detail Totals				3,411.9	6,563.1	6,513.1
3016	Inter-Agency Economic Development		H&SS - Department-wide	4.2	0.0	0.0
3016	Inter-Agency Economic Development		Labor - Department-wide	218.9	230.0	230.0
3016	Inter-Agency Economic Development		NatRes - Forest Management & Develop (435)	2.9	3.0	3.0
3016	Inter-Agency Economic Development		NatRes - Geological & Geophysical Surveys (1031)	33.1	50.0	50.0
3016	Inter-Agency Economic Development		NatRes - History and Archaeology (451)	17.2	2.0	20.0
3016	Inter-Agency Economic Development		NatRes - Information Resource Mgmt. (427)	2.0	2.0	2.0
3016	Inter-Agency Economic Development		NatRes - Mining, Land & Water (3002)	78.1	90.0	90.0
3016	Inter-Agency Economic Development		NatRes - N. Latitude Plant Material Ctr (2204)	2.5	3.0	3.0
3016	Inter-Agency Economic Development		PubSaf - Department-wide	126.0	130.0	130.0
3016	Inter-Agency Economic Development		Trans - Department-wide	12.1	0.0	0.0
3016	Inter-Agency Economic Development		Unanticipated agency work related to AS 38.35 pipelines.	0.0	3,351.5	2,745.3
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Core Service	162.7	175.0	175.0
3021	Inter-Agency Mail	Admin - Department-wide	Core Service	1.6	2.0	2.0
3022	Inter-Agency Human Resources	Admin - Department-wide	Core Service	10.7	12.0	12.0
3023	Inter-Agency Building Leases	Admin - Department-wide	GMC and Atwood leased space.	594.0	618.8	618.8
3024	Inter-Agency Legal	Law - Department-wide	Regulation review	6.2	20.4	20.4
3026	Inter-Agency Insurance	Admin - Department-wide	Core Service: Risk management and property insurance.	0.7	0.7	0.7

Line Item Detail (1676)
Department of Natural Resources
Services

Component: Oil & Gas (439)

Object Class		Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000 Services Detail Totals				3,411.9	6,563.1	6,513.1
3027	Inter-Agency Financial	Admin - Department-wide	Core Service: AKPAY, ALDER, and IRIS	24.0	25.0	25.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	Core Service: ADA	0.3	0.5	0.5
3029	Inter-Agency Education/Training	Admin - Department-wide	Department of Administration sponsored training through LearnAlaska	0.7	5.0	5.0
3037	State Equipment Fleet	Trans - Department-wide	Vehicle fixed/replacement costs.	33.4	52.0	52.0

Line Item Detail (1676)
Department of Natural Resources
Commodities

Component: Oil & Gas (439)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
4000	Commodities		219.1	315.6	315.6
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
4000 Commodities Detail Totals			219.1	315.6	315.6
4000	Business	General office supplies and computer equipment, books and subscriptions.	190.3	302.0	302.0
4002	Household/Institutional	Arctic gear, personal protective equipment for oil and gas related field travel.	1.1	8.0	8.0
4004	Safety	First aid, defibrulator kits, life jackets, safety tools and equipment for vehicles	4.5	4.5	4.5
4015	Parts and Supplies	Nuts, bolts and miscellaneous hardware.	0.1	0.1	0.1
4020	Equipment Fuel	Vehicle fuel.	0.6	1.0	1.0
4022	Commodity Transfer	Allocation of commodity purchases.	22.5	0.0	0.0

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

Component: Oil & Gas (439)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
5000	Capital Outlay		34.0	22.0	22.0
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
5000 Capital Outlay Detail Totals			34.0	22.0	22.0
5004	Equipment	Replace multi-function devices, plotters, servers, large format scanners, and Cisco switches.	12.0	0.0	0.0
5009	Capital Outlay Transfer	Infrastructure equipment - copiers, plotters, servers, large format scanners	22.0	22.0	22.0

Revenue Detail (1681)
Department of Natural Resources

Component: Oil & Gas (439)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
5002 Fed Rcpts (1002 Fed Rcpts)			100.4	247.1	197.6
5010 Federal Natural Resources - Miscellaneous Grants		Office of Natural Resources Revenue (ONRR) Cooperative Agreement	100.4	247.1	197.6
5005 GF/Prgm (1005 GF/Prgm)			9,202.9	688.0	688.7
5106 Program Receipts Charges for Services - Rent and Royalties			122.6	0.0	0.0
5112 Program Receipts Natural Resources - Charges for Services			60.8	0.0	0.0
5113 Program Receipts Natural Resources - Rent and Royalties			9,019.5	688.0	688.7
5007 I/A Rcpts (1007 I/A Rcpts)			27.3	157.2	157.6
5301 Inter-Agency Receipts	Commerce - Department-wide		14.8	0.0	0.0
5301 Inter-Agency Receipts	NatRes - N. Latitude Plant Material Ctr (2204)		1.0	0.0	0.0
5301 Inter-Agency Receipts	NatRes - Oil & Gas (439)	Division indirect for federal grant	0.0	8.0	8.0
5301 Inter-Agency Receipts	NatRes - Project Management & Permitting (2733)	Misc projects (Armstrong, Conocco, ENI, Pt.Thomson, ASTAR, Alaska Industrial Export & Development Authority-AIDEA).	11.5	149.2	149.6
5105 PFund Rcpt (1105 PFund Rcpt)			4,050.8	4,095.1	4,100.9
5414 Alaska Permanent Fund Corporation Receipts			4,050.8	4,095.1	4,100.9
5108 Stat Desig (1108 Stat Desig)			3,665.0	7,039.6	6,545.4
5206 Statutory Designated Program Receipts - Contracts		Revenues collected as reimbursement for services: (Alpine, Badami, Cross Inlet Extension, Donlin, Endicott, Kenai-Kachemak, Kuparuk, Liberty, Milne Point, Nikiski, North Fork, Northstar, Nuiqsut, Oliktok, Pt.	3,665.0	7,039.6	6,545.4

Revenue Detail (1681)
Department of Natural Resources

Component: Oil & Gas (439)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
		Thomson, Trans-Alaska Pipeline System, Tyonek and new projects in development).			
5217 NGF Earn (1217 NGF Earn)			40.2	150.0	150.0
5429 Non-General Fund Earnings - Miscellaneous		Cook Inlet Energy Reclamation Bond Interest	40.2	150.0	150.0
5232 ISPF-I/A (1232 ISPF-I/A)			439.6	517.5	517.9
5426 In-State Pipeline Fund IA		Revenues collected as reimbursement for services related to the Alaska Stand Alone Pipeline (ASAP). Project is managed by Alaska Gasline Development Corporation (AGDC).	439.6	517.5	517.9
FUND Fund Only (9999 No specif.)			757,268.1	0.0	0.0
6095 Fund Only - Interest Earned			1.3	0.0	0.0
6095 Fund Only - Interest Earned			19.5	0.0	0.0
6095 Fund Only - Interest Earned			1,633.4	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			4,105.8	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			118.9	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			7,196.4	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			140.3	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			20,714.2	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			17.9	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			8,930.5	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			307,984.0	0.0	0.0
6098 Fund Only Natural Resources - Rents and Royalties			11,377.3	0.0	0.0

Revenue Detail (1681)
Department of Natural Resources

Component: Oil & Gas (439)

Revenue Type (OMB Fund Code)	Component	Comment	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
Revenue Source					
and Royalties					
6098 Fund Only Natural Resources - Rents			395,028.6	0.0	0.0
and Royalties					

Inter-Agency Services (1682)
Department of Natural Resources

Component: Oil & Gas (439)

	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
Component Totals	2,347.2	2,233.2	2,289.4
With Department of Natural Resources	265.5	450.0	468.0
With Department of Environmental Conservation	586.2	270.0	270.0
With Department of Fish and Game	300.0	241.8	280.0
With Department of Health and Social Services	4.2	0.0	0.0
With Department of Labor and Workforce Development	218.9	230.0	230.0
With Department of Public Safety	126.0	130.0	130.0
With Department of Transportation/Public Facilities	45.5	52.0	52.0
With Department of Administration	794.7	839.0	839.0
With Department of Law	6.2	20.4	20.4

Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3012 Inter-Agency Federal Indirect Rate Allocation	NatRes - Administrative Services (424)	For services related to AS 38.35 pipelines (indirect).	129.7	300.0	300.0
3016 Inter-Agency Economic Development	EnvCon - Department-wide		586.2	270.0	270.0
3016 Inter-Agency Economic Development	FishGm - Department-wide		300.0	241.8	280.0
3016 Inter-Agency Economic Development	H&SS - Department-wide		4.2	0.0	0.0
3016 Inter-Agency Economic Development	Labor - Department-wide		218.9	230.0	230.0
3016 Inter-Agency Economic Development	NatRes - Forest Management & Develop (435)		2.9	3.0	3.0
3016 Inter-Agency Economic Development	NatRes - Geological & Geophysical Surveys (1031)		33.1	50.0	50.0
3016 Inter-Agency Economic Development	NatRes - History and Archaeology (451)		17.2	2.0	20.0

Inter-Agency Services (1682)
Department of Natural Resources

Component: Oil & Gas (439)

Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3016	Inter-Agency Economic Development	NatRes - Information Resource Mgmt. (427)	2.0	2.0	2.0
3016	Inter-Agency Economic Development	NatRes - Mining, Land & Water (3002)	78.1	90.0	90.0
3016	Inter-Agency Economic Development	NatRes - N. Latitude Plant Material Ctr (2204)	2.5	3.0	3.0
3016	Inter-Agency Economic Development	PubSaf - Department-wide	126.0	130.0	130.0
3016	Inter-Agency Economic Development	Trans - Department-wide	12.1	0.0	0.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Core Service	162.7	175.0	175.0
3021	Inter-Agency Mail	Admin - Department-wide Core Service	1.6	2.0	2.0
3022	Inter-Agency Human Resources	Admin - Department-wide Core Service	10.7	12.0	12.0
3023	Inter-Agency Building Leases	Admin - Department-wide GMC and Atwood leased space.	594.0	618.8	618.8
3024	Inter-Agency Legal	Law - Department-wide Regulation review	6.2	20.4	20.4
3026	Inter-Agency Insurance	Admin - Department-wide Core Service: Risk management and property insurance.	0.7	0.7	0.7
3027	Inter-Agency Financial	Admin - Department-wide Core Service: AKPAY, ALDER, and IRIS	24.0	25.0	25.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide Core Service: ADA	0.3	0.5	0.5
3029	Inter-Agency Education/Training	Admin - Department-wide Department of Administration sponsored training through LearnAlaska	0.7	5.0	5.0
3037	State Equipment Fleet	Trans - Department-wide Vehicle fixed/replacement costs.	33.4	52.0	52.0