

State of Alaska FY2020 Governor's Operating Budget

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

RDU/Component: Oil & Gas

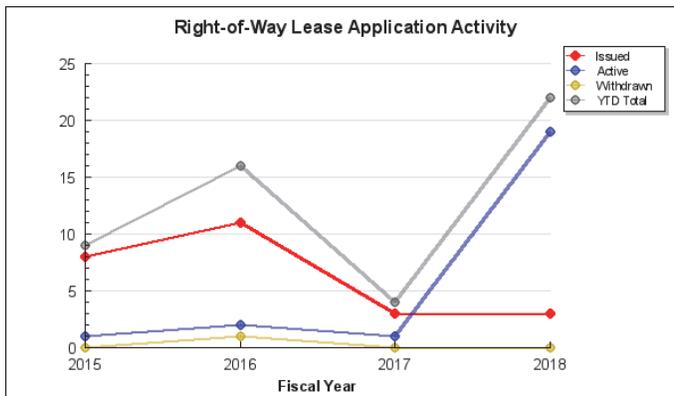
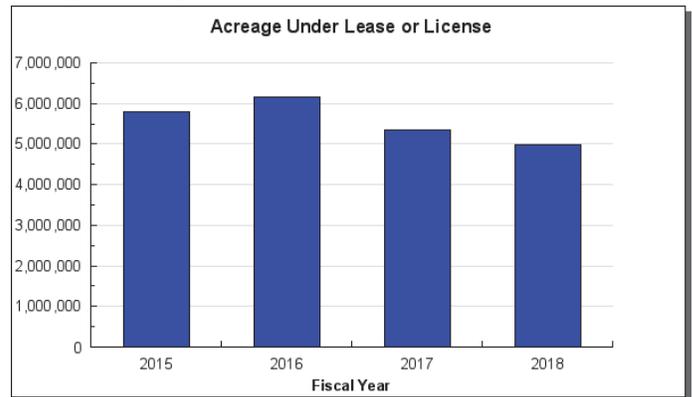
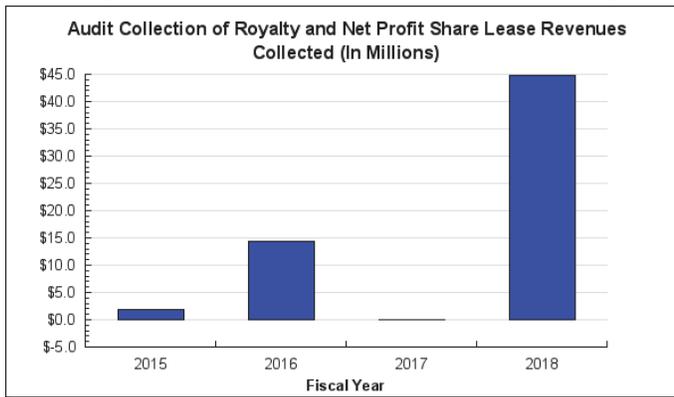
(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

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>.)



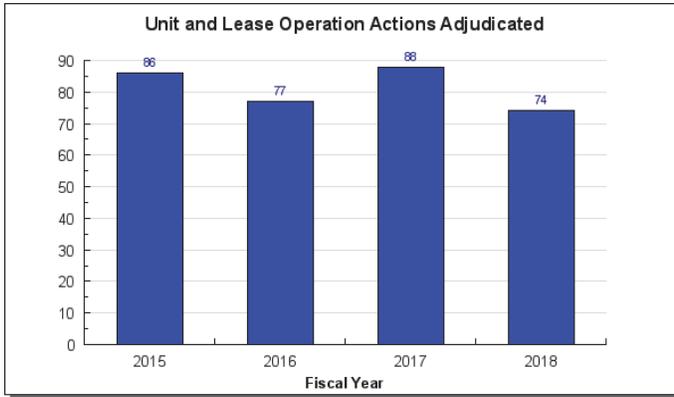
Core Services

- Enforce exploration & development obligations of lease & unit agreements, considering technical & commercial aspects & proposed work commitments. Provide for exploration of state land through geophysical exploration permits.
- 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.

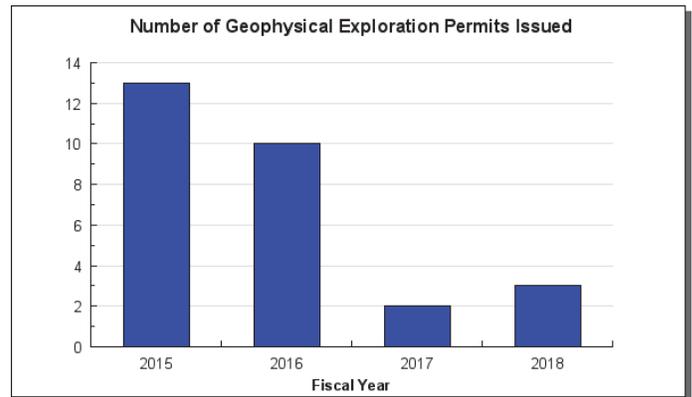
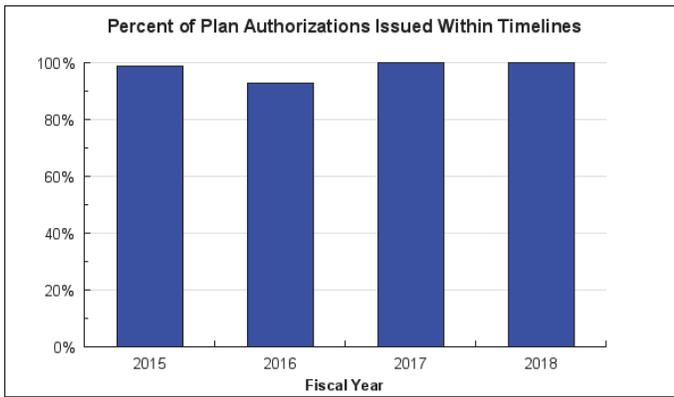
Measures by Core Service

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

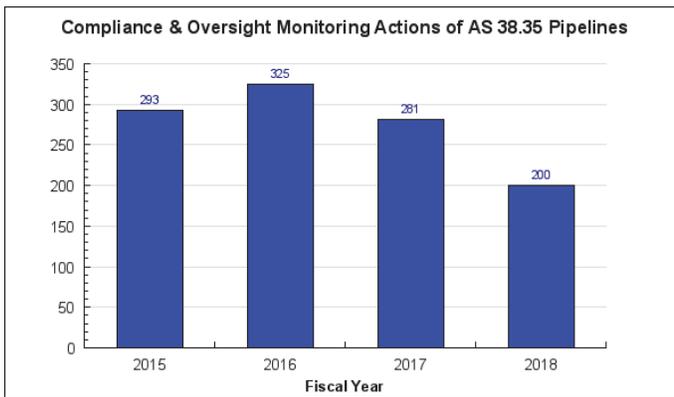
1. Enforce exploration & development obligations of lease & unit agreements, considering technical & commercial aspects & proposed work commitments. Provide for exploration of state land through geophysical exploration permits.



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



3. 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 2018

Issued four net profit share lease (NPSL) audits and four state royalty audits and collected \$74.7 million, including interest.

Held five area-wide lease sales resulting in more than \$20 million in bonus bids and more than 200,000 acres leased.

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

Verification and receipt of \$1.42 billion in royalty, net profit share lease revenues, rents, bonus bids, unit actions, and federal payments.

Updated NPSL regulations to reflect changes in the production tax statutes resulting from HB247.

Entered into a major financial assurance agreement with a north slope lessee.

Authorized two new geophysical (seismic) exploration programs, two new Lease Plans of Operations, three Unit Plans of Operations, and processed sixty-five Plan of Operation Amendments for activities on the North Slope and in Cook Inlet.

Managed thirty-three state and multi-owner units and five lease operations. Adjudicated seventy-four unit and lease operation actions, including forty-seven plans of exploration/development, nine unit expansions/contractions, eight participating area formations or revisions, one unit extension, and six unit-related agreements or agreement modifications. Evaluated an application to bring production from federal lands known as Greater Moose's Tooth-1 into a state managed unit for processing in a shared facility, requiring the negotiation and approval of multiple agreements to protect the state from loss of royalty while not interfering with the operator's planned operations.

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 nineteen 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 70 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 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. Land managers, geologists, geophysicists, petroleum engineers, and commercial analysts enforce the terms of those leases by regulating exploration and development activities, approving agreements for joint development of leases, adjudicating plan and permit authorizations to comply with exploration and development obligations, and approving allocation of production to leases for purposes of calculating and reporting royalties. Royalty accountants and auditors ensure the state collects the full value of its royalty shares. DOG 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 with the Royalty Accounting, Audit, Leasing, Units, Permitting, 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).

Royalty in Kind (RIK) Contracts

The state has a choice to receive its royalty volumes in-kind (RIK) or in-value (RIV). The Commercial Section negotiates with the lessees, on behalf of the state, and makes a recommendation to the DNR Commissioner whether taking RIK is in the state's best interest. When the state takes its royalty share as RIK, the state assumes ownership of the oil and the Commissioner disposes of it through the sale procedures prescribed in statute. When the state takes its royalty as RIV, the lessees who produce the oil also markets the state's share along with their own production and pays the state the value of its royalty share.

In 2018, total revenue collected under the 2017 & 2016 contracts was \$890 million. The incremental revenue collected, as compared to RIV, was \$16.7 million.

- In 2017 the Alaska State Legislature ratified a contract between the state and Petro Star under which Petro Star would purchase volumes of the state's royalty oil for 4 years. DNR estimates the state will receive \$22 to \$28 million more in revenue than the state would have received if taking the same royalty volumes in value (RIV) over the 4-year contract.
- In 2016 the Alaska State Legislature ratified a contract between the state and Tesoro under which Tesoro would purchase volumes of the state's royalty oil for 5 years. DNR estimates the state will

receive \$45 to \$56 million more in revenue than the state would have received if taking the same royalty volumes in value (RIV) over the term of the contract.

Leasing Section

This section markets and offers oil, gas, and geothermal resource lands through lease sale and exploration licensing programs. Prior to disposing of state lands, best interest findings are drafted and issued as directed by state law. Lease sales are conducted by section staff with a thorough determination of lease award and issuance process following the sale. Each year the section collects more than \$20M in rent and adjudicates hundreds of lease assignments often totaling more than \$1B in lease transactions. Section staff enforces lease terms from issuance to expiration or surrender of more than 1,900 leases, coordinating management and protection of resource lands.

- 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. The section 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 and miscellaneous land use obligations.
- Preparing and releasing eligible tax credit well and seismic 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 and Legislature with reliable data for revenue forecasting and 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.
- Conducting industry and public outreach to state, national, and international audiences providing up-to-date technical information on Alaska's oil and gas resource potential.
- 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 enhancement 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.
- Continued 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 section 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, in coordination with the Resource Evaluation, Commercial, Leasing, and Royalty Accounting Sections. 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 five lease operations and thirty-three state and multi-owner oil and gas 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 reduction in personnel.
- 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 FY2020

Continue progress toward a more business-like and business-oriented approach aiming to conduct business at the speed of business.

Complete the electronic Permit Management System for tracking, reviewing, and delivering responses to applicants.

Complete documentation of 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>FY2019</u> <u>Management</u> <u>Plan</u>	<u>FY2020</u> <u>Governor</u>		
Full-time	97	97	Annual Salaries	9,317,714
Part-time	0	0	COLA	151,760
Nonpermanent	1	1	Premium Pay	13,340
			Annual Benefits	5,100,402
			<i>Less 3.21% Vacancy Factor</i>	(467,416)
			Lump Sum Premium Pay	0
Totals	98	98	Total Personal Services	14,115,800

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 I	1	0	0	0	1
Analyst/Programmer II	1	0	0	0	1
Analyst/Programmer IV	2	0	0	0	2
Analyst/Programmer V	2	0	0	0	2
Bus Process Integration Mgr	1	0	0	0	1
Commercial Analyst	6	0	0	0	6
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
Geologist I	1	0	0	0	1
Micro/Network Spec I	1	0	0	0	1
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Spec I	1	0	0	0	1
Natural Resource Spec II	5	0	0	0	5
Natural Resource Spec III	13	0	0	0	13
Natural Resource Spec IV	7	0	0	0	7
Natural Resource Tech II	3	0	0	0	3
Office Assistant II	1	0	0	0	1
Oil & Gas Revenue Audit Master	1	0	0	0	1
Oil & Gas Revenue Auditor I	1	0	0	0	1
Oil & Gas Revenue Auditor II	1	0	0	0	1
Oil & Gas Revenue Auditor III	3	0	0	0	3
Oil & Gas Revenue Auditor IV	2	0	0	0	2
Oil & Gas Revenue Specialist	1	0	0	0	1
Petroleum Geologist I	7	0	0	0	7

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Petroleum Geologist II	2	0	0	0	2
Petroleum Geophysicist I	1	0	0	0	1
Petroleum Land Manager	6	0	0	0	6
Petroleum Reservoir Engineer	4	0	0	0	4
Pipe Line Coordinator	1	0	0	0	1
Policy & Program Specialist	1	0	0	0	1
Publications Spec III	1	0	0	0	1
Student Intern	1	0	0	0	1
Tech Eng I / Architect I	1	0	0	0	1
Totals	98	0	0	0	98

Component Detail All Funds
Department of Natural Resources

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

Non-Formula Component

	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
71000 Personal Services	13,305.0	13,886.5	13,886.5	13,886.5	14,115.8	229.3	1.7%
72000 Travel	150.9	227.7	227.7	227.7	227.7	0.0	0.0%
73000 Services	2,312.2	6,513.1	6,513.1	6,513.1	6,513.1	0.0	0.0%
74000 Commodities	208.3	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%
Totals	15,976.4	20,964.9	20,964.9	20,964.9	21,194.2	229.3	1.1%
Fund Sources:							
1002 Fed Rcpts (Fed)	103.2	197.6	197.6	197.6	201.8	4.2	2.1%
1004 Gen Fund (UGF)	7,504.7	8,542.2	8,542.2	8,542.2	8,649.8	107.6	1.3%
1005 GF/Prgm (DGF)	685.0	700.2	700.2	700.2	710.4	10.2	1.5%
1007 I/A Rcpts (Other)	70.7	158.6	158.6	158.6	158.6	0.0	0.0%
1105 PFund Rcpt (Other)	4,095.1	4,128.0	4,128.0	4,128.0	4,179.0	51.0	1.2%
1108 Stat Desig (Other)	3,308.7	6,570.4	6,570.4	6,570.4	6,623.1	52.7	0.8%
1217 NGF Earn (Other)	73.2	150.0	150.0	150.0	150.0	0.0	0.0%
1232 ISPF-I/A (Other)	135.8	517.9	517.9	517.9	0.4	-517.5	-99.9%
1236 AK LNG I/A (Other)	0.0	0.0	0.0	0.0	521.1	521.1	100.0%
Unrestricted General (UGF)	7,504.7	8,542.2	8,542.2	8,542.2	8,649.8	107.6	1.3%
Designated General (DGF)	685.0	700.2	700.2	700.2	710.4	10.2	1.5%
Other Funds	7,683.5	11,524.9	11,524.9	11,524.9	11,632.2	107.3	0.9%
Federal Funds	103.2	197.6	197.6	197.6	201.8	4.2	2.1%
Positions:							
Permanent Full Time	98	98	98	97	97	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	1	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 FY2019 Conference Committee To FY2019 Authorized *****												
FY2019 Cook Inlet Energy Sec16a Ch17 SLA2018 P75 L13 (HB286)												
1217 NGF Earn	ConfC(L)	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
<p>(a) 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>												
***** Changes From FY2019 Authorized To FY2019 Management Plan *****												
FY2019 Conference Committee												
1002 Fed Rcpts	ConfCom	197.6	13,886.5	227.7	6,363.1	315.6	22.0	0.0	0.0	98	0	1
1004 Gen Fund		8,542.2										
1005 GF/Prgm		700.2										
1007 I/A Rcpts		158.6										
1105 PFund Rcpt		4,128.0										
1108 Stat Desig		6,570.4										
1232 ISPF-I/A		517.9										
Subtotal		20,964.9	13,886.5	227.7	6,513.1	315.6	22.0	0.0	0.0	98	0	1
***** Changes From FY2019 Authorized To FY2019 Management Plan *****												
Delete Vacant Natural Resource Specialist IV (10-4135)												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<p>The duties of this position were maintaining and analyzing databases, collection of data, and creating maps as needed. Over the past three years, the need for separate databases along with implementation of new technology has diminished the need for this position. The authority for this position was redistributed to the Petroleum Land Manager in the Units section.</p> <p>Delete (10-4135) Natural Resource Specialist IV, range 21, Anchorage, Full-Time</p>												
Delete Vacant Petroleum Economist (10-4238) in the Commercial Section												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<p>The complexity and volume of work performed by the Commercial Section requires the expertise of a Commercial Analyst. A Petroleum Economist does not have the level of education and experience necessary to do the advanced level of work. As a result, the Petroleum Economist position is being deleted and a new Commercial Analyst is being added.</p> <p>Delete (10-4238) Petroleum Economist II, range 22, Anchorage, Full-Time</p>												
Add Commercial Analyst (10-X023) in the Commercial Section												
PosAdj		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 Division of Oil & Gas' (DOG) Commercial Section handles many special projects outside their normal scope of work such as the production forecast, assessments for new state oil and gas development initiatives for possible royalty modification, and Royalty-in-Kind and Royalty-in-Value analyses requested by the Alaska Gasline Development Corporation related to the LNG project. The Commercial Section provides commercial support to document the state's best interests for ongoing decision making within the division.

The complexity and volume of the work to be performed by the Commercial Section requires the expertise of a Commercial Analyst. This new position is replacing the Petroleum Economist II in the Division of Oil and Gas.

Add (10-X023) Commercial Analyst, range 26, Anchorage, Full-Time

Subtotal		20,964.9	13,886.5	227.7	6,513.1	315.6	22.0	0.0	0.0	97	0	1
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***** **Changes From FY2019 Management Plan To FY2020 Governor** *****

Reverse FY2019 Cook Inlet Energy Sec16a Ch17 SLA2018 P75 L13 (HB286)												
OTI		-150.0	0.0	0.0	-150.0	0.0	0.0	0.0	0.0	0	0	0
1217 NGF Earn		-150.0										
Reverse language section transaction from the base budget.												
Reservoir Modeling Contractual Services												
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 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. The request for software licensing funds was added to DOG's base in FY2019, the funds for contractual services were added as a one time item.

This increment 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 3D computer models to calculate 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	

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.

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 Participating Areas (PA) are under contract for redeterminations. All are to be completed in FY2019 except for Qannik. During FY2019 reservoir quality work includes an estimated \$66.5 in contract services for thin petrographic section preparation, point count microscopy, core porosity and permeability measurements. FY2020 the Qannik PA work will be completed and Fiord Kuparuk and Fiord Nechelik will be started with a completion date of FY2021. If this increment is not approved the division will not be able to perform any of the geological and engineering analysis needed for the next round and the state may forego significant royalty revenue.

Replace In-State Pipeline Fund Inter-Agency with Alaska Liquefied Natural Gas Inter-Agency

	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1232 ISPF-I/A		-517.9										
1236 AK LNG I/A		517.9										

As part of HB4 fiscal notes in 2013, the State Pipeline Coordinator's Office (SPCO) received an increment appropriated as the In-State Natural Gas Pipeline Fund-Interagency (ISPF-I/A), fund code 1232. The increment was specifically intended to fund work on the Alaska Stand Alone Pipeline (ASAP) project through a Reimbursable Service Agreement requested by Alaska Gasline Development Corp (AGDC).

The SPCO and its budget were integrated with the Division of Oil & Gas, and the servicing agency is now known as the Pipeline Section (SPCS). The annual operating budget of the Division of Oil & Gas included the ISPF-I/A funding through FY2018.

In FY2019, and pursuant to AS 31.25.110, the legislature changed AGDC's source funding to integrate the ISPF-I/A into the Alaska Liquefied Natural Gas Project Fund I/A (AK LNG I/A) fund code 1236.

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.

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>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.</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 FY2020.</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, 2020, 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, 2020, June 30, 2021, and June 30, 2022.</p>												
Reverse Reservoir Modeling Contractual Services												
	OTI	-250.0	0.0	0.0	-250.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-250.0										
Reversing one time item from base budget.												
Reverse Supervisory Unit 15 Hour Furlough Reduction												
	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										
1236 AK LNG I/A		0.1										
FY2020 Salary Adjustments - GGU, CEA, TEAME												
	SalAdj	210.2	210.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		3.7										
1004 Gen Fund		98.7										
1005 GF/Prgm		9.3										
1105 PFund Rcpt		47.2										
1108 Stat Desig		48.2										
1236 AK LNG I/A		3.1										

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	
FY2020 Salary Adjustments - GGU, CEA, TEAME: \$210.2												
FY2020 GGU HI from \$1432 to \$1530: \$60.1												
FY2020 GGU 3% COLA: \$150.1												
Reverse Alaska State Employees Association (GGU) 15 Hour Furlough												
	SalAdj	14.4	14.4	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		0.5										
1004 Gen Fund		7.5										
1005 GF/Prgm		0.4										
1105 PFund Rcpt		2.3										
1108 Stat Desig		3.3										
1232 ISPF-I/A		0.4										
The Alaska State Employees Association (representing the general government unit) contractually required 15 hours of furlough for each permanent full-time employee in each year from July 1, 2016, to June 30, 2019. The furlough requirement was removed from the contract in FY2020.												
Totals		21,194.2	14,115.8	227.7	6,513.1	315.6	22.0	0.0	0.0	97	0	1

Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2020 Governor (15610)
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 / N	12.0		93,815	0	0	52,303	146,118	0
10-0113	Natural Resource Mgr III	FT	A	SS	Anchorage	200	22D / E	12.0		95,155	0	0	52,782	147,937	0
10-0115	Administrative Officer I	FT	A	SS	Anchorage	200	17L / M	12.0		78,882	0	0	46,975	125,857	0
10-0116	Office Assistant II	FT	A	GP	Anchorage	99	10N	12.0		48,523	1,975	0	35,803	86,301	0
10-0119	Natural Resource Spec III	FT	A	GP	Anchorage	200	18L / M	12.0		78,444	3,193	0	46,479	128,116	0
10-0121	Natural Resource Spec III	FT	A	GP	Anchorage	200	18G / J	12.0		70,332	2,863	0	43,585	116,780	0
10-0133	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21J	12.0		89,436	3,640	0	50,401	143,477	0
10-0134	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		59,716	2,431	0	39,797	101,944	0
10-0135	Tech Eng I / Architect I	FT	A	GP	Anchorage	200	24C / D	12.0		92,556	3,767	0	51,514	147,837	0
10-0141	Commercial Manager	FT	A	XE	Anchorage	N00	26	12.0		148,625	0	0	70,752	219,377	142,595
10-0142	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		111,444	0	0	58,450	169,894	108,732
10-0143	Policy & Program Specialist	FT	A	XE	Anchorage	N00	24 / A	12.0		105,000	0	0	56,150	161,150	0
10-0144	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		130,000	0	0	65,070	195,070	124,845
10-0145	Analyst/Programmer I	FT	A	GP	Anchorage	200	14A / B	12.0		44,439	1,809	0	34,346	80,594	51,580
10-0147	Natural Resource Spec III	FT	A	GP	Anchorage	99	18M	12.0		80,965	3,296	0	47,379	131,640	0
10-0157	Accounting Tech I	FT	A	GP	Anchorage	200	12L / M	12.0		51,955	2,115	0	37,028	91,098	0
10-0253	Administrative Assistant II	FT	A	GP	Anchorage	200	14K	12.0		57,324	2,333	0	38,944	98,601	0
10-0254	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21D / E	12.0		79,674	3,243	0	46,918	129,835	0
10-0266	Natural Resource Spec II	FT	A	GP	Anchorage	200	16C / D	12.0		54,879	2,234	0	38,071	95,184	0
10-1147	Natural Resource Mgr II	FT	A	SS	Anchorage	99	20O	12.0		106,757	0	0	56,921	163,678	0
10-1297	Natural Resource Spec III	FT	A	GP	Anchorage	200	18C / D	12.0		62,991	2,564	0	40,966	106,521	0
10-1313	Natural Resource Spec III	FT	A	GP	Anchorage	200	18A / B	12.0		58,951	2,400	0	39,524	100,875	0
10-1793	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		59,461	2,420	0	39,706	101,587	0
10-4100	Division Director	FT	A	XE	Anchorage	N00	27	12.0		150,000	0	0	71,158	221,158	0
10-4104	Petroleum Geologist II	FT	A	XE	Anchorage	N00	26A	12.0		150,000	0	0	71,158	221,158	141,541
10-4105	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		130,000	0	0	65,070	195,070	124,845
10-4109	Oil & Gas Revenue Specialist	FT	A	GP	Anchorage	200	25J	12.0		118,428	4,820	0	60,745	183,993	46,255
10-4114	Natural Resource Spec III	FT	A	GP	Anchorage	200	18G / J	12.0		71,412	2,907	0	43,970	118,289	0
10-4115	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22A / B	12.0		76,591	3,118	0	45,818	125,527	125,527
10-4118	Administrative Officer II	FT	A	SS	Anchorage	99	19K / L	12.0		89,117	0	0	50,627	139,744	0
10-4119	Natural Resource Tech II	FT	A	GP	Anchorage	99	12M	12.0		53,397	2,173	0	37,542	93,112	49,213
10-4122	Micro/Network Spec I	FT	A	GP	Anchorage	200	18G / J	12.0		70,452	2,868	0	43,628	116,948	51,457
10-4125	Analyst/Programmer V	FT	A	GP	Anchorage	200	22J / K	12.0		97,609	3,973	0	53,317	154,899	99,135
10-4128	Administrative Officer I	FT	A	GP	Anchorage	200	17L / M	12.0		74,115	3,017	0	44,935	122,067	0
10-4133	Data Processing Mgr I	FT	A	SS	Anchorage	200	22K / L	12.0		116,260	0	0	60,312	176,572	113,006
10-4136	Publications Spec III	FT	A	GP	Anchorage	200	19B / C	12.0		63,954	2,603	0	41,309	107,866	69,034
10-4144	Natural Resource Spec III	FT	A	GP	Anchorage	200	18E / F	12.0		67,656	2,836	2,019	43,350	115,861	74,151

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: FY2020 Governor (15610)
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
10-4145	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21E	12.0		89,040	0	0	50,600	139,640	0
10-4146	Accountant IV	FT	A	GP	Anchorage	200	20G	12.0		80,184	3,264	0	47,100	130,548	83,551
10-4147	Admin Operations Mgr I	FT	A	SS	Anchorage	200	22J	12.0		109,200	0	0	57,793	166,993	0
10-4149	Accounting Tech III	FT	A	GG	Anchorage	99	16P / Q	12.0		80,706	3,285	0	47,286	131,277	84,017
10-4158	Accountant III	FT	A	GP	Anchorage	200	18J / K	12.0		74,874	3,048	0	45,205	123,127	78,801
10-4163	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21F	12.0		92,268	0	0	51,752	144,020	0
10-4165	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		60,141	2,448	0	39,949	102,538	65,624
10-4167	Natural Resource Spec IV	FT	A	SS	Anchorage	200	21A / B	12.0		79,687	0	0	47,263	126,950	81,248
10-4171	Natural Resource Spec III	FT	A	GP	Anchorage	200	18G / J	12.0		73,092	3,067	2,248	45,372	123,779	79,219
10-4181	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		144,293	0	0	69,472	213,765	136,810
10-4182	Petroleum Geologist II	FT	A	XE	Anchorage	N00	26	12.0		168,575	0	0	76,647	245,222	156,942
10-4183	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		167,958	0	0	76,465	244,423	156,431
10-4184	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		168,095	0	0	76,505	244,600	156,544
10-4185	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,492	248,926	159,313
10-4193	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		171,434	0	0	77,492	248,926	159,313
10-4194	Oil & Gas Revenue Auditor IV	FT	A	GP	Anchorage	200	24K / L	12.0		116,354	4,736	0	60,005	181,095	181,095
10-4196	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20A / B	12.0		67,452	2,746	0	42,557	112,755	72,163
10-4203	Analyst/Programmer V	FT	A	GP	Anchorage	200	22G	12.0		91,980	3,744	0	51,309	147,033	94,101
10-4207	Natural Resource Spec III	FT	A	GP	Anchorage	200	18K	12.0		75,468	3,072	0	45,417	123,957	79,333
10-4210	Oil & Gas Revenue Auditor I	FT	A	GP	Anchorage	200	18B / C	12.0		60,566	2,465	0	40,100	103,131	103,131
10-4211	Accountant IV	FT	A	GP	Anchorage	200	20K / L	12.0		88,128	3,587	0	49,934	141,649	90,655
10-4213	Geologist I	FT	A	GP	Anchorage	200	15B / C	12.0		49,056	1,997	0	35,993	87,046	55,709
10-4214	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		126,504	0	0	63,823	190,327	121,809
10-4215	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22E / F	12.0		86,238	3,510	0	49,260	139,008	139,008
10-4216	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		135,929	0	0	67,000	202,929	129,875
10-4217	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		106,000	0	0	56,507	162,507	104,005
10-4222	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26	12.0		99,332	0	0	54,128	153,460	98,214
10-4223	Natural Resource Spec IV	FT	A	SS	Anchorage	99	21L	12.0		102,054	0	0	55,243	157,297	110,108
10-4224	Natural Resource Spec II	FT	A	GP	Anchorage	200	16C / D	12.0		53,459	2,243	1,639	38,149	95,490	61,114
10-4225	Natural Resource Spec II	FT	A	GP	Anchorage	200	16G / J	12.0		62,794	2,710	3,780	42,244	111,528	71,378
10-4226	Bus Process Integration Mgr	FT	A	XE	Anchorage	N00	24	12.0		94,240	0	0	52,311	146,551	88,810
10-4227	Deputy Director	FT	A	XE	Anchorage	N00	26	12.0		155,000	0	0	72,636	227,636	0
10-4229	Administrative Assistant II	FT	A	GP	Anchorage	200	14G / J	12.0		54,129	2,203	0	37,804	94,136	0
10-4230	Administrative Assistant I	FT	A	GP	Anchorage	200	12C / D	12.0		40,868	1,663	0	33,072	75,603	0
10-4232	Oil & Gas Revenue Auditor	FT	A	GP	Anchorage	200	24K	12.0		113,736	4,630	0	59,071	177,437	177,437

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Personal Services Expenditure Detail
Department of Natural Resources

Scenario: FY2020 Governor (15610)
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
10-4233	IV Oil & Gas Revenue Auditor II	FT	A	GP	Anchorage	200	20G / J	12.0		81,584	3,321	0	47,600	132,505	132,505
10-4234	Natural Resource Tech II	FT	A	GP	Anchorage	200	12C / D	12.0		41,180	1,676	0	33,183	76,039	30,188
10-4235	Natural Resource Spec II	FT	A	GP	Anchorage	200	16C / D	12.0		55,213	2,247	0	38,190	95,650	0
10-4236	Analyst/Programmer IV	FT	A	GP	Anchorage	200	20L / M	12.0		89,667	3,650	0	50,484	143,801	92,033
10-4240	Natural Resource Tech II	FT	A	GP	Anchorage	200	12J	12.0		49,440	2,012	0	36,131	87,583	56,053
10-4244	Natural Resource Spec IV	FT	A	GP	Anchorage	200	21F / G	12.0		85,722	3,489	0	49,076	138,287	88,504
10-4245	Natural Resource Spec III	FT	A	GP	Anchorage	200	18B / C	12.0		59,461	2,420	0	39,706	101,587	52,252
10-4247	Analyst/Programmer II	FT	A	GP	Anchorage	200	16A / B	12.0		51,171	2,083	0	36,748	90,002	57,601
10-4249	Oil & Gas Revenue Auditor III	FT	A	GP	Anchorage	200	22D / E	12.0		84,348	3,433	0	48,586	136,367	136,367
10-4256	Natural Resource Spec I	FT	A	GP	Anchorage	200	14A / B	12.0		44,624	1,816	0	34,412	80,852	51,745
10-4257	Natural Resource Spec II	FT	A	GP	Anchorage	200	16F / G	12.0		60,141	2,597	3,654	41,252	107,644	26,911
10-5000	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26A	12.0		137,208	0	0	67,378	204,586	0
10-8106	Pipe Line Coordinator	FT	A	XE	Anchorage	N00	26	12.0		125,000	0	0	63,286	188,286	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	77,492	248,926	159,313
10-T006	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		106,000	0	0	56,507	162,507	104,005
10-T007	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		122,988	0	0	62,568	185,556	118,756
10-T009	Petroleum Geologist I	FT	A	XE	Anchorage	N00	26	12.0		165,771	0	0	75,818	241,589	154,617
10-T010	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		143,500	0	0	69,237	212,737	138,279
10-T011	Petroleum Geophysicist I	FT	A	XE	Anchorage	N00	26	12.0		150,000	0	0	71,158	221,158	143,753
10-T015	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		130,000	0	0	65,070	195,070	195,070
10-T019	Petroleum Land Manager	FT	A	XE	Anchorage	N00	26	12.0		133,529	0	0	66,291	199,820	129,883
10-T021	Oil & Gas Revenue Audit Master	FT	A	XE	Anchorage	N00	26	12.0		129,150	0	0	64,767	193,917	0
10-T022	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		106,000	0	0	56,507	162,507	105,630
10-X001	Petroleum Reservoir Engineer	FT	A	XE	Anchorage	N00	26A	12.0		150,000	0	0	71,158	221,158	221,158
10-X023	Commercial Analyst	FT	A	XE	Anchorage	N00	26	12.0		110,000	0	0	57,934	167,934	167,934

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: FY2020 Governor (15610)
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:	9,317,714
														Total COLA:	151,760
	Full Time Positions:	97	0	0										Total Premium Pay::	13,340
	Part Time Positions:	0	0	0										Total Benefits:	5,100,402
	Non Permanent Positions:	1	0	0											
	Positions in Component:	98	0	0											
	Total Component Months:	1,176.0													
														Total Pre-Vacancy:	14,583,216
														Minus Vacancy Adjustment of 3.21%:	(467,416)
														Total Post-Vacancy:	14,115,800
														Plus Lump Sum Premium Pay:	0
														Personal Services Line 100:	14,115,800

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1002 Federal Receipts	115,581	111,876	0.79%
1004 General Fund Receipts	6,860,228	6,640,346	47.04%
1005 General Fund/Program Receipts	547,991	530,427	3.76%
1007 Interagency Receipts	405,519	392,521	2.78%
1105 Alaska Permanent Fund Corporation Receipts	4,243,735	4,107,716	29.10%
1108 Statutory Designated Program Receipts	2,299,859	2,226,145	15.77%
1236 Alaska Liquefied Natural Gas Project Fund I/A (AK LNG I/A)	110,303	106,767	0.76%
Total PCN Funding:	14,583,216	14,115,800	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		FY2018 Actuals	FY2019 Management Plan
2000	Travel		150.9	227.7
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
2000 Travel Detail Totals			150.9	227.7
2000	In-State Employee Travel	Transportation costs for travel relating to administration, conventions and meetings, boards and commissions	124.2	207.7
2002	Out of State Employee Travel	Transportation costs for travel relating to administration, conventions and meetings, boards and commissions	26.7	20.0

Line Item Detail (1676)
Department of Natural Resources
Services

Component: Oil & Gas (439)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
3000	Services		2,312.2	6,513.1
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3000 Services Detail Totals			2,312.2	6,513.1
3000	Education Services	Training, educational conferences, and agency memberships	41.2	55.0
3001	Financial Services	Accounting, auditing, and management consulting and fees	115.2	150.0
3003	Information Technology	Software licensing, includes reservoir modeling software	183.5	426.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors	13.2	15.0
3006	Delivery Services	Freight, courier services, and postage	9.4	15.5
3007	Advertising and Promotions	Advertising, promotions, and legal notices	28.6	28.7
3008	Utilities	Electricity, heating fuel, water, sewage, and disposal services	4.3	4.5
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rental, and leases	16.7	16.8
3010	Equipment/Machinery	Machinery and equipment purchase, repairs, maintenance, rentals, and leases	32.0	34.0
3011	Other Services	Security services at Geologic Materials Center, reproduction of maps, arctic gear cleaning, state office travel fees, and document	49.7	664.5

Line Item Detail (1676)
Department of Natural Resources
Services

Component: Oil & Gas (439)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
			3000 Services Detail Totals	2,312.2	6,513.1
			mgmt contracts		
3012	Inter-Agency Federal Indirect Rate Allocation	NatRes - Oil & Gas (439)		215.0	240.4
3016	Inter-Agency Economic Development		Reimbursable service agreements yet to be determined in support of AS 38.35 pipeline projects	0.0	3,000.4
3016	Inter-Agency Economic Development	EnvCon - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	353.7	379.7
3016	Inter-Agency Economic Development	FishGm - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	156.8	147.8
3016	Inter-Agency Economic Development	Labor - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	265.5	287.3
3016	Inter-Agency Economic Development	Law - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	0.7	1.0
3016	Inter-Agency Economic Development	NatRes - Forest Management & Develop (435)	Reimbursable service agreements in support of AS 38.35 pipeline projects	5.3	5.5
3016	Inter-Agency Economic Development	NatRes - Geological & Geophysical Surveys (1031)	Reimbursable service agreements in support of AS 38.35 pipeline projects	4.4	4.0
3016	Inter-Agency Economic Development	NatRes - History and Archaeology (451)	Reimbursable service agreements in support of AS 38.35 pipeline projects	14.5	15.0
3016	Inter-Agency Economic Development	NatRes - Information Resource Mgmt. (427)	Reimbursable service agreements in support of AS 38.35 pipeline projects	2.7	24.5
3016	Inter-Agency Economic Development	NatRes - Mining, Land & Water (3002)	Reimbursable service agreements in support of AS 38.35 pipeline projects	33.3	65.0
3016	Inter-Agency Economic Development	NatRes - Parks Management & Access (3001)	Reimbursable service agreements in support of AS 38.35 pipeline projects	4.6	5.0
3016	Inter-Agency Economic Development	PubSaf - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	7.0	118.3
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Enterprise Productivity Rate (EPR) computer services	253.8	255.0
3018	Inter-Agency Information Technology	Admin - Department-wide	Enterprise Productivity Rate (EPR)	64.0	70.0

Line Item Detail (1676)
Department of Natural Resources
Services

Component: Oil & Gas (439)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
			3000 Services Detail Totals	2,312.2	6,513.1
Telecommunications			telecommunications and telephone line services (examples: video conference, internet access, messaging, virtual private network)		
3021	Inter-Agency Mail	Admin - Department-wide	Centralized mail services chargeback	1.9	2.5
3022	Inter-Agency Human Resources	Admin - Department-wide	Human Resources services chargeback	3.3	3.7
3023	Inter-Agency Building Leases	Admin - Department-wide	Office space lease costs	378.7	400.0
3024	Inter-Agency Legal	Law - Department-wide	Regulations review	1.2	20.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management, and property insurance	0.5	0.5
3027	Inter-Agency Financial	Admin - Department-wide	State payroll (HRM) and accounting (IRIS & ALDER) systems chargeback	21.1	22.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	Americans with Disabilities Act (ADA) chargeback	0.2	0.3
3037	State Equipment Fleet	Trans - Department-wide	State Equipment Fleet vehicle usage	30.2	35.2

Line Item Detail (1676)
Department of Natural Resources
Commodities

Component: Oil & Gas (439)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
4000	Commodities		208.3	315.6
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
4000 Commodities Detail Totals			208.3	315.6
4000	Business	General business supplies such as office consumables, furniture, and computer equipment	198.4	298.1
4002	Household/Institutional	Cleaning, food, and other supplies	2.0	3.5
4004	Safety	Firearms & ammunition, fire suppression, and other safety	3.2	8.0
4019	Small Tools/Minor Equipment		2.8	2.0
4020	Equipment Fuel		1.9	4.0

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

Component: Oil & Gas (439)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
5000	Capital Outlay		0.0	22.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
5000 Capital Outlay Detail Totals			0.0	22.0
5004	Equipment	Small equipment purchases	0.0	22.0

Revenue Detail (1681)
Department of Natural Resources

Component: Oil & Gas (439)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2018 Actuals	FY2019 Management Plan
5002 Fed Rcpts (1002 Fed Rcpts)			103.2	197.6
5002 Federal General Government - Miscellaneous Grants			103.2	197.6
5005 GF/Prgm (1005 GF/Prgm)			8,917.7	700.2
5106 Program Receipts Charges for Services - Rent and Royalties		Material sales	288.1	700.2
5112 Program Receipts Natural Resources - Charges for Services			139.5	0.0
5113 Program Receipts Natural Resources - Rent and Royalties			8,490.1	0.0
5007 I/A Rcpts (1007 I/A Rcpts)			70.7	158.6
5301 Inter-Agency Receipts	Commerce - Department-wide		41.3	0.0
5301 Inter-Agency Receipts	NatRes - Project Management & Permitting (2733)		29.4	158.6
5105 PFund Rcpt (1105 PFund Rcpt)			4,095.1	4,128.0
5414 Alaska Permanent Fund Corporation Receipts			4,095.1	4,128.0
5108 Stat Desig (1108 Stat Desig)			3,308.7	6,570.4
5206 Statutory Designated Program Receipts - Contracts			3,308.7	6,570.4
5217 NGF Earn (1217 NGF Earn)			73.2	150.0
5429 Non-General Fund Earnings - Miscellaneous		Cook Inlet Energy reclamation bond interest	73.2	150.0
5232 ISPF-I/A (1232 ISPF-I/A)			135.8	0.0
5426 In-State Pipeline Fund IA			135.8	0.0
5236 AK LNG I/A (1236 AK LNG I/A)			0.0	517.9
5427 Alaska Liquefied Natural Gas Project Fund Inter-Agency		During SLA 2018, In-State Pipeline Fund (ISPF) transferred funding to	0.0	517.9

Revenue Detail (1681)
Department of Natural Resources

Component: Oil & Gas (439)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2018 Actuals	FY2019 Management Plan
		Alaska Liquefied Natural Gas (AKLNG). For FY2019 due to ISPF not being available the department has received an unbudgeted reimbursable service agreement with AKLNG authority.		
FUND Fund Only (9999 No specif.)			1,002,326.0	1,167,502.0
6095 Fund Only - Interest Earned			869.7	300.1
6097 Fund Only Natural Resources - Fines and Forfeitures			0.6	0.0
6098 Fund Only Natural Resources - Rents and Royalties			1,001,455.7	1,167,201.9

Inter-Agency Services (1682)
Department of Natural Resources

Component: Oil & Gas (439)

	FY2018 Actuals	FY2019 Management Plan
Component Totals	1,818.4	2,102.7
With Department of Natural Resources	279.8	359.4
With Department of Environmental Conservation	353.7	379.7
With Department of Fish and Game	156.8	147.8
With Department of Labor and Workforce Development	265.5	287.3
With Department of Law	1.9	21.0
With Department of Public Safety	7.0	118.3
With Department of Administration	723.5	754.0
With Department of Transportation/Public Facilities	30.2	35.2

Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3012 Inter-Agency Federal Indirect Rate Allocation	NatRes - Oil & Gas (439)		215.0	240.4
3016 Inter-Agency Economic Development	EnvCon - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	353.7	379.7
3016 Inter-Agency Economic Development	FishGm - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	156.8	147.8
3016 Inter-Agency Economic Development	Labor - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	265.5	287.3
3016 Inter-Agency Economic Development	Law - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	0.7	1.0
3016 Inter-Agency Economic Development	NatRes - Forest Management & Develop (435)	Reimbursable service agreements in support of AS 38.35 pipeline projects	5.3	5.5
3016 Inter-Agency Economic Development	NatRes - Geological & Geophysical Surveys (1031)	Reimbursable service agreements in support of AS 38.35 pipeline projects	4.4	4.0
3016 Inter-Agency Economic Development	NatRes - History and Archaeology (451)	Reimbursable service agreements in support of AS 38.35 pipeline projects	14.5	15.0
3016 Inter-Agency Economic Development	NatRes - Information Resource Mgmt. (427)	Reimbursable service agreements in support of AS 38.35 pipeline projects	2.7	24.5

Inter-Agency Services (1682)
Department of Natural Resources

Component: Oil & Gas (439)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3016	Inter-Agency Economic Development	NatRes - Mining, Land & Water (3002)	Reimbursable service agreements in support of AS 38.35 pipeline projects	33.3	65.0
3016	Inter-Agency Economic Development	NatRes - Parks Management & Access (3001)	Reimbursable service agreements in support of AS 38.35 pipeline projects	4.6	5.0
3016	Inter-Agency Economic Development	PubSaf - Department-wide	Reimbursable service agreements in support of AS 38.35 pipeline projects	7.0	118.3
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Enterprise Productivity Rate (EPR) computer services	253.8	255.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Enterprise Productivity Rate (EPR) telecommunications and telephone line services (examples: video conference, internet access, messaging, virtual private network)	64.0	70.0
3021	Inter-Agency Mail	Admin - Department-wide	Centralized mail services chargeback	1.9	2.5
3022	Inter-Agency Human Resources	Admin - Department-wide	Human Resources services chargeback	3.3	3.7
3023	Inter-Agency Building Leases	Admin - Department-wide	Office space lease costs	378.7	400.0
3024	Inter-Agency Legal	Law - Department-wide	Regulations review	1.2	20.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management, and property insurance	0.5	0.5
3027	Inter-Agency Financial	Admin - Department-wide	State payroll (HRM) and accounting (IRIS & ALDER) systems chargeback	21.1	22.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	Americans with Disabilities Act (ADA) chargeback	0.2	0.3
3037	State Equipment Fleet	Trans - Department-wide	State Equipment Fleet vehicle usage	30.2	35.2