

State of Alaska
FY2021 Governor's Operating Budget

Department of Administration
Alaska Oil and Gas Conservation Commission
RDU/Component Budget Summary

RDU/Component: Alaska Oil and Gas Conservation Commission**Contribution to Department's Mission**

To protect the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources through the application of conservation practices designed to ensure greater ultimate recovery and the protection of health, safety, fresh ground waters and the rights of all owners to recover their share of the resource.

Core Services

- Ensure safety of well drilling and control equipment.
- Ensure greater ultimate recovery.
- Minimize waste due to unnecessary flaring and venting of produced gas.
- Expeditiously adjudicate all permit applications while ensuring compliance with regulations, statutes, orders and other AOGCC directives.
- Protect Alaska's underground fresh water.
- Have no lost time accidents

Major Component Accomplishments in 2019

- Continued high-level of oversight of all oil, gas and geothermal operations in the State of Alaska.
- Updated bonding regulation to ensure that bonding amounts better protect the state against potential costs associated with the plugging and abandonment of wells. 20 AAC 25.025
- Administered the Class II Underground Injection Control Program to protect Alaska's underground fresh water. Received Environmental Protection Agency (EPA) grant for 2019 program.
- Utilized Risk-Based Data Management System database to better focus on field inspection efforts. In response to the AOGCC's improved inspections, operators are implementing equipment maintenance programs that are proactive rather than reactive.
- Issued two enforcement actions and nine notices of violation to operators for failure to follow AOGCC statutes and regulations.
- Oversaw the plug and abandonment of three U.S. Bureau of Land Management (BLM) Legacy Wells.
- Successfully transitioned AOGCC from the Department of Administration to the Department of Community, Commerce and Economic Development.

Key Component Challenges

Conventional Resources – Increase expertise for exploration programs in areas that are outside the traditional producing areas of the North Slope and Cook Inlet.

Non-conventional Resources – Increase expertise for exploration and development activities such as shale oil, shale gas, geothermal resources, underground coal gasification, and coal bed methane. Ensure non-conventional operations are conducted in a safe and skillful manner in accordance with state regulations and good engineering practices.

Staff Workload – There has been a slight decrease in drilling activity due to lower oil prices, but well work activity remains high and new operators require increased oversight. Therefore, AOGCC's workload remains essentially unchanged.

Compliance Review – Identify improvements for the AOGCC's inspection and compliance audit capabilities.

Significant Changes in Results to be Delivered in FY2021

Well Drilling and Workovers – Improved oversight for onshore and offshore activities by new operators and by existing operators that are expanding their operations into new areas. Delineation and development work will commence on recent new discoveries.

Plugging of Unused Wells – With operators, identify wells that need to be plugged and abandoned and establish a schedule for completing that work.

Plugging of Legacy Wells – Continue to work with BLM to ensure that the legacy well clean-up is planned and executed properly. Continue to work with BLM and other federal and state entities to fund the plugging and abandonment of additional legacy wells on the North Slope after the recently-funded clean-up work has been completed.

Custody Transfer Measurement Equipment – Increased oversight of measurement equipment, including walkthrough inspections for qualitative assessments of equipment (proper placement, checks for leaks, calibrated equipment, records checks) and witness of meter proves and calibrations.

Regulation Review, Revision, and Guidance

- Review and improve statutes and regulations. Work to eliminate inconsistencies, update references, and clarify intent of all the AOGCC’s regulations (20 AAC 25). Continue providing Guidance Bulletins to industry that clearly explain regulatory requirements and the AOGCC’s expectations.
- Amend blowout contingency plan regulations.
- Amend bonding regulations to reflect the cost to properly plug and abandon a well.
- Amend Regulatory Cost Charge regulations to address bankruptcy issues.

Statutory and Regulatory Authority

AS 31.05 Alaska Oil and Gas Conservation Act
20 AAC 25 Alaska Oil and Gas Conservation Commission

AS 41.06 Geothermal Resources

Contact Information
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Alaska Oil and Gas Conservation Commission Personal Services Information				
Authorized Positions			Personal Services Costs	
	<u>FY2020</u> <u>Management</u> <u>Plan</u>	<u>FY2021</u> <u>Governor</u>		
			Annual Salaries	0
Full-time	0	0	Premium Pay	0
Part-time	0	0	Annual Benefits	0
Nonpermanent	0	0	<i>Less % Vacancy Factor</i>	()
			Lump Sum Premium Pay	0
Totals	0	0	Total Personal Services	

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
No personal services.					
Totals	0	0	0	0	0

Component Detail All Funds
Department of Administration

Component: Alaska Oil and Gas Conservation Commission (2010)
RDU: Alaska Oil and Gas Conservation Commission (21)

Non-Formula Component

	FY2019 Actuals	FY2020 Conference Committee	FY2020 Authorized	FY2020 Management Plan	FY2021 Governor	FY2020 Management Plan vs FY2021 Governor	
71000 Personal Services	5,413.9	5,537.5	0.0	0.0	0.0	0.0	0.0%
72000 Travel	236.9	215.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	1,099.5	1,900.9	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	94.9	90.7	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	10.8	12.7	0.0	0.0	0.0	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	6,856.0	7,756.8	0.0	0.0	0.0	0.0	0.0%
Fund Sources:							
1002 Fed Rcpts (Fed)	119.0	120.0	0.0	0.0	0.0	0.0	0.0%
1108 Stat Desig (Other)	0.0	150.0	0.0	0.0	0.0	0.0	0.0%
1162 AOGCC Rcpt (DGF)	6,737.0	7,486.8	0.0	0.0	0.0	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	6,737.0	7,486.8	0.0	0.0	0.0	0.0	0.0%
Other Funds	0.0	150.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	119.0	120.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	32	32	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Administration

Component: Alaska Oil and Gas Conservation Commission (2010)

RDU: Alaska Oil and Gas Conservation Commission (21)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2020 Conference Committee To FY2020 Authorized *****												
FY2020 Conference Committee												
	ConfCom	7,606.8	5,537.5	215.0	1,750.9	90.7	12.7	0.0	0.0	32	0	0
1002 Fed Rcpts		120.0										
1162 AOGCC Rcpt		7,486.8										
FY2020 Settlement of Claims Against Reclamation Bonds Sec20e Ch1 FSSLA2019 P65 L4 (HB39)												
	ConfC(L)	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
1108 Stat Desig		150.0										
(e) The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$150,000, is appropriated to the Alaska Oil and Gas Conservation Commission for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond for the fiscal year ending June 30, 2020.												
Transfer AOGCC to the Department of Commerce, Community, and Economic Development per AO 307												
	Atroat	-7,606.8	-5,537.5	-215.0	-1,750.9	-90.7	-12.7	0.0	0.0	-32	0	0
1002 Fed Rcpts		-120.0										
1162 AOGCC Rcpt		-7,486.8										
Transfer all authority for the Alaska Oil and Gas Conservation Commission from the Department of Administration to the Department of Commerce, Community, and Economic Development per Administrative Order 307.												
Transfer AOGCC to the Department of Commerce, Community, and Economic Development per AO 307												
	Atroat	-150.0	0.0	0.0	-150.0	0.0	0.0	0.0	0.0	0	0	0
1108 Stat Desig		-150.0										
Transfer all authority for the Alaska Oil and Gas Conservation Commission per Sec20e Ch1 FSSLA2019 P65 L4 (HB39) from the Department of Administration to the Department of Commerce, Community, and Economic Development per Administrative Order 307.												
Subtotal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2020 Management Plan To FY2021 Governor *****												
Totals		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail (1676)
Department of Administration
Travel

Component: Alaska Oil and Gas Conservation Commission (2010)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000	Travel		236.9	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000 Travel Detail Totals			236.9	0.0	0.0
2000	In-State Employee Travel	Transportation costs for travel relating to administration, training, conventions and meetings, boards and commissions	221.5	0.0	0.0
2002	Out of State Employee Travel	Transportation costs for staff travel out of state to national organization meetings, conferences, and training	15.4	0.0	0.0

Line Item Detail (1676)
Department of Administration
Services

Component: Alaska Oil and Gas Conservation Commission (2010)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000	Services		1,099.5	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			1,099.5	0.0	0.0
3000	Education Services	Training, educational conferences, agency memberships, and employee tuition	54.2	0.0	0.0
3001	Financial Services	Management and consulting services	0.5	0.0	0.0
3002	Legal and Judicial Services	Legal and court related expenses	3.9	0.0	0.0
3003	Information Technology	Software licensing and maintenance, training, and consulting	233.9	0.0	0.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors	16.5	0.0	0.0
3005	Health Services	Ergonomic evaluations	0.3	0.0	0.0
3006	Delivery Services	Freight, courier services, and postage	1.7	0.0	0.0
3007	Advertising and Promotions	Advertising, promotions and legal notices	5.5	0.0	0.0
3008	Utilities	Electricity, heating fuel, water, sewage and disposal services	0.4	0.0	0.0
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rental, and leases	0.8	0.0	0.0
3010	Equipment/Machinery	Machinery, furniture and office equipment purchase, repairs, maintenance, rentals, and leases	4.9	0.0	0.0

Line Item Detail (1676)
Department of Administration
Services

Component: Alaska Oil and Gas Conservation Commission (2010)

Object Class		Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals				1,099.5	0.0	0.0
3011	Other Services		Professional services contracts: Investigators, scanning, reservoir studies and petroleum measurement	5.6	0.0	0.0
3016	Inter-Agency Economic Development	NatRes - Department-wide	Geological Materials Center operating costs support	49.8	0.0	0.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Alaska Division of IT (3141)	Enterprise Productivity Rate (EPR) computer services	113.0	0.0	0.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Alaska Division of IT (3141)	Enterprise Productivity Rate (EPR) telecommunications and telephone line services	12.6	0.0	0.0
3021	Inter-Agency Mail	Admin - Print Services (2333)	Centralized mail services chargeback	0.4	0.0	0.0
3022	Inter-Agency Human Resources	Admin - Personnel (56)	Human resource and payroll services provided by the Division of Personnel	17.9	0.0	0.0
3023	Inter-Agency Building Leases	Admin - Leases (81)	Rent for state-owned facilities and lease payments	414.5	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	1.0	0.0	0.0
3026	Inter-Agency Insurance	Admin - Risk Management (71)	Division of Risk Management - Risk management insurance charges	2.7	0.0	0.0
3027	Inter-Agency Financial	Admin - Finance (59)	State payroll and accounting system chargeback	7.8	0.0	0.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Personnel (56)	Americans with Disabilities Act (ADA) chargeback	0.2	0.0	0.0
3029	Inter-Agency Education/Training	Admin - Purchasing (60)	Procurement training	0.3	0.0	0.0
3037	State Equipment Fleet	Trans - Department-wide	State equipment fleet chargeback for vehicle lease, maintenance, and fuel	37.6	0.0	0.0
3038	Inter-Agency Management/Consulting			10.8	0.0	0.0
3038	Inter-Agency	Admin - Accounting (3134)	SSoA Travel chargeback	19.2	0.0	0.0

Line Item Detail (1676)
Department of Administration
Services

Component: Alaska Oil and Gas Conservation Commission (2010)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			1,099.5	0.0	0.0
	Management/Consulting				
3038	Inter-Agency Management/Consulting	Admin - Administrative Services (46)	Administrative chargeback	49.6	0.0
3038	Inter-Agency Management/Consulting	Admin - Office of the Commissioner (45)	Commissioner Office chargeback	28.4	0.0
3038	Inter-Agency Management/Consulting	Admin - Purchasing (60)	SSoA Procurement chargeback	5.5	0.0

Line Item Detail (1676)
Department of Administration
Commodities

Component: Alaska Oil and Gas Conservation Commission (2010)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000	Commodities		94.9	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000 Commodities Detail Totals			94.9	0.0	0.0
4000	Business	General business supplies such as office consumables, furniture, and computer equipment	64.4	0.0	0.0
4002	Household/Institutional	Cleaning, food and other household supplies	3.4	0.0	0.0
4004	Safety	Safety supplies, including fire suppression, personal protection gear	0.6	0.0	0.0
4020	Equipment Fuel	Fuel and gasoline	26.5	0.0	0.0

Line Item Detail (1676)
Department of Administration
Capital Outlay

Component: Alaska Oil and Gas Conservation Commission (2010)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5000	Capital Outlay		10.8	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5000 Capital Outlay Detail Totals			10.8	0.0	0.0
5004	Equipment	Replacement truck for the North Slope	10.8	0.0	0.0

Revenue Detail (1681)
Department of Administration

Component: Alaska Oil and Gas Conservation Commission (2010)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5002 Fed Rcpts (1002 Fed Rcpts)			119.0	0.0	120.0
5009 Federal Natural Resources - Environmental Assessment Grants		Underground injection control program with Environmental protection	119.0	0.0	120.0
5108 Stat Desig (1108 Stat Desig)			0.0	0.0	150.0
5206 Statutory Designated Program Receipts - Contracts		A claim settlement against a bond guaranteeing the reclamation of state, federal, or private land for the purpose of reclaiming the land affected by a use covered by the bond	0.0	0.0	150.0
5162 AOGCC Rcpt (1162 AOGCC Rcpt)			6,837.5	0.0	7,468.9
5400 AOGCC Civil Penalties, Fines and Fees		Civil penalties, fines, and fees	100.0	0.0	0.0
5405 Alaska Oil and Gas Conservation Commission Receipts		Regulatory cost charges for fees assessed to oil and gas operators AS 31.05.093 & 20 AAC 25.610	6,737.5	0.0	7,468.9

Inter-Agency Services (1682)
Department of Administration

Component: Alaska Oil and Gas Conservation Commission (2010)

				FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
Component Totals				760.5	0.0	0.0
With Department of Natural Resources				49.8	0.0	0.0
With Department of Administration				672.1	0.0	0.0
With Department of Law				1.0	0.0	0.0
With Department of Transportation/Public Facilities				37.6	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor	
3016	Inter-Agency Economic Development	NatRes - Department-wide	Geological Materials Center operating costs support	49.8	0.0	0.0
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Alaska Division of IT (3141)	Enterprise Productivity Rate (EPR) computer services	113.0	0.0	0.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Alaska Division of IT (3141)	Enterprise Productivity Rate (EPR) telecommunications and telephone line services	12.6	0.0	0.0
3021	Inter-Agency Mail	Admin - Print Services (2333)	Centralized mail services chargeback	0.4	0.0	0.0
3022	Inter-Agency Human Resources	Admin - Personnel (56)	Human resource and payroll services provided by the Division of Personnel	17.9	0.0	0.0
3023	Inter-Agency Building Leases	Admin - Leases (81)	Rent for state-owned facilities and lease payments	414.5	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide	Legal services provided by the Department of Law	1.0	0.0	0.0
3026	Inter-Agency Insurance	Admin - Risk Management (71)	Division of Risk Management - Risk management insurance charges	2.7	0.0	0.0
3027	Inter-Agency Financial	Admin - Finance (59)	State payroll and accounting system chargeback	7.8	0.0	0.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Personnel (56)	Americans with Disabilities Act (ADA) chargeback	0.2	0.0	0.0
3029	Inter-Agency Education/Training	Admin - Purchasing (60)	Procurement training	0.3	0.0	0.0

Inter-Agency Services (1682)
Department of Administration

Component: Alaska Oil and Gas Conservation Commission (2010)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3037 State Equipment Fleet	Trans - Department-wide	State equipment fleet chargeback for vehicle lease, maintenance, and fuel	37.6	0.0	0.0
3038 Inter-Agency Management/Consulting	Admin - Accounting (3134)	SSoA Travel chargeback	19.2	0.0	0.0
3038 Inter-Agency Management/Consulting	Admin - Administrative Services (46)	Administrative chargeback	49.6	0.0	0.0
3038 Inter-Agency Management/Consulting	Admin - Office of the Commissioner (45)	Commissioner Office chargeback	28.4	0.0	0.0
3038 Inter-Agency Management/Consulting	Admin - Purchasing (60)	SSoA Procurement chargeback	5.5	0.0	0.0