

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 168
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB168-UA-SYSBRA-3-27-14
Title: PETROLEUM ENGINEERING RESEARCH
PROGRAM
Sponsor: KELLY
Requester: Senate Finance

Department: University of Alaska
Appropriation: University of Alaska
Allocation: Budget Reductions/Additions - Systemwide
OMB Component Number: 1296

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Revised in Senate Finance to remove \$2 million projected capital costs.

Prepared By: Co-Chair Senator Kelly
Senate Finance Committee
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Senate Finance Committee
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Date: 03/27/2014

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB168

Analysis

This bill creates the petroleum engineering research for hydrocarbon optimization grant program and fund within the University. This fund will need a capital appropriation in order to leverage grants from industry.

Funding through the hydrocarbon optimization bill would allow the University of Alaska to begin addressing aspects of specific concern to the oil industry in Alaska and benefit throughput in the trans-Alaska pipeline system. Of particular interest is heavy and viscous oil, shale oil and gas, and enhanced oil recovery. Conducting research in these areas requires capacity building that could be done with the bill's funding. Funding provided by the hydrocarbon optimization bill would also allow the Institute of Northern Engineering (INE) to organize a fossil fuel integration program. The program would bring together skills from all areas of petroleum related research to ensure that work done at UA has maximum benefit to the industry.

The University of Alaska Fairbanks has a history of working with oil companies in Alaska on oilfield related applied research. Specifically, work in INE has focused on oil production as well as the specific needs of exploration activities such as ice roads and environmental impacts. The hydrocarbon optimization bill specifically speaks to industry involvement in choosing which projects the funding goes towards. This interactive relationship will encourage a productive relationship ensues, one that could increase industry funded research to UA in the future as well as increased oil production to the state. The Petroleum Development Laboratory in INE at UAF is particularly well positioned to advance research in heavy and viscous oil as well as enhanced oil recovery – both areas of need on Alaska's North Slope.