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Referred: Resources and  
Finance

1 IN THE HOUSE

BY CHATTERTON AND MALONE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 830

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Oil and Gas Conserva-  
7 tion Commission; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 31.05 is amended by adding new sections to read:

10 CHAPTER 5. ALASKA OIL AND GAS CONSERVATION ACT [CONSERVATION].

11 Sec. 31.05.005. ALASKA OIL AND GAS CONSERVATION COMMISSION  
12 CREATED. (a) There is created as an independent quasi-judicial agency  
13 of the state the Alaska Oil and Gas Conservation Commission, composed of  
14 three commissioners appointed by the governor and confirmed by the  
15 legislature in joint session.

16 (b) The governor shall designate one member of the commission as  
17 chairman of the commission. This member shall serve as chairman for a  
18 term of four years, but may be appointed for successive terms.

19 Sec. 31.05.007. TERM OF OFFICE; VACANCY; REMOVAL. (a) The term  
20 of office of each member is six years. The governor shall designate who  
21 among his initial appointees shall serve respectively for terms of two  
22 years, four years and six years. A commissioner, upon the expiration of  
23 his term, shall continue to hold office until his successor is appointed  
24 and qualified.

25 (b) A vacancy arising in the office of commissioner shall be  
26 filled by appointment by the governor and confirmed by the legislature  
27 in joint session, and an appointee selected to fill a vacancy shall hold  
28 office for the balance of the full term for which his predecessor on the  
29 commission was appointed.

1 (c) A vacancy in the commission does not impair the authority of a  
2 quorum of commissioners to exercise all the powers and perform all the  
3 duties of the commission.

4 (d) The governor may remove a commissioner from office by and with  
5 the consent of a majority of the legislature.

6 Sec. 31.05.009. QUALIFICATIONS OF MEMBERS. Members shall be  
7 qualified as follows: one member shall be a licensed professional  
8 engineer with educational and professional background in the field of  
9 petroleum engineering; one member shall be a geologist with professional  
10 background in the field of petroleum geology; one member shall be a  
11 person trained and experienced in a field other than petroleum engineer-  
12 ing or petroleum geology.

13 Sec. 31.05.011. QUORUM. Two members of the commission constitute  
14 a quorum for the transaction of business, for the performance of a duty,  
15 or for the exercise of a power of the commission.

16 Sec. 31.05.013. OATH OF OFFICE. Each commissioner and the execu-  
17 tive director of the commission, before entering upon the duties of his  
18 office, shall take and subscribe to the oath prescribed for principal  
19 officers of the state.

20 Sec. 31.05.015. COMPENSATION OF MEMBERS OF THE COMMISSION. Mem-  
21 bers of the commission are in the exempt service and shall receive an  
22 annual salary equal to that of a commissioner of a principal executive  
23 department.

24 Sec. 31.05.017. PRINCIPAL OFFICE; SEAL. (a) The commission shall  
25 establish a principal office and branch offices necessary to discharge  
26 its business efficiently. For the convenience of the public or of  
27 parties to a proceeding the commission may hold meetings, hearings or  
28 other proceedings at other locations.

29 (b) The commission shall have an official seal.

1           Sec. 31.05.021. LEGAL COUNSEL. (a) The Department of Law shall  
2 provide full-time legal counsel to the commission. The legal counsel  
3 provided by the Department of Law is subject to the approval of the  
4 commission.

5           (b) The commission may, subject to the approval of the attorney  
6 general, contract for the services of additional specialized legal  
7 counsel or legal consultants.

8           Sec. 31.05.023. COMMISSION STAFF. (a) The commission shall  
9 employ an executive director and other staff as it considers necessary  
10 to carry out its responsibilities.

11           (b) The professional staff of the commission and the personal  
12 secretary of each commissioner are in the partially exempt service under  
13 AS 39.25.120.

14           (c) The secretarial and clerical staff of the commission, except  
15 the personal secretary of each commissioner, are in the classified  
16 service under AS 39.25.100.

17           (d) The executive director shall receive an annual salary equal to  
18 that of a commissioner of a principal executive department.

19           (e) In addition to its staff of regular employees, the commission  
20 may contract for and engage the services of consultants and experts the  
21 commission considers necessary.

22           Sec. 31.05.025. CONFLICT OF INTEREST. (a) No member or employee  
23 of the commission may hold an interest in any oil and gas lease in  
24 Alaska issued by the state or the United States.

25           (b) No member or employee of the commission may have an official  
26 connection with, or hold stock or securities in, or have any pecuniary  
27 interest in, any company engaged in the exploration for or development  
28 of oil and gas in Alaska, or the primary business of which is the pro-  
29 vision of goods or services to a company so engaged.

1 (c) This section is in addition to the requirements of AS 39.50,  
2 AS 39.51, and other applicable state law.

3 (d) The commission shall cause a copy of (a) - (c) of this section  
4 to be prominently posted at each office established by the commission.

5 Sec. 31.05.027. APPLICATION. The authority of the commission  
6 applies to all land in the state lawfully subject to its police powers.  
7 It applies to land of the United States or to land subject to the jurisdic-  
8 tion of the United States only to the extent that control and super-  
9 vision of conservation of oil and gas and prevention of waste by the  
10 United States on its land fails to carry out the intent and purposes of  
11 this chapter, and otherwise applies to federal land so far as an officer  
12 of the United States having jurisdiction, or his authorized representa-  
13 tive, shall approve any of the provisions of this chapter or orders of  
14 the commission which affect land.

15 \* Sec. 2. AS 39.50.200(9) is amended by adding a new subparagraph to  
16 read:

17 (NN) Alaska Oil and Gas Conservation Commission (AS  
18 31.05).

19 \* Sec. 3. AS 43.55.020(e) is amended to read:

20 (e) Gas produced in excess of that needed for safety purposes, ex-  
21 cept gas used in the operation of a lease or property in drilling for or  
22 producing oil or gas, or for repressuring, is considered, for the pur-  
23 pose of this chapter and in the amount used, as gas produced from a  
24 lease or property. Gas flared beyond the amount authorized for safety  
25 by the Alaska Oil and Gas Conservation Commission [DEPARTMENT OF NATURAL  
26 RESOURCES] under AS 31.05 [31.05.170(11)(H)] is considered as gas pro-  
27 duced, except that it is subject to a penalty equal to the tax computed  
28 under sec. 16 of this chapter as adjusted by sec. 12 of this chapter per  
29 thousand cubic feet of gas for the month in which the gas was flared.

1 \* Sec. 4. AS 31.05.010 is repealed.

2 \* Sec. 5. All references in AS 31.05 to department or Department of  
3 Natural Resources shall be read as Alaska Oil and Gas Conservation Commission  
4 in order to implement this Act.

5 \* Sec. 6. This Act takes effect January 1, 1979.  
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