

Original sponsors: Chatterton and Malone

Offered: 5/3/78

Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 830 (Finance)

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 CREATED.

12 (a) There is created as an independent quasi-judicial agency of the
13 state the Alaska Oil and Gas Conservation Commission, composed of three
14 commissioners appointed by the governor and confirmed by the legislature
15 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 a 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 for cause
5 including but not limited to incompetence, neglect of duty or misconduct
6 in office. A commissioner, to be removed for cause, shall be given a
7 copy of the charges against him and afforded an opportunity to be pub-
8 licly heard in person or by counsel in his own defense upon not less
9 than 10 days notice. If a commissioner is removed for cause, the gover-
10 nor shall file with the lieutenant governor a complete statement of all
11 charges made against the commissioner and his finding based on the
12 charges, together with a complete record of the proceedings.

13 Sec. 31.05.009. QUALIFICATIONS OF MEMBERS. Members shall be
14 qualified as follows: one member shall be a licensed professional
15 engineer with educational and professional background in the field of
16 petroleum engineering; one member shall be a geologist with educational
17 and professional background in the field of petroleum geology; one
18 member need not be trained and experienced in the fields of petroleum
19 engineering or petroleum geology.

20 Sec. 31.05.011. QUORUM. Two members of the commission constitute
21 a quorum for the transaction of business, for the performance of a duty,
22 or for the exercise of a power of the commission.

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

27 Sec. 31.05.015. COMPENSATION OF MEMBERS OF THE COMMISSION. Mem-
28 bers of the commission are in the exempt service and shall receive an
29 annual salary.

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

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

7 Sec. 31.05.021. LEGAL COUNSEL. (a) The Department of Law shall
8 provide full-time legal counsel to the commission. The legal counsel
9 provided by the Department of Law is subject to the approval of the
10 commission.

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

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

17 (b) The professional staff of the commission, the executive direc-
18 tor, and the personal secretary of each commissioner are in the exempt
19 service under AS 39.25.110.

20 (c) The secretarial and clerical staff of the commission, except
21 the personal secretary of each commissioner, are in the classified
22 service.

23 (d) In addition to its staff of regular employees, the commission
24 may contract for and engage the services of consultants and experts the
25 commission considers necessary.

26 Sec. 31.05.025. CONFLICT OF INTEREST. (a) Members and employees
27 of the commission, except clerical and secretarial staff, are subject
28 to AS 39.50.

29 (b) A member of the commission shall disqualify himself from

1 voting upon any matter before the commission in which he has a conflict
2 of interest.

3 Sec. 31.05.026. RELATIONSHIP TO DEPARTMENT OF NATURAL RESOURCES.

4 (a) The department shall have standing before the commission to raise
5 all issues relating to state-owned land without regard to the type of
6 proprietary interest held by the state in that land.

7 (b) With respect to federal land from which the state or any sub-
8 division of the state is entitled under federal law to receive a share
9 of the federal royalty interest, the department shall have the same
10 standing before the commission as if it were the holder of the equiva-
11 lent royalty interest.

12 (c) When both the department and the commission have the authority
13 to require, and do require, the submission of substantially the same
14 information from persons subject to this chapter, the commission, in
15 order to alleviate the administrative burdens placed on those persons,
16 may by regulation enter into an agreement with the department whereby
17 either the commission or the department shall have the responsibility to
18 collect the information lawfully required by both.

19 (d) For budget and audit procedures and considerations, the com-
20 mission shall have the same standing as any other major state agency.
21 Whenever practicable the commission may enter into state interagency
22 agreements concerning administrative, employee relations, and fiscal
23 duties.

24 (e) The department shall have the same standing (no more or less)
25 before the commission as granted by law to any other proprietary in-
26 terest.

27 Sec. 31.05.027. APPLICATION. The authority of the commission
28 applies to all land in the state lawfully subject to its police powers.
29 It applies to land of the United States or to land subject to the juris-

1 diction of the United States only to the extent that control and super-
2 vision of conservation of oil and gas and prevention of waste by the
3 United States on its land fails to carry out the intent and purposes of
4 this chapter, and otherwise applies to federal land so far as an officer
5 of the United States having jurisdiction, or his authorized representa-
6 tive, shall approve any of the provisions of this chapter or orders of
7 the commission which affect land. The authority of the commission
8 further applies to all land included in a voluntary cooperative or unit
9 plan of development or operation entered into in accordance with AS
10 38.05.180(m).

11 * Sec. 2. AS 39.50.200(9) is amended by adding a new subparagraph to
12 read:

13 (NN) Alaska Oil and Gas Conservation Commission (AS
14 31.05).

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

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

26 * Sec. 4. AS 31.05.010 is repealed.

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

1 * Sec. 6. After the effective date of this Act, all orders, regulations,
2 and other rulings of the division of oil and gas shall remain in effect until
3 expressly revoked or modified by the commission.

4 * Sec. 7. This Act takes effect January 1, 1979.
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