

Original sponsors: Chatterton and Malone

Offered: 6/3/78  
Referred: Finance

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR 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 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, before enter-  
24 ing upon the duties of his office, shall take and subscribe to the oath  
25 prescribed for principal officers of the state.

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

29 Sec. 31.05.017. PRINCIPAL OFFICE; SEAL. (a) The commission shall

1 establish a principal office and branch offices necessary to discharge  
2 its business efficiently. For the convenience of the public or of  
3 parties to a proceeding the commission may hold meetings, hearings or  
4 other proceedings at other locations.

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

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

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

13 Sec. 31.05.023. COMMISSION STAFF. (a) The commission shall  
14 employ such staff as it considers necessary to carry out its responsi-  
15 bilities.

16 (b) The professional staff of the commission and the personal  
17 secretary of each commissioner are in the exempt service under AS 39.-  
18 25.110.

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

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

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

28 (b) A member of the commission shall disqualify himself from  
29 voting upon any matter before the commission in which he has a conflict

1 of interest.

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

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

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

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

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

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

26 Sec. 31.05.027. APPLICATION. The authority of the commission  
27 applies to all land in the state lawfully subject to its police powers.  
28 It applies to land of the United States or to land subject to the juris-  
29 diction of the United States only to the extent that control and super-

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

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

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

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

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

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

26 \* Sec. 5. All references in AS 31.05 to department or Department of  
27 Natural Resources except in AS 31.05.026 shall be read as Alaska Oil and Gas  
28 Conservation Commission in order to implement this Act.

29 \* Sec. 6. After the effective date of this Act, all orders, regulations,

1 and other rulings of the division of oil and gas shall remain in effect until  
2 expressly revoked or modified by the commission.

3 \* Sec. 7. If the director, chief petroleum geologist, or chief petroleum  
4 engineer in the division of oil and gas is appointed to the Alaska Oil and  
5 Gas Conservation Commission, the legislature intends that the appointee shall  
6 continue to exercise his previous responsibilities, and that the position  
7 vacated by any such individual may not be filled without specific legislative  
8 approval.

9 \* Sec. 8. This Act takes effect January 1, 1979.  
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