

HB

830

COMMITTEE REPORT

SENATE

FURTHER: Finance

5/10/78

Date: 6/2

Mr. President:

The Committee on RESOURCES has had CSSSIA 830 (Fin) establishing the Alaska Oil and Gas Conservation Commission

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass                       recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with SCS for CS SS HB 830 (Fin)

and \_\_\_\_\_  new title       same title

AND attaches a Letter of Intent       New Fiscal Note

reports it back without recommendation

and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

No Rec.

\_\_\_\_\_

C. Tullion No Rec.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

AGO 885838

[Signature]  
Chairman

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 830

Title An Act establishing the Alaska Oil and Gas Conservation Commission

Requested by Commissioner Robert E. LeResche

Date June 1, 1978

II. FISCAL DETAIL

Agency Affected Division of Oil & Gas Conservation of Department of Natural Resources

Program Category Affected NRMEC

Budget Request Unit(s) Affected Oil and Gas Conservation

EXPENDITURES (Thousands of Dollars)

	FY 78	1/2 year FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		125.9	268.2	285.6	304.2	324.0
200 TRAVEL		3.0	6.4	6.8	7.2	7.7
300 CONTRACTUAL		76.0	152.0	243.2	257.8	273.3
400 COMMODITIES		1.0	2.2	2.4	2.5	2.7
500 EQUIPMENT		4.9	2.1	2.2	2.4	2.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
<b>TOTAL</b>		<b>210.8</b>	<b>430.9</b>	<b>540.2</b>	<b>574.1</b>	<b>610.2</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		210.8	430.9	540.2	574.1	610.2
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		7	7	7	7	7
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Salaries, equipment and other provisions for three Commissioners, three personal secretaries and one Administrative Assistant to make the organization semi-independent. This assumes that budgeting, personnel, and fiscal work or basic administrative support would be provided by Department of Natural Resources or some other existing department. Existing staffing of the present Division of Oil and Gas would be utilized in total in the new Commission. The entire staff would have to relocate.

IV. DATE June 1, 1978

PREPARED BY Hoyle H. Hamilton

AGENCY Division of Oil and Gas Conservation

PHONE 279-1433

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

## POSITION TITLE

Administrative Assistant

	<u>Type of Expenditure</u>	<u>Amount</u>	<u>Detail</u>
100	Personal Services	\$17,055	13,644 + 25% benefits=17,055
200	Travel	--	
300	Contractual	6,700	Rent, word processing, utilities, telephone
400	Commodities	300	
500	Equipment	<u>1,400</u>	
	Total	\$25,455	

Discussion

One Administrative Assistant required starting 1/1/79

POSITION TITLE

Secretary

	<u>Type of Expenditure</u>	<u>Amount</u>	<u>Detail</u>
100	Personal Services	\$17,055	13,644 + 25% benefits=17,055
200	Travel	--	
300	Contractual	8,200	Rent, word processing, utilities, telephone
400	Commodities	300	
500	Equipment	<u>1,400</u>	
	Total	\$26,955	

Discussion

Three secretaries required starting 1/1/79

POSITION TITLE

Commissioner

	<u>Type of Expenditure</u>	<u>Amount</u>	<u>Detail</u>
100	Personal Services	\$59,130	47,304 + 25% benefits=\$59,130
200	Travel	2,000	
300	Contractual	6,700	Rent, word processing, utilities, telephone
400	Commodities	300	
500	Equipment	<u>1,400</u>	
	Total	\$69,530	

Discussion

Three Commissioners required starting 1/1/79

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SSHB 830  
 Title An Act Establishing the Oil and Gas Conservation Commission  
 Requested by Commissioner LeResche Date 3/13/78

II. FISCAL DETAIL

Agency Affected Division of Oil and Gas Conservation of Department of Natural Resources  
 Program Category Affected NRMEC  
 Budget Request Unit(s) Affected Oil and Gas Conservation

EXPENDITURES (Thousands of Dollars)

	1/2 year					
	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		8.5	18.2	19.3	20.6	21.9
200 TRAVEL						
300 CONTRACTUAL		3.3	7.1	7.6	8.1	8.6
400 COMMODITIES		.2	.3	.3	.4	.4
500 EQUIPMENT		.7	1.5	1.6	1.7	1.8
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		12.7	27.1	28.8	30.8	32.7

FUNDING (Thousands of Dollars)

GENERAL FUND		12.7	27.1	28.8	30.8	32.7
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

These estimates assume that the present Oil and Gas Conservation Committee would be selected for the new Commission serving in the dual capacity as Commissioner (Chief Petroleum Engineer), Commissioner (Chief Petroleum Geologist) and Commissioner (Director). Since there is not sufficient top level work to keep three commissioners busy, a savings of approximately \$400,000/year could be realized in this manner. Help is needed at the lower levels.

IV. DATE March 13, 1978 PREPARED BY O.K. Gilbreth  
 AGENCY Oil and Gas Conservation  
 PHONE 279-1433  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

POSITION TITLE

Administrative Assistant

	<u>Type of Expenditure</u>	<u>Amount</u>	<u>Detail</u>
100	Personal Services	\$17,055	13,644 + 25% benefits=17,055
200	Travel	--	
300	Contractur	6,700	Rent, word processing, utilities, telephone
400	Commodities	300	
700	Equipment	<u>1,400</u>	
	Total	\$25,455	

Discussion

One Administrative Assistant required starting 1/1/79

FISCAL NOTE

I. REQUEST SSHB 830  
 Bill/Resolution No. \_\_\_\_\_  
 Title An Act establishing the Alaska Oil and Gas Conservation Commission  
 Requested by Commissioner LeResche Date 3/13/78

II. FISCAL DETAIL  
 Agency Affected Division of Oil and Gas Conservation of Department of Natural Resources  
 Program Category Affected NRMEC  
 Budget Request Unit(s) Affected Oil and Gas Conservation

EXPENDITURES (Thousands of Dollars)

	FY 78	1/2 year FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		125.9	268.2	285.6	304.2	324.0
200 TRAVEL		3.0	6.4	6.8	7.2	7.7
300 CONTRACTUAL		25.6	54.6	58.1	61.9	65.9
400 COMMODITIES		1.0	2.2	2.4	2.5	2.7
500 EQUIPMENT		4.9	2.1	2.2	2.4	2.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>160.4</b>	<b>333.5</b>	<b>355.1</b>	<b>378.2</b>	<b>402.8</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		160.4	333.5	355.1	378.2	402.8
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		7	7	7	7	7
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 Salaries, equipment and other provisions for three Commissioners, three personal secretaries and one Administrative Assistant to make the organization semi independent. This assumes that budgeting, personnel, and fiscal work or basic administrative support would be provided by Department of Natural Resources or some other existing department. Existing staffing of the present Division of Oil and Gas would be utilized in total in the new Commission.

IV. DATE March 13, 1978 PREPARED BY O.K. Gilbreth  
 AGENCY Division of Oil and Gas Conservation  
 PHONE 279-1533  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (if not Legislator Name)

POSITION TITLE

Commissioner

	<u>Type of Expenditure</u>	<u>Amount</u>	<u>Detail</u>
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Three Commissioners required starting 1/1/79

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	Total	\$25,455	

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One Administrative Assistant required starting 1/1/79

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	<u>Type of Expenditure</u>	<u>Amount</u>	<u>Detail</u>
100	Personal Services	\$17,055	13,644 + 25% benefits=17,055
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	Total	\$26,955	

Discussion

Three secretaries required starting 1/1/79

STATE OF ALASKA  
THE LEGISLATURE

POUCH, Y. STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 21, 1978

SUBJECT: Draft Resources Committee Substitute for SSHB 830

TO: The Honorable C. V. "Chat" Chatterton

FROM: Gregg K. Erickson  
Director of Research

As you directed, we have engrossed the language you presented us yesterday into a work draft committee substitute for SSHB 830. The draft committee substitute is attached herewith.

Although we have incorporated your language into SSHB 830, as you specifically directed, we would caution that doing this has introduced a number of uncertainties into the bill. Among these are the following:

1. Sec. 31.05.015 COMPENSATION OF MEMBERS OF THE COMMISSION. By deleting the phrase "equal to that of a commissioner of a principal executive department" after the word "salary", you are presumably reserving to later legislative action the establishment of commissioners' salaries. If this is to be done in the course of the budgetary process, I would suggest that the staff of the Legislative Finance Division be contacted to insure that the salary allocation is made a separate line item, or that other appropriate steps are taken to insure that legislative intent with respect to salaries, whatever it might be, is fulfilled. If it is the legislative desire to have the members of this commission treated for salary purposes the same way as members of all other regulatory commissions, then it will be necessary to amend the Alaska Salary Commission Act (AS 39.23.050) in order to include the commission in the purview of the salary review body.
2. Sec. 31.05.023(b) and (c). The effect of your change to subsection (b) is to place the professional staff of the commission and the personal secretaries of each commissioner in the exempt service. If this is your intention, it would be desirable, although not strictly required, that a conforming amendment to AS 39.25.110 be adopted as well. The effect of your change will be to give the commission pretty much complete discretion with respect to establishing the salaries of its

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professional staff members (with the exception of the executive director) and the commissioner's personal secretaries, subject only to the overall constraint of having to live within their budget. Since you did not delete (d), we assume you wish to leave the executive director's salary pegged to that of a commissioner of a principal executive department.

3. Sec. 31.05.025 CONFLICT OF INTEREST. The language you provided would make employees, consultants and members of the commission subject to AS 39.50 and AS 39.51. We would call your attention to the fact that \*Sec. 2 of the bill already brings the commissioners under chapter 50. If it is desired to bring the employees and consultants of the department under this chapter, amendment to AS 39.50 will be required. Bringing consultants and employees under AS 39.50 will, of course, mean that they will be subject to the full public disclosure requirements now imposed on legislators and other "public officials" as defined in that chapter.

Subsection (b) of this section gives the governor authority to determine whether a conflict of interest exists, presumably based on the disclosures required under AS 39.50. It is not clear, however, what action the governor would take if he determines such a conflict exists, or what authority the governor would have in the event a member, consultant or employee of the commission disagreed with the governor's determination that a particular holding would impair the person's ability to act in the "best interests of the people of Alaska".

AS 31.51 will need to be amended if it is desired to bring consultants under its provisions.

4. Sec. 31.05.026 RELATIONSHIP TO DEPARTMENT OF NATURAL RESOURCES. We are not clear as to your intent in adding subsection (d). If subsection (c) is to be superseded, then it probably should be deleted as well. It would appear that your intent in (d) is to vest all information gathering responsibility in the commission. This could create difficulties for the department if it attempts to require persons conducting geophysical exploration or drilling on state lands to provide it with information to assist the state in planning for and conducting the leasing of oil and gas lands. Furthermore, it is not clear what exemptions would be allowed to "the general rule" that is described in subsection (d).

With respect to subsection (e) we are not clear as to the intent or effect of the first sentence. The second sentence of this subsection appears to encourage interagency agreements, but by enumerating the areas to which such agreements may be

entered into, and by specifying that they may be only for "the sole purpose of efficiency" the sentence could be construed as limiting such agreements to the areas enumerated, and for the purpose specified. Subsection (f) seems to speak to the same material as contained in subsections (a) and (b). We cannot judge what its effect would be, either taken together with (a) and (b) or standing alone.

A prior scheduling commitment to another committee will prevent us from attending your markup hearing this afternoon, but we hope these comments may be helpful.

GKE:jm  
Attachment

CC: The Hon. Hugh Malone (co-sponsor)