

SB

82

HFIN

FILE

FY2007 OIL AND GAS SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	1	Law	Capital - Oil, Gas & Mining	Work related to the state gas pipeline and bringing North Slope natural gas to market, and other oil and gas projects. The Department of Law's Oil, Gas & Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue to be needed as negotiations continue. In addition the Department of Law anticipates the Exxon Royalty Reopener will go to trial in either FY 07 or FY 08 and continues to prepare for a four to five week hearing before the Federal Energy Regulation Committee (FERC) considering (in part) the state's and Anadarko's challenges to the TransAlaska Pipeline Service (TAPS) 2005 FERC tariff.	21,500.0				21,500.0
3	2(a)	Natural Resources	Capital	Gas Pipeline Analysis Outside experts and consultants will be retained for work related to the gas pipeline, including outside legal counsel and experts on federal pipeline law and FERC procedures. A consultant to advise the state on crafting an RFP consistent with the Alaska Gasline Inducement Act (AGIA) for gasline proposals and with analyzing those proposals under AGIA will also be retained.	6,550.0				6,550.0
4	2(b)	Natural Resources	Capital	Oil and Gas Lease Litigation This project will help offset the costs of litigation arising out of the DNR's exercise of the state's rights under its leases and the unit agreement (Point Thomson appeal). This request will help fund the costs of outside experts and legal counsel.	1,500.0				1,500.0
5	3(a)	Revenue	Capital	Commercialization of North Slope Gas \$419.5 - two internal economists to work on gasline issues \$1,360.0 for two contractual economists and/or commercial analysts' firms to assist in modeling and analyzing tax incentives and impacts, marketing options and criteria to evaluate applicants and proposed projects \$1,169.6 for specialized legal counsel \$50.9 for other costs, including financial and legal research	3,000.0				3,000.0
6	3(b)	Revenue	Tax Division	Petroleum Production Tax (PPT) implementation costs: \$521.7 for three positions and contracts for developing regulations, expenses for public hearings and legal advice on regulations.	521.7				521.7
7	3(c)	Revenue	Tax Division	Language to allow the department to make refunds for capital expenditures and lease bids as provided in the PPT. AS 43.55 023(f).					0.0
8	4(a)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt Road right-of-way permitting multi-year allocation in sec. 7(d)(1), ch. 6, SLA 2005, pg. 11, as amended by sec. 34(c), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$100.0. The lapse extension also applies to sec. 7(d)(2) Division of Oil and Gas Increased Workload, which expects \$150.0 to be available. The lapse extension also applies to sec. 7(d)(3) Commissioner's office increased workload. This allocation is expected to be fully expended by June 30, 2007.					0.0
9	4(b)	Administration	Alaska Oil and Gas Conservation Commission	Extend the lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(a), ch. 3, FSSLA 2005, pg. 106, line 21. The amount expected to be available is \$250.0.					0.0

FY2007 OIL AND GAS SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
10	4(b)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline risk analysis and royalty issues multi-year allocation in sec. 20(c)(1), ch. 3, FSSLA 2005, pg. 107, line 2. The amount expected to be available is \$1,500.0. The lapse extension also applies to sec. 20(c)(2) gas pipeline corridor geologic hazards and resource evaluation. This allocation is expected to be fully expended by June 30, 2007.					0.0
11	4(b)	Revenue	Commissioner's Office	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(e), ch. 3 FSSLA 2005, pg. 107, line 13. The amount expected to be available is \$100.0.					0.0
12	4(b)	Revenue	Alaska Natural Gas Development Authority	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec 20(f), ch. 3, FSSLA 2005, pg 107, line 16. The amount expected to be available is \$500.0.					0.0
13	4(c)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 20(d)(1), ch. 3, FSSLA 2005, pg. 107, line 10, as amended by sec. 34(d), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$800.0. The lapse extension also applies to sec. 20(d)(2) Division of Oil and Gas Increased Workload. This allocation is expected to be full expended by June 30, 2007. The lapse extension also applies to sec. 20(d)(3) Commissioner's office increased workload, which expects \$10.0 to be available.					0.0
14	5			Lapse of Other Appropriations					0.0
15	6			Retroactivity					0.0
16	7			Immediate Effective Date					0.0
17				Oil and Gas Supplemental Bill Total	33,071.7	0.0	0.0	0.0	33,071.7

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 2007

The Honorable Lyda Green
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Green:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill making appropriations for bringing North Slope natural gas to market and other oil and gas issues. This request also includes extending the lapse date of gas pipeline related appropriations made in previous years.

Sections 1-3 of the bill appropriate funding to the Departments of Law, Natural Resources, and Revenue for their necessary gas pipeline and other oil and gas related work.

Section 4 extends the lapse date of appropriations made in prior years that dealt with state gas pipeline issues.

Building the gas pipeline is critical for our future. We need a project that ensures any viable explorer or producer can access a gas pipeline on reasonable terms and we need a project that can be expanded when there is more gas found. Funding these requests in this supplemental bill will provide the foundation necessary to ensure a gas pipeline is constructed on Alaska's terms.

I appreciate your consideration of this supplemental request.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Palin".

Sarah Palin
Governor

COMMITTEE COPY

SENATE BILL NO. 82