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CS FOR HOUSE BILL NO. 414()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the appointment and qualifications of the members of the
2 Alaska Oil and Gas Conservation Commission; and providing for an effective
3 date."

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

5 * Section 1. AS 31.05.005(a) is amended to read:

6 (a) There is created as an independent quasi-judicial agency of the state the
7 Alaska Oil and Gas Conservation Commission, composed of three commissioners
8 appointed by the governor and confirmed by the legislature in joint session. In
9 making appointments to the commission under AS 31.05.009(1) and (2) and this
10 subsection, the governor shall consider and give preference to a person who
11 demonstrates experience in oil and gas operations in the state.

12 * Sec. 2. AS 31.05.009 is amended to read:

13 Sec. 31.05.009. Qualifications of members. Members shall be qualified as
14 follows:

(1) one member shall be a petroleum [LICENSED PROFESSIONAL] engineer who

(A) holds a certificate of registration as an engineer under AS 08.48 and, under regulations adopted to implement that chapter, has qualified as a petroleum engineer; or

(B) has earned a degree from a university [WITH EDUCATIONAL AND PROFESSIONAL BACKGROUND] in the field of [PETROLEUM] engineering and has at least 10 years of professional subsurface experience in the oil and gas industry in drilling, well operations, production process operations, reservoir engineering, or a combination thereof; for the purposes of this subparagraph, a person meets the requirement of earning a degree in the field of engineering if the person obtains an undergraduate or graduate degree in engineering that meets the requirements for program accreditation by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology and the person completes university or industry training specific to petroleum engineering that illustrates application of engineering principles to the problems encountered and methods used in the petroleum industry, including drilling, production, reservoir engineering, fluid flow through subsurface formations, and hydrocarbon transportation;

(2) one member shall be a geologist who is certified as a professional geologist under AS 08.02.011, has earned a degree in the field of geology from a university accredited in the field of geology, and has a minimum of 10 years professional experience in the [WITH EDUCATIONAL AND PROFESSIONAL BACKGROUND IN THE] field of petroleum geology; and

(3) one member who need not be certified, trained, or [AND] experienced in either the field [FIELDS] of petroleum engineering or the field of petroleum geology.

* Sec. 3. The uncoded law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. The provisions of AS 31.05.009, as amended by sec. 2 of this Act,

- 1 apply to persons appointed under AS 31.05.009 on and after the effective date of this Act.
- 2 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

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Representative Joe Green

District 10

House Majority Leader

Sponsor Statement

HB 414 – Qualifications for AOGCC

From statehood until November 1995, the group responsible for oil and gas conservation in Alaska included a petroleum engineer. Performance of the core functions for which the present-day Alaska Oil & Gas Conservation Commission (AOGCC) is charged – prevention of waste, protection of correlative rights, and maximization of recovery – requires among other things, a thorough understanding of porosity, permeability, stratigraphy, faulting, reservoir pressure, and reservoir drive mechanism(s). These are the core disciplines of petroleum engineering, and require the technical analysis that only a qualified petroleum engineer can provide. Unfortunately, since November 1995, the commission, which represents the people of the State of Alaska, has not had the benefit of a qualified petroleum engineer, appointed by the Governor, and confirmed by the legislature, as required by statute, to participate in the oversight of these types of conservation operations.

HB 414 clarifies the statutory requirements for service on the AOGCC. As written, one member of the commission will be required to be registered as a petroleum engineer, have education in the field of petroleum engineering, and have experience in the field of petroleum engineering. Additionally, one member will be required to hold a certificate as a petroleum geologist, have earned a degree in the field of geology from an accredited university, and have field experience in the field of geology.

Alaska has been blessed with wealth derived from our hydrocarbon resources. In order to continue this flow of wealth, we must have qualified, capable people to properly conserve and manage our resources to the highest possible standards.

Alaska Oil & Gas Conservation Commission

Core Services

- Prevent waste of Alaska's oil and gas resources
- Protect correlative rights of the mineral interest owner
- Maximize recovery of oil and gas for the benefit of Alaska's citizens
- Protect freshwater from contamination by oil/gas/mud during drilling, production, and abandonment operations
- Administer Alaska's Underground Injection Control program for oil and gas wells
- Inspect oil field drilling, production, metering, and abandonment activities
- Evaluate, modify, and approve drilling and workover operations evaluate, modify, and approve oil pool development rules
- Adjudicate disputes between owners
- Maintain state production records
- Maintain well history files and well records

Customers

- Oil and gas industry
- Concerned citizens and organizations
- Alaska Department of Natural Resources
- Alaska Department of Revenue
- U.S. Department of the Interior
- U.S. Environmental Protection Agency

Alaska Oil & Gas Conservation Commission

Commission History

The Alaska Oil and Gas Conservation Act (1955) created the Alaska Oil and Gas Conservation Commission (AOGCC or Commission). The Commission was composed of the Governor of the Territory of Alaska, the Territorial Commissioner of Mines, and the Territorial Highway Engineer. Rules and regulations governing Commission activities became effective on October 1, 1958.

Under the State Organization Act of 1959, the Oil and Gas Conservation Commission was abolished its function and authority transferred to the Department of Natural Resources, Division of Mines and Minerals. A group within the department was designated to hold hearings and issue decisions on oil and gas matters. This group was the Alaska Oil and Gas Conservation Committee which consisted of the Director of the Division of Mines and Minerals (Chairman), the State Petroleum Geologist, the State Petroleum Engineer, and the Deputy Commissioner of the Department of Natural Resources.

In 1968 the Division of Oil and Gas was created within the Department on Natural Resources. The new division arose from the Petroleum Branch of the Division of Mines and Minerals. The Alaska Oil and Gas Committee was placed within the new division, and consisted of the Director, Chief Petroleum Geologist, and Chief Petroleum Engineer. In 1976 the word "conservation" was added to the division's title, and it became the Division of Oil and Gas Conservation.

With the advent of production from Prudhoe Bay in 1977, the Legislature became concerned that there was the appearance of a conflict of interest with the Department of Natural Resources, an owner of oil and gas rights, also acting as the regulator of other owners of oil and gas rights. To obviate its concern, the Legislature amended AS 31.05 by Chapter 158, SLA 1978 to restore the Commission, effective January 1, 1979, as an independent quasi-judicial agency within the executive branch of the state. Initially, the new Commission was housed within the Department of Natural Resources, but in 1980 it was transferred to the Department of Commerce and Economic Development. More recently, Governor Hickel transferred the Commission to the Department of Administration on February 17, 1994.

UAF Course Descriptions of Petroleum, Mechanical, and Civil Engineering

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>
PETROLEUM ENGINEERING	PETE 104 Survey of Energy Industries	PETE 205 Intro to Petroleum Drilling and Production PETE 211 Drilling Laboratory	PETE 301 Reservoir Rock & Fluid PETE 302 Well Logging PETE 303 Reservoir Rock & Fluid Lab	PETE 407 Petro Production Engineering PETE 411 Drilling Fluids Lab PETE 421 Reservoir Characteristics PETE 426 Drilling Engineering PETE 431 Natural Gas Engineering PETE 456 Petro Evaluation and Economic Decisions PETE 466 Petroleum Recovery Methods PETE 476 Petro Reservoir Engineering PETE 478 Well Test Analysis PETE 481 Well Completions and Stimulation Design PETE 487 Petroleum Project Design PETE 489 Reservoir Simulation
MECHANICAL ENGINEERING			ME 302 Mechanical Design I ME 313 Mechanical Engineering Thermodynamics ME 321 Industrial Processes ME 334 Elements of Material Science/Engineering	ME 403 Mechanical Design II ME 404 Stress Analysis ME 408 Dynamics of Systems ME 409 Controls ME 414 Thermal Systems Design ME 415 Thermal Systems Lab ME 416 Design of Mechanical Equipment for the Petr ME 441 Heat and Mass Transfer ME 450 Theory of Flight ME 451 Aerodynamics ME 452 Intro to Astrodynamics ME 453 Propulsion Systems ME 458 Energy and the Environment ME 464 Corrosion Engineering ME 487 Design Project
CIVIL ENGINEERING	CE 112 Elementary Surveying		CE 326 Intro to Geotechnical Engineering CE 334 Properties of Materials CE 344 Water Resources Engineering	CE 400 EIT Exam CE 402 Intro to Transportation Engineering CE 403 Traffic Engineering CE 404 Highway Engineering CE 415 Advanced Surveying CE 416 Boundary Surveying CE 422 Foundation Engineering CE 423 Intro to Earthquake Engineering CE 425 Advanced Soil Mechanics CE 431 Structural Engineering I CE 432 Structural Engineering II CE 433 Reinforced Concrete Design CE 434 Timber Design CE 438 Design of Engineering Systems CE 441 Environmental Engineering CE 442 Environmental Engineering II CE 445 Engineering Hydrology CE 470 Civil Engineering Internship