

SENATE BILL NO. 168

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY SENATOR KELLY

Introduced: 2/10/14

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the petroleum engineering research for hydrocarbon optimization**
2 **grant program and fund in the University of Alaska."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.40 is amended by adding a new section to article 1 to read:

5 **Sec. 14.40.465. Petroleum engineering research for hydrocarbon**
6 **optimization grant program and fund.** (a) The petroleum engineering research for
7 hydrocarbon optimization grant program and fund are established in the University of
8 Alaska to research engineering practices to increase the production of oil and gas from
9 the state's producing fields using the latest reservoir optimization technology, to
10 conduct studies to promote recovery of technically challenged or unconventional
11 resources such as heavy oil, tight formations, and methane hydrates, and to study the
12 application of new technologies to the state's oil and gas resources. The grant fund
13 consists of money appropriated to the fund.

14 (b) Appropriations to the grant fund do not lapse.

1 (c) The grant fund is not a dedicated fund.

2 (d) The Board of Regents shall act as trustee of the fund and the president of
3 the University of Alaska may make grants from the fund, after consultation with the
4 research advisory committee established in (e) of this section, for university research
5 to

6 (1) develop technology solutions that address the challenges associated
7 with the extraction of the state's known oil and gas resources;

8 (2) optimize recovery of oil and gas from existing fields;

9 (3) encourage oil and gas exploration and production in
10 underdeveloped or new areas;

11 (4) protect and extend the useful life of the state's oil and gas
12 infrastructure; and

13 (5) educate future generations of Alaskans through research and
14 development opportunities that increase revenue to the state.

15 (e) To provide guidance on grants from the fund, the president of the
16 university shall establish a petroleum engineering research advisory committee
17 consisting of seven members as follows: one member from the governor's office, one
18 member from the Department of Natural Resources, one university faculty member,
19 one member from the Alaska Oil and Gas Conservation Commission, and three
20 members from the oil and gas exploration and production industry. The president of
21 the university shall establish an application process and evaluation criteria for the
22 research advisory committee to apply in recommending grantees. Members of the
23 research advisory committee do not receive reimbursement for travel expenses or per
24 diem allowances.

25 (f) The president of the university may not make a grant from the fund unless
26 the grantee provides matching funds in an amount not less than 20 percent of the total
27 proposed grant project costs.

28 (g) A recipient of a grant from the fund shall provide to the president of the
29 university, the legislature, and the Alaska Oil and Gas Conservation Commission an
30 annual report and summary of the research or study conducted under the grant.

31 (h) The president of the university may waive the match requirement in (f) of

1 this section if the president determines that matching funds are not available and
2 documents that finding in writing.