

Ombudsman's report criticizes oil agency

Despite being the top oil-producing state in the country, Alaska's regulation of oil-field safety is lagging far behind that of other states and neighboring Canada, according to an investigation released by the Office of the Ombudsman recently.

The 35-page investigation of the Alaska Oil and Gas Conservation Commission found that budget and staff reductions hurt the credibility of the commission's oil and gas well inspection program and compromised the investigative and regulatory function of the commission.

The Alaska Oil and Gas Conservation Commission was established in 1978 to regulate the development and production of oil and gas and to ensure compliance with inspection and safety statutes. It is an independent arm of the Alaska Department of

Oil regulations

Commerce and Economic Development, which provides administrative and budgetary oversight, but is not involved in commission policy matters.

Members of the commission are appointed by the governor and confirmed by the Legislature to six-year terms. Terms may be successive and without limit.

The three-member commission and staff of 18 are responsible for regulating 1,551 producing oil wells and 133 producing gas wells in Alaska. The commission also processes about 200 drilling permits and 1,000 well repair and other permits each year.

About five new wells are expected

to be drilled this year. The commission also has responsibility for the Underground Injection Control program, designed to protect underground sources of drinking water.

Despite this high degree of responsibility, the commission has suffered a 40 percent reduction in its operating budget in the past nine years. According to the commission, this led to the reduction of staff and the decreased visibility of inspectors.

Commission inspectors reported finding such problems as incorrectly installed equipment and even safety equipment incapable of functioning.

Although budget reductions have

been severe, the commission has been lax in requesting new positions or equipment, according to the Ombudsman's office. The commission has not strongly documented either its budgetary needs or the expected results of a larger budget, the report concluded.

But in its response to the ombudsman's preliminary report, the commission defended its actions, saying it was merely responding appropriately to budget cutbacks.

According to a letter from commissioners David Johnston and Lonnie Smith, the commission never intentionally wanted to reduce its inspection program. They said there should be no doubt in the minds of the public about the commission's continuing desire to properly regulate oil and gas activities in Alaska.