

Department Appropriation Summary

Historical Data

Agency Request and Executive/Legislative Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Legislative	Pos	Agency	Pos	Executive	Pos	Legislative	Pos
204 Oil & Gas Commission-Operations	2,443,077	32	2,461,854	32	2,487,568	32	4,237,688	39	4,237,688	39	4,087,688	39	3,485,987	39	3,485,987	39	3,635,987	39
2XV Well Plugging Program	215,799	0	1,284,201	0	0	0	1,500,000	0	1,500,000	0	750,000	0	0	0	0	0	750,000	0
A20 Refunds/Reimbursements	20,800	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
Total	2,679,676	32	4,246,055	32	2,987,568	32	6,237,688	39	6,237,688	39	5,337,688	39	3,985,987	39	3,985,987	39	4,885,987	39

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	4,006,376	46.3	5,976,357	52.8	7,062,550	52.1	7,062,550	52.1	7,062,550	52.1	7,324,862	53.0	7,324,862	53.0	8,224,862	55.9	
Special Revenue	4000030	4,578,262	52.9	5,150,000	45.5	6,000,000	44.2	6,000,000	44.2	6,000,000	44.2	6,000,000	43.4	6,000,000	43.4	6,000,000	40.7	
Cash Fund	4000045	4,516,351	52.2	182,248	1.6	500,000	3.7	500,000	3.7	500,000	3.7	500,000	3.6	500,000	3.6	500,000	3.4	
M & R Sales	4000340	9,395	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Transfer from Special Revenue	4000565	0	0.0	750,000	6.6	1,500,000	11.1	1,500,000	11.1	1,500,000	11.1	0	0.0	0	0.0	0	0.0	
Transfer to Treasury	4000680	(4,516,351)	(52.2)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Transfers / Adjustments	4000683	0	0.0	(750,000)	(6.6)	(1,500,000)	(11.1)	(1,500,000)	(11.1)	(1,500,000)	(11.1)	0	0.0	0	0.0	0	0.0	
Trust Fund Interest	4000705	62,000	0.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Total Funds		8,656,033	100.0	11,308,605	100.0	13,562,550	100.0	13,562,550	100.0	13,562,550	100.0	13,824,862	100.0	13,824,862	100.0	14,724,862	100.0	
Excess Appropriation/(Funding)		(5,976,357)		(7,062,550)		(7,324,862)		(7,324,862)		(8,224,862)		(9,838,875)		(9,838,875)		(9,838,875)		
Grand Total		2,679,676		4,246,055		6,237,688		6,237,688		5,337,688		3,985,987		3,985,987		4,885,987		

The Actual and Budget amounts exceed Authorized amount in Appropriation 2XV because this was a Biennial Appropriation.

Special Language in the Agency's current appropriation act allows for \$750,000 per biennium to be transferred into the Abandoned & Orphaned Well Plugging Fund.

Special Revenue Fees are collected in Agency Cash Fund and are transferred into the Oil & Gas Commission Fund to fund operations.

Analysis of Budget Request

Appropriation: 204 - Oil & Gas Commission-Operations

Funding Sources: SDO - Oil and Gas Commission Fund

The Oil & Gas Commission's operating appropriation is funded by special revenues, as authorized in A.C.A. §19-6-410.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A Base Level position was also changed from unclassified to classified and the salary was adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission is requesting \$350,899 in FY10 and \$355,399 in FY11 over Base Level spread throughout the various Operating Expense categories, along with a reallocation of appropriation from Rent of Office Equipment to Fuel Purchases. The rapid development of the Fayetteville Shale drilling has more than quadrupled the amount of well permits and inspections. The hearing load of the Commission has tripled as well. An additional duty has recently been given to the Commission. It is now approved to administer the United States Department of Transportation (USDOT) Pipeline Safety Program for natural gas pipelines upstream from the custody transfer point.

Seven new regular positions (\$248,073 in FY10 and \$253,774 in FY11) along with four Extra Help positions (\$20,016 in FY10 and \$20,516 in FY11) are being requested by the Commission to accommodate the explosion of drilling activity in the State. Four new Field Inspectors, a District Petroleum Supervisor and an Administrative Staff position are all necessary to ensure compliance of those drilling with the regulations set forth by the Commission. The Petroleum Engineer position will manage the natural gas pipeline program and the Extra Help positions will aid in the data gathering performed by the Commission.

The Commission is requesting \$120,000 in Capital Outlay for both years of the biennium for vehicle replacement due to mileage and age. An additional one time request of Capital Outlay in FY10 of \$500,000 is to purchase vehicles for the new field inspectors and to remodel the Ft. Smith office. \$300,000 is requested for Data Processing Services, this appropriation will be used to allow electronic filing of production reports by field inspectors, development of a data base for mapping and managing the oil and gas drilling activity in the state, and for hardware to assist in these functions. A \$100,000 appropriation is requested in Refunds/Reimbursements. This will enable the Commission to refund over-payment of various fees from the special revenue fund.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation. Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to authorize one-half (1/2) of the total Data Processing Services line item each fiscal year and discontinue Special Language provisions for carry forward of appropriation.

Appropriation Summary

Appropriation: 204 - Oil & Gas Commission-Operations

Funding Sources: SDO - Oil and Gas Commission Fund

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	1,250,313	1,345,747	1,341,328	1,697,786	1,697,786	1,697,786	1,734,180	1,734,180	1,734,180
	#Positions	32	32	32	39	39	39	39	39	39
Extra Help	5010001	39,697	45,000	45,000	65,016	65,016	65,016	65,516	65,516	65,516
	#Extra Help	6	6	6	10	10	10	10	10	10
Personal Services Matching	5010003	398,163	390,206	420,339	523,086	523,086	523,086	529,991	529,991	529,991
Operating Expenses	5020002	479,455	478,901	478,901	829,800	829,800	829,800	834,300	834,300	834,300
Conference & Travel Expenses	5050009	4,822	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	501	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Data Processing	5090012	20,000	0	0	0	0	0	0	0	0
Grants and Aid	5100004	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Refunds/Reimbursements	5110014	0	0	0	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	124,388	100,000	100,000	620,000	620,000	620,000	120,000	120,000	120,000
Data Processing Services	5900044	64,893	0	0	300,000	300,000	150,000	0	0	150,000
Interstate Oil Compact	5900046	8,200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Underground Injection Control	5900048	37,645	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Groundwater Protection	5900049	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total		2,443,077	2,461,854	2,487,568	4,237,688	4,237,688	4,087,688	3,485,987	3,485,987	3,635,987

Funding Sources										
Fund Balance	4000005	2,826,055	4,722,549		6,410,695	6,410,695	6,410,695	6,173,007	6,173,007	6,323,007
Special Revenue	4000030	4,330,176	4,900,000		5,500,000	5,500,000	5,500,000	6,000,000	6,000,000	6,000,000
M & R Sales	4000340	9,395	0		0	0	0	0	0	0
Transfers / Adjustments	4000683	0	(750,000)		(1,500,000)	(1,500,000)	(1,500,000)	0	0	0
Total Funding		7,165,626	8,872,549		10,410,695	10,410,695	10,410,695	12,173,007	12,173,007	12,323,007
Excess Appropriation/(Funding)		(4,722,549)	(6,410,695)		(6,173,007)	(6,173,007)	(6,323,007)	(8,687,020)	(8,687,020)	(8,687,020)
Grand Total		2,443,077	2,461,854		4,237,688	4,237,688	4,087,688	3,485,987	3,485,987	3,635,987

The Actual and/or Budget amount in Regular Salaries and Personal Services Matching exceeds Budget and/or Authorized due to salary and matching adjustments. Budget exceeds Authorized in Operating Expenses by authority of a Budget Classification Transfer. Data Processing (12) exceeds Budget and Authorized amounts because \$20,000 was authorized in FY08 and none in FY09. Actual amount in Capital Outlay exceeds Authorized due to M & R Proceeds. The Authorized amount for Capital Outlay in FY08 was \$115,000. Special Language provides for the carry forward of appropriation in Data Processing Services (44) from the first year of the biennium to the second year of the biennium. The actual amount that carried forward from FY08 to FY09 was \$135,107. Special Language in the Agency's current appropriation act allows for \$750,000 per biennium to be transferred into the Abandoned & Orphaned Well Plugging Fund. The Agency is requesting a change to allow an additional \$750,000 to be transferred.

Analysis of Budget Request

Appropriation: 2XV - Well Plugging Program

Funding Sources: SAW - Abandoned and Orphan Well Plugging Fund

The Oil & Gas Commission's Abandoned and Orphan Well Plugging Fund is utilized for well plugging program expenses. In addition, it is funded by fees, forfeited bonds, proceeds from the sale of hydrocarbons, and grants or gifts from the public. The Commission specifically utilizes the funds to plug abandoned and orphaned wells by means of contracts, grants to landowners, or for the payment of other plugging costs or corrective work. The Fund was established by Acts 1265 and 1267 of 2005 (A.C.A. §15-71-115).

The Commission is requesting the continuation of the Base Level for this biennial appropriation in the amount of \$1,500,000. The FY09 budget increased substantially over FY08 actual expenditures due to carry forward of the remaining balance of the biennial appropriation. The Commission does anticipate an increase of well plugging activity in FY09 continuing into the 2009-2011 biennium.

The Commission is also requesting a change in the special language to allow an additional \$750,000 to be transferred from special revenue into the Abandoned and Orphan Well Plugging Fund.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to authorize one-half (1/2) of the total appropriation for each fiscal year.

Appropriation Summary

Appropriation: 2XV - Well Plugging Program

Funding Sources: SAW - Abandoned and Orphan Well Plugging Fund

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Well Plugging Expenses	5900046	215,799	1,284,201	0	1,500,000	1,500,000	750,000	0	0	750,000
Total		215,799	1,284,201	0	1,500,000	1,500,000	750,000	0	0	750,000
Funding Sources										
Fund Balance	4000005	903,769	936,056		651,855	651,855	651,855	1,151,855	1,151,855	1,901,855
Special Revenue	4000030	248,086	250,000		500,000	500,000	500,000	0	0	0
Transfer from Special Revenue	4000565	0	750,000		1,500,000	1,500,000	1,500,000	0	0	0
Total Funding		1,151,855	1,936,056		2,651,855	2,651,855	2,651,855	1,151,855	1,151,855	1,901,855
Excess Appropriation/(Funding)		(936,056)	(651,855)		(1,151,855)	(1,151,855)	(1,901,855)	(1,151,855)	(1,151,855)	(1,151,855)
Grand Total		215,799	1,284,201		1,500,000	1,500,000	750,000	0	0	750,000

This is a biennial appropriation.

Special Language provides for a transfer of funding in the amount of \$750,000 upon approval from the Chief Fiscal Officer of the State.

Analysis of Budget Request

Appropriation: A20 - Refunds/Reimbursements

Funding Sources: 301 - Oil and Gas Commission Cash

The Oil & Gas Commission's cash fund is used for deposit of special revenue fees collected by the Commission and to hold bonds posted by companies engaged in seismographic exploration in the State. This account provides checks with which to make transfers to the State Treasury and eliminates the necessity of sending cash through the mail. The Commission then transfers collected funds to the Oil and Gas Commission Fund to be utilized for Regular Salaries and Operating Expenses.

The Commission is requesting Base Level for this appropriation of \$500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: A20 - Refunds/Reimbursements

Funding Sources: 301 - Oil and Gas Commission Cash

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Refunds/Reimbursements	5110014	20,800	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		20,800	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	276,552	317,752		0	0	0	0	0	0
Cash Fund	4000045	4,516,351	182,248		500,000	500,000	500,000	500,000	500,000	500,000
Transfer to Treasury	4000680	(4,516,351)	0		0	0	0	0	0	0
Trust Fund Interest	4000705	62,000	0		0	0	0	0	0	0
Total Funding		338,552	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)		(317,752)	0		0	0	0	0	0	0
Grand Total		20,800	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Special Revenue Fees are collected in Agency Cash Fund and are transferred into the Oil & Gas Commission Fund to fund operations.