

OIL AND GAS COMMISSION (440)  
2011-13 BIENNIUM - EXECUTIVE RECOMMENDATION

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

The purpose and mission of the Oil & Gas Commission is to serve the public regarding oil and gas matters, to protect the correlative rights and interests of mineral owners and to regulate oil, gas, and brine production industries to insure compliance with state and federal laws regarding the protection of the environment and waters of the State. The Commission regulates activities required to produce and allocate oil and gas reserves, including distribution of royalties, assessment of taxes, seismic operations, and data compilation and monitors underground disposal of waste fluids generated by producers.

**TOTAL BIENNIAL BUDGET**

The total budget of the 2011-13 Biennium is \$6,260,823 for each year of the biennium.

**FUNDING SOURCE**

The Commission is funded by special revenues from assessments on oil and gas, permit and application fees, and brine taxes.

**II) SIGNIFICANT CHANGES**

- The **Operations** appropriation, funded by Special Revenues, provides a total appropriation of \$4,260,823 for each year of the biennium:
  1. Regular Salaries increased by \$65,000 each year to add an additional Senior Geologist to address the increase in permit demands associated with the Fayetteville Shale development.
  2. Personal Services Matching increased by \$18,286 each year for associated cost of the new position.
  3. Operating Expenses increased by \$153,497 each year to address increases in overall operations to maintain and enhance operations.
  4. Conference and Travel Fees increased by \$25,000 each year to provide required technical training for staff.
  5. Professional Fees increased \$50,000 each year in order to retain specialized royalty accounting services to investigate complaints and conduct analysis.
  6. Data Processing Services increased by \$48,217 each year for continued webpage upgrades (as contained within the agency's Information Technology Plan).
  7. Underground Injection Control increased by \$40,000 each year to address the increased need for deep disposal well permit review and compliance inspections.
  8. Construction **decreased** by \$400,000 each year in order to offset the increases listed above through reallocation.
- The **Refunds & Reimbursements** appropriation, funded by Cash Funds, provides a Base Level appropriation of \$500,000 each year with no change levels.
- The **Well Plugging Program** appropriation, funded by Special Revenues, provides a Base Level appropriation of \$1,500,000 each year for well plugging program expenses.

**III) ADDITIONAL POSITIONS**

Total Positions for FY 2011-13 Biennium: 40

Total Budgeted Positions for FY 2011: 39

Increase / (Decrease): 1

1 Senior Petroleum Geologist to address the increase in permit demands associated with the Fayetteville Shale Development.

**IV) SPECIAL LANGUAGE**

- FUND TRANSFER: The Oil and Gas Commission, after receiving review from the CFO and Legislative Council, may request the CFO to transfer up to \$750,000 per year from the Oil and Gas Commission Fund to the Abandoned and Orphan Well Plugging Fund.