

Department Appropriation Summary

Historical Data

Agency Request and Executive/Legislative Recommendation

| Appropriation | 2009-2010 | | 2010-2011 | | 2010-2011 | | 2011-2012 | | | | | | 2012-2013 | | | | | |
|-------------------------------------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|
| | Actual | Pos | Budget | Pos | Authorized | Pos | Agency | Pos | Executive | Pos | Legislative | Pos | Agency | Pos | Executive | Pos | Legislative | Pos |
| 204 Oil & Gas Commission-Operations | 3,880,001 | 38 | 4,378,200 | 39 | 4,323,171 | 39 | 4,260,823 | 40 | 4,339,774 | 40 | 4,339,774 | 40 | 4,260,823 | 40 | 4,389,565 | 40 | 4,389,565 | 40 |
| 2XV Well Plugging Program | 209,144 | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 0 |
| A20 Refunds/Reimbursements | 132,100 | 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 | 4,221,245 | 38 | 6,378,200 | 39 | 6,323,171 | 39 | 6,260,823 | 40 | 6,339,774 | 40 | 6,339,774 | 40 | 6,260,823 | 40 | 6,389,565 | 40 | 6,389,565 | 40 |

| Funding Sources | | % | | % | | % | | % | | % | | % | | % | | % | | % |
|--------------------------------|---------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|---|
| Fund Balance | 4000005 | 9,406,744 | 51.5 | 14,029,218 | 63.3 | 15,801,018 | 65.9 | 15,801,018 | 65.9 | 15,801,018 | 65.9 | 17,713,253 | 68.2 | 17,634,302 | 68.1 | 17,634,302 | 68.1 | |
| Special Revenue | 4000030 | 8,743,279 | 47.9 | 7,750,000 | 34.9 | 7,750,000 | 32.3 | 7,750,000 | 32.3 | 7,750,000 | 32.3 | 7,750,000 | 29.8 | 7,750,000 | 29.9 | 7,750,000 | 29.9 | |
| Cash Fund | 4000045 | 2,012,257 | 11.0 | 400,000 | 1.8 | 423,058 | 1.8 | 423,058 | 1.8 | 423,058 | 1.8 | 500,000 | 1.9 | 500,000 | 1.9 | 500,000 | 1.9 | |
| Transfer from Special Revenue | 4000565 | 750,000 | 4.1 | 750,000 | 3.4 | 750,000 | 3.1 | 750,000 | 3.1 | 750,000 | 3.1 | 750,000 | 2.9 | 750,000 | 2.9 | 750,000 | 2.9 | |
| Transfer to Treasury | 4000680 | (1,911,817) | (10.5) | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Transfers / Adjustments | 4000683 | (750,000) | (4.1) | (750,000) | (3.4) | (750,000) | (3.1) | (750,000) | (3.1) | (750,000) | (3.1) | (750,000) | (2.9) | (750,000) | (2.9) | (750,000) | (2.9) | |
| Total Funds | | 18,250,463 | 100.0 | 22,179,218 | 100.0 | 23,974,076 | 100.0 | 23,974,076 | 100.0 | 23,974,076 | 100.0 | 25,963,253 | 100.0 | 25,884,302 | 100.0 | 25,884,302 | 100.0 | |
| Excess Appropriation/(Funding) | | (14,029,218) | | (15,801,018) | | (17,713,253) | | (17,634,302) | | (17,634,302) | | (19,702,430) | | (19,494,737) | | (19,494,737) | | |
| Grand Total | | 4,221,245 | | 6,378,200 | | 6,260,823 | | 6,339,774 | | 6,339,774 | | 6,260,823 | | 6,389,565 | | 6,389,565 | | |

The FY11 Budget amount for Oil & Gas Commission-Operations (204) exceeds authorized due to salary and matching rate adjustments during the 2009-2011 biennium.

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 and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Commission's request includes Base Level appropriation of \$4,260,823 each year. Change Level requests of \$400,000 each year and includes reallocation requests of \$400,000 of Base Level appropriation to maintain a flat budget. Change Level requests reflect the following:

- Increase of \$83,286 each year in Regular Salaries and Personal Services Matching to support a new Senior Petroleum Geologist position needed to address the increase in permit applications, fracture stimulation and water issues associated with the Fayetteville Shale Development.
- Increase of \$153,497 each year in Operating Expenses to address increases in the over-all operations of the Commission necessary to maintain and enhance operations.
- Increase of \$25,000 in Conference Fees & Travel to provide staff required technical training in the administration of Department of Transportation (DOT) Pipeline Program, enhance petroleum engineering and geology courses, conferences and seminars dealing with ground water issues, fracture stimulation and unconventional resource development.
- Increase of \$50,000 each year in Professional Fees to retain specialized royalty accounting services to investigate royalty owner complaints and conduct water analysis stemming from citizen complaints and staff investigations.
- Increase of \$48,217 each year in Data Processing Services to scan all historical well information to a data base, so that all information is available electronically to industry and the public. Request is compliant with agency's Information Technology Plan.
- Increase of \$40,000 each year in Underground Injection Control to address the increased need for deep disposal well permit review and compliance inspections.
- Reallocation of \$400,000 each year from Construction to offset Commission requests.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 204 - Oil & Gas Commission-Operations

Funding Sources: SDO - Oil and Gas Commission Fund

| Commitment Item | | 2009-2010 | 2010-2011 | 2010-2011 | 2011-2012 | | | 2012-2013 | | |
|-------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | Actual | Budget | Authorized | Agency | Executive | Legislative | Agency | Executive | Legislative |
| Regular Salaries | 5010000 | 1,574,238 | 1,761,427 | 1,734,180 | 1,828,138 | 1,894,253 | 1,894,253 | 1,828,138 | 1,935,531 | 1,935,531 |
| | #Positions | 38 | 39 | 39 | 40 | 40 | 40 | 40 | 40 | 40 |
| Extra Help | 5010001 | 57,396 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| | #Extra Help | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Personal Services Matching | 5010003 | 486,250 | 560,473 | 532,691 | 579,671 | 592,507 | 592,507 | 579,671 | 601,020 | 601,020 |
| Operating Expenses | 5020002 | 756,804 | 834,300 | 834,300 | 987,797 | 987,797 | 987,797 | 987,797 | 987,797 | 987,797 |
| Conference & Travel Expenses | 5050009 | 14,906 | 15,000 | 15,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Professional Fees | 5060010 | 19,093 | 2,000 | 2,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 |
| Construction | 5090005 | 0 | 500,000 | 500,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Data Processing | 5090012 | 0 | 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 | 950 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Capital Outlay | 5120011 | 604,408 | 120,000 | 120,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Services | 5900044 | 288,206 | 300,000 | 300,000 | 348,217 | 348,217 | 348,217 | 348,217 | 348,217 | 348,217 |
| 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 | 54,550 | 60,000 | 60,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Groundwater Protection | 5900049 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Total | | 3,880,001 | 4,378,200 | 4,323,171 | 4,260,823 | 4,339,774 | 4,339,774 | 4,260,823 | 4,389,565 | 4,389,565 |

| Funding Sources | | | | | | | | | | |
|--------------------------------|---------|-------------------|-------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fund Balance | 4000005 | 7,588,839 | 11,458,281 | | 13,830,081 | 13,830,081 | 13,830,081 | 16,319,258 | 16,240,307 | 16,240,307 |
| Special Revenue | 4000030 | 8,499,443 | 7,500,000 | | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 |
| Transfers / Adjustments | 4000683 | (750,000) | (750,000) | | (750,000) | (750,000) | (750,000) | (750,000) | (750,000) | (750,000) |
| Total Funding | | 15,338,282 | 18,208,281 | | 20,580,081 | 20,580,081 | 20,580,081 | 23,069,258 | 22,990,307 | 22,990,307 |
| Excess Appropriation/(Funding) | | (11,458,281) | (13,830,081) | | (16,319,258) | (16,240,307) | (16,240,307) | (18,808,435) | (18,600,742) | (18,600,742) |
| Grand Total | | 3,880,001 | 4,378,200 | | 4,260,823 | 4,339,774 | 4,339,774 | 4,260,823 | 4,389,565 | 4,389,565 |

The FY11 Budget amount for Regular Salaries and Personal Services Matching exceeds authorized due to salary and matching rate adjustments during the 2009-2011 biennium.

Analysis of Budget Request

Appropriation: 2XV - Well Plugging Program

Funding Sources: SAW - Abandoned and Orphan Well Plugging Fund

This appropriation is funded by special revenue derived from fees, forfeited bonds, proceeds from the sale of hydrocarbons, and grants or gifts from the public. In addition, upon review of the Chief Fiscal Officer of the State and the Legislative Council, special language allows a transfer up to \$750,000 per year from the Oil and Gas Fund to the Abandoned and Orphan Well Plugging Fund. The Oil & Gas Commission's Abandoned and Orphan Well Plugging Fund was established by Acts 1265 and 1267 of 2005 (A.C.A. §15-71-115). The fund is utilized for well plugging program expenses. 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 Commission is requesting Base Level of \$1,500,000 each year.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2XV - Well Plugging Program

Funding Sources: SAW - Abandoned and Orphan Well Plugging Fund

| Commitment Item | | 2009-2010 | 2010-2011 | 2010-2011 | 2011-2012 | | | 2012-2013 | | |
|--------------------------------|---------|-------------|-------------|------------|-----------|-----------|-------------|-----------|-----------|-------------|
| | | Actual | Budget | Authorized | Agency | Executive | Legislative | Agency | Executive | Legislative |
| Well Plugging Expenses | 5900046 | 209,144 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Total | | 209,144 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 1,209,303 | 1,993,995 | | 1,493,995 | 1,493,995 | 1,493,995 | 993,995 | 993,995 | 993,995 |
| Special Revenue | 4000030 | 243,836 | 250,000 | | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Transfer from Special Revenue | 4000565 | 750,000 | 750,000 | | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| Total Funding | | 2,203,139 | 2,993,995 | | 2,493,995 | 2,493,995 | 2,493,995 | 1,993,995 | 1,993,995 | 1,993,995 |
| Excess Appropriation/(Funding) | | (1,993,995) | (1,493,995) | | (993,995) | (993,995) | (993,995) | (493,995) | (493,995) | (493,995) |
| Grand Total | | 209,144 | 1,500,000 | | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |

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 of \$500,000 each year.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: A20 - Refunds/Reimbursements

Funding Sources: 301 - Oil and Gas Commission Cash

| Commitment Item | | 2009-2010 | 2010-2011 | 2010-2011 | 2011-2012 | | | 2012-2013 | | |
|---------------------------------------|---------|-------------|-----------|------------|-----------|-----------|-------------|-----------|-----------|-------------|
| | | Actual | Budget | Authorized | Agency | Executive | Legislative | Agency | Executive | Legislative |
| Refunds/Reimbursements | 5110014 | 132,100 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Total | | 132,100 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 608,602 | 576,942 | | 476,942 | 476,942 | 476,942 | 400,000 | 400,000 | 400,000 |
| Cash Fund | 4000045 | 2,012,257 | 400,000 | | 423,058 | 423,058 | 423,058 | 500,000 | 500,000 | 500,000 |
| Transfer to Treasury | 4000680 | (1,911,817) | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | | 709,042 | 976,942 | | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 |
| Excess Appropriation/(Funding) | | (576,942) | (476,942) | | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) |
| Grand Total | | 132,100 | 500,000 | | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |