

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive/Legislative Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Legislative	Pos	Agency	Pos	Executive	Pos	Legislative	Pos
204 Oil & Gas Commission-Operations	4,069,503	40	4,315,753	40	4,389,565	40	5,029,380	44	5,070,940	44	5,070,940	44	5,033,163	44	5,074,720	44	5,074,720	44
2XV Well Plugging Program	583,882	0	1,500,000	0	1,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0
A20 Refunds/Reimbursements	161,000	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
<b>Total</b>	<b>4,814,385</b>	<b>40</b>	<b>6,315,753</b>	<b>40</b>	<b>6,389,565</b>	<b>40</b>	<b>8,029,380</b>	<b>44</b>	<b>8,070,940</b>	<b>44</b>	<b>8,070,940</b>	<b>44</b>	<b>8,033,163</b>	<b>44</b>	<b>8,074,720</b>	<b>44</b>	<b>8,074,720</b>	<b>44</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	19,836,830	62.5	26,936,737	72.4	30,870,984	76.8	30,870,984	76.8	30,870,984	76.8	32,191,604	77.5	32,150,044	77.5	32,150,044	77.5	
Special Revenue	4000030	11,864,758	37.4	9,000,000	24.2	8,850,000	22.0	8,850,000	22.0	8,850,000	22.0	8,850,000	21.3	8,850,000	21.3	8,850,000	21.3	
Cash Fund	4000045	49,534	0.2	500,000	1.3	500,000	1.2	500,000	1.2	500,000	1.2	500,000	1.2	500,000	1.2	500,000	1.2	
Transfer from Special Revenue	4000565	750,000	2.4	750,000	2.0	2,000,000	5.0	2,000,000	5.0	2,000,000	5.0	2,000,000	4.8	2,000,000	4.8	2,000,000	4.8	
Transfers / Adjustments	4000683	(750,000)	(2.4)	0	0.0	(2,000,000)	(5.0)	(2,000,000)	(5.0)	(2,000,000)	(5.0)	(2,000,000)	(4.8)	(2,000,000)	(4.8)	(2,000,000)	(4.8)	
<b>Total Funds</b>		<b>31,751,122</b>	<b>100.0</b>	<b>37,186,737</b>	<b>100.0</b>	<b>40,220,984</b>	<b>100.0</b>	<b>40,220,984</b>	<b>100.0</b>	<b>40,220,984</b>	<b>100.0</b>	<b>41,541,604</b>	<b>100.0</b>	<b>41,500,044</b>	<b>100.0</b>	<b>41,500,044</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(26,936,737)		(30,870,984)		(32,191,604)		(32,150,044)		(32,150,044)		(33,508,441)		(33,425,324)		(33,425,324)		
<b>Grand Total</b>		<b>4,814,385</b>		<b>6,315,753</b>		<b>8,029,380</b>		<b>8,070,940</b>		<b>8,070,940</b>		<b>8,033,163</b>		<b>8,074,720</b>		<b>8,074,720</b>		

## **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 Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Commission's request includes Base Level appropriation of \$4,313,051 in FY14, \$4,316,834 in FY15 and Change Level requests of \$716,329 each year. Change Level request reflects the following:

- Increase of \$222,829 each year in Regular Salaries and Personal Services Matching to support four (4) positions: one (1) Senior Petroleum Geologist, two (2) Oil and Gas Inspector positions to address the increase in permit applications, fracture stimulation and water issues associated with the Fayetteville Shale Development, and one (1) Oil and Gas Inspector position for the Smackover "brown dense" development in south Arkansas.
- Increase of \$340,000 each year in Grants and Aids to provide a grant to the Arkansas Department of Environmental Quality (ADEQ). The grant will provide funding for unfunded ADEQ personnel assigned to the Fayetteville Shale Play. Initial funding for the positions were provided by a grant from the Arkansas Game & Fish Commission.
- Increase of \$150,000 each year in Capital Outlay to provide vehicles for the new inspectors and replace existing vehicles as needed due to high mileage and/or maintenance costs.
- Increase of \$3,500 each year in Groundwater Protection to provide state membership and program representation in the National Ground Water Protection Council.

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		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	1,854,758	1,861,771	1,935,531	2,017,307	2,051,386	2,051,386	2,020,407	2,054,486	2,054,486
<b>#Positions</b>		<b>40</b>	<b>40</b>	<b>40</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>
Extra Help	5010001	68,479	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>#Extra Help</b>		<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	597,359	600,968	601,020	665,559	673,040	673,040	666,242	673,720	673,720
Operating Expenses	5020002	980,572	987,797	987,797	987,797	987,797	987,797	987,797	987,797	987,797
Conference & Travel Expenses	5050009	10,307	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Professional Fees	5060010	12,651	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Construction	5090005	100,000	100,000	100,000	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	350,000	350,000	350,000	350,000	350,000	350,000
Refunds/Reimbursements	5110014	2,350	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	0	0	0	150,000	150,000	150,000	150,000	150,000	150,000
Data Processing Services	5900044	320,214	348,217	348,217	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	99,613	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Groundwater Protection	5900049	5,000	5,000	5,000	8,500	8,500	8,500	8,500	8,500	8,500
<b>Total</b>		<b>4,069,503</b>	<b>4,315,753</b>	<b>4,389,565</b>	<b>5,029,380</b>	<b>5,070,940</b>	<b>5,070,940</b>	<b>5,033,163</b>	<b>5,074,720</b>	<b>5,074,720</b>

Funding Sources										
Fund Balance	4000005	17,160,940	23,772,078		28,106,325	28,106,325	28,106,325	29,576,945	29,535,385	29,535,385
Special Revenue	4000030	11,430,641	8,650,000		8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Transfers / Adjustments	4000683	(750,000)	0		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
<b>Total Funding</b>		<b>27,841,581</b>	<b>32,422,078</b>		<b>34,606,325</b>	<b>34,606,325</b>	<b>34,606,325</b>	<b>36,076,945</b>	<b>36,035,385</b>	<b>36,035,385</b>
<b>Excess Appropriation/(Funding)</b>		<b>(23,772,078)</b>	<b>(28,106,325)</b>		<b>(29,576,945)</b>	<b>(29,535,385)</b>	<b>(29,535,385)</b>	<b>(31,043,782)</b>	<b>(30,960,665)</b>	<b>(30,960,665)</b>
<b>Grand Total</b>		<b>4,069,503</b>	<b>4,315,753</b>		<b>5,029,380</b>	<b>5,070,940</b>	<b>5,070,940</b>	<b>5,033,163</b>	<b>5,074,720</b>	<b>5,074,720</b>

## **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.

In addition to Base Level of \$1,500,000 each year, the Commission is requesting an increase in Well Plugging Expenses of \$1,000,000 each year. The increase is needed to cover the plugging costs for approximately 700 abandoned and orphaned oil and gas wells. To provide funding to support this request the Commission is requesting to increase the special language transfer authority from \$750,000 per year to \$2,000,000 per year from the Oil and Gas Fund to the Abandoned and Orphan Well Plugging Fund.

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		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Well Plugging Expenses	5900046	583,882	1,500,000	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total		583,882	1,500,000	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Funding Sources										
Fund Balance	4000005	2,084,275	2,684,510		2,284,510	2,284,510	2,284,510	2,134,510	2,134,510	2,134,510
Special Revenue	4000030	434,117	350,000		350,000	350,000	350,000	350,000	350,000	350,000
Transfer from Special Revenue	4000565	750,000	750,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Funding		3,268,392	3,784,510		4,634,510	4,634,510	4,634,510	4,484,510	4,484,510	4,484,510
Excess Appropriation/(Funding)		(2,684,510)	(2,284,510)		(2,134,510)	(2,134,510)	(2,134,510)	(1,984,510)	(1,984,510)	(1,984,510)
Grand Total		583,882	1,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

## **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	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Refunds/Reimbursements 5110014	161,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	161,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

Funding Sources									
Fund Balance 4000005	591,615	480,149		480,149	480,149	480,149	480,149	480,149	480,149
Cash Fund 4000045	49,534	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	641,149	980,149		980,149	980,149	980,149	980,149	980,149	980,149
Excess Appropriation/(Funding)	(480,149)	(480,149)		(480,149)	(480,149)	(480,149)	(480,149)	(480,149)	(480,149)
Grand Total	161,000	500,000		500,000	500,000	500,000	500,000	500,000	500,000