

OIL AND GAS COMMISSION (440) - 2009-11 BIENNIUM

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 2009-11 Biennium is \$6,237,688 the first year and \$5,785,987 the second year.

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 \$4,237,688 the first year and \$3,785,987 the second year with change levels of:
 1. Regular Salaries increased by \$248,073 the first year and \$253,774 for seven (7) new positions to assist with increased needs of the Commission.
 2. Personal Services Matching increased by \$84,057 the first year and \$85,174 for associated cost of the seven (7) new positions.
 3. Extra Help increased by \$20,016 the first year and \$20,516 the second year for four (4) new Extra Help positions to assist with increased needs of the Commission.
 4. Operating Expenses increased by \$350,899 the first year and \$355,399 the second year for costs associated with greatly increased needs for permits, inspections, hearings dates, and administration of the United States Department of Transportation Pipeline Safety Program.
 5. Refunds & Reimbursements increased by \$100,000 each year to allow the Commission to refund over payment made for various fees.
 6. Capital Outlay increased by \$620,000 the first year and \$120,000 the second year of which \$120,000 each year to replace vehicles due to mileage and age and \$500,000 the first year only to purchase vehicles for new field inspectors and remodel the Ft. Smith office to allow for more office space.
 7. Data Processing Services increased by \$300,000 each year for database upgrades for mapping and managing drilling activity, webpage upgrades for electronic production report filing, and hardware for field staff.
- 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 an appropriation of \$1,500,000 each year for well plugging program expenses.

III) ADDITIONAL POSITIONS

Total Positions for FY 2009-11 Biennium: 39

Total Budgeted Positions for FY 2009: 32

Increase / (Decrease): 7

1 Petroleum Engineer, C126
1 Oil & Gas District Petroleum Supervisor, C120
4 Oil & Gas Inspector, C118
1 Administrative Specialist III, C112

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. **REVISED**