

# Budget Brief – Division of Oil, Gas and Mining

NUMBER: NRAS-BB-07-07

## SUMMARY

The Division of Oil, Gas, and Mining regulates exploration for and development of Utah's oil, gas, coal and other mineral resources. When exploration and developmental activities are completed, the Division ensures that oil and gas wells are properly abandoned and mining sites are satisfactorily reclaimed. For detailed information on this line item, please see Compendium of Budget Information for the 2007 General Session, page 41-52.

## ISSUES AND RECOMMENDATIONS

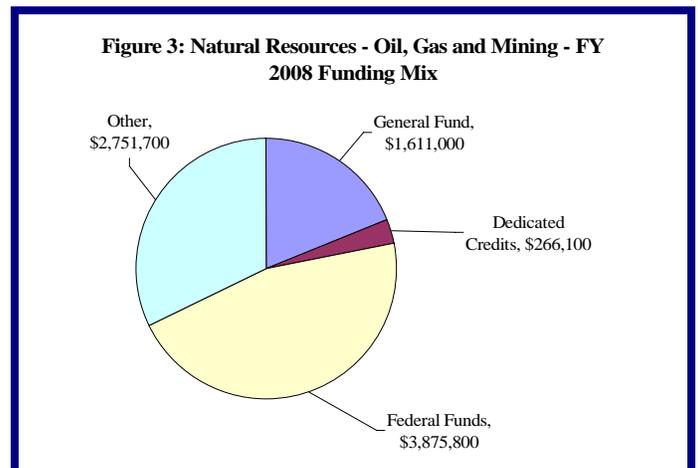
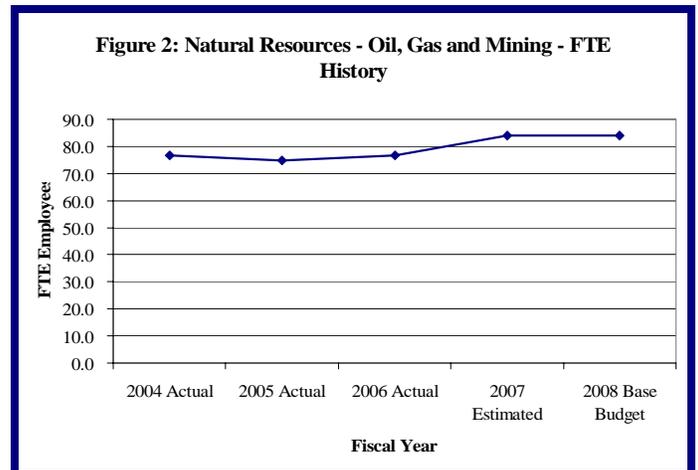
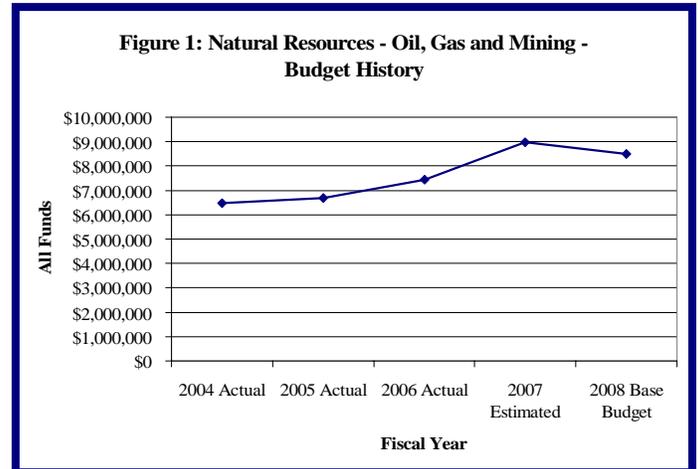
Currently one of the major challenges for the Division is to keep pace with the growth in the energy and minerals sector of the economy, while ensuring adequate service to both the regulated community and the public.

### *Market and Mineral Research Analyst*

The Division is trying to be proactive in analyzing the market trends and activities of the industries they regulate. The administration's goal is to provide strategic plans for the energy and minerals development in Utah and to expedite the permitting and monitoring of industrial activities. To accomplish this, the Division is requesting funding to hire an additional employee to conduct mineral research and analysis. The Analyst recommends the Committee provide for FY 2008 an ongoing appropriation of \$75,000 from the GFR—Oil and Gas Conservation Account.

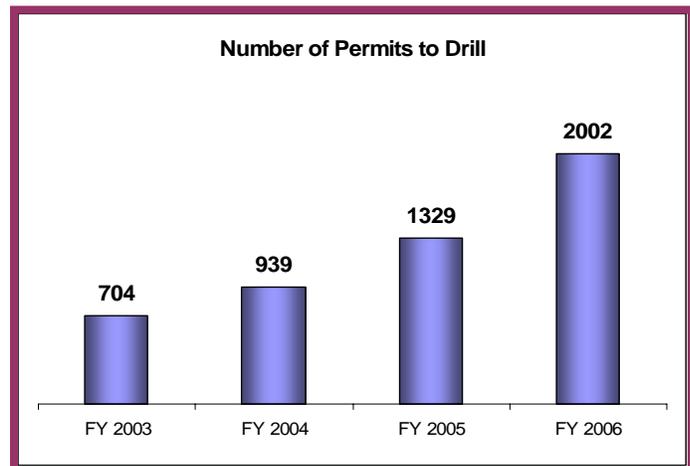
### *Wireless Equipment*

The Division is requesting funding to purchase laptop computers with wireless capability to be used by staff on site in remote areas. It is anticipated that the new technology will improve staff's efficiency and will provide information in a timely manner. The Analyst recommends the Committee provide for FY 2008 a one-time appropriation of \$40,000 from the GFR—Oil and Gas Conservation Account.

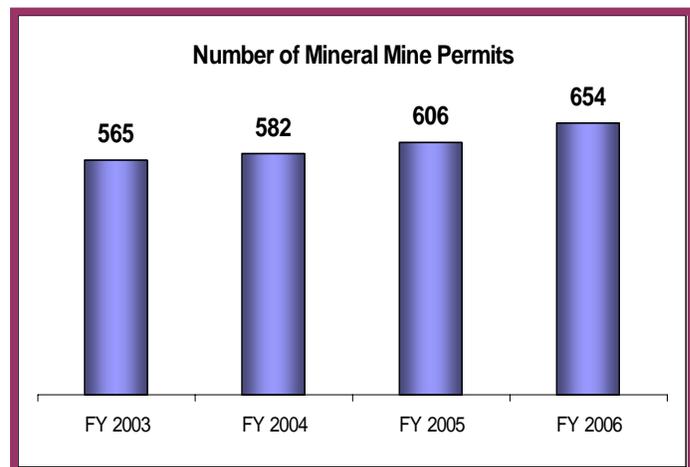


**ACCOUNTABILITY DETAIL*****Oil and Gas Conservation Program***

The number of permits issued is driven by industry activity and is a direct measure of program activity level. The number of permits to drill issued has almost tripled since FY 2003.

***Minerals Regulatory Program***

The number of permits for mining of minerals has been increasing in the last four years.

**BUDGET DETAIL*****Budget Recommendation***

The Analyst recommends for the Division of Oil, Gas and Mining for FY 2008 a base budget appropriation of \$8,504,600, with \$1,611,000 from the General Fund (see Budget Detail Table).

The Analyst also recommends the following increases from the GFR—Oil and Gas Conservation Account:

- \$75,000 ongoing appropriation for hiring a Research Analyst
- \$40,000 one time for wireless equipment

None of the requests for funding increase are built in the tables and charts of this Budget Brief.

***Intent Language***

*It is the intent of the Legislature that the appropriation to the Minerals Regulatory Program be nonlapsing.*

**BUDGET DETAIL TABLE**

Natural Resources - Oil, Gas and Mining						
Sources of Finance	FY 2006	FY 2007		FY 2007		FY 2008*
	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	1,372,700	1,611,000	0	1,611,000	0	1,611,000
General Fund, One-time	(75,000)	(3,800)	0	(3,800)	3,800	0
Federal Funds	3,425,000	4,183,600	(316,600)	3,867,000	8,800	3,875,800
Dedicated Credits Revenue	211,600	246,200	18,800	265,000	1,100	266,100
GFR - Oil & Gas Conservation Account	2,434,800	2,839,100	0	2,839,100	(87,400)	2,751,700
OGM Abandoned Mine Reclamation	75,000	0	0	0	0	0
Beginning Nonlapsing	405,000	0	397,000	397,000	(397,000)	0
Closing Nonlapsing	(397,000)	0	0	0	0	0
Lapsing Balance	(7,000)	0	0	0	0	0
<b>Total</b>	<b>\$7,445,100</b>	<b>\$8,876,100</b>	<b>\$99,200</b>	<b>\$8,975,300</b>	<b>(\$470,700)</b>	<b>\$8,504,600</b>
<b>Programs</b>						
Administration	1,219,600	1,374,900	87,300	1,462,200	7,900	1,470,100
Board	15,300	23,600	500	24,100	0	24,100
Oil and Gas Conservation	2,228,300	2,743,900	(71,600)	2,672,300	(95,500)	2,576,800
Minerals Reclamation	573,200	754,100	(17,300)	736,800	2,900	739,700
Coal Reclamation	1,736,100	1,904,000	(144,300)	1,759,700	8,700	1,768,400
OGM Misc. Nonlapsing	145,300	0	397,000	397,000	(397,000)	0
Abandoned Mine	1,527,300	2,075,600	(152,400)	1,923,200	2,300	1,925,500
<b>Total</b>	<b>\$7,445,100</b>	<b>\$8,876,100</b>	<b>\$99,200</b>	<b>\$8,975,300</b>	<b>(\$470,700)</b>	<b>\$8,504,600</b>
<b>Categories of Expenditure</b>						
Personal Services	5,501,400	6,332,700	(151,200)	6,181,500	14,000	6,195,500
In-State Travel	60,700	68,000	3,000	71,000	0	71,000
Out of State Travel	26,800	53,200	0	53,200	0	53,200
Current Expense	894,900	1,125,200	328,700	1,453,900	(241,600)	1,212,300
DP Current Expense	161,200	135,100	48,000	183,100	(40,000)	143,100
DP Capital Outlay	12,600	0	5,000	5,000	0	5,000
Other Charges/Pass Thru	787,500	1,161,900	(134,300)	1,027,600	(203,100)	824,500
<b>Total</b>	<b>\$7,445,100</b>	<b>\$8,876,100</b>	<b>\$99,200</b>	<b>\$8,975,300</b>	<b>(\$470,700)</b>	<b>\$8,504,600</b>
<b>Other Data</b>						
Budgeted FTE	76.7	84.0	0.0	84.0	0.0	84.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.