

# Budget Brief – Division of Oil, Gas and Mining

NUMBER: NRAS-BB-08-08

## 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 2008 General Session, pages 35-44.

## ISSUES AND RECOMMENDATIONS

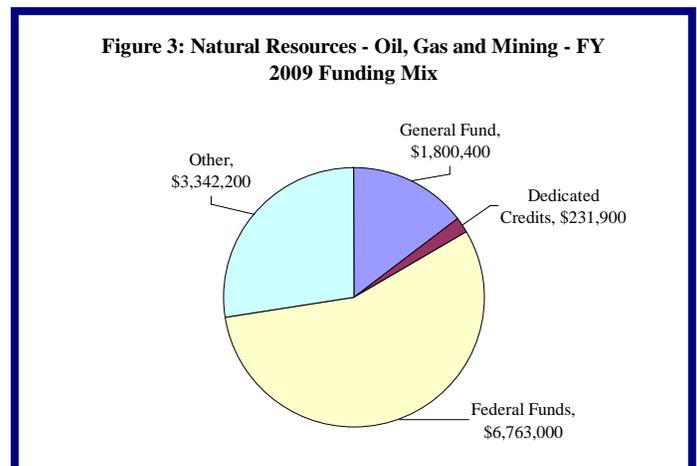
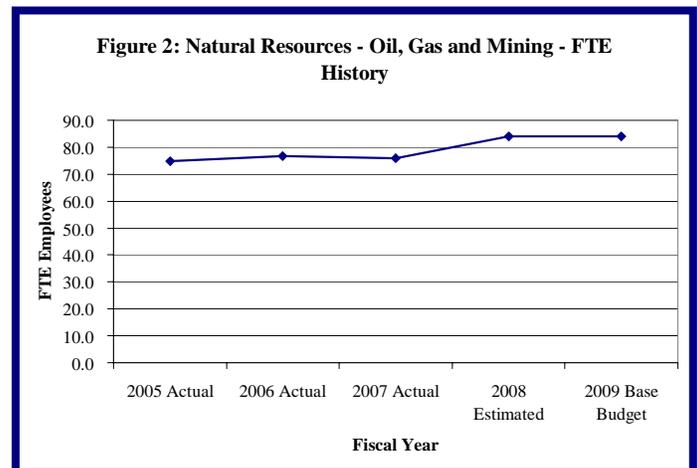
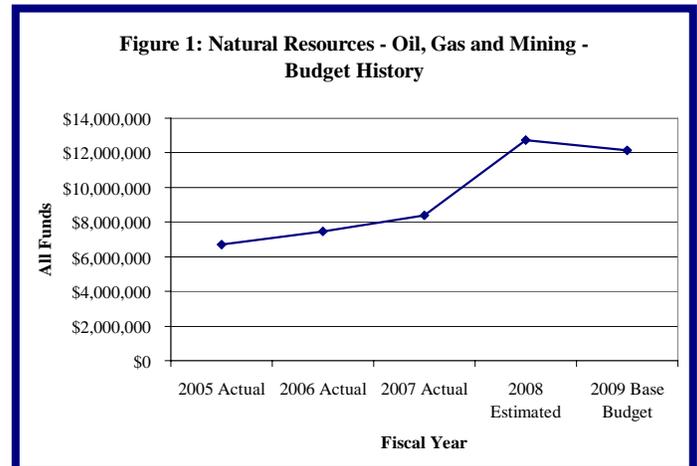
### *Re-allocation of General Funds*

A report from the Office of the Legislative Auditor General, A Performance Audit of Utah's Coal Regulatory Program, released in December 2007 indicated that the funding for the Coal Reclamation Program can be reduced by \$235,000. The Audit also recommended the Legislature consider implementing program fees which can be used to pay for all or part of the cost of the Program.

The Analyst recommends the Subcommittee make the following re-allocations of General Funds from the Coal Program and fund other Subcommittee priorities:

- A one-time \$235,000 for FY 2008
- An ongoing \$235,000 for FY 2009.

The Analyst further recommends the Subcommittee direct the Division to prepare and present during the 2009 Legislative Session a proposed fee schedule for the Coal Program.



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

The Analyst recommends for the Division of Oil, Gas and Mining for FY 2009 a base budget appropriation of \$12,137,500, with \$1,800,400 from the General Fund (see Budget Detail Table).

**Intent Language**

*Under terms of Section 63-38-8 Utah Code Annotated the Legislature intends that up to \$700,000 for the Minerals Reclamation Program, provided by item 187 of Senate Bill 1, 2008 General Session not lapse at the close of fiscal year 2009.*

**BUDGET DETAIL TABLE**

Natural Resources - Oil, Gas and Mining						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	1,611,000	1,800,400	0	1,800,400	0	1,800,400
General Fund, One-time	(100)	0	0	0	0	0
Federal Funds	3,485,300	4,030,600	2,732,400	6,763,000	0	6,763,000
Dedicated Credits Revenue	190,200	277,400	(45,500)	231,900	0	231,900
GFR - Oil & Gas Conservation Account	3,240,400	3,382,200	0	3,382,200	(40,000)	3,342,200
Beginning Nonlapsing	397,000	0	549,000	549,000	(549,000)	0
Closing Nonlapsing	(549,000)	0	0	0	0	0
<b>Total</b>	<b>\$8,374,800</b>	<b>\$9,490,600</b>	<b>\$3,235,900</b>	<b>\$12,726,500</b>	<b>(\$589,000)</b>	<b>\$12,137,500</b>
<b>Programs</b>						
Administration	1,716,600	2,172,700	(448,000)	1,724,700	0	1,724,700
Board	30,500	24,100	9,900	34,000	0	34,000
Oil and Gas Conservation	2,679,900	2,687,200	263,100	2,950,300	(40,000)	2,910,300
Minerals Reclamation	690,300	780,800	(63,900)	716,900	0	716,900
Coal Reclamation	1,597,400	1,858,800	69,600	1,928,400	0	1,928,400
OGM Misc. Nonlapsing	83,800	0	549,000	549,000	(549,000)	0
Abandoned Mine	1,576,300	1,967,000	2,856,200	4,823,200	0	4,823,200
<b>Total</b>	<b>\$8,374,800</b>	<b>\$9,490,600</b>	<b>\$3,235,900</b>	<b>\$12,726,500</b>	<b>(\$589,000)</b>	<b>\$12,137,500</b>
<b>Categories of Expenditure</b>						
Personal Services	5,975,900	6,658,400	(20,000)	6,638,400	(43,300)	6,595,100
In-State Travel	44,100	71,000	15,000	86,000	0	86,000
Out of State Travel	36,500	53,200	0	53,200	0	53,200
Current Expense	1,448,500	1,727,300	1,181,200	2,908,500	(174,600)	2,733,900
DP Current Expense	380,800	151,200	250,100	401,300	(70,000)	331,300
DP Capital Outlay	0	5,000	0	5,000	0	5,000
Capital Outlay	11,400	0	0	0	0	0
Other Charges/Pass Thru	477,600	824,500	1,809,600	2,634,100	(301,100)	2,333,000
<b>Total</b>	<b>\$8,374,800</b>	<b>\$9,490,600</b>	<b>\$3,235,900</b>	<b>\$12,726,500</b>	<b>(\$589,000)</b>	<b>\$12,137,500</b>
<b>Other Data</b>						
Budgeted FTE	75.9	85.0	(1.0)	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.