



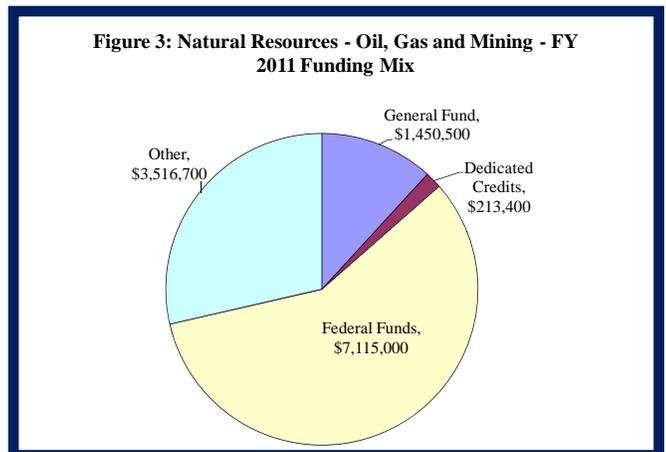
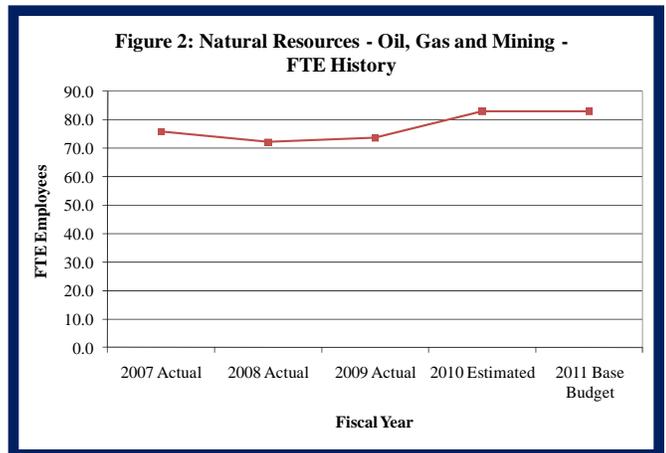
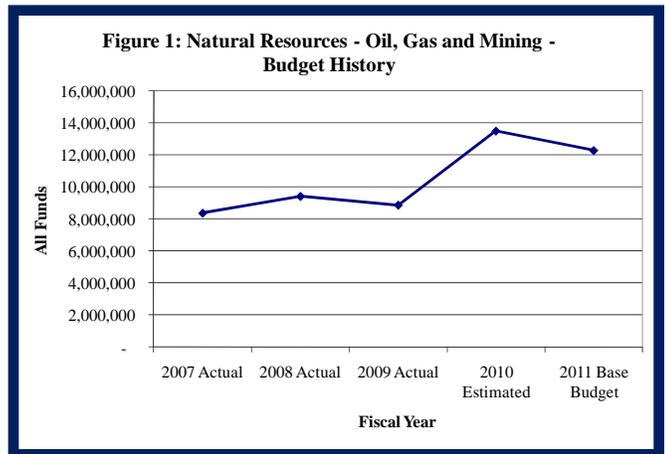
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE
STAFF: IVAN DJAMBOV

OIL, GAS, AND MINING

BUDGET BRIEF

SUMMARY

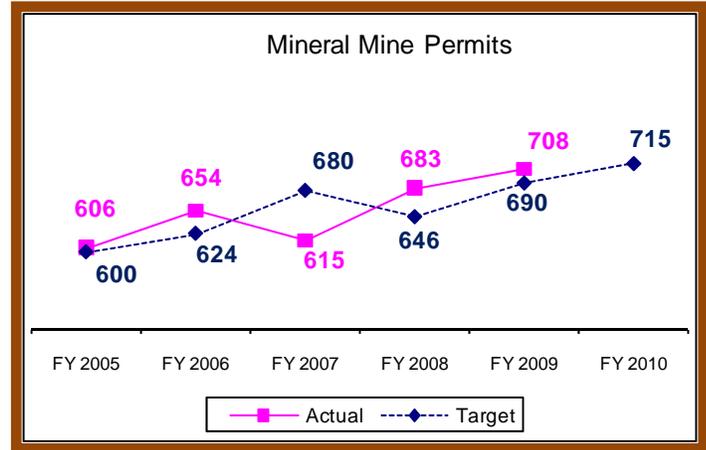
The Division of Oil, Gas, and Mining regulates exploration for and development of Utah's oil, gas, coal and other mineral resources. When exploration and developmental activities are completed, the Division ensures that oil and gas wells are properly abandoned and mining sites are satisfactorily reclaimed.



ACCOUNTABILITY DETAIL

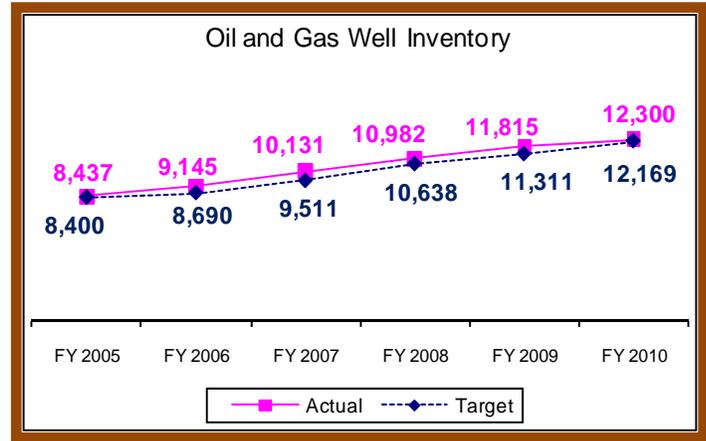
Number of Mineral Mine Permits

The number of mineral mine permits has been increasing over time. The agency explained that the reduction in number of permits in FY 2007 was due to the “unique timing of a new statute and rule requiring the small operators with < 5 acres to post a surety, leading to closing of various small mine permits.”



Oil and Gas Well Inventory

This measure provides the number of wells in Utah that are producing or injecting (the majority of those on the chart) and those that are in shut-in status.



BUDGET DETAIL

Base Budget Bill and Budget Reductions

As a result of the projected 2% revenue shortfall in FY 2011, the Executive Appropriations Committee (EAC) adopted for FY 2011 General and Education Fund revenue estimates that are 2% less than the original FY 2010 ongoing appropriations. This will be reflected in the FY 2011 base budget bills (S.B. 1 and H.B. 1), which reduce appropriations for all programs proportionately by 2%. If enacted, these base budget bills will ensure a passage of a balanced budget for FY 2011 in the beginning of the 2010 Legislative Session. The Budget Detail Table at the end of this Brief presents the FY 2011 base budget for this line item, as included in the base budget bill (see the column on the far right).

However, the FY 2011 base budget will be further adjusted during the course of the General Session through supplemental appropriation bills, giving a chance for some of the initial, across-the-board reductions to be restored and others to be increased, all within the available forecasted revenues. To prepare for these adjustments, EAC allocated 95% of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5% ongoing cut. Items from these lists will then be used by EAC, and the whole Legislature, to finalize the reductions and make sure that the state has a balanced budget for FY 2011.

Intent Language

Under the terms of 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for Oil, Gas, and Mining in Item 179, Chapter 396, Laws of Utah 2009, shall not lapse at the close of FY 2010. Expenditures of these funds are limited to: Computer Equipment/Software: \$50,000; Employee Training/Incentives: \$50,000; Equipment/Supplies: \$50,000.

BUDGET DETAIL TABLE

Natural Resources - Oil, Gas and Mining						
Sources of Finance	FY 2009 Actual	FY 2010 Appropriated	Changes	FY 2010 Revised	Changes	FY 2011* Base Budget
General Fund	1,480,000	1,480,100	0	1,480,100	(29,600)	1,450,500
General Fund, One-time	3,600	0	0	0	0	0
Federal Funds	4,252,300	6,899,400	215,600	7,115,000	0	7,115,000
Dedicated Credits Revenue	168,900	231,600	(18,200)	213,400	0	213,400
GFR - Oil & Gas Conservation Acct	3,508,500	3,516,700	0	3,516,700	0	3,516,700
Beginning Nonlapsing	658,000	0	1,193,600	1,193,600	(1,193,600)	0
Closing Nonlapsing	(1,193,600)	0	0	0	0	0
Total	\$8,877,700	\$12,127,800	\$1,391,000	\$13,518,800	(\$1,223,200)	\$12,295,600
Programs						
Abandoned Mine	2,238,100	4,888,200	(18,200)	4,870,000	(1,300)	4,868,700
Administration	1,572,500	1,670,900	144,000	1,814,900	(10,300)	1,804,600
Board	42,900	40,000	5,000	45,000	(900)	44,100
Coal Reclamation	1,617,900	1,839,100	(44,500)	1,794,600	(5,900)	1,788,700
Minerals Reclamation	611,000	799,100	(55,100)	744,000	(11,200)	732,800
OGM Misc. Nonlapsing	22,000	0	1,193,600	1,193,600	(1,193,600)	0
Oil and Gas Conservation	2,773,300	2,890,500	166,200	3,056,700	0	3,056,700
Total	\$8,877,700	\$12,127,800	\$1,391,000	\$13,518,800	(\$1,223,200)	\$12,295,600
Categories of Expenditure						
Personnel Services	6,145,400	6,764,200	(61,900)	6,702,300	(79,600)	6,622,700
In-state Travel	46,500	86,500	(23,500)	63,000	0	63,000
Out-of-state Travel	14,900	53,200	(12,300)	40,900	0	40,900
Current Expense	1,165,900	2,618,800	366,400	2,985,200	(300,000)	2,685,200
DP Current Expense	574,300	305,100	354,700	659,800	(50,000)	609,800
Other Charges/Pass Thru	930,700	2,300,000	767,600	3,067,600	(793,600)	2,274,000
Total	\$8,877,700	\$12,127,800	\$1,391,000	\$13,518,800	(\$1,223,200)	\$12,295,600
Other Data						
Budgeted FTE	73.7	84.0	(1.0)	83.0	0.0	83.0