
*ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999*

The Oil & Gas Commission functions as one program aimed at the conservation and fair distribution of mineral resources within its jurisdiction. This is accomplished through the efforts of the Commission's five working sections:

The Administrative Section is responsible for the administrative, financial, and management activities of the Agency.

The Engineering and Geology Sections are jointly responsible for the technical activities, records maintenance, and policing and enforcement activities required to produce and allocate oil and gas reserves as efficiently as possible. The Engineering Section also provides for audits of records to determine that oil and gas royalties are distributed in an accurate and timely manner.

The Production Section is responsible for accounting of oil, gas, and brine production, assessment of conservation taxes, compilation of statistical data for publications and for use by representatives of the industry and the general public.

The Underground Injection Control Section is responsible for monitoring underground disposal of waste fluids generated by oil and gas producers. Jurisdiction over such disposal is the Commission's part of State administration of the Underground Injection Control Program mandated by the Environmental Protection Agency.

All of the activities of the aforementioned sections are required to insure that all interested parties receive their just and equitable share of the benefits derived from oil, gas, and brine production and that sufficient information is available to assist in finding new oil and gas reserves for future use.

To remain prepared for peak operations, the Commission requests that the base level of each year be enhanced by increasing Extra Help appropriation and adding 2 additional Extra Help positions; Capital Outlay for replacement of vehicles and office, engineering, and communications equipment; increases in Data Processing and Well Capping Expense; and authorization of a line item for expense disbursements to the Ground Water Protection Council.

AGENCY	DIRECTOR	AGENCY PROGRAM COMMENTARY	PAGE
OIL AND GAS COMMISSION	William E. Wright	BR21	232

ARKANSAS OIL AND GAS COMMISSION
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	
\$ 5,116,664	\$ 2,463,402	\$ 72,002	\$ 7,652,068	\$ 35,248	\$ 69,130	\$ 104,378	\$ 7,547,690

Revenues				Expenditures				Other Sources (Uses)		
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 1,536,621	\$ 13,530	\$ 1,550,151	\$ 774,342	\$ 0	\$ 54,090	\$ 354,995	\$ 1,183,427	\$ 0

Findings

None.

Recommendations

None.

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 440 - OIL AND GAS COMM

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>12</u>	<u>13</u>	<u>25</u>	<u>96%</u>
BLACK EMPLOYEES	<u>0</u>	<u>1</u>	<u>1</u>	<u>4%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF <u>08/10/96</u> DATE			<u>1</u>	<u>4%</u>
			TOTAL MINORITIES	
			<u>26</u>	<u>100%</u>
			TOTAL EMPLOYEES	

W. E. Wright

 AGENCY DIRECTOR

SUMMARY

STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 80TH GENERAL ASSEMBLY

AGENCY: OIL AND GAS COMMISSION (440)

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	
<u>APPROPRIATION: 200 - Refunds for Overpayments/Transfers -- Cash</u>				
Additions were authorized for this account used by the Agency to transfer its fee collections to the State Treasury after any refunds are made.	0	\$100,000	\$100,000	This increase was requested to assure sufficient appropriation would be available in case unanticipated growth in fee collections occurred. It was not employed in the first year, but is budgeted in the second year in the event it is needed.
<u>APPROPRIATION: 204 - Oil and Gas Commission</u>				
A Management Project Analyst II position was added to research records and assure that oil and gas royalty payments are made in an accurate and timely manner.	1	\$49,208	\$50,355	This is a permanent position that has been filled since the beginning of FY96.
Additions were provided in Professional Fees & Services to reauthorize the line item at \$250,000 each year to contract for outside legal assistance with royalty and seismology investigations, if necessary.	0	\$119,292	\$119,292	With the addition of the full time position investigating royalty payments, the number of complaints has been reduced. Seismology complaints did not increase as expected. Consequently, none of the first year addition was expended. The FY97 amount is budgeted in case this downward trend does not hold.
Capital Outlay was provided for replacement of vehicles, communications, office, and engineering equipment.	0	\$100,000	\$100,000	\$52,471 was expended in the first year. The entire second year amount is budgeted for replacement of equipment, as indicated.

SUMMARY
STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 80TH GENERAL ASSEMBLY
 AGENCY: OIL AND GAS COMMISSION (440)

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	
An addition was made in the first year to increase the Data Processing special line item to its previously authorized level of \$171,027.	0	\$13,485	\$0	This line item is authorized for the biennium, with carry forward special language. The full amount was budgeted in the first year and an unexpended balance of \$139,224 was carried forward and has been budgeted for the second year.

**ARKANSAS BUDGET SYSTEM
DEPARTMENT APPROPRIATION SUMMARY**

AGENCY TITLE OIL AND GAS COMMISSION (440)		1995-97 Expenditures				1997-99 Biennium Request				1997-99 Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Code	Name	1995-96	Pos.	1996-97	Pos.	1997-98	Pos.	1998-99	Pos.	1997-98	Pos.	1998-99	Pos.
A20	Refunds/Transfers to Treasury	\$1,470,495	0	\$2,000,000	0	\$2,000,000	0	\$2,000,000	0	\$2,000,000	0	\$2,000,000	0
204	Oil and Gas Commission	1,428,007	27	2,546,290	28	2,767,944	28	2,624,836	28	2,746,796	28	2,603,688	28
TOTALS		\$2,898,502	27	\$4,546,290	28	\$4,767,944	28	\$4,624,836	28	\$4,746,796	28	\$4,603,688	28
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances		\$4,971,370	61.9%	\$5,131,480	58.8%	\$4,185,190	53.8%	\$3,017,246	45.6%	\$4,185,190	53.8%	\$3,038,394	45.8%
General Revenues													
Special Revenues		1,588,117	19.8%	1,600,000	18.3%	1,600,000	20.6%	1,600,000	24.2%	1,600,000	20.6%	1,600,000	24.1%
Federal Funds													
Const. & Fiscal Agency Fund													
State Central Services Fund													
Non-Revenue Receipts													
Cash - Transfers to Treasury		1,470,495	18.3%	2,000,000	22.9%	2,000,000	25.6%	2,000,000	30.2%	2,000,000	25.6%	2,000,000	30.1%
Other													
Total Funding		8,029,982	100.0%	8,731,480	100.0%	7,785,190	100.0%	6,617,246	100.0%	7,785,190	100.0%	6,638,394	100.0%
Excess Appro./ (Funding)		(5,131,480)		(4,185,190)		(3,017,246)		(1,992,410)		(3,038,394)		(2,034,706)	
TOTAL		\$2,898,502		\$4,546,290		\$4,767,944		\$4,624,836		\$4,746,796		\$4,603,688	
DEPARTMENT OIL AND GAS COMMISSION (440)			DIRECTOR William E. Wright						DEPARTMENT APPROPRIATION SUMMARY BR 40				

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

The Oil & Gas Commission's cash fund is used for deposit of special revenue fees collected by the Agency. This account provides checks with which to make transfers to the State Treasury and eliminates the necessity of sending cash through the mail. This request is for continuation of this account at its current authorized level of \$2,000,000 each year.

The Executive Recommendation is for approval of the Agency Request.

AGENCY Name: Oil & Gas Commission Code: 440	APPROPRIATION Name: Refunds for Overpayments/ Transfers - Cash Code: A20	CASH FUND Name: Oil & Gas Commission - Cash Code: 301	ANALYSIS OF BUDGET REQUEST BR20	PAGE 233
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ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

CHARACTER TITLE	-----EXPENDITURES-----			-----97-98 FISCAL YEAR-----			-----98-99 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	95-96	96-97	96-97	BASE	PRIORITY	TOTAL	BASE	PRIORITY	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO							97-98	98-99	97-98	98-99
REFUNDS/TRANSFERS TO TREASURY	1,470,495	2,000,000	2,000,000	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000	2,000,000		
TOTAL	1,470,495	2,000,000	2,000,000	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000	2,000,000		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH-TRANSFERS TO TREASURY	1,470,495	2,000,000	*****	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000	2,000,000		
OTHER			*****										
TOTAL FUNDING	1,470,495	2,000,000	*****	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000	2,000,000		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	1,470,495	2,000,000	*****	2,000,000		2,000,000	2,000,000		2,000,000	2,000,000	2,000,000		

DEPT 010 SEPARATE AGENCIES
 AGY 440 OIL AND GAS COMMISSION
 APPRO A20 REFUNDS FOR OVERPAYMENTS/TRANSFERS -- CASH
 FUND 301 OIL & GAS COMMISSION-CASH (440)

APPROPRIATION SUMMARY

BR 215

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

The Oil & Gas Commission's regular operating appropriation is funded by special revenues. Base levels for this appropriation are 28 positions and \$2,492,235 for FY98 and \$2,380,930 for FY99. The first year is higher, because the Data Processing special line item reflects appropriation in the first year only and special language enables balances to be carried forward. Priorities requested for this appropriation are as follows:

Two additional Extra Help positions and additional salary and matching appropriation of \$16,148 each year to provide additional clerical assistance during periods of peak workload.

Capital Outlay of \$100,000 each year for replacement of vehicles, engineering, communications, and office equipment.

Increases in Well Capping Expense of \$122,758 each year to maintain the current authorized level for this account from which expenses to plug orphaned and abandoned wells are expended.

Establishment of a special line item for an annual grant of \$5,000 to the Ground Water Protection Council in exchange for technical assistance and information.

The addition of \$31,803 in the first year for the Data Processing special line item and continuation of the carry forward special language authority.

The Executive Recommendation is for approval of the Capital Outlay, Well Capping Expense, and Ground Water Protection requests and continuation of special language carry forward authority and the additional Data Processing appropriation requested. Also recommended is a reduction of \$5,000 each year in the base level of the Underground Injection Control line item. None of the additional Extra Help request is recommended.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: Oil & Gas Commission Code: 440	Name: Oil & Gas Commission Code: 204	Name: Oil & Gas Commission Fund Code: SDO	BR20	240

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	EXPENDITURES		96-97	97-98 FISCAL YEAR			98-99 FISCAL YEAR			RECOMMENDATIONS			
	95-96	96-97	AUTHORIZED	BASE	PRIORITY	TOTAL	BASE	PRIORITY	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO							97-98	98-99	97-98	98-99
REGULAR SALARIES	709,228	826,996	769,622	865,067	0	865,067	888,642	0	888,642	865,067	888,642		
NUMBER OF POSITIONS	27	28	28	28	0	28	28	0	28	28	28		
EXTRA HELP	18,813	30,000	30,000	30,000	15,000	45,000	30,000	15,000	45,000	30,000	30,000		
NUMBER OF POSITIONS	4	4	4	4	2	6	4	2	6	4	4		
PERSONAL SERV HATCHING	198,278	231,352	214,065	239,226	1,148	240,374	243,570	1,148	244,718	239,226	243,570		
OPERATING EXPENSES	274,248	301,476	301,476	301,476	0	301,476	301,476	0	301,476	301,476	301,476		
CONF FEES & TRAVEL	1,977	15,000	15,000	15,000	0	15,000	15,000	0	15,000	15,000	15,000		
PROF FEES & SERVICES	76,885	250,000	250,000	250,000	0	250,000	250,000	0	250,000	250,000	250,000		
CAPITAL OUTLAY	52,471	100,000	100,000	0	100,000	100,000	0	100,000	100,000	100,000	100,000		
POLLUTION CONTROL	10,000	10,000	10,000	10,000	0	10,000	10,000	0	10,000	10,000	10,000		
DATA PROCESSING SERVICES	32,239	139,224	CARRY FORWARD	139,224	31,803	171,027	0	0	0	171,027			
INTERSTATE OIL COMPACT	4,000	5,000	5,000	5,000	0	5,000	5,000	0	5,000	5,000	5,000		
WELL CAPPING EXPENSE	29,632	527,242	650,000	527,242	122,758	650,000	527,242	122,758	650,000	650,000	650,000		
UNDERGROUND INJECTION	20,236	60,000	60,000	60,000	0	60,000	60,000	0	60,000	55,000	55,000		
MICROFILM EQUIP/EXPENSES	0	50,000	50,000	50,000	0	50,000	50,000	0	50,000	50,000	50,000		
GROUND WATER PROTECTION	0	0	0	0	5,000	5,000	0	5,000	5,000	5,000	5,000		
TOTAL	1,428,007	2,546,290	2,455,163	2,492,235	275,709	2,767,944	2,380,930	243,906	2,624,836	2,746,796	2,603,688		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	4,971,370	5,131,480	*****	4,185,190		4,185,190	3,017,246		3,017,246	4,185,190	3,038,394		
GENERAL REVENUES			*****										
SPECIAL REVENUES	1,588,117	1,600,000	*****	1,324,291	275,709	1,600,000	1,356,094	243,906	1,600,000	1,600,000	1,600,000		
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER			*****										
TOTAL FUNDING	6,559,487	6,731,480	*****	5,509,481	275,709	5,785,190	4,373,340	243,906	4,617,246	5,785,190	4,638,394		
EXCESS APPRO/ (FUNDING)	(5,131,480)	(4,185,190)	*****	(3,017,246)		(3,017,246)	(1,992,410)		(1,992,410)	(3,038,394)	(2,034,706)		
TOTAL	1,428,007	2,546,290	*****	2,492,235	275,709	2,767,944	2,380,930	243,906	2,624,836	2,746,796	2,603,688		

DEPT 010 SEPARATE AGENCIES
 AGY 440 OIL AND GAS COMMISSION
 APPRO 204 OIL AND GAS COMMISSION
 FUND SD0 OIL & GAS COMMISSION FUND (440)

The FY97 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1995-97 biennium.

APPROPRIATION SUMMARY

BR 215

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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
ANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----				-----1997 - 99 BIENNIUM REQUESTS-----				-----RECOMMENDATIONS-----					
					---ACTUAL---		---BUDGETED---		---FY 1997 - 98---		---FY 1998 - 99---		---EXECUTIVE---		---LEGISLATIVE---			
					95-96	96-97	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99						
00		SDO	440 204	B	1,428,007 27	2,546,290 28	2,492,235 28	2,380,930 28						2,487,235 28	2,375,930 28			
01		SDO	440 204	P01	0 0	0	100,000 0	100,000 0						100,000	100,000			
					Capital Outlay is requested for replacement of vehicles, communications equipment, engineering equipment, and office equipment.													
01		SDO	440 204	P02	0 0	0	122,758 0	122,758 0						122,758	122,758			
					This request will increase the Well Capping Expense line item with which the Commission assumes the costs of plugging orphaned or abandoned wells.													

EPT 010 SEPARATE AGENCIES
3Y 440 OIL AND GAS COMMISSION
PPRO 204 OIL AND GAS COMMISSION
UND SDO OIL & GAS COMMISSION FUND (440)

RANK BY APPROPRIATION
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ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----1997 - 99 BIENNIUM REQUESTS-----						-----RECOMMENDATIONS-----					
					-----ACTUAL-----		-----FY 1997 - 98-----		-----FY 1998 - 99-----		-----EXECUTIVE-----		-----LEGISLATIVE-----					
					95-96	96-97	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99						
001		SD0	440 204	P03		0	31,803			0					31,803			
<p>This request is for an addition that will return the Commission's Data Processing special line item to the level at which it is currently authorized.</p>																		
001		SD0	440 204	P04		0	16,148			16,148								
<p>Two additional Extra Help positions and additional salaries and matching are requested to assist with periods of peak workload.</p>																		
001		SD0	440 204	P05		0	5,000			5,000					5,000	5,000		
<p>This request is for establishment of a special line item for an annual grant to help defray expenses of the Ground Water Protection Council in return for technological information and assistance.</p>																		

DEPT 010 SEPARATE AGENCIES
 AGY 440 OIL AND GAS COMMISSION
 APPRO 204 OIL AND GAS COMMISSION

RANK BY APPROPRIATION

BR 264

FUND SD0 OIL & GAS COMMISSION FUND (440)