

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	21.00	21.00	20.00	20.00	21.00	20.00	(1.00)	(4.76)%
Personal Services	1,255,489	1,579,900	1,545,573	1,545,602	2,835,389	3,091,175	255,786	9.02 %
Operating Expenses	469,490	732,411	496,074	497,257	1,201,901	993,331	(208,570)	(17.35)%
Equipment & Intangible Assets	53,550	86,729	56,550	56,550	140,279	113,100	(27,179)	(19.37)%
Total Costs	\$1,778,529	\$2,399,040	\$2,098,197	\$2,099,409	\$4,177,569	\$4,197,606	\$20,037	0.48 %
General Fund	0	0	0	0	0	0	0	0.00 %
State/Other Special Rev. Funds	1,671,446	2,291,951	1,987,232	1,988,198	3,963,397	3,975,430	12,033	0.30 %
Federal Spec. Rev. Funds	107,083	107,089	110,965	111,211	214,172	222,176	8,004	3.74 %
Total Funds	\$1,778,529	\$2,399,040	\$2,098,197	\$2,099,409	\$4,177,569	\$4,197,606	\$20,037	0.48 %

Program Description

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division's responsibilities include the following:

- Issue drilling permits
- Classify wells
- Establish well spacing units and pooling orders
- Inspect drilling, production, and seismic operations
- Investigate complaints
- Perform engineering studies
- Determine incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects
- Operate the underground injection control program
- Plug orphan wells
- Collect and maintain complete well data and production information

Program Highlights

Oil and Gas Conservation Division Major Budget Highlights	
The legislature adopted a 2017 biennial budget that was nearly identical to the previous biennium. The slight increase was due to globally adopted personal services increases that were almost entirely offset by decreases in operating expenses and equipment.	

Funding

The following table shows program funding by source from all sources of authority.

Natural Resources and Conservation, 22-Oil & Gas Conservation Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	0	0	0	0	0.00 %
02010 Oil & Gas Damage Mitigation	0	0	500,000	500,000	11.17 %
02432 Oil & Gas ERA	3,975,430	0	0	3,975,430	88.83 %
State Special Total	\$3,975,430	\$0	\$500,000	\$4,475,430	95.27 %
03356 Oil & Gas Federal	222,176	0	0	222,176	100.00 %
Federal Special Total	\$222,176	\$0	\$0	\$222,176	4.73 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,197,606	\$0	\$500,000	\$4,697,606	

The division is funded through taxes levied on oil and gas wells and the class II operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board's use. The Board of Oil and Gas Conservation is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1% of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331, MCA. The privilege and license tax is currently set at 30% of the maximum allowed by statute. Section 82-11-137, MCA provides for a maximum \$300 annual operating fee for each class II injection well. The board set the fee at \$200.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	1,977,481	1,977,481	3,954,962	94.22 %
PL Adjustments	0	0	0	0.00 %	120,716	121,928	242,644	5.78 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$2,098,197	\$2,099,409	\$4,197,606	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 515 - State Share Health Insurance	0.00	0	9,721	0	9,721	0.00	0	9,721	0	9,721
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	26,301	4,381	30,682	0.00	0	26,301	4,381	30,682
DP 525 - Fixed Cost Adjustments	0.00	0	6,911	0	6,911	0.00	0	10,212	0	10,212
DP 527 - Inflation/Deflation Adjustments	0.00	0	(4,852)	0	(4,852)	0.00	0	(3,769)	0	(3,769)
DP 529 - Longevity and Other Adjustments	0.00	0	79,116	0	79,116	0.00	0	74,501	0	74,501
DP 532 - General Liability Insurance Rate Adjustment	0.00	0	0	(47)	(47)	0.00	0	0	(47)	(47)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(82)	0	(82)	0.00	0	(83)	0	(83)
DP 570 - Additional Operating Adjustments	0.00	0	(46,076)	0	(46,076)	0.00	0	(46,076)	0	(46,076)
DP 580 - Additional Personal Services Adjustments	0.00	0	(8,173)	(458)	(8,631)	0.00	0	(3,775)	(212)	(3,987)
DP 2102111 - Non-Helena Rent	0.00	0	1,274	0	1,274	0.00	0	1,274	0	1,274
DP 2200444 - Statewide 4% FTE Reduction - Program 22	(1.00)	0	0	0	0	(1.00)	0	0	0	0
DP 2202201 - O&G Regulatory and UIC Program Adjustments	0.00	0	52,700	0	52,700	0.00	0	49,500	0	49,500
Grand Total All Present Law Adjustments	(1.00)	\$0	\$116,840	\$3,876	\$120,716	(1.00)	\$0	\$117,806	\$4,122	\$121,928

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustments -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 580 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 2102111 - Non-Helena Rent -

The legislature approved rent increases for department buildings located outside of Helena.

DP 2200444 - Statewide 4% FTE Reduction - Program 22 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2200444 includes a reduction of 1.00 FTE each year.

DP 2202201 - O&G Regulatory and UIC Program Adjustments -

The budget includes \$52,700 in FY 2016 and \$49,500 in FY 2017 of state special revenue for board member per diem, legal services, janitorial services, a contract for Underground Injection Control (UIC) tech support, and increased vehicle purchase costs.