

Representative Jerome Zeringue
Chairman



Representative Francis Thompson
Vice Chairman

Fiscal Year 2023 Executive Budget Review Department of Natural Resources

House Committee on Appropriations
House Fiscal Division

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All data and figures were obtained from the governor's Fiscal Year 2022-2023 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2022 Regular Session, unless otherwise noted.

<https://www.doa.la.gov/doa/opb/budget-documents/>

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BUDGET RECOMMENDATION FY 23

Total Recommended = \$102,269,986

Means of Financing

SGF \$10,584,407
10%

IAT \$8,893,226
9%

FSGR \$19,228,161
19%

SD \$21,147,659
21%

FED \$42,416,533
41%

Expenditure Categories

Personnel Services \$37,887,535
37%

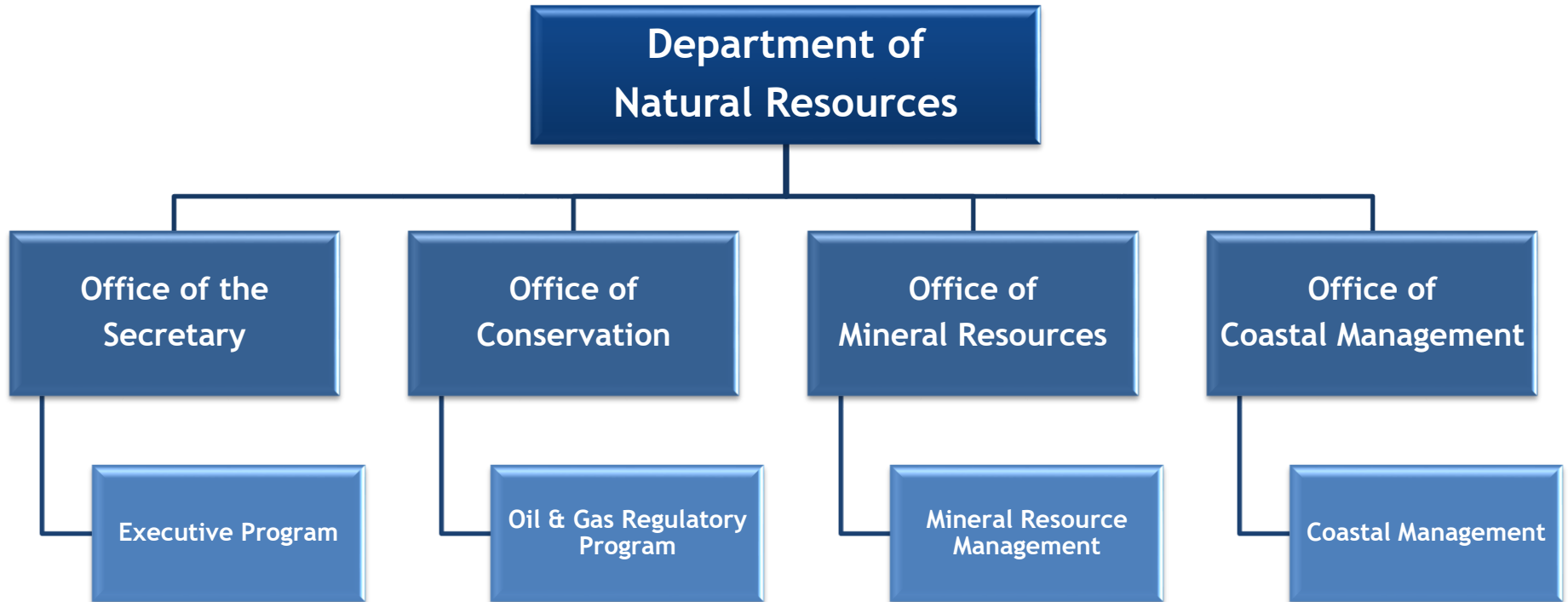
Operating Expenses \$42,586,068
42%

Professional Services \$5,640,309
6%

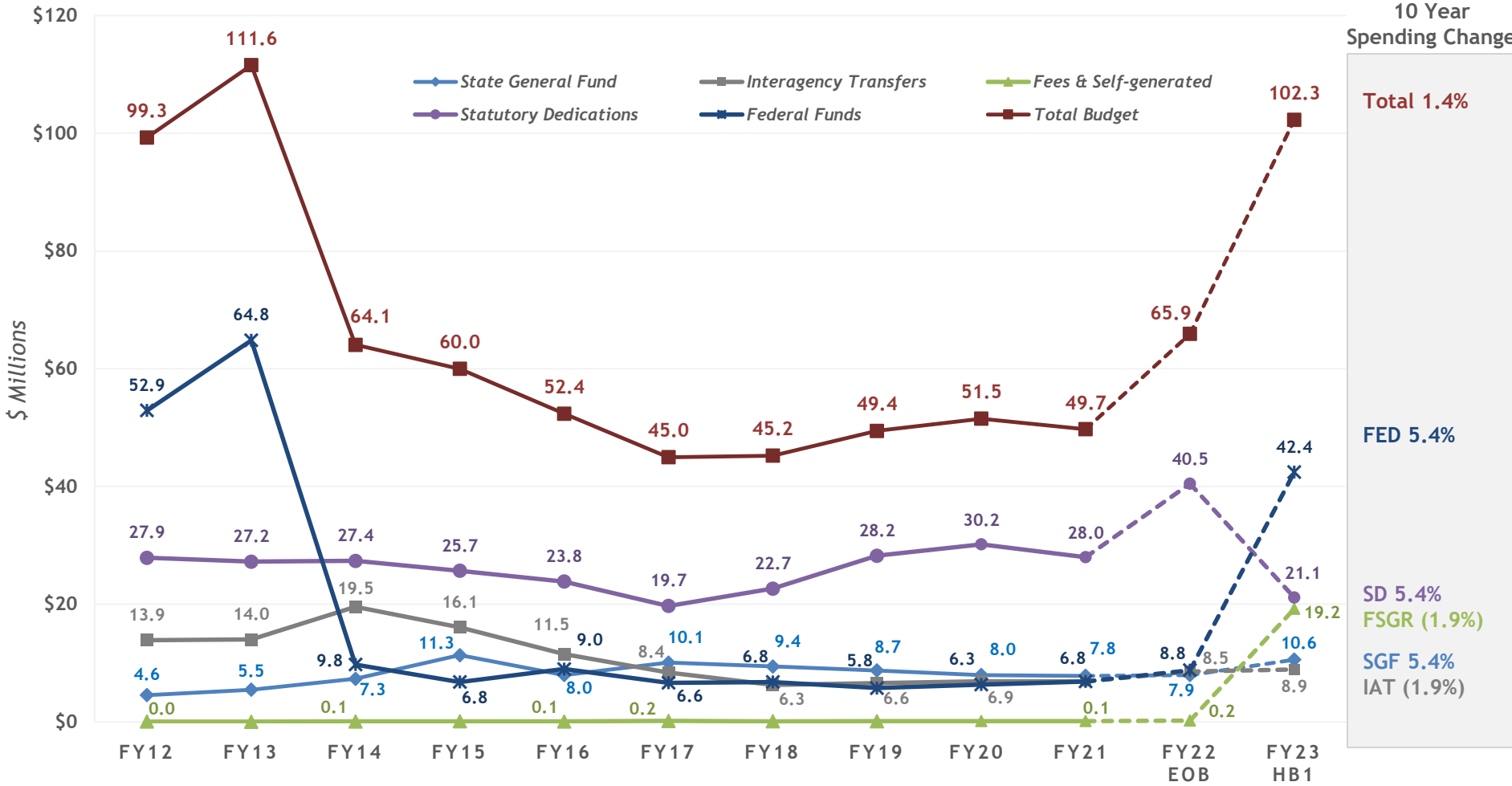
Other Charges \$15,761,392
15%

Acquisitions & Repairs \$394,682
<1%

DEPARTMENT ORGANIZATION

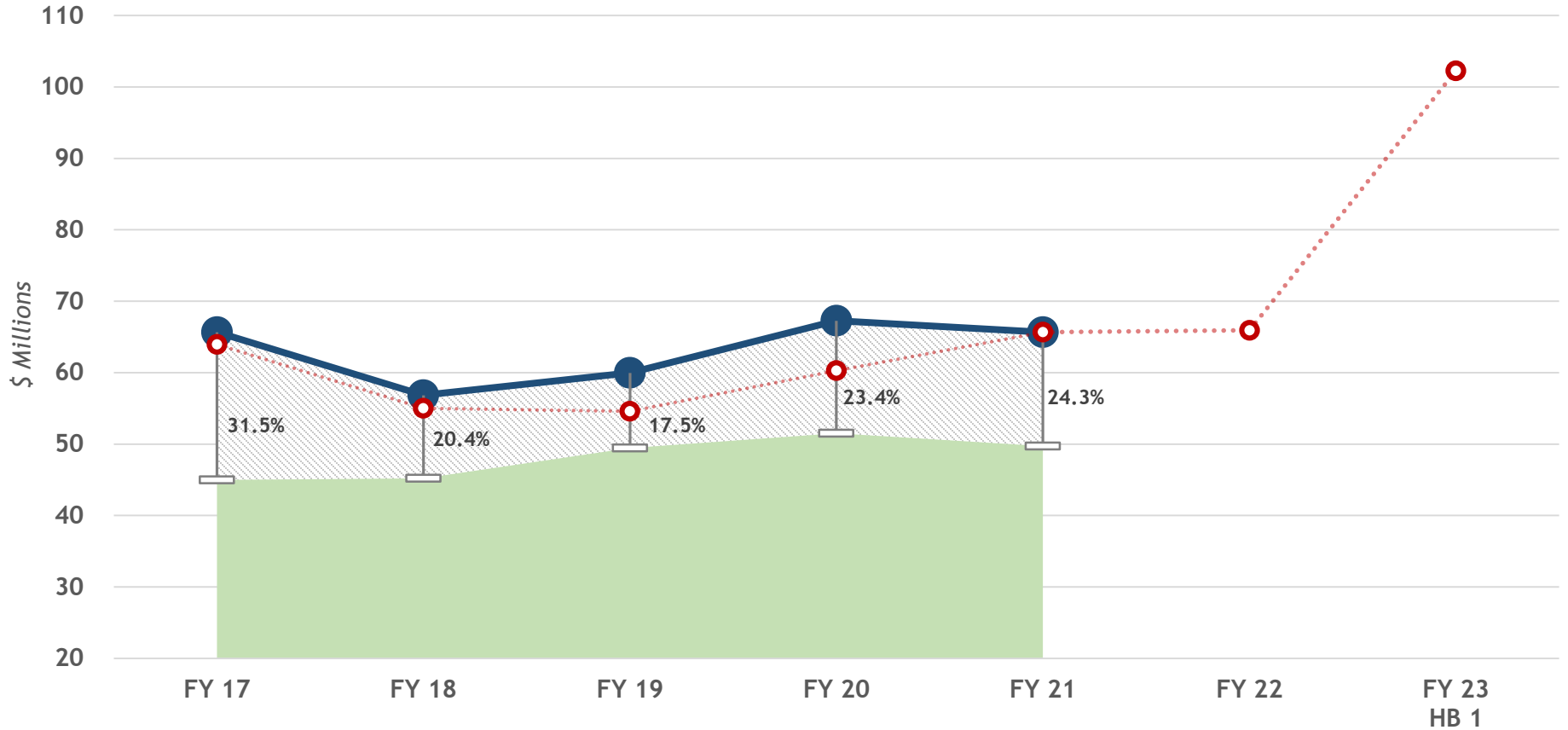


HISTORICAL SPENDING



HISTORICAL BUDGET

Actual Spending Final Budget Beginning Budget



PRIOR YEAR ACTUALS FY 21

Means of Finance	Final Budget <i>(w/o FY22 carryfwd)</i>	Amount Spent	Unspent Authority	Unspent Authority %	Unspent % by MOF
General Fund	\$ 8,050,003	\$ 7,828,821	\$ 221,182	2.7%	1.4%
Interagency Transfers	8,442,728	6,892,730	1,549,998	18.4%	9.7%
Self-generated	208,000	138,914	69,086	33.2%	0.4%
Statutory Dedications	40,539,169	27,640,824	12,898,345	31.8%	80.8%
Federal	8,419,257	7,201,187	1,218,070	14.5%	7.6%
FY21 Total	\$ 65,659,157	\$ 49,702,476	\$ 15,956,681	24.3%	100.0%

<i>Historical Total Unspent Budget Authority</i>	Final Budget	Amount Spent	Unspent Authority	Unspent %	
	FY20 Total	\$ 67,268,013	\$ 51,506,475	\$ 15,761,538	23.4%
	FY19 Total	59,765,558	49,446,465	10,319,093	17.3%
	FY18 Total	55,361,122	45,220,781	10,140,341	18.3%
	3 Year Avg.	\$ 60,798,231	\$ 48,724,574	\$ 12,073,657	19.9%

PRIOR YEAR ACTUALS FY 21

Were projected revenues collected?

	Final Budget <i>(w/o FY22 carryfwr)</i>	Revenue Collections	Difference
SGF	\$ 8,050,003	\$ 7,828,821	\$ (221,182)
IAT	8,442,728	6,893,041	(1,549,687)
FSGR	208,000	138,915	(69,085)
SD	40,539,169	31,407,975	(9,131,194)
FED	8,419,257	6,941,230	(1,478,027)
Total	\$ 65,659,157	\$ 53,209,982	\$ (12,449,175)

The department collected \$12.4 million less than the FY 21 budget. Statutory dedications were the main driver of the excess over collections stemming from differences in the Coastal Resources Trust Fund, Mineral & Energy Resources Trust Fund, Oil & Gas Regulatory Fund, and the Oil Field Site Restoration Fund. Additionally, \$221,182 in general fund was unspent and reverted to the FY 21 surplus.

Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 7,828,821	\$ 7,828,821	\$ 0
IAT	6,893,041	6,892,730	(311)
FSGR	138,915	138,914	(1)
SD	31,407,975	27,640,824	(3,767,151)
FED	6,941,230	7,201,187	259,957
Total	\$ 53,209,982	\$ 49,702,476	\$ (3,507,506)

The department spent \$3.5 million less than was collected in FY 21. This resulted mainly from activity in statutory dedications from the Coastal Resources Trust Fund, Mineral & Energy Operation Fund, and Oilfield Site Restoration Fund collecting more than was spent coinciding with the Fisherman's Gear Compensation Fund, Oil & Gas Regulatory Fund, and Underwater Obstruction Removal Fund utilizing their balance to cover FY 21 expenses in excess of collections. Federal spending slightly exceeded collections due to the timing of reimbursements.

EXISTING OPERATING BUDGET FY 22

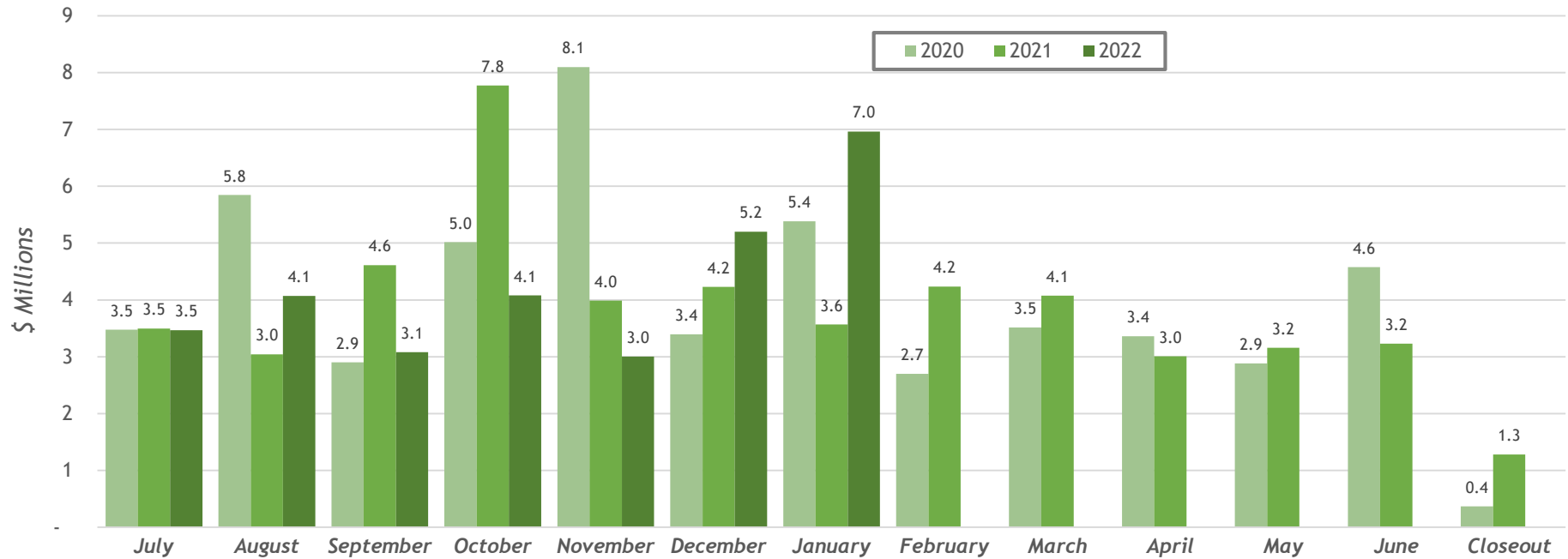
The FY 2021-22 Existing Operating Budget (EOB) was frozen on December 1, 2021. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
General Fund	\$ 7,933,771	\$ 0	\$ 7,933,771
Interagency Transfers	8,541,852	0	8,541,852
Self-generated Revenue	208,000	0	208,000
Statutory Dedications	40,482,553	0	40,482,553
Federal	8,759,953	0	8,759,953
Total	\$ 65,926,129	\$ 0	\$ 65,926,129

Budget Adjustments From Appropriation to EOB

July	August	September	October	November
No change	No change	No change	No change	No change

MONTHLY SPENDING TREND

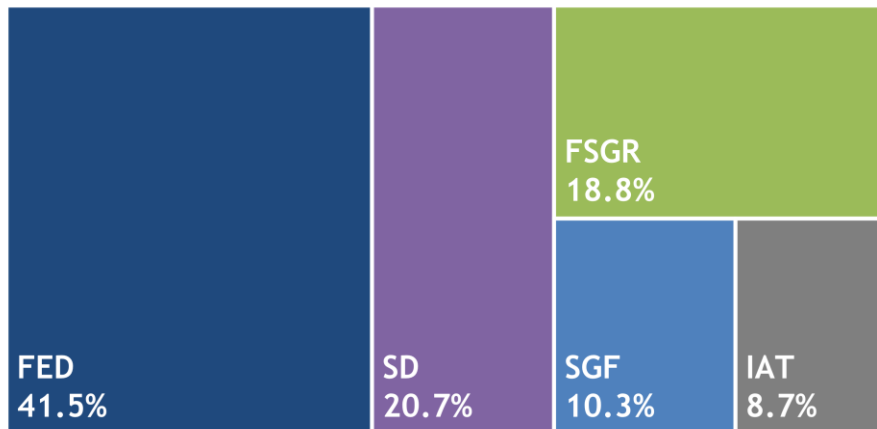


FYTD 2020	3,475,463	9,320,607	12,221,295	17,236,452	25,333,547	28,727,952	34,110,182	36,810,191	40,326,134	43,686,112	46,568,071	51,143,431	51,512,701
FYTD 2021	3,497,275	6,540,147	11,152,030	18,924,255	22,914,089	27,145,785	30,713,533	34,948,220	39,024,524	42,033,791	45,192,155	48,423,444	49,702,478
\$ Change PY	21,812	(2,780,460)	(1,069,265)	1,687,802	(2,419,458)	(1,582,167)	(3,396,649)	(1,861,971)	(1,301,610)	(1,652,321)	(1,375,916)	(2,719,987)	(1,810,223)
% Change PY	0.6%	(29.8%)	(8.7%)	9.8%	(9.6%)	(5.5%)	(10.0%)	(5.1%)	(3.2%)	(3.8%)	(3.0%)	(5.3%)	(3.5%)
FYTD 2022	3,465,182	7,534,711	10,617,860	14,697,996	17,703,513	22,905,463	29,868,391						
\$ Change PY	(32,094)	994,564	(534,170)	(4,226,259)	(5,210,575)	(4,240,321)	(845,142)						
% Change PY	(0.9%)	15.2%	(4.8%)	(22.3%)	(22.7%)	(15.6%)	(2.8%)						

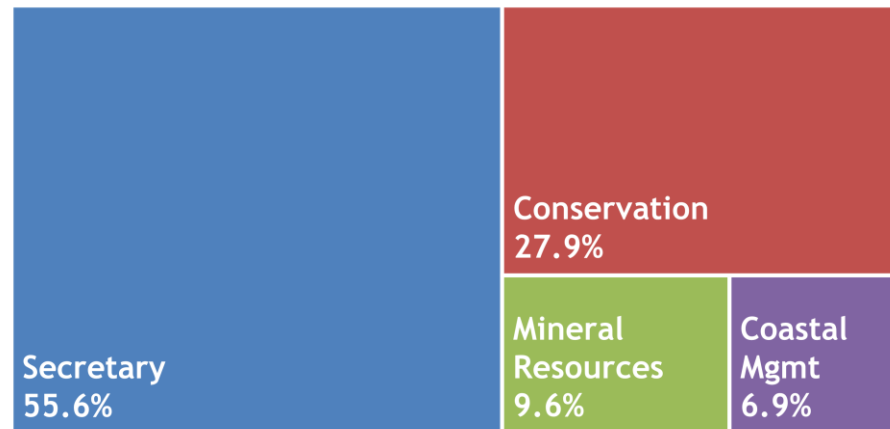
FUNDING RECOMMENDATION FY 23

Total Funding = \$102,269,986

Means of Finance		
State General Fund	\$	10,584,407
Interagency Transfers		8,893,226
Fees & Self-generated		19,228,161
Statutory Dedications		21,147,659
Federal Funds		42,416,533
Total	\$	102,269,986



Agency Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Office of the Secretary	\$	56,910,764	42
Conservation		28,537,552	177
Mineral Resources		9,779,535	55
Coastal Management		7,042,135	45
Total	\$	102,269,986	319



SOURCES OF FUNDING

<p style="text-align: center;">Interagency Transfers</p> <p style="text-align: center;">\$8.9 M</p>	<p style="text-align: center;">Self-generated Revenue</p> <p style="text-align: center;">\$19.2 M</p>	<p style="text-align: center;">Federal Funds</p> <p style="text-align: center;">\$42.4 M</p>
<ul style="list-style-type: none"> • \$5.2 M in internal transfers between agencies in the department and the office of the secretary • \$2.8 M from the Coastal Protection and Restoration Authority for operating expenses in the Office of Coastal Management • \$550,000 from Wildlife & Fisheries to manage and audit mineral leases on WLF land 	<ul style="list-style-type: none"> • \$17.2 M - Oil and Gas Regulatory Fund Account Various regulatory fees charged on oil and gas wells by the Office of Conservation • \$791,113 - Coastal Resources Trust Fund Account Fees on coastal use permit applications • \$632,000 - Fisherman’s Gear Compensation Fund Account Fees on lessees of state mineral leases and grantees of state pipeline right-of-way in the coastal zone of Louisiana • \$350,000 - Underwater Obstruction Removal Fund Account Annual deposit from Fisherman’s Gear Compensation Account, other appropriations, grants, donations 	<ul style="list-style-type: none"> • \$30 M in new funding from the Infrastructure Investment and Jobs Act (IIJA) from the U.S. Dept. of the Interior for legacy pollution clean up of abandoned oil and gas wells • \$3 M to expand the State Energy Office with new funds from the IIJA • \$2.7 M from the National Oceanic and Atmospheric Administration for coastal zone programs • \$2.1 M from the U.S. Dept. of Transportation for pipeline inspection • \$1 M from the U.S. Dept. of Energy for the State Energy Conservation Program • \$1.6 M to cover indirect costs reimbursable from these grants

STATUTORY DEDICATIONS

Fund Name	Source	Usage	FY 22 - EOB*	FY 23 - HB1
Oilfield Site Restoration Fund	Fees on oil and natural gas producing wells based on the price-per-barrel of oil	Plugging and restoring abandoned oil and gas wells to their natural state	\$12,465,229	\$12,625,519
Mineral & Energy Operation Fund	Revenues from lease sales, judgments and settlements	Operational costs in the mineral resource management program	\$4,575,657	\$5,327,180
Carbon Dioxide Geologic Storage Trust Fund	Application, regulatory, and storage fees on carbon dioxide injected for storage	Regulating carbon dioxide storage facilities including inspection, testing, and site monitoring	\$0	\$2,981,960
Oil Spill Contingency Fund	Judgments, penalties, federal funds, fees levied on oil transporting vessels	Operating expenses in the Office of Coastal Management	\$203,399	\$213,000
Total			\$17,244,285	\$21,147,659

**Does not include statutory dedications reclassified to fees and self-generated revenue*

FUNDING COMPARISON

Means of Finance	FY21		FY22		FY23		Change	
	Actual Expenditures	Existing Operating Budget 12/1/21	Existing Operating Budget 12/1/21	FY23 HB1 Budget	Existing Operating Budget to HB1	Existing Operating Budget to HB1	Change Actual Expenditures to HB1	Change Actual Expenditures to HB1
SGF	\$ 7,828,821	\$ 7,933,771	\$ 7,933,771	\$ 10,584,407	\$ 2,650,636	33.4%	\$ 2,755,586	35.2%
IAT	6,892,730	8,541,852	8,541,852	8,893,226	351,374	4.1%	2,000,496	29.0%
FSGR	138,914	208,000	208,000	19,228,161	19,020,161	9,144.3%	19,089,247	13,741.8%
Stat Ded	27,640,824	40,482,553	40,482,553	21,147,659	(19,334,894)	(47.8%)	(6,493,165)	(23.5%)
Federal	7,201,187	8,759,953	8,759,953	42,416,533	33,656,580	384.2%	35,215,346	489.0%
Total	\$ 49,702,476	\$ 65,926,129	\$ 65,926,129	\$ 102,269,986	\$ 36,343,857	55.1%	\$ 52,567,510	105.8%

Significant funding changes compared to the FY 22 Existing Operating Budget

State General Fund

\$2.6 M added to fund upgrades for the Strategic Online Natural Resources Information System

Fees & Self-generated

- Increase of \$18.2 M due to changing 4 statutory dedications to dedicated fund accounts per Act 114 of 2021 RS
- Increase of \$629,277 from the Oil & Gas Regulatory Fund Account to help fund the cost of the 27th pay period

Statutory Dedications

- Decrease of **(\$18.2 M)** due to changing 4 statutory dedications to dedicated fund accounts per Act 114 of 2021 RS
- Increase of \$3 M from the Carbon Dioxide Geologic Storage Trust Fund for Carbon Sequestration
- Decrease of **(\$5 M)** from the Coastal Resources Trust Fund

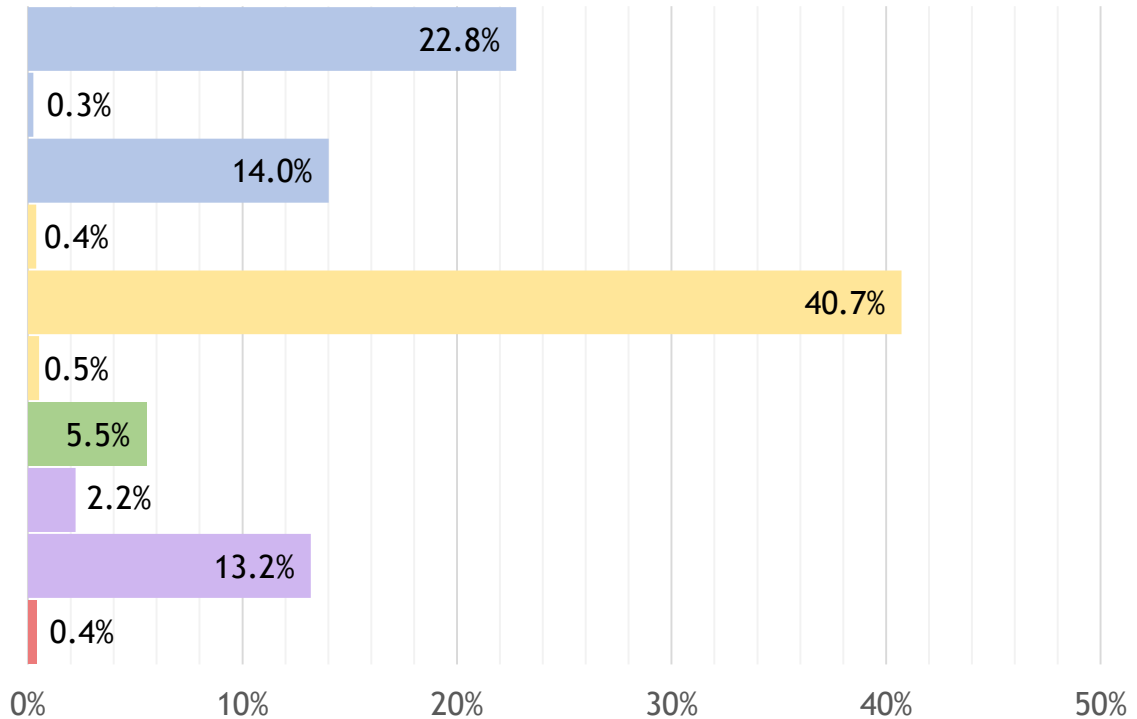
Federal Funds

- Increase of \$30 M from the U.S. Dept. of the Interior from the Infrastructure Investment and Jobs Act (IIJA) for abandoned well plugging and restoration
- Increase of \$3 M from the U.S. Dept. of Energy from the IIJA for the state energy office

EXPENDITURE RECOMMENDATION FY 23

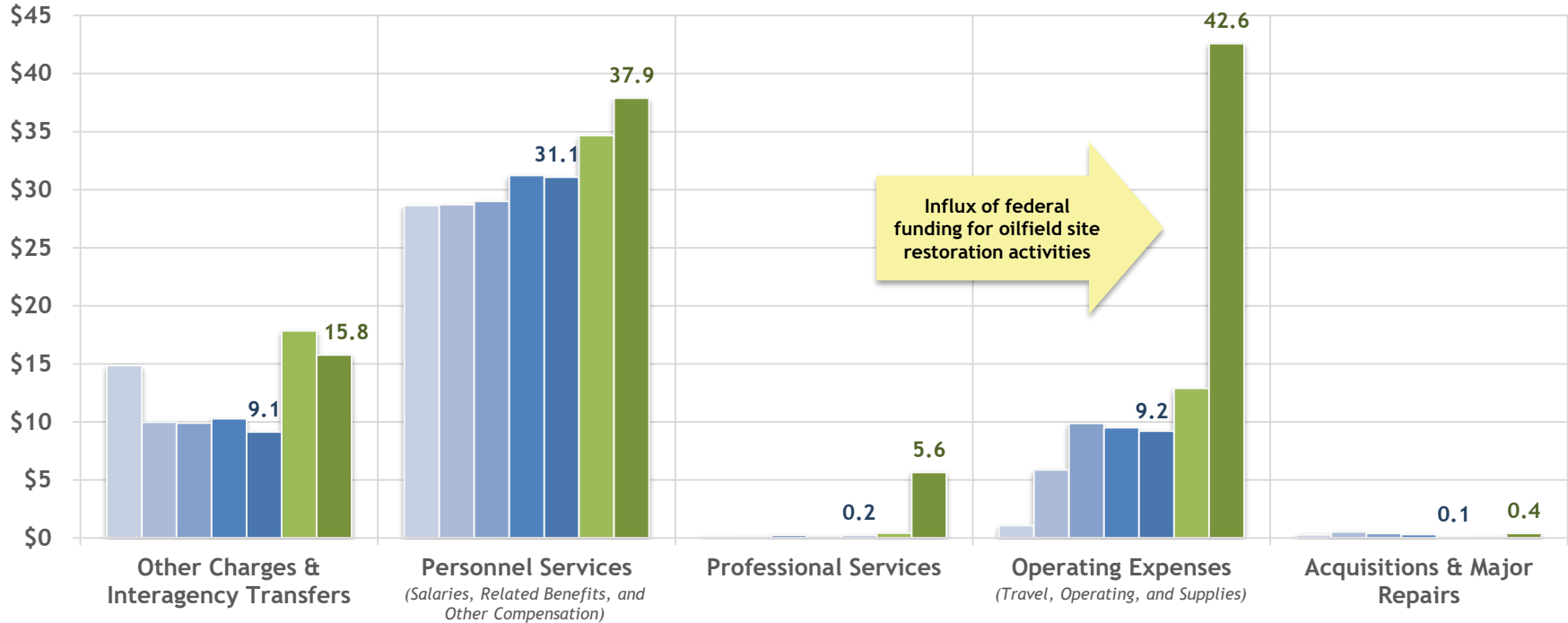
Total Budget = \$102,269,986

Expenditure Category	
Salaries	\$ 23,280,121
Other Compensation	264,944
Related Benefits	14,342,470
Travel	400,610
Operating Services	41,647,839
Supplies	537,619
Professional Services	5,640,309
Other Charges	2,271,542
Interagency Transfers	13,489,850
Acquisitions/Repairs	394,682
Total	\$ 102,269,986



EXPENDITURE HISTORY

Fiscal Year: 2017 2018 2019 2020 2021 2022 EOB 2023 HB1



5 Year Average Spending per Expenditure Category

\$10.8 M : 22.5%	\$29.7 M : 61.7%	\$177,000 : <1%	\$7.1 M : 14.8%	\$320,000 : <1%
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EXPENDITURE COMPARISON

Expenditure Category	FY21 Actual Expenditures	FY22 Existing Operating Budget 12/1/21	FY23 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 19,152,045	\$ 21,305,154	\$ 23,280,121	\$ 1,974,967	9.3%	\$ 4,128,076	21.6%
Other Compensation	143,287	264,944	264,944	0	0.0%	121,657	84.9%
Related Benefits	11,796,540	13,105,406	14,342,470	1,237,064	9.4%	2,545,930	21.6%
Travel	43,235	375,610	400,610	25,000	6.7%	357,375	826.6%
Operating Services	8,967,392	11,978,004	41,647,839	29,669,835	247.7%	32,680,447	364.4%
Supplies	198,932	531,619	537,619	6,000	1.1%	338,687	170.3%
Professional Services	211,348	418,779	5,640,309	5,221,530	1,246.8%	5,428,961	2,568.7%
Other Charges	1,156,235	2,196,542	2,271,542	75,000	3.4%	1,115,307	96.5%
Interagency Transfers	7,971,817	15,639,533	13,489,850	(2,149,683)	(13.7%)	5,518,033	69.2%
Acquisitions/Repairs	61,645	110,538	394,682	284,144	257.1%	333,037	540.2%
Total	\$ 49,702,476	\$ 65,926,129	\$ 102,269,986	\$ 36,343,857	55.1%	\$ 52,567,510	105.8%

SIGNIFICANT EXPENDITURE CHANGES FY 23

Compared to the FY 22 Existing Operating Budget

Personnel	Operating Services	Professional Services	Interagency Transfers	Acquisitions
<ul style="list-style-type: none"> • \$2 M increase to fund projected salary costs including: classified and unclassified pay increases, the 27th payroll, and 8 additional positions • \$1.2 M increase to fund projected related benefits including: retirement and group insurance rate changes, the 27th payroll, and 8 additional positions 	<p>\$29.7 M net increase primarily for the Oilfield Site Restoration Program due to the influx of federal funding from the Infrastructure Investment and Jobs Act to plug and restore abandoned wells</p>	<ul style="list-style-type: none"> • \$2.5 M for the Office of Conservation to contract a third party reviewer of Class VI permits related to carbon sequestration • \$2.7 M for the State Energy Office to contract services for outreach, energy education, and efficiency projects 	<ul style="list-style-type: none"> • \$2.6 M for the Office of Technology Services to upgrade the Strategic Online Natural Resources Information System (SONRIS) • (\$5 M) reduction of funding to CPRA from the Office of Coastal Management for beneficial use projects projected to be completed in FY 22 • \$143,185 to purchase technology equipment for the offices of Conservation and Mineral Resources 	<p>\$284,144 net increase due to the following:</p> <ul style="list-style-type: none"> • Removal of (\$110,538) in funding tied to current year purchases • Addition of \$394,682 in funding to purchase 11 vehicles along with a boat and trailer

OTHER CHARGES/INTERAGENCY TRANSFERS

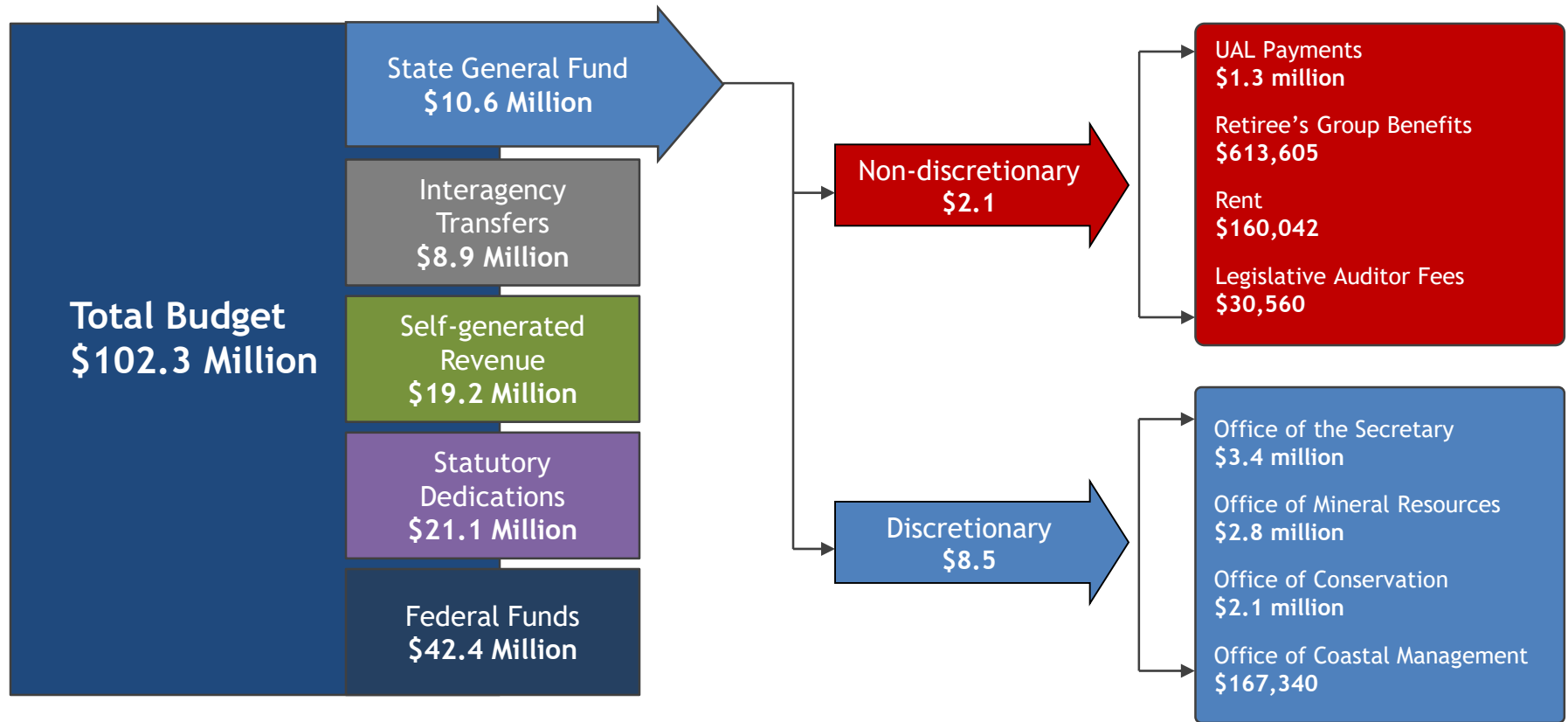
Other Charges

Amount	Description
\$ 589,339	State Energy Program
471,160	Local Coastal Programs
421,710	Fisherman's Gear Claims
383,215	Federal Energy Settlement
223,014	E-permitting
112,577	Insurance Recovery
70,527	Remaining Other Charges Combined
\$ 2,271,542	Total Other Charges

Interagency Transfers

Amount	Description
\$ 4,040,280	Internal IAT between DNR Agencies
3,044,066	Technology Services, Equipment, and Telecommunications
2,779,979	Statewide Services (<i>Mail, Rent, Security, LLA, Civil Service, Procurement</i>)
2,600,000	OTS - Upgrade to the SONRIS System
539,750	Oilfield Site Restoration
330,000	Attorney General's Office
155,775	Remaining transfers combined
\$13,489,850	Total Interagency Transfers

DISCRETIONARY EXPENSES FY 23

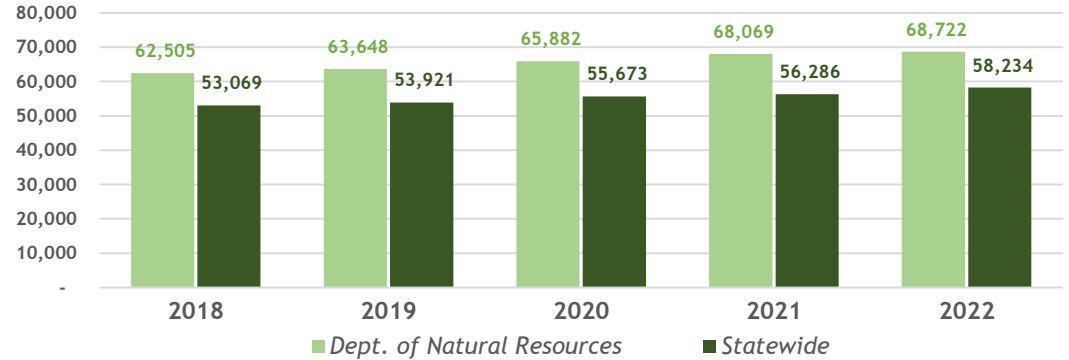


PERSONNEL INFORMATION

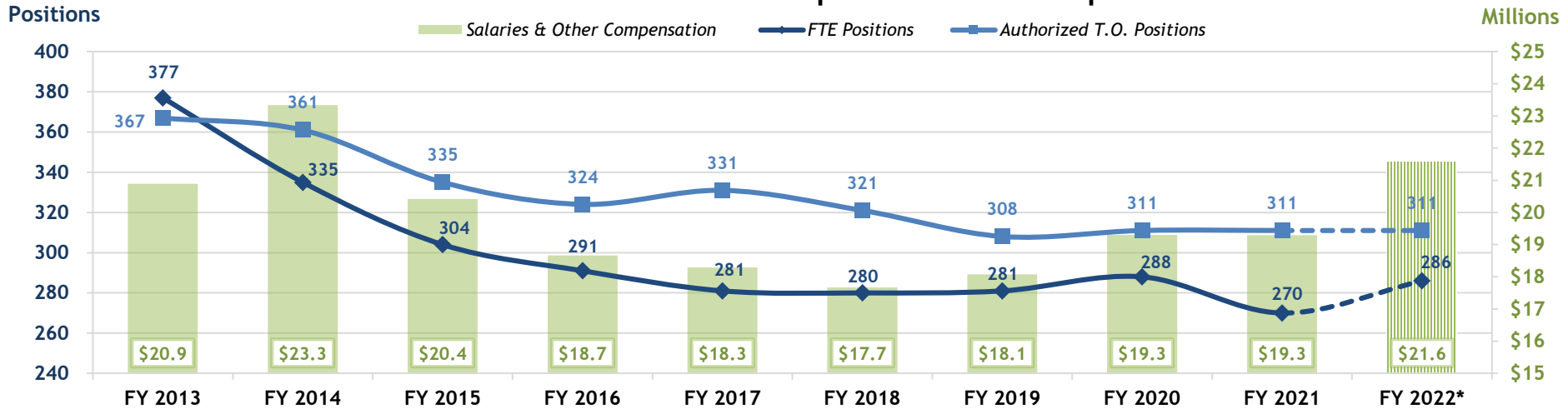
FY 2023 Recommended Positions

319	Total Authorized T.O. Positions (309 Classified, 10 Unclassified)
0	Authorized Other Charges Positions
2	Non-T.O. FTE Positions
25	Vacant Positions (January 3, 2022)

Historical Average Salary



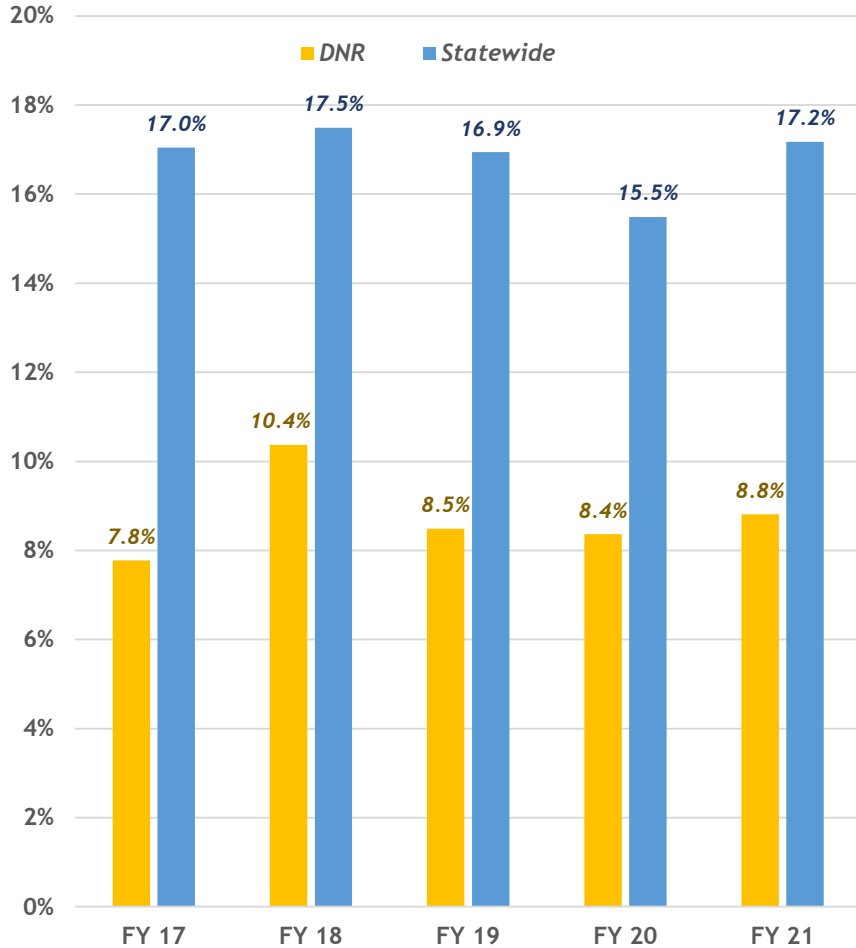
Historical Positions¹ Compare to Salaries Expended



¹ FTE Source: Dept. of Civil Service Weekly Report on State Employment

* Existing Operating Budget on 12/1/21

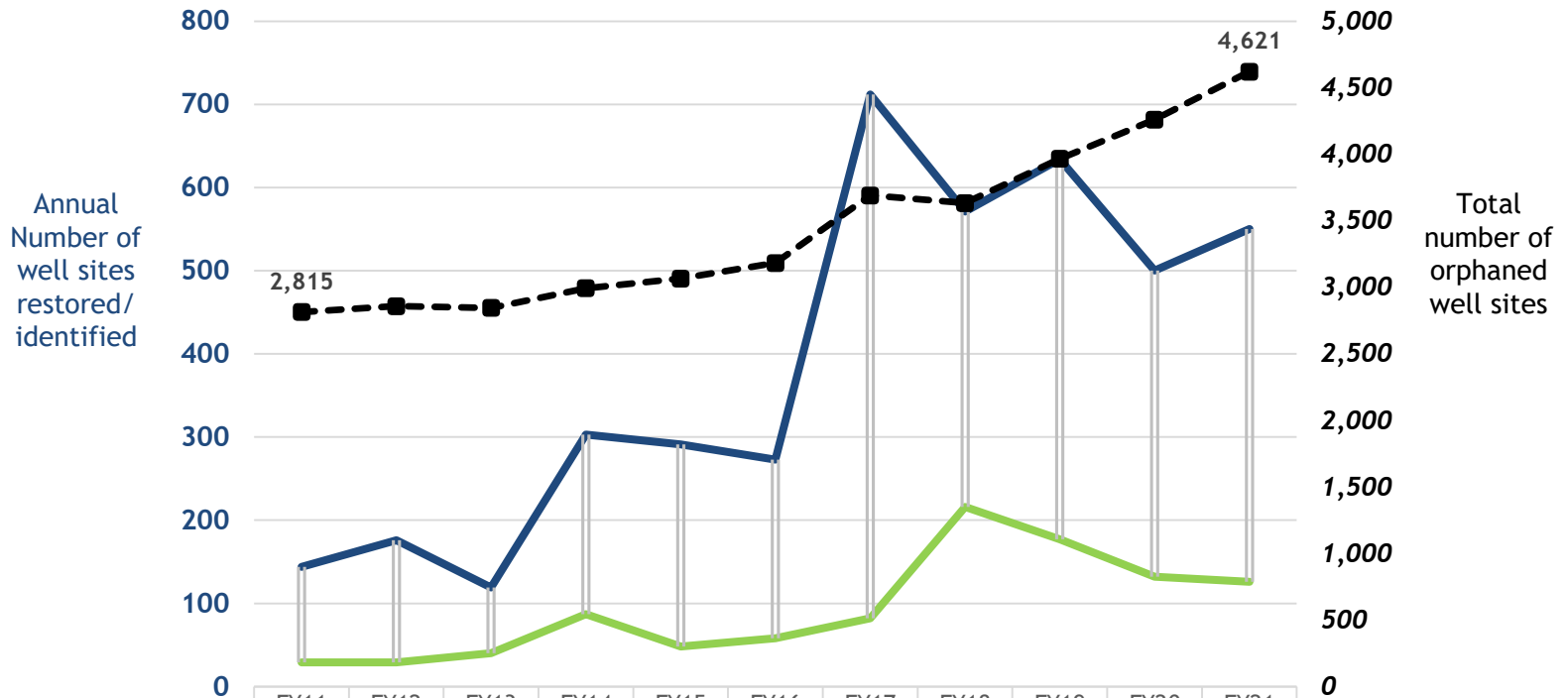
TURNOVER HISTORY



Top Positions Vacated FY 2021

Position	Number of Employees	Separations	Turnover Rate
Conservation Enforcement Specialist 3	46	4	8.70%
Petroleum Scientist 3	28	2	7.14%
Coastal Resources Scientist 4	4	2	50.00%
Auditor 3	11	1	9.09%

OILFIELD SITE RESTORATION



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
— Newly identified orphaned well sites	144	176	119	303	291	273	712	571	634	500	550
— Number of Wells Restored	29	29	40	87	48	58	82	216	177	132	126
-■- Unrestored orphaned well sites	2,815	2,859	2,845	2,993	3,066	3,183	3,691	3,633	3,966	4,260	4,621

DEPARTMENT CONTACTS



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DEPARTMENT OVERVIEW



The mission of the Department of Natural Resources is to ensure and promote sustainable and responsible use of the natural resources of our state so that they are available for the enjoyment and benefit of our citizens now and in the future.

Office of the Secretary - Executive

- The Office of the Secretary provides overall leadership, guidance, and coordination within the department.
- The mission of the Department of Natural Resources is to ensure and promote sustainable and responsible use of the natural resources of our state so that they are available for the enjoyment and benefit of our citizens now and in the future.

Office of the Secretary - Technology Assessment Division

- Analyzes subjects and issues related to energy and natural resources.
- Publish data on Louisiana energy development and production.
- Forecast state oil and gas production, depletion and revenue, including long and short term reserves.

State Energy Office

- Advises on energy use, efficiency, supply, and alternatives.
- U.S. Department of Energy point of contact.

DEPARTMENT OVERVIEW

Office of Conservation

Engineering - Administrative

- Prevention of the waste of oil and gas underground, in storage, or in transportation
- Protection of property rights of all persons related to oil and gas exploration in Louisiana
- Process drilling and well permits
- Manages the storage, filing, and dissemination of well records, hearing transcripts, well test information, and historical production information
- Audits various producer reports that pertain to severance tax and mineral royalty collection

Engineering - Regulatory

- Inspects oil and gas wells and facilities to ensure compliance
- District offices in Lafayette, Shreveport, and Monroe

Oilfield Site Restoration Program

- Plugs abandoned orphan wells and restores the associated surface locations through competitive bid contracting

Obstruction Removal Program

- Verify and remove natural and manmade underwater obstructions which pose an impediment to normal navigation and commercial fishing

Engineering - Regulatory

Groundwater Management Program

- Identifies areas of ground water concern, addresses ground water emergencies, and establishes best practices and policies for the State's ground water resources

Exploration & Production (E&P) Waste Management Section

- Regulates commercial E&P waste storage, treatment, and disposal facilities

DEPARTMENT OVERVIEW

Office of Conservation

Geological Oil & Gas Division

Orders Management

Prepares and reviews Office of Conservation Orders

Unitization and Digital Mapping

- Oversees Digital Mapping/GIS support as well as other computer mapping, graphics, and database management
- Houses historical maps
- Manages access to SONRIS database

Customer Assistance and Well Log Management

- Assists constituents with Log Files and Map Room checkout along with general oil and gas related information
- Ensures that digital logs submitted are tracked and stored securely

Injection and Mining

Underground Injection Control System

Administers a regulatory and permit program to protect underground sources of drinking water from hazardous and non-hazardous fluids through deep well injection and other oilfield waste disposal techniques

Surface Mining Section

- Regulates the exploration, development, and surface mining operations for coal and lignite
- Abandoned Mine Lands Program identifies and reclaims abandoned surface coal mines

Pipeline Division

Pipeline Safety Program

Regulates intrastate pipeline operators by conducting pipeline operator inspections, compliance, and enforcement, safety programs, accident investigations, and record maintenance and reporting

Pipeline Operations Program

Regulates the construction, acquisition, abandonment, and interconnection of natural gas pipelines

DEPARTMENT OVERVIEW

Office of Mineral Resources

Executive Division

- Performs administrative duties for the State Mineral and Energy Board and manages overall office operations including budget administration, personnel matters, and purchasing
- Assists the Board by managing professional services and issuing non-exclusive seismic permit

Geological, Engineering & Lands Division

- Provides the State Mineral and Energy Board with expertise advice, and recommendations
- Administers the state's proprietary interest in minerals
- The exclusive body with the authority to lease for development and production of minerals, oil, and gas, any lands belonging to the State

Mineral Income Division

- Performs collection and accounting of revenue due the state from mineral leasing activity and production on state-owned lands and water bottoms on behalf of the State Mineral & Energy Board
- Performs on-site field audits of payor companies and with auditors based in Houston, Dallas, and Baton Rouge

Office of Coastal Management

Permits & Mitigation

- Regulates development activities and manages the resources of the Coastal Zone
- Coastal Use Permit (CUP) is required for certain projects in the Coastal Zone such as:
 - dredge and fill work
 - bulkhead construction
 - shoreline maintenance
- The purpose of the Coastal Use Permit process is to make certain that any activity affecting the Coastal Zone is performed in accordance with established guidelines

Interagency Affairs & Field Services

- Ensures compliance with the LCRP is reached via enforcement and federal consistency
- Provides the Permits/Mitigation Division with field reports on Coastal Use Permits
- Supports coastal parishes in implementing approved Local Coastal Programs
- Serves as a State trustee for natural resource damage assessment for oil spills
- Manages the Fisherman's Gear Compensation Program to compensate commercial fisherman for losses to equipment and vessels resulting from hitting underwater obstructions