

Representative Jerome Zeringue  
Chairman



Representative Francis Thompson  
Vice Chairman

# Fiscal Year 2024 Executive Budget Review Department of Natural Resources

House Committee on Appropriations  
House Fiscal Division

*April 3, 2023*

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All data and figures were obtained from the governor's Fiscal Year 2023-2024 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 2023 Regular Session, unless otherwise noted.

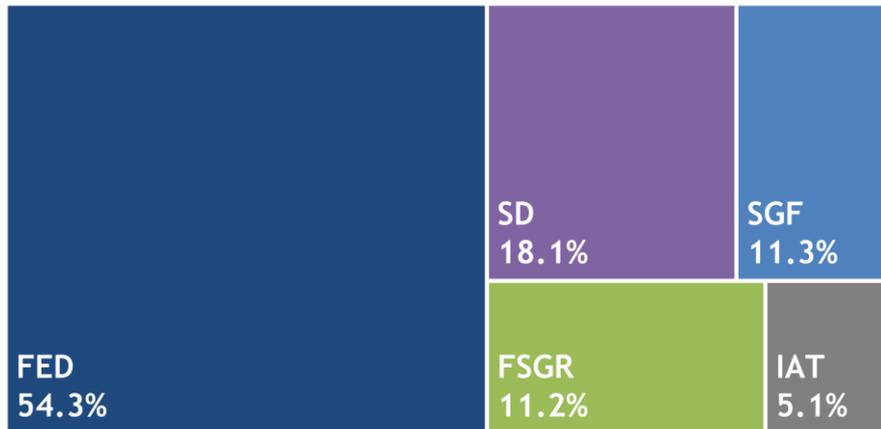
<https://www.doa.la.gov/doa/opb/budget-documents/>

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# FY 24 BUDGET RECOMMENDATION

## Total Funding = \$174,390,081

Means of Finance		
State General Fund	\$	19,743,223
Interagency Transfers	\$	8,892,137
Fees & Self-generated	\$	19,490,454
Statutory Dedications	\$	31,648,447
Federal Funds	\$	94,615,820
<b>Total</b>	<b>\$</b>	<b>174,390,081</b>



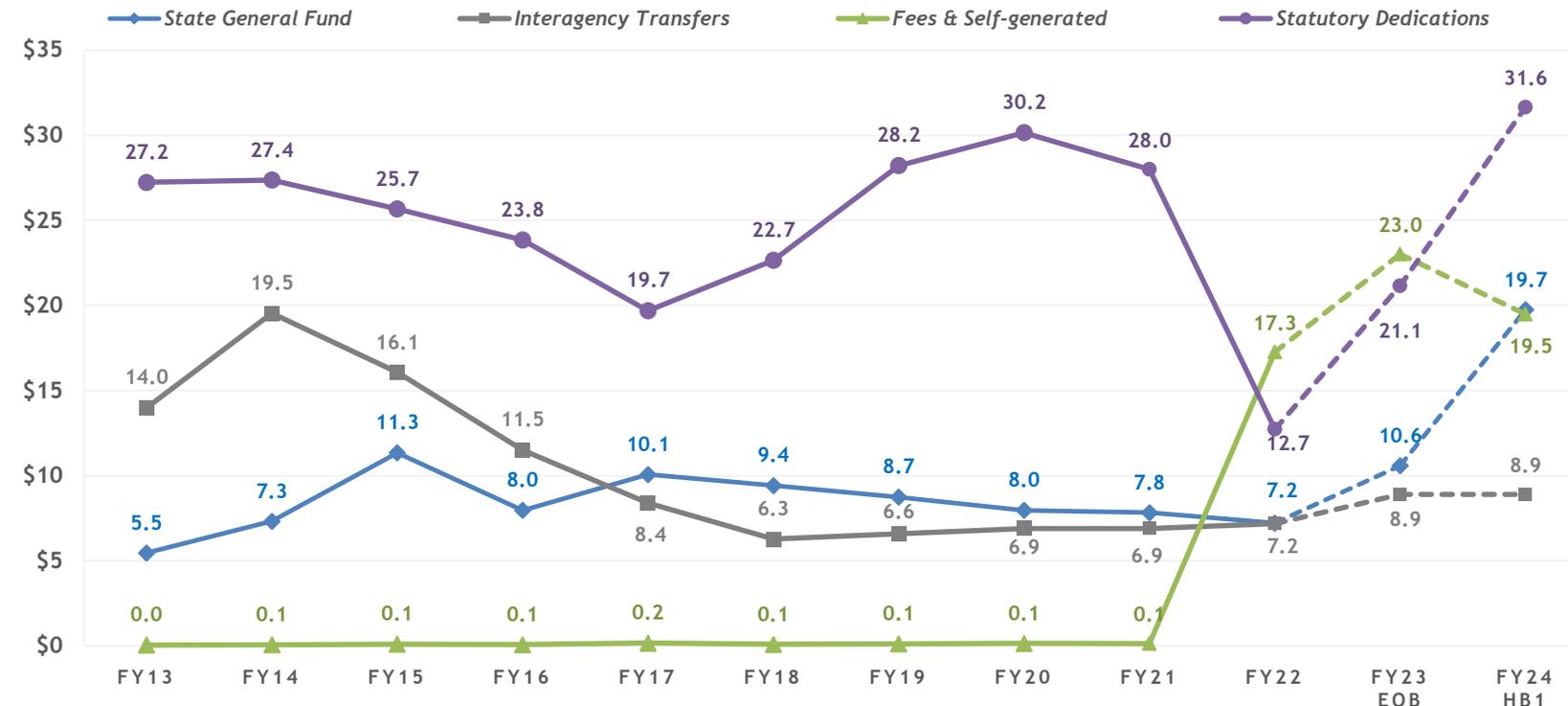
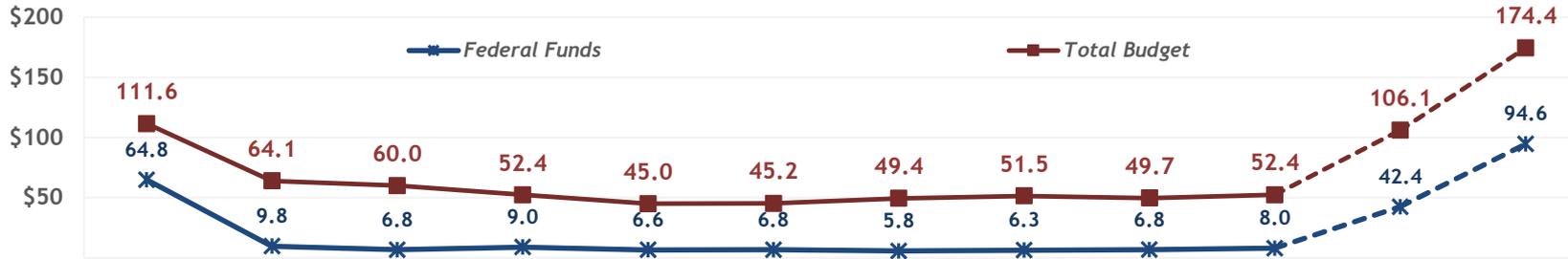
Agency Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Office of the Secretary	\$	145,098,237	148
Conservation	\$	29,291,844	179
<b>Total</b>	<b>\$</b>	<b>174,390,081</b>	<b>327</b>



# DEPARTMENT ORGANIZATION



# HISTORICAL SPENDING



10 Year Spending Change

Total (8.1%)

FED (21.0%)

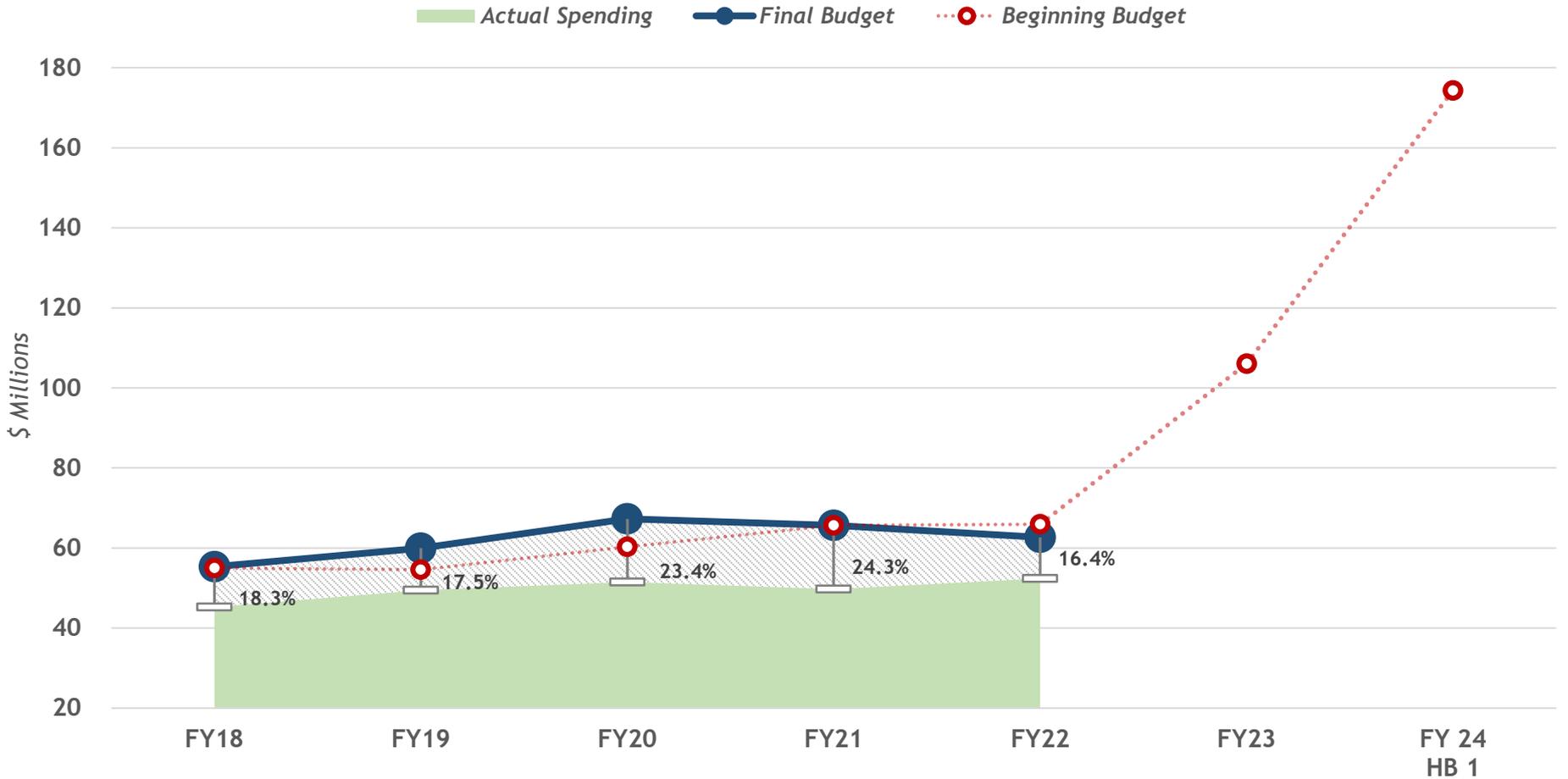
SD (8.1%)

SGF 3.1%

FSGR (92.8%)

IAT (7.1%)

# HISTORICAL BUDGET



# PRIOR YEAR ACTUALS FY 22

Means of Finance	Final Budget <i>(w/o FY23 carryfwd)</i>	Amount Spent	Unspent Authority	Unspent Authority %	Unspent % by MOF
General Fund	\$ 7,933,771	\$ 7,212,366	\$ 721,405	9.1%	7.0%
Interagency Transfers	\$ 8,541,852	\$ 7,187,317	1,354,535	15.9%	13.2%
Self-generated	\$ 208,000	\$ 164,038	43,962	21.1%	0.4%
Statutory Dedications	\$ 36,907,553	\$ 29,834,022	7,073,531	19.2%	69.0%
Federal	\$ 9,059,953	\$ 7,994,904	1,065,049	11.8%	10.4%
<b>FY22 Total</b>	<b>\$ 62,651,129</b>	<b>\$ 52,392,647</b>	<b>\$ 10,258,482</b>	<b>16.4%</b>	<b>100.0%</b>

<i>Historical Total Unspent Budget Authority</i>	Final Budget	Amount Spent	Unspent Authority	Unspent %	
	FY21 Total	\$ 65,659,157	\$ 49,702,476	\$ 15,956,681	24.3%
	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%
	<b>3 Year Avg.</b>	<b>\$ 64,230,909</b>	<b>\$ 50,218,472</b>	<b>\$ 14,012,437</b>	<b>21.8%</b>

# PRIOR YEAR ACTUALS FY 22

## Were projected revenues collected?

	Final Budget <i>(w/o FY23 carryfwr)</i>	Revenue Collections	Difference
SGF	\$ 7,933,771	\$ 7,933,771	\$ 0
IAT	8,541,852	7,190,536	(1,351,316)
FSGR	208,000	164,037	(43,963)
SD	36,907,553	37,600,446	692,893
FED	9,059,953	7,991,685	(1,068,268)
<b>Total</b>	<b>\$ 62,651,129</b>	<b>\$ 60,880,475</b>	<b>\$ (1,770,654)</b>

The department collected \$1.8 M less than the FY 22 budget. Interagency transfers and federal revenue were the main drivers in excess budget authority over collections stemming from the offices of the secretary and conservation since the related expenditures were not incurred to necessitate the collections. The excess budget authority in fees and self-generated revenue are derived from limited insurance recovery revenue in the Office of Coastal Management.

## Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 7,933,771	\$ 7,212,366	\$ (721,405)
IAT	7,190,536	7,187,317	(3,219)
FSGR	164,037	164,038	1
SD	37,600,446	29,834,022	(7,766,424)
FED	7,991,685	7,994,904	3,219
<b>Total</b>	<b>\$ 60,880,475</b>	<b>\$ 52,392,647</b>	<b>\$ (8,487,828)</b>

The department spent \$8.5 M less than what was collected in FY 22. Statutory dedications from the Oilfield Site Restoration Fund and the Mineral & Energy Fund account for a majority of the collections over expenditures. The Oilfield Site Restoration Fund is used to plug and restore wells. FY 22's expenditures were lower than anticipated due to weather conditions, contractor availability, and reasons outside of the department's control. The Mineral & Energy Fund collected more revenue than expended due to carbon sequestration liquidated damages, operating agreements, and lease nomination fees.

# EXISTING OPERATING BUDGET FY 23

The FY 2022-23 Existing Operating Budget (EOB) was frozen on December 1, 2022. 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	\$ 10,584,407	\$ 0	\$ 10,584,407
Interagency Transfers	8,893,226	0	8,893,226
Self-generated Revenue	23,009,286	0	23,009,286
Statutory Dedications	21,147,659	0	21,147,659
Federal	42,416,533	0	42,416,533
<b>Total</b>	<b>\$ 106,051,111</b>	<b>\$ 0</b>	<b>\$ 106,051,111</b>

## Budget Adjustments From Appropriation to EOB

July	August	September	October	November
No change				

# FUNDING COMPARISON

Means of Finance	FY22 Actual Expenditures	FY23 Existing Operating Budget 12/1/22	FY24 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
SGF	\$ 7,212,366	\$ 10,584,407	\$ 19,743,223	\$ 9,158,816	86.5%	\$ 12,530,857	173.7%
IAT	\$ 7,187,317	\$ 8,893,226	\$ 8,892,137	(1,089)	(0.0%)	1,704,820	23.7%
FSGR	\$ 17,263,926	\$ 23,009,286	\$ 19,490,454	(3,518,832)	(15.3%)	2,226,528	12.9%
Stat Ded	\$ 12,734,133	\$ 21,147,659	\$ 31,648,447	10,500,788	49.7%	18,914,314	148.5%
Federal	\$ 7,994,904	\$ 42,416,533	\$ 94,615,820	52,199,287	123.1%	86,620,916	1,083.5%
<b>Total</b>	<b>\$ 52,392,646</b>	<b>\$ 106,051,111</b>	<b>\$ 174,390,081</b>	<b>\$ 68,338,970</b>	<b>64.4%</b>	<b>\$ 121,997,435</b>	<b>232.9%</b>

## Significant funding changes compared to the FY 23 Existing Operating Budget

State General Fund	Fees & Self-generated	Statutory Dedications	Federal Funds
\$9.2 M net increase primarily for OTS updates to the SONRIS system for a complete modernization with supported technology to evaluate data and information on oil, gas, injection well, land leasing, and other department obligations	(\$3.5 M) decrease primarily to remove all Beneficial Use projects anticipated for completion in FY 23	\$10.5 M net increase primarily for well restoration specifically in Terrebonne Parish and restoring 25 high-priority orphaned wells in South Louisiana	\$52.2 M increase primarily for federal grant requirements with the Infrastructure Investment and Jobs Act for well restoration, increase for 4 energy grants, and the bipartisan three-state partnership with Arkansas and Oklahoma for a regional clean hydrogen hub

# SOURCES OF FUNDING

<p style="text-align: center;"><b>Interagency Transfers</b></p> <p style="text-align: center;"><b>\$8.9 M</b></p>	<p style="text-align: center;"><b>Fees &amp; Self-generated Revenue</b></p> <p style="text-align: center;"><b>\$19.5 M</b></p>	<p style="text-align: center;"><b>Federal Funds</b></p> <p style="text-align: center;"><b>\$94.6 M</b></p>
<ul style="list-style-type: none"> <li>• Internal transfers between the Office of Conservation for administrative costs primarily for replacement acquisitions</li> <li>• Internal transfers between the Office of the Secretary for expenditures associated with the Oilfield Site Restoration program</li> </ul>	<ul style="list-style-type: none"> <li>• <b>\$17.0 M - Oil and Gas Regulatory Fund Account</b> Various regulatory fees charged on oil and gas wells by the Office of Conservation</li> <li>• <b>\$1.3 M - Coastal Resources Trust Fund Account</b> Fees on coastal use permit applications and other coastal resource initiatives</li> <li>• <b>\$632,000 - Fisherman’s Gear Compensation Fund Account</b> Fees on lessees of state mineral leases and grantees of state pipeline right-of-way in the coastal zone of Louisiana</li> <li>• <b>\$350,000 - Underwater Obstruction Removal Fund Account</b> Annual deposit from Fisherman’s Gear Compensation Account, other appropriations, grants, donations</li> <li>• <b>\$212,806 - Fees &amp; Self-Generated Revenues</b> Insurance recoveries, surplus property sales, and data subscriptions</li> </ul>	<p>The Department has various federal funding sources with examples such as:</p> <ul style="list-style-type: none"> <li>• <b>U.S. Department of Energy’s State Energy Conservation Program (SEP)</b> to provide the promotion of energy conservation and the reduction of the growth rate of energy demand</li> <li>• <b>Infrastructure Investment &amp; Jobs Act (IIJA)</b> to provide funding for plugging of abandoned orphaned wells in the Oilfield Site Restoration Program</li> <li>• <b>U.S. Department of Interior</b> to regulate coal mining and land reclamation</li> <li>• <b>Coastal Zone Management Act of 1972</b> to provide funding for implementation for protecting, restoring, and developing coastal communities and resources through programs</li> </ul>

# STATUTORY DEDICATIONS

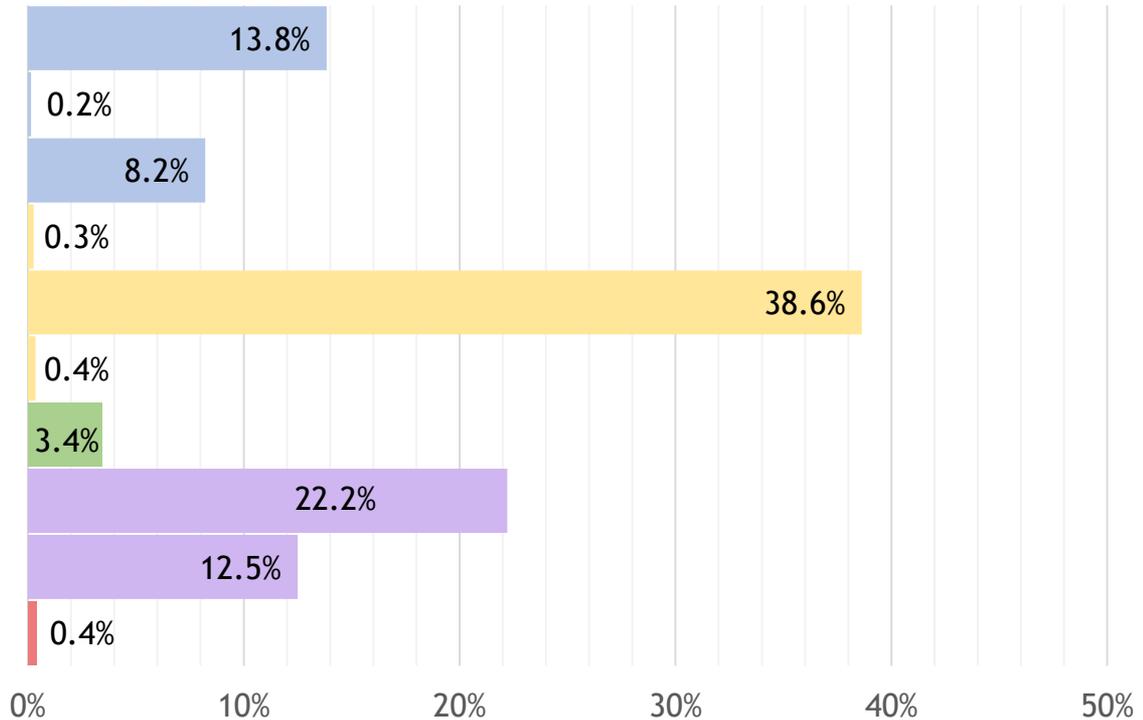
Fund Name	Source	Usage	FY 23 - EOB*	FY 24 - HB1
<b>Oilfield Site Restoration Fund</b>	Fees on oil and natural gas producing wells based on the price-per-barrel of oil	Plugging and restoring abandoned oil and gas wells to their natural state	\$12,625,519	\$23,149,044
<b>Mineral &amp; Energy Operation Fund</b>	Revenues from lease sales, judgments and settlements	Operational costs in the mineral resource management program	\$5,327,180	5,304,594
<b>Carbon Dioxide Geologic Storage Trust Fund</b>	Application, regulatory, and storage fees on carbon dioxide injected for storage	Regulating carbon dioxide storage facilities including inspection, testing, and site monitoring	\$2,981,960	2,980,336
<b>Oil Spill Contingency Fund</b>	Judgments, penalties, federal funds, fees levied on oil transporting vessels	Provides funding for responses to unauthorized discharges of oil, natural resource damages, and damages caused by a state entity	\$213,000	\$214,473
<b>Total</b>			<b>\$21,147,659</b>	<b>\$31,648,447</b>

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

# EXPENDITURE RECOMMENDATION FY 24

## Total Budget = \$174,390,081

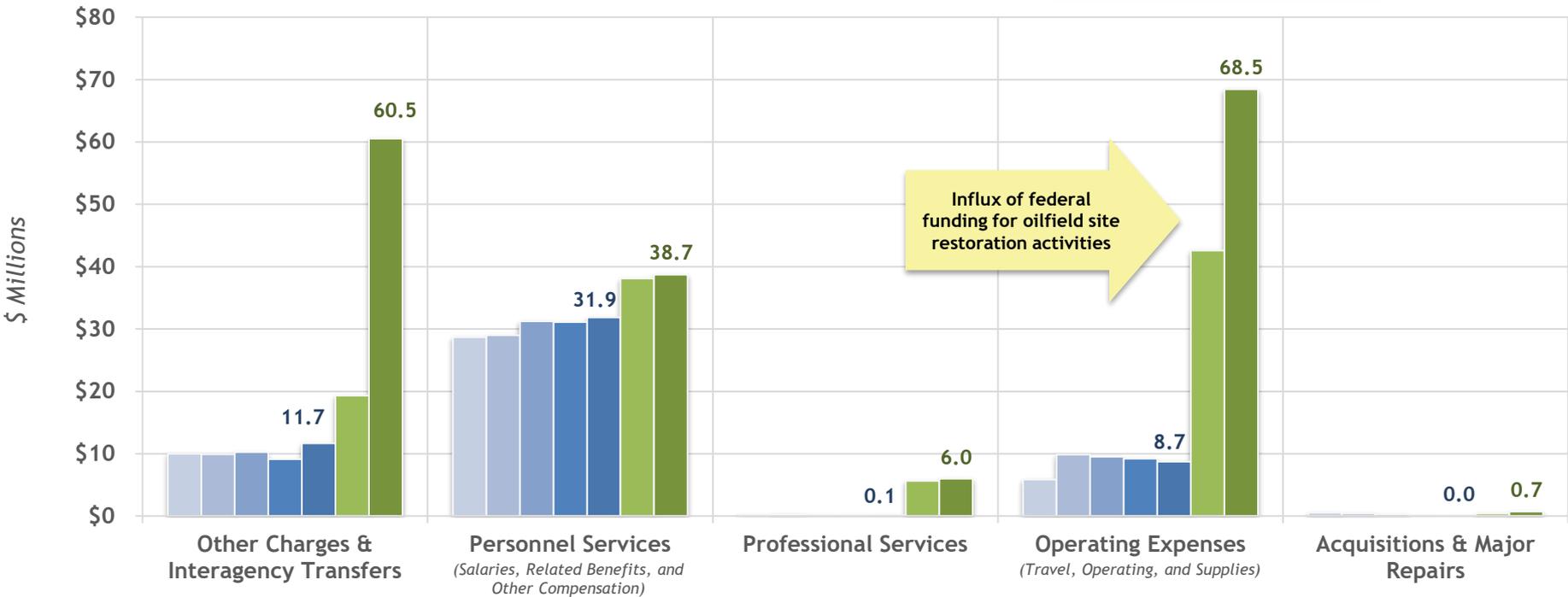
Expenditure Category	
Salaries	\$ 24,128,720
Other Compensation	264,944
Related Benefits	14,327,454
Travel	471,610
Operating Services	67,366,339
Supplies	618,619
Professional Services	5,985,755
Other Charges	38,737,209
Interagency Transfers	21,783,424
Acquisitions/Repairs	706,007
<b>Total</b>	<b>\$ 174,390,081</b>



# EXPENDITURE HISTORY

Fiscal Year: Actual Expenditures Budgeted Amount

2018 2019 2020 2021 2022
2023 EOB 2024 HB1



## 5 Year Average Spending per Expenditure Category

\$10.2 M : 20.5%	\$30.4 M : 61.2%	\$183,000 : <1%	\$8.6 M : 17.4%	\$300,000 : <1%
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# EXPENDITURE COMPARISON

Expenditure Category	FY22 Actual Expenditures	FY23 Existing Operating Budget 12/1/22	FY24 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 19,634,240	\$ 23,403,549	\$ 24,128,720	\$ 725,171	3.1%	\$ 4,494,480	22.9%
Other Compensation	\$ 171,536	\$ 264,944	\$ 264,944	0	0.0%	93,408	54.5%
Related Benefits	\$ 12,066,590	\$ 14,425,167	\$ 14,327,454	(97,713)	(0.7%)	2,260,864	18.7%
Travel	\$ 217,499	\$ 400,610	\$ 471,610	71,000	17.7%	254,111	116.8%
Operating Services	\$ 8,176,344	\$ 41,647,839	\$ 67,366,339	25,718,500	61.8%	59,189,995	723.9%
Supplies	\$ 314,921	\$ 537,619	\$ 618,619	81,000	15.1%	303,698	96.4%
Professional Services	\$ 128,579	\$ 5,640,309	\$ 5,985,755	345,446	6.1%	5,857,176	4,555.3%
Other Charges	\$ 1,826,817	\$ 2,271,542	\$ 38,737,209	36,465,667	1,605.3%	36,910,392	2,020.5%
Interagency Transfers	\$ 9,846,121	\$ 17,064,850	\$ 21,783,424	4,718,574	27.7%	11,937,303	121.2%
Acquisitions/Repairs	\$ 10,000	\$ 394,682	\$ 706,007	311,325	78.9%	696,007	6,960.1%
<b>Total</b>	<b>\$ 52,392,647</b>	<b>\$ 106,051,111</b>	<b>\$ 174,390,081</b>	<b>\$ 68,338,970</b>	<b>64.4%</b>	<b>\$ 121,997,434</b>	<b>232.9%</b>

# SIGNIFICANT EXPENDITURE CHANGES FY 24

*Compared to the FY 23 Existing Operating Budget*

Personnel Services	Operating Expenses	Other Charges/IAT
<p><b>(\$72,683)</b> net decrease for various standard statewide adjustments, primarily for the removal of funding for the 27<sup>th</sup> Pay Period that is no longer needed in FY24</p> <p>\$700,091 increase for funding and 6 additional T.O. in response to the 4 energy grants (2), phase 1 of the H.A.L.O. regional clean hydrogen hubs (2), &amp; the Grid Resilience grant (2)</p>	<p>\$25.9 M net increase for projects from federal grants, primarily for plugging abandoned orphaned wells within the state in the Oilfield Site Restoration Program</p>	<p>\$7.2 M net increase for standard statewide adjustments, primarily for OTS charges for technology related services within the department</p> <p>\$33.9 M net increase for projects from multiple federal grants such as:</p> <ul style="list-style-type: none"> <li>• Expenses within the H.A.L.O. regional clean hydrogen hubs project</li> <li>• Grid Resilience grant to provide reliable energy to the weakest areas in the state</li> <li>• 4 energy grants to collectively provide efficient &amp; renewable energy</li> <li>• Well restorations within the Oilfield Site Restoration Program</li> </ul>

# OTHER CHARGES/INTERAGENCY TRANSFERS

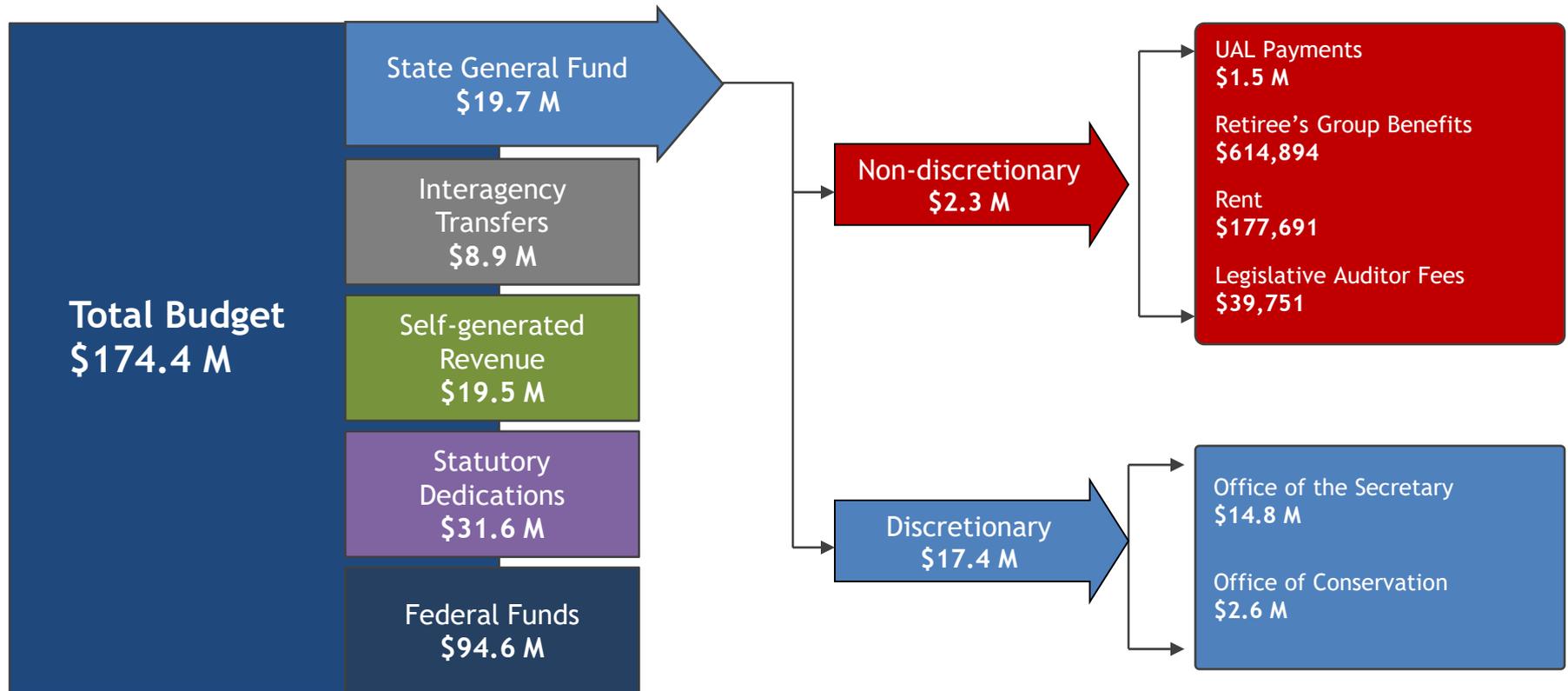
## Other Charges

Amount	Description
\$ 19,793,081	Bipartisan three-state partnership for clean hydrogen hubs
11,672,586	Federal Energy Grants
5,000,000	Well Restoration (IIJA)
1,159,820	State Energy Program
466,998	Remaining Other Charges Combined
421,710	Fisherman's Gear Claims
223,014	E-permitting
<b>\$38,737,209</b>	<b>Total Other Charges</b>

## Interagency Transfers

Amount	Description
\$ 11,241,565	Technology Services, Equipment, and Telecommunications
5,309,506	Internal IAT between DNR Agencies
2,600,000	OTS - Upgrade to the SONRIS System
2,310,849	Statewide Services ( <i>Mail, Rent, Security, LLA, Civil Service, Procurement</i> )
199,412	DOTD - Topographic Mapping
100,000	Attorney General's Office
22,092	Remaining transfers combined
<b>\$21,783,424</b>	<b>Total Interagency Transfers</b>

# DISCRETIONARY EXPENSES FY 24



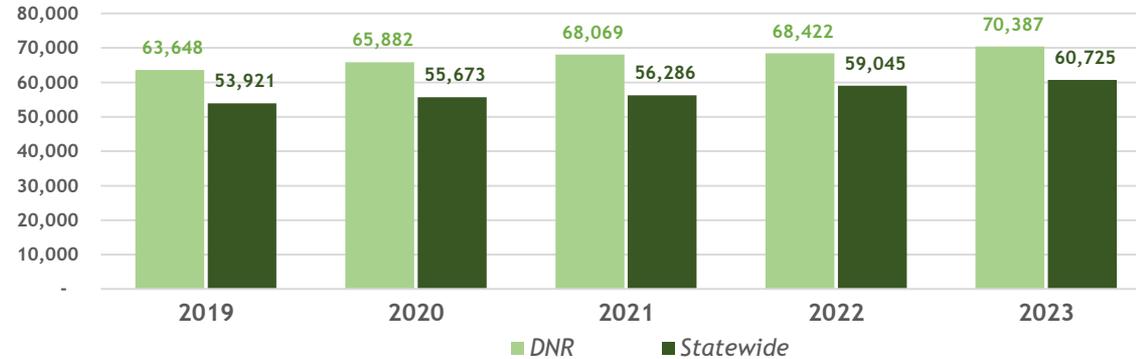
*\*Figures may not add precisely due to rounding\**

# PERSONNEL INFORMATION

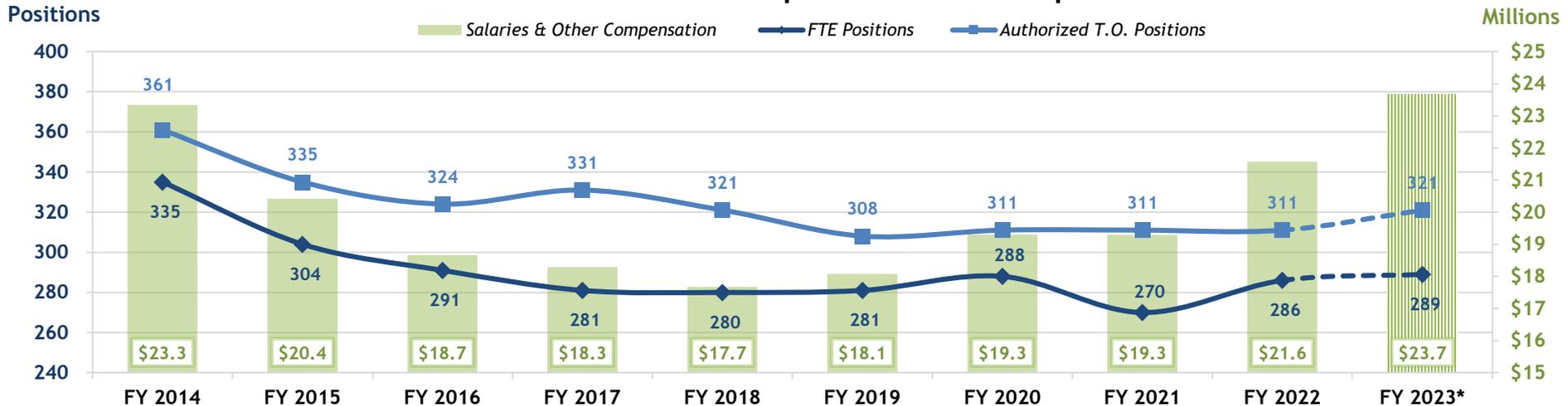
## FY 2024 Recommended Positions

327	Total Authorized T.O. Positions (317 Classified, 10 Unclassified)
0	Authorized Other Charges Positions
2	Non-T.O. FTE Positions
36	Vacant Positions (January 30, 2023)

## Historical Average Salary



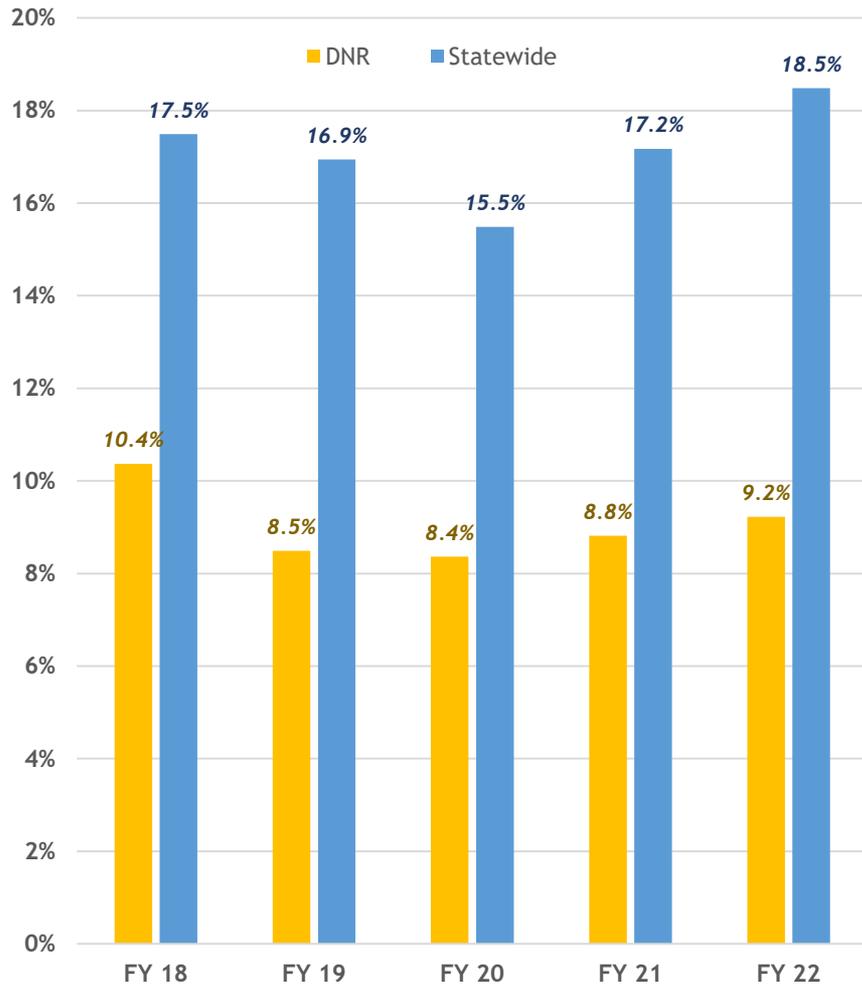
## Historical Positions<sup>1</sup> Compare to Salaries Expended



<sup>1</sup> FTE Source: Dept. of Civil Service Weekly Report on State Employment

\* Existing Operating Budget on 12/1/22

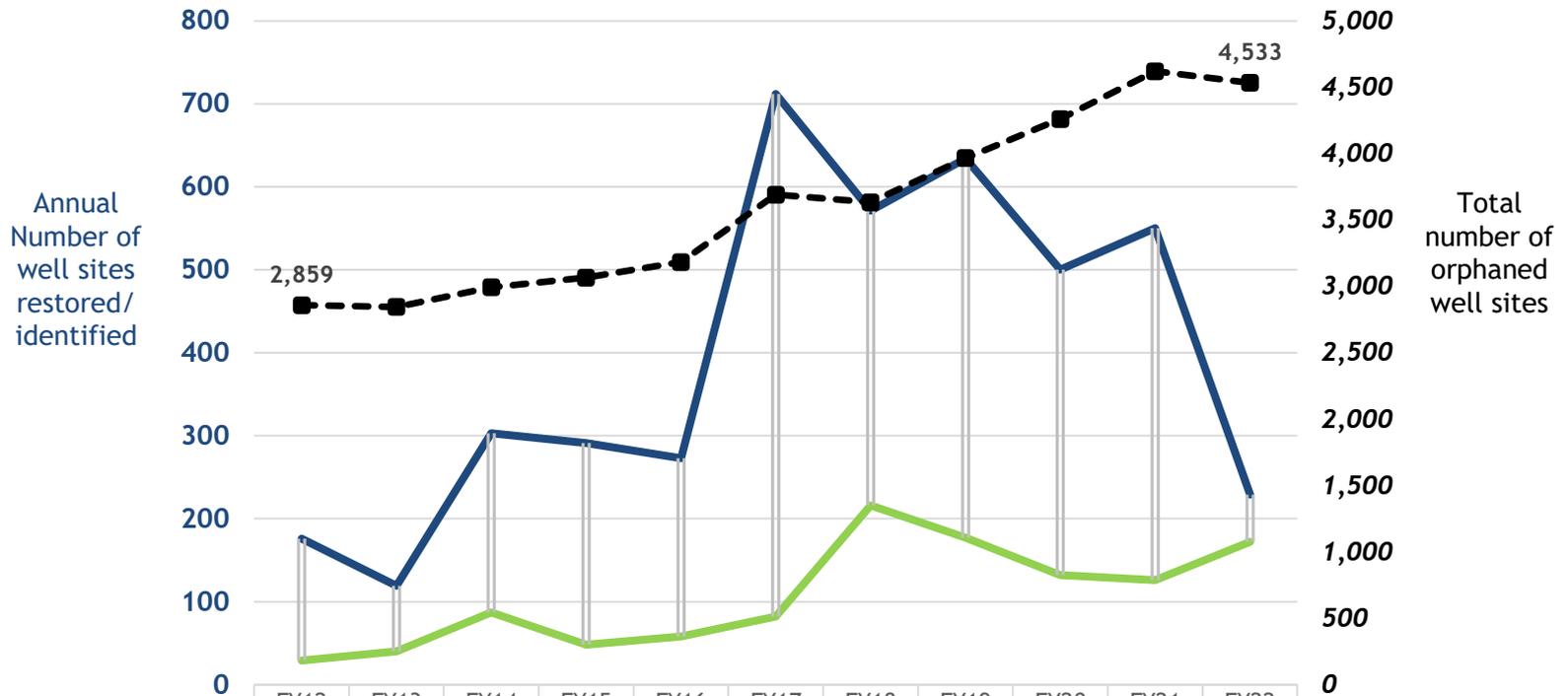
# TURNOVER HISTORY



## Top Positions Vacated FY 2022

Position	Number of Employees	Separations	Turnover Rate
Petroleum Scientist 3	30	4	13.3%
Conservation Enforcement Specialist 1	3	2	66.7%
Conservation Program Manager	7	2	28.6%
Auditor 3	12	2	16.7%
Petroleum Scientist Administrator	7	2	28.6%

# OILFIELD SITE RESTORATION



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
— Newly identified orphaned well sites	176	119	303	291	273	712	571	634	500	550	229
— Number of Wells Restored	29	40	87	48	58	82	216	177	132	126	172
-■- Unrestored orphaned well sites	2,859	2,845	2,993	3,066	3,183	3,691	3,633	3,966	4,260	4,621	4,533

# 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
- Evaluate cost effective mineral royalties collections and disbursements facilitated by the State Mineral & Energy Board
- Ensuring coastal activities such as state-owned lands and water bottoms provide an efficient and secure return on investment for Louisiana

## 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

## Office of Conservation

### Engineering - Administrative

- Waste prevention 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; provide transcripts, well test information, and historical production information
- Audit 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