

Representative Jack McFarland
Chairman



Representative Jason Hughes
Vice Chairman

Fiscal Year 2025 Executive Budget Review **DEPARTMENT OF ENERGY AND** **NATURAL RESOURCES**

House Committee on Appropriations
House Fiscal Division

March 14, 2024

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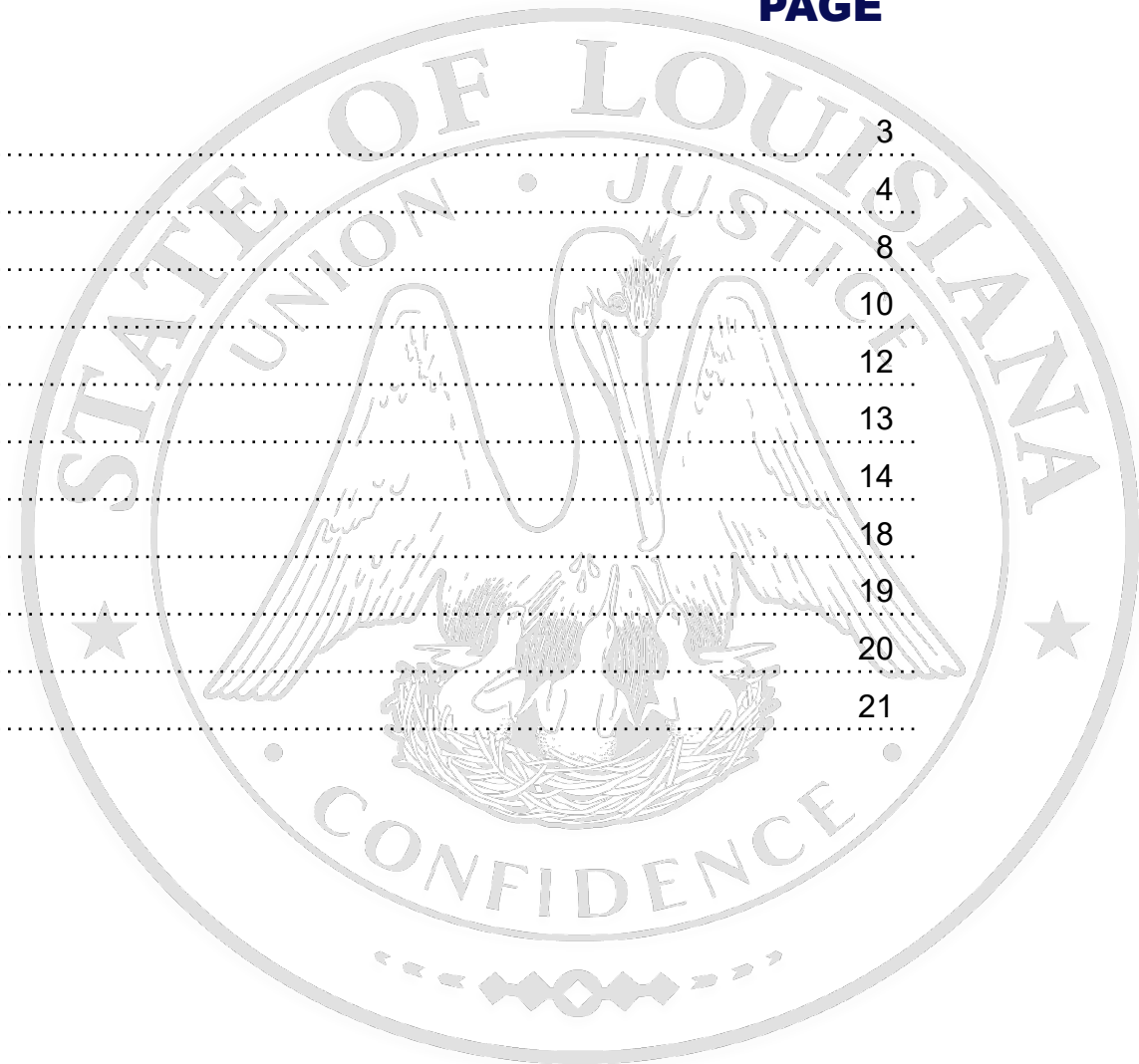
All data and figures were obtained from the governor's Fiscal Year 2024-2025 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2024 Regular Session, unless otherwise noted.

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

TOPIC

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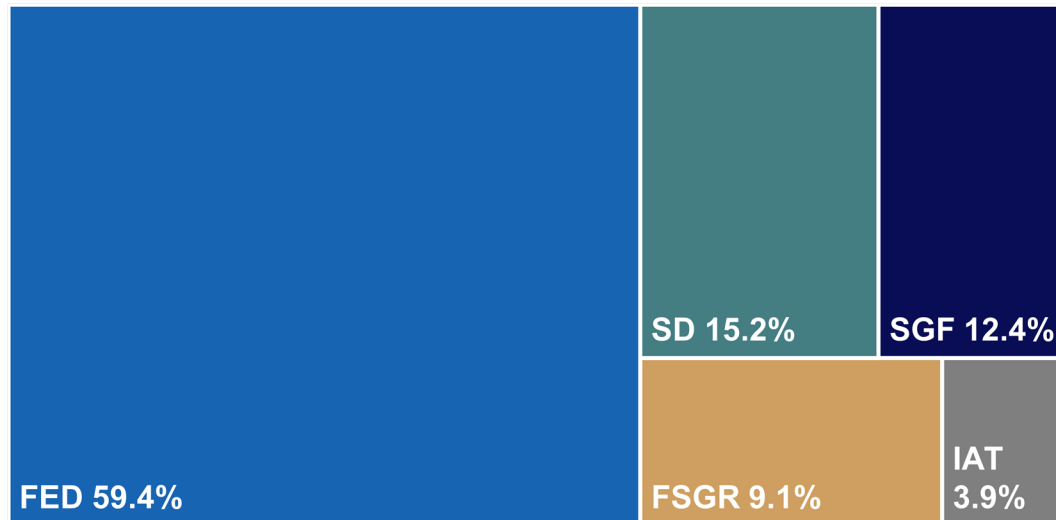
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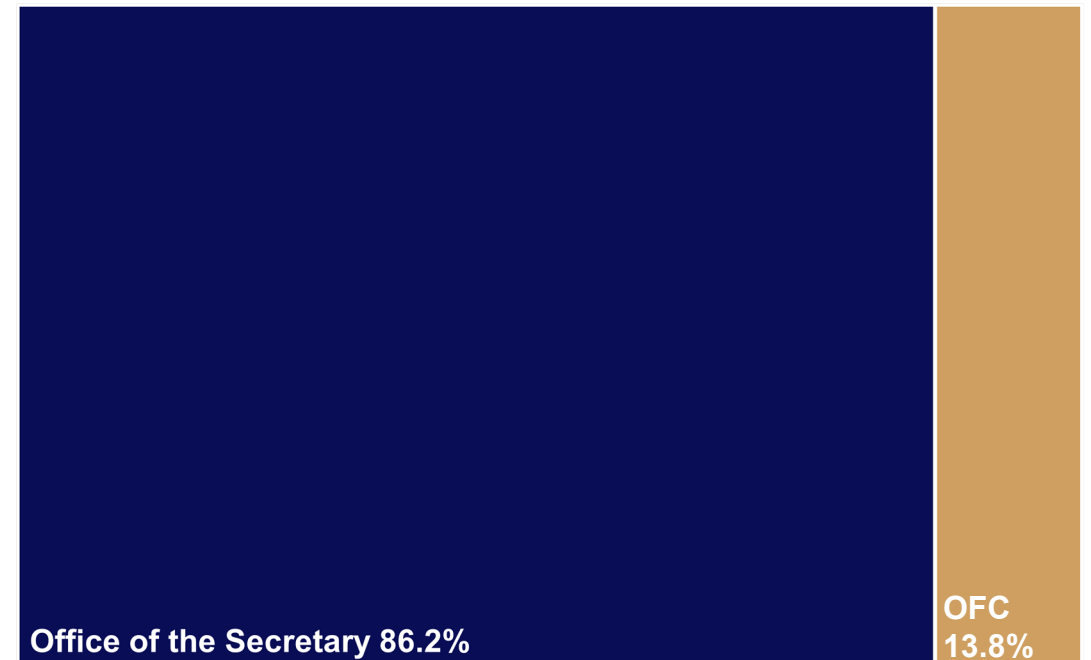
FY 25 BUDGET RECOMMENDATION

Total Funding = \$219,080,426

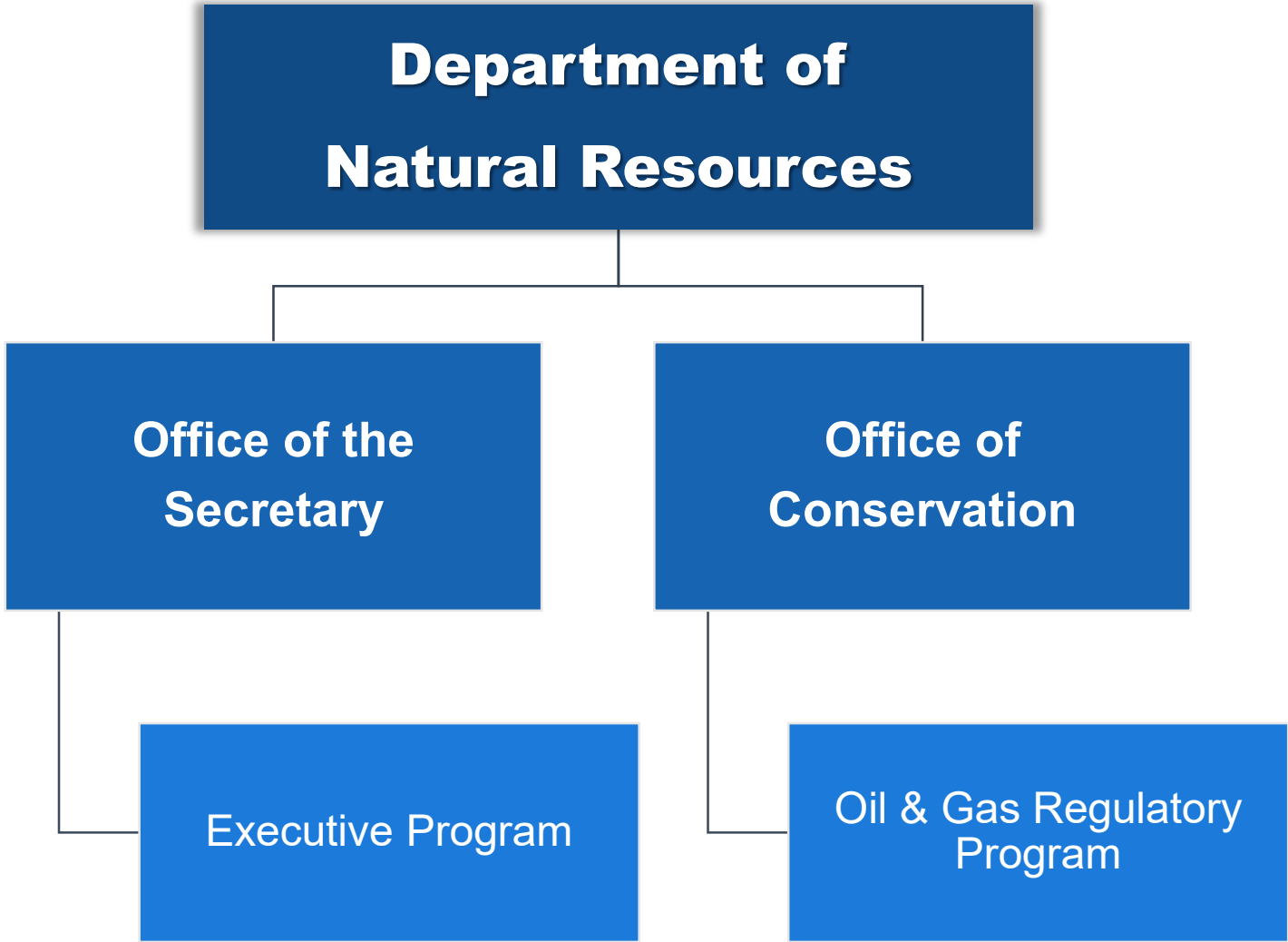
Means of Finance		
State General Fund	\$	27,096,926
Interagency Transfers		8,632,737
Fees & Self-generated		20,006,097
Statutory Dedications		33,257,236
Federal Funds		130,087,430
Total	\$	219,080,426



Program Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Office of the Secretary	\$	188,800,179	156
Office of Conservation		30,280,247	185
Total	\$	219,080,426	341



DEPARTMENT ORGANIZATION



Executive

- 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
- To explore for further development and production of minerals, oil, gas or alternative energy sources on state owned land and water bottoms
- Promote efficient use of natural resources and energy
- 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
- To explore for further development and production of minerals, oil, gas or alternative energy sources on state owned land and water bottoms



Oil and Gas Regulatory

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

Regulatory

- Inspects oil and gas wells and facilities to ensure compliance

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

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

Oil and Gas Regulatory

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

SONRIS

Database Access
Document Imaging
GIS Imaging

Injection & 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

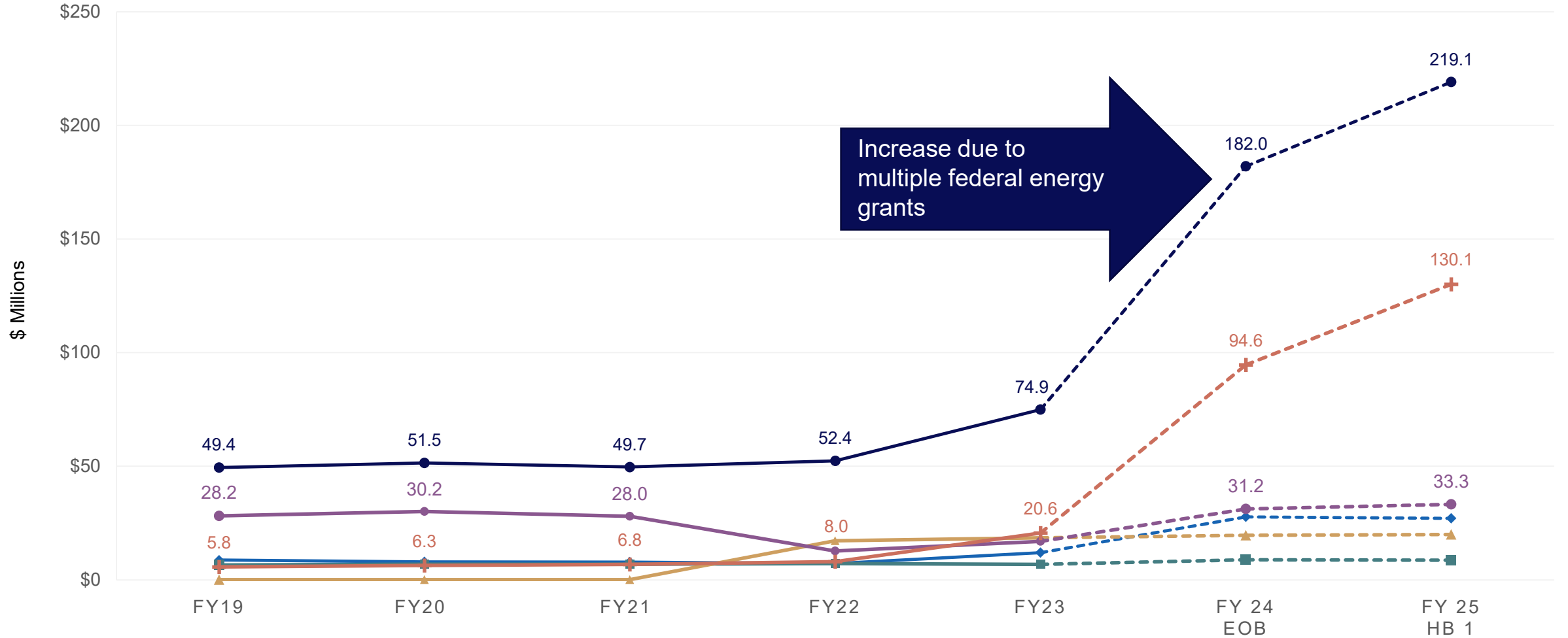
- Pipeline Safety Program
 - Regulates intrastate pipeline operators by conducting pipeline operator inspections, compliance, and enforcement, safety programs, accident investigations, and record maintenance and reporting
- Pipeline Operations Program
 - Regulates the construction, acquisition, abandonment, and interconnection of natural gas pipelines

HISTORICAL SPENDING

◆ State General Fund
■ Interagency Transfers
▲ Fees & Self-generated
● Statutory Dedications
✚ Federal Funds
● Total Budget

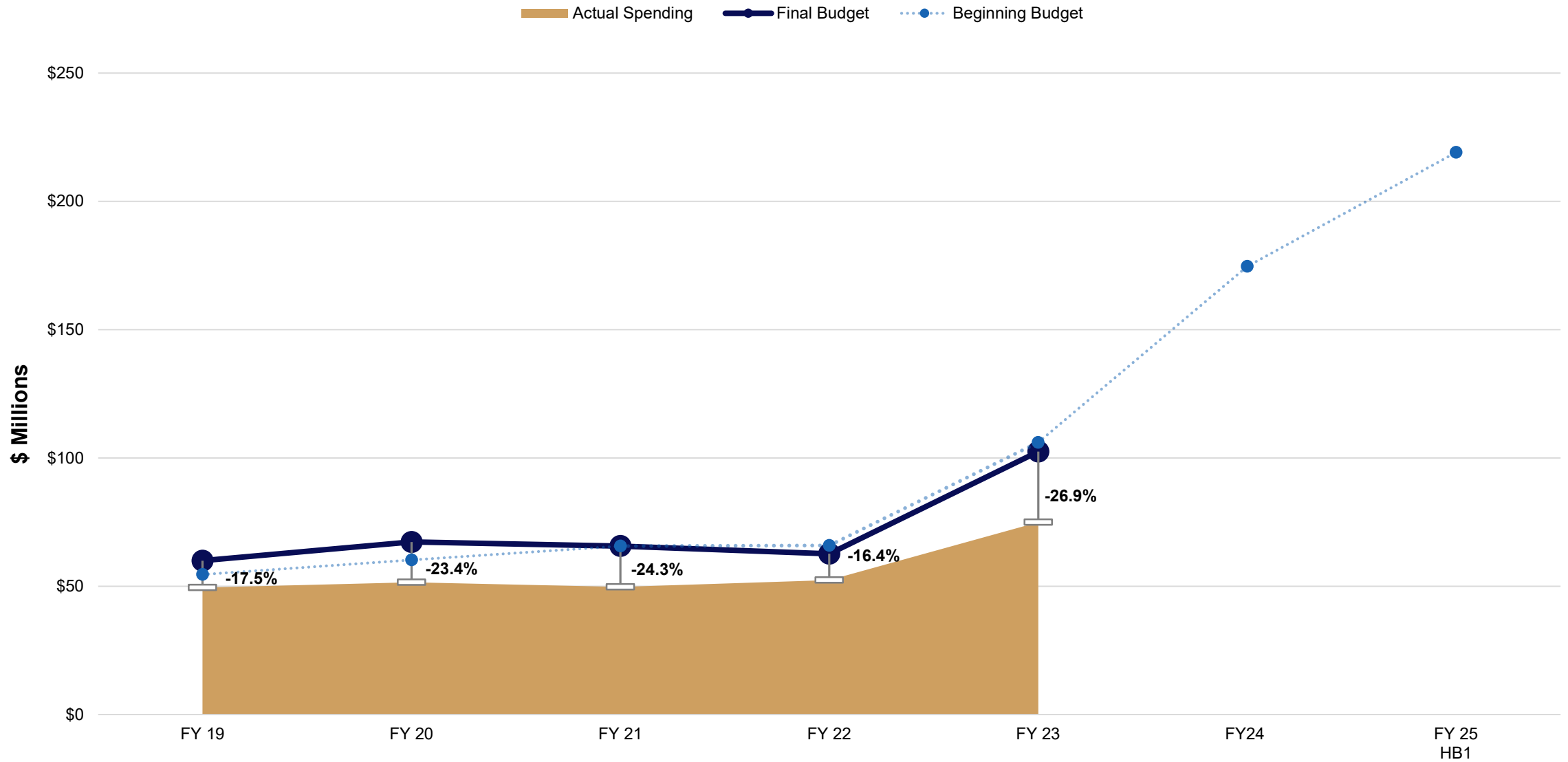
Annual Average Spending Change from FY 19 to 23:

8.3%	0.7%	248.6%	(12%)	37.6%	11%
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Increase due to multiple federal energy grants

HISTORICAL BUDGET



Note: additional information can be found under the general department section

SOURCES OF FUNDING

State General Fund \$27.1 M	Interagency Transfers \$8.6 M	Self-generated Revenue \$20 M	Federal Funds \$130 M
<p>The chief operating fund of the State recognized by the Revenue Estimating Conference from various taxes, licenses, fees, and other revenue sources except for those identified as other means of financing</p>	<p>From the Office of Conservation for administrative costs and from the Office of the Secretary for the Oilfield Site Restoration Fund</p>	<ul style="list-style-type: none"> • \$14.6 M - Oil & gas regulatory dedicated fund account • \$4.2 M - Coastal Resources Trust Dedicated Fund account • \$982,000 - Fisherman's Gear Compensation & Underwater Obstruction Removal Dedicated Fund Account • \$159,000 - Data sales • \$23,011 – Various fees • \$20,000 - Insurance recovery • \$10,000 -Interest revenues received from loans made through HELP program 	<ul style="list-style-type: none"> • \$74.9 M – IJJA Infrastructure Grants • \$44.6 M – Department of Energy Grants • \$3.1 M – Exxon Settlement Funds • \$3.0 M – Coastal Zone Management Act • \$1.7 M – Gas Pipeline Safety Grant • \$1.6 M – Indirect Federal Costs from EPA, DNR, DOT

STATUTORY DEDICATIONS

Fund Name	Source	Usage	FY 24 - EOB	FY 25 - HB1
Oilfield Site Restoration Fund	(Art. 7 Sec 10.6) – 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	\$23,149,044	\$23,139,430
Mineral & Energy Operation Fund	(R.S. 30:136.3) – Revenues from lease sales, judgments and settlements	Operational costs in the mineral resource management program	\$5,304,594	\$7,097,975
Carbon Dioxide Geologic Storage Trust	(R.S. 30:1110) – Application, regulatory, and storage fees on carbon dioxide injected for storage	Regulating carbon dioxide storage facilities including inspection, testing, and site monitoring	\$2,519,376	\$2,814,849
Oil Spill Contingency Fund	(Art. 7 Sec 10.7; R.S. 30:2483) – 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	\$214,737	\$204,982
Total			\$31,834,638	\$33,257,236

FUNDING COMPARISON

Means of Finance	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
SGF	\$ 12,021,058	\$ 27,718,362	\$ 27,096,926	\$ (621,436)	(2.2%)	\$ 15,075,868	125.4%
IAT	6,782,860	8,892,137	8,632,737	(259,400)	(2.9%)	1,849,877	27.3%
FSGR	18,536,760	19,608,398	20,006,097	397,699	2.0%	1,469,337	7.9%
Stat Ded	16,954,545	31,187,487	33,257,236	2,069,749	6.6%	16,302,691	96.2%
Federal	20,641,915	94,615,820	130,087,430	35,471,610	37.5%	109,445,515	530.2%
Total	\$ 74,937,138	\$ 182,022,204	\$ 219,080,426	\$ 37,058,222	20.4%	\$ 144,143,288	192.4%

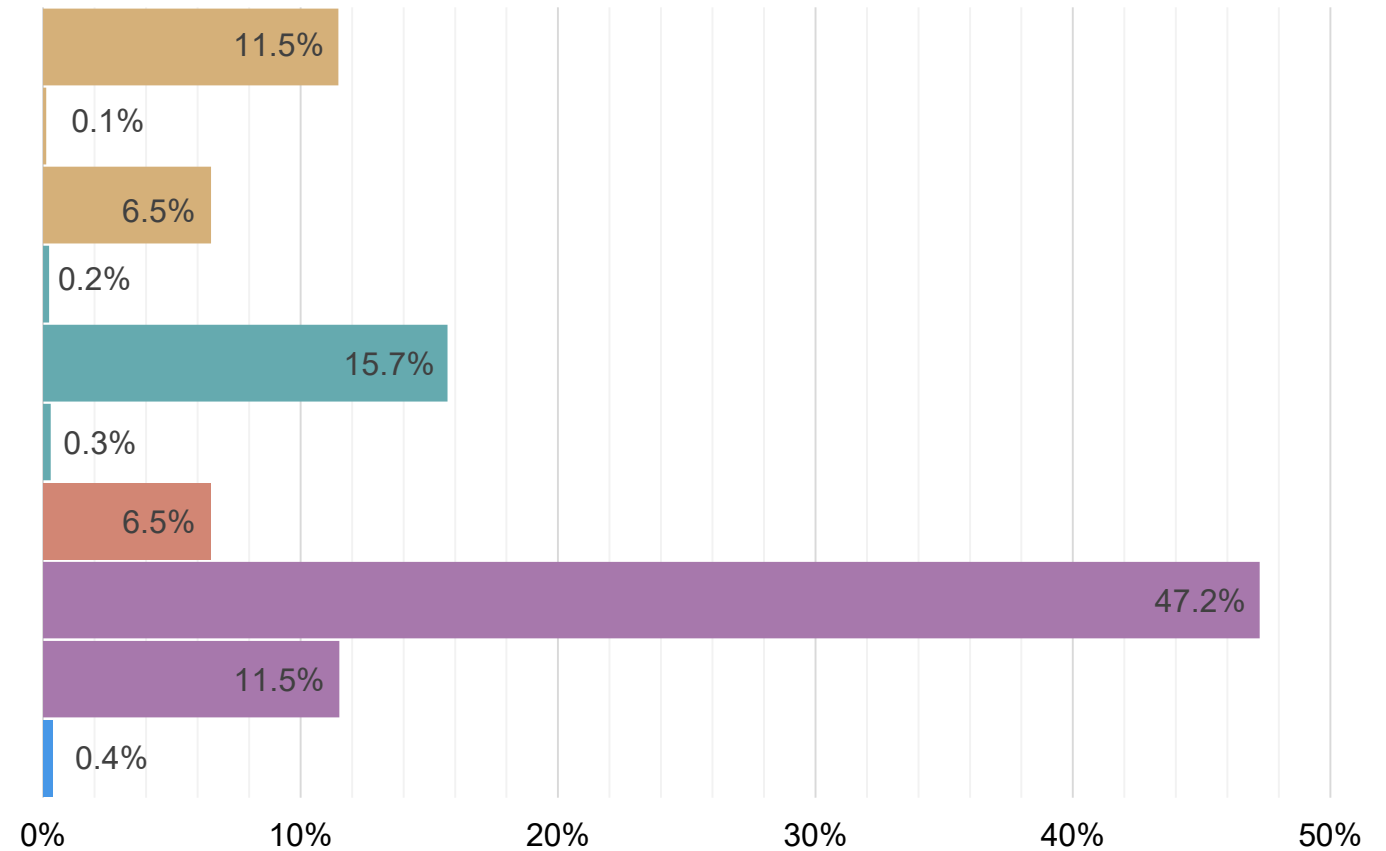
Significant funding changes compared to the FY 24 Existing Operating Budget

State General Fund	Interagency Transfers	Fees & Self-generated	Statutory Dedications	Federal Funds
<p>(\$621,436) net decrease primarily due to:</p> <ul style="list-style-type: none"> (\$4.9 M) removal of funds carried into FY24 no longer needed in FY 25 and various standard statewide adjustments \$4.0 M increase for the Louisiana HUB for Energy Resilience Operations 	<p>(\$259,400) decrease due to various standard statewide adjustments</p>	<p>\$397,699 net increase due to items such as:</p> <ul style="list-style-type: none"> \$700,000 increase in Coastal Resources Trust Dedicated Fund Account for coastal projects (\$302,301) Various standard statewide adjustments 	<p>\$2.1 M increase largely due to a \$1.9 M increase from Mineral & Energy Operation Fund to increase positions that will assist with the various large federal increases, IT equipment, & to increase travel budget for auditing</p>	<p>\$35.5 M net increase due to items such as:</p> <ul style="list-style-type: none"> \$23.1 M increase for the Louisiana HUB for Energy Resilience Operations (\$20.2 M) removal of funding for the HALO Project \$20.2 M increase for home rebates \$20.1 M for Solar for All Grant (\$13 M) reduction for Orphaned & Marginal Oil & Gas Well Program

EXPENDITURE RECOMMENDATION FY 25

Total Budget = \$219,080,426

Expenditure Category		
Salaries	\$	25,131,512
Other Compensation		264,944
Related Benefits		14,276,958
Travel		509,561
Operating Services		34,416,339
Supplies		637,419
Professional Services		14,295,511
Other Charges		103,515,010
Interagency Transfers		25,215,978
Acquisitions/Repairs		817,194
Total	\$	219,080,426



Note: additional information can be found under the general department section

EXPENDITURE COMPARISON

Expenditure Category	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 21,139,748	\$ 24,307,902	\$ 25,131,512	\$ 823,610	3.4%	\$ 3,991,764	18.9%
Other Compensation	184,050	264,944	264,944	0	0.0%	80,894	44.0%
Related Benefits	13,093,145	14,419,125	14,276,958	(142,167)	(1.0%)	1,183,813	9.0%
Travel	377,239	469,531	509,561	40,030	8.5%	132,322	35.1%
Operating Services	24,045,840	67,366,339	34,416,339	(32,950,000)	(48.9%)	10,370,499	43.1%
Supplies	400,764	618,619	637,419	18,800	3.0%	236,655	59.1%
Professional Services	2,648,221	11,150,104	14,295,511	3,145,407	28.2%	11,647,290	439.8%
Other Charges	912,180	40,936,209	103,515,010	62,578,801	152.9%	102,602,830	11,248.1%
Interagency Transfers	12,041,165	21,783,424	25,215,978	3,432,554	15.8%	13,174,813	109.4%
Acquisitions/Repairs	94,786	706,007	817,194	111,187	15.7%	722,408	762.1%
Total	\$ 74,937,138	\$ 182,022,204	\$ 219,080,426	\$ 37,058,222	20.4%	\$ 144,143,288	192.4%

SIGNIFICANT EXPENDITURE CHANGES

Compared to the FY 24 Existing Operating Budget

Other Charges	Operating Services	Professional Services	Interagency Transfers
<p>\$62.6 M net increase due to items such as:</p> <ul style="list-style-type: none"> • \$37.1 M increase due to the Infrastructure Investment & Jobs Act federal grants • \$24.4 M increase for 5-year Hub for Energy Resilience Federal Grants (HERO) • \$22.5 M increase for Solar for All 5-year federal efficiency grants • \$9 M increase for Home Efficiency Rebates – (HER) 5-year federal efficiency grants • \$9 increase for Home Electrification and Appliance Rebates – (HEAR) 5-year federal efficiency grants 	<p>(\$32.9 M) decrease due to items such as:</p> <ul style="list-style-type: none"> • (\$20 M) decrease in federal funding due to Regional Clean Hydrogen Hubs Program project not being selected as one of final 7 hubs • (\$13 M) decrease in federal funding to the Orphaned and Marginal Oil & Gas Well Program due to reduction in grant funding 	<p>\$3.1 M net increase due to items such as:</p> <ul style="list-style-type: none"> • \$2.7 M increase for 5-year Hub for Energy Resilience Grants (HERO) • \$2.5 M increase for Solar for All 5-year efficiency grants • \$1 M increase for Home Efficiency Rebates – (HER) 5-year efficiency grants • \$1 M increase for Home Electrification and Appliance Rebates – (HEAR) 5-year efficiency grants • \$1 M increase for federal compliance section to secure access to consultants or tools 	<p>\$3.4 M increase due to items such as:</p> <ul style="list-style-type: none"> • \$2.5 M increase to OTS • \$1 M increase to CPRA for coastal restoration projects

OTHER CHARGES/INTERAGENCY TRANSFERS

Other Charges

Amount	Description
\$ 37,128,498	IIJA grants
24,378,801	Louisiana Hub for Energy Resilience Operations (HERO)
22,500,000	Solar For All
9,000,000	Home Efficiency Rebates (HER) program
9,000,000	Home Electrification and Appliance Rebates (HEAR)
426,988	Coastal Management
421,710	Fisherman's Gear Fund (Claims)
264,900	FES - Warner Projects
223,014	E-Permitting/EPA Exchange Network Grant and other professional services
148,099	Other Professional Services
23,000	Legal Services - Mineral and Energy Operation Fund
\$103,515,010	Total Other Charges

OTHER CHARGES/INTERAGENCY TRANSFERS

Interagency Transfers

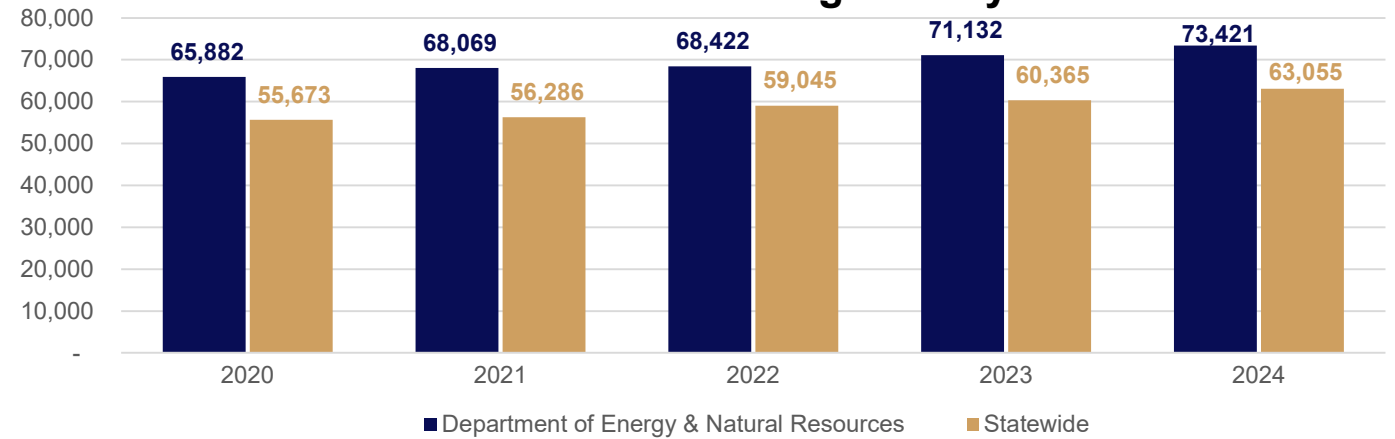
Amount	Description
\$ 12,840,124	Division of Administration - Various Fees
2,778,968	Office of the Secretary - Indirect Costs
2,600,000	Upgrade to the Strategic Online Natural Resources Information System (SONRIS)
1,831,447	Office of Conservation - Oilfield Site Restoration
1,685,581	Office of Technology Services
1,208,633	Rent & Maintenance in State Owned Buildings
1,055,556	Coastal Protection and Restoration Authority (Beneficial Use, Federal Grants)
278,831	Capital Police
199,412	DOTD - Topographical Mapping
177,842	Legislative Auditor Fees
145,752	Civil Service Fees
130,000	DOJ - Attorney General
102,402	Administrative Law Judge
94,889	Underwater Obstruction and Fisherman's Gear Compensation Fund
60,600	Office of State Register - Advertising
22,092	Louisiana Property Assistance GPS
2,988	Office of State Procurement
861	Treasury Fees
\$ 25,215,978	Total Interagency Transfers

PERSONNEL INFORMATION

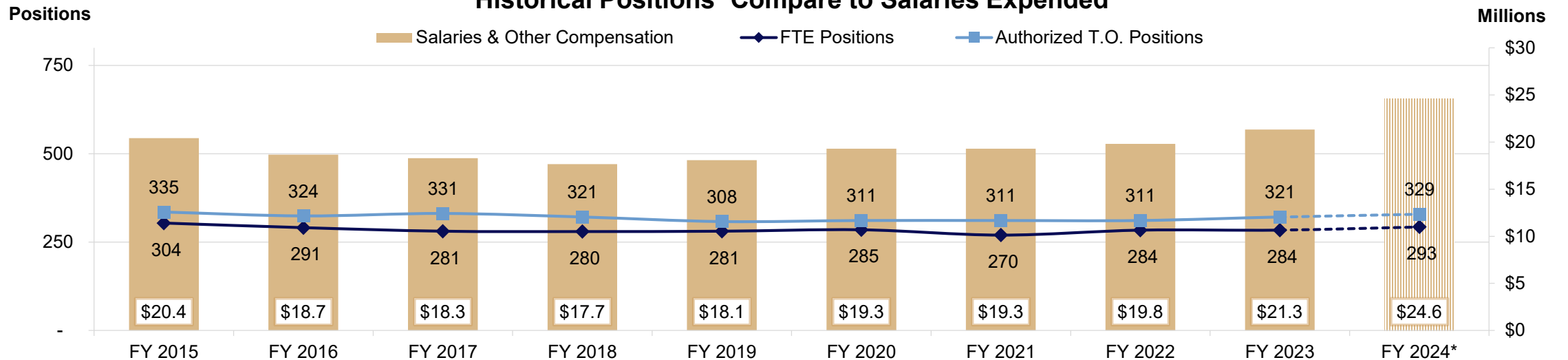
FY 2025 Recommended Positions

341	Total Authorized T.O. Positions (331 Classified, 10 Unclassified)
0	Authorized Other Charges Positions
3	Non-T.O. FTE Positions
29	Vacant Positions (January 29, 2024)

Historical Average Salary



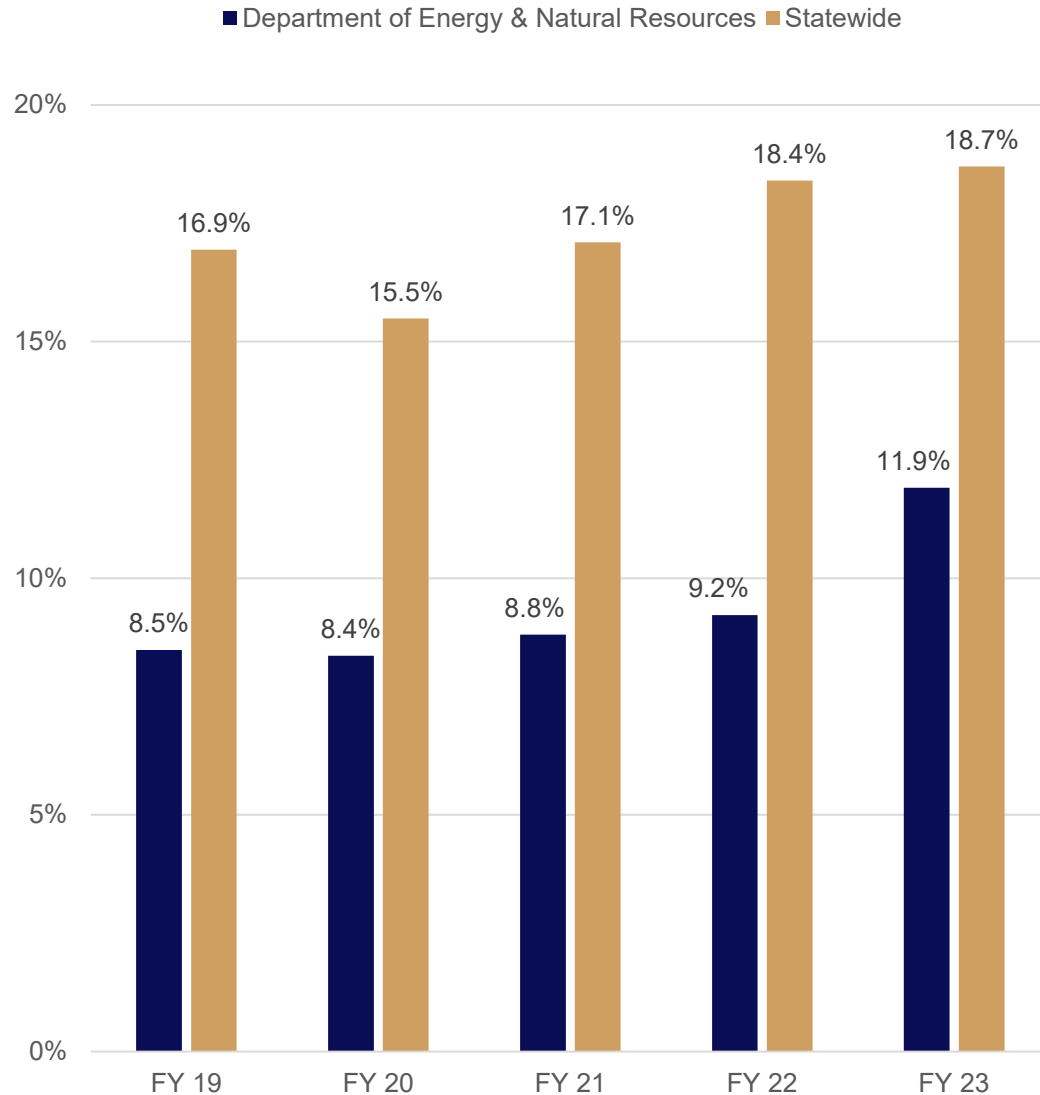
Historical Positions¹ Compare to Salaries Expended



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

* Existing Operating Budget on 12/1/23

TURNOVER HISTORY



Top Positions Vacated FY 2023

Position	Number of Employees	Separations	Turnover Rate
Petroleum Scientist 3	23	5	21.7%
Conservation Enforcement Specialist 3	41	4	9.8%
Auditor 3	11	4	36.4%
Coastal Resources Scientist 3	11	3	27.3%
Mineral Production Analyst 2	8	2	25.0%

Source: Department of Civil Service Turnover Statistics

DEPARTMENT CONTACTS



Tyler Gray
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Deputy Secretary

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Commissioner of Conservation

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The seal of the State of Louisiana is a large, faint watermark in the background. It features a central figure of a pelican feeding its young in a nest, surrounded by the text "STATE OF LOUISIANA" at the top, "UNION • JUSTICE" on the left, and "CONFIDENCE" at the bottom. A star is visible on the right side of the seal.

General Department Information

PRIOR YEAR ACTUALS FY 23

Were projected revenues collected?

	Final Budget <i>(w/o FY24 carryfwd)</i>	Revenue Collections	Difference
SGF	\$ 12,021,058	\$ 12,021,058	\$ 0
IAT	8,893,226	6,782,860	(2,110,366)
FSGR	20,959,286	15,898,976	(5,060,310)
SD	18,165,699	30,517,270	12,351,571
FED	42,416,533	20,087,431	(22,329,102)
Total	\$ 102,455,802	\$ 85,307,595	\$ (17,148,207)

Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 12,021,058	\$ 12,021,058	\$ 0
IAT	6,782,860	6,782,860	0
FSGR	15,898,976	18,536,760	2,637,784
SD	30,517,270	16,954,545	(13,562,725)
FED	20,087,431	20,641,915	554,484
Total	\$ 85,307,595	\$ 74,937,138	\$ (10,370,457)

The department collected \$17.1 M less than the FY 23 budget. These under collections are a combination of interagency transfers, fees & self generated revenues, as well as federal funding. The federal under collection is due to not receiving or expending oil site restoration grants that were projected.

There was a \$12.4 M over collection in statutory dedications due to the Carbon Sequestration program collecting more than projected.

The department collected \$10.4 M more than was spent in total. This is attributed to statutory dedications.

There were over expenditures in fees & self generated due to lower collections in the Oil & Gas Regulatory Dedicated Fund Account than anticipated. This is able to happen due to funds being retained within the dedicated fund account from previous years.

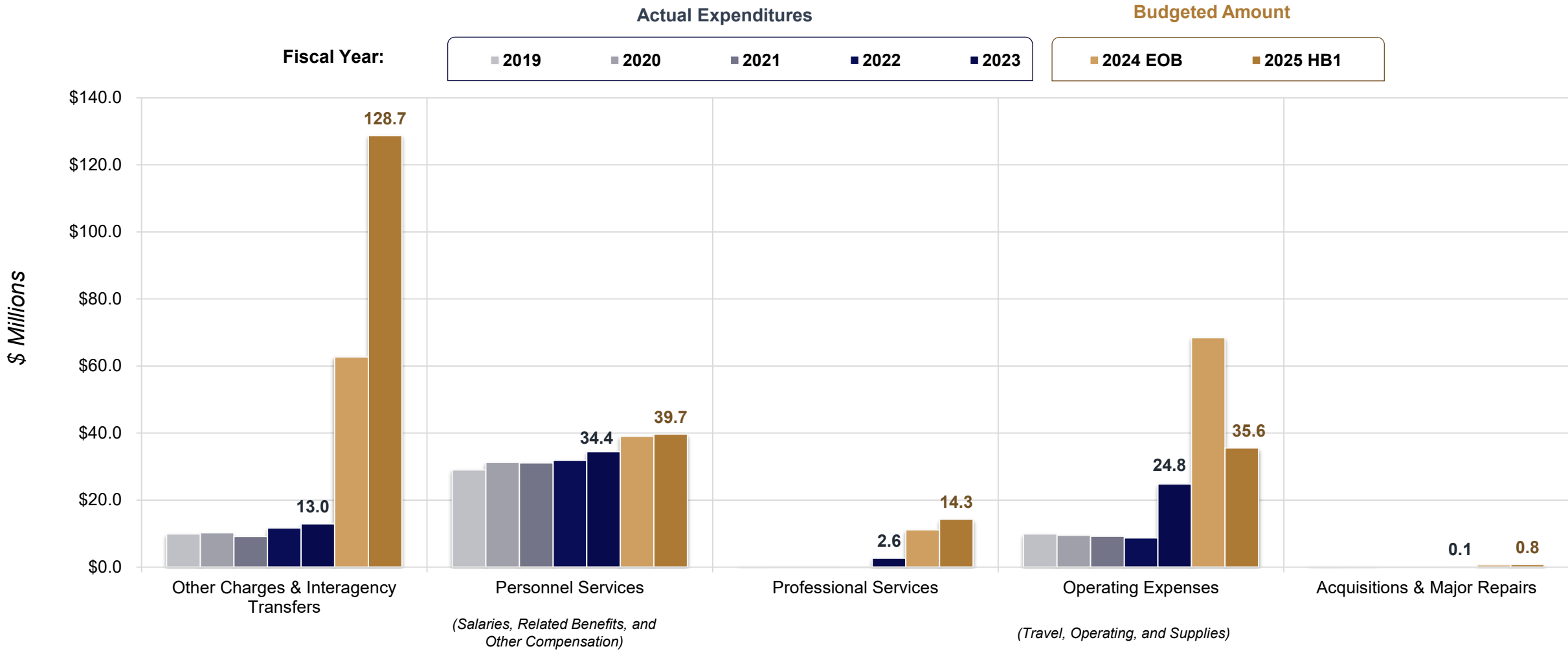
EXISTING OPERATING BUDGET FY 24

The FY 2023-24 Existing Operating Budget (EOB) was frozen on December 1, 2023. 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	\$ 22,655,013	\$ 5,063,349	\$ 27,718,362
Interagency Transfers	8,892,137	0	8,892,137
Self-generated Revenue	17,308,398	2,300,000	19,608,398
Statutory Dedications	31,187,487	0	31,187,487
Federal	94,615,820	0	94,615,820
Total	\$ 174,658,855	\$ 7,363,349	\$ 182,022,204

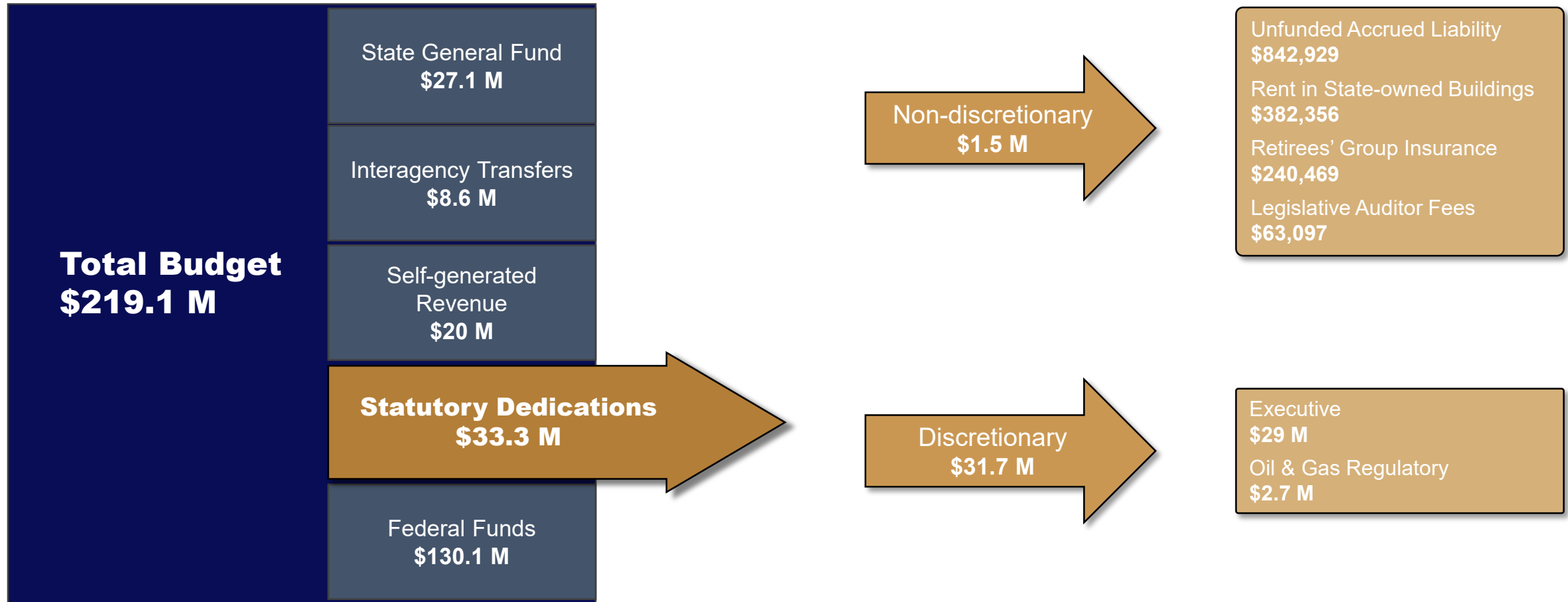
Mid-year Adjustments Summary				
July	August	September	October	November
No change	\$5.1 M SGF carried into FY 24 from the prior fiscal year for professional services	No change	No change	\$2.3 M FSGR for continuation of CWPPRA ME-18 & Cameron Parish's ME-37 coastal restoration projects

EXPENDITURE HISTORY



5 Year Average Spending per Expenditure Category				
\$10.8 : 19.4%	\$31.5 : 56.7%	\$0.7 M : 1.2%	\$12.4 M : 22.4%	\$0.2 : 0.3%

DISCRETIONARY EXPENSES FY 25



* Figures may not add precisely due to rounding *