

Budget, Staffing, and Funding of State and Provincial Oil and Gas Regulatory Programs



INTERSTATE
Oil & Gas
COMPACT COMMISSION

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Contents

- BUDGET, STAFFING, AND FUNDING OF STATE AND PROVINCIAL OIL AND GAS REGULATORY PROGRAMS** 1
- Table 1. State Budget and Staffing** 2
- Table 2. Provincial Budget and Staffing** 3
- Notes—Tables 1 and 2** 4
- Table 3. State Funding Sources** 5
- Table 4. Provincial Funding Sources** 6
- Notes—Tables 3 and 4** 7
- Table 5. State and Provincial Narrative Responses** 8
 - Alabama 8
 - Alaska 8
 - Alberta 8
 - Arkansas 8
 - British Columbia 8
 - California 9
 - Idaho 9
 - Kansas 9
 - Kentucky 9
 - Louisiana 10
 - Maryland 11
 - Michigan 11
 - Mississippi 12
 - Montana 12
 - Nebraska 12
 - Nevada 12
 - New Mexico 13
 - New York 13
 - North Dakota 13
 - Northwest Territories 13
 - Ohio 13
 - Oklahoma 14
 - Pennsylvania 15
 - Saskatchewan 15

Tennessee 16
Texas 16
Utah 16
Virginia 17
West Virginia 17
Wyoming 17
Yukon 17

BUDGET, STAFFING, AND FUNDING OF STATE AND PROVINCIAL OIL AND GAS REGULATORY PROGRAMS

This report is a project of the Council of State Regulatory Officials (CRO) of the Interstate Oil and Gas Compact Commission (IOGCC).

Many IOGCC member states and international affiliates are experiencing ongoing challenges in providing adequate, stable funding for their oil and gas regulatory programs. To help address those challenges, the IOGCC has been compiling and summarizing results of surveys on budget, staffing, and funding dating back to 2006.

Budgets have been especially strained recently by declines in oil and gas prices and other factors. The CRO responded by initiating an update to the budget, staffing, and funding survey. The IOGCC sent this survey to its 31 member states, seven associate states, and six international affiliate Canadian provinces. Twenty-six states and five provinces responded. The CRO and IOGCC thank the states and provinces for the time they invested in responding to the survey.

This report summarizes the survey results as reported in the fall of 2020. The CRO hopes it will be helpful to states and provinces in assessing their respective agency funding systems and identifying other potential approaches to managing funding challenges.

The survey results are compiled into three tables summarizing budget and staffing, funding sources, and state and provincial narrative responses, respectively.

The following abbreviations are used in this report:

BLM:	Bureau of Land Management
CRO:	Council of Regulatory Officials
EOR:	Enhanced Oil Recovery
EPA:	Environmental Protection Agency
FTE:	Full-time Equivalent Employee
IOGCC:	Interstate Oil and Gas Compact Commission
P&A:	Plug and Abandon or Plugging and Abandonment
UIC:	Underground Injection Control

Table 1. State Budget and Staffing

State	Total oil and gas program budget	Portion of oil and gas budget for plugging and restoration ¹	Other funds for plugging and restoration ²	Total FTEs	Inspector FTEs
Alabama	\$2,754,623			24	8
Alaska	\$7,843,400			32	9
Arizona					
Arkansas	\$7,300,000	\$2,500,000		40	12
California ³	\$85,548,000		\$3,000,000	308	112
Colorado					
Idaho	\$412,300			0.8	0.1
Illinois					
Indiana					
Kansas	\$9,980,792	\$1,441,717		71	39
Kentucky	\$3,030,000		\$450,000	25	16
Louisiana	\$16,427,285		\$12,190,000	134	52
Maryland	\$0			1	1
Michigan	\$7,818,000		\$2,339,600	49	24
Mississippi	\$2,130,824			32	8
Montana	\$2,122,545		\$650,000	19.5	6
Nebraska	\$1,200,000	\$62,000		9	2
Nevada	\$2,064			1.5	1.5
New Mexico	\$13,442,800	\$5,242,400		71	15
New York	\$7,022,541	\$4,156,279		34.3	24.8
North Dakota	\$32,761,000	\$7,500,000	\$49,552,249	72.5	43
Ohio	\$53,838,102	\$28,177,215		127.95	35
Oklahoma	\$19,082,135	\$2,010,000		130	68
Pennsylvania	\$25,000,000	\$750,000		190	84
South Dakota					
Tennessee	\$750,000			6	3
Texas	\$115,757,107	\$55,797,266		586.8	175
Utah	\$3,600,000	\$100,000		27	10
Virginia	\$911,363			8	5
West Virginia	\$4,000,000		\$100,000	30	17
Wyoming	\$10,000,000	\$2,500,000		41	11

Table 2. Provincial Budget and Staffing

Province	Total oil and gas program budget	Oil and gas budget for plugging and restoration¹	Other funds for plugging and restoration²	Total FTEs	Inspector FTEs
Alberta ⁴	C\$214,000,000			942	93
British Columbia ⁵	C\$51,700,000		C\$30,000,000	274	21
Northwest Territories	C\$1,928,000			6	<1
Nova Scotia					
Saskatchewan	C\$25,230,000			119	25
Yukon	C\$730,000			3	2

Notes—Tables 1 and 2

1. Budget for plugging and restoration that is included in the total oil and gas program budget.
2. Separate budget for plugging and restoration that is not included in the total oil and gas program budget.
3. California numbers cover the oil, natural gas, and geothermal energy regulatory program.
4. Alberta numbers cover the oil, gas, and coal regulatory program.
5. British Columbia numbers cover the oil and gas and geothermal regulatory program.

Table 3. State Funding Sources

States	Industry Fees					Other Revenue Sources					
	Permit application ¹	Hearings	Temporary abandonment	Production or injection ₂	Other fees ³	Severance tax ⁴	General tax revenue	EPA UIC grant	Other federal grant	Fines and penalties	Other non-fee ⁵
Alabama	X	X			X						
Alaska				X				X			
Arizona											
Arkansas	X	X		X	X						
California			X	X	X			X			
Colorado											
Idaho	X					X					
Illinois											
Indiana											
Kansas	X			X	X			X	X		X
Kentucky	X				X			X			
Louisiana	X	X	X	X	X		X	X	X	X	X
Maryland											
Michigan	X			X	X	X	X				
Mississippi	X	X	X	X	X			X		X	
Montana	X			X	X	X					
Nebraska	X	X			X	X		X			
Nevada	X			X							X
New Mexico	X	X				X	X	X	X		
New York	X						X				X
North Dakota	X		X		X			X			
Ohio	X	X		X	X	X		X		X	X
Oklahoma	X				X			X	X	X	X
Pennsylvania	X				X						
South Dakota											
Tennessee	X		X		X						X
Texas	X			X	X	X	X	X	X	X	X
Utah				X			X	X			
Virginia	X				X						
West Virginia	X				X		X	X		X	
Wyoming	X	X			X	X					
Number of States	22	8	5	12	19	8	7	14	5	6	8

Table 4. Provincial Funding Sources

Provinces	Industry Fees					Other Revenue Sources					
	Permit application ¹	Hearings	Temporary abandonment	Production or injection ²	Other fees ³	Severance tax ⁴	General tax revenue	EPA UIC grant	Other federal grant	Fines and penalties	Other non-fee ⁵
Alberta					X						X
British Columbia	X			X	X						
Northwest Territories					X		X				
Nova Scotia											
Saskatchewan					X						
Yukon	X										
Number of Provinces	2	0	0	1	4	0	1	0	0	0	1

Notes—Tables 3 and 4

1. "Permit application" may include the following: production well permits, facility permits, underground storage permits (including gas storage), enhanced recovery permits, site construction permits, and other related permits; permit renewals, amendments, and modifications; and reworks, testing, and reclassification. Four states reported permit fees for injection or disposal wells as a separate category; these were included under permit application fees.
2. "Production or injection," where details were provided by states or provinces, is described as based on the volume or value of oil and/or gas produced, or the volume of fluid injected.
3. "Other fees" includes plugging and abandonment fees (six states and one province); annual operator, well, or facility fees (six states and two provinces); and permit transfer fees (seven states). There are 14 other fees and administrative charges, each of which is levied by one state or province, described as: hydraulic fracturing, surface owner notification, calculation of Enhanced Oil Recovery production, cash bond administration, salt water haulers, erosion and sediment control, gathering lines, organization registration, rule exception, surcharges, miscellaneous fees for copies and research, Pennsylvania "Impact Fee," administration fees, and other unspecified items.
4. "Severance tax" includes "production tax" or "conservation tax" as described by some states.
5. "Other non-fee" comprises ten types of funding sources, each of which is levied by one state and described as: federal royalties, interagency transfers, mining claim filings, grant for plugging federal wells, state royalties, bond act, certificates of non-development, subsidies from other environmental programs, investment/ information sales/services, and other unspecified items. Most states and provinces require some form of well or facility bonding and are able to recover costs incurred for plugging and restoration; however, they may not list those as separate funding sources.

Table 5. State and Provincial Narrative Responses

<p>Alabama Industry fees Permitting fee (\$300/permit application), hydraulic fracturing fee (\$250/formation, not to exceed \$750/well), Board petition filing fee (\$150/petition). Other sources of revenue State General Fund.</p>
<p>Alaska Industry fees The AOGCC (Alaska Oil and Gas Conservation Commission) charges no additional fees. The AOGCC does charge operators for the yearly budget through the Regulatory Cost Charge authorized by AS 31.05.093. This is the pro rata each operator pays based on the volumes of fluid produced and injected into wells. Other sources of revenue The AOGCC also receives federal funding to support the Underground Injection Control (UIC) program that is approximately \$120,000 each fiscal year. Other comments The AOGCC does hold bonds for each operator to ensure that each well is drilled, operated, maintained, repaired, and abandoned and each location is cleared according to AOGCC statutes and regulations.</p>
<p>Alberta Industry fees The AER (Alberta Energy Regulator) is primarily funded through an industry levy (administration fees) on oil and gas, oil sands, and coal sectors. The amount is calculated based on the AER's revenue requirement, prior calendar years production volume, the number of wells and schemes, and the number of operators within each sector. Other sources of revenue In addition to an industry levy, the AER has other revenue streams, totaling 2% of total revenue; these revenue streams are as follows: Investment, Information Sales, Services, and Fees: Revenues from interest earned on funds held, projects performed on a cost-recovery basis, sales/subscriptions of electronic data and publications, enforcement, and core examination fees at the core research center.</p>
<p>Arkansas Industry fees Production assessments (oil and gas), various permit application fees, various annual well fees, hearing docket fees. Other sources of revenue None, all funding comes from industry generated fees.</p>
<p>British Columbia Industry fees Production levies, application fees and liability levies (to deal with orphans). Other sources of revenue None. As an exception though, this fiscal year, as part of the Canadian Federal stimulus program, the BC Oil and Gas Commission is receiving C\$15 million from the federal government to accelerate orphan well restoration/reclamation.</p>

Other Comments

Fiscal year is April 2020 - March 2021. BC Oil and Gas Commission is the regulatory agency for the British Columbia government for oil and gas and geothermal. As such, all information stated here corresponds to Commission totals.

California**Industry fees**

CalGEM (California Geologic Energy Management Division) collects a production assessment fee on production and fees from operators for idle wells.

Other sources of revenue

Federal grant funding for Underground Storage and Underground Injection Control.

Other Comments

There is a separate budget line item for this activity that is called the Hazardous and Idle Deserted Well Abatement Fund (HIDWAF). This is funded by the Legislature and by Idle Well fees. There is currently more than \$14 million in this account. In addition, there is specific funding in the Budget Act appropriating \$3 million annually for remediation of orphan wells and facilities.

Idaho**Industry fees**

Application fees. For FY 2020 that amount was \$3,900.

Other sources of revenue

Severance tax on gross production. For FY 2020 that amount was \$26,748. So far in FY 2021 revenue off of production has been \$0.00, with \$3,300 in fees.

Other comments

In Idaho, the fiscal year runs from July 1 to June 30. The budget for FY21 is \$412,300 which is an appropriation from the legislature. This amount is evaluated annually to ensure that it is proportional to income to the Department from severance tax revenue and program fees. (Hydrocarbon production in Idaho ended in March of 2020. We have transferred FTE's to other programs in the event the industry does not return.)

Kansas**Industry fees**

License application fee, injection well application fees, well plugging fees, surface owner notification fees, and production fees.

Other sources of revenue

EPA UIC grant

EPA Multi-purpose grant

50% of Kansas' Federal Royalty money is used for abandoned well plugging

Other comments

\$1,441,717 is the amount included in the budget for well plugging and site restoration based on actual revenues; however, approximately \$8 million is available in both plugging funds to use if necessary.

Kentucky**Industry fees**

New Permit application Fee is \$350.

Well Transfer Fee is \$50/well.

Annual Operator Fee of \$100 from each operating company.

Other sources of revenue

We have an EPA UIC Program Grant (\$130,000) due to having primacy over UIC Class II injection wells, but it pays only a portion of the actual program cost.

Other comments

Well plugging is an offline statutory fund account. Estimate \$450,000 will be spent this fiscal year.

Louisiana

Industry fees

See <http://www.dnr.louisiana.gov/assets/OC/Rules/29-RFY1920FWD.pdf>

Statewide Order No. 29-R-19/20 and Forward, §703. Fee Schedule for Fiscal Year 2019-2020 and thereafter

A. Application Fees	Amount
Application for Alternate Unit Well	\$ 504
Application to Amend Permit to Drill - Minerals	\$ 126
Application to Amend Permit to Drill - Minerals (LUW, Stripper, Incapable, Other)	\$ 50
Application to Amend Permit to Drill - Injection or Other	\$ 126
Application for Automatic Custody Transfer	\$ 252
Application for Commercial Class I Injection Well	\$1,264
Application for Commercial Class I injection Well (Additional Wells)	\$ 631
Application for Commercial Class II Injection Well	\$ 631
Application for Commercial Class II Injection Well (Additional Wells)	\$ 314
Application for Commercial Facility Exclusive of an Associated Well	\$3,000
Application to Commingle	\$ 252
Application for Critical Date Order	\$ 504
Application for Downhole Combinations	\$ 504
Application for Exception to 29-E	\$ 504
Application for Exception to 29-B	\$ 504
Application for Multiple Completion	\$ 126
Application for Noncommercial Injection Well	\$ 252
Application for Permit to Drill - Minerals: 0' - 3,000' (6 months)	\$ 126
Application for Permit to Drill - Minerals: 3,001' - 10,000'(6 months)	\$ 631
Application for Permit to Drill - Minerals: 10,001' + (6 months)	\$1,264
Drill Minerals Deeper (> 3,000') (6 months)	\$ 504
Drill Minerals Deeper (> 10,000') (6 months)	\$ 632
Application for Permit to Drill - Minerals: 0' - 3,000' (1 year)	\$ 252
Application for Permit to Drill - Minerals: 3,001' - 10,000' (1 year)	\$1,262
Application for Permit to Drill - Minerals: 10,001' + (1 year)	\$2,528
Drill Minerals Deeper (> 3,000') (1 year)	\$1,008
Drill Minerals Deeper (> 10,000') (1 year)	\$1,264
Application for Pilot Projects	\$ 504
Application for Public Hearing	\$ 755
Application for Reuse Material not Associated with a Commercial Facility	\$ 400
Application for Selective Completion	\$ 504
Application for Severance Tax Relief	\$ 504
Application for Substitute Unit Well	\$ 252
Application for Surface Mining Exploration Permit	\$ 65
Application for Surface Mining Development Operations Permit	\$ 94
Application for Surface Mining Permit	\$2,212
Application for Emergency Clearance Form R-4	\$ 65
Application to Process Form R-4	\$ 36
Application to Reinstate Suspended Form R-4	\$ 65
Application for Site Clearance	\$ 600
Application for Waiver of Production Test	\$ 504
Application for Well Product Reclassification	\$ 504
Application for Work Permit - Injection or Other	\$ 125
Application for Work Permit - Minerals	\$ 75

Application for Unit Termination	\$ 252
Class II Hydrocarbon Storage and E and P Waste Cavern Annual Compliance Review Fee.	\$2,000
Class II CO2 EOR Project (AOR Review and Updates)	\$5,000
Class III Solution Mining Cavern Annual Compliance Review Fee	\$2,000
Class V Permit Waiver/Exemption Request	\$ 250
Community Saltwater Disposal System Initial Notification	\$ 125
E and P Waste Determination	\$ 300
Operator Registration	\$ 105
Requests to Modify Well Permit - change the Maximum Surface Injection Pressure (MASIP), work prognosis, etc.	\$ 300
Request to Transport E and P Waste to Commercial Facilities or Transfer Stations.	\$ 150
Witnessed Verification of MIT Tests	\$ 250
Work permit to Plug and Abandon a Well utilized for NORM disposal	\$ 500
E. Production Fees: Operators of record of capable oil wells and capable gas wells are required to pay according to the requirements of La. R.S. 30:21.B(1)(a). Based on the required calculation and cap established in said statute, taking into account the production of capable wells for the given year, including credits given to exempt incapable wells, a tiered schedule stating the exact fees due for the particular year will be published annually on the DNR/Conservation website.	
Other sources of revenue	
Federal Grants, State General Funds, Inactive Well Assessment, Fines and Civil Penalties, Interagency Transfers.	
Other comments	
Oilfield Site Restoration (OSR) is a DNR program managed by the Office of Conservation. Funding is primarily from the OSR fee charged on production, supplemented by a portion of the Inactive Well Assessment and Financial Security collected. For the current fiscal year total revenue available for orphan well plugging and site restoration is \$12,190,000.	

Maryland

Industry fees

0

Other sources of revenue

None

Michigan

Industry fees

\$300 Permit Application Fee, 1% Surveillance Fee on Gross Production, \$20/Well Annual Gas Storage Well Fee.

Other sources of revenue

OGMD (Oil, Gas, and Minerals Division) Oil and Gas Regulatory Fund also receives some general fund appropriation and collects \$20/well for gas storage wells. The Orphan Well program also receives \$1,000,000 or 2% of severance tax, whichever is larger annually.

Other comments

Oil and Gas Regulatory Program \$ 7,818,000 (\$3,818,000 Oil and Gas Restricted/\$4,000,000 General Fund) Appropriation/Orphan Well Program \$2,339,600 Appropriation.

Michigan spends a minimum of \$1,000,000 annually on Orphan Well Plugging, Restoration, and Cleanup.

Mississippi**Industry fees**

The State Oil and Gas Board levies/assesses a maintenance fee against each barrel of oil produced and sold (.035) and for each MCF of gas produced and sold (.004).

Additional fees assessed by the agency include: new permits to drill, conversion or commingle \$600.00, Workover, Change of Operator \$100.00, filing fee for docketed matters \$100.00, and miscellaneous fees for copies, research, etc.

The Emergency Plugging Fund is funded by an annual unplugged well fee assessed against each unplugged production well \$100.00 as well as annual Facility fees \$100.00 plus \$50.00 per unplugged storage well and \$50.00 for each unplugged salt water disposal well and any fines levied by its Board.

Other sources of revenue

The Oil and Gas Board has a separate non-budgeted fund for the plugging of wells (Emergency Plugging Fund). The State Oil and Gas Board receives two grants from the Environmental Protection Agency for each oversight of Class II wells.

Montana**Industry fees**

Drilling permit fee: fee for calculation of incremental production for new/modified enhanced recovery projects.

Other sources of revenue

Tax on sales of oil and natural gas is the primary funding source.

Nebraska**Industry fees**

Hearing Fee: \$250, Drilling Intent \$200, P&A fee \$100

Other sources of revenue

Conservation Tax currently 12 mil. Federal UIC grant \$75K

Nevada**Industry fees**

Application Fee:

Conventional well on public or private land, \$1,000

Hydraulic fractured well on public land, \$3,500; on private land, \$4,500

Sundry Fee: for administrative changes, \$100; all other changes, \$300

Production Fee (monthly): \$0.15/per barrel of oil or per 50,000 cubic feet of natural gas.

Other sources of revenue

If above revenue sources are insufficient, we can use revenue from a \$6 per mining claim filing recorded at a county recorder's offices. This revenue is used to fund general business operations of the Division and is not exclusive to any one program.

Other comments

The budget for the oil and gas regulatory program represents one-fifth of our fluid minerals program budget as the program is dominated by geothermal well drilling and inspection.

Nevada is a dual permitting state for wells drilled/operated on public land, with the BLM acting as primary permitting agency. For wells on public land additional state bonding is not required. Wells drilled/operated on private land are permitted, and bonded, solely by the Division of Minerals. Of the 121 oil wells in Nevada., only four are located on private property. Coordination between the BLM and the Division regarding sharing of information, permitting, inspections, and enforcement is provided through an MOU.

New Mexico**Industry fees**

Permit application and hearings fees - funds IT and hearing support.

Portion of oil and gas severance taxes go to funding the Reclamation Fund.

Other sources of revenue

Primarily General Fund.

UIC Grant.

Reclamation Fund can only be utilized to fund one FTE and the remainder must be utilized on things to assist with well plugging and reclamation.

Well plugging grant can only be utilized to plug federal wells.

Permit Fee Fund can only be utilized for IT and hearing expenses.

Other comments

[The budget for the oil and gas regulatory program comprises:]

UIC Grant - \$296,300

General Fund - \$6,2013,100

Reclamation Fund - \$5,242,400

Well Plugging Grant (Grant from BLM to plug wells on Fed Land) - \$500,000

Permit Fee Fund (only to be used for IT and hearing expenses) - \$1,200,000

New York**Industry fees**

Permit fees for well drilling.

Other sources of revenue

State's general fund, royalty for state minerals, and funds from a bond act.

North Dakota**Industry fees**

\$100 drilling permit and permit renewal - suspended through 12/31/20.

\$100 Temporary abandon and temporary abandon renewal.

\$25 change of operator or well name change.

1% cash bond administration.

Other sources of revenue

UIC Class II grant \$105,000 current fiscal year.

Northwest Territories**Industry fees**

C\$25 / annual operating licence.

Other sources of revenue

We are completely funded by the Government of the Northwest Territories.

Ohio**Industry fees**

Primarily drilling permit fees, salt water hauler fees, cost recovery assessment fees, brine disposal fees, mandatory pooling fees, unitization fees, natural gas storage fees, and a small amount of various other fees.

Other sources of revenue

Severance taxes for oil and natural gas, civil penalties, various other reimbursements

Oklahoma

Industry fees

- Certificates of Non-Development
- Commercial Soil Farming Facility Application
- Commercial Soil Farming Facility Annual Fee
- Expedited Soil Farming Application
- Soil Farming
- UIC Application
- UIC/LPG Storage Well Annual Report
- Temporary Saltwater Pit Application
- Flare Gas Application
- Multi-Zone / Commingling Application
- Intent to Plug
- Temporary Exemption from Well Plugging Application
- Well Pluggers License - Administrative Approval
- Well Transfers
- Commercial Disposal Well Application
- Commercial Disposal Well Semi-Annual Report
- Commercial Pit Application
- Commercial Pit Facility Annual Fee
- Commercial Recycling Facility Application
- Commercial Recycling Facility Annual Fee
- Expedited Intent to Drill
- Intent to Drill
- Temporary ITD - New Fee Schedule
- Operator Agreement Annual Fee
- Seismic Operations Application
- Microfilm Copies

Other sources of revenue

- Oil and Gas Fines, Forfeits and Penalties
- Oil and Gas - Surety Bond Forfeits
- Cost Recovery (OERB)
- Federal Grant-Dolomite
- Well Plugging-Direct Transfers
- Well Plugging-MOEA Interest
- Federal Grant-Brownfields
- Federal Grant-UIC

FY2021 BUDGET

Fund	Department	Budget	
19902	1000001	\$2,613,747.00	<i>Indirects</i>
19902	2000001	\$5,819,422.00	<i>Oil and Gas</i>
19902	8820120	\$2,346,000.00	<i>Oil and Gas -IT</i>
19902	8820820	\$17,644.00	<i>ISD - IT</i>
21500	2000002	\$1,613,016.00	<i>Well Plugging</i>
23000	2000001	\$4,971,661.00	<i>Oil and Gas</i>
23000	2000002	\$396,984.00	<i>Well Plugging</i>
23000	2000008	\$117,033.00	<i>ISD</i>
23000	2100001	\$111,735.00	<i>UIC</i>
25000	2000008	\$306,242.00	<i>ISD</i>
40000	2000001	\$41,000.00	<i>Oil and Gas Multipurpose Grant</i>
40000	2000005	\$411,000.00	<i>Oil and Gas Brownfields Grant</i>
40000	2100001	\$316,651.00	<i>Oil and Gas UIC Grant</i>

Pennsylvania

Industry fees

\$12,500 well permit fee. Approximately \$1,500 Erosion and Sediment Control well pad construction fee. \$100 an acre for gathering line construction fee.

Other sources of revenue

\$6 million annually from the PA "Impact Fee".

Saskatchewan

Industry fees

Ministry of Energy and Resources (ER) assesses an annual Administrative Levy against all licensees of wells and pipelines in accordance with provisions outlined in The Oil and Gas Conservation Regulations, 2012.

The amount of the annual payment is tied to the number of wells in the various well classes (these are based on the volume of oil and gas produced from the well) and the length in kilometers for various classes of pipelines in operation in the previous calendar year. For example, the Administrative Levy calculated and invoiced for the 2019-20 fiscal period was based on the performance of wells and the length of pipelines operating during the 2018 calendar year.

An annual adjustment factor established by an Order in Council adjusts each year's payment to account for changes in the revenue requirements of the Government of Saskatchewan for the provision of regulatory services. Administrative Levy invoices are typically issued in the second fiscal quarter of the year, after approval of the provincial budget.

Each well and pipeline is charged a base fee multiplied by an adjustment factor. The adjustment factor is set annually to ensure that 90% of forecast regulatory expenses are recovered. The provincial budget for regulatory services affects the Administrative Levy rates, as do changes in the number of wells, volume of production, and pipeline lengths.

Other sources of revenue

None

Other comments

The oil and gas regulatory program budget of C\$25.23M covers regulatory cost for the regulation of the upstream oil and gas industry by the ER, Ministry of Environment, and the Ministry of Agriculture. Also includes costs related to maintenance and upgrades of our Integrated Resources Information System. All of those costs are borne by industry with ER providing regulatory oversight. It is difficult to break out ER's oversight costs.

The Saskatchewan Oil and Gas Orphan Fund (SOGOF) was created in 2007 to ensure that the costs associated with abandonment/decommissioning and reclamation of orphaned sites is borne by the oil and gas industry and that those costs do not get passed on to the taxpayers of Saskatchewan. Each oil and gas company operating in Saskatchewan pays into SOGOF through an orphan fund fee, an annual orphan fund levy, and security deposits where applicable.

As the program is completely funded by industry, a Saskatchewan Oil and Gas Orphan Fund Advisory Committee (FAC) was established to advise the minister with respect to any matter related to the administration of SOGOF. FAC was first established in 2008, and its membership has been reviewed/renewed every two years as required under The Oil and Gas Conservation Regulations, 2012 (OGCR).

The FAC membership consists of industry persons representing the interests of the oil and gas industry and ER officials who carry out the administration of SOGOF. The industry members on the FAC represent the interests of both the largest and smallest companies operating in Saskatchewan as the members are nominated by the Canadian Association of Petroleum Producers (CAPP), Saskatchewan Headquartered Oil Producers (SHOP) and the Explorers and Producer association of Canada (EPAC).

The Orphan Fund Procurement Program (orphan program) was implemented in 2007 to manage the risks posed to environment and public safety where sites no longer have a legally responsible and financially able party to deal with the abandonment and/or reclamation responsibilities. The

Program coordinates the safe abandonment, decommissioning, and reclamation of these sites including the surface and subsurface. Using the orphan fund, the orphan program secures vendors to restore these orphaned oil and gas sites to their original state in a cost-effective manner that adheres to the current provincial regulations.

Tennessee

Industry fees

Application for Permit to Drill fees - \$500
Change of Operator fees (well transfers) - \$100/well
Application Amendments - \$100/well
Temporary Abandonment fees - \$100/well

Other sources of revenue

The Oil and Gas Program is subsidized by other revenue-generating environmental programs in the state.

Other comments

The Tennessee Oil and Gas Program maintains a separate fund for well plugging and site restoration. The Oil and Gas Plugging Fund has a current balance of \$623,400 and outstanding obligations of \$255,000. Due to the COVID-19 budgetary crisis, the Tennessee General Assembly identified agency funds, like the Oil and Gas Plugging fund, as a potential source of state general funds. As of today, the fund has been maintained in whole. However, dependent on revenues for FY20/21, it may be considered in the future.

Texas

Industry fees

Application fees, permit fees, organization registration fees, fees for rule exceptions, surcharges, production taxes, and regulatory fees on oil and gas produced.

Other sources of revenue

General Revenue, federal grants, penalties, reimbursements from responsible parties for plugging and cleanup work performed by the state, and sale of salvage equipment and hydrocarbons from well pluggings.

Other comments

The budget for the oil and gas regulatory program comprises:

Oil and Gas Regulation	\$115,757,107
Pipeline Safety Regulation	\$12,266,651
Total	\$128,023,758

The total FTEs comprises:

Oil and Gas Regulation	586.8
Pipeline Safety Regulation	125.8
Total	712.6

The total FTEs for oil and gas inspectors comprises:

Oil and Gas Inspectors	175
Pipeline Safety Inspectors	73

Utah

Industry fees

Conservation fee – 0.2% of the value of production, currently generates \$1.9 million in FY2021; no other individual fees are charged.

Other sources of revenue

Approx. \$470,000 State General Fund, \$80,000 federal grant funding, \$1.15 million from carryover reserve funds accumulated in previous years.

Virginia**Industry fees**

Permit Fees \$800.00 - (\$200.00 of the permit fee is allocated to the orphan well fund).
Permit Modifications - \$300.00 (This occurs when significant changes are required from the original permit).

Permit Renewals \$325 - (This fee is collected if the well is not drilled in two years from issue date).

Permit Transfers \$75.00 - (This fee is collected if wells are purchased by another company).

No other Fees

Other sources of revenue

None

West Virginia**Industry fees**

West Virginia has various well work permit application fees that are dependent on the type of well for which the activity will occur, well and permit transfer fees, and annual well fees.

Other sources of revenue

The Office of Oil and Gas is predominately funded through permit application fees. While WV has a severance tax, we receive no severance tax funds. We do receive some limited funding through the State's general revenue, from EPA through the Department's Division of Water and Waste Management, and from fines/penalties.

Other comments

Our legislature did pass legislation earlier this year which we believe will result in a significant increase in funding for abandoned well plugging. We expect to begin receiving some of this additional revenue later this year.

Over the past few months, the Office of Oil and Gas has been undertaking staff reductions due to funding.

Wyoming**Industry fees**

Drilling Permit (\$500), Hearing Fee (\$250), Disposal Well Fee (\$75 per disposal well per year)

Other sources of revenue

Conservation Tax (5 mils)

Yukon**Industry fees**

Well licence and Well Operation Approval application fees

Geoscience Exploration licence application fees

Gas Processing Plant licence application fees

Other sources of revenue

None