

Oil and Gas Research Fund  
 Financial Statement  
**2009-2011 Biennium**  
 December 9, 2010 Oil and Gas Research Council Meeting

	<u>Cash Balance</u>
July 1, 2009 Balance	\$ 1,278,907.41
Revenues through October 31, 2010	\$ 4,013,104.08
Transfer to the Pipeline Authority Fund	\$ ( 300,000.00)
Expenditures through October 31, 2010	<u>\$(1,233,710.82)</u>
	<b>\$ 3,758,300.67</b>
Outstanding Technical Services & Administrative Costs	\$ ( 3,040.18)
Outstanding Project Commitments as of October 31, 2010	<u>\$(2,371,270.00)</u>
Balance	<b>\$ 1,383,990.49</b>

Oil and Gas Research Fund  
 Continuing Appropriation Authority  
 2009-2011 Biennium

Balance July 1, 2009	\$1,278,907.41
Projected Income from Project Applications & Interest	\$ 20,000.00
Revenues (2% of State's Share of Oil Tax Revenues)	<u>\$4,000,000.00</u>
	<b>\$5,298,907.41</b>

**57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

There is established a special fund in the state treasury to be known as the oil and gas research fund. Before depositing oil and gas gross production tax and oil extraction tax revenues in the general fund or the permanent oil tax trust fund, two percent of the revenues must be deposited monthly into the oil and gas research fund, up to four million dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all such moneys are appropriated as a continuing appropriation to the council to be used for purposes stated in chapter 54-17.6.

<b>Oil and Gas Research Program Budget Allocation/Applications</b>											
Priorities	%	2009-2011	Carried Over	2009-2011	Approved	Approved	Approved	Approved	Available	Grant	Grant
		Biennium			Grant	Grant	Grant	Grant		Grant	Grant
		New	Funds	Available	Round 19	Round 20	Round 21	Round 22	Funding	Round 23	Round 24
		Monies		Funds	6/1/09	11/1/09	2/15/10	6/1/10*		11/1/10	6/1/11
Research	82.00%	3,280,000	0	3,280,000	68,350	585,000	275,000	873,000	1,478,650	150,000	
Education	7.50%	300,000	854	300,854	72,000	50,000	0	155,000	23,854	0	
Subtotal	89.50%	3,580,000	854	3,580,854	140,350	635,000	275,000	1,028,000	1,502,504	150,000	
Pipeline	7.50%	300,000	32,089	332,089							
Admin.	3.00%	120,000	14,036	134,036							
Total	100.00%	4,000,000	46,979	4,046,979							
12/9/2010											
<p>*During Round 22 an education project in the amount of \$120,000 was approved. \$30,000 of this project will be expended during the last six months of the 2009-2011 biennium. The remaining \$90,000 has not been included in this chart. It will be included in the 2011-2013 biennium.</p>											



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven  
Governor

Wayne Stenehjem  
Attorney General

Doug Goehring  
Agriculture Commissioner

## Memorandum

TO: Oil and Gas Research Council  
FR: Karlene Fine, Industrial Commission Executive Director  
DT: December 9, 2010  
RE: Transfer of budget allocation

At the beginning of the biennium the Council allocated 3% of its revenues for Administration. That equals \$120,000. In addition there was \$14,036 of carried over costs that were disbursed during the 09-11 biennium as final payment to Dave Fischer for his services throughout the 07-09 biennium. The total Administrative Budget was established at \$134,036.

Beginning this biennium each of the Research Councils under the Industrial Commission are being charged a portion of the costs of the Commission's Administrative Office. The Oil and Gas Research Program was charged \$54,909 for the biennium. *This cost will be on-going in future biennia.* That amount took nearly 50% of the budgeted amount for the biennium. At the time the allocation of 3% was established the Industrial Commission had not determined the amount that would be billed to the Oil and Gas Research Program.

In addition the Program had a *one-time* cost to develop the new website. Those costs totaled just over \$24,000.

Therefore, I am proposing a transfer of budget allocation from Research to Administration in the amount of \$50,000 for your consideration.

<u>Current Allocation</u>			<u>Proposed Allocation</u>		
Research	82.00%	\$3,280,000	Research	80.75%	\$3,230,000
Education	7.50%	\$ 300,000	Education	7.50%	\$ 300,000
Pipeline	7.50%	\$ 300,000	Pipeline	7.50%	\$ 300,000
Administration	3.00%	\$ 120,000	Administration	4.25%	\$ 170,000

Karlene