

SB 2014 DMR Budget Optional Requests

1. Inflation & Restoration of 3% Cuts \$2,235,000:

- The Senate budget allowed partial restoration in the amount of \$1,500,000.
- 3% budget cuts were required on top of budget inflation from both the 2023-25 biennium and the 2025-27 biennium resulting in a cut of \$2,235,401 to the DMR operating budget.
- The remaining deficit of \$735,000 will require DMR to reduce travel.
- To offset the necessary travel reductions, Oil & Gas will have to reduce the number of field inspections by 35%. Drilling rig inspections ensure proper construction of wells to protect freshwater zones and proper locations of well bores to protect correlative rights. Well inspections ensure compliance with environmental regulations, proper installation of pipelines, timely clean-up of spills, and proper allocation of oil and gas volumes.
- To offset the necessary travel reductions, Geological Survey will have to reduce levels of regulatory inspections and curtail study results when there is high demand for rare earth element study results and study into the feasibility of using ND sands as proppant in Bakken and Three Forks completions, identification of landslides protects current and future impacts on infrastructure and pipeline development, and the public fossil dig program has strong demand from both in state and out of state participants.
- Fully restoring the 3% cuts and inflation amounts will allow DMR to operate at maximum efficiency and continue to provide necessary service levels to the public and industry.

2. Executive Administrative Position (1 FTE) \$170,276:

- The Senate budget allowed this position and funding.
- This position is needed to assist the DMR director and the leadership team on all administrative duties, allowing all team leaders to spend less time on scheduling and more time focusing on leadership needs.

3. Position Conversion of Admin to Geologist (0 FTE) \$182,059:

- The Senate budget allowed an increase in funding for this conversion.
- The number of infrastructure reviews that the Geological Survey performs has nearly doubled in recent years.
- Geological Survey can generate an additional FTE to assist with this rapidly growing program by converting an existing administrative assistant position to a surface geologist.
- Not only do these reviews safeguard the health and welfare of the general public, but they potentially save companies and taxpayers millions of dollars in disrupted infrastructure repairs.

4. Deputy Director Position (1 FTE) \$370,787:

- Not presented to the Senate, so not included in the Senate budget.
- Position will enhance agency visibility and provide a strong pulse on public sentiment.

- Position will do presentations/outreach and assist with legislation.
- Position will stand in for the DMR Director as needed for legal collaboration, NDIC meetings, and more.

5. Reclamation Technicians (3 FTE) \$799,925:

- The Senate budget allowed for 1 reclamation FTE in the amount of \$266,642.
- DMR originally requested 3 reclamation technicians (one reclamation tech in each district) allowing the Oil and Gas Division to manage programs and personnel more effectively and efficiently.
- The reclamation program is critical in providing oversight to ensure successful completion of restoring sites after properly plugging wells and decommissioning facilities.
- Reclamation inspectors must inspect all reclaim projects throughout the entire state and there are approximately 2,800 sites in various stages of reclamation.
- There has also been an increased demand for reclamation oversight due to recent funding from the newly acquired Infrastructure Investment and Jobs Act Phase 1 Formula Grant which will allow for restoration of legacy brine ponds.
- Hiring three reclamation inspectors, one in each district, will ensure reclamation projects are conducted successfully and timely.

6. Drilling Project Phase II \$400,000:

- The Senate budget allowed this funding through SIIF.
- For the past nine years, Geological Survey has been collecting coal and rocks associated with coal-bearing formations to determine the critical mineral concentrations.
- An abundance of outcrops in the Little Missouri River Badlands, prompted a drilling program that was comprised of 75 Trust Land tracts across 10 counties in western ND.
- The 68th ND Legislative Session allotted \$500,000 to drill and core 50 test holes to obtain rock cores that could be analyzed for critical mineral concentrations.
- Additional funding will enable Geological Survey to complete a Phase II drilling program by utilizing the tracts that were not drilled on during the Phase I drilling program.

7. Woolly Mammoth Excavation \$150,000:

- The Senate budget allowed this funding through SIIF.
- In 1988, the Geological Survey was called to investigate the report of woolly mammoth bones being encountered while digging the foundation for a garage on a farmstead in Burke County. Unfortunately, the slab had already been poured, and the garage was completed.
- Last winter, the current homeowner granted permission for the Geological Survey and the State Historical Society of North Dakota to perform ground penetrating radar and resistivity across the site as well as to make a small excavation. The May 2024 surveys confirmed the presence of three intact bones as well as the chips of mammoth bones and tusks in the foundation backfill.

- Funds will allow Geological Survey to hire a construction company to remove a portion of the garage slab (collecting the concrete dust), backfill and compact the area that is disturbed beneath the slab, put down new rebar and tie it into the existing slab, and compensate the homeowner for the major inconvenience.
- After the fossils are collected, stabilizing chemicals will need to be purchased to soak the fossils and prevent them from crumbling from exposure to the air.

8. Permitting Technician Position (1 FTE) \$162,031:

- The Senate budget allowed this position and funding.
- Due to the increased efficiency of drilling rigs, issuing an adequate number of permits to allow for the inventory necessary to keep them operating without interruption requires timely review, analysis, and processing of the data submitted to ensure compliance with regulations.

9. Increase in Temp Salaries \$45,000:

- The Senate budget allowed this funding.
- Since 2004, Geological Survey has been hiring students at UND to photograph core and thin sections for the Oil and Gas Subscription site.
- Without additional funding for temporary employees in the core library, it will take approximately 20 years to complete photographing all the core in the core library rather than 10 years.
- An additional \$45,000 in temporary salaries will help get us closer to being fully funded for the core and thin section photography project.

10. Field inspector retention - \$805,800:

- Both Governor budgets allowed \$250,000 but the Senate budget did not allow any funding.
- DMR has a great need to bring salaries closer to industry rates to reduce turnover and attract candidates to fill vacant positions.
- It costs over \$30,000 to hire, supply, and train a new field inspector.
- Funding would allow for an estimated \$700/month increase for the 40 field inspector positions.
- The average wage in 2022 (the most recent calendar year available) for support activities NAICS Code 213 was \$114,625. The average wage for an Oil and Gas Division field inspector position is \$69,168, meaning they are earning approximately 60% of what they could make in the private sector for equivalent work.
- It should be noted that these positions are non-classified and therefore were NOT included in the HRMS prior session equity calculations.

11. Class VI programmer position (1 FTE) - \$225,123:

- The Senate budget did not allow this position.

- A Class VI database programmer would develop a database to monitor and manage Class VI wells and facilities.
- With North Dakota being the first state to receive Class VI primacy and the only state to have active Class VI injection projects, it is imperative to develop a database to monitor and manage Class VI wells and facilities.

12. Paleontology Viewing Laboratory - \$250,000:

- The Senate budget did not allow this funding.
- Since the Geologic Time Gallery in the Heritage Center opened in 2014, Geological Survey has received numerous requests to place a laboratory in the gallery where visitors could watch paleontologists prepare fossil specimens.
- These viewing laboratories are present in paleontological museum galleries around the World and are always very popular attractions.
- Funding would allow the hiring of an architect to draw up plans and allow a construction firm to be contracted to complete the work.
- New lab equipment will also be purchased to outfit the lab.

13. Paleo Technician Position (1 FTE) - \$216,472:

- The Senate budget did not allow this position.
- Since 2016, the popularity of the Public Fossil Dig Program has dramatically increased and continues to sell out within minutes each year. In response, Geological Survey has tripled the number of registration spots offered. However, the interest of both in-state and out-of-state participants continues to grow.
- A new paleontology technician would enable us to increase the number of available registration spots from 600 to 840 (a 40% increase) increasing the number of tourists traveling within North Dakota as well as bringing in additional out-of-state tourists.
- Both in-state and out-of-state participants routinely spend 3-7 days vacationing in the surrounding area in North Dakota. The tourism industry in North Dakota stands to benefit from the resulting increase in tourists.
- The expansion of the fossil dig program would require us to add one new FTE to help oversee the larger groups that we would be adding at each of the four public dig sites.

14. Mineral Analysis \$100,000:

- The Senate budget allowed this funding.
- The Geological Survey routinely sends out both surface and near-surface rocks as well as rock cores to laboratories for analysis. The resulting analysis are then incorporated into our maps and reports.
- This is one of the areas where we are routinely short of funding and have to scale back analysis or go without.
- The Geological Survey's critical minerals project requires laboratory rock analyses and there are 50 critical minerals.

- The Geological Survey has a number of current and future core studies planned on the rocks from the Mission Canyon Formation, Lodgepole, Bakken, Three Forks, and Birdbear Formations, as well as shallow salts, that require a variety of core analyses.

15. Professional development - \$57,000:

- The Senate budget did not allow this funding.
- Funding would allow employees to attend job-related conferences in which participation is critical to ND.
- DMR employees are considered national experts and serve in leadership roles at these conferences.
- DMR routinely present results of their work at regional and national meetings.
- Attendance allows increased knowledge of industry and provides cross-training.
- Funding also allows for tuition reimbursement as allowed in DMR's agency policy manual for regular employees who attend training or education courses.

16. Portable XRF Equipment \$45,000:

- The Senate budget allowed this funding.
- A portable X-ray fluorescence machine (XRF) is used by Survey personnel and industry scientists to analyze elements in rock core in the Wilson M. Laird Core and Sample Library.
- It has been demonstrated that the analyzer is also very useful in work on critical minerals and dinosaur skin evaluation.
- This piece of equipment would be used to supplement the analytical work.

17. Enhanced Oil Recovery Project \$15,000:

- The Senate budget allowed this funding.
- Funding would promote the feasibility of enhanced oil recovery using well data evaluation, database modification, presentations, conference attendance, ongoing software costs, and publications.
- ND has many conventional reservoirs suitable for enhanced oil recovery but the operators that would be candidates to implement such projects are often small and may not have the resources to perform evaluations.
- Total estimated costs for implementation includes software licenses at \$3,000 and other operating costs at \$12,000.

18. NDIC Assessment \$115,000:

- The Senate budget allowed this funding.
- Entities within the control of the Industrial Commission are directed to make transfer payments to the Industrial Commission fund for administrative services rendered by the Commission.

- Before July 1, 2023, DMR and the Industrial Commission were considered one agency, and because DMR provided all the IT and fiscal services to the Industrial Commission, DMR was not directed to make transfer payments.
- Since the split of the two agencies, DMR no longer provides the services and will now be expected to make transfer payments. Transfers must be made during the biennium beginning July 1, 2025, and ending June 30, 2027, upon order of the Commission.

19. IJA Formula Grant \$1,444,377 (Federal Funds):

- The Senate budget allowed appropriation for these federal funds.
- Section 40601 of the Bipartisan Infrastructure Law, subsection (c)(4) provides Formula Grants for states, the funding of which is to be used to plug, remediate, and reclaim orphaned wells located on State-owned or privately-owned land, provide information on the use of funds to the public, and administer the program of work identified in the grant agreement.
- The Formula Grant funds in the amount of \$25,000,000 will cover administrative costs and plugging and reclamation contract costs over 5 years. It is estimated that \$1,444,377 of administrative costs will be used during the 2025-27 biennium.
- Tactically applying these grant funds will meet the goals of reducing the environmental and financial impact of abandoned oil and gas assets on North Dakota taxpayers.

20. Litigation \$3,000,000 (SIIF):

- The Senate budget allowed this funding through SIIF.
- The Department of Mineral Resources is currently involved in several litigation and rule comment efforts, as well as challenges from within the state. Many additional litigation concerns are being considered.
- It is estimated that \$2.5 million of the \$3 million appropriated for the 2023-25 biennium will be used.
- North Dakota must remain prepared to lead efforts in the courts to protect its jurisdiction to regulate the oil and gas industry and litigate when necessary to prevent the negative impact onerous federal rules would have on the industry.