



FINANCE UNIT

Annual Funding & Budget

The ECMC is funded by cash funds with no appropriation from the General Fund. These cash funds comprise the Energy and Carbon Management Fund (ECMCF), the Orphan Well Mitigation Enterprise cash fund, and an annual allocation from the Severance Tax Operational Fund. In aggregate, these sources are expected to supply about \$32.5 million in funding for Fiscal Year 2023-24 and 192.9 FTE.

The ECMCF consists primarily of revenue earned from the Conservation Levy, collected penalties, claimed financial assurance, and federal funds. The ECMCF contributes approximately \$18.1 million of ECMC's \$32.5 million FY 2023-24 budget.

Conservation Levy revenue is determined by:

- Volume of oil and gas production;
- Oil and gas commodity prices; and
- Levy rate. The Oil and Gas Act allows the levy to be set as high as 1.7 mills. The ECMC has maintained a rate of 1.5 mills since October 2020.

Orphan Well Mitigation Enterprise Cash Fund. Each operator pays a mitigation fee to the enterprise for each well of an operator that has been spud but is not yet plugged and abandoned. The funding is used for the plugging, reclaiming, and remediating of orphaned wells in the state. In FY 2023-24, the budget is set at \$9.5 million.

ECMC's Severance Tax allocation has remained steady at \$6.1 million since FY 2018-19.