

December 21, 2009

The Honorable Lavon Heidemann
Chair, Appropriations Committee
PO Box 94604
Lincoln, NE 68509-4604

Plan for Spending Reductions
Fiscal Years of 2010 and 2011
Oil and Gas Conservation Commission

Dear Senator Heidemann:

This letter sets forth our specific plan to reduce spending pursuant to the legislation enacted during the special session of 2009. Our plan is as follows:

1. We will not expend any funds to plug and abandon six wells in the Barada Field, Richardson County, during the current biennium. Four of these wells, formerly operated by Mr. William S. Palmer, need to be plugged and abandoned while the remaining two may have been improperly plugged during the 1940's.

We had originally budgeted \$60,000 for the plugging of these wells. By not plugging these wells, we will defer our liability to a future biennium and meet the reduction of \$59,222 in appropriation levels.

The deferment of these operations will not affect our staff, Commission functions, or our federal grant. We will not increase the mill levy of our Conservation Tax to offset the funds taken from our Commission's cash fund. In fact, if oil prices remain at their current levels, we will consider reducing our mill levy during 2010.

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If anyone has any questions regarding this plan, please contact me
at (308) 254-6919.

Sincerely,

NEBRASKA OIL AND GAS CONSERVATION COMMISSION

William H. Sydow
Director

PC:	Senator Conrad	Senator Fulton	Senator Hansen
	Senator Harms	Senator Mello	Senator Nelson
	Senator Nordquist	Senator Wightman	

Mr. Scott Danigole
Ms. Cindy Miserez

Mr. Stan Belieu
Ms. Sandy Lunniss