RAILROAD COMMISSION OF TEXAS

VICTOR G. CARRILLO, *CHAIRMAN*
ELIZABETH A. JONES, *COMMISSIONER*
MICHAEL L. WILLIAMS, *COMMISSIONER*

INTERNAL
OIL AND GAS DIVISION
Tommie Seitz, DIRECTOR

MEMORANDUM
June 10, 2010

MEMORANDUM TO: Chairman Victor G. Carrillo
Commissioner Elizabeth A. Jones
Commissioner Michael L. Williams

FROM: Ramon Fernandez, Jr., P.E.
Assistant Director, Field Operations

SUBJECT: Field Operations Section
Monthly Report of State-funded Well Plugging Activities
May 2010, FY 2010

Attached is the monthly report titled "State-funded Well Plugging Activities" for the Field Operations Section of the Oil and Gas Division. This report contains the following:

1. Monthly and cumulative performance measure summaries of the state-funded well plugging activities of this Section.
2. Summary graphs of wells plugged, cost of wells plugged, number of salvage operations, and salvage proceeds.
3. A list of state-funded plugging contracts in excess of $100,000 where the original encumbered amount has been exceeded by 10% or more. The contracts will be carried on this report until completed.

Ramon Fernandez, Jr., P.E.
Assistant Director, Field Operations

RFJ:th
Attachments

cc: John J. Tintera, P. G., Executive Director
Denise Hudson, Deputy Executive Director
Tommie Seitz, Director, Oil and Gas Division
Lindil C. Fowler, Jr., General Counsel, Office of General Counsel
Lowell Williams, Assistant Director, Office of General Counsel-Enforcement
Tony Renzi, Internal Auditor
David Pollard, Director, Administration Division
Stacie Fowler, Director, Governmental Affairs
Ramona Nye, Media Affairs
Tom Lambert, Analyst, Legislative Budget Board
Rebeca White, Budget Analyst, Governor's Office of Budget and Planning
District Directors (via email)

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
Field Operations Section
Monthly State-Funded Plugging Activities
May 2010

Outcome Measure: Percentage of Known Orphaned Wells Plugged with the Use of State Funds (State-Funded Plugging/Orphaned Wells).

May	1.41%
Fiscal Year-to-date	9.16%
Performance Measure Goal	24.6%

Output Measure: Number of Orphaned Wells Plugged with the Use of State Funds.

May	112
Fiscal Year-to-date	728
Performance Measure Goal	1,600
Revised Operating Budget	1,400

Output Measure: Total Aggregate Plugging Depth of Wells Plugged with the Use of State Funds.

May	171,194
Fiscal Year-to-date	1,286,944
Performance Measure Goal	3,057,600
Revised Operating Budget	2,675,400

Efficiency Measure: Average Number of Days to complete a State-Funded Well Plugging.

	From Contract Award Date
May	39
Fiscal Year-to-date	45
Performance Measure Goal	50

Explanatory Measure: Number of Orphaned Wells Approved for Plugging with the Use of State Funds.

May	80
Fiscal Year-to-date	980
Performance Measure Goal	1,600
Revised Operating Budget	1,455

Explanatory Measure: Number of Known Orphaned Wells in Non-compliance with the Commission's Plugging Rule.

	Orphaned wells
May	7,944
Performance Measure Goal	6,500

Explanatory Measure: Number of Wells Plugged, by Operators, Without the Use of State Funds.

May	173
Fiscal Year-to-date	2,877
Performance Measure Goal	5,400

Explanatory measure: Percentage of Active Well Operators Who Have More Than 25% of Their Wells Inactive.

May	45%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

May	112,215
Performance Measure Goal	110,000

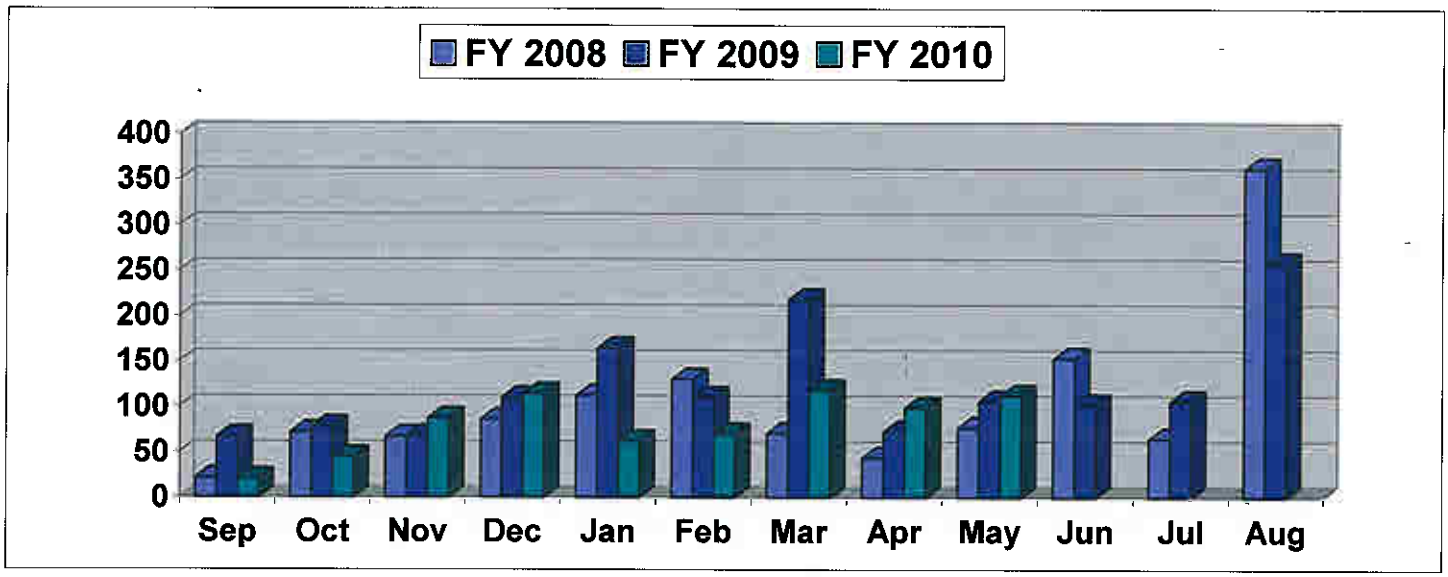
RAILROAD COMMISSION OF TEXAS
Monthly State-funded Plugging and Salvage
May 2010

STATE-FUNDED PLUGGING ACTIVITIES	
Number of wells approved for plugging in May	80
Estimated cost of approvals	$988,585.00
Number of wells approved for FY 2010	980
Number of approved wells remaining to plug	1414
Estimated cost to plug remaining approvals	$24,446,690.00
Number of pluggings completed in May	112
Total cost to plug wells completed in May	$836,227.44
Number of pluggings completed in FY 2010	728
Cost of pluggings completed in FY 2010	$6,793,163.30

POLLUTION ABATEMENT ACTIVITIES:	
Number of pollution abatements approved in May	10
Estimated cost of approvals	$22,900.00
Number of pollution abatements approved in FY 2010	86
Number of pollution abatements remaining	141
Estimated cost of pollution abatements remaining	$451,255.00
Number of pollution abatements completed in May	1
Total cost of pollution abatements completed in May	$2,271.25
Number of pollution abatements completed for FY 2010	83
Cost of pollution abatements completed for FY 2010	$107,811.01

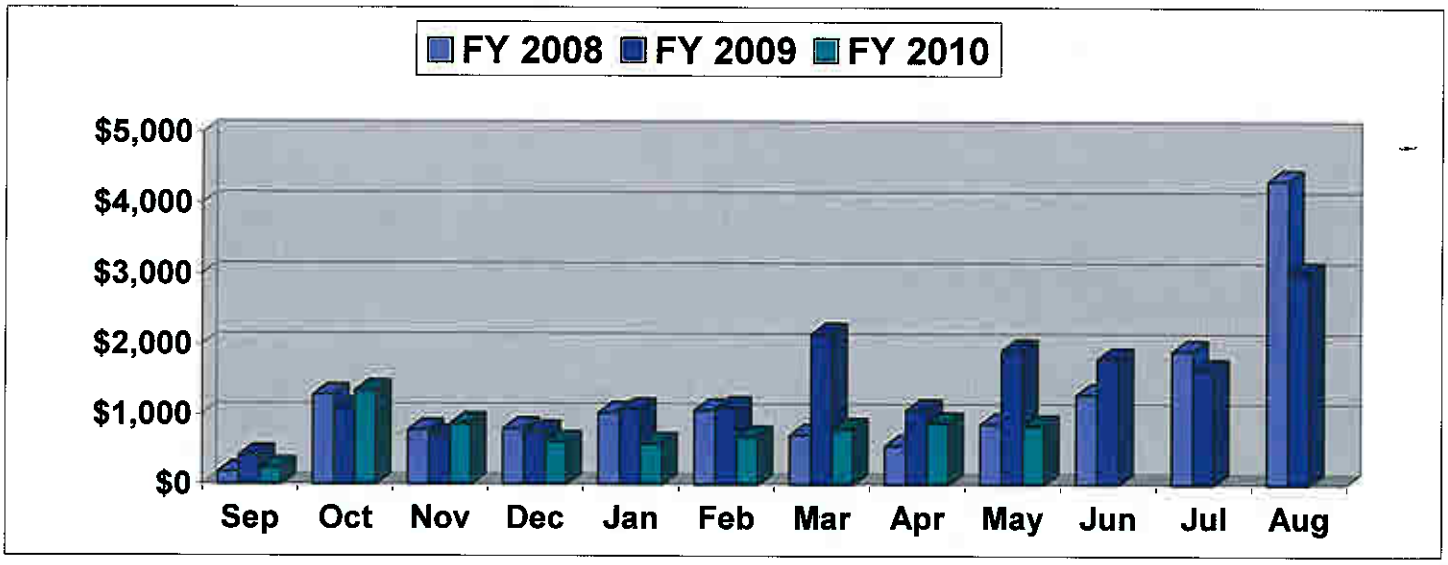
SALVAGE OPERATIONS	
Number of salvage operations added in May	23
Number of salvage operations deleted in May	0
Number of salvage operations added in FY 2010	164
Number of salvage operations deleted in FY 2010	1
Number of salvage operations completed in May	13
Total proceeds received in May	$64,643.21
Number of salvage operations completed in FY 2010	224
Total proceeds received in FY 2010	$646,240.23

State-funded Well Plugging Program
Monthly Wells Plugged
May 2010



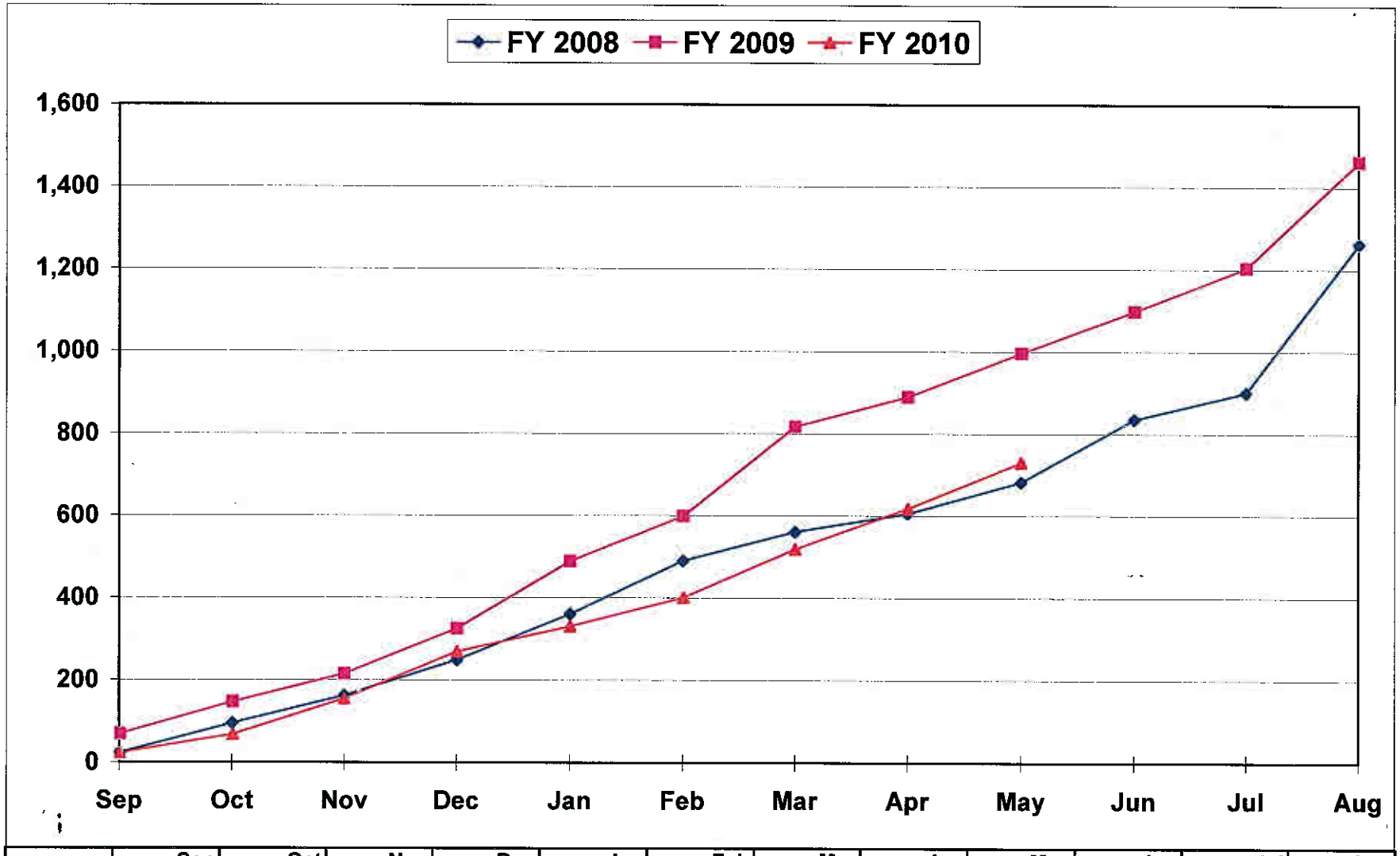
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2008	22	72	67	86	112	130	71	44	77	153	65	362	1,261
FY 2009	67	78	68	110	164	110	218	73	106	102	106	258	1,460
FY 2010	21	45	87	114	62	70	118	99	112				728

State-funded Well Plugging Program
Monthly Cost of Wells Plugged
May 2010



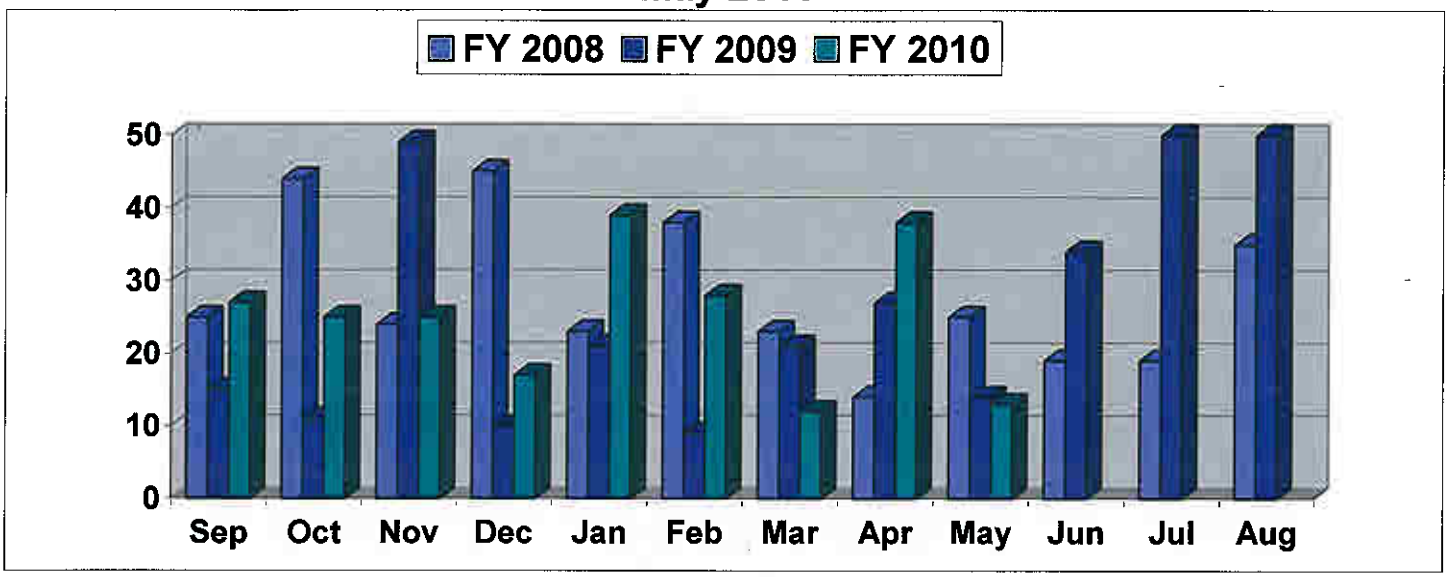
$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2008	$175	$1,281	$774	$792	$1,021	$1,061	$708	$553	$860	$1,284	$1,906	$4,322	$14,737
FY 2009	$414	$1,092	$691	$755	$1,070	$1,099	$2,151	$1,062	$1,920	$1,796	$1,639	$3,011	$16,700
FY 2010	$230	$1,338	$867	$598	$580	$680	$788	$876	$836				$6,793

State-funded Well Plugging Program
Cumulative Wells Plugged
May 2010



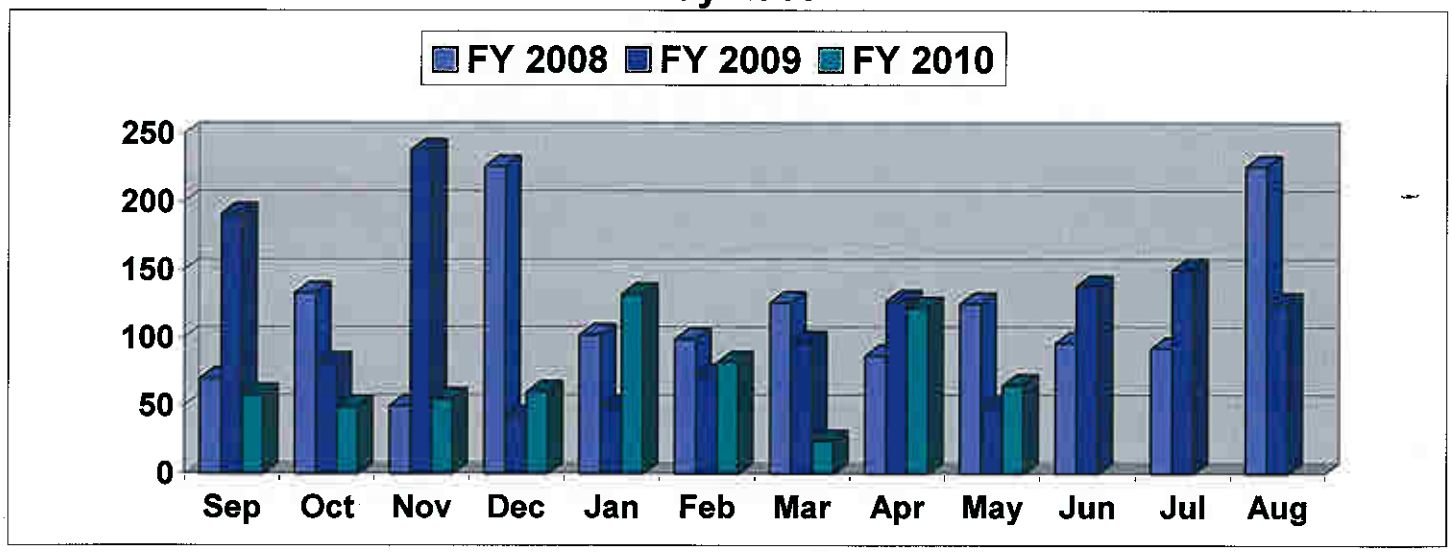
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2008	22	94	161	247	359	489	560	604	681	834	899	1,261
FY 2009	67	145	213	323	487	597	815	888	994	1,096	1,202	1,460
FY 2010	21	66	153	267	329	399	517	616	728			

State-funded Well Plugging Program
Monthly Salvage Operations
May 2010



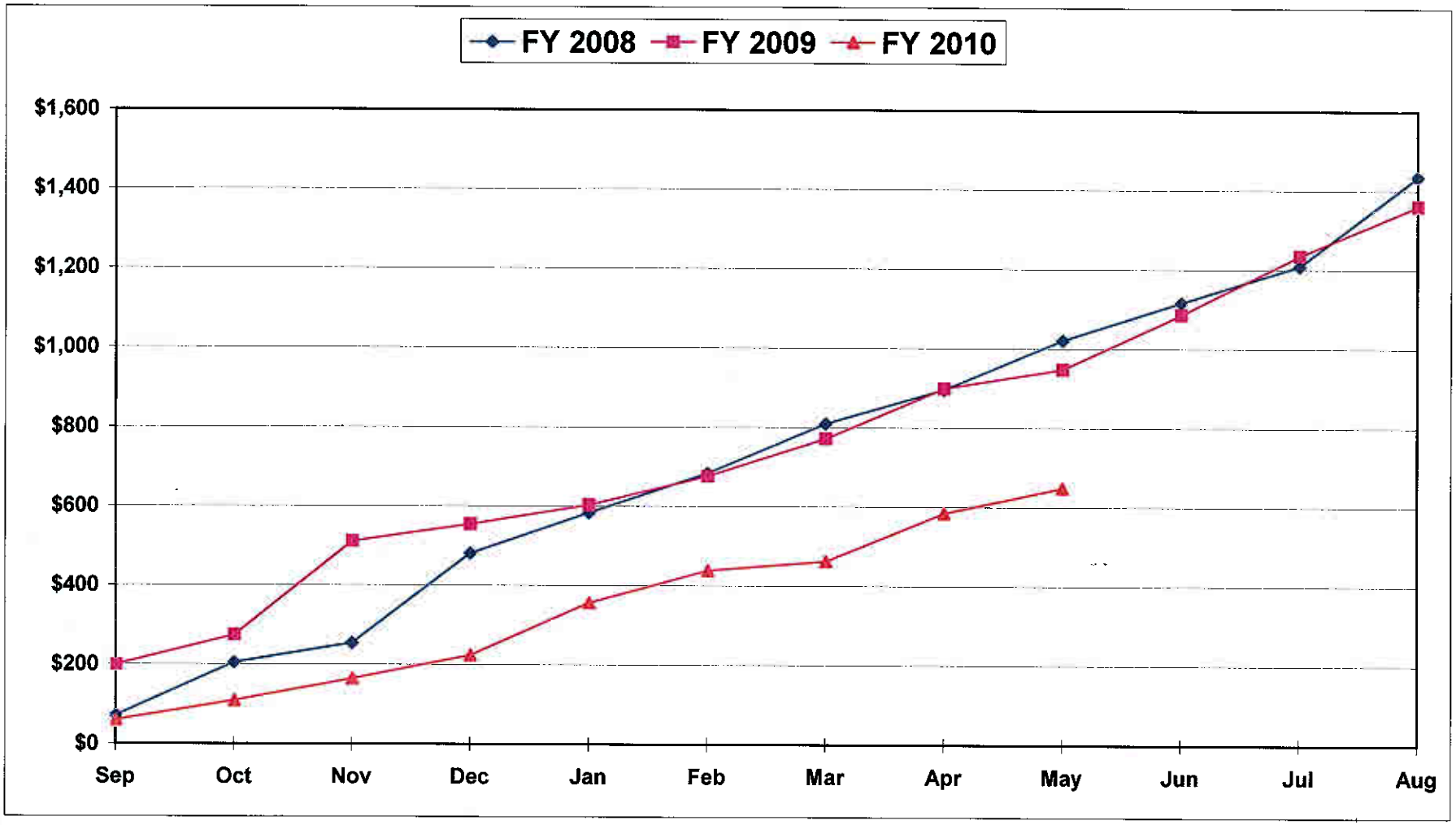
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2008	25	44	24	45	23	38	23	14	25	19	19	35	334
FY 2009	15	11	49	10	21	9	21	27	14	34	59	54	324
FY 2010	27	25	25	17	39	28	12	38	13				224

State-funded Well Plugging Program
Monthly Salvage Proceeds
May 2010



$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2008	$70	$133	$50	$226	$102	$99	$126	$87	$125	$96	$92	$226	$1,432
FY 2009	$191	$81	$238	$42	$49	$73	$97	$127	$49	$138	$150	$125	$1,360
FY 2010	$58	$49	$55	$60	$132	$82	$24	$122	$65				$647

State-funded Well Plugging Program
Cumulative Salvage Proceeds
May 2010



$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2008	$70	$203	$253	$479	$582	$682	$808	$895	$1,020	$1,115	$1,208	$1,434
FY 2009	$197	$272	$509	$552	$601	$674	$770	$897	$946	$1,084	$1,234	$1,359
FY 2010	$58	$107	$162	$222	$354	$436	$460	$582	$646			

RAILROAD COMMISSION OF TEXAS
Annual State-funded Plugging Summary
May 2010

Fiscal Year	Pluggings Approved	Pluggings Completed	Plugging Cost
1984	421	177	$1,112,197.81
1985	474	392	$2,028,121.62
1986	533	714	$2,583,271.00
1987	709	703	$2,106,546.67
1988	830	627	$2,162,255.30
1989	844	578	$2,028,764.38
1990	1004	432	$1,993,128.18
1991	667	455	$2,157,121.78
1992	2412	1324	$5,692,878.50
1993	1171	1404	$6,680,547.97
1994	1106	1325	$6,003,267.26
1995	1381	1364	$6,110,031.51
1996	1286	1366	$5,259,382.52
1997	2156	1577	$7,077,979.66
1998	1854	1604	$8,456,131.53
1999	1318	1126	$4,481,066.50
2000	1693	1335	$5,134,842.14
2001	1612	1417	$6,686,357.01
2002	1659	1464	$8,011,659.30
2003	1469	1635	$7,211,207.33
2004	1701	1525	$7,398,237.94
2005	2168	1710	$11,360,931.62
2006	1815	1824	$10,736,521.32
2007	1683	1536	$18,537,524.65
2008	1826	1261	$14,736,187.15
2009	1557	1460	$16,700,337.18
2010	980	728	$6,793,163.30
TOTALS	36329	31063	$179,239,661.13

RAILROAD COMMISSION OF TEXAS
Annual Summary for Pollution Abatements
May 2010

Fiscal Year	PAs Approved	PAs Completed	PAs Cost
1984			
1985	21	14	$3,563.32
1986	22	25	$34,817.01
1987	42	31	$25,702.15
1988	46	37	$17,519.39
1989	95	72	$23,521.25
1990	78	65	$28,222.43
1991	146	124	$72,631.81
1992	129	127	$71,268.54
1993	160	124	$46,586.49
1994	97	84	$43,771.43
1995	86	68	$29,567.34
1996	124	100	$47,895.29
1997	137	73	$38,268.97
1998	174	148	$92,235.78
1999	136	157	$70,854.70
2000	151	79	$359,441.08
2001	115	61	$116,091.54
2002	125	85	$146,095.87
2003	117	223	$161,975.21
2004	125	170	$135,450.45
2005	93	121	$415,879.04
2006	135	75	$72,209.86
2007	83	53	$503,850.92
2008	140	121	$223,938.75
2009	92	56	$145,657.67
2010	86	83	$107,811.01
TOTAL	2755	2376	$3,034,827.30

Oil and Gas Division
Field Operations Section
State-Funded Plugging
Contracts Exceeding $100,000
Original Encumbered Amount Exceeded by 10% or More
May 2010, FY 2010

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	$ Increase	% Increase	Remarks
1/2	455-9-1042	Capital Well Services, LLC	$243,868.70	$566,914.86	$323,046.16	132.47%	Added five (5) wells to the contract and downhole problems encountered in eight (8) wells.
	455-10-0277	Double Eagle Oilfield Services, Inc.	$457,285.00	$503,685.00	$46,400.00	10.15%	Added four (4) wells to the contract. Two of the four wells were leaking.
	455-9-0463	U. S. A. Plugging Company	$472,421.00	$591,500.00	$119,079.00	25.21%	Added five (5) wells to the contract and downhole problems were encountered.
	455-10-0749	Seeker Oil Company, Inc.	$140,429.00	$174,329.00	$33,900.00	24.14%	Added nine (9) wells to the contract.
3	455-10-0224	Innovative Energy Services, Inc.	$249,980.00	$409,980.00	$160,000.00	64.01%	Added one (1) well to the contract. Encountered down hole
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
4	455-10-0093	H & K Well Service, LLC	$111,031.00	$152,754.90	$41,723.90	37.58%	Added three (3) wells to this contract and encountered downhole problems.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
5/6	455-10-0144	Topcat Well Services, LLC	$88,162.50	$213,162.50	$125,000.00	141.78%	Downhole problems with two (2) wells.
	455-10-0857	Haynie Drilling Co., Inc.	$84,975.00	$104,975.00	$20,000.00	23.54%	Added seven (7) wells to the contract.
	455-				$0.00	#DIV/0!	
7B	455-10-0156A	Mark's Well Service, Inc.	$122,940.00	$137,940.00	$15,000.00	12.20%	Downhole problems with seven (7) wells.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
7C	455-				$0.00	#DIV/0!	None to report for this month
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
8/8A	455-9-0993	Quail Well Service, Inc.	$109,545.00	$374,845.00	$265,300.00	242.18%	Added eight wells to the contract.
	455-10-0991	Maverick Well Pluggers	$200,520.00	$435,200.00	$234,680.00	117.04%	Added eight (8) wells to this contract and downhole problems were encountered.
	455-10-0549	Basic Energy Services, L.P.	$295,161.00	$470,161.00	$175,000.00	59.29%	construction required.
9	455-10-0037	Moore Energy Services, LLC	$156,240.00	$181,240.00	$25,000.00	16.00%	Add one (1) well and downhole problems encountered.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
10	455-				$0.00	#DIV/0!	None to report for this month
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	

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