

RAILROAD COMMISSION OF TEXAS

ELIZABETH AMES JONES, *CHAIRMAN*
DAVID PORTER, *COMMISSIONER*

INTERNAL
OIL AND GAS DIVISION
RAMON FERNANDEZ JR., P.E.
DEPUTY DIRECTOR

MEMORANDUM

June 16, 2011

MEMORANDUM TO: Chairman Elizabeth Ames Jones
Commissioner David Porter

FROM: Ramon Fernandez, Jr., P.E.
Deputy Director, Oil & Gas Division, Field Operations

SUBJECT: Field Operations Section
Monthly Report of State-funded Well Plugging Activities
May 2011, FY 2011

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.

RFJ:th
Attachments


Ramon Fernandez, Jr., P.E.
Deputy Director, Oil & Gas Division

cc: John J. Tintera, P. G., Executive Director
David Pollard, Acting Chief Financial Officer
Lindil C. Fowler, Jr., General Counsel, Office of General Counsel
Lowell Williams, Assistant Director, Office of General Counsel-Enforcement
Tony Renzi, Internal Auditor
Edna Medina, Acting 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 2011

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

May	0.62%
Fiscal Year-to-date	7.54%
Performance Measure Goal	29.10%

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

May	43
Fiscal Year-to-date	526
Performance Measure Goal	1,400
Revised Operating Budget	1,335

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

May	100,768
Fiscal Year-to-date	1,004,371
Performance Measure Goal	3,057,600
Revised Operating Budget	2,551,185

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

	From Contract Award Date
May	99
Fiscal Year-to-date	69
Performance Measure Goal	50

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

May	66
Fiscal Year-to-date	698
Performance Measure Goal	1,600
Revised Operating Budget	1,385

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

	Orphaned wells
May	6,976
Performance Measure Goal	5,500

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

May	473
Fiscal Year-to-date	4,409
Performance Measure Goal	5,300

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	109,759
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Monthly State-funded Plugging and Salvage
May 2011

STATE-FUNDED PLUGGING ACTIVITIES

Number of wells approved for plugging in May	66
Estimated cost of approvals	\$602,400.00
Number of wells approved for FY 2011	698
Number of approved wells remaining to plug	1159
Estimated cost to plug remaining approvals	\$22,105,582.00
Number of pluggings completed in May	43
Total cost to plug wells completed in May	\$560,369.79
Number of pluggings completed in FY 2011	526
Cost of pluggings completed in FY 2011	\$4,931,853.40

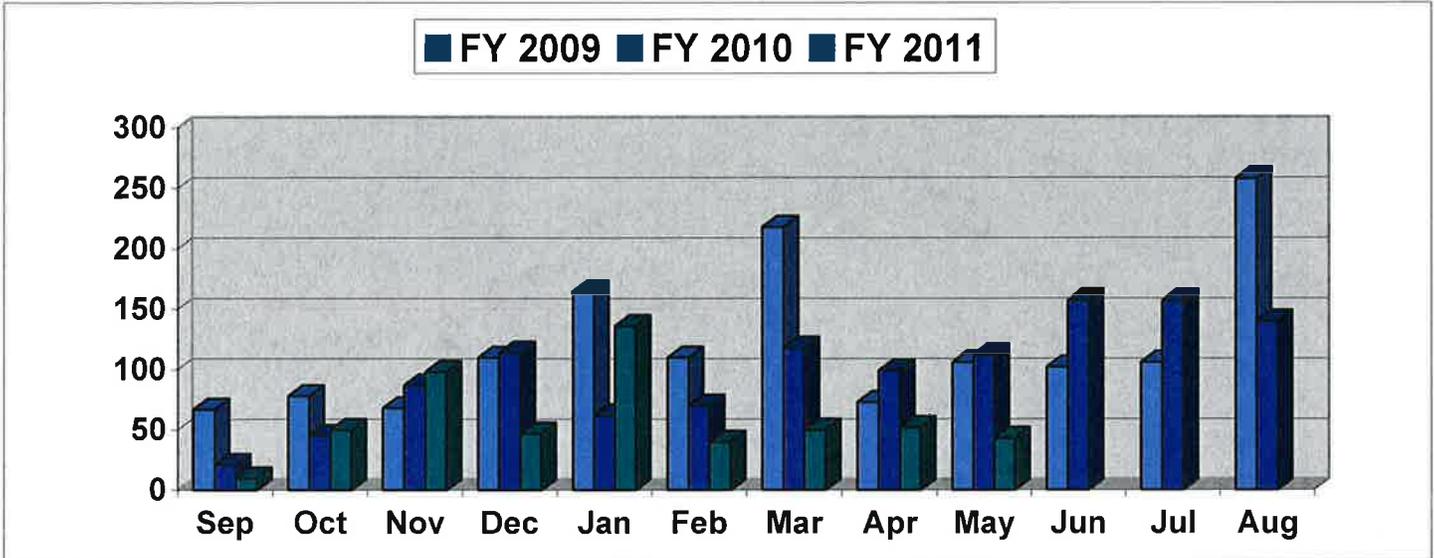
POLLUTION ABATEMENT ACTIVITIES:

Number of pollution abatements approved in May	5
Estimated cost of approvals	\$6,270.00
Number of pollution abatements approved in FY 2011	57
Number of pollution abatements remaining	84
Estimated cost of pollution abatements remaining	\$271,055.00
Number of pollution abatements completed in May	4
Total cost of pollution abatements completed in May	\$3,361.74
Number of pollution abatements completed for FY 2011	29
Cost of pollution abatements completed for FY 2011	\$51,155.15

SALVAGE OPERATIONS

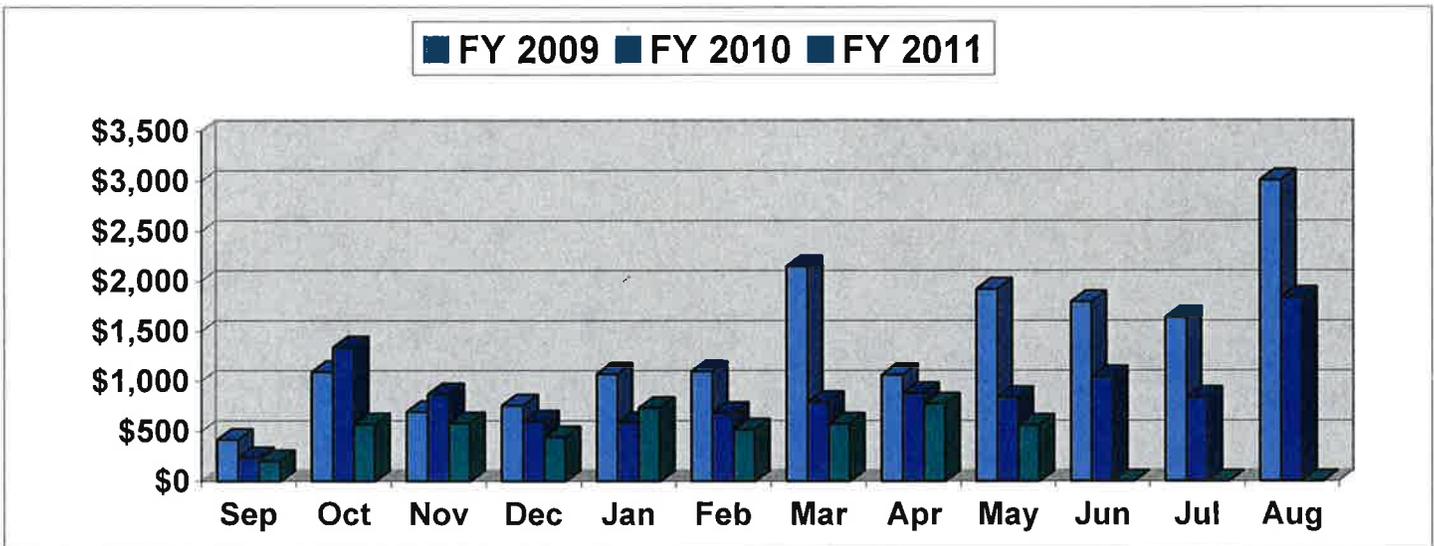
Number of salvage operations added in May	16
Number of salvage operations deleted in May	0
Number of salvage operations added in FY 2011	165
Number of salvage operations deleted in FY 2011	0
Number of salvage operations completed in May	16
Total proceeds received in May	\$30,031.18
Number of salvage operations completed in FY 2011	142
Total proceeds received in FY 2011	\$453,194.25

State-funded Well Plugging Program Monthly Wells Plugged May 2011



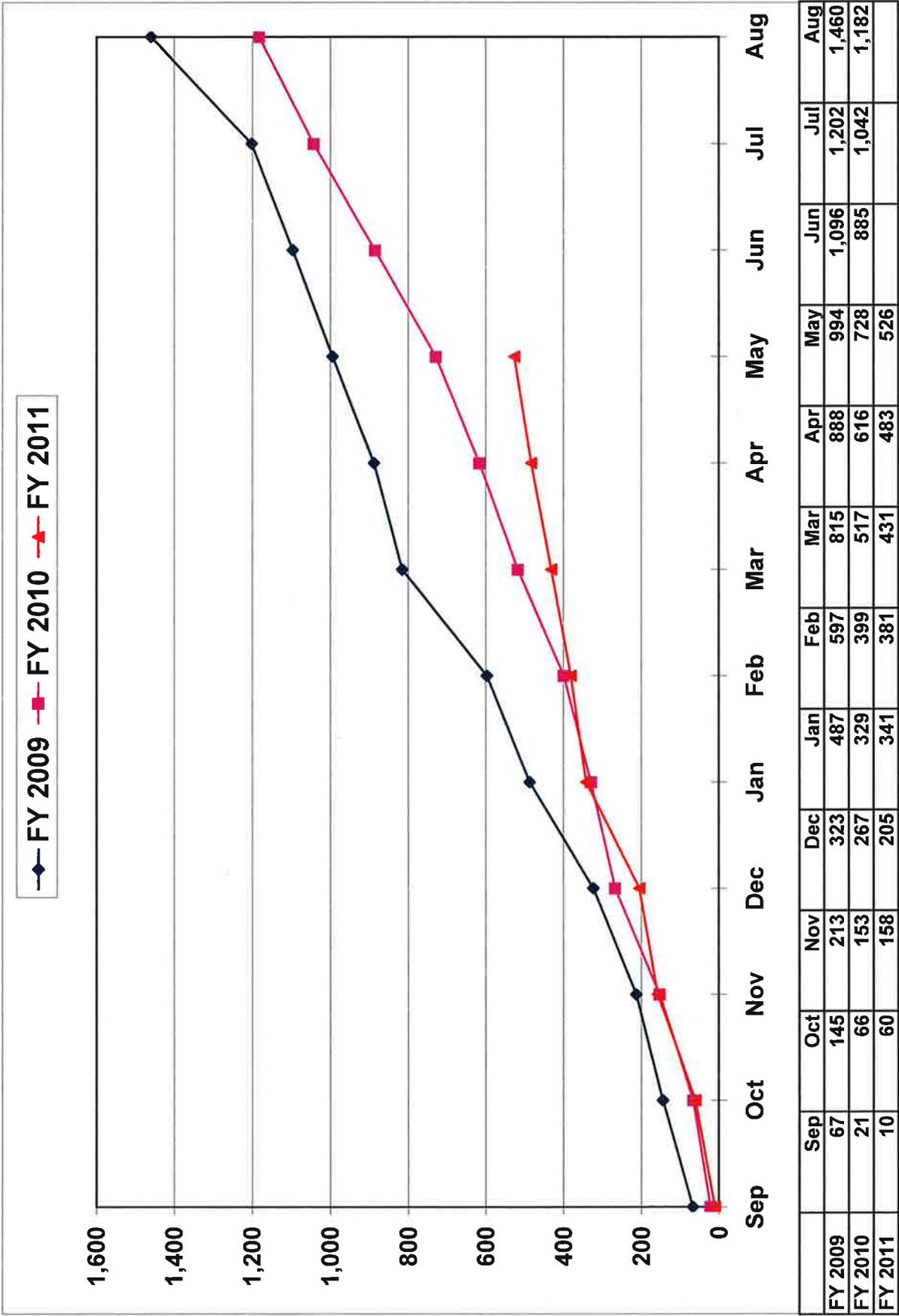
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2009	67	78	68	110	164	110	218	73	106	102	106	258	1,460
FY 2010	21	45	87	114	62	70	118	99	112	157	157	140	1,182
FY 2011	10	50	98	47	136	40	50	52	43				526

State-funded Well Plugging Program Monthly Cost of Wells Plugged May 2011

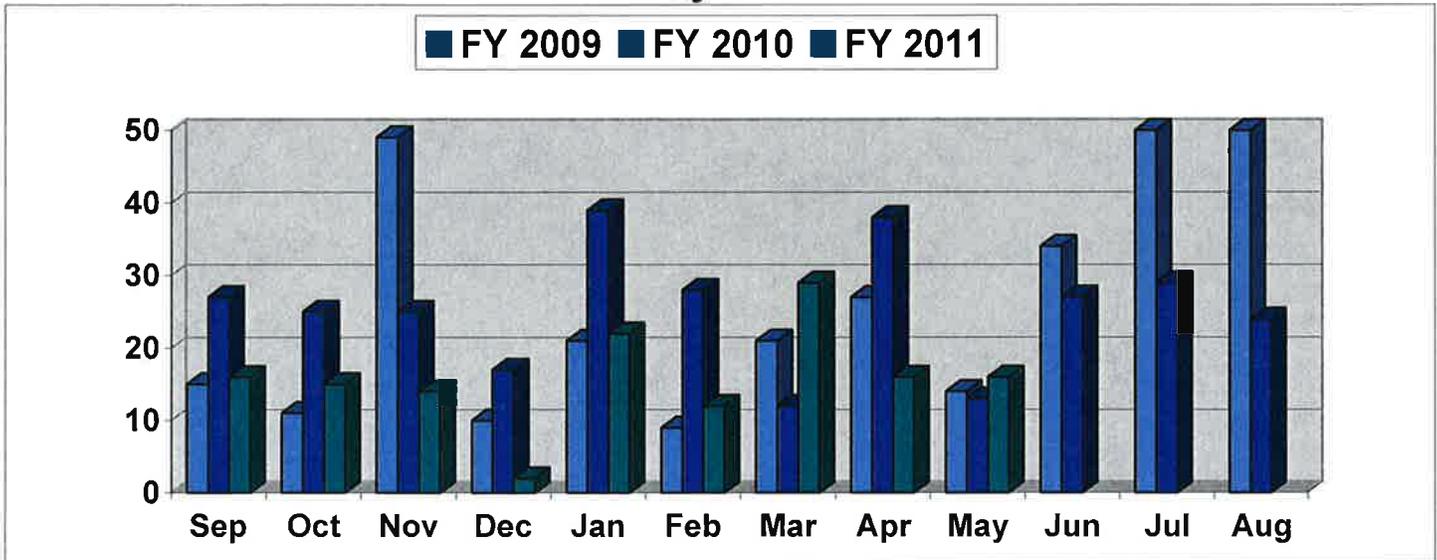


\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2009	\$414	\$1,092	\$691	\$755	\$1,070	\$1,099	\$2,151	\$1,062	\$1,920	\$1,796	\$1,639	\$3,011	\$16,700
FY 2010	\$230	\$1,338	\$867	\$598	\$580	\$680	\$788	\$876	\$836	\$1,041	\$835	\$1,836	\$10,505
FY 2011	\$200	\$567	\$578	\$437	\$731	\$513	\$573	\$773	\$560	\$0	\$0	\$0	\$4,932

State-funded Well Plugging Program Cumulative Wells Plugged May 2011

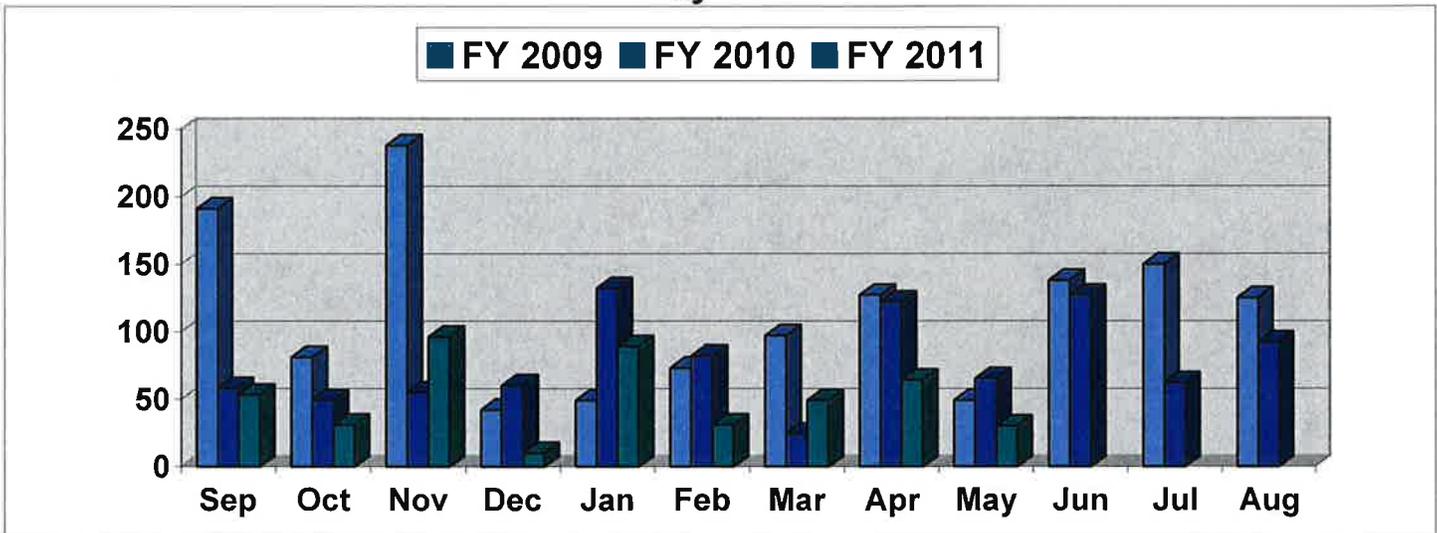


State-funded Well Plugging Program Monthly Salvage Operations May 2011



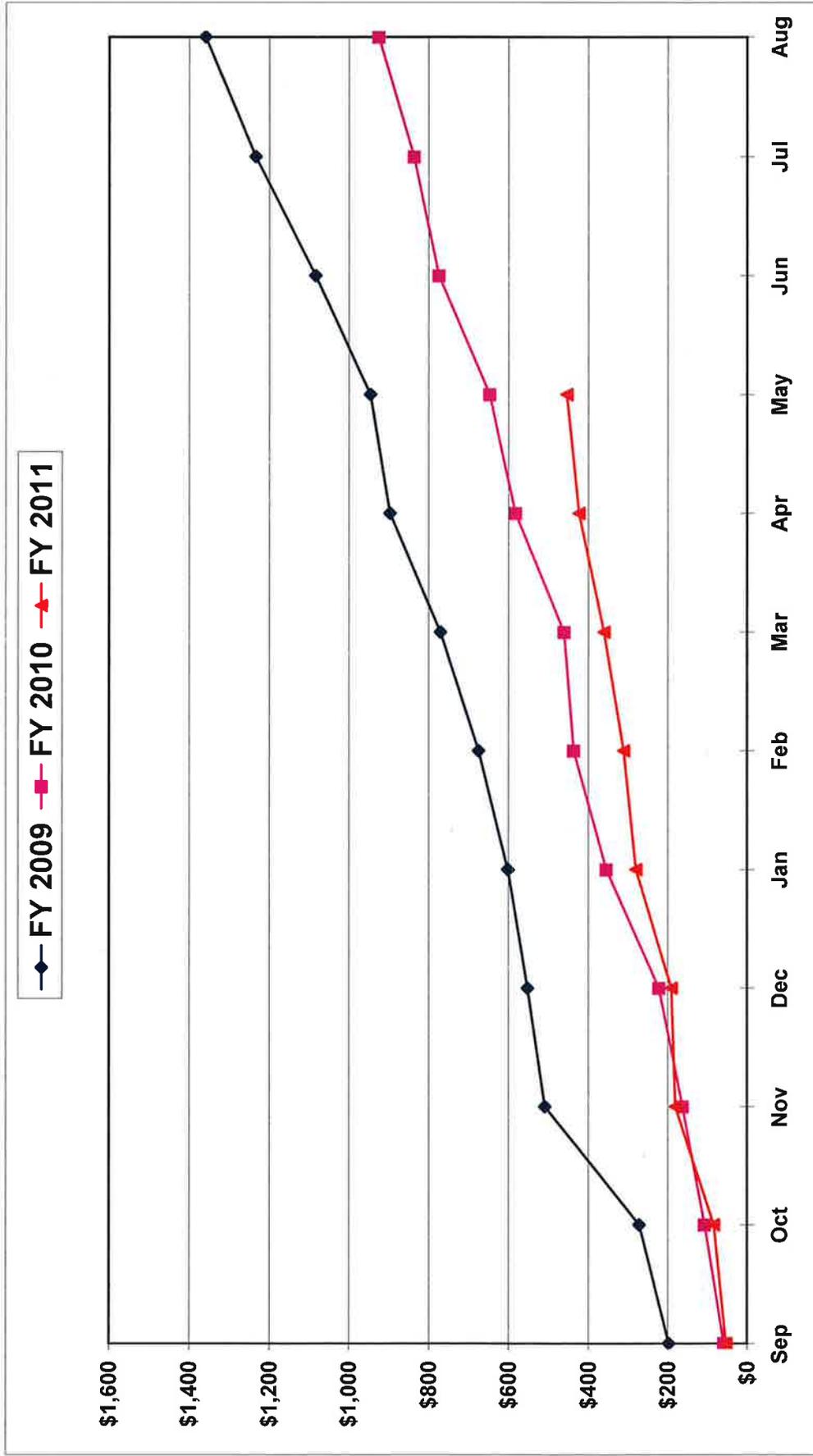
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2009	15	11	49	10	21	9	21	27	14	34	59	54	324
FY 2010	27	25	25	17	39	28	12	38	13	27	29	24	304
FY 2011	16	15	14	2	22	12	29	16	16				142

State-funded Well Plugging Program Monthly Salvage Proceeds May 2011



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
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	\$127	\$62	\$92	\$928
FY 2011	\$53	\$31	\$96	\$10	\$89	\$31	\$49	\$64	\$30				\$453

State-funded Well Plugging Program Cumulative Salvage Proceeds May 2011



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
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	\$773	\$836	\$925
FY 2011	\$53	\$84	\$181	\$191	\$280	\$311	\$360	\$423	\$453			

RAILROAD COMMISSION OF TEXAS
Annual State-funded Plugging Summary
May 2011

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	1207	1182	\$10,504,966.23
2011	698	526	\$4,931,853.40
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TOTALS	37254	32043	\$187,883,317.46
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RAILROAD COMMISSION OF TEXAS
Annual Summary for Pollution Abatements
May 2011

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	110	154	\$228,434.92
2011	57	29	\$51,155.15
TOTAL	----- 2836 =====	----- 2476 =====	----- \$3,206,606.36 =====

**Oil and Gas Division
Field Operations Section
State-Funded Plugging
Contracts Exceeding \$100,000
Original Encumbered Amount Exceeded by 10% or More
May 2011, FY 11**

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	\$ Increase	% Increase	Remarks
1/2	455-10-0134	U.S.A. Plugging Company	\$102,980.00	\$120,350.00	\$17,370.00	16.87%	Contract completed.
	455-			\$0.00	\$0.00	#DIV/0!	
	455-			\$0.00	\$0.00	#DIV/0!	
3	455-10-0484	Five-JAB, Inc.	\$194,510.00	\$205,239.03	\$10,729.03	5.52%	Downhole problems encountered. Contract expired.
	455-			\$0.00	\$0.00	#DIV/0!	
	455-			\$0.00	\$0.00	#DIV/0!	
4	455-10-1060	Newman Operating Company	\$150,015.00	\$179,175.00	\$29,160.00	19.44%	Three (3) additional wells were added to the contract.
	455-11-0609	Southern Workover, Inc.	\$175,000.00	\$195,000.00	\$20,000.00	11.43%	Emergency leaking well in Arkansas Bay. Had to replace inoperable valves on the well and encountered downhole problems. Contract complete.
	455-			\$0.00	\$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	Haymie Drilling Co., Inc.	\$84,975.00	\$104,975.00	\$20,000.00	23.54%	Added seven (7) wells to the contract.
	455-11-0165	Topcat Well Services, LLC	\$133,618.00	\$190,378.00	\$56,760.00	42.48%	Added three (3) wells to the contract.
	455-11-0327	Haymie Drilling Co., Inc.	\$86,785.00	\$156,963.00	\$70,178.00	80.86%	Added nine (9) wells to the contract.
	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.
7C	455-11-0475	2 W Petroleum	\$99,415.00	\$131,215.00	\$31,800.00	31.99%	Added two (2) wells to the contract.
	455-			\$0.00	\$0.00	#DIV/0!	
	455-11-0108	J & J Well Service, Inc	\$156,000.00	\$208,000.00	\$52,000.00	33.33%	Added four (4) wells to the contract.
	455-11-0218	J & J Well Service, Inc	\$69,000.00	\$101,300.00	\$32,300.00	46.81%	Added three (3) wells to the contract.
	455-			\$0.00	\$0.00	#DIV/0!	
8/8A	455-11-0156	Maverick Well Pluggers	\$94,674.52	\$454,974.52	\$360,300.00	380.57%	Added nineteen (19) wells to the contract.
	455-			\$0.00	\$0.00	#DIV/0!	
	455-			\$0.00	\$0.00	#DIV/0!	
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	\$0.00	#DIV/0!	
	455-			\$0.00	\$0.00	#DIV/0!	
10	455-			\$0.00	\$0.00	#DIV/0!	None to report for this month
	455-			\$0.00	\$0.00	#DIV/0!	
	455-			\$0.00	\$0.00	#DIV/0!	