

RAILROAD COMMISSION OF TEXAS

ELIZABETH AMES JONES, *CHAIRMAN*
DAVID PORTER, *COMMISSIONER*
BARRY T. SMITHERMAN, *COMMISSIONER*

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

MEMORANDUM

January 20, 2012

MEMORANDUM TO: Chairman Elizabeth Ames Jones
Commissioner David Porter
Commissioner Barry T. Smitherman

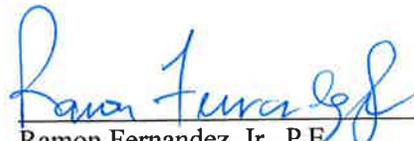
FROM: Ramon Fernandez, Jr., P.E.
Deputy Director, Oil & Gas Division, Field Operations

SUBJECT: Field Operations Section
Monthly Report of State-funded Well Plugging Activities
December 2011, FY 2012

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, 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, 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
December 2011

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

December	0.64%
Fiscal Year-to-date	1.85%
Performance Measure Goal	30.5%
Revised Operating Budget	23.5%

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

December	51
Fiscal Year-to-date	148
Performance Measure Goal	1,375
Revised Operating Budget	1,222

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

December	131,311
Fiscal Year-to-date	326,861
Performance Measure Goal	2,627,625
Revised Operating Budget	2,335,242

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

	From Contract Award Date
December	51
Fiscal Year-to-date	61
Performance Measure Goal	50

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

December	82
Fiscal Year-to-date	280
Performance Measure Goal	1,500
Revised Operating Budget	1,285

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

	Orphaned wells
December	7,984
Performance Measure Goal	4,500

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

December	676
Fiscal Year-to-date	2,299
Performance Measure Goal	5,200

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

December	44%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

December	112,374
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
 Monthly State-funded Plugging and Pollution Site Cleanup
 December 2011

STATE-FUNDED PLUGGING ACTIVITIES

Number of wells approved for plugging in December	82
Estimated cost of approvals	\$7,243,305.75
Number of wells approved for FY 2012	280
Number of approved wells remaining to plug	1253
Estimated cost to plug remaining approvals	\$28,887,051.75
Number of pluggings completed in December	51
Total cost to plug wells completed in December	\$1,084,529.37
Number of pluggings completed in FY 2012	148
Cost of pluggings completed in FY 2012	\$2,136,642.74

POLLUTION ABATEMENT ACTIVITIES:

Number of pollution abatements approved in December	1
Estimated cost of approvals	\$1,500.00
Number of pollution abatements approved in FY 2012	15
Number of pollution abatements remaining	82
Estimated cost of pollution abatements remaining	\$257,390.00
Number of pollution abatements completed in December	2
Total cost of pollution abatements completed in December	\$3,499.40
Number of pollution abatements completed for FY 2012	5
Cost of pollution abatements completed for FY 2012	\$17,778.23

SALVAGE OPERATIONS

Number of salvage operations added in December	43
Number of salvage operations deleted in December	0
Number of salvage operations added in FY 2012	66
Number of salvage operations deleted in FY 2012	0
Number of salvage operations completed in December	9
Total proceeds received in December	\$14,085.40
Number of salvage operations completed in FY 2012	42
Total proceeds received in FY 2012	\$215,911.15

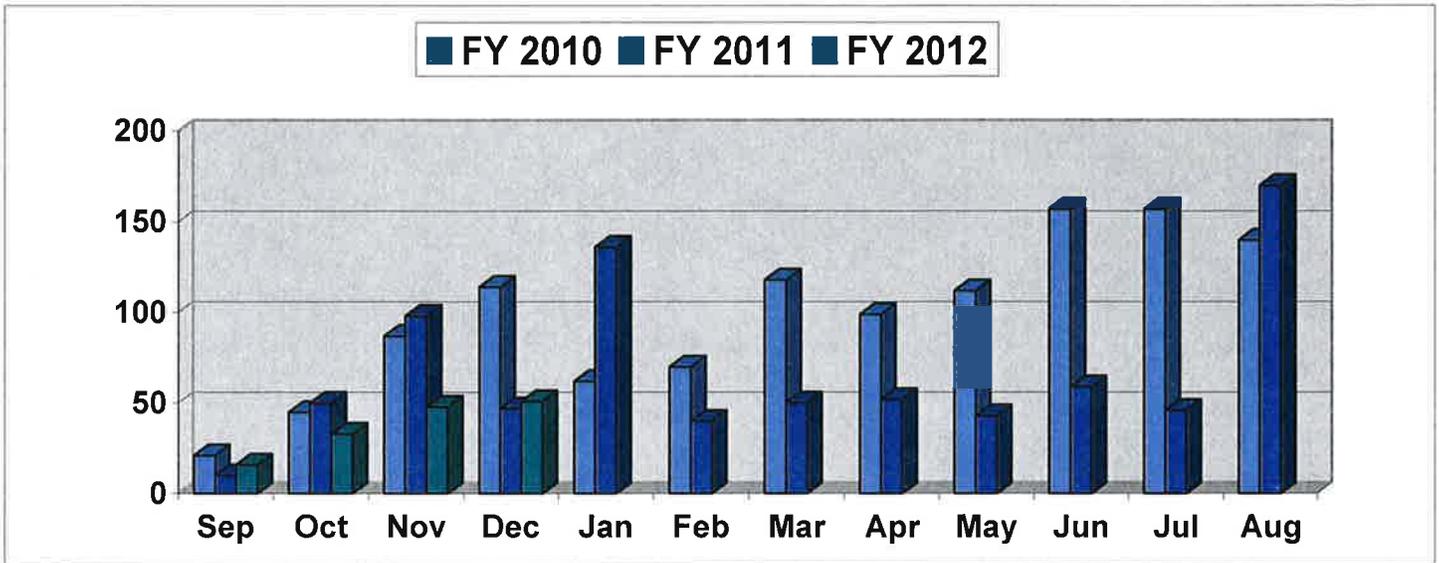
RAILROAD COMMISSION OF TEXAS
Annual State-funded Plugging Summary
December 2011

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	971	801	\$9,222,394.49
2012	280	148	\$2,136,642.74
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TOTALS	37807	32466	\$194,310,501.29
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RAILROAD COMMISSION OF TEXAS
Annual Summary for Pollution Abatements
December 2011

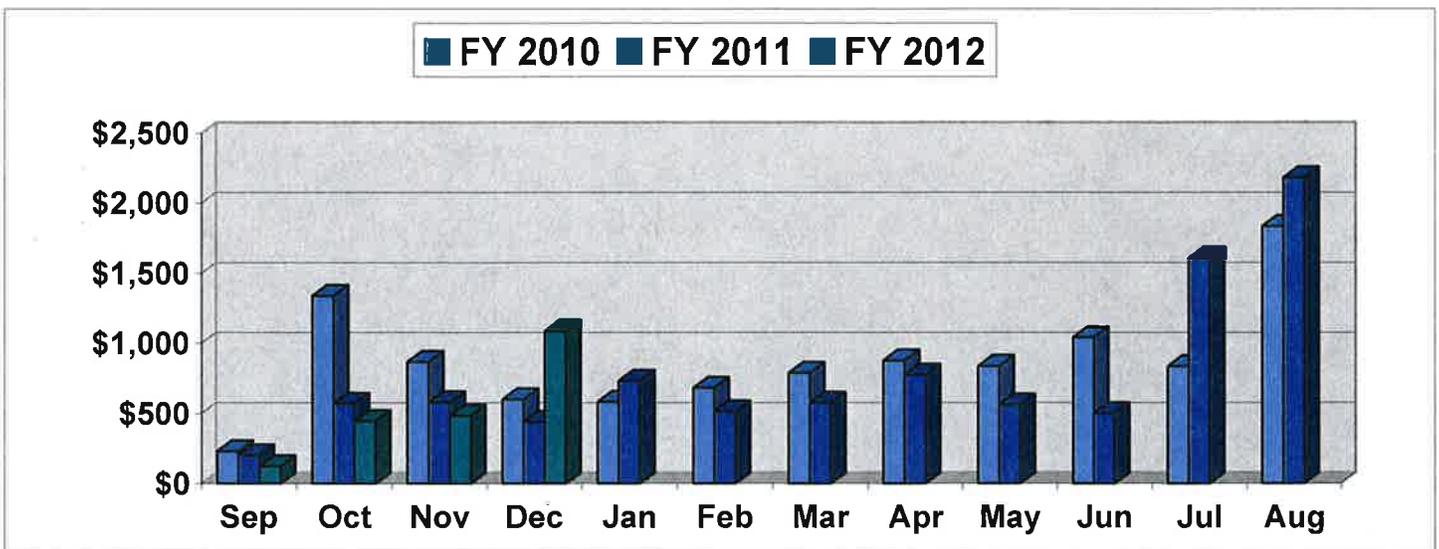
Fiscal Year	PAs Approved	PAs Completed	PAs Cost
1984			
1985	21	14	\$3,563.32
1986	22	25	\$34,817.01
1987	42	31	\$25,702.15
1988	46	37	\$17,519.39
1989	95	72	\$23,521.25
1990	78	65	\$28,222.43
1991	146	124	\$72,631.81
1992	129	127	\$71,268.54
1993	160	124	\$46,586.49
1994	97	84	\$43,771.43
1995	86	68	\$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	65	49	\$107,681.40
2012	15	5	\$17,778.23
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TOTAL	2859	2501	\$3,280,910.84
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State-funded Well Plugging Program Monthly Wells Plugged December 2011



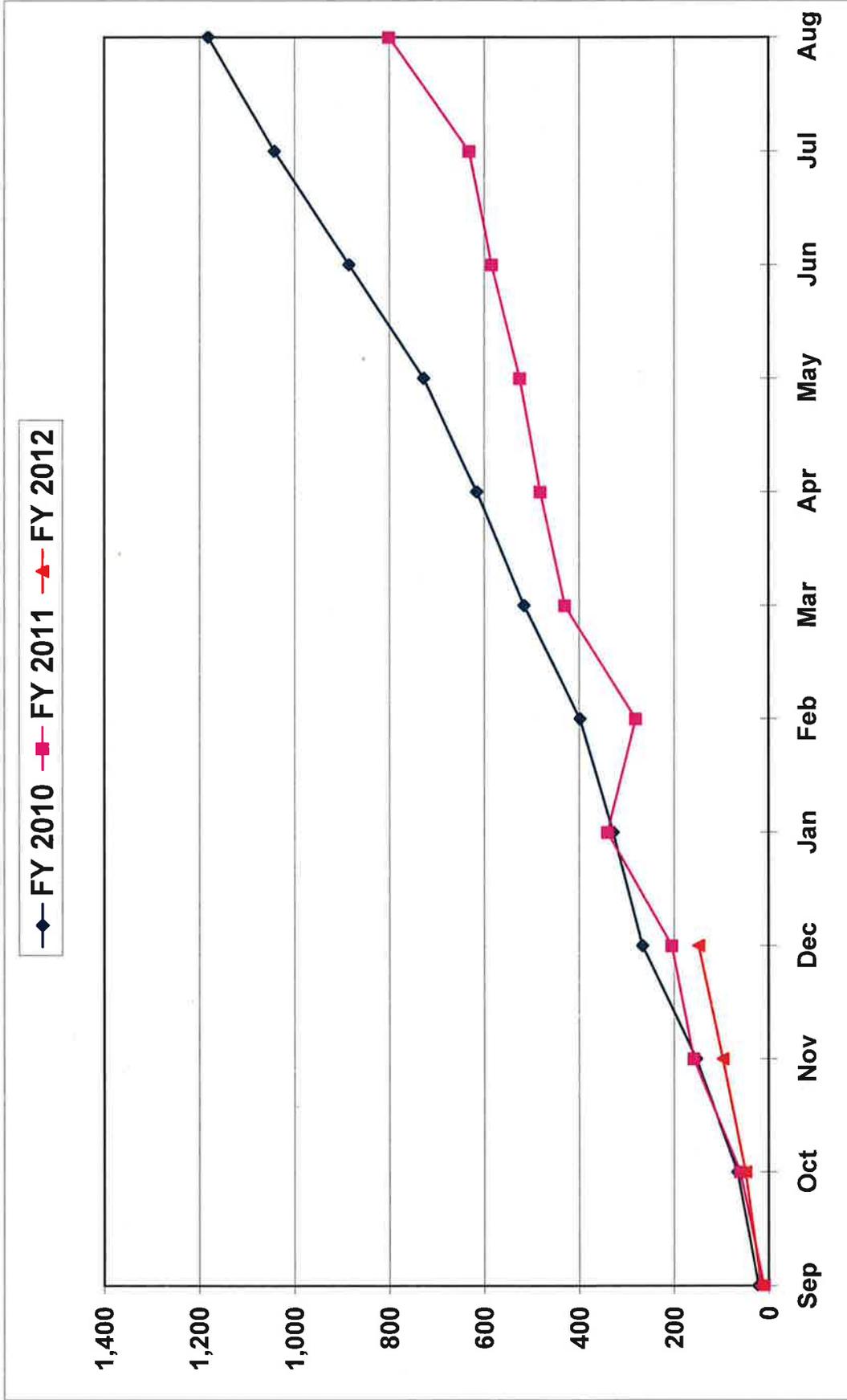
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2010	21	45	87	114	62	70	118	99	112	157	157	140	1,182
FY 2011	10	50	98	47	136	40	50	52	43	59	46	170	801
FY 2012	16	33	48	51									148

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



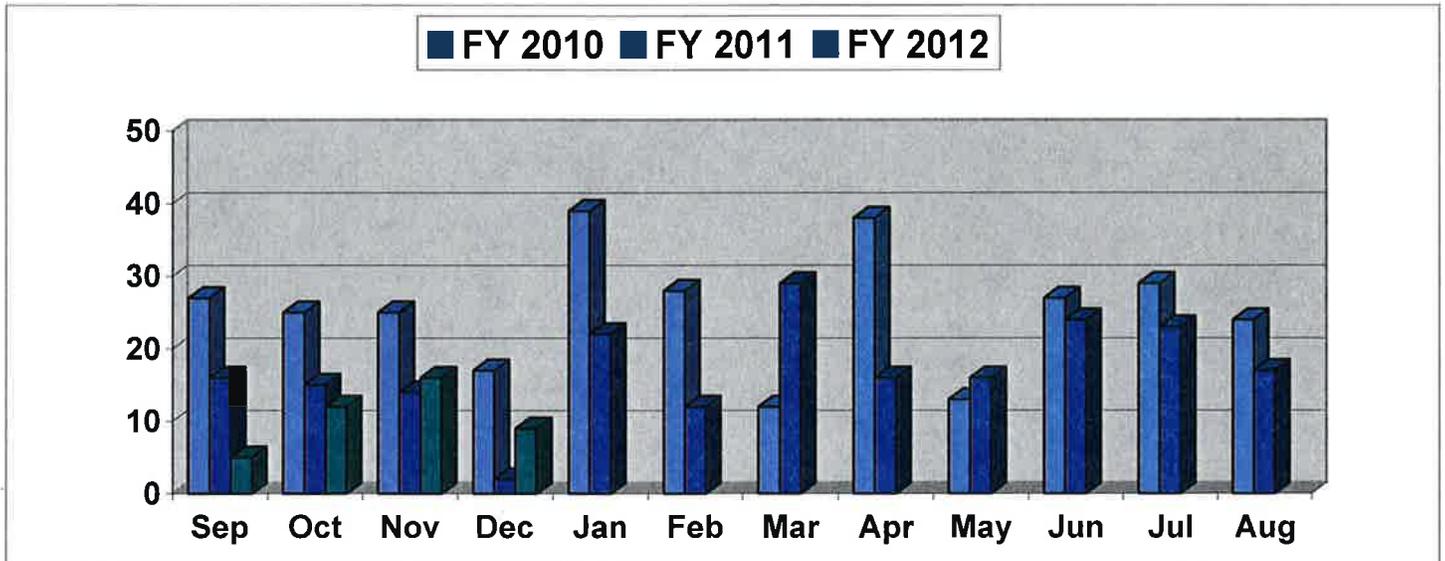
\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2010	\$230	\$1,338	\$867	\$598	\$580	\$680	\$788	\$876	\$836	\$1,041	\$835	\$1,836	\$10,505
FY 2011	\$200	\$567	\$578	\$437	\$731	\$513	\$573	\$773	\$560	\$500	\$1,607	\$2,183	\$9,222
FY 2012	\$123	\$445	\$484	\$1,085									\$2,137

State-funded Well Plugging Program Cumulative Wells Plugged December 2011



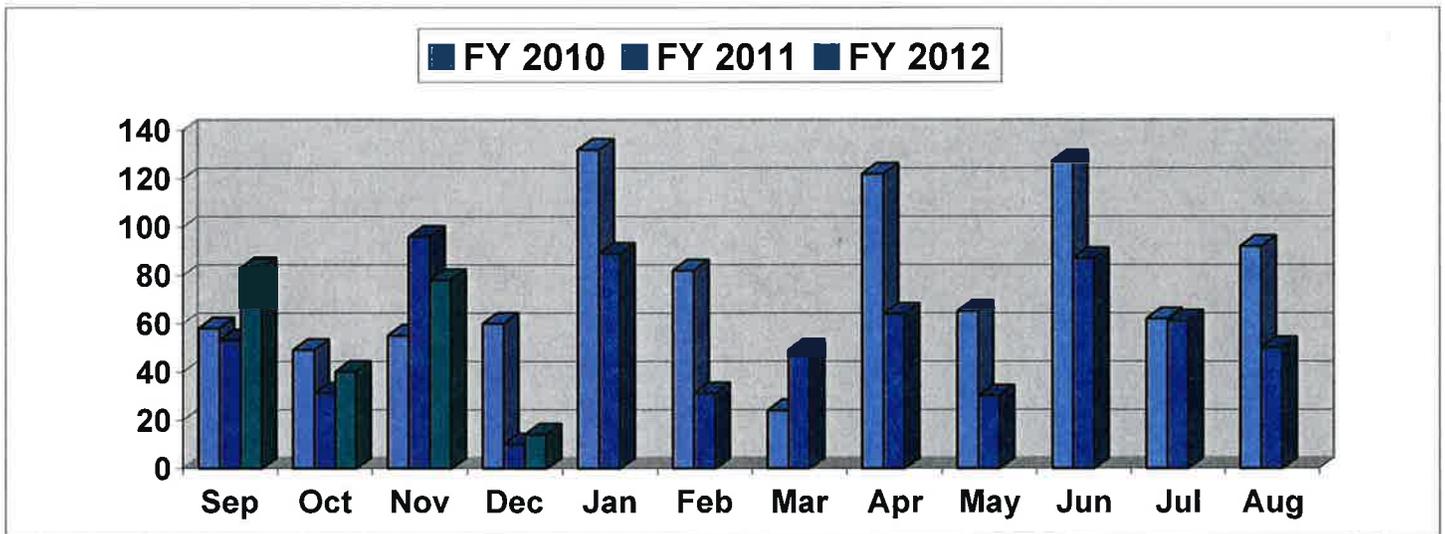
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2010	21	66	153	267	329	399	517	616	728	885	1,042	1,182
FY 2011	10	60	158	205	341	281	431	483	526	585	631	801
FY 2012	16	49	97	148								

State-funded Well Plugging Program Monthly Salvage Operations December 2011



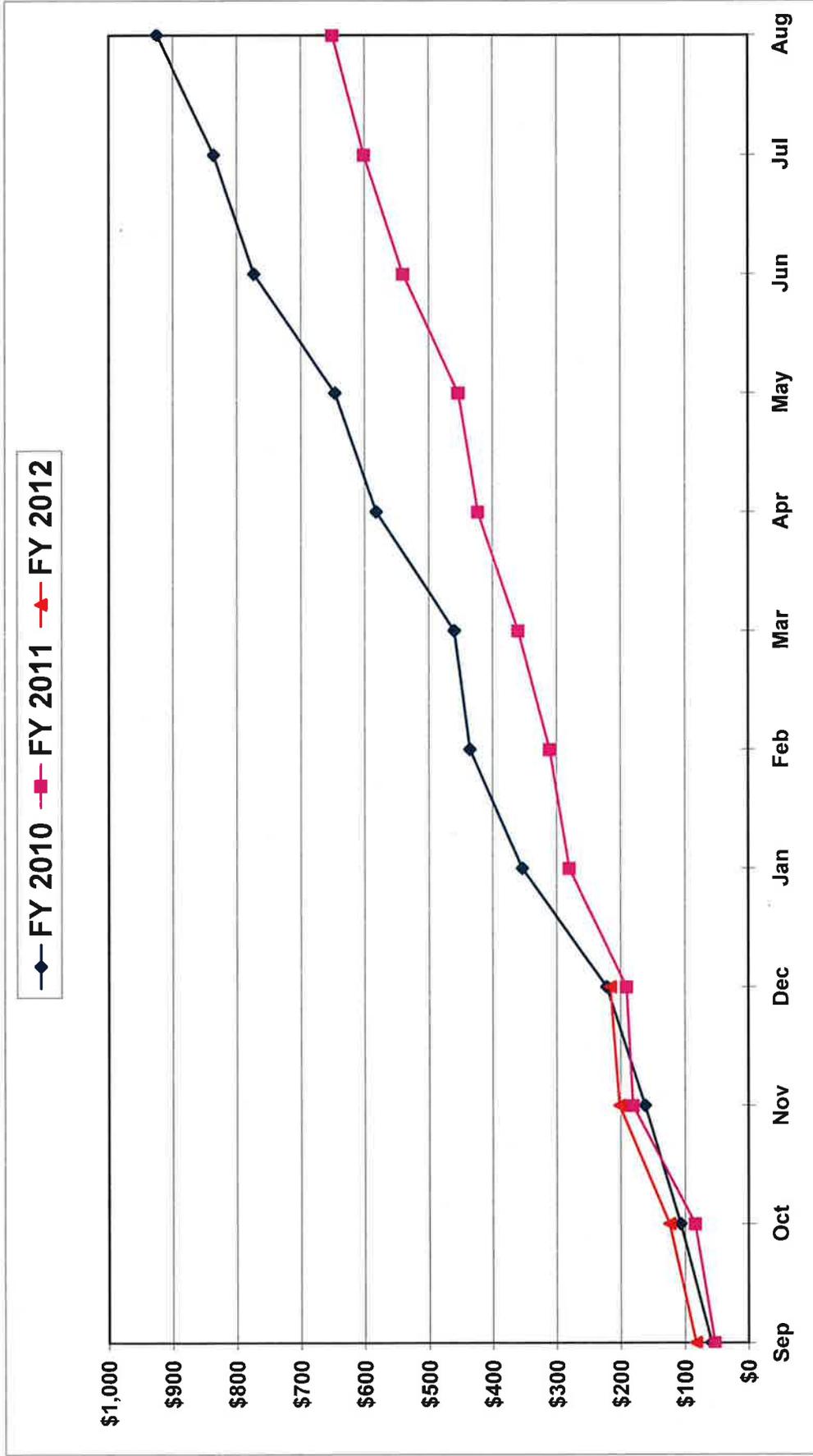
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2010	27	25	25	17	39	28	12	38	13	27	29	24	304
FY 2011	16	15	14	2	22	12	29	16	16	24	23	17	206
FY 2012	5	12	16	9									42

State-funded Well Plugging Program Monthly Salvage Proceeds December 2011



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
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	\$87	\$61	\$50	\$651
FY 2012	\$83	\$40	\$78	\$14									216

State-funded Well Plugging Program Cumulative Salvage Proceeds December 2011



Oil and Gas Division
 Field Operations Section
 State-Funded Plugging
 Contracts Exceeding \$100,000
 Original Encumbered Amount Exceeded by 10% or More
 December 2011, FY 12

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	\$ Increase	% Increase	Remarks
1/2	455-11-1038	Mesa Southern CWS Acquisition LP	\$59,033.50	\$310,464.51	\$251,431.01	425.91%	Downhole problems with one (1) well.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
3	455-12-0089	ALD Services, Inc.	\$172,678.00	\$218,328.00	\$45,650.00	26.44%	Added two (2) wells to contract.
	455-11-0664	Delta Seaboard Well Service, Inc.	\$141,182.00	\$171,182.00	\$30,000.00	21.25%	Downhole problems with three (3) wells.
	455-				\$0.00	#DIV/0!	
4	455-				\$0.00	#DIV/0!	None to report for this month
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
5/6	455-11-0327	Haynie Drilling Co., Inc.	\$86,785.00	\$156,963.00	\$70,178.00	80.86%	Added nine (9) wells to the contract.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
7B	455-				\$0.00	#DIV/0!	None to report for this month
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
7C	455-12-0038	Quail Well Service, Inc.	\$96,705.00	\$207,225.00	\$110,520.00	114.29%	Added eight (8) wells to the contract.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
8/8A	455-12-0007	Maverick Well Pluggers	\$233,580.00	\$263,580.00	\$30,000.00	12.84%	Added one (1) to the contract/
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
9	455-				\$0.00	#DIV/0!	None to report for this month
	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!	