

RAILROAD COMMISSION OF TEXAS

BARRY T. SMITHERMAN, *CHAIRMAN*
DAVID PORTER, *COMMISSIONER*
BUDDY GARCIA, *COMMISSIONER*

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

MEMORANDUM

October 16, 2012

MEMORANDUM TO: Chairman Barry T. Smitherman
Commissioner David Porter
Commissioner Buddy Garcia

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
September 2012, FY 2013

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: Milton A. Rister, Executive Director
David Pollard, Chief Financial Officer
Lindil C. Fowler, Jr., General Counsel, Office of General Counsel
Reese Copeland, Acting 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
September 2012

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

September	0.12%
Fiscal Year-to-date	0.12%
Performance Measure Goal	16%
Revised Operating Budget	10.9%

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

September	9
Fiscal Year-to-date	9
Performance Measure Goal	1,200
Revised Operating Budget	815

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

September	21,232
Fiscal Year-to-date	21,232
Performance Measure Goal	2,293,000
Revised Operating Budget	1,556,650

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

	From Contract Award Date
September	116
Fiscal Year-to-date	116
Performance Measure Goal	65

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

September	48
Fiscal Year-to-date	48
Performance Measure Goal	1,200
Revised Operating Budget	851

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

	Orphaned wells
September	7,441
Performance Measure Goal	7,500

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

September	678
Fiscal Year-to-date	678
Performance Measure Goal	5,200

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

September	44%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

September	110,596
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
09/01/2012 to 09/30/2012

State-Funded Plugging Activities

Number of wells approved for plugging this month	48
Estimated cost of approvals	\$ 880,900.00
Number of wells approved for this fiscal year	48
Number of approved wells remaining to plug	1106
Estimated cost to plug remaining approvals	\$ 27,872,608.75
Number of pluggings completed this month	9
Total cost to plug wells completed this month	\$ 133,183.69
Number of pluggings completed this fiscal year	9
Cost of pluggings completed this fiscal year	\$ 133,183.69

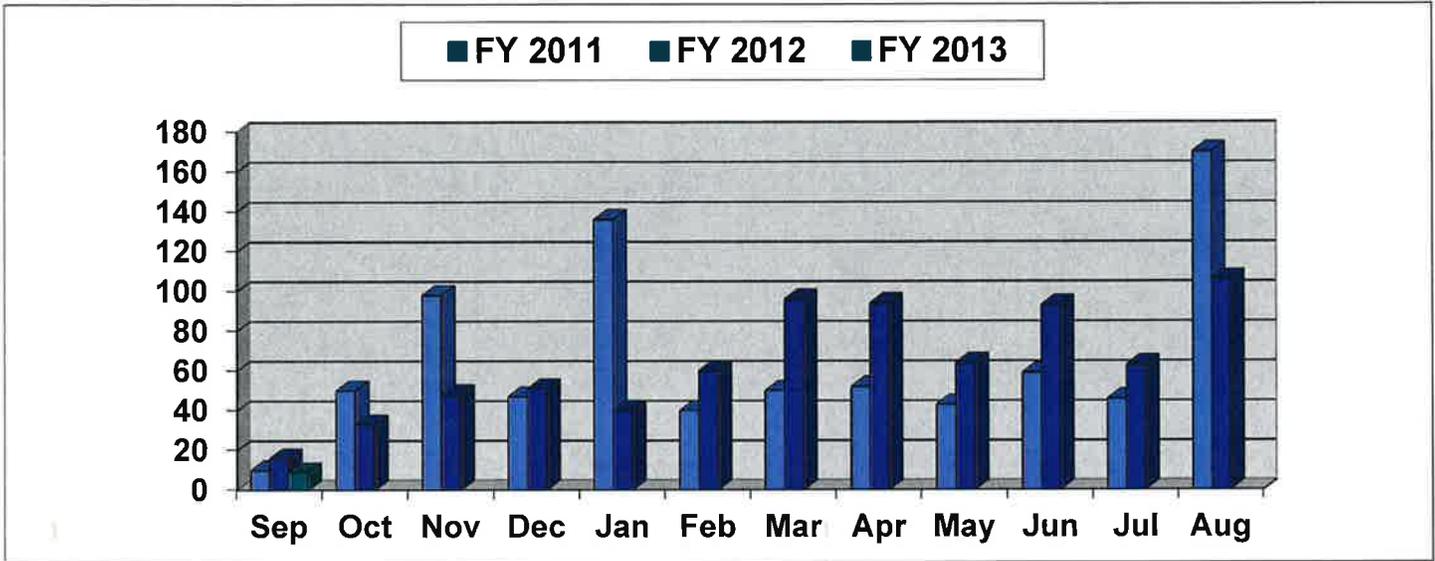
Pollution Abatement Activities

Number of pollution abatements approved this month	4
Estimated cost of approvals	\$ 5,930.00
Number of pollution abatements approved for this fiscal year	4
Number of pollution abatements remaining	89
Estimated cost to pollution abatements remaining	\$ 296,395.00
Number of pollution abatements completed this month	6
Total cost of pollution abatements completed this month	\$ 6,428.05
Number of pollution abatements completed this fiscal year	6
Cost of pollution abatements completed this fiscal year	\$ 6,428.05

Salvage Activities

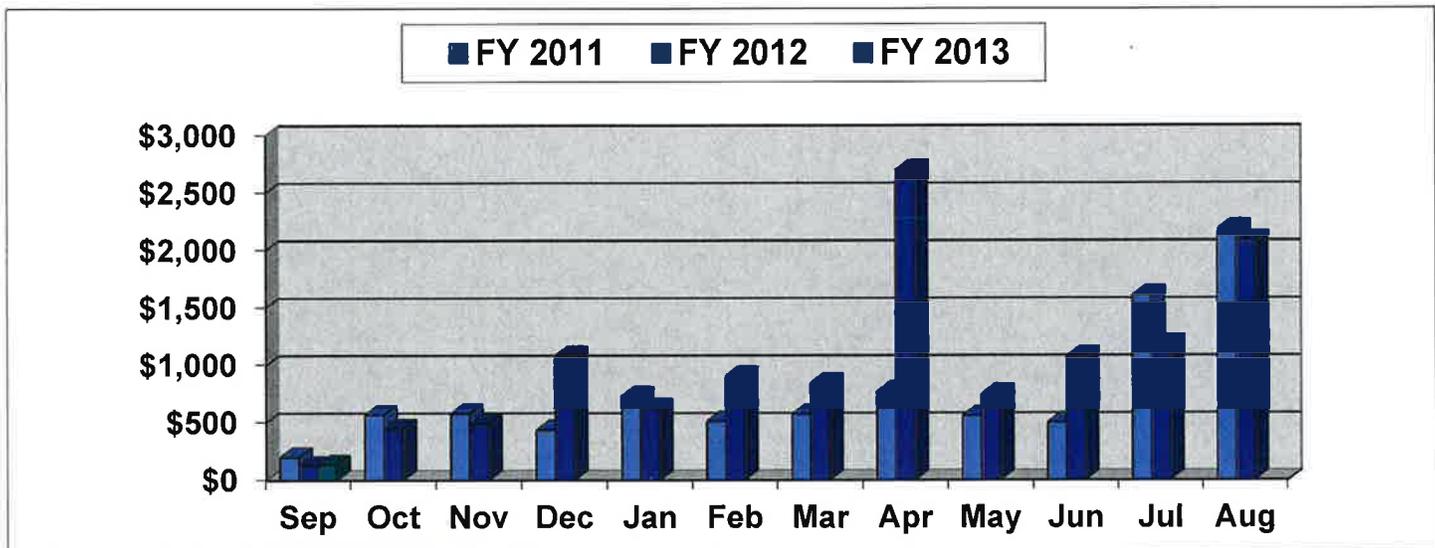
Number of salvage activities completed this month	8
Total proceeds received this month	\$ 53,950.27
Number of salvage activities completed this fiscal year	8
Total proceeds received this year	\$ 53,950.27

State-funded Well Plugging Program Monthly Wells Plugged September 2012



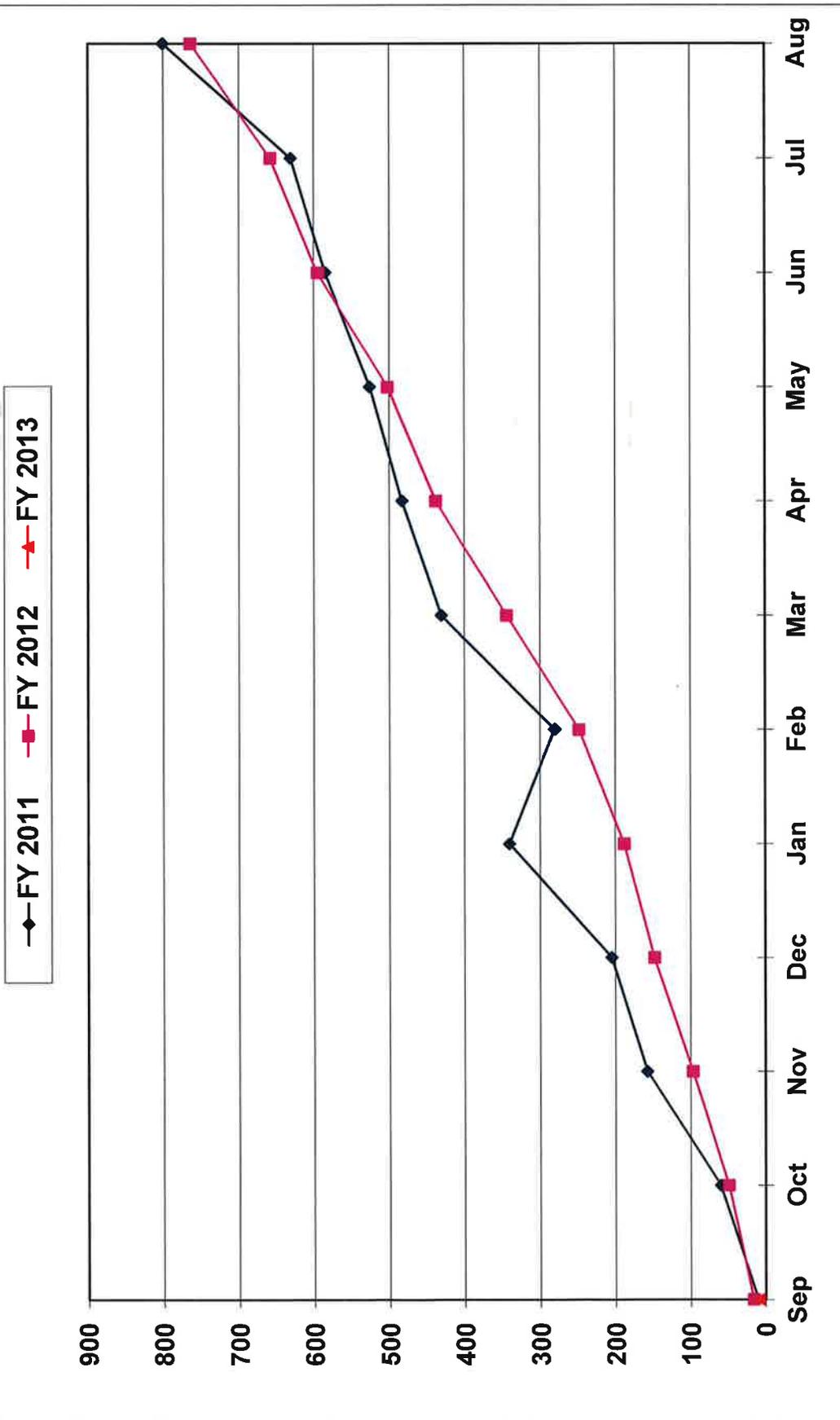
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2011	10	50	98	47	136	40	50	52	43	59	46	170	801
FY 2012	16	33	48	51	40	60	96	94	64	93	63	106	764
FY 2013	9												9

State-funded Well Plugging Program Monthly Cost of Wells Plugged September 2012



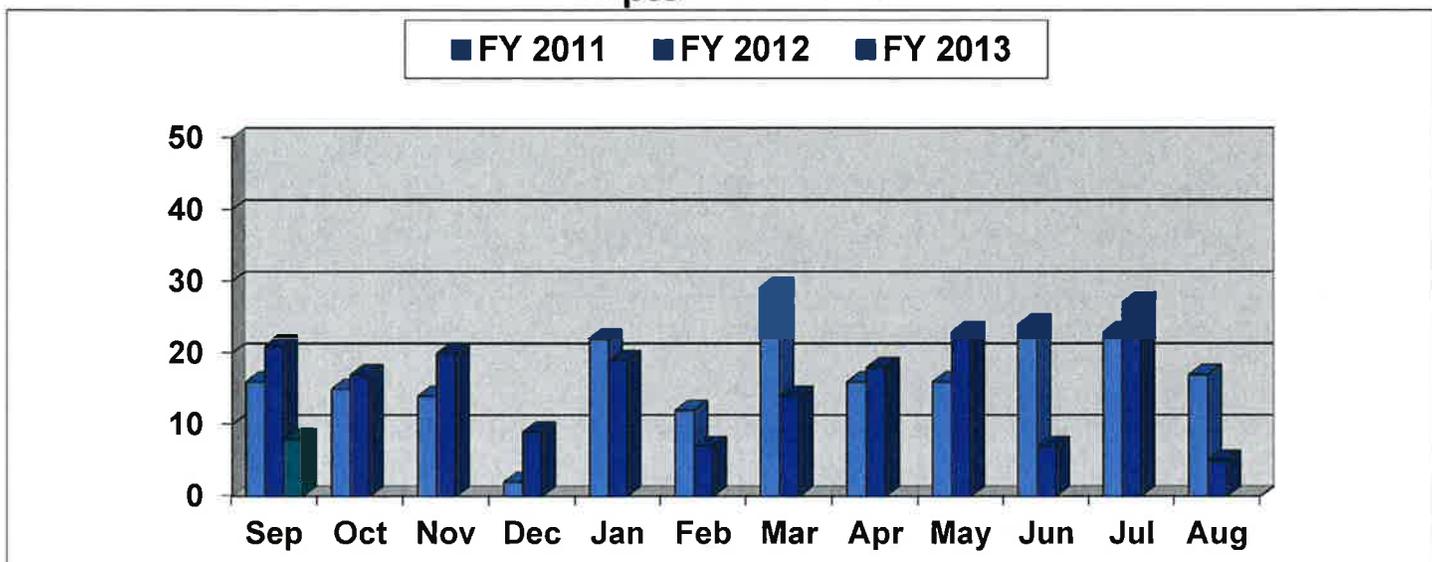
\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2011	\$200	\$567	\$578	\$437	\$731	\$513	\$573	\$773	\$560	\$500	\$1,607	\$2,183	\$9,222
FY 2012	\$123	\$445	\$484	\$1,085	\$626	\$907	\$847	\$2,697	\$751	\$1,078	\$1,183	\$2,081	\$12,307
FY 2013	\$133												\$133

State-funded Well Plugging Program Cumulative Wells Plugged September 2012



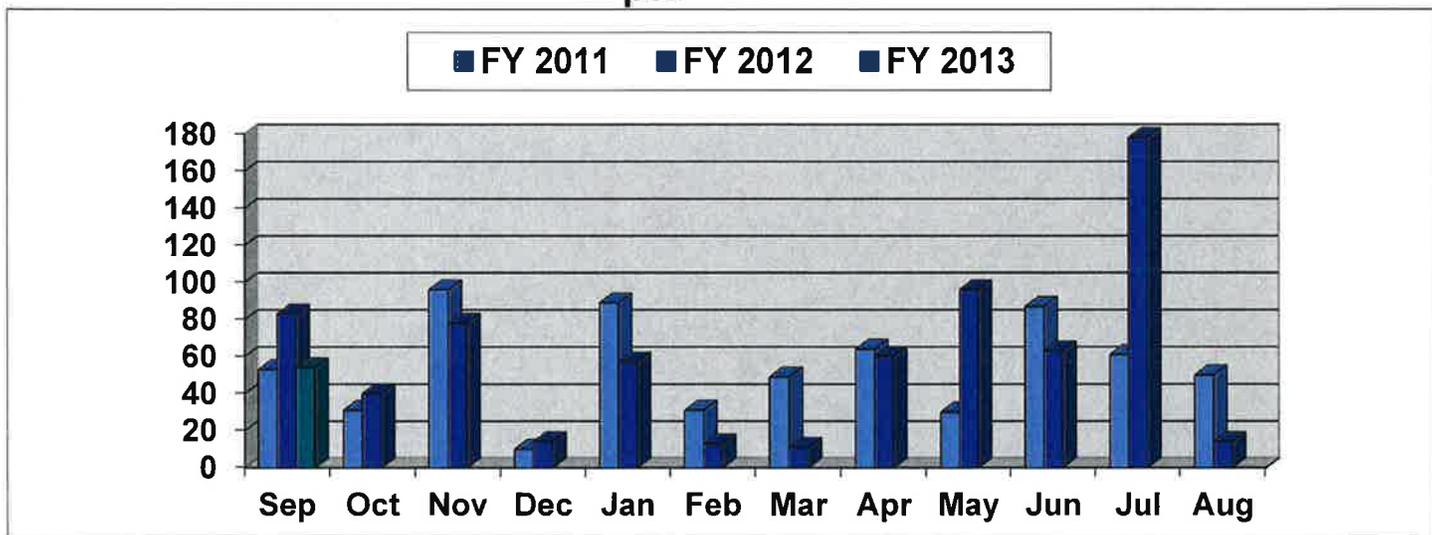
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2011	10	60	158	205	341	281	431	483	526	585	631	801
FY 2012	16	49	97	148	188	248	344	438	502	595	658	764
FY 2013	9											

State-funded Well Plugging Program Monthly Salvage Operations September 2012



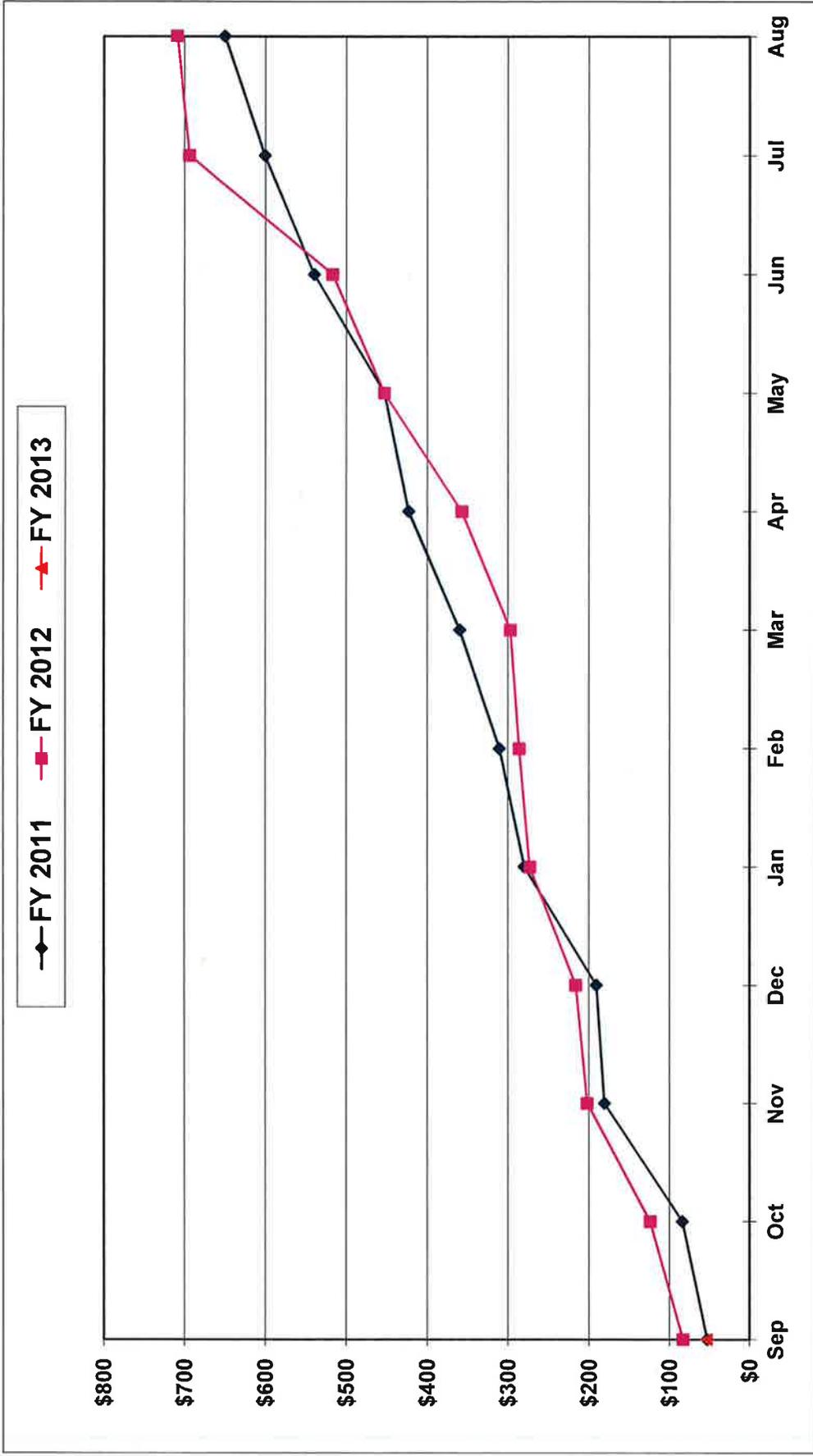
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2011	16	15	14	2	22	12	29	16	16	24	23	17	206
FY 2012	21	17	20	9	19	7	14	18	23	7	27	5	187
FY 2013	8												8

State-funded Well Plugging Program Monthly Salvage Proceeds September 2012



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2011	\$53	\$31	\$96	\$10	\$89	\$31	\$49	\$64	\$30	\$87	\$61	\$50	\$651
FY 2012	\$83	\$40	\$78	\$14	\$57	\$13	\$11	\$60	\$96	\$63	\$178	\$14	\$707
FY 2013	\$54												\$54

State-funded Well Plugging Program Cumulative Salvage Proceeds September 2012



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2011	\$53	\$84	\$181	\$191	\$280	\$311	\$360	\$423	\$453	\$540	\$601	\$650
FY 2012	\$83	\$124	\$202	\$216	\$273	\$286	\$297	\$357	\$453	\$517	\$694	\$709
FY 2013	\$54											

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year State-funded Plugging Summary
09/30/2012

Run Date: October 04, 2012

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	1707	1536	\$ 18,537,524.65
2008	1826	1261	\$ 14,736,187.15
2009	1557	1460	\$ 16,700,337.18
2010	1216	1182	\$ 10,504,966.23
2011	977	801	\$ 9,222,394.49
2012	758	764	\$ 12,309,476.92
2013	48	9	\$ 133,183.69
Totals	38372	33091	\$ 204,616,519.16

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year Summary for Pollution Abatements
08/31/2013

Run Date: October 09, 2012

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	103	161	\$ 228,434.92
2011	62	54	\$ 107,681.40
2012	56	35	\$ 446,988.89
2013	5	6	\$ 6,428.05
Totals	2895	2549	\$ 3,716,549.55

Oil and Gas Division
 Field Operations Section
 State-Funded Plugging
 Contracts Exceeding \$100,000
 Original Encumbered Amount Exceeded by 10% or More
 September 2012, FY 13

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	\$ Increase	% Increase	Remarks
1/2	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
3	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
4	455-12-0538	Derrick Construction Co., Inc.	\$1,882,830.00	\$3,582,830.00	\$1,700,000.00	90.29%	Bay Well Contract, extensive downhole problems on two (2) wells, downhole problems on six (6) add'l wells..
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
5/6	455-12-0606	WTH Co	\$171,719.00	\$371,719.00	\$200,000.00	116.47%	Downhole problems with two (2) wells.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
7B	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
7C	455-12-0835	J & J Servcies Company	\$154,200.00	\$229,200.00	\$75,000.00	48.64%	Added eight (8) wells to the contract.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
8/8A	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	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!	