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Commissioner

**TEXAS**



**PETROFACTS**

***A Monthly Data Review from the Railroad Commission of Texas ■ December 2010***

## Highlights

### Natural Gas Production

In September 2010 Texas natural gas production was 578.560 billion cubic feet (bcf), down from 607.53 bcf produced during the same month in 2009. **Note: The most recent 12 months of oil and gas production data are subject to revision.**

### Crude Oil Production

In September 2010 Texas crude oil production averaged 0.937 million barrels per day (mmb/d), up from 0.924 mmb/d reported during the same month in 2009. **(See Note above.)**

### Rotary Rigs Operating in Texas

In November 2010 the average Texas rotary rig count was 734, up from 433 rigs running during the same month last year. The November rig count was up from the October rig count of 717.

**Source: Baker Hughes Co.**

### Permits to Drill

In November 2010 the Railroad Commission issued 1,454 original permits to drill, up from 1,092 permits issued during the same month last year and down from 1,515 permits issued in October.

### Oil and Gas Well Completions

In November 2010 operators reported 333 oil completions, down from 459 oil completions during the same month last year. There were 242 gas completions in November down from 486 gas completions reported during the same month last year. There were 576 wells drilled in Texas in November, down from 945 wells drilled during the same month last year.

## Trends

### **EIA Short-Term Outlook for Crude Oil and Natural Gas:**

The average price of imported crude for U.S. refiners (an indicator of world oil prices) is expected to increase from the average 2009 level of \$59.04 per barrel to \$80.73 per barrel during the 4th quarter of 2010 and average \$75.80 for the year, according to the U.S. Energy Information Administration's (EIA) "Short-Term Energy Outlook" for December, 2010.

The West Texas Intermediate spot average is expected to increase from the average 2009 level of \$61.66 per barrel to \$83.38 per barrel during the 4th quarter of 2010 and average \$78.98 for the year.

U.S. petroleum demand is expected to increase 1.70 percent from 2009 to 2010 to 19.09 million barrels per day and increase by 0.89 percent from 2010 to 2011 to 19.26 million barrels per day.

U.S. natural gas demand is expected to increase 5.76 percent from 2009 to 2010 to 24.05 trillion cubic feet per year, and is expected to decrease by 0.75 percent from 2010 to 2011 to 23.87 trillion cubic feet.

EIA projects that natural gas wellhead prices will average \$3.50 per mcf for the 4th quarter of 2010 and average \$4.11 per mcf for the year. This is an 10.48 percent increase from EIA's 2009 average wellhead price of \$3.72 per mcf.

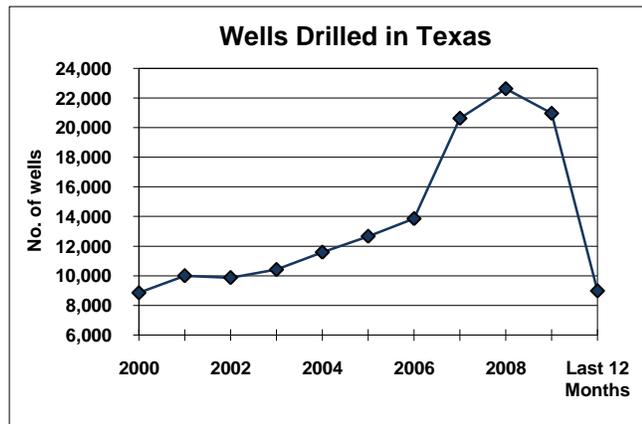
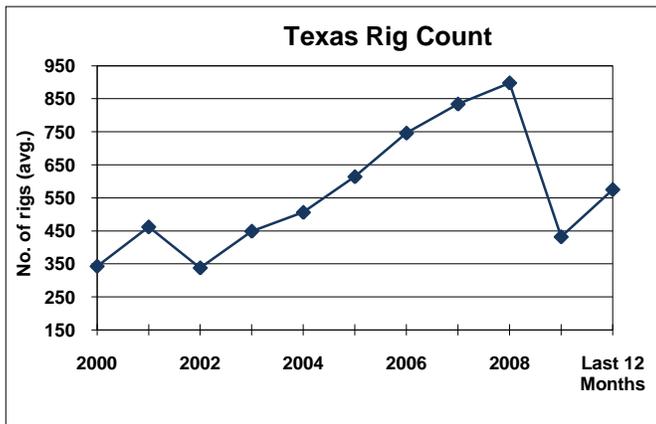
EIA projects an average annual wellhead price of \$3.91 per mcf for 2011, a 4.87 percent decrease from the \$4.11 projected average price for 2010.

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**Table 1. Texas Drilling and Completion Summary**

Period	Active Rotary Rigs*		Permits #	Wells Completed		Wells Drilled **	
	Texas	U. S.		Oil	Gas		
1991	317	860	12,494	6,025	2,755	11,295	
1992	252	721	12,089	5,031	2,537	9,498	
1993	264	754	11,612	4,646	3,295	9,969	
1994	274	775	11,248	3,962	3,553	9,299	
1995	251	723	11,244	4,334	3,778	9,785	
1996	283	779	12,669	4,061	4,060	9,747	
1997	358	943	13,933	4,482	4,594	10,778	
1998	303	827	9,385	4,509	4,907	11,057	
1999	227	625	8,430	2,049	3,566	6,658	
2000	343	918	12,021	3,111	4,580	8,854	
2001	462	1,156	12,227	3,082	5,787	10,005	
2002	338	830	9,716	3,268	5,474	9,877	
2003	449	1,032	12,664	3,111	6,336	10,420	
2004	506	1,192	14,700	3,446	7,118	11,587	
2005	614	1,381	16,914	3,454	7,197	12,664	
2006	746	1,649	18,952	4,761	8,534	13,854	
2007	834	1,769	19,994	5,084	8,643	20,619	
2008	898	1,880	24,073	6,208	10,361	22,615	
2009	432	1,086	12,212	5,860	8,706	20,956	
Last 12 Months	575	1,355	16,219	5,085	3,883	8,982	
2009	Nov	433	1,107	1,092	459	486	945
	Dec	470	1,172	1,308	310	360	671
	Jan	519	1,267	1,147	347	388	736
	Feb	549	1,350	1,403	410	435	847
	Mar	593	1,419	1,739	523	369	893
	Apr	633	1,479	1,561	573	319	892
	May	647	1,513	1,485	461	386	848
	Jun	663	1,531	1,535	505	353	860
	Jul	676	1,573	1,477	591	329	922
	Aug	714	1,638	1,615	402	314	716
	Sep	721	1,655	1,434	512	371	886
	Oct	717	1,668	1,515	451	259	711
2010	Nov	734	1,683	1,454	333	242	576



\* Source: Baker Hughes Inc.

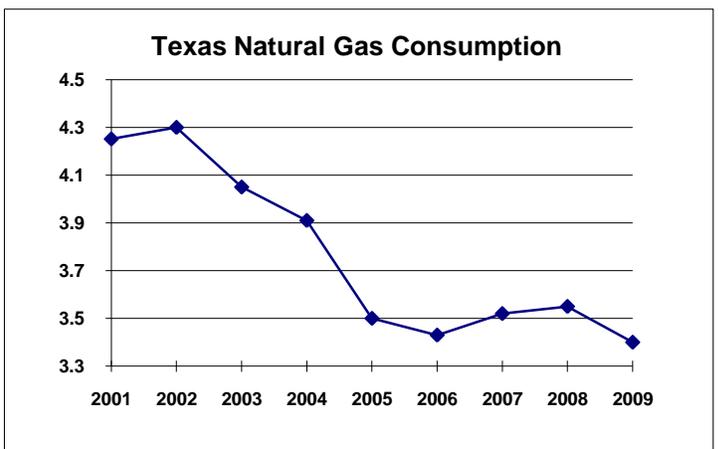
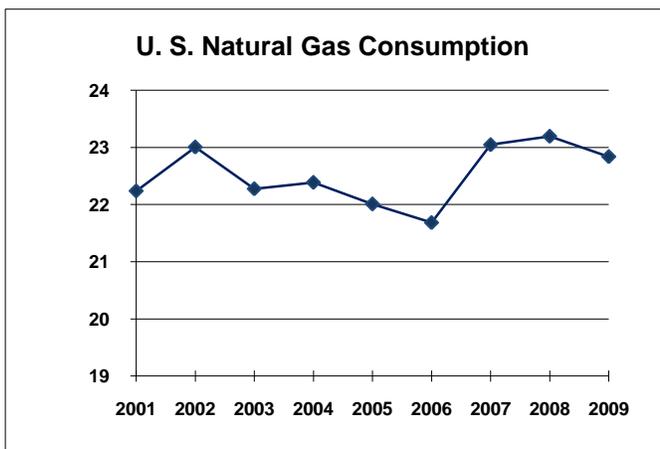
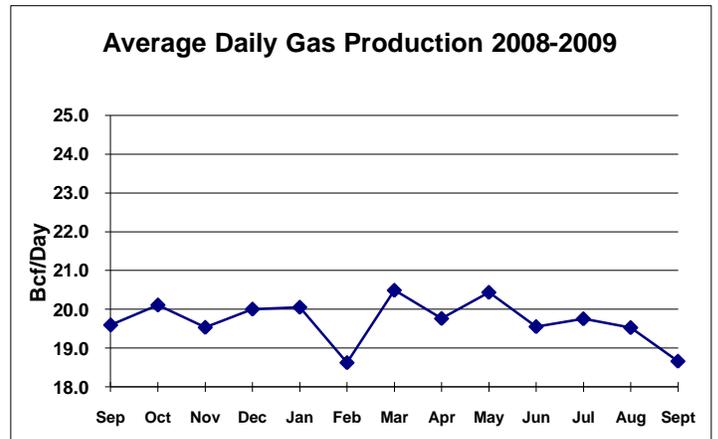
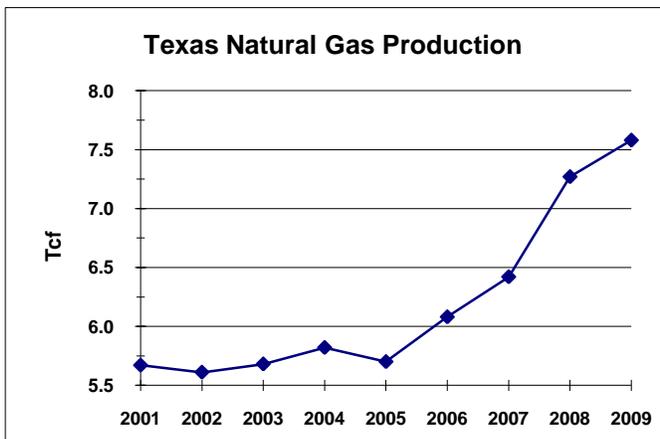
# Totals shown are number of drilling permits issued.

\*\* Wells drilled are oil and gas well completions and dry holes drilled/plugged.

**Table 2. Texas Natural Gas (Trillion CF)**

Period	Total* Production	Proved Reserves #	Consumption #	Producing Wells*	Wellhead Price **
1991	5.51	39.3	3.56	49,825	\$1.64
1992	5.44	38.1	3.48	49,839	\$1.74
1993	5.61	37.8	3.74	50,794	\$2.04
1994	5.68	39.0	3.67	52,614	\$1.85
1995	5.67	39.7	3.80	53,612	\$1.55
1996	5.77	41.6	3.99	55,052	\$2.17
1997	5.81	41.1	3.95	56,736	\$2.32
1998	5.77	40.8	4.20	58,436	\$1.96
1999	5.54	43.4	4.01	59,088	\$2.19
2000	5.65	45.4	4.42	60,486	\$3.68
2001	5.67	46.5	4.25	63,598	\$4.00
2002	5.61	47.5	4.30	65,686	\$2.95
2003	5.68	48.7	4.05	68,488	\$4.88
2004	5.82	53.3	3.91	72,237	\$5.46
2005	5.70	60.2	3.50	76,510	\$7.33
2006	6.08	65.8	3.43	83,218	\$6.39
2007	6.42	76.4	3.52	88,311	\$6.25
2008	7.27	81.8	3.55	96,502	\$7.97
2009	7.58	85.0	3.40	101,097	\$3.67

	Total Gas Production (Bcf)*			
	Monthly	Daily	Gas Well	Casinghead
Sep	607.53	19.60	542.18	65.35
Oct	623.49	20.11	557.00	66.49
Nov	605.63	19.54	539.91	65.72
Dec	620.22	20.01	554.50	65.72
Jan	621.73	20.06	555.98	65.75
Feb	577.44	18.63	511.28	66.16
Mar	635.26	20.49	574.25	61.01
Apr	612.74	19.77	543.91	68.83
May	633.61	20.44	565.68	67.93
Jun	606.2	19.55	534.48	71.72
Jul	612.47	19.76	545.05	67.42
Aug	605.43	19.53	535.41	70.02
Sept	578.56	18.66	508.35	70.21



\* Source: Railroad Commission of Texas. The most recent 12 months of production data is subject to revision.

\*\*Source: Texas Comptroller of Public Accounts. Wellhead price is average net taxable price (\$/Mcf) and excludes federal offshore production. Source for 2001 and after is U.S. Energy Information Administration (EIA) and wellhead price is national average.

Table 3. Texas Gas Storage Operations

Productive or Depleted Reservoirs			Reported Max Withdrawal Rate (MMCF/DAY)	Working Gas* Inventory 11/30/10 (MMCF)	Working Gas* 11/30/2009 (MMCF)	Change From One Year Ago (MMCF)	Preliminary Working Gas* Inventory 12/15/10 (MMCF)	
Operator	Field	County Location						
Oneok TX Gas Storage LP	Felmac (Yates)	Gaines	45	2,649	2,709	(60)	2,432	
Oneok TX Gas Storage LP	Loop (Yates)	Gaines	75	800	800	-	800	
Enbridge Pipeline LLC	Pickton (Bacon Lime)	Hopkins	15	-	-	-	-	
Houston Pipe Line Co.	Bammell	Harris	1,300	61,929	61,615	314	60,501	
Cago, Inc.	Ambassador	Clay	40	80	80	-	80	
Hill Lake Gas Storage LLC	Hill-Lake Sand	Eastland	450	12,154	11,297	857	10,189	
ATMOS Pipeline - Texas	Lake Dallas	Denton	120	4,057	3,836	221	3,927	
ATMOS Pipeline - Texas	La-Pan-Miss	Clay	120	3,279	3,289	(10)	3,092	
Cummings Company, Inc.	Leeray Strawn	Stephens	20	-	-	-	-	
ATMOS Pipeline - Texas	New York City	Clay	120	5,315	5,584	(269)	5,101	
Fort Concho Gas Storage, Inc.	Pecan Station	Tom Green	28	393	393	-	393	
ATMOS Pipeline - Texas	Tri-Cities Bacon	Henderson	275	19,795	21,167	(1,372)	19,154	
ATMOS Pipeline - Texas	Tri-Cities Rodessa	Henderson	50	2,408	41	2,367	2,408	
Lower Colorado River Authority	Hilbig	Bastrop	100	2,965	3,179	(214)	3,002	
Natural Gas Pipeline Co.	North Lansing	Harrison	1,100	95,582	94,178	1,404	95,582	
Devon Gas Services LP	Lone Camp	Palo Pinto	28	438	265	173	419	
Pelican Transmission LLC	Clear Lake	Harris	900	95,445	95,900	(455)	87,515	
Energy Transfer Fuel LP	Bryson	Jack	100	5,040	5,325	(285)	5,026	
Worsham-Steed Gas Storage, LLC	Worsham Steed	Jack	25	26,899	26,354	545	25,498	
Katy Storage and Transportation LP	Pottsville	Hamilton	200	-	-	-	-	
Enstor Katy Storage and Transportation LF	Katy Hub & Storage	Fort Bend	700	25,439	25,090	349	24,088	
<b>Subtotals</b>			<b>5,811</b>	<b>364,667</b>	<b>361,102</b>	<b>3,565</b>	<b>349,207</b>	
Salt Caverns								
Oneok TX Gas Storage LP	Salado (Loop Yates)	Gaines	500	1,883	1,921	(38)	1,746	
Kinder Morgan Tejas Pipeline LP	Stratton Ridge	Brazoria	250	1,276	1,102	174	910	
Centana Intrastate Pipeline LLC	Spindletop	Jefferson	400	8,118	7,407	711	6,284	
Dow Chemical Co.	Stratton Ridge #34	Brazoria	200	-	-	-	-	
Dow Chemical Co.	Stratton Ridge #6	Brazoria	180	1,031	815	216	1,032	
Kinder Morgan Texas Pipeline LP	North Dayton	Liberty	750	6,842	3,713	3,129	6,192	
ATMOS Pipeline - Texas	Bethel	Anderson	600	5,325	5,710	(385)	5,255	
Moss Bluff Hub Partners LP	Moss Bluff	Liberty	1,000	14,091	12,677	1,414	12,066	
Chevron Phillips Chemical Co	Clemens	Brazoria	75	1,870	1,885	(15)	1,900	
PB Energy Storage Services, Inc.	Spindletop	Jefferson	480	6,727	6,924	(197)	6,646	
Underground Services Markham, LP	Markham	Matagorda	1,100	13,353	28,756	(15,403)	9,665	
Energy Transfer Fuel LP	Bethel Salt Dome	Anderson	600	4,509	4,733	(224)	3,975	
Enterprise Products Operating LP	Wilson	Wharton	800	5,981	6,625	(644)	5,756	
Chevron Keystone Gas Storage	Keystone Gas Storage	Winkler	350	6,969	5,239	1,730	6,642	
Underground Storage LLC	Pierce Junction	Harris	350	2,469	2,343	126	1,391	
Tres Palacios Storage LLC	Markham	Matagorda	2,500	24,559	26,114	(1,555)	22,573	
<b>Subtotals</b>			<b>10,135</b>	<b>105,003</b>	<b>115,964</b>	<b>(10,961)</b>	<b>92,033</b>	
<b>Source: RRC Form G-3</b>			<b>TOTALS</b>	<b>15,946</b>	<b>469,670</b>	<b>477,066</b>	<b>(7,396)</b>	<b>441,240</b>

\* **Notes:** **1)** Native Gas volumes are included in Working Gas volumes with the exception of Houston Pipe Line's Bammel facility and Natural Gas Pipeline Co. of America's North Lansing facility, in which the native gas is part of the non-working resident gas. **2)** Due to an expansion of the North Lansing facility, 9,700 MMCCF of Resident Gas Inventory was converted to Working Gas volume as of June, 2007. **3)** Tres Palacios Storage LLC Salt Cavern facility was added to report as of October, 2008. **4)** The information contained on this report is an estimate for Worsham-Steed Gas Storage LLC and Hill-Lake Gas Storage LLC facilities while engineering studies are in process (8/20/2010).

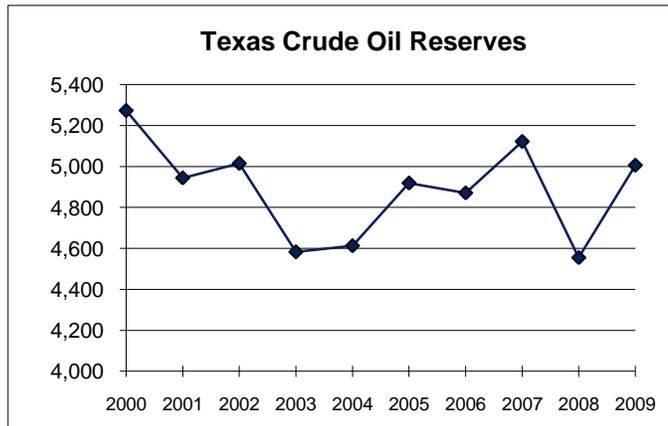
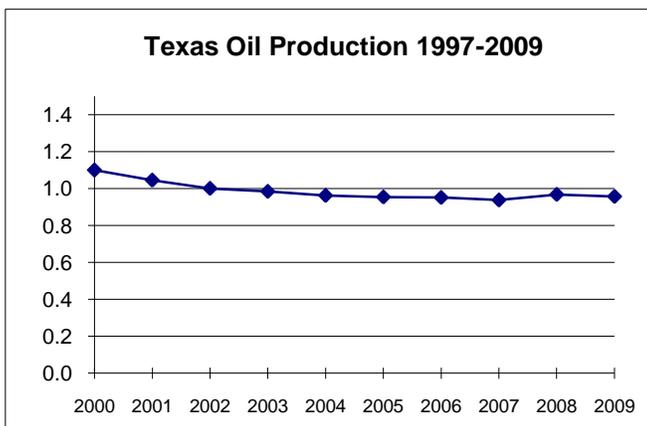
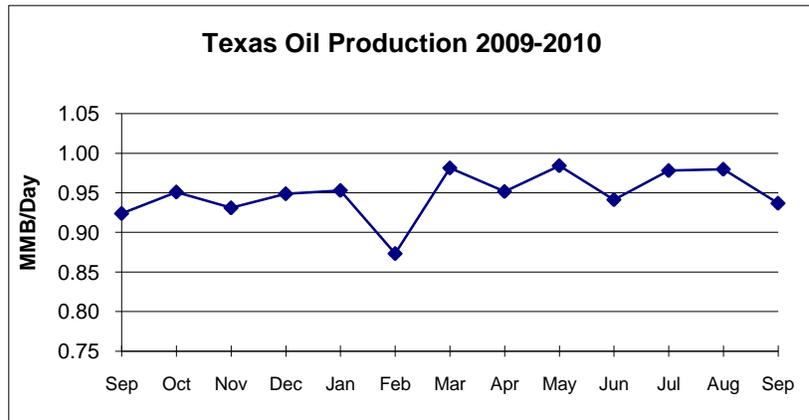
**Table 4. Texas Gas Storage Operations, 2009 - 2010**

	Depleted Reservoirs			Salt Caverns			Total		
	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)
Nov-09	350,891	<b>10,012</b>	360,903	107,442	<b>2,146</b>	109,588	458,333	<b>12,158</b>	470,491
Dec-09	360,903	<b>(42,191)</b>	318,712	109,588	<b>(17,476)</b>	92,112	470,491	<b>(59,667)</b>	410,824
Jan-10	318,712	<b>(57,231)</b>	261,481	92,112	<b>(28,533)</b>	63,579	410,824	<b>(85,764)</b>	325,060
Feb-10	261,481	<b>(19,638)</b>	241,843	63,579	<b>(4,470)</b>	59,109	325,060	<b>(24,108)</b>	300,952
Mar-10	241,843	<b>11,891</b>	253,734	59,109	<b>2,528</b>	61,637	300,952	<b>14,419</b>	315,371
Apr-10	253,734	<b>19,549</b>	273,283	61,637	<b>13,454</b>	75,091	315,371	<b>33,003</b>	348,374
May-10	273,283	<b>19,271</b>	292,554	75,091	<b>10,569</b>	85,660	348,374	<b>29,840</b>	378,214
Jun-10	292,554	<b>19,905</b>	312,459	85,660	<b>4,509</b>	90,169	378,214	<b>24,414</b>	402,628
Jul-10	312,459	<b>10,521</b>	322,980	90,169	<b>6,278</b>	96,447	402,628	<b>16,799</b>	419,427
Aug-10	322,980	<b>3,651</b>	326,631	96,447	<b>(33)</b>	96,414	419,427	<b>3,618</b>	423,045
Sep-10	326,631	<b>14,761</b>	341,392	96,414	<b>6,967</b>	103,381	423,045	<b>21,728</b>	444,773
Oct-10	341,392	<b>9,499</b>	350,891	103,381	<b>4,061</b>	107,442	444,773	<b>13,560</b>	458,333
Nov-10	350,891	<b>10,211</b>	361,102	107,442	<b>8,522</b>	115,964	458,333	<b>18,733</b>	477,066

**Table 5. Texas Crude Oil (million barrels)**

Period	Total* Production	Daily Average	% of U.S. Production	Proved Reserves #	% of U.S. Reserves	Producing Wells *	WTI Spot Price **
1991	644	1.77	24.0	6,797	27.5	196,292	\$21.48
1992	614	1.68	23.5	6,441	27.1	193,310	\$18.61
1993	576	1.58	22.9	6,171	26.9	186,342	\$17.30
1994	542	1.49	22.3	5,847	26.0	179,955	\$14.73
1995	513	1.40	21.5	5,743	25.7	177,397	\$16.31
1996	500	1.37	21.0	5,736	26.0	175,277	\$18.77
1997	491	1.35	21.0	5,687	25.2	175,475	\$20.01
1998	460	1.26	20.1	4,927	23.4	170,288	\$14.06
1999	409	1.12	19.1	5,339	24.5	162,620	\$14.31
2000	401	1.10	18.8	5,273	23.9	161,097	\$28.71
2001	381	1.04	18.0	4,944	22.0	159,357	\$25.95
2002	365	1.00	17.4	5,015	22.1	155,865	\$26.11
2003	359	0.98	17.4	4,583	20.9	153,461	\$31.12
2004	351	0.96	17.7	4,613	21.5	151,205	\$41.44
2005	348	0.95	18.4	4,919	19.0	151,286	\$56.49
2006	347	0.95	18.6	4,871	23.4	151,832	\$66.02
2007	342	0.94	18.5	5,122	24.0	153,223	\$72.32
2008	353	0.97	19.2	4,555	23.8	156,588	\$99.57
2009	349	0.96	17.8	5,006	24.2	157,807	\$61.66

Sep	28.64	0.924
Oct	29.48	0.951
Nov	28.86	0.931
Dec	29.41	0.949
Jan	29.54	0.953
Feb	27.07	0.873
Mar	30.42	0.981
Apr	29.50	0.952
May	30.51	0.984
Jun	29.18	0.941
Jul	30.32	0.978
Aug	30.37	0.980
Sep	29.04	0.937



# Source: U.S. Energy Information Administration (EIA). Reserve estimates for 1985 and after exclude federal offshore.

\* Source: Railroad Commission of Texas. The most recent 12 months of production data is subject to revision.

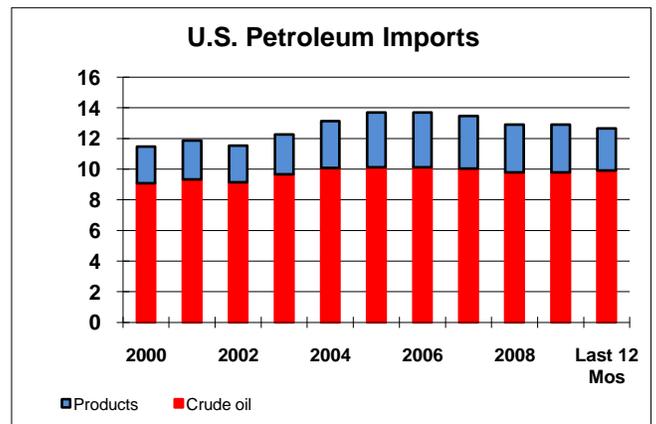
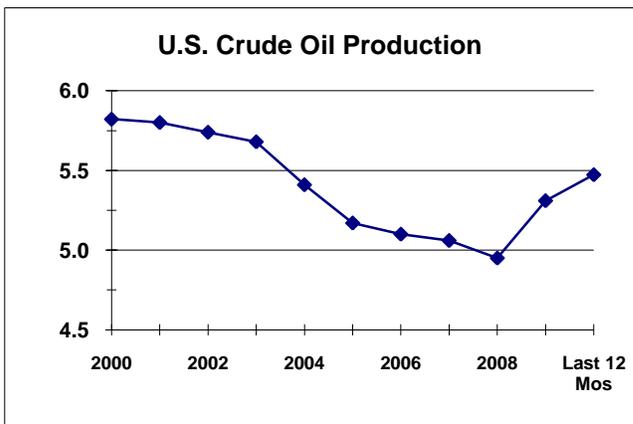
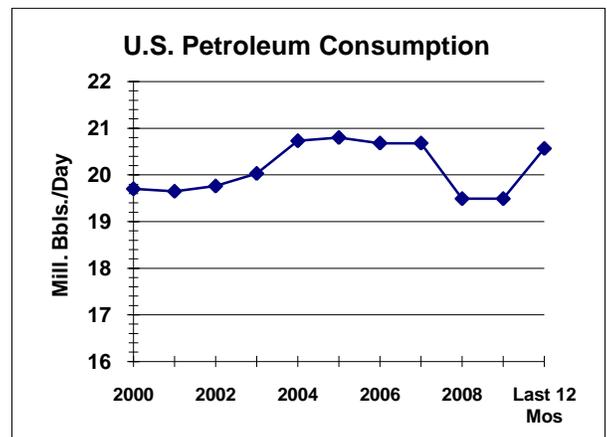
\*\* Source: Texas Comptroller of Public Accounts. Wellhead price is average net taxable price (\$/bbl.) and excludes federal offshore production.

Source for 2001 and after is (EIA) and wellhead price is West Texas Intermediate spot average.

**Table 6. U. S. Petroleum Overview (million barrels per day)**

Period	Production *	Imports **			Products Supplied #	Proved Reserves **	Wells Drilled **	Wellhead Price **
		Total	Crude Oil	Products				
1991	7.42	7.63	5.78	1.84	16.71	24,682	29,528	\$16.54
1992	7.17	7.89	6.08	1.81	17.03	23,745	23,608	\$15.99
1993	6.85	8.62	6.79	1.83	17.24	22,957	25,451	\$14.25
1994	6.66	9.00	7.06	1.93	17.72	22,457	22,255	\$13.19
1995	6.56	8.84	7.23	1.61	17.72	22,351	21,600	\$14.62
1996	6.47	9.48	7.51	1.97	18.31	22,017	23,886	\$18.46
1997	6.45	10.16	8.23	1.94	18.62	22,546	27,586	\$17.23
1998	6.25	10.71	8.71	2.00	18.92	21,034	22,911	\$10.87
1999	5.88	10.85	8.73	2.12	19.52	21,765	18,939	\$15.56
2000	5.82	11.46	9.07	2.39	19.70	22,045	29,275	\$26.72
2001	5.80	11.87	9.33	2.54	19.65	22,446	35,520	\$21.84
2002	5.74	11.53	9.14	2.39	19.76	22,677	27,833	\$22.51
2003	5.68	12.25	9.66	2.59	20.03	21,891	32,791	\$27.56
2004	5.41	13.13	10.08	3.05	20.73	21,371	37,013	\$36.77
2005	5.17	13.70	10.12	3.58	20.80	21,757	44,030	\$50.28
2006	5.10	13.69	10.11	3.58	20.68	20,972	51,296	\$59.69
2007	5.06	13.46	10.03	3.43	20.68	21,317	51,429	\$66.52
2008	4.95	12.91	9.78	3.13	19.49	19,121	55,887	\$94.04
2009	5.31	12.91	9.78	3.13	19.49	20,682	34,536	\$56.39
Last 12 Mos	5.47	12.65	9.90	2.75	20.57			

Sep	5.44	11.72	9.22	2.50	18.36
Oct	5.42	10.87	8.57	2.30	18.73
Nov	5.47	11.08	8.71	2.37	18.55
Dec	5.46	10.48	8.13	2.35	19.16
Jan	5.43	11.24	8.46	2.78	18.52
Feb	5.47	11.15	8.68	2.47	18.86
Mar	5.50	11.59	9.29	2.30	19.07
Apr	5.50	12.51	9.74	2.77	18.91
May	5.47	12.10	9.62	2.48	18.83
Jun	5.47	12.34	9.87	2.47	19.31
Jul	5.41	12.60	9.89	2.71	19.28
Aug	5.51	12.35	9.49	2.86	19.69
Sep	5.57	11.82	9.17	2.65	19.51



\* Source: U.S. Energy Information Administration (EIA). Recent production data is subject to revision.

# Source: EIA. Petroleum products supplied is a measure of domestic consumption.

\*\* Source: EIA. Wells drilled includes crude oil, natural gas, and dry wells drilled. U.S. average wellhead (first purchase) price is dollars per barrel.

**Railroad Commission of Texas**  
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*Texas PetroFacts* is available in PDF format for download from the Railroad Commission web site at <http://www.rrc.state.tx.us>.

Created in 1891 by the Texas Legislature, the Railroad Commission today is known principally as a leader in the regulation and conservation of oil and natural gas in Texas. For more than 85 years, the Commission has been charged with preventing waste and pollution while safeguarding property rights.

We believe the people of Texas continue to have a vital stake in the orderly production and conservation of the state's natural resources. Across the state, crude oil and natural gas are produced in 180 of 254 counties. About 209,500 persons are employed in oil and gas exploration, production, refining, and related industries. In all, businesses involved with the Texas oil and gas industry contribute about \$201 billion annually to the state's more than one trillion-dollar economy.

As an oil and gas producer, the state of Texas ranks among the nations of the world. Texas leads the United States in the production of crude oil and natural gas, and its marketed production of natural gas represents one-third of total U. S. supply. Texas produces an average of nearly one million barrels of oil a day; natural gas production in the state exceeds 7 trillion cubic feet a year.

Elizabeth A. Jones  
Commissioner

Michael L. Williams  
Chairman

Victor G. Carrillo  
Commissioner

