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# TEXAS



# PETROFACTS

A Monthly Data Review from the Railroad Commission of Texas ■ May 2008

## Highlights

### Natural Gas Production

In February 2008 preliminary and adjusted Texas natural gas production was 551.94 billion cubic feet (bcf), up from 498.63 bcf produced during the same month in 2007. *Note: Recent oil and gas production data are considered preliminary, incomplete, and subject to revision. See pages 3 and 6 for the most recent production adjustment factors or see the Commission's website at <http://www.rrc.state.tx.us>*

### Crude Oil Production

In February 2008 preliminary and adjusted Texas crude oil production averaged 0.958 million barrels per day (mmb/d), up from 0.942 mmb/d reported during the same month in 2007. (See Note above.)

### Rotary Rigs Operating in Texas

In April 2008 the average Texas rotary rig count was 887, up from 824 rigs running during the same month last year. The April rig count was up from the March rig count of 881.

Source: Baker Hughes Co.

### Permits to Drill

In April 2008 the Railroad Commission issued 2,207 original permits to drill, up from 1,711 permits issued during the same month last year and up from 1,926 permits issued in March.

### Oil and Gas Well Completions

In April 2008 operators reported 403 oil completions, up from 370 oil completions during the same month last year. There were 827 gas completions in April, up from 697 gas completions reported during the same month last year. There were 1,235 wells drilled in Texas in April, up from 1,074 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 2007 level of \$67.12 per barrel to \$103.70 per barrel during the 2<sup>nd</sup> quarter of 2008 and average \$101.45 for the year, according to the U.S. Energy Information Administration's (EIA) "Short-Term Energy Outlook" for May, 2008. The price is expected to average \$105.99 per barrel for the 3<sup>rd</sup> quarter of 2008.

The West Texas Intermediate spot average is expected to increase from the average 2007 level of \$72.32 per barrel to \$112.19 per barrel during the 2<sup>nd</sup> quarter of 2008 and average \$109.53 for the year. The price is expected to average \$114.00 per barrel for the 3<sup>rd</sup> quarter of 2008.

U.S. petroleum demand is expected to decrease 0.92 percent from 2007 to 2008 at 20.51 million barrels per day, and increase by 0.98 percent from 2008 to 2009 to 20.71 million barrels per day.

U.S. natural gas demand is expected to increase by 1.39 percent from 2007 to 2008 to 23.37 trillion cubic feet, and increase by 0.56 percent from 2008 to 2009 to 23.50 trillion cubic feet.

EIA projects that natural gas wellhead prices will average \$9.10 per mcf for the 2<sup>nd</sup> quarter of 2008 and average \$8.64 per mcf for the year. This is a 26.04 percent increase from EIA's 2007 average wellhead price of \$6.39 per mcf.

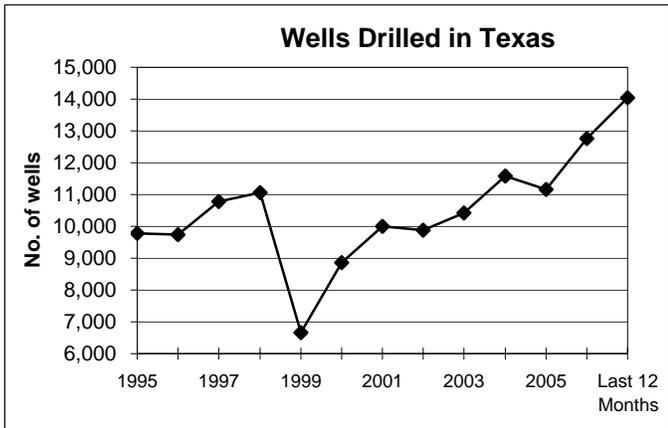
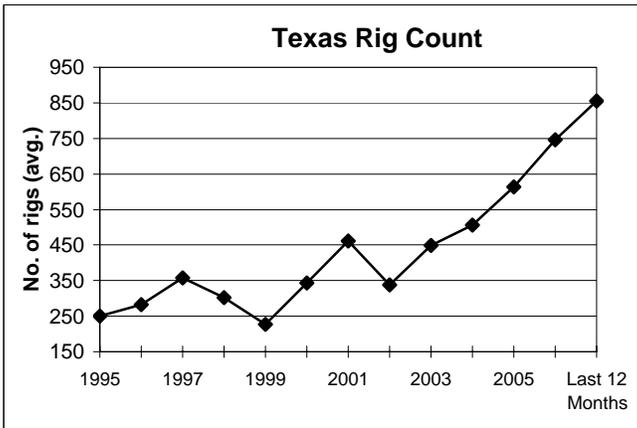
EIA projects an average annual wellhead price of \$8.52 per mcf for 2009, a 1.41 percent decrease from the \$8.64 projected average price for 2008.

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Table 1. Texas Drilling and Completion Summary

Period	Rotary Rigs Active *		Permits #	Wells Completed		Wells Drilled **	
	Texas	U. S.		Oil	Gas		
1988	280	936	13,493	6,441	2,665	12,261	
1989	264	871	12,756	4,914	2,760	10,054	
1990	348	1,009	14,033	5,593	2,894	11,231	
1991	315	860	12,494	6,025	2,755	11,295	
1992	251	721	12,089	5,031	2,537	9,498	
1993	264	754	11,612	4,646	3,295	9,969	
1994	274	775	11,030	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	945	13,933	4,482	4,594	10,778	
1998	303	827	9,385	4,509	4,907	11,057	
1999	226	622	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	1,383	16,914	3,454	7,197	11,154	
2006	746	1,648	18,952	4,761	8,412	12,764	
Last 12 Months	854	1,783	21,416	4,985	8,999	14,042	
2007	Apr	824	1,750	1,711	370	697	1,074
	May	829	1,748	1,739	393	783	1,181
	Jun	834	1,771	1,974	384	710	1,100
	Jul	831	1,777	1,396	477	764	1,246
	Aug	844	1,804	1,854	342	794	1,143
	Sep	837	1,783	2,234	334	529	866
	Oct	842	1,762	1,430	303	686	992
	Nov	860	1,798	1,737	379	1,020	1,410
2008	Dec	884	1,811	1,550	464	660	1,126
	Jan	858	1,749	1,609	570	565	1,135
	Feb	866	1,765	1,760	536	876	1,417
	Mar	881	1,797	1,926	400	785	1,191
Apr	887	1,829	2,207	403	827	1,235	



\* Source: Baker Hughes Inc.

# Totals shown for 1988 and after are number of drilling permits issued; data for previous years was total drilling applications received.

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

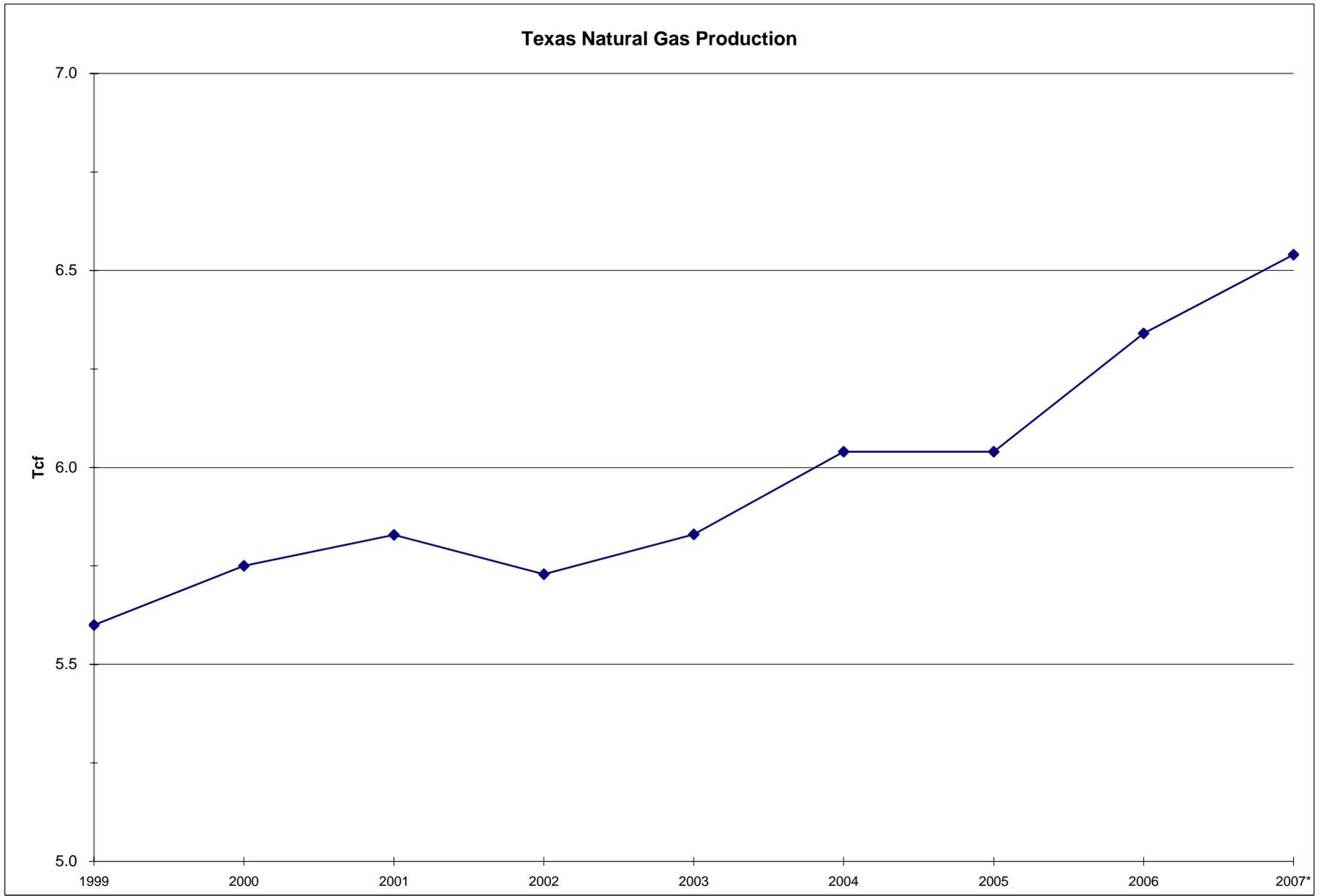


Table 3. Texas Gas Storage Operations

Productive or Depleted Reservoirs			Reported Max Withdrawal Rate (MMCF/DAY)	Working Gas* Inventory 3/31/08 (MMCF)	Working Gas* Inventory 3/31/07 (MMCF)	Change From One Year Ago (MMCF)	Preliminary Working Gas* Inventory 4/15/08 (MMCF)
Operator	Field	County Location					
Oneok TX Gas Storage LP	Felmac (Yates)	Gaines	45	1,545	1,996	(451)	1,673
Oneok TX Gas Storage LP	Loop (Yates)	Gaines	75	800	800	0	800
Houston Pipeline Co.	Bammell	Harris	1,177	12,537	15,036	(2,499)	12,860
Enbridge Pipeline LLC	Pickton (Bacon Lime)	Hopkins	15	0	0	0	0
Cago, Inc.	Ambassador	Clay	40	80	80	0	80
Hill Lake Gas Storage LP	Hill-Lake Sand	Eastland	68	5,302	8,056	(2,754)	6,448
ATMOS Pipeline - Texas	La-Pan-Miss	Clay	120	1,326	2,019	(693)	1,561
ATMOS Pipeline - Texas	Lake Dallas	Denton	98	3,442	2,844	598	3,442
ATMOS Pipeline - Texas	New York City	Clay	95	2,982	3,482	(500)	3,032
ATMOS Pipeline - Texas	Pecan Station	Tom Green	38	397	400	(3)	396
ATMOS Pipeline - Texas	Tri-Cities Bacon	Henderson	275	18,142	16,930	1,212	18,797
ATMOS Pipeline - Texas	Tri-Cities Rodessa	Henderson	50	288	462	(174)	280
Lower Colorado River Authority	Hilbig	Bastrop	100	2,056	3,035	(979)	2,072
Natural Gas Pipeline Co.	North Lansing	Harrison	1,100	55,489	59,638	(4,149)	54,647
Devon Gas Services LP	Lone Camp	Palo Pinto	28	234	525	(291)	288
Pelican Transmission LLC	Clear Lake	Harris	550	40,058	80,312	(40,254)	40,048
Energy Transfer Fuel LP	Bryson	Jack	100	4,765	4,223	542	5,040
Falcon Gas Storage, Inc.	Worsham Steed	Jack	25	9,063	2,734	6,329	10,908
Cumming Company, Inc.	Leeray Strawn	Stephens	20	0	0	0	0
Katy Storage and Transportation LP	Pottsville	Hamilton	200	0	0	0	0
Katy Storage and Transportation LP	Katy Hub & Storage	Fort Bend	400	15,024	17,618	(2,594)	17,556
	<b>Subtotals</b>		<b>4,619</b>	<b>173,530</b>	<b>220,190</b>	<b>(46,660)</b>	<b>179,928</b>
Salt Caverns							
Oneok TX Gas Storage LP	Salado (Loop Yates)	Gaines	475	1,691	1,922	(231)	1,398
Centana Intrastate Pipeline LLC	Spindletop	Jefferson	500	2,810	4,225	(1,415)	2,439
Dow Chemical Co.	Stratton Ridge #34	Brazoria	200	0	1,013	(1,013)	0
Dow Chemical Co.	Stratton Ridge #6	Brazoria	180	1,224	630	594	1,300
Kinder Morgan Texas Pipeline LP	North Dayton	Liberty	500	2,271	2,064	207	2,854
ATMOS Pipeline - Texas	Bethel	Anderson	600	4,441	5,169	(728)	4,660
Moss Bluff Hub Partners LP	Moss Bluff	Liberty	800	8,272	9,849	(1,577)	8,102
Gulfterra South Texas LP	Wilson	Wharton	800	1,975	556	1,419	2,235
Chevron Phillips Chemical Co	Clemens	Brazoria	75	1,010	1,562	(552)	758
PB Energy Storage Services, Inc.	Spindletop	Jefferson	480	6,833	6,880	(47)	6,793
Kinder Morgan Tejas Pipeline LP	Stratton Ridge	Brazoria	250	311	992	(681)	586
Texas Brine Corp.	Markham	Matagorda	500	12,935	8,059	4,876	14,026
Energy Transfer Fuel LP	Bethel Salt Dome	Anderson	275	2,594	5,233	(2,639)	2,962
Union Oil Co. of California	Keystone Gas Storage	Winkler	330	2,903	5,019	(2,116)	2,867
Underground Storage, LLC	Pierce Junction	Harris	322	451	269	182	701
	<b>Subtotals</b>		<b>6,287</b>	<b>49,721</b>	<b>53,442</b>	<b>(3,721)</b>	<b>51,681</b>
<b>Source: RRC Form G-3</b>		<b>TOTALS</b>	<b>10,906</b>	<b>223,251</b>	<b>273,632</b>	<b>(50,381)</b>	<b>231,609</b>

\* Note: 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. (The Native Gas in the Bammel and North Lansing facilities is part of the non-working pad gas.)

Table 4. Texas Gas Storage Operations, 2007 - 2008

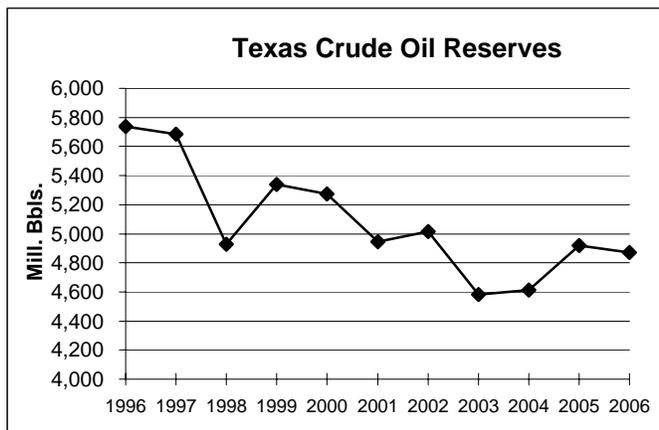
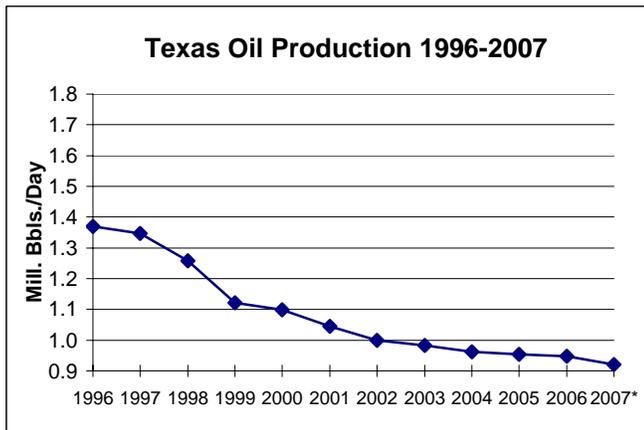
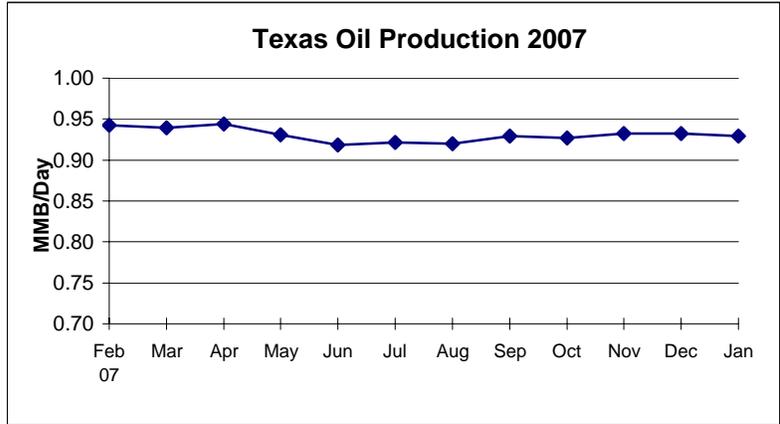
	Depleted Reservoirs			Salt Caverns			Total		
	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)
Mar-07	216,473	<b>3,618</b>	220,091	46,559	<b>6,966</b>	53,525	263,032	<b>10,584</b>	273,616
Apr-07	220,091	<b>25,660</b>	245,751	53,525	<b>1,758</b>	55,283	273,616	<b>27,418</b>	301,034
May-07	245,751	<b>28,096</b>	273,847	55,283	<b>4,954</b>	60,237	301,034	<b>33,050</b>	334,084
Jun-07	273,847	<b>31,081</b>	304,928	60,237	<b>7,416</b>	67,653	334,084	<b>38,497</b>	372,581
Jul-07	304,928	<b>(7,442)</b>	297,486	67,653	<b>(1,255)</b>	66,398	372,581	<b>(8,697)</b>	340,663
Aug-07	297,486	<b>(22,378)</b>	275,108	66,398	<b>(1,269)</b>	65,129	363,884	<b>(23,647)</b>	340,237
Sep-07	275,108	<b>21,640</b>	296,748	65,129	<b>613</b>	65,742	340,237	<b>22,253</b>	362,490
Oct-07	296,748	<b>28,261</b>	325,009	65,742	<b>11,266</b>	77,008	362,490	<b>39,527</b>	402,017
Nov-07	325,009	<b>(755)</b>	324,254	77,008	<b>(5,822)</b>	71,186	402,017	<b>(6,577)</b>	395,440
Dec-07	324,254	<b>(19,898)</b>	304,356	71,186	<b>(6,164)</b>	65,022	395,440	<b>(26,062)</b>	369,378
Jan-08	304,356	<b>(61,288)</b>	243,068	65,022	<b>(12,399)</b>	52,623	369,378	<b>(73,687)</b>	295,691
Feb-08	243,068	<b>(49,237)</b>	193,831	52,623	<b>(8,244)</b>	44,379	295,691	<b>(57,481)</b>	238,210
Feb-08	193,831	<b>(20,301)</b>	173,530	44,379	<b>5,342</b>	49,721	238,210	<b>(14,959)</b>	223,251

Table 5. Texas Crude Oil (million barrels)

Period	Total Production	Daily Average	% of U.S. Production	Proved Reserves #	% of U.S. Reserves	Active Wells *	WTI Spot Price **
1989	651	1.78	23.3	6,996	26.3	190,821	\$16.47
1990	646	1.77	24.2	7,106	27.1	194,962	\$19.74
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	\$24.62
2002	365	1.00	17.4	5,015	22.1	146,640	\$24.33
2003	359	0.98	17.4	4,583	20.9	143,561	\$29.60
2004	351	0.96	17.7	4,613	21.5	142,095	\$39.55
2005	348	0.95	18.4	4,919	19.0	141,924	\$56.49
2006	346	0.95	18.2	4,871	23.4	139,292	\$66.02
2007*	336	0.92	n/a	n/a	n/a	144,535	\$72.32

Feb 07	26.38	0.942
Mar	29.12	0.939
Apr	28.33	0.944
May	28.86	0.931
Jun	27.55	0.918
Jul	28.57	0.922
Aug	28.52	0.920
Sep	27.88	0.929
Oct	28.74	0.927
Nov	27.98	0.933
Dec	28.90	0.932
Jan	28.81	0.929
Feb*	27.78	0.958

*\*Note: The most recent 12 months of production data is preliminary and subject to revision. The most recent month of data is incomplete and may underestimate the final and complete total; a production adjustment factor of 1.0559 has been applied to reported February crude oil production to obtain an estimate of final crude oil production.*



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

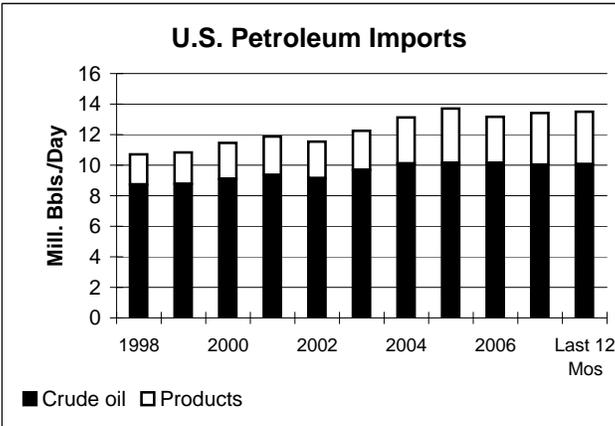
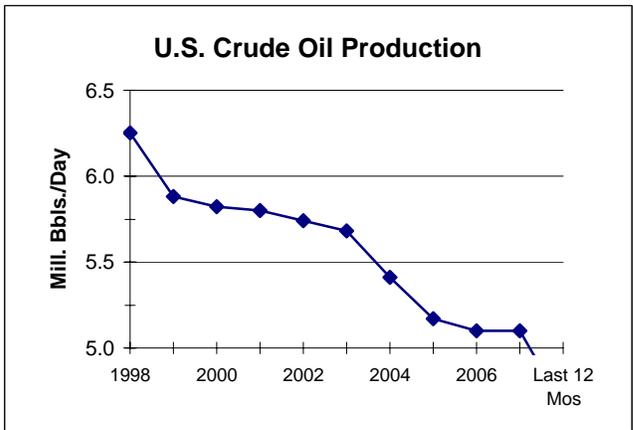
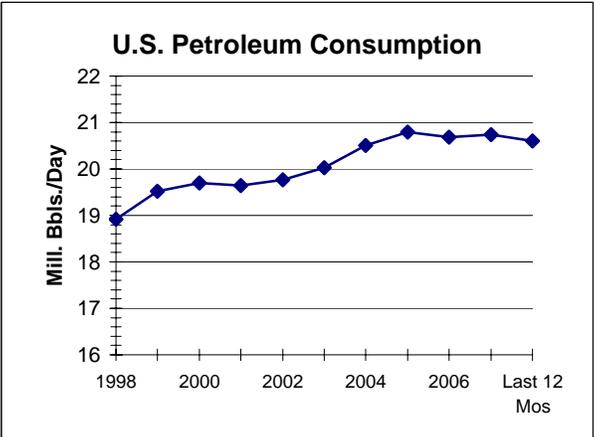
\* Source: Railroad Commission of Texas, December Active Oil Well Counts

\*\* 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				
1989	7.61	8.06	5.84	2.22	17.33	26,501	27,931	\$15.86
1990	7.36	8.01	5.89	2.12	16.99	26,254	32,067	\$20.03
1991	7.42	7.62	5.78	1.84	16.71	24,682	28,892	\$16.54
1992	7.17	7.86	6.08	1.81	17.03	23,745	23,084	\$15.99
1993	6.85	8.48	6.79	1.83	17.24	22,957	24,752	\$14.25
1994	6.66	8.92	7.06	1.93	17.72	22,457	21,566	\$13.19
1995	6.56	8.84	7.23	1.61	17.73	22,351	21,600	\$14.62
1996	6.47	9.18	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	27,873	\$26.72
2001	5.80	11.87	9.33	2.54	19.65	22,446	34,021	\$21.84
2002	5.74	11.53	9.14	2.39	19.76	22,677	26,564	\$22.51
2003	5.68	12.25	9.66	2.59	20.03	21,891	30,675	\$27.56
2004	5.41	13.14	10.09	3.05	20.51	21,371	33,096	\$36.77
2005	5.17	13.71	10.12	3.59	20.80	21,757	40,745	\$50.28
2006	5.10	13.17	10.12	3.05	20.68	20,972	49,507	\$59.69
2007	5.10	13.43	10.01	3.42	20.74	n/a	53,558	n/a
Last 12 Mos	4.66	13.50	10.05	3.46	20.60			
Feb 07	5.14	12.15	9.04	3.11	21.27			
Mar	5.17	13.88	10.34	3.54	20.52			
Apr	5.21	13.89	10.18	3.71	20.57			
May	5.24	14.16	10.29	3.87	20.63			
Jun	5.13	13.50	9.98	3.52	20.73			
Jul	5.12	13.67	9.90	3.77	20.64			
Aug	4.97	13.59	10.15	3.44	21.05			
Sep	4.89	13.63	10.31	3.32	20.38			
Oct	5.03	12.95	9.77	3.18	20.45			
Nov	5.00	13.19	9.97	3.22	20.70			
Dec	5.07	12.85	9.82	3.03	20.86			
Jan	5.09	13.49	10.00	3.49	20.11			
Feb*	5.04	13.23	9.83	3.40	20.53			



\* Source: U.S. Energy Information Administration (EIA). Recent production data is preliminary and 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.

	<b>2006</b>	
Jan	29,584,203	
Feb	26,824,693	
Mar	29,633,146	
Apr	28,506,891	
May	29,238,001	
Jun	28,131,954	
Jul	29,023,215	
Aug	28,784,697	
Sep	28,091,306	
Oct	29,030,901	
Nov	27,932,505	
Dec	28,390,146	
<b>Total</b>	<b>343,171,658</b>	348149924

	5,152,000	5,178,000
	1,880,480,000	1,889,970,000
	18.25%	18.42%

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Address Correction Requested

*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 237 of 254 counties. About 250,000 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 6 trillion cubic feet a year.

Victor G. Carrillo  
Commissioner

Michael L. Williams  
Chairman

Elizabeth A. Jones  
Commissioner

