

RAILROAD COMMISSION OF TEXAS

DAVID PORTER, *CHAIRMAN*
CHRISTI CRADDICK, *COMMISSIONER*
RYAN SITTON, *COMMISSIONER*

INTERNAL
OIL AND GAS DIVISION
SANTOS GONZALES JR., P.E.,
ASSISTANT DIRECTOR, FIELD OPERATIONS

MEMORANDUM

April 15, 2016

MEMORANDUM TO: Chairman David Porter
Commissioner Christi Craddick
Commissioner Ryan Sitton

FROM: Santos Gonzales, Jr., P.E.
Assistant Director, Field Operations

SUBJECT: Field Operations Section
Monthly Report of State-funded Well Plugging Activities
March 2016, FY 2016

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.

SG:th
Attachments


Santos Gonzales, Jr., P.E.
Assistant Director, Oil & Gas Division

cc: Kimberly Corley, Executive Director
Wei Wang, Chief Financial Officer
Lori Wrotenbery, Director, Oil & Gas Division
David Cooney, Director, Office of General Counsel-Enforcement
Paul Delaney, Internal Auditor
Stacie Fowler, Director, Governmental Affairs
Ramona Nye, Media Affairs
Tina Beck, Analyst, Legislative Budget Board
Nate Hickman, Policy Advisor, Office of the Governor
District Directors (via email)

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
Field Operations Section
Monthly State-Funded Plugging Activities
March 2016

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

March	0.43%
Fiscal Year-to-date	1.74%
Performance Measure Goal	6 %

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

March	42
Fiscal Year-to-date	170
Performance Measure Goal	875

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

March	129,231
Fiscal Year-to-date	367,073
Performance Measure Goal	1,671,250

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

From Contract Award Date

March	48
Fiscal Year-to-date	62
Performance Measure Goal	75

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

March	56
Fiscal Year-to-date	446
Performance Measure Goal	800

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

Orphaned wells

March	9,757
Performance Measure Goal	9,000

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

March	1,419
Fiscal Year-to-date	3,685
Performance Measure Goal	5,200

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

March	40%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

March	111,704
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
03/01/2016 to 03/31/2016

State-Funded Plugging Activities

Number of wells approved for plugging this month	56
Estimated cost of approvals	\$ 1,038,900.00
Number of wells approved for this fiscal year	446
Number of approved wells remaining to plug	1207
Estimated cost to plug remaining approvals	\$ 29,359,268.59
Number of pluggings completed this month	42
Total cost to plug wells completed this month	\$ 813,792.47
Number of pluggings completed this fiscal year	170
Cost of pluggings completed this fiscal year	\$ 4,878,796.46

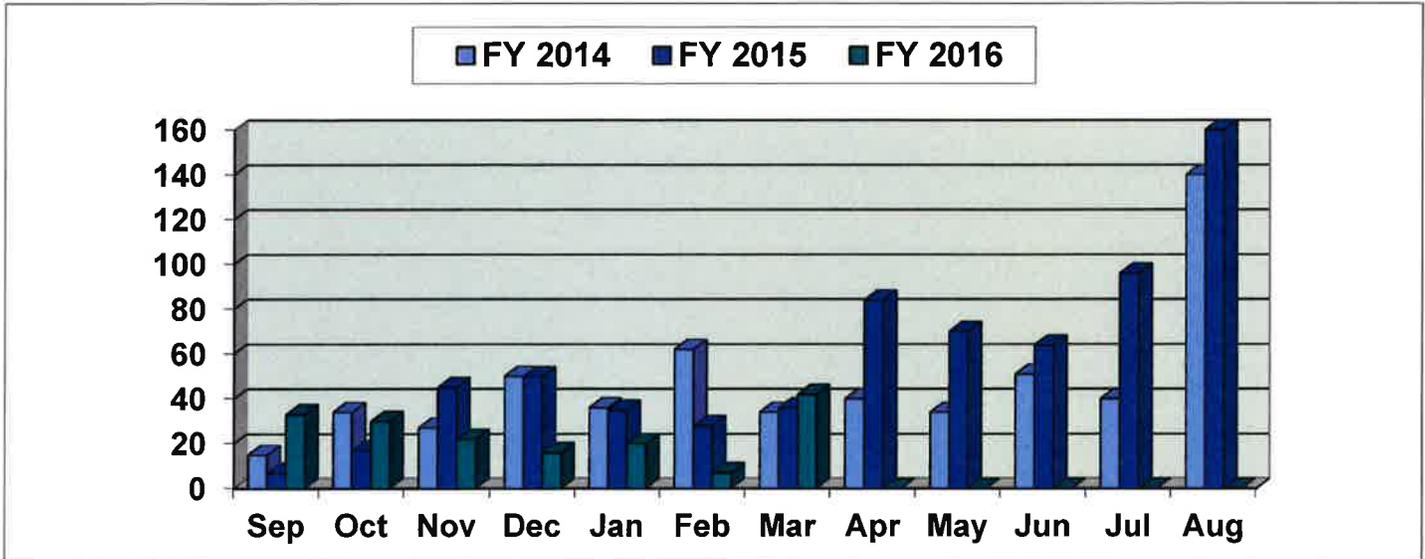
Pollution Abatement Activities

Number of pollution abatements approved this month	2
Estimated cost of approvals	\$ 6,000.00
Number of pollution abatements approved for this fiscal year	37
Number of pollution abatements remaining	50
Estimated cost to pollution abatements remaining	\$ 147,842.50
Number of pollution abatements completed this month	1
Total cost of pollution abatements completed this month	\$ 521.50
Number of pollution abatements completed this fiscal year	20
Cost of pollution abatements completed this fiscal year	\$ 58,708.81

Salvage Activities

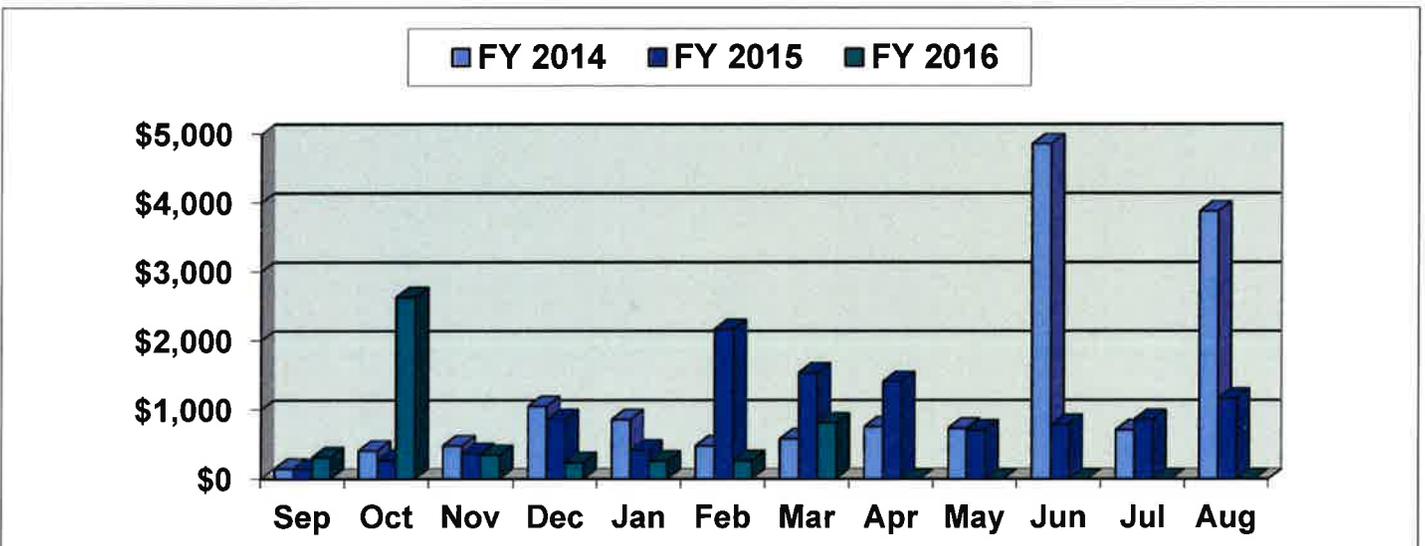
Number of salvage activities completed this month	5
Total proceeds received this month	\$ 21,241.91
Number of salvage activities completed this fiscal year	87
Total proceeds received this year	\$ 193,885.70

State-funded Well Plugging Program Monthly Wells Plugged March 2015



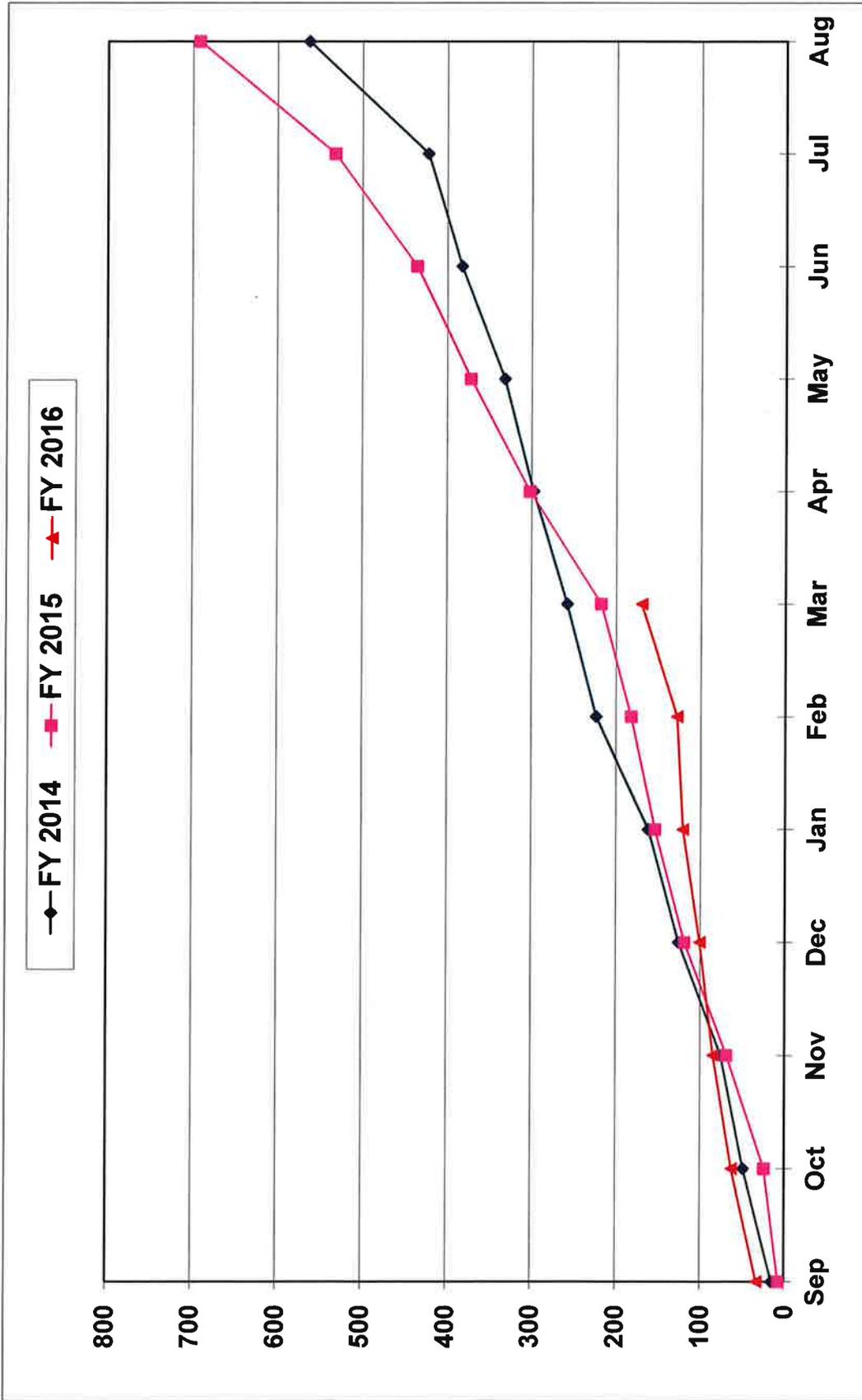
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	15	34	27	50	36	62	34	40	34	51	40	140	563
FY 2015	7	17	45	50	35	28	36	84	70	64	96	160	692
FY 2016	33	30	22	16	20	7	42	0	0	0	0	0	170

State-funded Well Plugging Program Monthly Cost of Wells Plugged March 2015



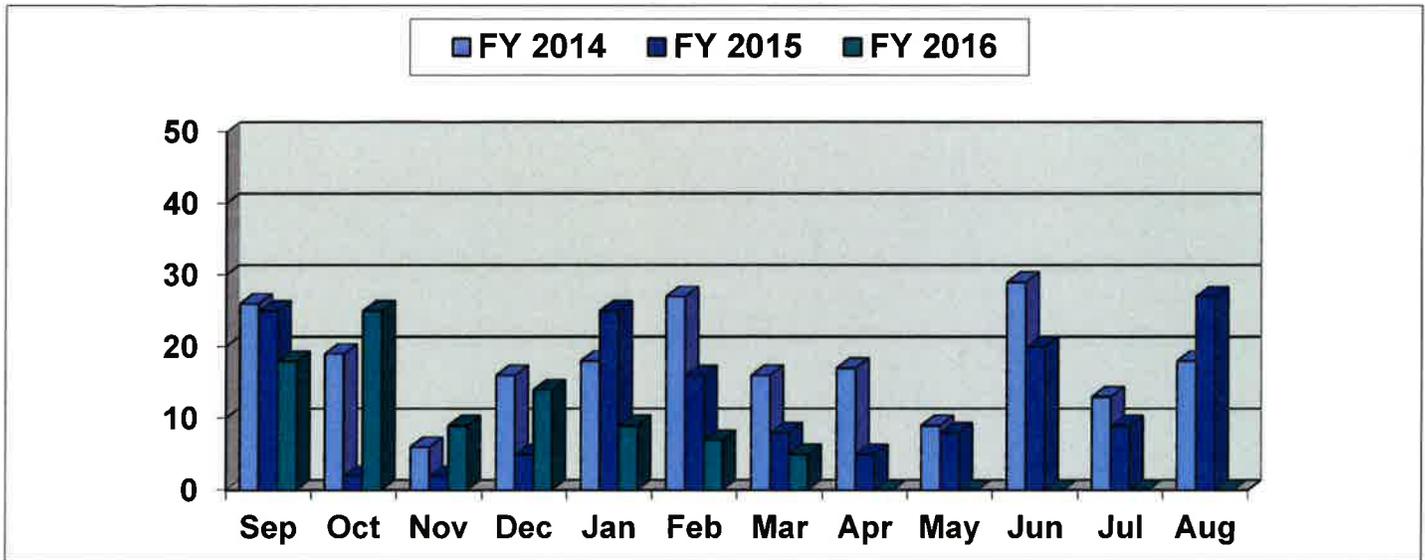
\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	\$151	\$412	\$483	\$1,052	\$860	\$481	\$581	\$758	\$735	\$4,856	\$710	\$3,880	\$14,959
FY 2015	\$146	\$277	\$374	\$866	\$422	\$2,169	\$1,538	\$1,411	\$709	\$789	\$860	\$1,170	\$10,731
FY 2016	\$314	\$2,633	\$348	\$240	\$264	\$266	\$814	\$0	\$0	\$0	\$0	\$0	\$4,879

State-funded Well Plugging Program Cumulative Wells Plugged March 2015



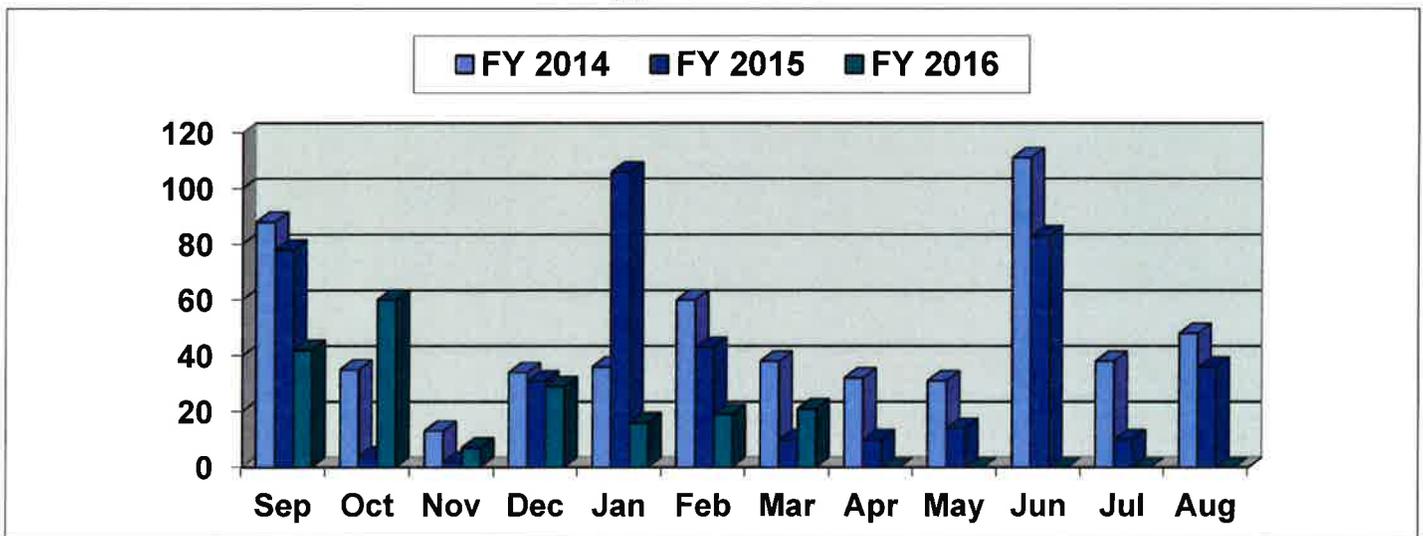
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2014	15	49	76	126	162	224	258	298	332	383	423	563
FY 2015	7	24	69	119	154	182	218	302	372	436	532	692
FY 2016	33	63	85	101	121	128	170					

**State-funded Well Plugging Program
Monthly Salvage Operations
March 2015**



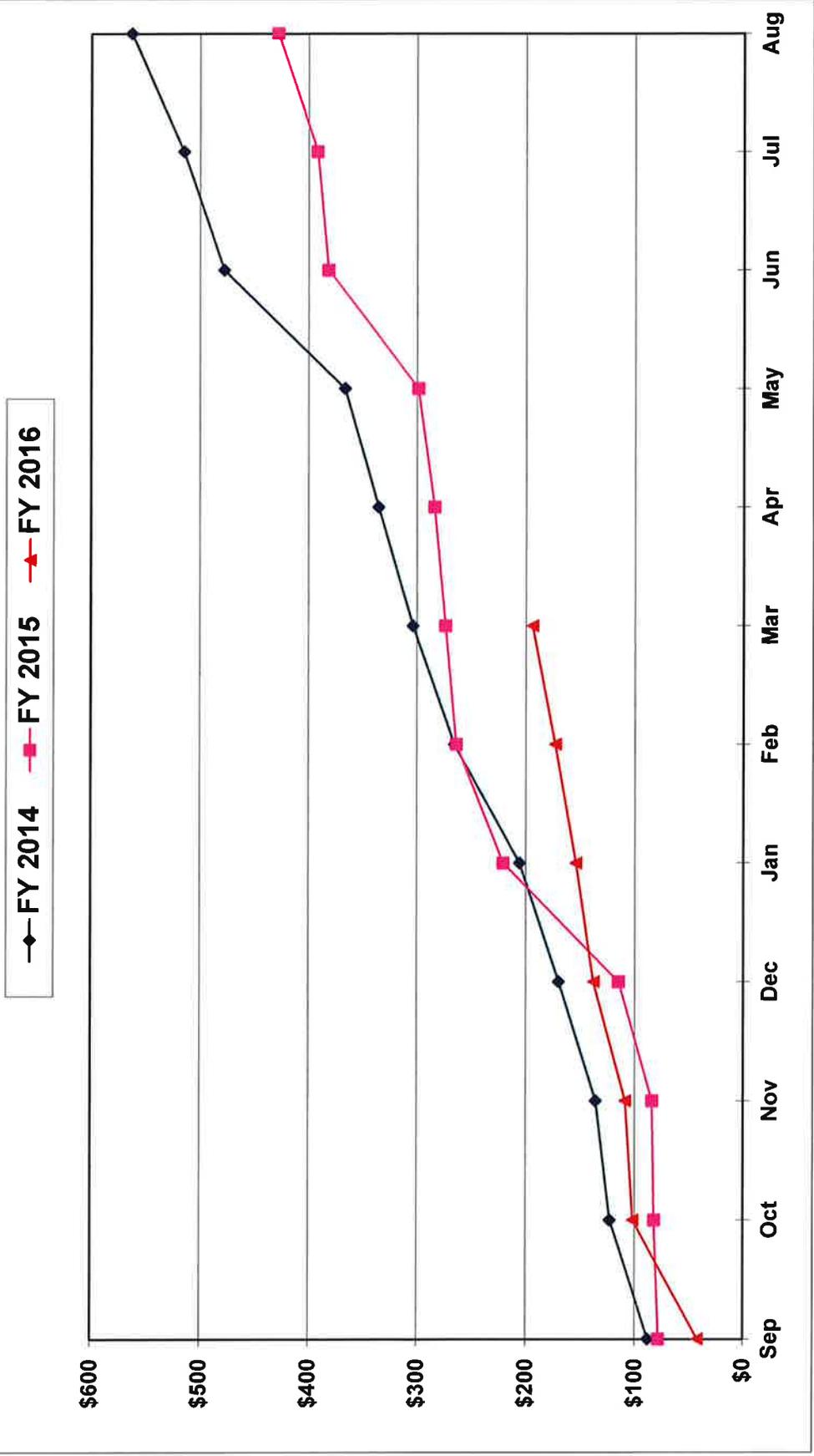
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	26	19	6	16	18	27	16	17	9	29	13	18	214
FY 2015	25	2	2	5	25	16	8	5	8	20	9	27	152
FY 2016	18	25	9	14	9	7	5	0	0	0	0	0	87

**State-funded Well Plugging Program
Monthly Salvage Proceeds
March 2015**



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	\$88	\$35	\$13	\$34	\$36	\$60	\$38	\$32	\$31	\$111	\$38	\$48	\$564
FY 2015	\$78	\$4	\$2	\$31	\$106	\$43	\$10	\$10	\$14	\$83	\$10	\$36	\$427
FY 2016	\$42	\$60	\$7	\$29	\$16	\$19	\$21	\$0	\$0	\$0	\$0	\$0	\$194

State-funded Well Plugging Program Cumulative Salvage Proceeds March 2015



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2014	\$88	\$123	\$136	\$170	\$206	\$266	\$304	\$336	\$367	\$478	\$515	\$563
FY 2015	\$78	\$82	\$84	\$115	\$221	\$264	\$274	\$284	\$299	\$382	\$392	\$428
FY 2016	\$42	\$102	\$109	\$138	\$154	\$173	\$194					

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year State-funded Plugging Summary
03/31/2016

Run Date: April 05, 2016

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	802	\$ 9,233,659.43
2012	761	764	\$ 12,309,476.92
2013	841	778	\$ 20,893,009.98
2014	626	563	\$ 14,959,243.65
2015	736	692	\$ 10,731,174.12
2016	446	170	\$ 4,878,796.46
Totals	40976	35286	\$ 255,956,824.62

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year Summary for Pollution Abatements
03/31/2016

Run Date: April 05, 2016

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	54	\$ 546,481.92
2008	140	123	\$ 224,762.50
2009	92	58	\$ 147,553.92
2010	103	167	\$ 234,020.62
2011	62	59	\$ 119,330.15
2012	53	43	\$ 456,770.84
2013	56	56	\$ 405,929.13
2014	47	42	\$ 150,412.10
2015	54	82	\$ 227,302.24
2016	32	23	\$ 58,708.81
Totals	3076	2770	\$ 4,624,841.18