

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

October 21, 2015

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
September 2015, 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: Lindil C. Fowler, Jr., Acting, 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
September 2015

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

September	0.33 %
Fiscal Year-to-date	0.33 %
Performance Measure Goal	6.0%

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

September	33
Fiscal Year-to-date	33
Performance Measure Goal	875

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

September	50,220
Fiscal Year-to-date	50,220
Performance Measure Goal	1,671,250

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

	From Contract Award Date
September	33
Fiscal Year-to-date	33
Performance Measure Goal	75

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

September	60
Fiscal Year-to-date	60
Performance Measure Goal	800

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

	Orphaned wells
September	9,902
Performance Measure Goal	9,000

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

September	729
Fiscal Year-to-date	729
Performance Measure Goal	5,200

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

September	42%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

September	112,513
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
09/01/2015 to 09/30/2015

State-Funded Plugging Activities

Number of wells approved for plugging this month	60
Estimated cost of approvals	\$ 555,200.00
Number of wells approved for this fiscal year	60
Number of approved wells remaining to plug	964
Estimated cost to plug remaining approvals	\$ 25,937,503.59
Number of pluggings completed this month	33
Total cost to plug wells completed this month	\$ 314,143.25
Number of pluggings completed this fiscal year	33
Cost of pluggings completed this fiscal year	\$ 314,143.25

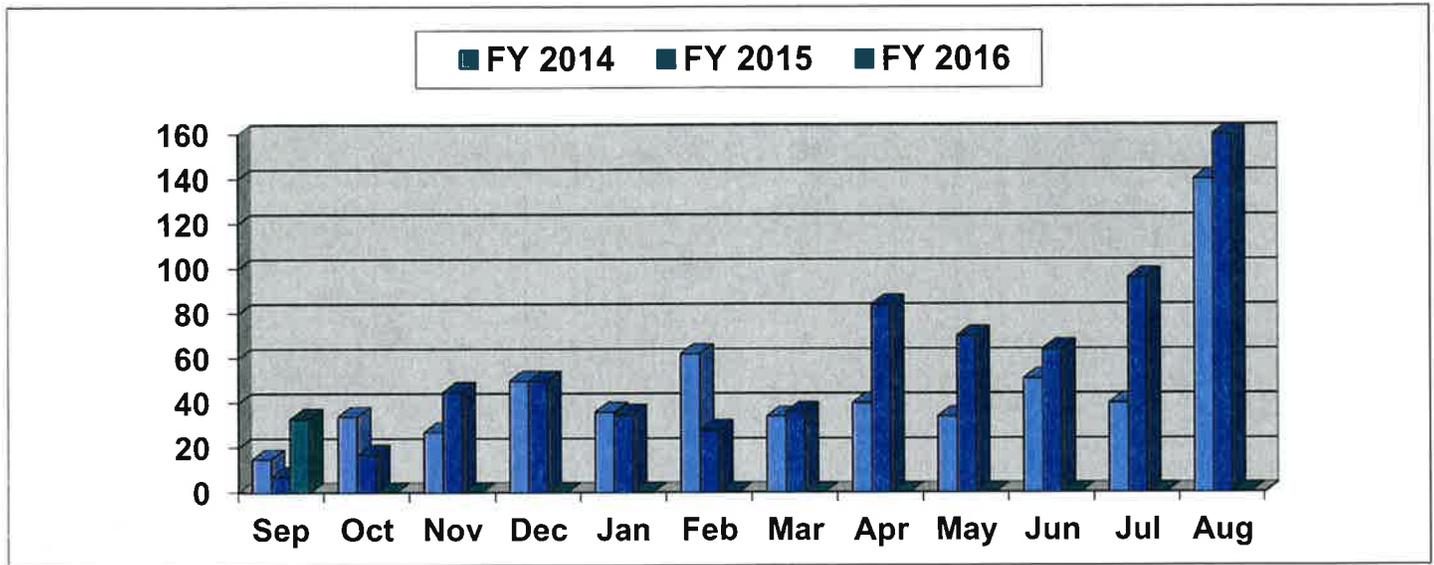
Pollution Abatement Activities

Number of pollution abatements approved this month	12
Estimated cost of approvals	\$ 27,350.00
Number of pollution abatements approved for this fiscal year	12
Number of pollution abatements remaining	48
Estimated cost to pollution abatements remaining	\$ 164,918.02
Number of pollution abatements completed this month	6
Total cost of pollution abatements completed this month	\$ 5,005.86
Number of pollution abatements completed this fiscal year	6
Cost of pollution abatements completed this fiscal year	\$ 5,005.86

Salvage Activities

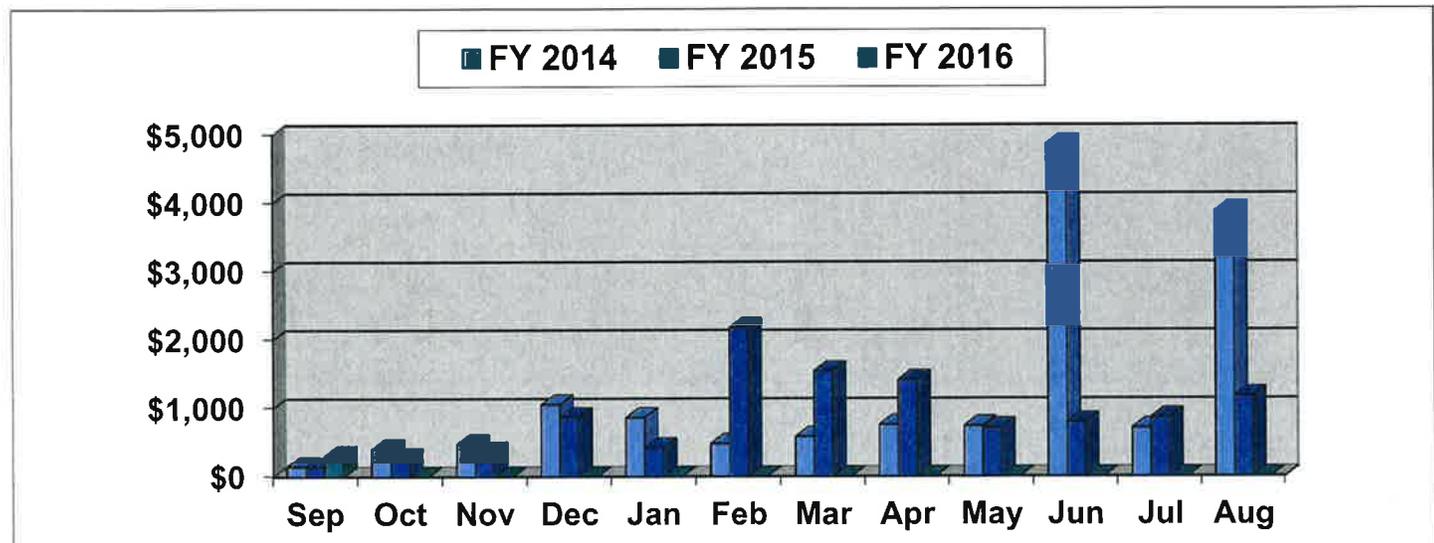
Number of salvage activities completed this month	18
Total proceeds received this month	\$ 41,972.87
Number of salvage activities completed this fiscal year	18
Total proceeds received this year	\$ 41,972.87

State-funded Well Plugging Program Monthly Wells Plugged September 2015



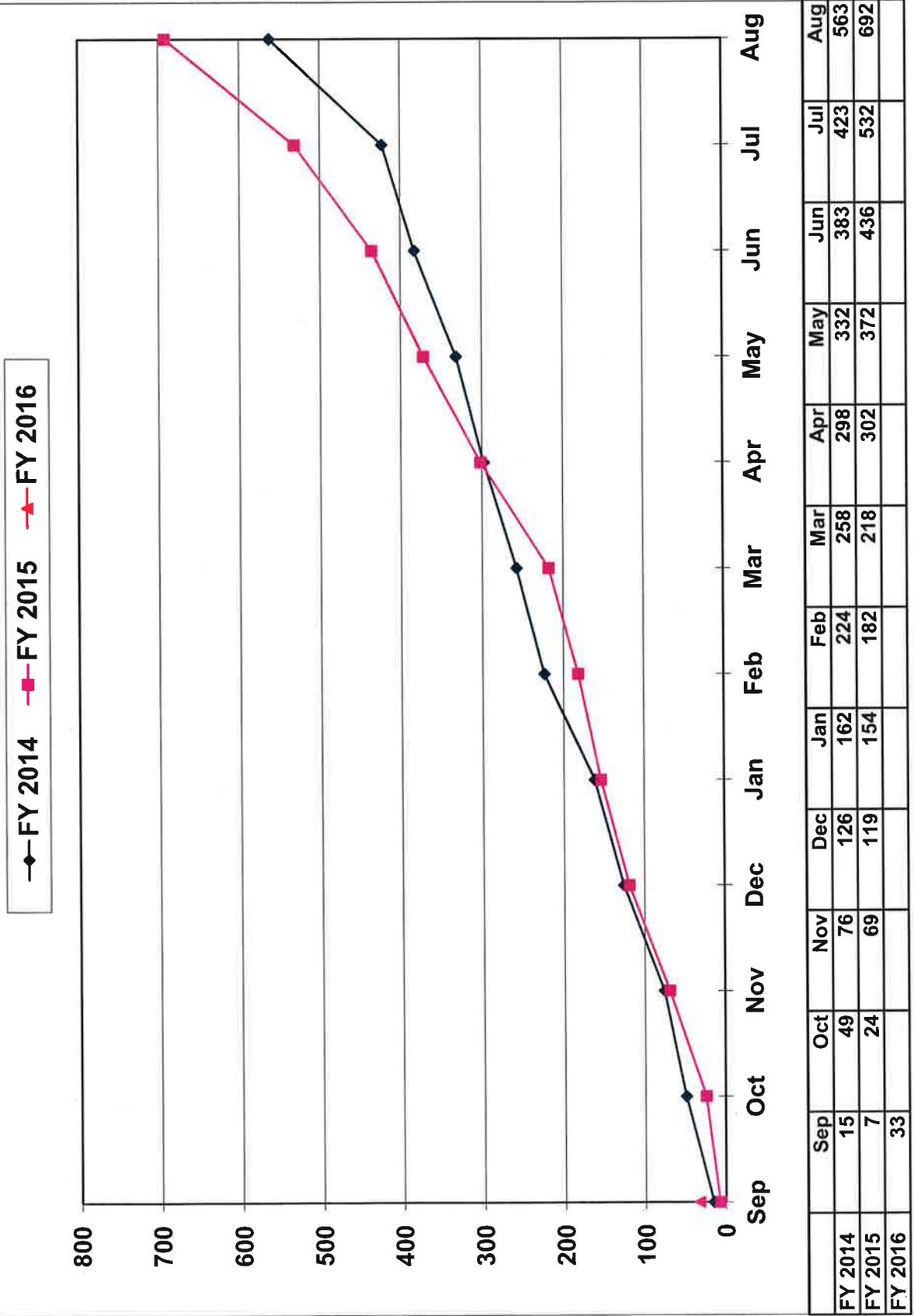
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	15	34	27	50	36	62	34	40	34	51	40	140	563
FY 2015	7	17	45	50	35	28	36	84	70	64	96	160	692
FY 2016	33	0	0	0	0	0	0	0	0	0	0	0	33

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

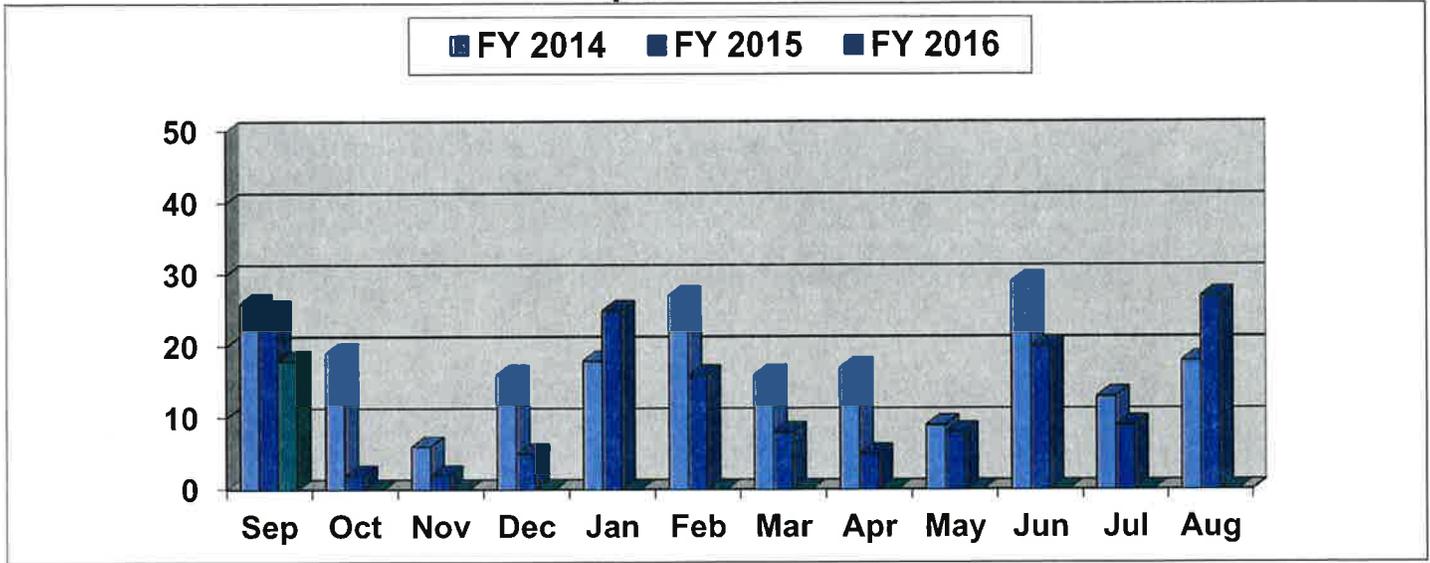


\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	\$151	\$412	\$483	\$1,052	\$860	\$481	\$581	\$758	\$735	\$4,856	\$710	\$3,880	\$14,959
FY 2015	\$146	\$277	\$374	\$866	\$422	\$2,169	\$1,538	\$1,411	\$709	\$789	\$860	\$1,170	\$10,731
FY 2016	\$314	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0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

State-funded Well Plugging Program Cumulative Wells Plugged September 2015

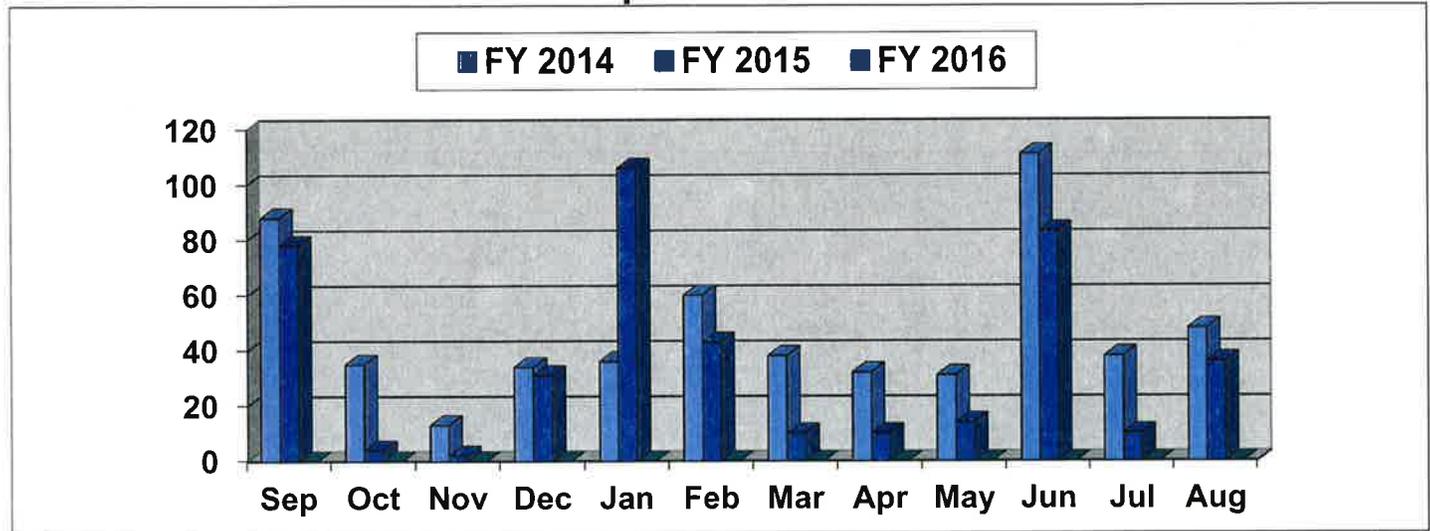


**State-funded Well Plugging Program
Monthly Salvage Operations
September 2015**



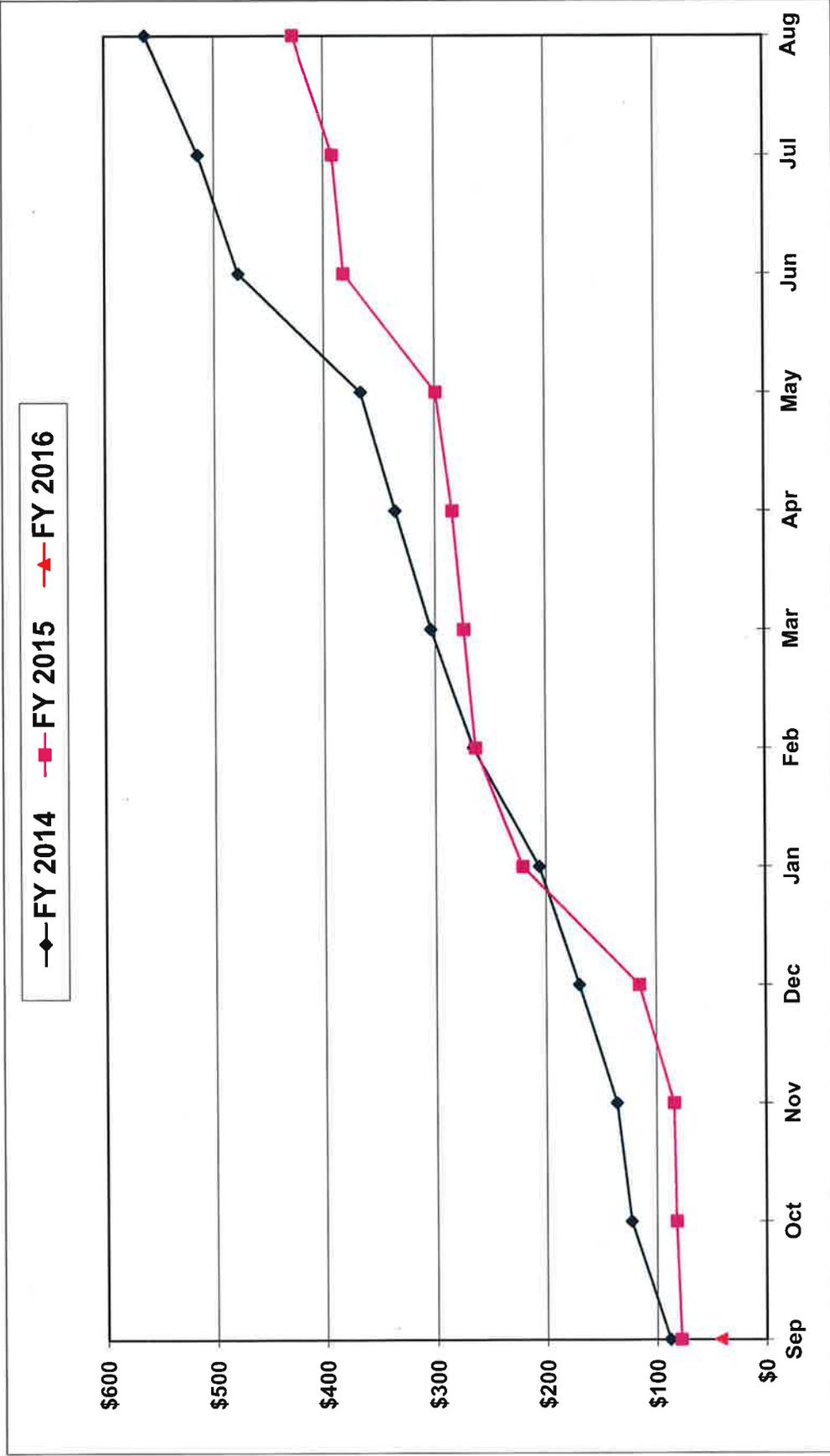
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2014	26	19	6	16	18	27	16	17	9	29	13	18	214
FY 2015	25	2	2	5	25	16	8	5	8	20	9	27	152
FY 2016	18	0	0	0	0	0	0	0	0	0	0	0	18

**State-funded Well Plugging Program
Monthly Salvage Proceeds
September 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

State-funded Well Plugging Program Cumulative Salvage Proceeds September 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											

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year State-funded Plugging Summary
09/30/2015

Run Date: October 01, 2015

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	735	692	\$ 10,731,174.12
2016	60	33	\$ 314,143.25
Totals	40589	35149	\$ 251,392,171.41

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year Summary for Pollution Abatements
08/30/2016

Run Date: October 01, 2015

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	166	\$ 233,933.60
2011	62	58	\$ 118,820.15
2012	53	42	\$ 456,384.20
2013	56	56	\$ 405,929.13
2014	47	42	\$ 150,412.10
2015	54	82	\$ 227,302.24
2016	10	6	\$ 5,005.86
Totals	3054	2750	\$ 4,570,154.57

Oil and Gas Division
 Field Operations Section
 State-Funded Plugging
 Contracts Exceeding \$100,000
 Original Encumbered Amount Exceeded by 10% or More
 September 2015, FY 16

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	\$ Increase	% Increase	Remarks
1/2	455-15-0703	Seeker	\$196,415.00	\$286,415.00	\$90,000.00	45.82%	Added Ten (10) wells to contract.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
3	455-15-0878	ALD Services	\$83,116.00	\$231,616.00	\$148,500.00	178.67%	Added three (3) wells, downhole problems on two (2).
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
4	455-15-0951	Newman Operating Company	\$224,875.00	\$574,875.00	\$350,000.00	155.64%	Add thirteen wells, poor WH conditions and downhole problems.
	455-15-1094	Newman Operating Company	\$150,585.00	\$225,000.00	\$74,415.00	49.42%	Emergency Plugging Operations.
	455-15-1143	Steller Well Control	\$150,000.00	\$250,000.00	\$100,000.00	66.67%	Poor WH conditions and downhole problems.
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
5/6	455-				\$0.00	#DIV/0!	
	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!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
7C	455-				\$0.00	#DIV/0!	
	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!	
9	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	
10	455-				\$0.00	#DIV/0!	
	455-				\$0.00	#DIV/0!	