RAILROAD COMMISSION OF TEXAS

CHRISTI CRADDICK, *CHAIRMAN*
DAVID PORTER, *COMMISSIONER*
BARRY T. SMITHERMAN, *COMMISSIONER*

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

MEMORANDUM

November 14, 2014

MEMORANDUM TO: Chairman Christi Craddick
Commissioner David Porter
Commissioner Barry T. Smitherman

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

SUBJECT: Field Operations Section
Monthly Report of State-funded Well Plugging Activities
October 2014, FY 2015

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.

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

SG:th
Attachments

cc: Milton A. Rister, Executive Director
Araminta Everton, Director, Administration Division
Wei Wang, Chief Financial Officer
Gil Bujano, Director, Oil & Gas Divison
Lindil C. Fowler, Jr., General Counsel, Office of General Counsel
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
October 2014

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

October	0.18%
Fiscal Year-to-date	0.26%
Performance Measure Goal	16.%
Revised Operating Budget	9.7%

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

October	17
Fiscal Year-to-date	24
Performance Measure Goal	1,200
Revised Operating Budget	730

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

October	63,334
Fiscal Year-to-date	87,854
Performance Measure Goal	2,293,000
Revised Operating Budget	1,394,908

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

	From Contract Award Date
October	67
Fiscal Year-to-date	58
Performance Measure Goal	65

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

October	126
Fiscal Year-to-date	204
Performance Measure Goal	1,200
Revised Operating Budget	850

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

	Orphaned wells
October	9,211
Performance Measure Goal	7,500

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

October	612
Fiscal Year-to-date	948
Performance Measure Goal	5,200

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

October	40%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

October	109,295
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

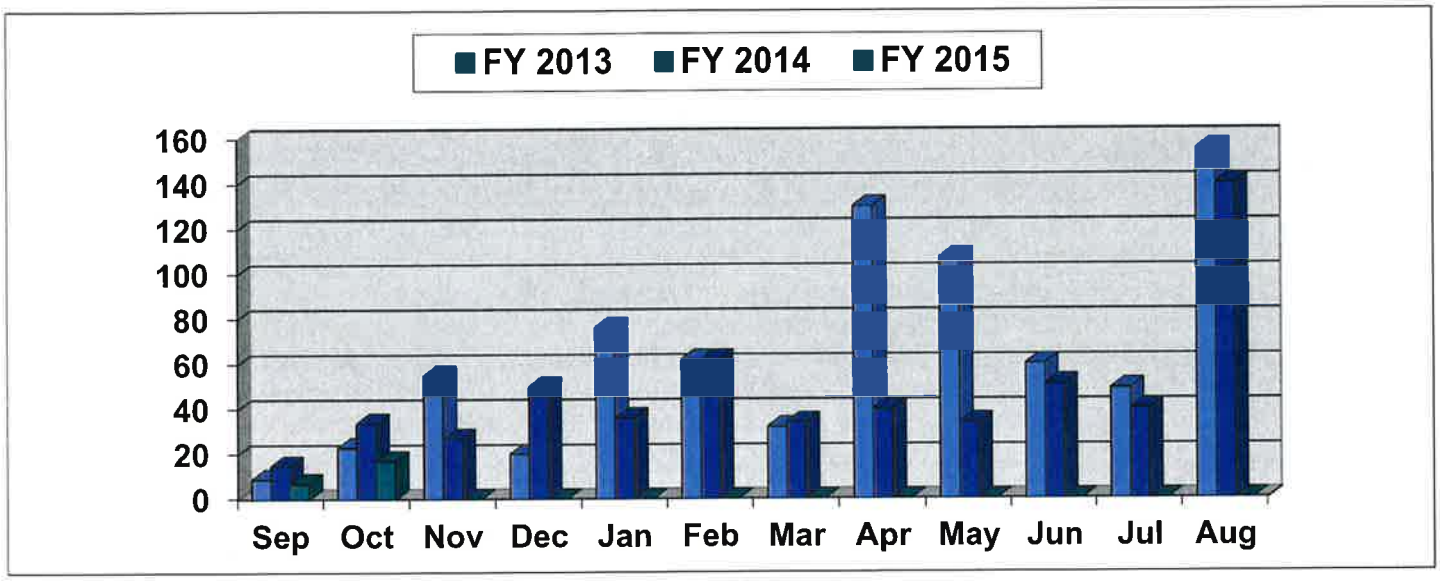
Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
10/01/2014 to 10/31/2014

State-Funded Plugging Activities	
Number of wells approved for plugging this month	126
Estimated cost of approvals	$ 1,357,300.00
Number of wells approved for this fiscal year	204
Number of approved wells remaining to plug	1136
Estimated cost to plug remaining approvals	$ 28,316,458.59
Number of pluggings completed this month	17
Total cost to plug wells completed this month	$ 277,428.00
Number of pluggings completed this fiscal year	24
Cost of pluggings completed this fiscal year	$ 423,206.75

Pollution Abatement Activities	
Number of pollution abatements approved this month	7
Estimated cost of approvals	$ 31,500.00
Number of pollution abatements approved for this fiscal year	10
Number of pollution abatements remaining	117
Estimated cost to pollution abatements remaining	$ 357,587.50
Number of pollution abatements completed this month	6
Total cost of pollution abatements completed this month	$ 13,162.50
Number of pollution abatements completed this fiscal year	8
Cost of pollution abatements completed this fiscal year	$ 13,682.20

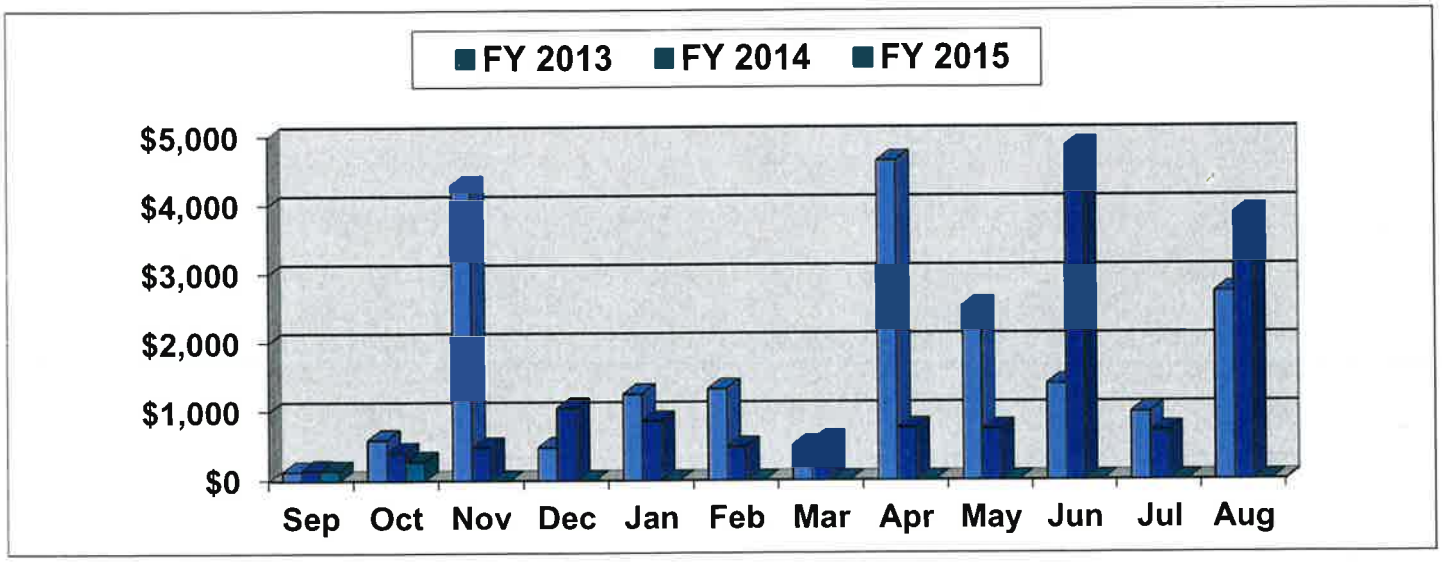
Salvage Activities	
Number of salvage activities completed this month	2
Total proceeds received this month	$ 4,494.40
Number of salvage activities completed this fiscal year	27
Total proceeds received this year	$ 82,293.83

State-funded Well Plugging Program
Monthly Wells Plugged
Oct 2014



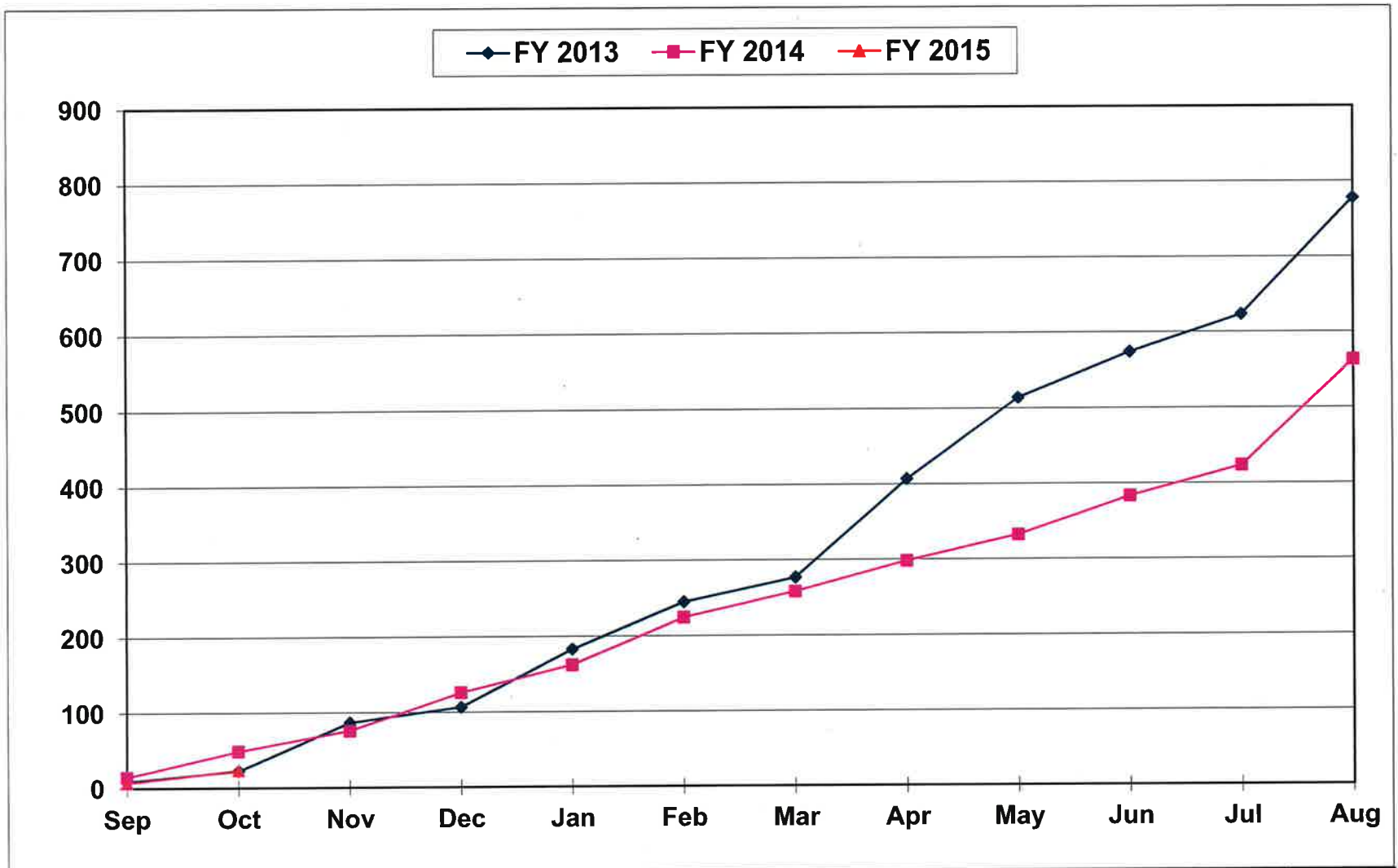
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	9	23	55	20	76	62	32	130	107	60	49	155	778
FY 2014	15	34	27	50	36	62	34	40	34	51	40	140	563
FY 2015	7	17	0	0	0	0	0	0	0	0	0	0	24

State-funded Well Plugging Program
Monthly Cost of Wells Plugged
Oct 2014



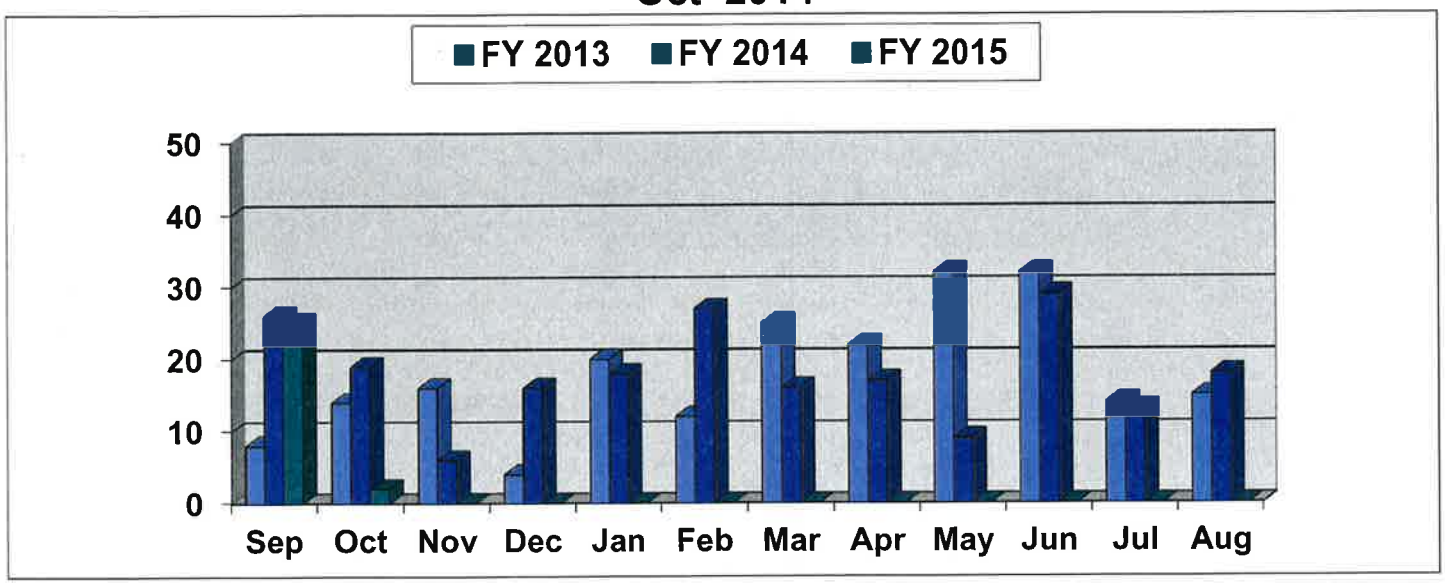
$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	$133	$595	$4,299	$481	$1,255	$1,328	$513	$4,646	$2,524	$1,397	$984	$2,738	$20,893
FY 2014	$151	$412	$483	$1,052	$860	$481	$581	$758	$735	$4,856	$710	$3,880	$14,959
FY 2015	$146	$277	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$423

State-funded Well Plugging Program
Cumulative Wells Plugged
Oct 2014



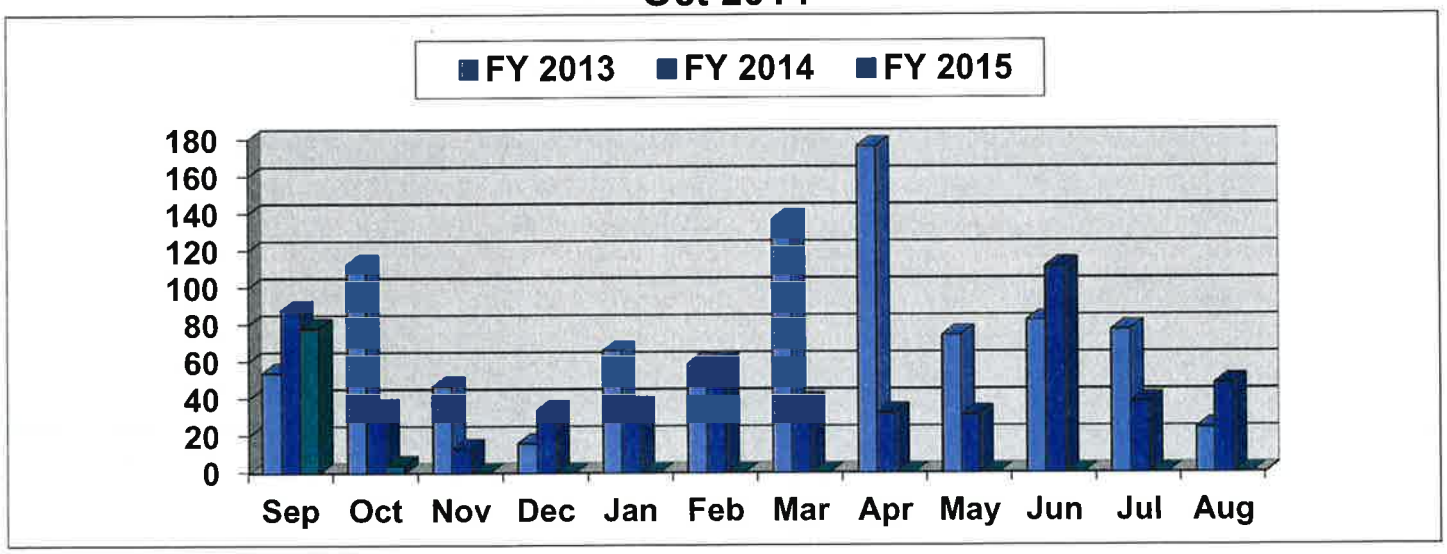
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2013	9	23	87	107	183	245	277	407	514	574	623	778
FY 2014	15	49	76	126	162	224	258	298	332	383	423	563
FY 2015	7	24										

State-funded Well Plugging Program
Monthly Salvage Operations
Oct 2014



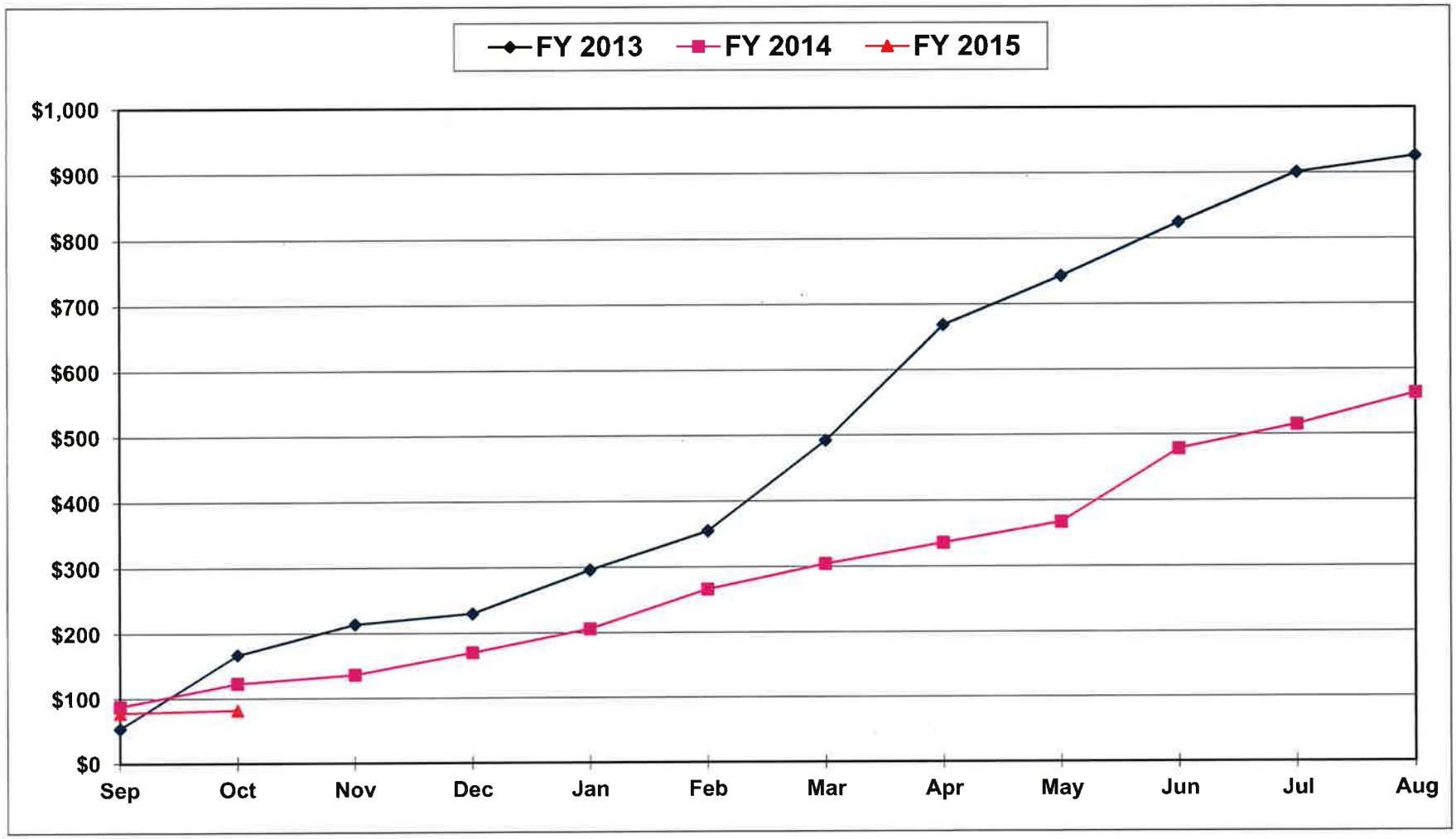
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	8	14	16	4	20	12	25	22	32	32	14	15	214
FY 2014	26	19	6	16	18	27	16	17	9	29	13	18	214
FY 2015	25	2	0	0	0	0	0	0	0	0	0	0	27

State-funded Well Plugging Program
Monthly Salvage Proceeds
Oct 2014



$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	$54	$113	$47	$16	$66	$59	$137	$176	$74	$82	$77	$24	$925
FY 2014	$88	$35	$13	$34	$36	$60	$38	$32	$31	$111	$38	$48	$564
FY 2015	$78	$4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$82

State-funded Well Plugging Program
Cumulative Salvage Proceeds
Oct 2014



$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2013	$54	$167	$214	$230	$296	$355	$492	$669	$743	$825	$901	$926
FY 2014	$88	$123	$136	$170	$206	$266	$304	$336	$367	$478	$515	$563
FY 2015	$78	$82										

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year State-funded Plugging Summary
10/31/2014

Run Date: November 04, 2014

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	761	764	$ 12,309,476.92
2013	841	778	$ 20,893,009.98
2014	626	563	$ 14,959,243.65
2015	204	24	$ 423,206.75
Totals	39998	34447	$ 240,758,795.85

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Run Date: November 04, 2014

Fiscal Year Summary for Pollution Abatements
10/31/2014

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	52	35	$ 446,988.89
2013	56	43	$ 392,287.52
2014	47	32	$ 142,817.99
2015	10	8	$ 13,682.20
Totals	2999	2626	$ 4,258,909.21

Oil and Gas Division
Field Operations Section
State-Funded Plugging
Contracts Exceeding $100,000
Original Encumbered Amount Exceeded by 10% or More
October 2014, FY 15

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	$ Increase	% Increase	Remarks
1/2	455-14-0865	Newman Operating Company	$252,375.00	$280,375.00	$28,000.00	11.09%	Added two (2) wells to contract.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
3	455-12-0851	EOS Services	$726,528.40	$885,878.40	$159,350.00	21.93%	Downhole problems on one (1) well.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
4	455-14-0431	Newman Operating Company	$378,615.00	$553,615.00	$175,000.00	46.22%	Poor WH conditions and downhole problems on eleven (11).
	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!	
7B	455-14-0701	Ice Well Service	$94,345.00	$193,995.00	$99,650.00	105.62%	Added four (4) wells to the contract
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
7C	455-14-0568	2 W Petroleum	$184,800.00	$277,300.00	$92,500.00	50.05%	Added seven (7) wells to 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!	
9	455-14-0651	Basic Energy Services	$247,347.00	$407,347.00	$160,000.00	64.69%	Added 33wells to contract.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
10	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	

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