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

August 12, 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
July 2015, 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.

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

SG:th
Attachments

cc: Milton A. Rister, Executive Director
Wei Wang, Chief Financial Officer
Lori Wrotenbery, Director, Oil & Gas Division
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
July 2015

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

July	0.98%
Fiscal Year-to-date	5.41%
Performance Measure Goal	16.%
Revised Operating Budget	9.7%

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

July	96
Fiscal Year-to-date	532
Performance Measure Goal	1,200
Revised Operating Budget	730

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

July	127,299
Fiscal Year-to-date	968,300
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
July	96
Fiscal Year-to-date	52
Performance Measure Goal	65

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

July	26
Fiscal Year-to-date	689
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
July	9,841
Performance Measure Goal	7,500

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

July	334
Fiscal Year-to-date	7,078
Performance Measure Goal	5,200

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

July	45%
Performance Measure Goal	42%

Explanatory measure: Numbered shut-in/inactive wells.

July	116,942
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

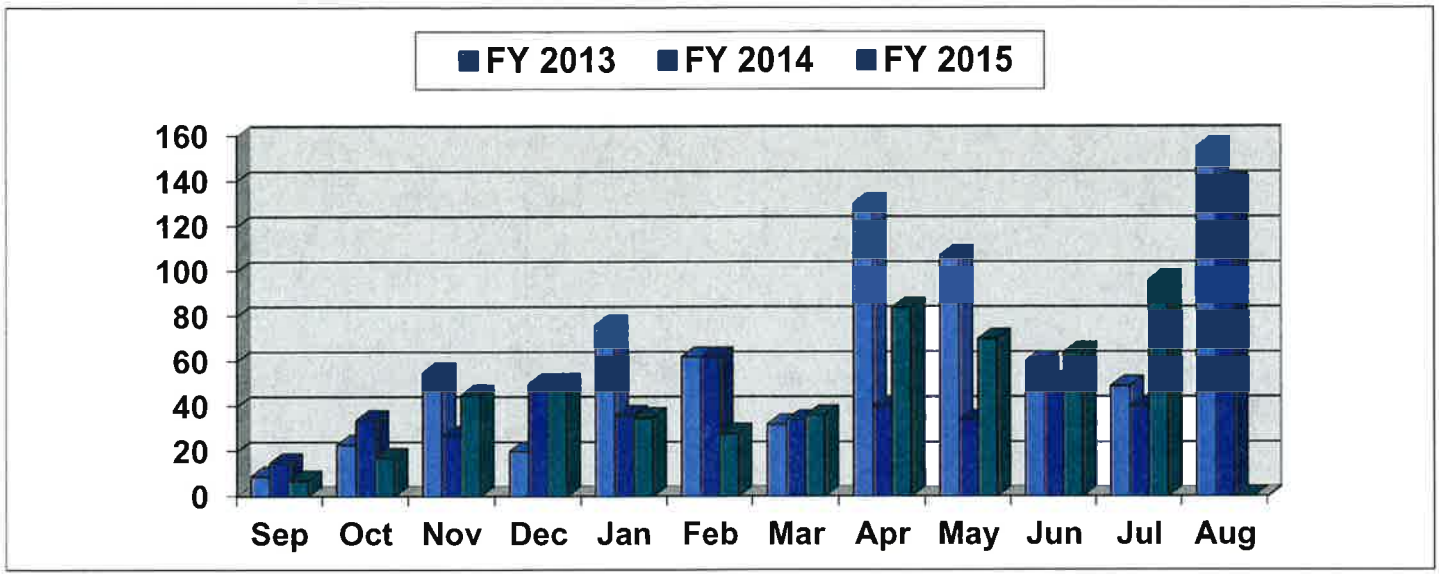
Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
07/01/2015 to 07/31/2015

State-Funded Plugging Activities	
Number of wells approved for plugging this month	26
Estimated cost of approvals	$ 340,700.00
Number of wells approved for this fiscal year	689
Number of approved wells remaining to plug	1070
Estimated cost to plug remaining approvals	$ 27,533,603.59
Number of pluggings completed this month	96
Total cost to plug wells completed this month	$ 860,132.25
Number of pluggings completed this fiscal year	532
Cost of pluggings completed this fiscal year	$ 9,561,302.94

Pollution Abatement Activities	
Number of pollution abatements approved this month	4
Estimated cost of approvals	$ 29,350.52
Number of pollution abatements approved for this fiscal year	52
Number of pollution abatements remaining	45
Estimated cost to pollution abatements remaining	$ 169,768.02
Number of pollution abatements completed this month	3
Total cost of pollution abatements completed this month	$ 1,680.00
Number of pollution abatements completed this fiscal year	40
Cost of pollution abatements completed this fiscal year	$ 100,893.23

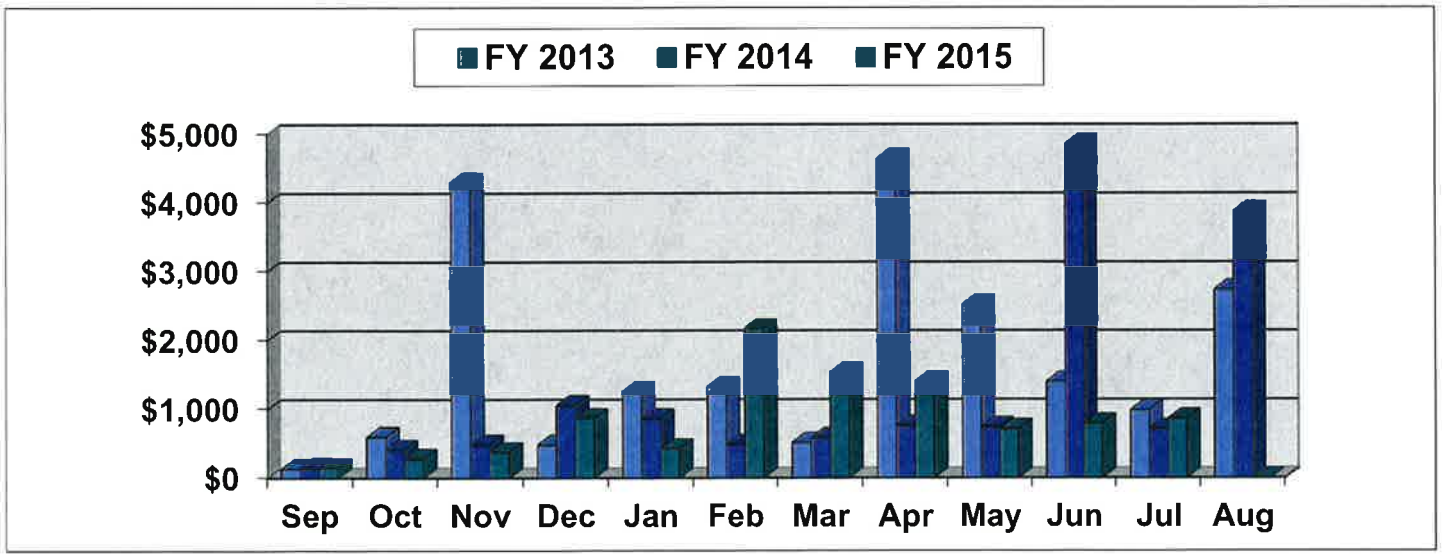
Salvage Activities	
Number of salvage activities completed this month	9
Total proceeds received this month	$ 9,730.90
Number of salvage activities completed this fiscal year	125
Total proceeds received this year	$ 391,719.02

State-funded Well Plugging Program
Monthly Wells Plugged
July 2015



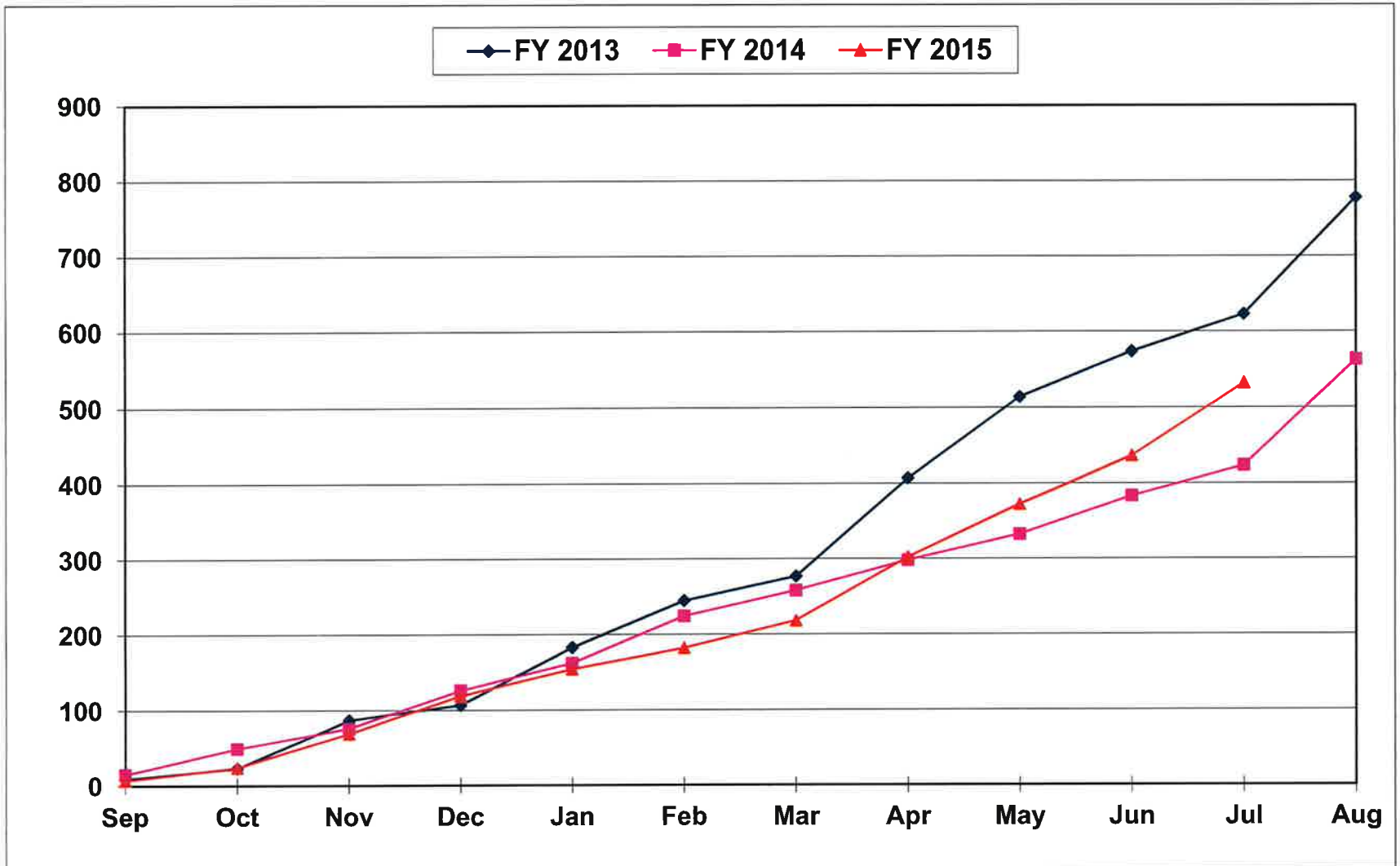
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	9	23	55	20	76	62	32	130	107	60	49	155	778
FY 2014	15	34	27	50	36	62	34	40	34	51	40	140	563
FY 2015	7	17	45	50	35	28	36	84	70	64	96	0	532

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



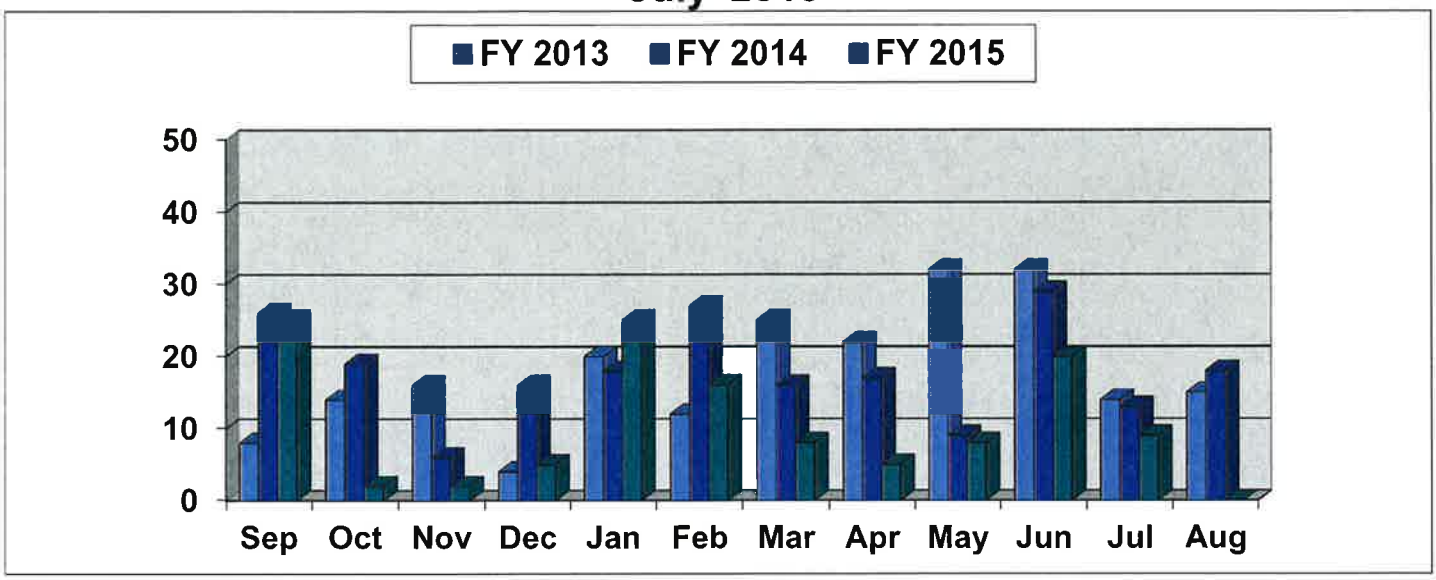
$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	$133	$595	$4,299	$481	$1,255	$1,328	$513	$4,646	$2,524	$1,397	$984	$2,738	$20,893
FY 2014	$151	$412	$483	$1,052	$860	$481	$581	$758	$735	$4,856	$710	$3,880	$14,959
FY 2015	$146	$277	$374	$866	$422	$2,169	$1,538	$1,411	$709	$789	$860	$0	$9,561

State-funded Well Plugging Program
Cumulative Wells Plugged
July 2015



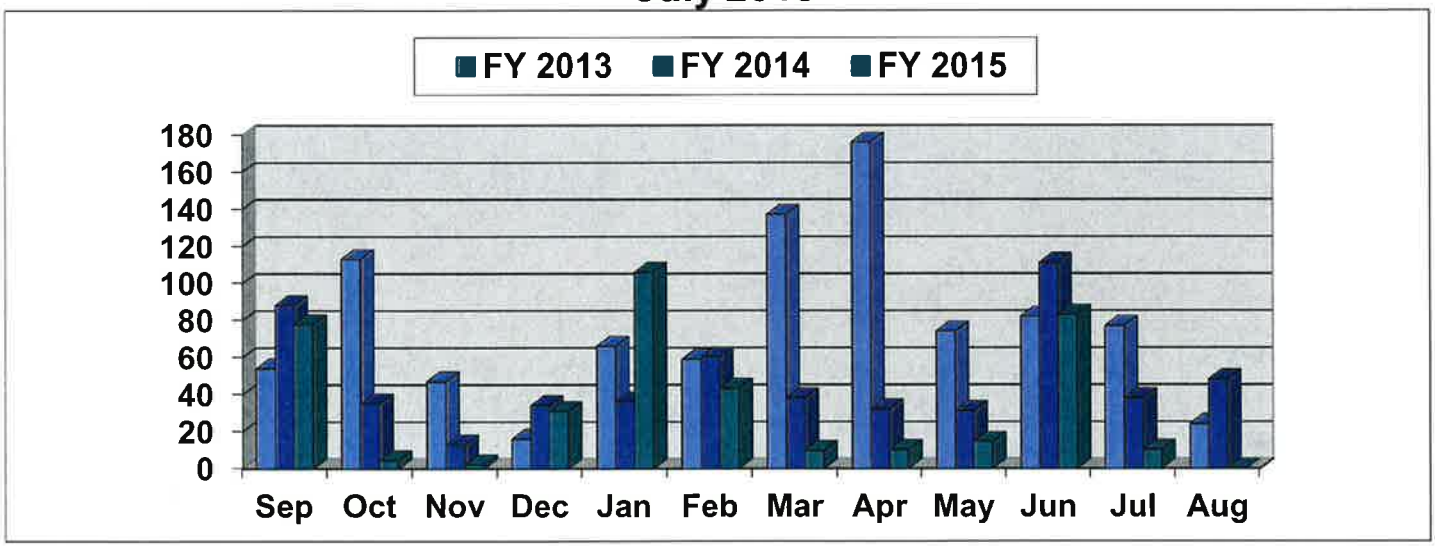
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2013	9	23	87	107	183	245	277	407	514	574	623	778
FY 2014	15	49	76	126	162	224	258	298	332	383	423	563
FY 2015	7	24	69	119	154	182	218	302	372	436	532	

State-funded Well Plugging Program
Monthly Salvage Operations
July 2015



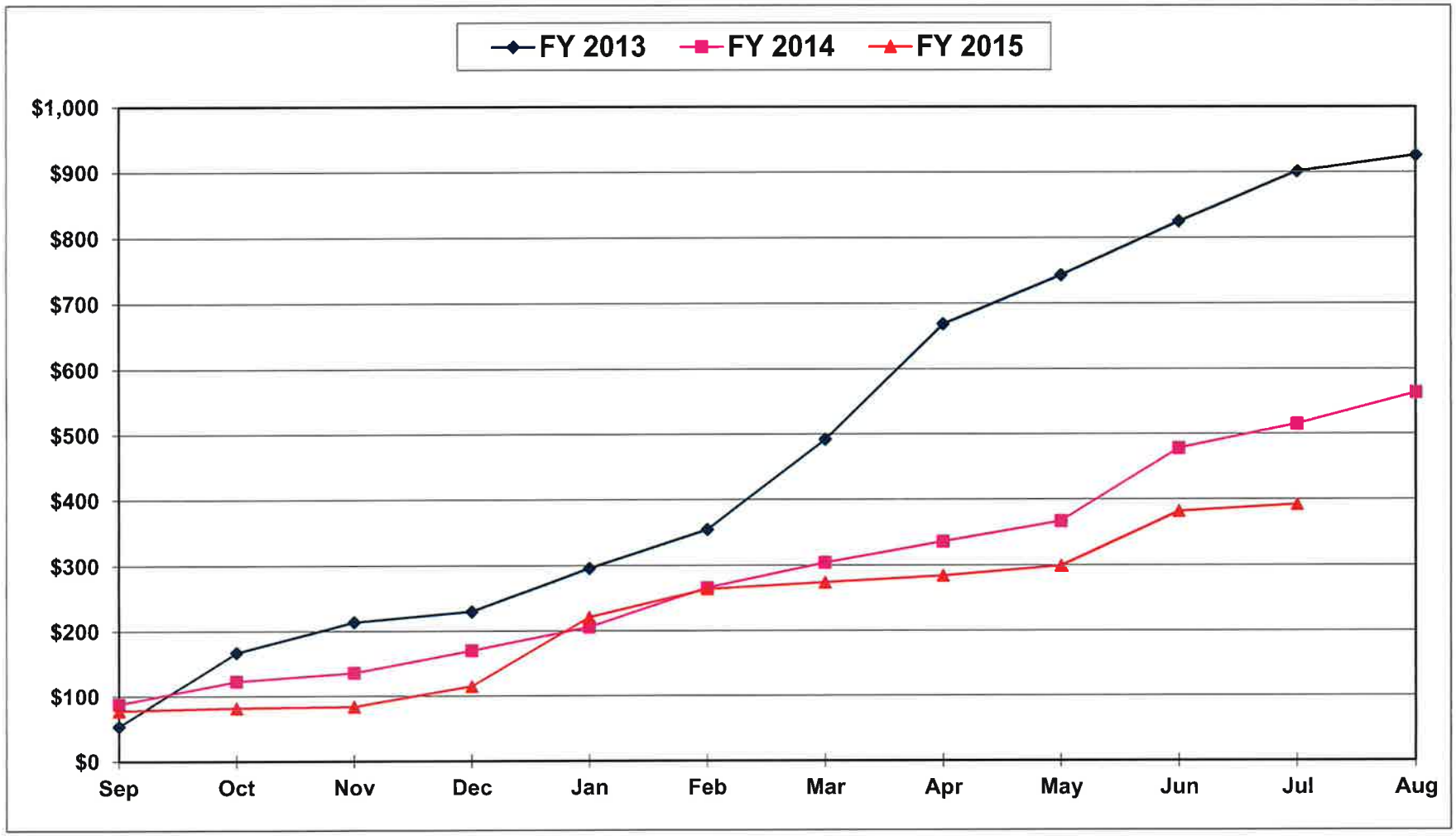
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2013	8	14	16	4	20	12	25	22	32	32	14	15	214
FY 2014	26	19	6	16	18	27	16	17	9	29	13	18	214
FY 2015	25	2	2	5	25	16	8	5	8	20	9	0	125

State-funded Well Plugging Program
Monthly Salvage Proceeds
July 2015



$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	$2	$31	$106	$43	$10	$10	$14	$83	$10	$0	$391

State-funded Well Plugging Program
Cumulative Salvage Proceeds
July 2015



$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	$84	$115	$221	$264	$274	$284	$299	$382	$392	

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Run Date: July 31, 2015

Fiscal Year State-funded Plugging Summary
07/31/2015

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	689	532	$ 9,561,302.94
Totals	40483	34956	$ 249,908,156.98

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Run Date: July 31, 2015

Fiscal Year Summary for Pollution Abatements
07/31/2015

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	52	79	$ 100,893.23
Totals	3042	2741	$ 4,438,739.70

Oil and Gas Division
Field Operations Section
State-Funded Plugging
Contracts Exceeding $100,000
Original Encumbered Amount Exceeded by 10% or More
July 2015, FY 15

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	$ Increase	% Increase	Remarks
1/2	455-14-0865	Newman Operating Company	$252,375.00	$300,000.00	$47,625.00	18.87%	Added two (2) wells to contract.
	455-15-0704	2 W Petroleum	$198,715.00	$264,715.00	$66,000.00	33.21%	Added Six (6) wells to contract.
	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	
3	455-12-0851	EOS Services	$960,878.40	$1,280,000.00	$319,121.60	33.21%	Downhole problems on one (1) well.
	455-14-0297	Basic Energy Services	$103,835.00	$290,000.00	$186,165.00	179.29%	Downhole problems on one (1) well.
	455-15-0161	Cudd Energy Services	$295,000.00	$495,000.00	$200,000.00	67.80%	Downhole problems on one (1) well.
	455-15-0245	Thru Tubing Solutions	$150,000.00	$250,000.00	$100,000.00	66.67%	Downhole problems on one (1) well.
	455-15-0137	Derrick Construction	$932,571.00	$1,197,571.00	$265,000.00	28.42%	Additional equipment and Rig/Personnel Hours
	455-15-0878	ALD Services	$83,116.00	$111,616.00	$28,500.00	34.29%	Adding 3 wells to contract
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).
	455-15-0951	Newman Operating Company	$224,875.00	$449,875.00	$225,000.00	100.06%	Adding 13 wells to contract
	455-15-1143	Steller Well Control	$150,000.00	$250,000.00	$100,000.00	66.67%	Poor WH conditions and downhole problems.
5/6	455-15-0099	J.V. Dockery	$9,167.50	$20,000.00	$10,832.50	118.16%	Increase due to downhole problems on plugging both wells.
	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
	455-15-0013	Quail Well Service	$55,340.00	$82,240.00	$26,900.00	48.61%	Add One Well, Increase contract value
	455-15-0011	Quail Well Service	$94,280.00	$119,280.00	$25,000.00	26.52%	Downhole problems on one (1) well.
	455-15-0012	Quail well Service	$142,545.00	$172,545.00	$30,000.00	21.05%	Downhole problems on two (2) wells.
	455-15-0531	GB Plugging	$107,440.00	$127,440.00	$20,000.00	18.62%	Downhole problems on one (1) well.
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.
	455-15-0203	Moore Energy Services, LLC.	$159,872.00	$181,872.00	$22,000.00	13.76%	Downhole problems on one (1)well.
	455-15-0317	Quail Well Service	$127,900.00	$198,000.00	$70,100.00	54.81%	Downhole problems on one (1)well.
	455-15-0690	Moore Energy Services, LLC.	$16,245.00	$28,000.00	$11,755.00	72.36%	Downhole problems on one (1)well.
10	455-				$0.00	#DIV/0!	
	455-				$0.00	#DIV/0!	

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