

RAILROAD COMMISSION OF TEXAS

CHRISTI CRADDICK, *CHAIRMAN*
RYAN SITTON, *COMMISSIONER*
WAYNE CHRISTIAN, *COMMISSIONER*

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

MEMORANDUM

February 8, 2018

MEMORANDUM TO: Chairman Christi Craddick
Commissioner Ryan Sitton
Commissioner Wayne Christian

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


SUBJECT: Field Operations Section
Monthly Report of State-funded Well Plugging Activities
January 2018, FY 2018

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.

The information contained in this report includes only those wells that have been physically plugged, invoiced by the plugging contractor, and approved for payment by Field Operations. Plugging operations are tracked daily to monitor the progress in meeting the FY 2018 goal of plugging 1,500 wells. As of January 31, 2018, a total of 571 wells have been physically plugged, though not all of them have yet been invoiced and approved for payment.

SG:th
Attachments


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

cc: Wei Wang, Interim Executive Director
Lori Wrotenbery, Director, Oil & Gas Division
Megan Neal, 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
Craig Bean, 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
January 2018

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

January	2.01%
Fiscal Year-to-date	8.11%
Performance Measure Goal	14.5 %

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

January	125
Fiscal Year-to-date	505
Performance Measure Goal	979

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

January	267,928
Fiscal Year-to-date	1,123,979
Performance Measure Goal	1,920,000

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

January	48
Fiscal Year-to-date	37
Performance Measure Goal	75

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

January	188
Fiscal Year-to-date	784
Performance Measure Goal	1,000

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

January	6,226
Performance Measure Goal	9,275

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

January	343
Fiscal Year-to-date	785
Performance Measure Goal	6,200

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

December	40%
Performance Measure Goal	40%

Explanatory measure: Numbered shut-in/inactive wells.

December	118,563
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
01/01/2018 to 01/31/2018

State-Funded Plugging Activities

Number of wells approved for plugging this month	188
Estimated cost of approvals	\$ 2,761,000.00
Number of wells approved for this fiscal year	784
Number of approved wells remaining to plug	1540
Estimated cost to plug remaining approvals	\$ 34,875,348.34
Number of pluggings completed this month	125
Total cost to plug wells completed this month	\$ 1,635,754.06
Number of pluggings completed this fiscal year	505
Cost of pluggings completed this fiscal year	\$ 7,074,263.15

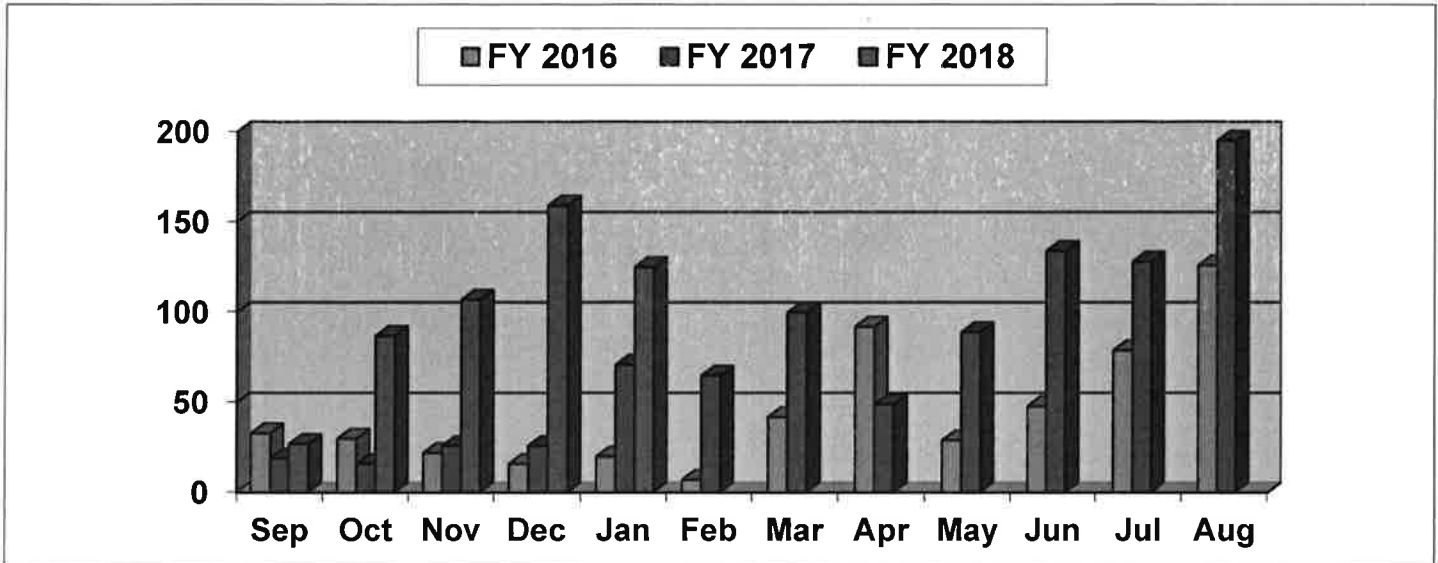
Pollution Abatement Activities

Number of pollution abatements approved this month	2
Estimated cost of approvals	\$ 12,000.00
Number of pollution abatements approved for this fiscal year	18
Number of pollution abatements remaining	58
Estimated cost to pollution abatements remaining	\$ 160,830.00
Number of pollution abatements completed this month	4
Total cost of pollution abatements completed this month	\$ 10,660.94
Number of pollution abatements completed this fiscal year	13
Cost of pollution abatements completed this fiscal year	\$ 31,758.70

Salvage Activities

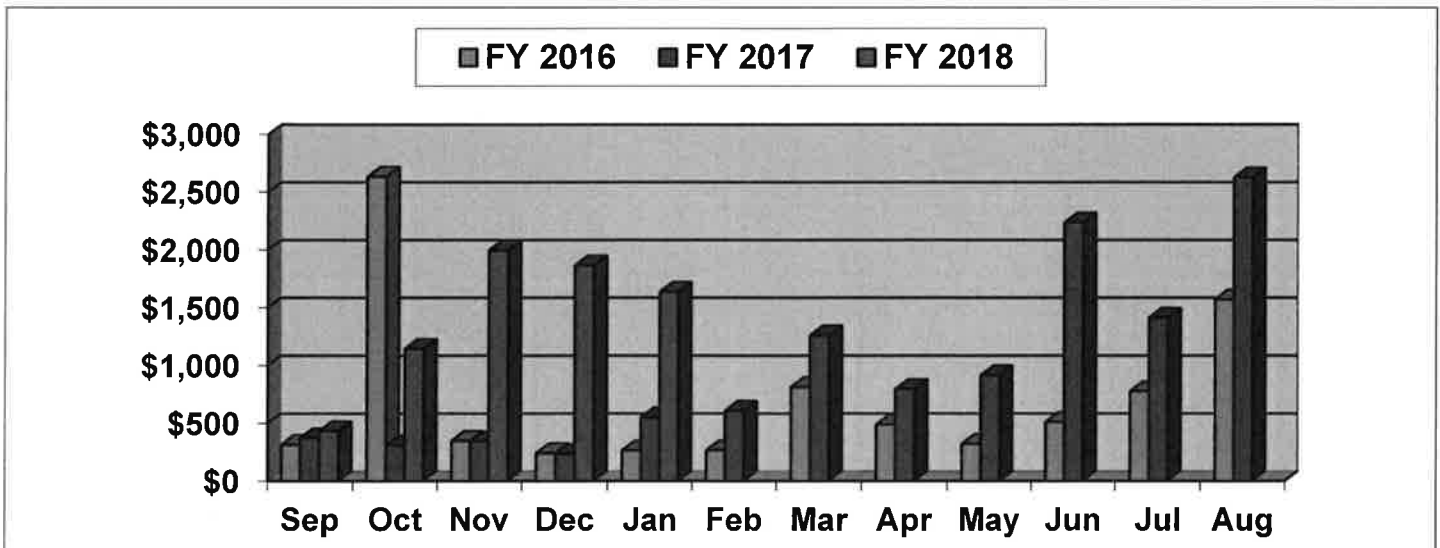
Number of salvage activities completed this month	17
Total proceeds received this month	\$ 45,761.46
Number of salvage activities completed this fiscal year	74
Total proceeds received this year	\$ 209,187.40

State-funded Well Plugging Program Monthly Wells Plugged January 2018



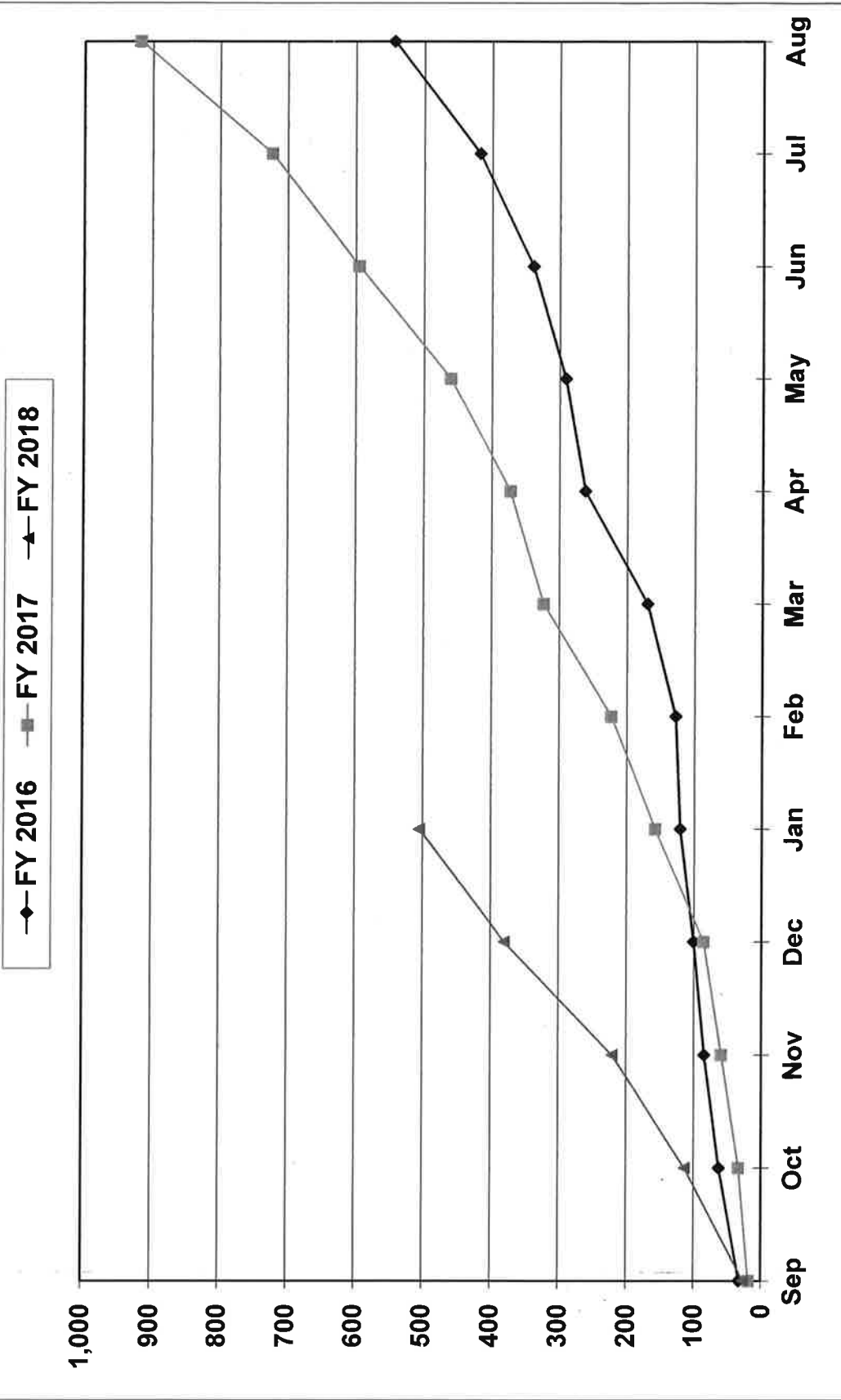
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	33	30	22	16	20	7	42	92	29	48	79	126	544
FY 2017	19	16	26	26	71	65	100	49	89	134	128	195	918
FY 2018	27	87	107	159	125								505

State-funded Well Plugging Program Monthly Cost of Wells Plugged January 2018



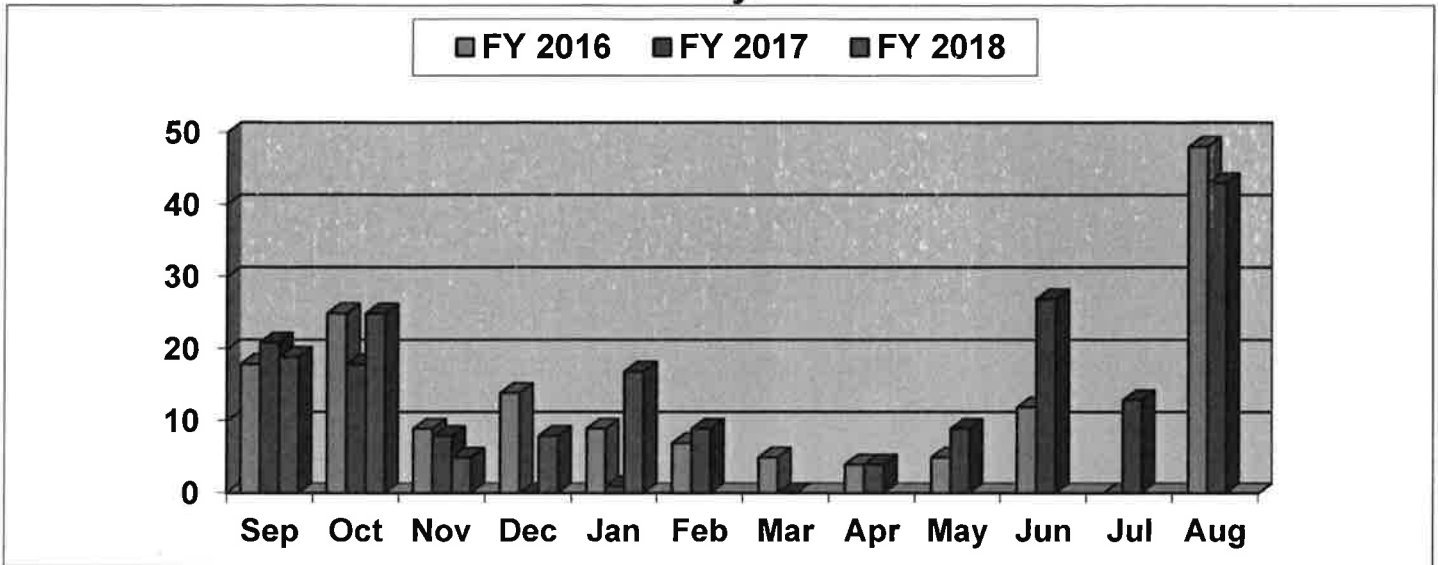
\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	\$314	\$2,633	\$348	\$240	\$264	\$266	\$814	\$488	\$322	\$511	\$775	\$1,571	\$8,546
FY 2017	\$372	\$308	\$344	\$235	\$550	\$609	\$1,260	\$796	\$916	\$2,236	\$1,412	\$2,626	\$11,664
FY 2018	\$433	\$1,144	\$1,996	\$1,865	\$1,636								\$7,074

State-funded Well Plugging Program Cumulative Wells Plugged January 2018



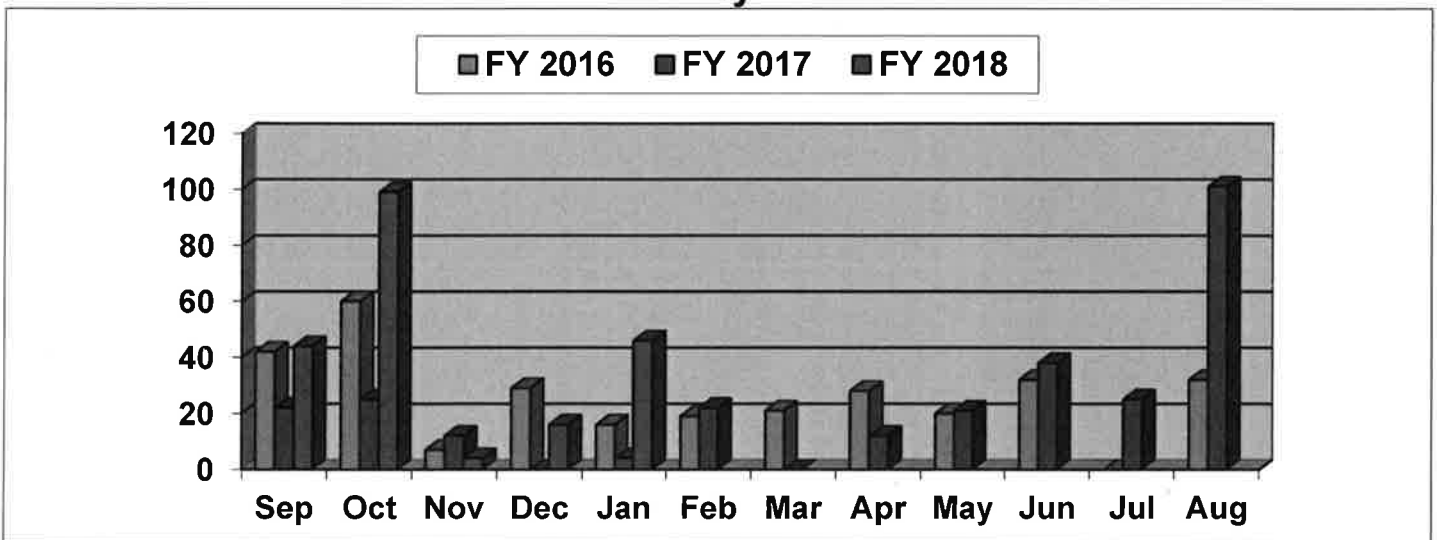
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2016	33	63	85	101	121	128	170	262	291	339	418	544
FY 2017	19	34	60	86	158	223	323	372	461	595	723	918
FY 2018	27	114	221	380	505							

**State-funded Well Plugging Program
Monthly Salvage Operations
January 2018**



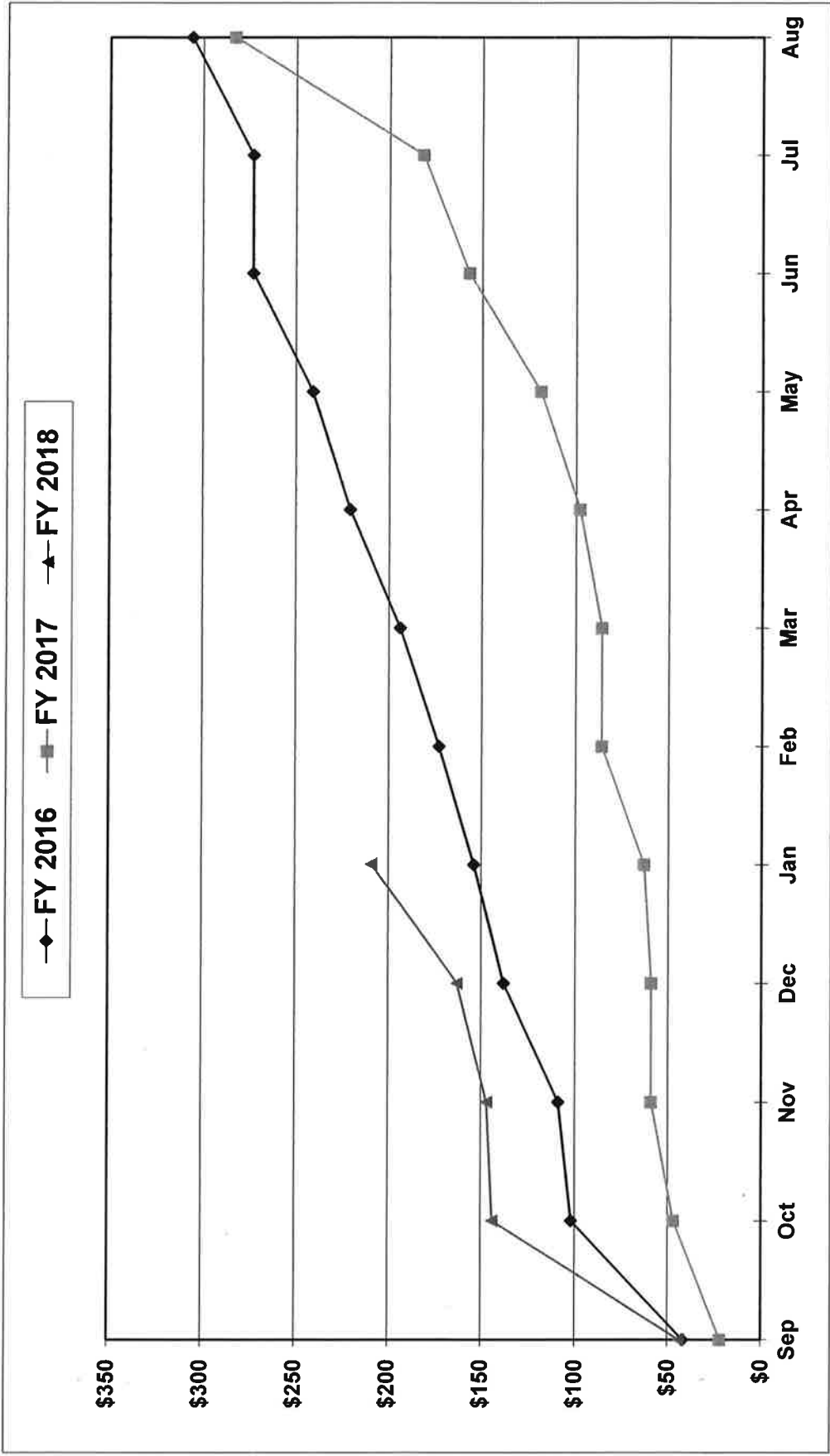
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	18	25	9	14	9	7	5	4	5	12	0	48	156
FY 2017	21	18	8	0	1	9	0	4	9	27	13	43	153
FY 2018	19	25	5	8	17								74

**State-funded Well Plugging Program
Monthly Salvage Proceeds
January 2018**



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	\$42	\$60	\$7	\$29	\$16	\$19	\$21	\$28	\$20	\$32	\$0	\$32	\$306
FY 2017	\$22	\$25	\$12	\$0	\$4	\$22	\$0	\$12	\$21	\$38	\$25	\$101	\$282
FY 2018	\$44	\$99	\$4	\$16	\$46								\$209

State-funded Well Plugging Program Cumulative Salvage Proceeds January 2018



RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year State-funded Plugging Summary
01/31/2018

Run Date: February 01, 2018

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	\$ 14,737,537.15
2009	1557	1460	\$ 16,700,337.18
2010	1216	1181	\$ 10,504,966.23
2011	974	802	\$ 9,233,659.43
2012	761	766	\$ 12,427,517.08
2013	840	780	\$ 21,024,684.98
2014	625	564	\$ 15,069,502.11
2015	734	692	\$ 10,731,174.12
2016	810	544	\$ 8,546,936.52
2017	1104	918	\$ 11,663,682.73
2018	785	505	\$ 7,074,263.15
Totals	43222	37087	\$ 278,724,234.18

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year Summary for Pollution Abatements
01/31/2018

Run Date: February 01, 2018

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	54	43	\$ 456,770.84
2013	56	57	\$ 407,575.65
2014	47	42	\$ 150,412.10
2015	54	82	\$ 227,302.24
2016	43	39	\$ 82,313.69
2017	47	39	\$ 1,273,304.44
2018	18	13	\$ 31,758.70
Totals	3153	2839	\$ 5,955,155.72

Oil and Gas Division
Field Operations Section
State-Funded Plugging
Contracts Exceeding \$100,000
Original Encumbered Amount Exceeded by 10% or More
January 2018, FY 18

District	Requisition #	Contractor	Original Encumbrance	Current Encumbrance	\$ Increase	% Increase	Remarks
1/2	455-						
3							
4							
5/6	455-18-0500	Weaver Global Operating	\$150,000.00	\$500,000.00	\$500,000.00	233.33%	Encumber additional \$500000.00 of the awarded \$1000000.00 to continue plugging operations through FY-18.
7B							
7C							
8/8A							
9							
10							