

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

April 2, 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
March 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 March 31, 2018, a total of 765 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 Wrotenberg, 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
March 2018

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

March	1.69%
Fiscal Year-to-date	10.91%
Performance Measure Goal	14.5 %

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

March	105
Fiscal Year-to-date	676
Performance Measure Goal	979

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

March	259,923
Fiscal Year-to-date	1,557,487
Performance Measure Goal	1,920,000

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

March	76
Fiscal Year-to-date	48
Performance Measure Goal	75

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

March	134
Fiscal Year-to-date	1,068
Performance Measure Goal	1,000

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

March	6,195
Performance Measure Goal	9,275

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

March	1,022
Fiscal Year-to-date	2,485
Performance Measure Goal	6,200

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

March	41%
Performance Measure Goal	40%

Explanatory measure: Numbered shut-in/inactive wells.

March	119,115
Performance Measure Goal	110,000

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
03/01/2018 to 03/31/2018

State-Funded Plugging Activities

Number of wells approved for plugging this month	134
Estimated cost of approvals	\$ 11,532,000.00
Number of wells approved for this fiscal year	1068
Number of approved wells remaining to plug	1650
Estimated cost to plug remaining approvals	\$ 44,719,960.34
Number of pluggings completed this month	105
Total cost to plug wells completed this month	\$ 2,162,781.52
Number of pluggings completed this fiscal year	676
Cost of pluggings completed this fiscal year	\$ 10,300,802.32

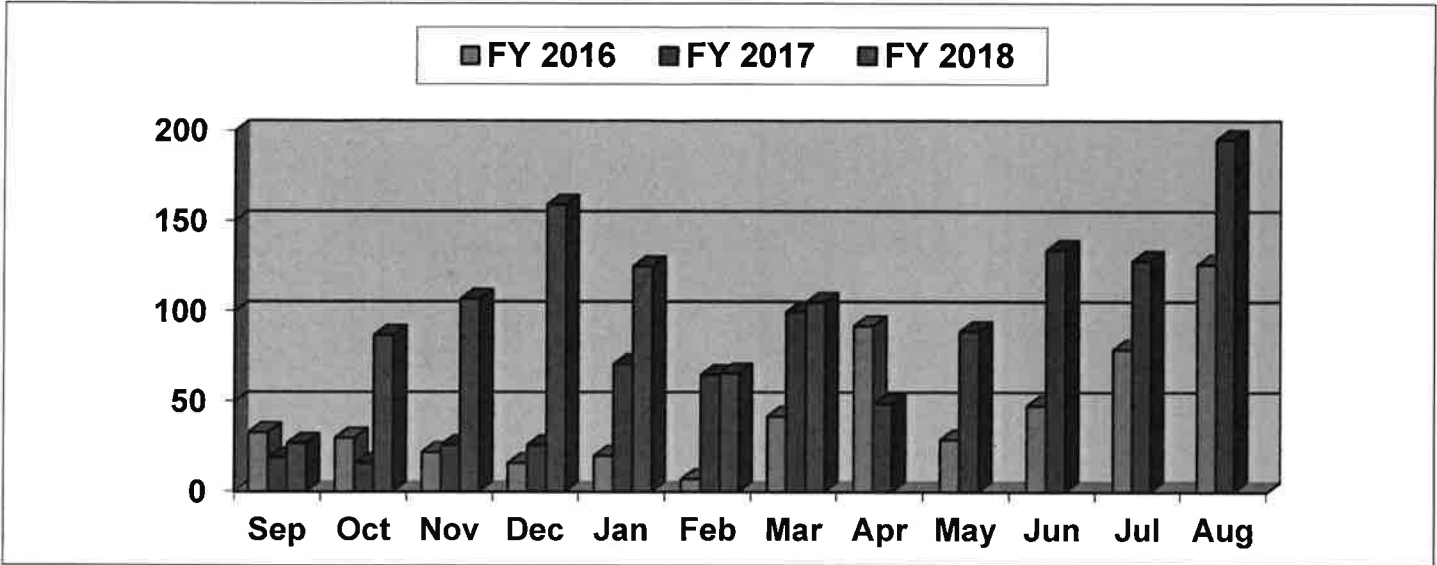
Pollution Abatement Activities

Number of pollution abatements approved this month	3
Estimated cost of approvals	\$ 14,000.00
Number of pollution abatements approved for this fiscal year	24
Number of pollution abatements remaining	61
Estimated cost to pollution abatements remaining	\$ 420,830.00
Number of pollution abatements completed this month	2
Total cost of pollution abatements completed this month	\$ 4,500.00
Number of pollution abatements completed this fiscal year	16
Cost of pollution abatements completed this fiscal year	\$ 39,630.80

Salvage Activities

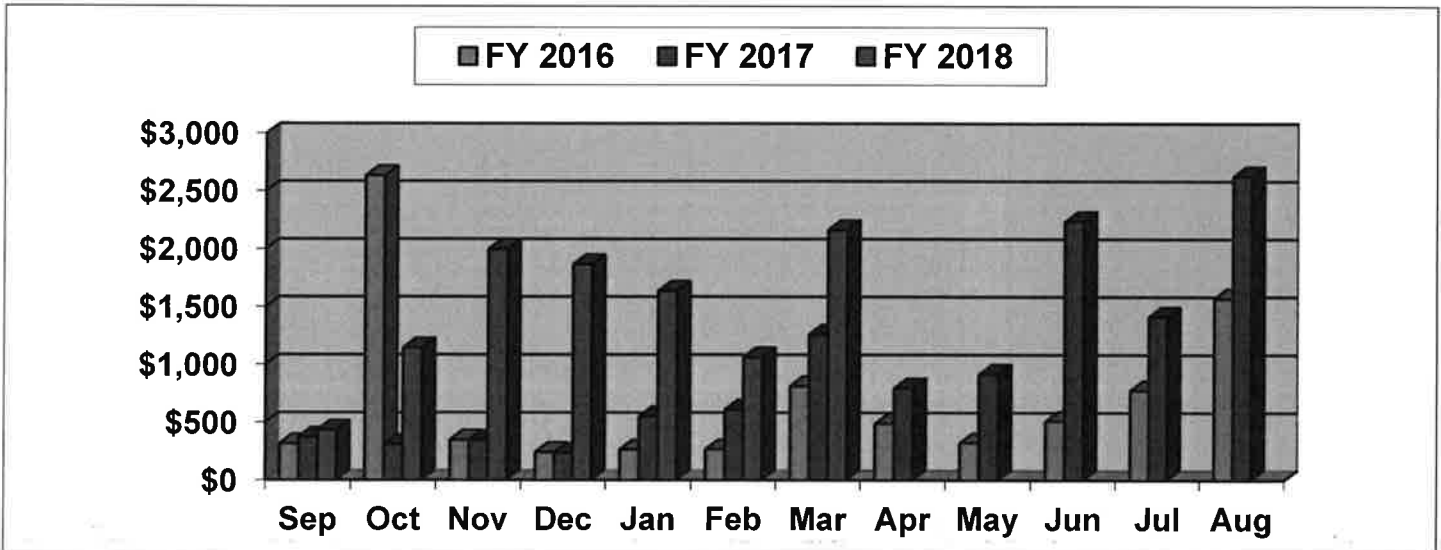
Number of salvage activities completed this month	21
Total proceeds received this month	\$ 61,230.28
Number of salvage activities completed this fiscal year	117
Total proceeds received this year	\$ 340,985.80

State-funded Well Plugging Program Monthly Wells Plugged March 2018



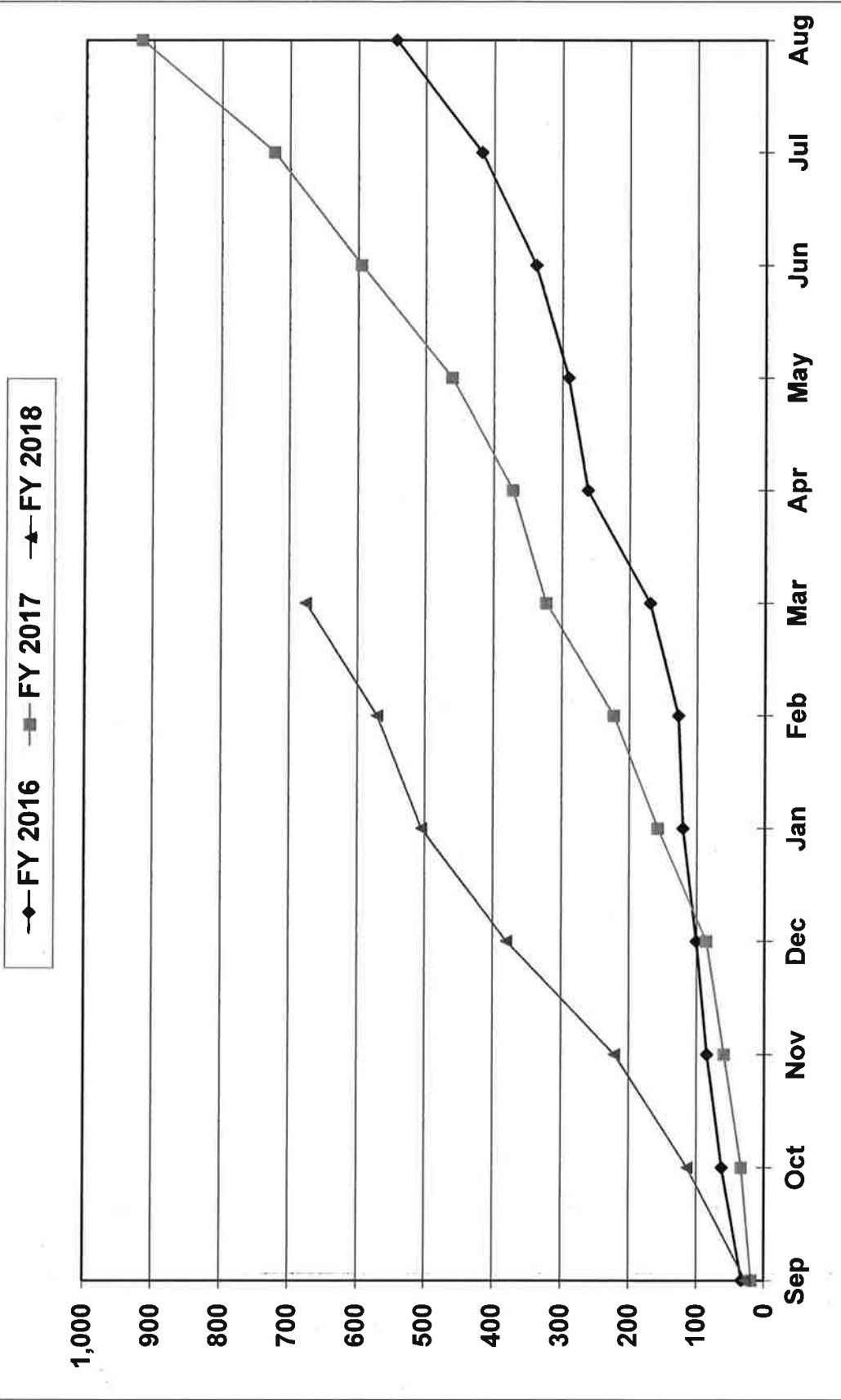
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	33	30	22	16	20	7	42	92	29	48	79	126	544
FY 2017	19	16	26	26	71	65	100	49	89	134	128	195	918
FY 2018	27	87	107	159	125	66	105						676

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

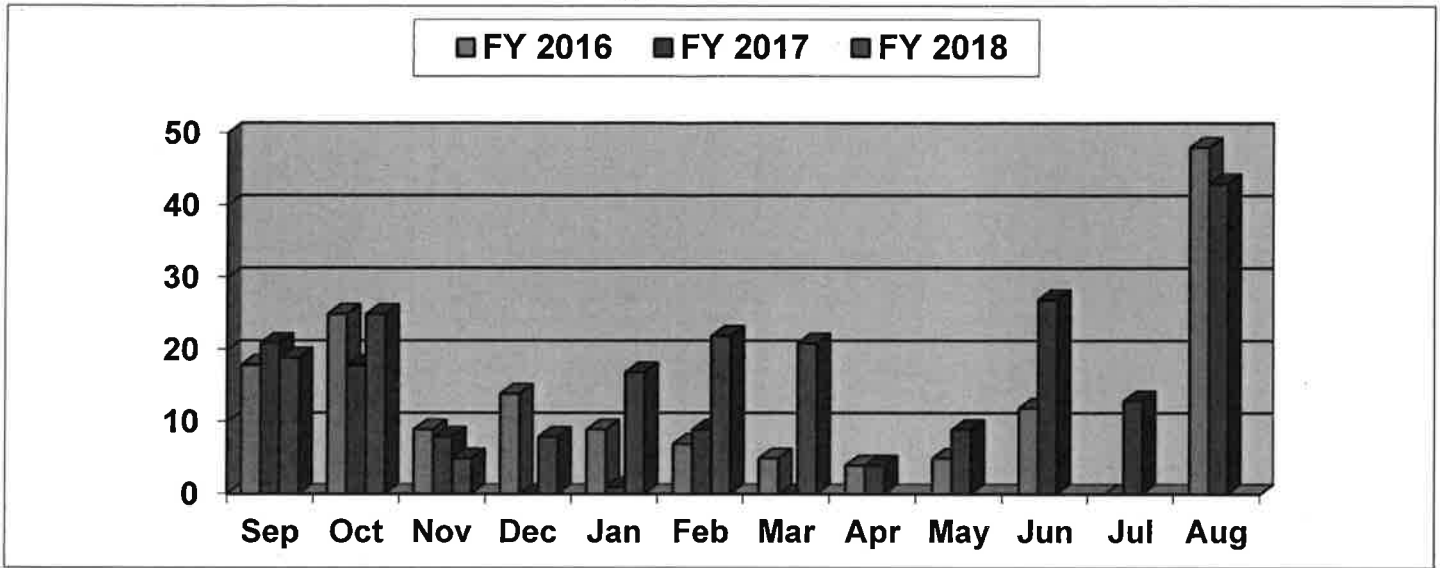


\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	\$314	\$2,633	\$348	\$240	\$264	\$266	\$814	\$488	\$322	\$511	\$775	\$1,571	\$8,546
FY 2017	\$372	\$308	\$344	\$235	\$550	\$609	\$1,260	\$796	\$916	\$2,236	\$1,412	\$2,626	\$11,664
FY 2018	\$433	\$1,144	\$1,996	\$1,865	\$1,636	\$1,064	\$2,163						\$10,301

State-funded Well Plugging Program Cumulative Wells Plugged March 2018

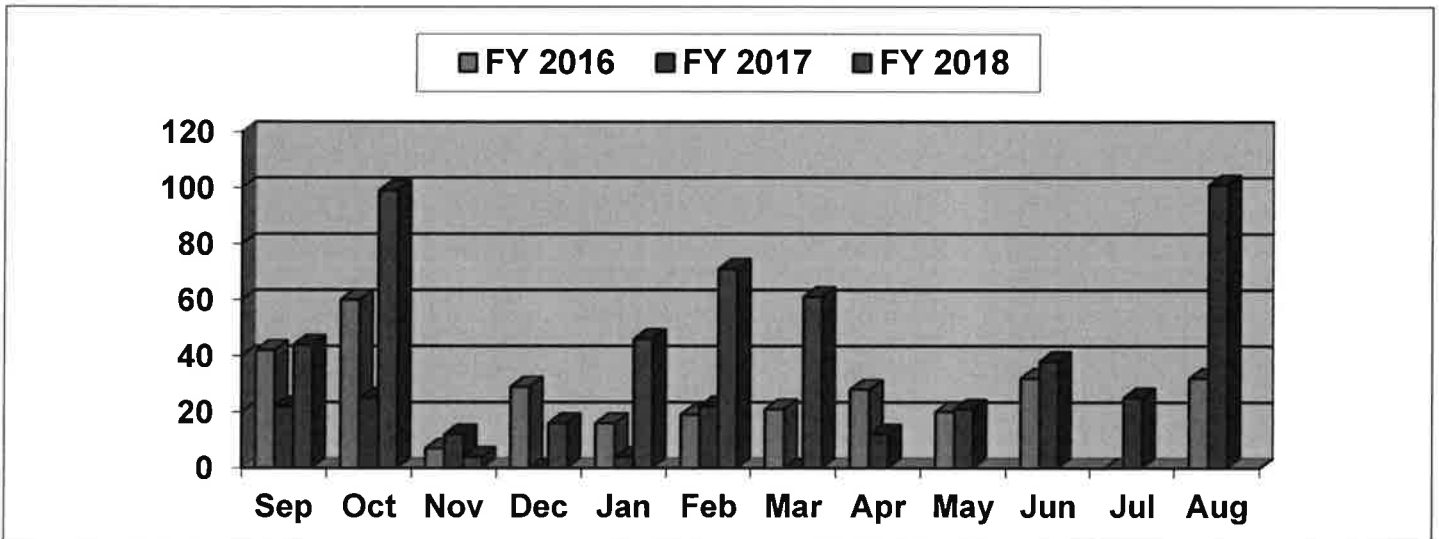


**State-funded Well Plugging Program
Monthly Salvage Operations
March 2018**



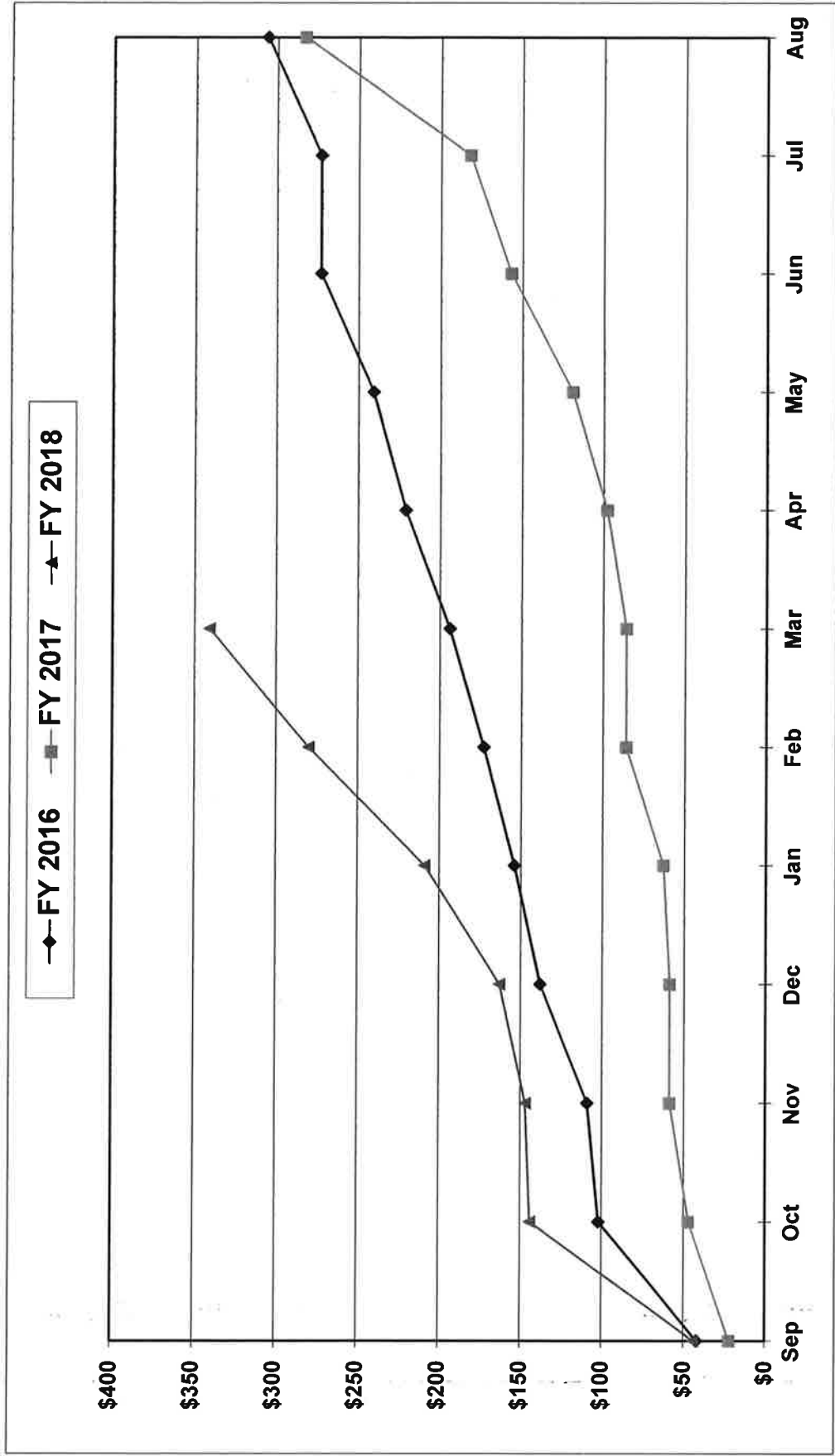
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Tot
FY 2016	18	25	9	14	9	7	5	4	5	12	0	48	156
FY 2017	21	18	8	0	1	9	0	4	9	27	13	43	153
FY 2018	19	25	5	8	17	22	21						117

**State-funded Well Plugging Program
Monthly Salvage Proceeds
March 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	\$71	\$61						\$341

State-funded Well Plugging Program Cumulative Salvage Proceeds March 2018



\$M	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY 2016	\$42	\$102	\$109	\$138	\$154	\$173	\$194	\$221	\$241	\$273	\$273	\$306
FY 2017	\$22	\$47	\$59	\$59	\$63	\$86	\$86	\$98	\$119	\$157	\$182	\$283
FY 2018	\$44	\$144	\$147	\$163	\$209	\$280	\$341					

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year State-funded Plugging Summary
03/31/2018

Run Date: April 02, 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	1069	676	\$ 10,300,802.32
Totals	43506	37258	\$ 281,950,773.35

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup
Fiscal Year Summary for Pollution Abatements
03/31/2018

Run Date: April 02, 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	24	16	\$ 39,630.80
Totals	3159	2842	\$ 5,963,027.82