

RAILROAD COMMISSION OF TEXAS

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

INTERNAL
OIL AND GAS DIVISION
CLAY WOODUL
ASSISTANT DIRECTOR, FIELD OPERATIONS

MEMORANDUM

September 8, 2020

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

FROM: Clay Woodul
Assistant Director, Oil and Gas Division
Field Operations

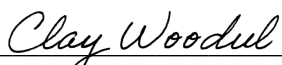
SUBJECT: Field Operations Section
Monthly Report of State Managed Well Plugging Activities
August 2020, FY 2020

Attached is the monthly report titled "State Managed 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 managed well plugging activities of this Section.
2. Summary graphs of wells plugged, cost of wells plugged, number of salvage operations, and salvage proceeds.

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 2020 goal of plugging 1,400 wells. As of August 31, 2020, a total of 1498 wells have been physically plugged, though not all of them have yet been invoiced and approved for payment.

KCW
Attachments



Clay Woodul
Assistant Director, Oil and Gas Division
Field Operations

cc: (via email)
Wei Wang, Executive Director
Danny Sorrells, Director, Oil & Gas Division
Megan Neal, Director, Office of General Counsel-Enforcement
Jeremy Mazur, Director Government Relations
Paul Delaney, Internal Auditor
R.J. DeSilva, Director Communications
Ryland Ramos, Office of the Governor
District Directors

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
Field Operations Section
Monthly State Managed Plugging Activities
August 2020

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

| | |
|--------------------------|-------|
| August | 3.2% |
| Fiscal Year-to-date | 23.8% |
| Performance Measure Goal | 25 % |

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

| | |
|--------------------------|-------|
| August | 200 |
| Fiscal Year-to-date | 1477 |
| Performance Measure Goal | 1,400 |

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

| | |
|--------------------------|-----------|
| August | 447,977 |
| Fiscal Year-to-date | 3,216,698 |
| Performance Measure Goal | 3,400,000 |

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

| | |
|--------------------------|----|
| August | 41 |
| Fiscal Year-to-date | 46 |
| Performance Measure Goal | 60 |

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

| | |
|--------------------------|-------|
| August | 156 |
| Fiscal Year-to-date | 1298 |
| Performance Measure Goal | 1,000 |

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

| | |
|--------------------------|-------|
| August | 6,208 |
| Performance Measure Goal | 6,000 |

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

| | |
|--------------------------|-------|
| August | 230 |
| Fiscal Year-to-date | 7,375 |
| Performance Measure Goal | 5,500 |

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

| | |
|--------------------------|-------|
| August | 48.8% |
| Performance Measure Goal | 41% |

Explanatory measure: Numbered shut-in/inactive wells.

| | |
|--------------------------|---------|
| August | 146,428 |
| Performance Measure Goal | 117,000 |

RAILROAD COMMISSION OF TEXAS
Oil Field Cleanup

Monthly State-Funded Plugging, Pollution Abatement and Salvage Activities
Commissioners Report
08/01/2020 to 08/31/2020

State-Funded Plugging Activities

| | |
|--|------------------|
| Number of wells approved for plugging this month | 156 |
| Estimated cost of approvals | \$ 5,906,400.00 |
| Number of wells approved for this fiscal year | 1298 |
| Number of approved wells remaining to plug | 1448 |
| Estimated cost to plug remaining approvals | \$ 68,123,032.84 |
| Number of pluggings completed this month | 200 |
| Total cost to plug wells completed this month | \$ 4,950,838.56 |
| Number of pluggings completed this fiscal year | 1477 |
| Cost of pluggings completed this fiscal year | \$ 30,700,941.90 |

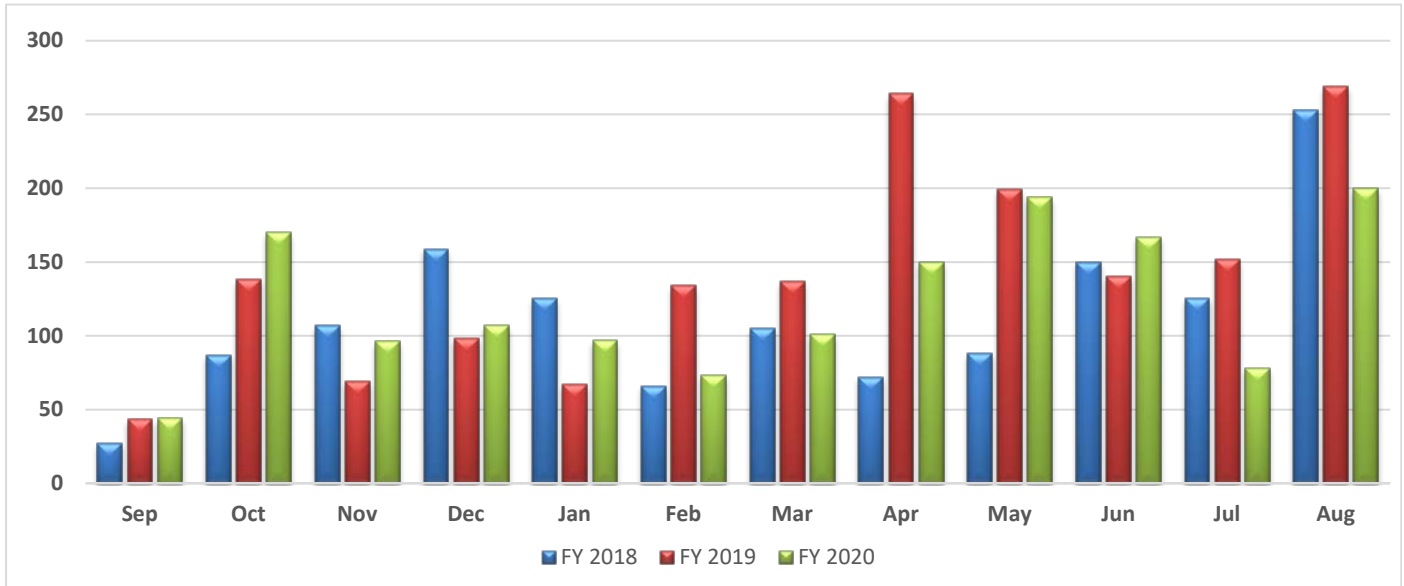
Pollution Abatement Activities

| | |
|--|-----------------|
| Number of pollution abatements approved this month | 3 |
| Estimated cost of approvals | \$ 9,348.00 |
| Number of pollution abatements approved for this fiscal year | 46 |
| Number of pollution abatements remaining | 59 |
| Estimated cost to pollution abatements remaining | \$ 1,209,760.00 |
| Number of pollution abatements completed this month | 3 |
| Total cost of pollution abatements completed this month | \$ 1,685.00 |
| Number of pollution abatements completed this fiscal year | 32 |
| Cost of pollution abatements completed this fiscal year | \$ 438,005.41 |

Salvage Activities

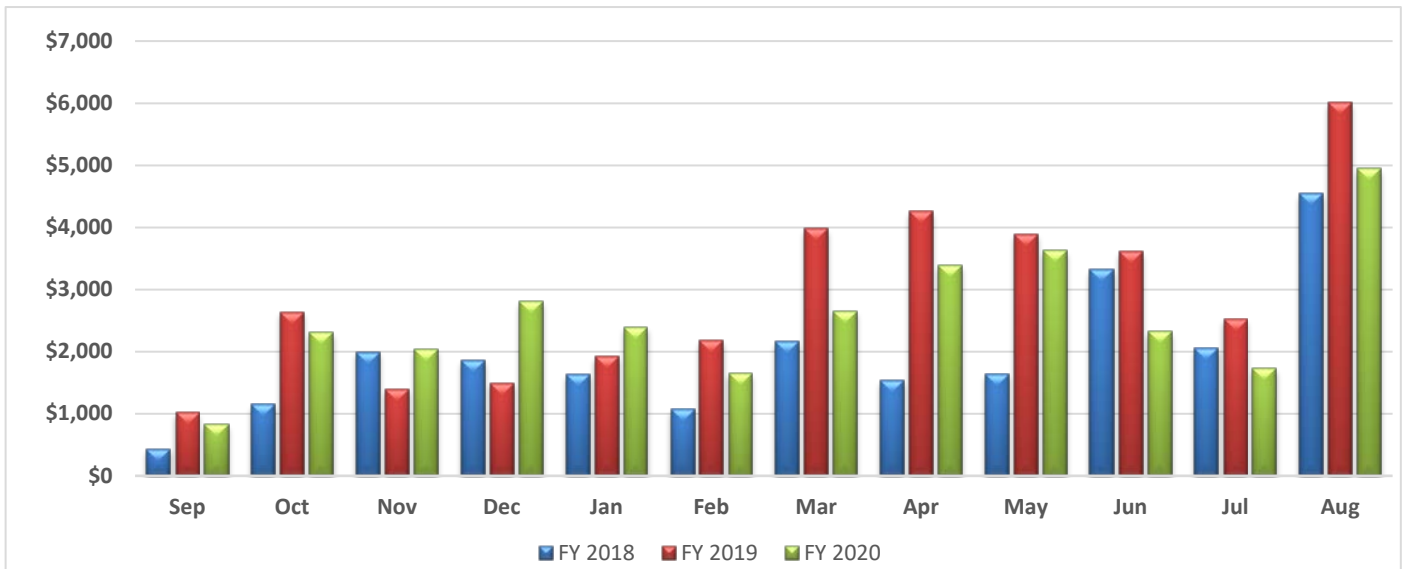
| | |
|---|---------------|
| Number of salvage activities completed this month | 57 |
| Total proceeds received this month | \$ 115,553.02 |
| Number of salvage activities completed this fiscal year | 388 |
| Total proceeds received this year | \$ 930,394.30 |

State Managed Well Plugging Program Monthly Wells Plugged August 2020



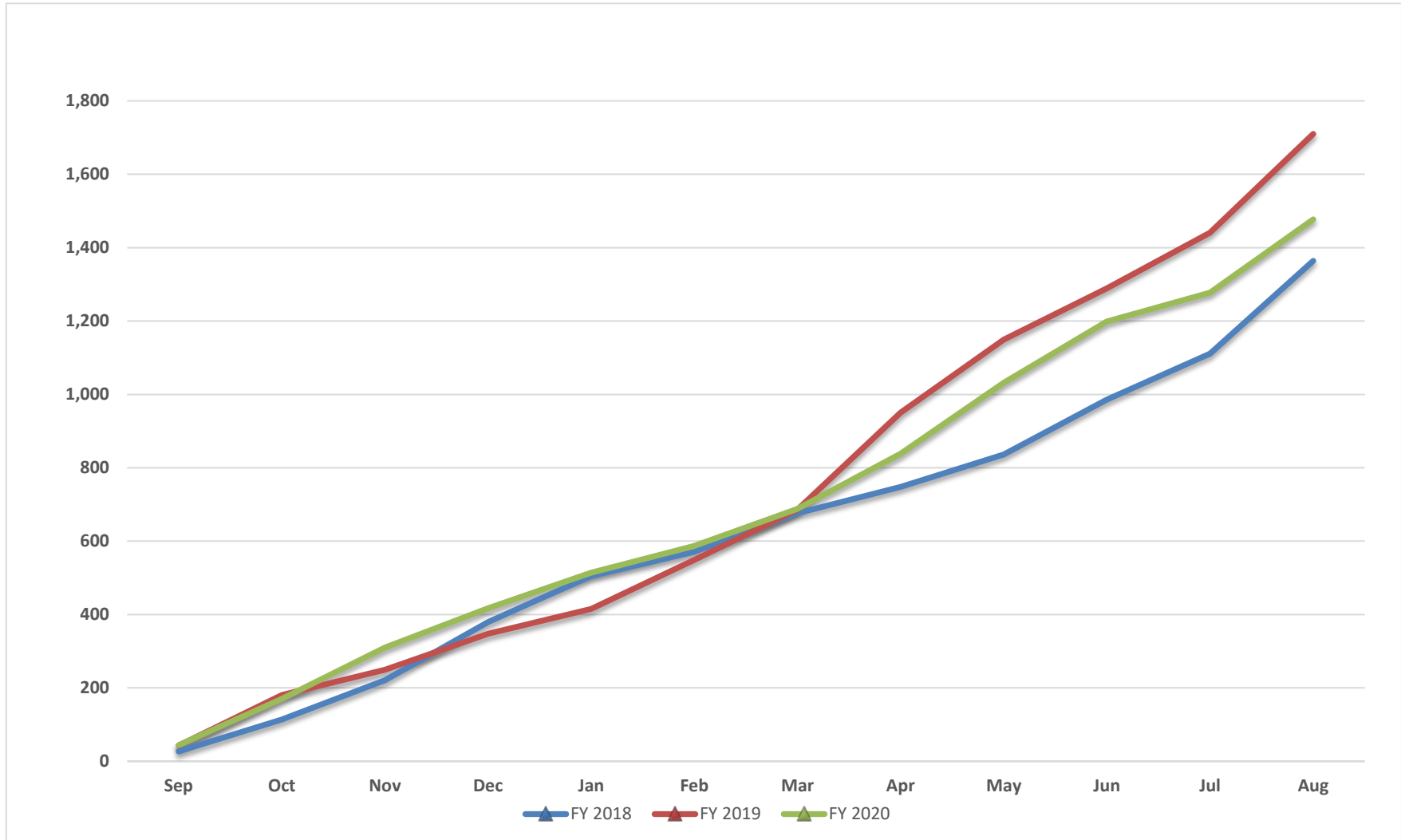
| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Tot |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| FY 2018 | 27 | 87 | 107 | 159 | 125 | 66 | 105 | 72 | 88 | 150 | 125 | 253 | 1,364 |
| FY 2019 | 43 | 138 | 69 | 98 | 67 | 134 | 137 | 264 | 199 | 140 | 152 | 269 | 1,710 |
| FY 2020 | 44 | 170 | 96 | 107 | 97 | 73 | 101 | 150 | 194 | 167 | 78 | 200 | 1,477 |

State Managed Well Plugging Program Monthly Cost of Wells Plugged August 2020



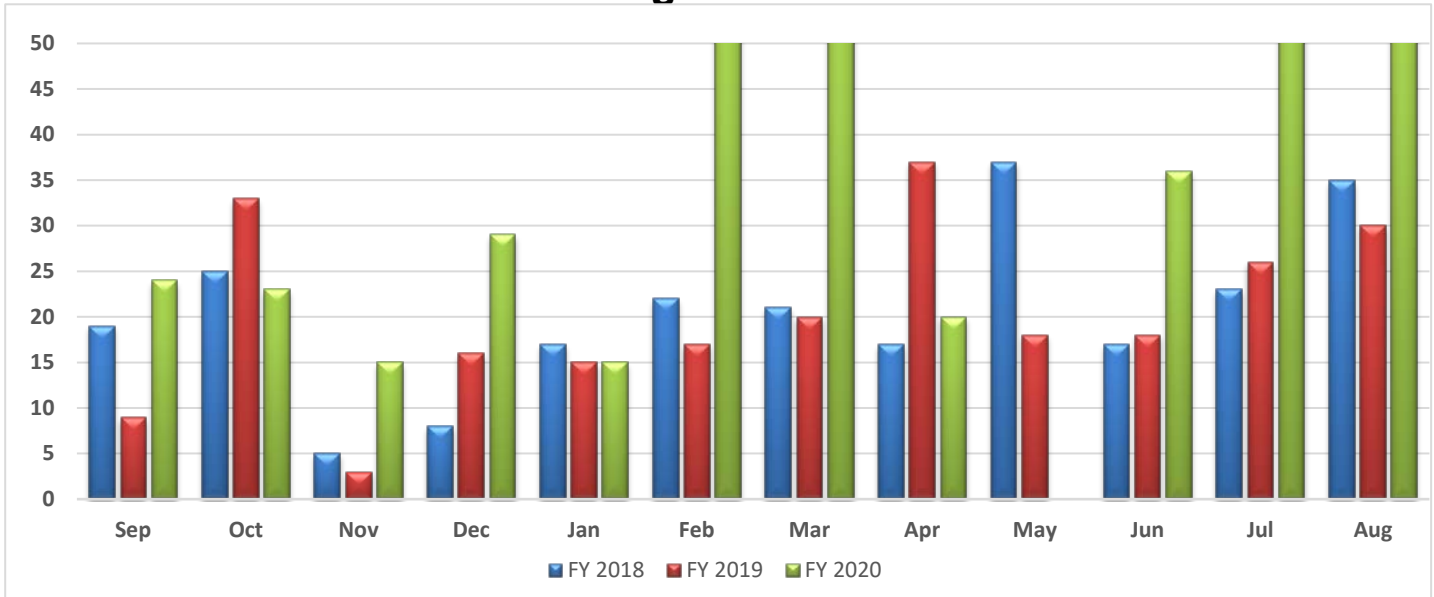
| \$M | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Tot |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| FY 2018 | \$433 | \$1,144 | \$1,996 | \$1,865 | \$1,636 | \$1,064 | \$2,163 | \$1,532 | \$1,639 | \$3,319 | \$2,052 | \$4,550 | \$23,393 |
| FY 2019 | \$1,020 | \$2,637 | \$1,397 | \$1,494 | \$1,921 | \$2,181 | \$3,983 | \$4,257 | \$3,894 | \$3,617 | \$2,528 | \$6,014 | \$34,943 |
| FY 2020 | \$831 | \$2,306 | \$2,044 | \$2,805 | \$2,395 | \$1,651 | \$2,655 | \$3,381 | \$3,625 | \$2,328 | \$1,728 | \$4,951 | \$30,700 |

State Managed Well Plugging Program Cumulative Wells Plugged August 2020



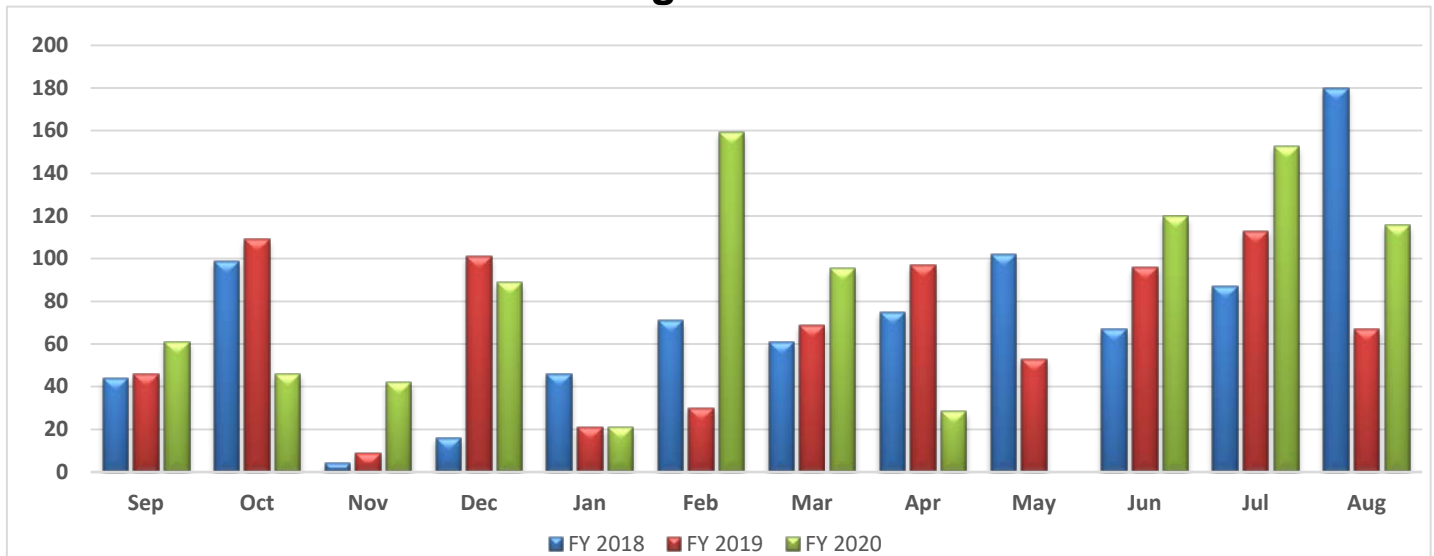
| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-------|-------|-------|-------|
| FY 2018 | 27 | 114 | 221 | 380 | 505 | 571 | 676 | 748 | 836 | 986 | 1,111 | 1,364 |
| FY 2019 | 43 | 181 | 250 | 348 | 415 | 549 | 686 | 950 | 1,149 | 1,289 | 1,441 | 1,710 |
| FY 2020 | 44 | 170 | 310 | 417 | 514 | 587 | 688 | 838 | 1,032 | 1,199 | 1,277 | 1,477 |

State Managed Well Plugging Program Monthly Salvage Operations August 2020



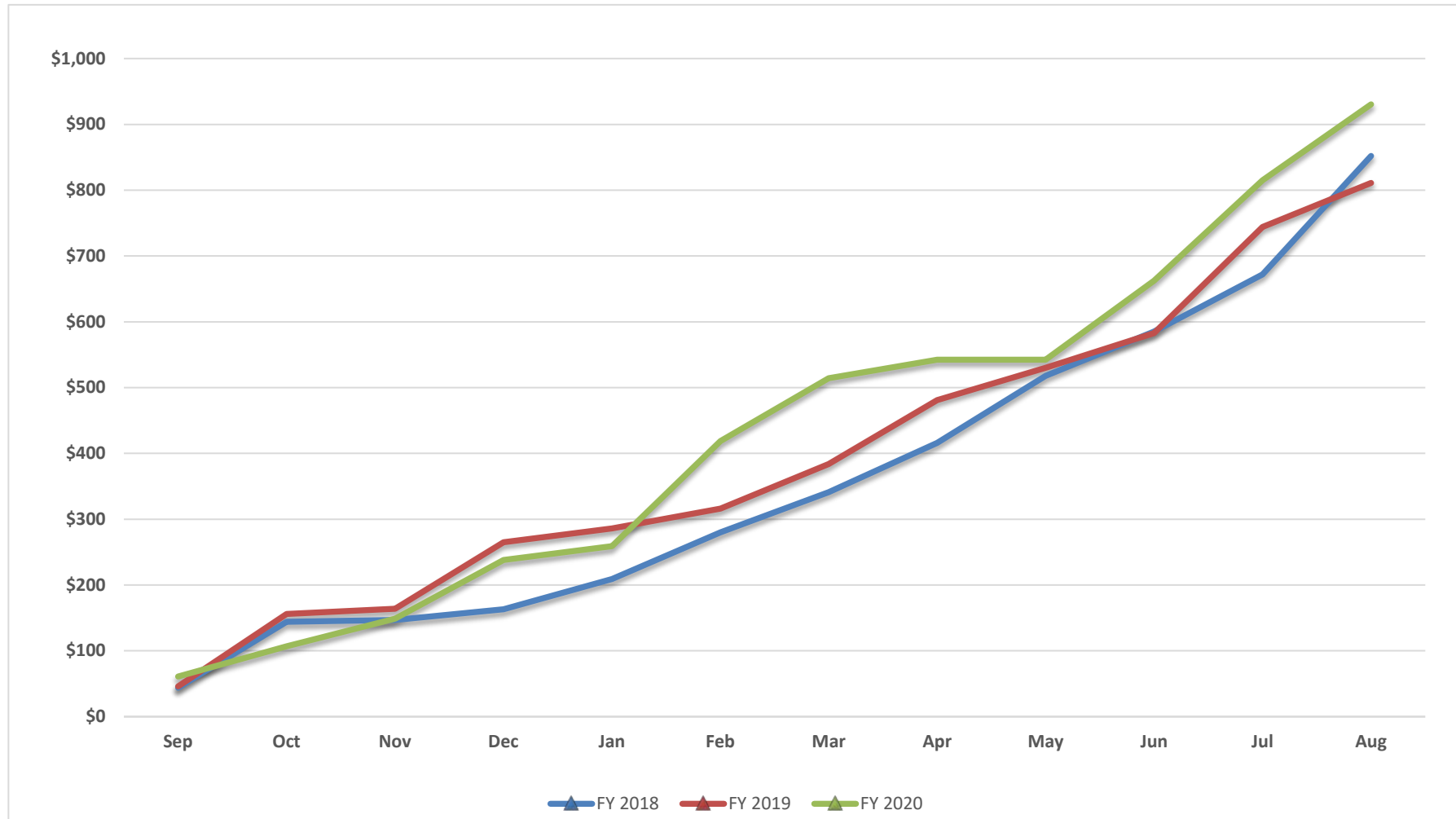
| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Tot |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| FY 2018 | 19 | 25 | 5 | 8 | 17 | 22 | 21 | 17 | 37 | 17 | 23 | 35 | 246 |
| FY 2019 | 9 | 33 | 3 | 16 | 15 | 17 | 20 | 37 | 18 | 18 | 26 | 30 | 242 |
| FY 2020 | 24 | 23 | 15 | 29 | 15 | 55 | 54 | 20 | 0 | 36 | 60 | 57 | 388 |

State Managed Well Plugging Program Monthly Salvage Proceeds August 2020



| \$M | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Tot |
|---------|------|-------|------|-------|------|-------|------|------|-------|-------|-------|-------|-------|
| FY 2018 | \$44 | \$99 | \$4 | \$16 | \$46 | \$71 | \$61 | \$75 | \$102 | \$67 | \$87 | \$180 | \$852 |
| FY 2019 | \$46 | \$109 | \$9 | \$101 | \$21 | \$30 | \$69 | \$97 | \$53 | \$96 | \$113 | \$67 | \$811 |
| FY 2020 | \$61 | \$46 | \$42 | \$89 | \$21 | \$159 | \$95 | \$28 | \$0 | \$120 | \$153 | \$116 | \$930 |

State Managed Well Plugging Program Cumulative Salvage Proceeds August 2020



| \$M | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|---------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| FY 2018 | \$44 | \$144 | \$147 | \$163 | \$209 | \$280 | \$341 | \$416 | \$518 | \$585 | \$672 | \$852 |
| FY 2019 | \$46 | \$156 | \$164 | \$265 | \$286 | \$316 | \$384 | \$481 | \$530 | \$583 | \$744 | \$811 |
| FY 2020 | \$61 | \$107 | \$149 | \$238 | \$259 | \$419 | \$514 | \$543 | \$543 | \$662 | \$815 | \$930 |