

**RAILROAD COMMISSION OF TEXAS
NEWS RELEASE - June 30, 2009**ELIZABETH A. JONES
*Commissioner*VICTOR G. CARRILLO
*Chairman*MICHAEL L. WILLIAMS
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**Commissioners: Operator Funded State Plugging Program Reaches Milestone, Plugs
30,000th Abandoned Well**

AUSTIN—Railroad Commissioners announced this month that plugging activities for the state's abandoned oil and gas wells reached a milestone with the plugging of the 30,000th abandoned well. Since 1984, the Commission has been plugging wells for which there is no responsible operator.

In 1991, the state Legislature created the Oil Field Cleanup Fund, which increased the financial ability of the state's oil and gas regulator—the Railroad Commission—to plug more abandoned oil and gas wells and to also clean up abandoned oil and gas well sites. Texas oil and gas operators' permitting and production fees go into the Oilfield Cleanup Fund, which finances the plugging and cleanup of abandoned wells and sites.

Plugging abandoned wells eliminates the threat of pollution by preventing wells from acting as conduits to bring subsurface hydrocarbons or brine water to the surface or into underground aquifers. Plugged wells also prevent potential surface runoff into underground aquifers. Wells are plugged based on a priority system that takes into account potential environmental and public safety threats posed by individual wells.

Commission Chairman Victor Carrillo said, "As the nation's largest oil and gas producer, Texas has always led the country in the number of active and inactive oil and gas wells. This includes being on the forefront of addressing both environmental and groundwater protection concerns. The fact that we have plugged over 30,000 abandoned wells is evidence of our proactive approach towards environmental concerns."

Commissioner Elizabeth Ames Jones said, "Congratulations to responsible producers who plugged 4,730 or 79 percent of all the wells last year. Those operators pay into the Oil Field Clean-Up Fund, which allows us to plug these abandoned wells at such a fast pace."

Commissioner Michael L. Williams said, "Thanks to the foresight of our state leaders 18 years ago, the Oilfield Cleanup Fund has helped reduce the number of abandoned wells in the state. In addition, I am appreciative that the Legislature realized our need to require, and then increase, financial assurance for oil and gas operators. As a result, we have seen the number of abandoned wells drop by almost half from close to 18,000 abandoned wells a year in 2002 to an average of 9,300 abandoned wells in 2008."

In September 2004, universal bonding was required for all oil and gas operators, who had to provide bonds or letter of credit for their wells. Additionally, this Legislative session, House Bill 2259 by Rep. Myra Crownover, will mandate removing surface equipment at inactive well sites as well as establish additional requirements to encourage operators to either plug or return their inactive wells to production.