

# Cost Calculation

Pursuant to HB 2259 (2009 Legislative session), new requirements were implemented under Statewide Rule 15 regarding extensions to the time to plug an inactive well. Several of the options available refer to a wells “Cost Calculation”. Rule 15(a)(2) defines “Cost calculation for plugging an inactive well” as

The cost, calculated by the Commission or its delegate, for each foot of well depth plugged based on average actual plugging costs for wells plugged by the Commission for the preceding state fiscal year for the Commission Oil and Gas Division district in which the inactive well is located.

Accordingly, the Commission has calculated the per-foot cost for wells plugged by the Commission, broken down by district, as follows:

District	Calculated average per-foot cost		
	FY 2010	FY 2011	FY 2012
01	\$3.95	\$3.03	\$5.98
02	\$3.96	\$4.84	\$4.84 <sup>(2)</sup>
03	\$8.36	\$6.07	\$8.73
04	\$4.31	\$5.60	\$7.72
05	\$3.87	\$4.35	\$6.10
06	\$8.99	\$7.64	\$6.42
6E	\$3.74	\$5.63	\$5.63 <sup>(2)</sup>
7B	\$3.90	\$5.70	\$5.39
7C	\$7.34	\$12.93	\$10.56
08	\$8.56	\$6.52	\$12.31
8A	\$4.28	\$4.28 <sup>(1)</sup>	\$4.28 <sup>(2)</sup>
09	\$2.60	\$2.73	\$3.38
10	\$6.25	\$5.85	\$5.63

Because the per-foot costs will vary from year to year, the Cost Calculation for a well will also vary from year to year. The Cost Calculation for a given well is determined by taking the most recent per-foot cost times the depth of the well (according to Commission records).

Note that the costs for a fiscal year are calculated at the end of that fiscal year, and apply to P5 renewals during the next fiscal year. The Railroad Commission’s fiscal year runs from September 1 to August 31.

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Notes:

<sup>(1)</sup>No State Funded plugging operations were completed in District 8A during FY 2011. The per-foot cost from FY 2010 was continued.)

<sup>(2)</sup>No State Funded plugging operations were completed in Districts 02, 6E or 8A during FY 2012. The per-foot cost from FY 2011 was continued.)