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# TEXAS



# PETROFACTS

A Monthly Data Review from the Railroad Commission of Texas ■ July 2009

## Highlights

### Natural Gas Production

In April 2009 preliminary Texas natural gas production was 580.52 billion cubic feet (bcf), down from 621.07 bcf produced during the same month in 2008. *Note: Recent oil and gas production data are considered preliminary, incomplete, and subject to revision.*

### Crude Oil Production

In April 2009 preliminary Texas crude oil production averaged 0.939 million barrels per day (mmb/d), down from 0.962 mmb/d reported during the same month in 2008. (See Note above.)

### Rotary Rigs Operating in Texas

In June 2009 the average Texas rotary rig count was 329, down from 923 rigs running during the same month last year. The June rig count was down from the May rig count of 347.

*Source: Baker Hughes Co.*

### Permits to Drill

In June 2009 the Railroad Commission issued 842 original permits to drill, down from 2,444 permits issued during the same month last year and up from 771 permits issued in May.

### Oil and Gas Well Completions

In June 2009 operators reported 506 oil completions, up from 432 oil completions during the same month last year. There were 1,183 gas completions in June, up from 813 gas completions reported during the same month last year. There were 1,689 wells drilled in Texas in June, up from 1,248 wells drilled during the same month last year.

## Trends

### EIA Short-Term Outlook for Crude Oil and Natural Gas:

The average price of imported crude for U.S. refiners (an indicator of world oil prices) is expected to fall from the average 2008 level of \$92.61 per barrel to \$66.17 per barrel during the 3<sup>rd</sup> quarter of 2009 and average \$57.75 for the year, according to the U.S. Energy Information Administration's (EIA) "Short-Term Energy Outlook" for July, 2009. The price is expected to average \$67.00 per barrel for the 4<sup>th</sup> quarter of 2009.

The West Texas Intermediate spot average is expected to fall from the average 2008 level of \$99.57 per barrel to \$69.00 per barrel during the 3<sup>rd</sup> quarter of 2009 and average \$60.35 for the year. The price is expected to average \$70.00 per barrel for the 4<sup>th</sup> quarter of 2009.

U.S. petroleum demand is expected to decrease 3.33 percent from 2008 to 2009 at 18.85 million barrels per day, and increase by 1.64 percent from 2009 to 2010 to 19.16 million barrels per day.

U.S. natural gas demand is expected to decrease by 2.24 percent from 2008 to 2009 to 22.67 trillion cubic feet, and decrease by 0.04 percent from 2009 to 2010 to 22.66 trillion cubic feet.

EIA projects that natural gas wellhead prices will average \$3.39 per mcf for the 3<sup>rd</sup> quarter of 2009 and average \$3.75 per mcf for the year. This is a 53.59 percent decrease from EIA's 2008 average wellhead price of \$8.08 per mcf.

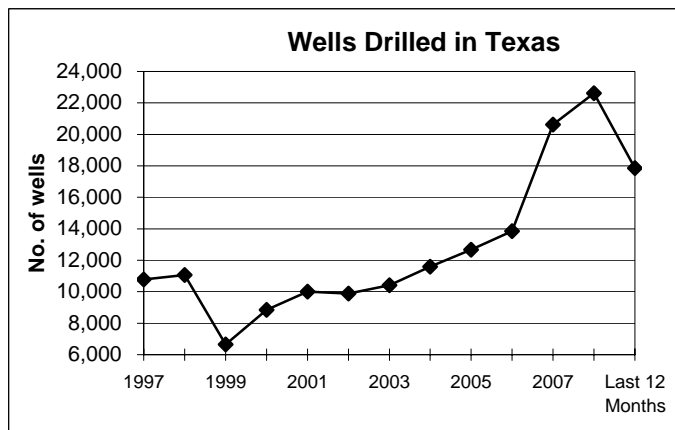
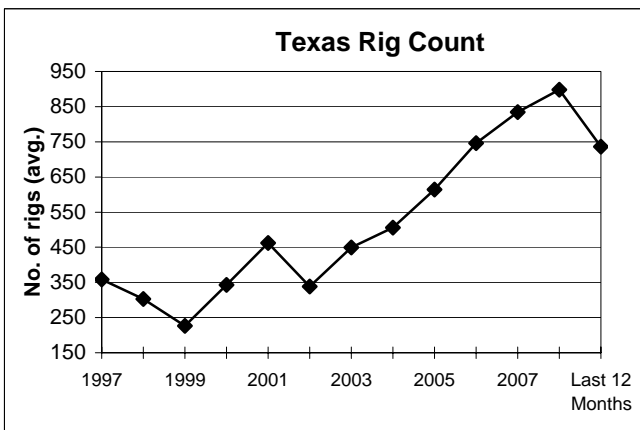
EIA projects an average annual wellhead price of \$5.12 per mcf for 2010, a 36.53 percent increase from the \$3.75 projected average price for 2009.

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Table 1. Texas Drilling and Completion Summary

Period	Active Rotary Rigs*		Permits #	Wells Completed		Wells Drilled **	
	Texas	U. S.		Oil	Gas		
1990	348	1,009	14,033	5,593	2,894	11,231	
1991	315	860	12,494	6,025	2,755	11,295	
1992	251	721	12,089	5,031	2,537	9,498	
1993	264	754	11,612	4,646	3,295	9,969	
1994	274	775	11,030	3,962	3,553	9,299	
1995	251	723	11,244	4,334	3,778	9,785	
1996	283	779	12,669	4,061	4,060	9,747	
1997	358	945	13,933	4,482	4,594	10,778	
1998	303	827	9,385	4,509	4,907	11,057	
1999	226	622	8,430	2,049	3,566	6,658	
2000	343	918	12,021	3,111	4,580	8,854	
2001	462	1,156	12,227	3,082	5,787	10,005	
2002	338	830	9,716	3,268	5,474	9,877	
2003	449	1,032	12,664	3,111	6,336	10,420	
2004	506	1,192	14,700	3,446	7,118	11,587	
2005	614	1,383	16,914	3,454	7,197	12,664	
2006	746	1,649	18,952	4,761	8,534	13,854	
2007	834	1,769	19,994	5,084	8,643	20,619	
2008	898	1,880	24,073	6,208	10,361	22,615	
Last 12 Months	736	1,618	19,396	7,072	10,753	17,861	
2008	Jun	923	1,902	2,444	432	813	1,248
	Jul	920	1,932	2,183	453	1,065	1,522
	Aug	934	1,987	2,129	357	696	1,057
	Sep	946	2,014	2,335	384	704	1,090
	Oct	925	1,976	2,693	988	1,277	2,269
	Nov	899	1,935	1,517	824	842	1,670
	Dec	826	1,782	1,226	641	819	1,462
	Jan	701	1,553	1,264	556	881	1,443
	Feb	574	1,320	943	777	800	1,579
	Mar	445	1,105	1,033	683	1,176	1,860
	Apr	393	995	858	535	927	1,465
	May	347	918	771	442	753	1,196
2009	Jun	329	895	842	506	1,183	1,689



\* Source: Baker Hughes Inc.

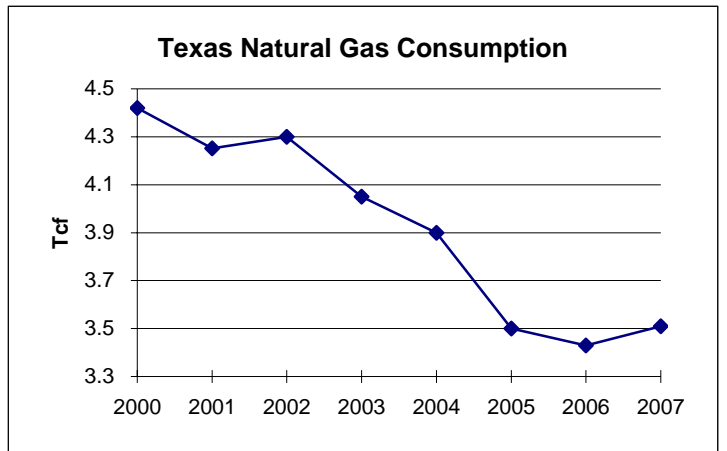
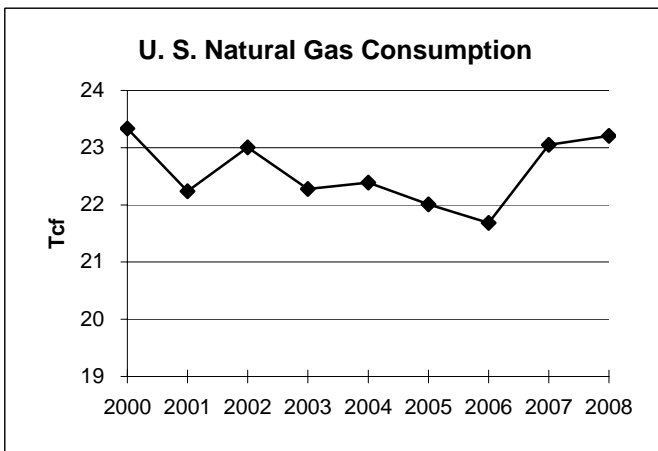
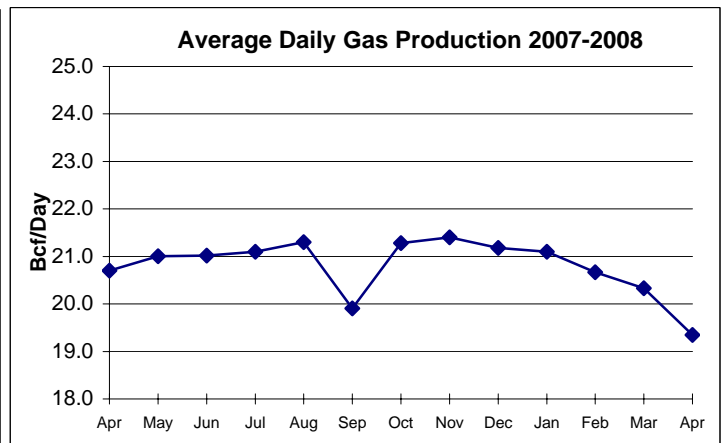
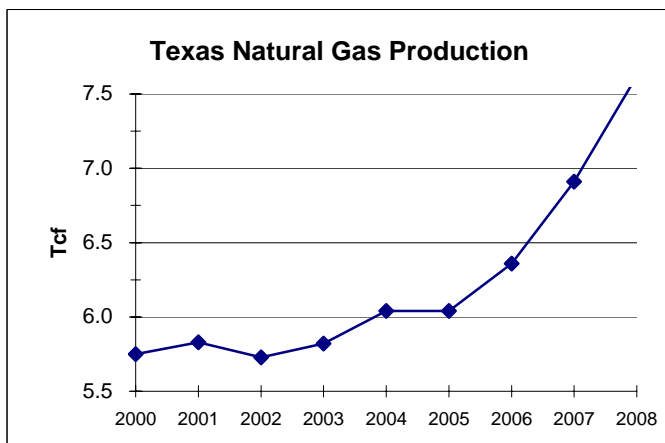
# Totals shown are number of drilling permits issued.

\*\* Wells drilled are oil and gas well completions and dry holes drilled/plugged.

Table 2. Texas Natural Gas (Trillion CF)

Period	Total* Production	Proved Reserves #	Consumption #	Producing Wells*	Wellhead Price **
1990	5.54	41.4	3.60	49,989	\$1.43
1991	5.52	39.3	3.56	49,825	\$1.39
1992	5.45	38.1	3.48	49,839	\$1.45
1993	5.61	37.8	3.74	50,794	\$1.80
1994	5.69	39.0	3.67	52,614	\$1.68
1995	5.69	39.7	3.80	53,612	\$1.36
1996	5.85	41.6	3.99	55,052	\$1.76
1997	5.85	41.1	3.95	56,736	\$2.14
1998	5.82	40.8	4.20	58,436	\$1.96
1999	5.60	43.4	4.01	59,088	\$1.86
2000	5.75	45.4	4.42	60,486	\$3.51
2001	5.83	46.5	4.25	63,598	\$4.00
2002	5.73	47.5	4.30	65,686	\$2.95
2003	5.82	48.7	4.05	68,488	\$4.88
2004	6.04	53.3	3.90	72,237	\$5.46
2005	6.04	60.2	3.50	76,510	\$7.33
2006	6.36	65.8	3.43	83,218	\$6.39
2007	6.91	76.4	3.51	88,311	\$6.37
2008	7.62	n/a	n/a	n/a	\$8.07

	Total Gas Production (Bcf)*			
	Monthly	Daily	Gas Well	Casinghead
Apr	621.07	20.70	559.73	61.34
May	651.10	21.00	586.59	64.51
Jun	630.57	21.02	568.97	61.60
Jul	654.17	21.10	588.87	65.30
Aug	660.40	21.30	595.74	64.66
Sep	597.14	19.90	542.79	54.35
Oct	659.72	21.28	596.43	63.29
Nov	642.17	21.41	579.12	63.05
Dec	656.60	21.18	593.13	63.47
Jan	654.08	21.10	590.58	63.50
Feb	578.68	20.67	522.14	56.54
Mar	630.30	20.33	567.60	62.70
Apr	580.52	19.35	518.29	62.23



\* Source: Railroad Commission of Texas. The most recent 12 months of production data is preliminary and subject to revision.

\*\*Source: Texas Comptroller of Public Accounts. Wellhead price is average net taxable price (\$/Mcf) and excludes federal offshore production.

Source for 2001 and after is U.S. Energy Information Administration (EIA) and wellhead price is national average.

Table 3. Texas Gas Storage Operations

Productive or Depleted Reservoirs			Reported Max Withdrawal Rate (MMCF/DAY)	Working Gas* Inventory 06/30/09 (MMCF)	Working Gas* Inventory 06/30/08 (MMCF)	Change From One Year Ago (MMCF)	Preliminary Working Gas* Inventory 07/15/09 (MMCF)
Operator	Field	County Location					
Oneok TX Gas Storage LP	Felmac (Yates)	Gaines	45	2,661	1,368	1,293	2,654
Oneok TX Gas Storage LP	Loop (Yates)	Gaines	75	800	800	-	800
Enbridge Pipeline LLC	Pickton (Bacon Lime)	Hopkins	15	-	-	-	-
Houston Pipe Line Co.	Bammell	Harris	1,300	48,054	19,486	28,568	49,963
Cago, Inc.	Ambassador	Clay	40	80	80	-	80
Hill Lake Gas Storage LP	Hill-Lake Sand	Eastland	450	8,847	9,167	(320)	9,099
ATMOS Pipeline - Texas	Lake Dallas	Denton	120	3,484	3,903	(419)	3,542
ATMOS Pipeline - Texas	La-Pan-Miss	Clay	120	3,097	2,552	545	3,351
Cummings Company, Inc.	Leeray Strawn	Stephens	20	-	-	-	-
ATMOS Pipeline - Texas	New York City	Clay	120	5,220	4,111	1,109	5,357
Fort Concho Gas Storage, Inc.	Pecan Station	Tom Green	28	393	394	(1)	393
ATMOS Pipeline - Texas	Tri-Cities Bacon	Henderson	275	18,101	21,577	(3,476)	18,434
ATMOS Pipeline - Texas	Tri-Cities Rodessa	Henderson	50	41	233	(192)	41
Lower Colorado River Authority	Hilbig	Bastrop	100	2,439	2,466	(27)	2,554
Natural Gas Pipeline Co.	North Lansing	Harrison	1,100	89,672	71,293	18,379	93,840
Devon Gas Services LP	Lone Camp	Palo Pinto	28	291	509	(218)	398
Pelican Transmission LLC	Clear Lake	Harris	900	67,824	28,196	39,628	70,732
Energy Transfer Fuel LP	Bryson	Jack	100	5,129	5,771	(642)	5,031
Worsham-Steed Gas Storage, Inc.	Worsham Steed	Jack	25	27,705	19,595	8,110	27,928
Katy Storage and Transportation LP	Pottsville	Hamilton	200	-	-	-	-
Enstor Katy Storage and Transportation LP	Katy Hub & Storage	Fort Bend	700	23,621	21,085	2,536	23,740
	<b>Subtotals</b>		<b>5,811</b>	<b>307,459</b>	<b>212,586</b>	<b>94,873</b>	<b>317,937</b>
Salt Caverns							
Oneok TX Gas Storage LP	Salado (Loop Yates)	Gaines	500	1,771	901	870	1,851
Kinder Morgan Tejas Pipeline LP	Stratton Ridge	Brazoria	250	1,181	718	463	1,160
Centana Intrastate Pipeline LLC	Spindletop	Jefferson	400	4,158	6,745	(2,587)	4,410
Dow Chemical Co.	Stratton Ridge #34	Brazoria	200	-	-	-	-
Dow Chemical Co.	Stratton Ridge #6	Brazoria	180	713	1,029	(316)	726
Kinder Morgan Texas Pipeline LP	North Dayton	Liberty	750	2,887	3,093	(206)	3,409
ATMOS Pipeline - Texas	Bethel	Anderson	600	4,329	5,768	(1,439)	4,570
Moss Bluff Hub Partners LP	Moss Bluff	Liberty	1,000	9,625	11,678	(2,053)	8,789
Chevron Phillips Chemical Co	Clemens	Brazoria	75	1,915	214	1,701	1,854
PB Energy Storage Services, Inc.	Spindletop	Jefferson	480	7,213	6,924	289	6,936
Underground Services Markham, LP	Markham	Matagorda	500	23,512	16,058	7,454	24,508
Energy Transfer Fuel LP	Bethel Salt Dome	Anderson	600	3,483	2,759	724	3,957
Enterprise Products Operating LP	Wilson	Wharton	800	6,105	2,385	3,720	6,512
Chevron Keystone Gas Storage	Keystone Gas Storage	Winkler	350	5,228	4,150	1,078	5,202
Underground Storage, LLC	Pierce Junction	Harris	350	1,711	1,597	114	2,111
Tres Palacios Storage LLC	Markham	Matagorda	2,500	15,856	-	15,856	17,232
	<b>Subtotals</b>		<b>9,535</b>	<b>89,687</b>	<b>64,019</b>	<b>25,668</b>	<b>93,227</b>
<b>Source: RRC Form G-3</b>		<b>TOTALS</b>	<b>15,346</b>	<b>397,146</b>	<b>276,605</b>	<b>120,541</b>	<b>411,164</b>

\* Note: Native Gas volumes are included in Working Gas volumes with the exception of Houston Pipe Line's Bammell facility and Natural Gas Pipeline Co. of America's North Lansing facility. (The Native Gas in the Bammell and North Lansing facilities is part of the non-working resident gas.)

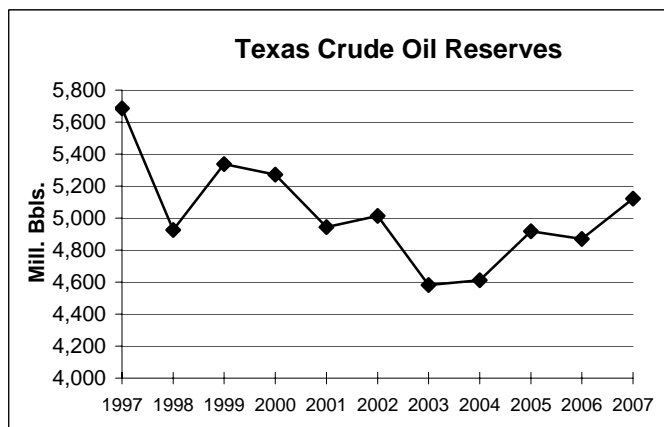
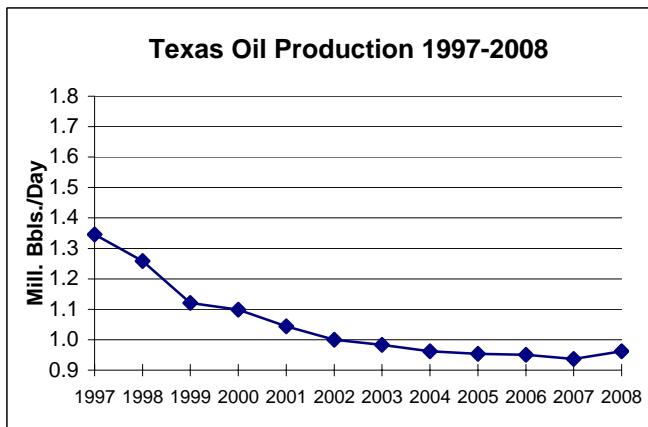
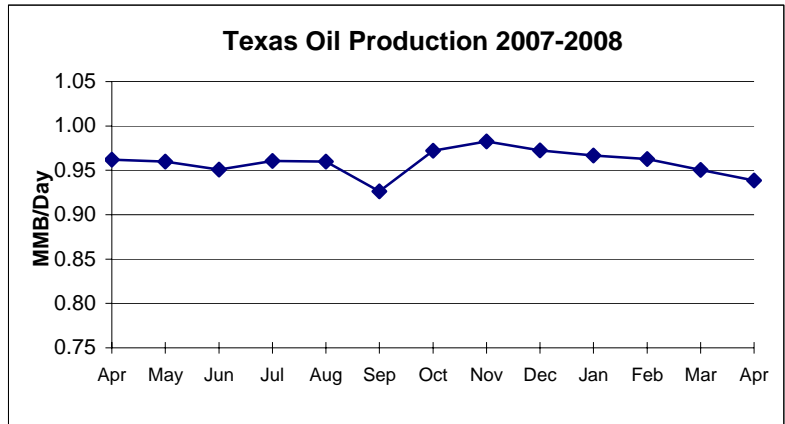
Table 4. Texas Gas Storage Operations, 2008 - 2009

	Depleted Reservoirs			Salt Caverns			Total		
	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)	Beginning Balance (Mmcf)	Injections/ (Withdrawals) (Mmcf)	Ending Balance (Mmcf)
Jun-08	218,754	<b>(6,162)</b>	212,592	62,871	<b>1,148</b>	64,019	281,625	<b>(5,014)</b>	276,611
Jul-08	212,592	<b>(11,664)</b>	200,928	64,019	<b>3,728</b>	67,747	276,611	<b>(7,936)</b>	268,675
Aug-08	200,928	<b>1,418</b>	202,346	67,747	<b>(3,587)</b>	64,160	268,675	<b>(2,169)</b>	266,506
Sep-08	202,346	<b>23,365</b>	225,711	64,160	<b>1,305</b>	65,465	266,506	<b>24,670</b>	291,176
Oct-08	225,711	<b>22,650</b>	248,361	65,465	<b>1,185</b>	66,650	291,176	<b>23,835</b>	315,011
Nov-08	248,361	<b>22,416</b>	270,777	66,650	<b>10,868</b>	77,518	315,011	<b>33,284</b>	348,295
Dec-08	270,777	<b>(16,278)</b>	254,499	77,518	<b>(2,543)</b>	74,975	348,295	<b>(18,821)</b>	329,474
Jan-09	254,499	<b>(16,834)</b>	237,665	74,975	<b>(11,966)</b>	63,009	329,474	<b>(28,800)</b>	300,674
Feb-09	237,665	<b>5,296</b>	242,961	63,009	<b>(2,767)</b>	60,242	300,674	<b>2,529</b>	303,203
Mar-09	242,961	<b>10,833</b>	253,794	60,242	<b>3,375</b>	63,617	303,203	<b>14,208</b>	317,411
Apr-09	253,794	<b>19,478</b>	273,272	63,617	<b>11,449</b>	75,066	317,411	<b>30,927</b>	348,338
May-09	273,272	<b>19,282</b>	292,554	75,066	<b>6,131</b>	81,197	348,338	<b>25,413</b>	373,751
Jun-09	292,554	<b>14,905</b>	307,459	81,197	<b>8,490</b>	89,687	373,751	<b>23,395</b>	397,146

Table 5. Texas Crude Oil (million barrels)

Period	Total* Production	Daily Average	% of U.S. Production	Proved Reserves #	% of U.S. Reserves	Producing Wells *	WTI Spot Price **
1990	646	1.77	24.2	7,106	27.1	194,962	\$19.74
1991	644	1.77	24.0	6,797	27.5	196,292	\$21.48
1992	614	1.68	23.5	6,441	27.1	193,310	\$18.61
1993	576	1.58	22.9	6,171	26.9	186,342	\$17.30
1994	542	1.49	22.3	5,847	26.0	179,955	\$14.73
1995	513	1.40	21.5	5,743	25.7	177,397	\$16.31
1996	500	1.37	21.0	5,736	26.0	175,277	\$18.77
1997	491	1.35	21.0	5,687	25.2	175,475	\$20.01
1998	460	1.26	20.1	4,927	23.4	170,288	\$14.06
1999	409	1.12	19.1	5,339	24.5	162,620	\$14.31
2000	401	1.10	18.8	5,273	23.9	161,097	\$28.71
2001	381	1.04	18.0	4,944	22.0	159,357	\$24.62
2002	365	1.00	17.4	5,015	22.1	155,865	\$24.33
2003	359	0.98	17.4	4,583	20.9	153,461	\$31.08
2004	351	0.96	17.7	4,613	21.5	151,205	\$41.51
2005	348	0.95	18.4	4,919	19.0	151,286	\$56.64
2006	347	0.95	18.6	4,871	23.4	151,832	\$66.05
2007	342	0.94	18.5	5,122	24.0	153,223	\$72.34
2008	351	0.96	19.2	n/a	n/a	n/a	\$99.67

Apr	28.86	0.962
May	29.76	0.960
Jun	28.52	0.951
Jul	29.78	0.961
Aug	29.75	0.960
Sep	27.79	0.926
Oct	30.13	0.972
Nov	29.48	0.983
Dec	30.15	0.973
Jan	29.97	0.967
Feb	26.96	0.963
Mar	29.46	0.950
Apr	28.16	0.939



# Source: U.S. Energy Information Administration (EIA). Reserve estimates for 1985 and after exclude federal offshore.

\* Source: Railroad Commission of Texas. The most recent 12 months of production data is preliminary and subject to revision.

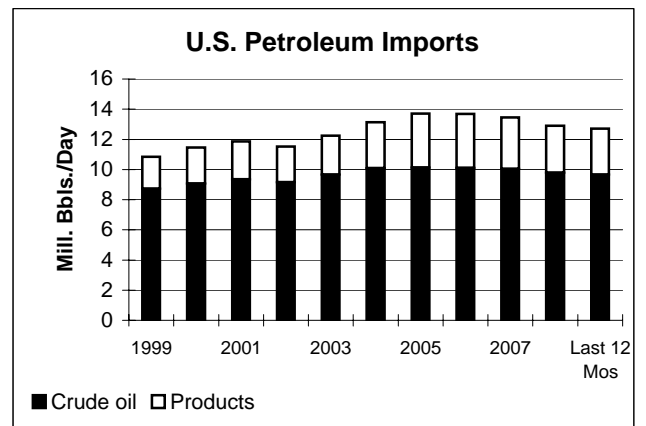
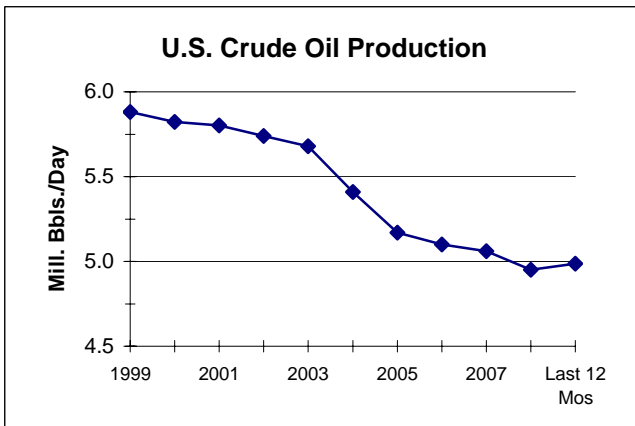
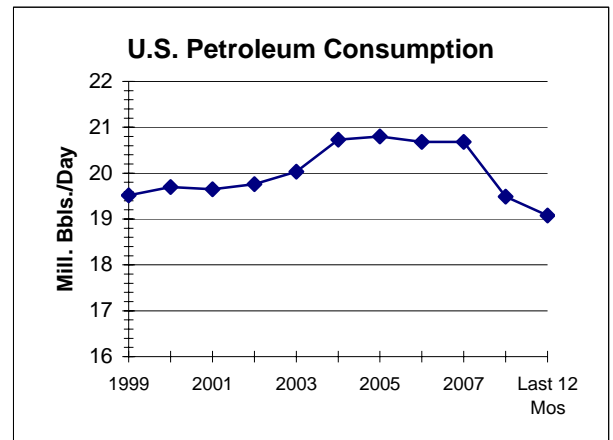
\*\* Source: Texas Comptroller of Public Accounts. Wellhead price is average net taxable price (\$/bbl.) and excludes federal offshore production.

Source for 2001 and after is (EIA) and wellhead price is West Texas Intermediate spot average.

Table 6. U. S. Petroleum Overview (million barrels per day)

Period	Production *	Imports **			Products Supplied #	Proved Reserves **	Wells Drilled **	Wellhead Price **
		Total	Crude Oil	Products				
1990	7.36	8.02	5.89	2.12	16.99	26,254	32,067	\$20.03
1991	7.42	7.63	5.78	1.84	16.71	24,682	29,528	\$16.54
1992	7.17	7.89	6.08	1.81	17.03	23,745	23,608	\$15.99
1993	6.85	8.62	6.79	1.83	17.24	22,957	25,451	\$14.25
1994	6.66	9.00	7.06	1.93	17.72	22,457	22,255	\$13.19
1995	6.56	8.84	7.23	1.61	17.72	22,351	21,600	\$14.62
1996	6.47	9.48	7.51	1.97	18.31	22,017	23,886	\$18.46
1997	6.45	10.16	8.23	1.94	18.62	22,546	27,586	\$17.23
1998	6.25	10.71	8.71	2.00	18.92	21,034	22,911	\$10.87
1999	5.88	10.85	8.73	2.12	19.52	21,765	18,939	\$15.56
2000	5.82	11.46	9.07	2.39	19.70	22,045	29,038	\$26.72
2001	5.80	11.87	9.33	2.54	19.65	22,446	35,303	\$21.84
2002	5.74	11.53	9.14	2.39	19.76	22,677	27,655	\$22.51
2003	5.68	12.25	9.66	2.59	20.03	21,891	32,511	\$27.56
2004	5.41	13.13	10.08	3.05	20.73	21,371	36,379	\$36.77
2005	5.17	13.70	10.12	3.58	20.80	21,757	42,673	\$50.28
2006	5.10	13.69	10.11	3.58	20.68	20,972	50,081	\$59.69
2007	5.06	13.46	10.03	3.43	20.68	21,317	50,582	\$66.52
2008	4.95	12.91	9.78	3.13	19.49	n/a	55,669	\$94.04
Last 12 Mos	4.99	12.71	9.66	3.05	19.08			

Apr	5.11	13.32	9.97	3.35	19.81
May	5.10	12.89	9.66	3.23	19.79
Jun	5.09	13.39	10.01	3.38	19.67
Jul	5.13	13.12	10.13	2.99	19.55
Aug	4.89	13.11	10.32	2.79	19.27
Sep	3.93	11.55	8.44	3.11	17.83
Oct	4.66	13.19	10.08	3.11	19.69
Nov	5.02	12.87	9.94	2.93	19.05
Dec	5.05	12.59	9.41	3.18	19.14
Jan	5.24	13.17	9.85	3.32	19.12
Feb	5.25	12.18	9.20	2.98	18.70
Mar	5.27	12.47	9.44	3.03	18.67
Apr	5.22	11.96	9.40	2.56	18.47



\* Source: U.S. Energy Information Administration (EIA). Recent production data is preliminary and subject to revision.

# Source: EIA. Petroleum products supplied is a measure of domestic consumption.

\*\* Source: EIA. Wells drilled includes crude oil, natural gas, and dry wells drilled. U.S. average wellhead (first purchase) price is dollars per barrel.

**Railroad Commission of Texas**

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*Texas PetroFacts* is available in PDF format for download from the Railroad Commission web site at <http://www.rrc.state.tx.us>.

Created in 1891 by the Texas Legislature, the Railroad Commission today is known principally as a leader in the regulation and conservation of oil and natural gas in Texas. For more than 85 years, the Commission has been charged with preventing waste and pollution while safeguarding property rights.

We believe the people of Texas continue to have a vital stake in the orderly production and conservation of the state's natural resources. Across the state, crude oil and natural gas are produced in 179 of 254 counties. About 230,000 persons are employed in oil and gas exploration, production, refining, and related industries. In all, businesses involved with the Texas oil and gas industry contribute about \$159.3 billion annually to the state's more than one trillion-dollar economy.

As an oil and gas producer, the state of Texas ranks among the nations of the world. Texas leads the United States in the production of crude oil and natural gas, and its marketed production of natural gas represents one-third of total U. S. supply. Texas produces an average of nearly one million barrels of oil a day; natural gas production in the state exceeds 6 trillion cubic feet a year.

Elizabeth A. Jones  
Commissioner

Victor G. Carrillo  
Chairman

Michael L. Williams  
Commissioner

