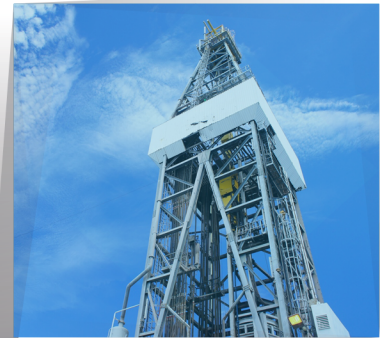
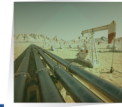


RAILROAD COMMISSION OF TEXAS

STRATEGIC PLAN
FISCAL YEARS 2017-2021



CHRISTI CRADDICK
COMMISSIONER

DAVID PORTER
CHAIRMAN

RYAN SITTON
COMMISSIONER



Strategic Plan

For the Fiscal Years 2017 to 2021

By

Railroad Commission of Texas

David Porter
Christi Craddick
Ryan Sitton

Jan. 5, 2011 to Dec. 31, 2016
Dec. 17, 2012 to Dec. 31, 2018
Jan. 5, 2015 to Dec. 31, 2020

Midland, Texas
Midland, Texas
Friendswood, Texas

June 21, 2016

Approved:


David Porter
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Mission

We serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

Guiding Principles

The Railroad Commission recognizes that ensuring the efficiency and effectiveness of its programs is more than allocating and expending resources responsibly. The Commission seeks to further develop systems, workforce, and infrastructure to address complicated and evolving challenges to the state's energy industries. Robust and secure information management systems, collaboration to develop innovative solutions, a highly skilled and diverse workforce, and a commitment to sustainability are the pillars that support the efficiency, transparency, accountability, and effectiveness of RRC programs.

Agency Operational Goal and Action Plan

1. Protect public safety and the environment through compliance and enforcement strategies using appropriate tools that are effective, efficient, and transparent.

Specific Action Items to Achieve Your Goal

- Action 1. Develop and implement data-driven processes to increase protection of public safety and the environment by analyzing performance metrics of compliance and enforcement rates, public safety risks, and threats to the environment.
- Action 2. Adopt a programmatic approach to inspection scheduling for all Commission regulated industries.
- Action 3. Catalogue, conduct feasibility studies, and develop corrective measure plans to determine prioritization and cost effective remediation of environmental or public safety risks.

Describe How Your Goal or Action Items Supports Each Statewide Objective

- 1. **Accountable to tax and fee payers of Texas.** These action plans will improve the Commission's ability to aggregate inspection and other compliance data to use as a comprehensive regulatory tool that better informs decision making.
- 2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.** While the Commission currently follows a programmatic inspection schedule for the industries it regulates, expanding programmatic inspection scheduling will further ensure that all regulated facilities are consistently and uniformly inspected.
- 3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.** Stewardship of natural resources and the environment, while supporting enhanced development and economic vitality for the benefit of Texans is the agency's mission. These action plans will support the Commission's success in achieving its mission.
- 4. **Providing excellent customer service.** The Commission's highest priority is to protect public safety and the state's natural resources through enforcement of state and federal laws that regulate the energy industries.
- 5. **Transparent such that agency actions can be understood by any Texan.** These action items will use existing monitoring and inspection processes in a targeted and systematic manner to develop comprehensive datasets that catalogue the status of each inspected facility throughout the state, advancing the knowledge base about potential risks of pollution or threats to public safety. The Commission will address those risks using all available tools and regulatory authority.

Describe Any Other Considerations Relevant to Your Goal or Action Item

While ongoing in nature, the Commission anticipates implementation and completion of these action plans no later than 8/31/2021, based on current facility populations. As the Commission regulates

dynamic, cyclical, and evolving industries, this action plan will be reviewed and adjusted as facilities subject to regulatory authority change over time.

2. Review current rules and forms to ensure relevance to current technology and industry practice in order to more effectively maximize protection of public safety and the environment while minimizing the cost of compliance for the regulated industries.

Specific Action Items to Achieve Your Goal

- Action 1. Complete a thorough review of Commission rules and forms to ensure robust reflection of statutory requirements, eliminate redundancies, modernize processes, reflect current industry practice, and identify changes that will be appropriate to attain higher levels of efficacy, protection, and compliance.
- Action 2. Identify revisions that will improve organization, streamline language, and are forward looking.
- Action 3. Improve transparency by eliminating redundancies and any unnecessary cross-reference to sections of rule outside of the applicable chapter.

Describe How Your Goal or Action Items Supports Each Statewide Objective

1. **Accountable to tax and fee payers of Texas.** Compliance is likely to be greater when rules are clear and easily understood, and are provided in a user-friendly format.
2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.** A thorough review of Commission rules will streamline processes and eliminate operational inefficiency that may be an unintended consequence of outdated or ambiguous rules—the effect of almost 100 years of regulations as new rules layer upon existing rules.
3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.** Commission rules are the foundation and basis for its regulatory actions and help define the core functions of agency. Industry compliance with Commission rules is a clear measure of success, and a comprehensive review allows the Commission to continuously improve its processes and comply with statutory requirements.
4. **Providing excellent customer service.** Revising Commission rules to use plain language, where possible, will improve understanding by the public and regulated industries, while reducing the burden of regulatory compliance.
5. **Transparent such that agency actions can be understood by any Texan.** The public’s understanding of Commission rules is essential to giving all Texans confidence in the Commission’s regulatory authority.

Describe Any Other Considerations Relevant to Your Goal or Action Item

Rule review should be ongoing as industries regulated by the Railroad Commission rapidly evolve in their development and use of science, technology, and best practices. The Commission will complete a

thorough review of its rules in a systematic process, with all revisions or amendments accomplished no later than 8/31/19.

3. Enhance collection of, access to, and use of data to improve Railroad Commission programs that ensure public safety and environmental protection.

Specific Action Items to Achieve Your Goal

- Action 1. Develop an enterprise architecture model allowing the Commission to determine how it can most effectively achieve its current and future objectives, relying on standardized requirements and working towards a more integrated model.
- Action 2. Assess existing technology infrastructure to identify and prioritize future needs, integration opportunities, and cost-effective solutions.
- Action 3. Investigate current trends in data query design and functionality, with a focus on best practices among regulatory models.
- Action 4. Implement strategic workflow mapping to ensure business process improvement prior to development of an integrated design of agency information management systems.
- Action 5. Analyze forward-facing solutions for the intake, management, and delivery of Commission data, including regulatory communications with industry.
- Action 6. Create workflow to improve management and ultimate elimination of outdated or redundant web content.
- Action 7. Enhance existing systems by implementing, where possible, commonly understood language for greater clarity and ease of use.

Describe How Your Goal or Action Items Supports Each Statewide Objective

1. **Accountable to tax and fee payers of Texas.** Continuing IT modernization will improve efficiencies in the collection, management, and use of data critical to the success of the Commission. Effective IT modernization and automation will reduce time on task for employees, while reducing the dependency on paper processes, and expanding the foundation for integrated systems.
2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.** Implementation of this series of action plans will move the Commission towards a more efficient use of data, availability of, and access to information and services provided by the Commission to industry, the public, other state agencies, and Commission staff. A review of regulatory best practices and process improvements will drive prioritization of IT modernization efforts.
3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.** Given the enormous amounts of information and data the Commission collects, maintains, and makes available to the public, ensuring agency systems and processes operate with the highest level of efficiency and accessibility is critical to environmental protection, public safety, and economic security. This requires vigilance in continuous review and updating of IT systems related to data collection and

data management in the field and at headquarters. A delay in data collection or data management could result in adverse consequences for the Commission's stakeholders.

4. **Providing excellent customer service.** The Commission will improve its responsiveness and transparency by providing easier access to Commission information, but will automate only where automation is the best solution.
5. **Transparent such that agency actions can be understood by any Texan.** The Commission will more effectively communicate its mission, goals, and achievements to all Texans by improving ease of access to the ever increasing amounts of Commission data and information.

Describe Any Other Considerations Relevant to Your Goal or Action Item

The Commission will adopt forward-facing and innovative technologies to support data access and use. While ongoing by design, the Commission seeks to implement this action plan by 8/31/21 by building capacity for a program of continuous improvement and anticipating future needs for the Commission's technological infrastructure.

The Commission will seek funding to further improve data tools as it plans to continue its Information Technology Modernization Program (ITMP) and invest in capability enhancements to automate data collection, management, and reporting. Continuation of this effort will follow the multi-biennia, phased implementation plan begun by the Commission in 2013.

Following this model will provide the Commission with the appropriate flexibility to prioritize needed improvements based on public impact, safety and environmental risk assessments, business needs, and technology factors, as well as allow the Commission to make short-term tactical improvements that will ultimately result in automation for all appropriate data types and processes. Many of these improvements will serve to automate monitoring, tracking, and other activities that are currently handled manually or other stand-alone spreadsheets, but the Commission will implement automation solutions only in those instances where it is cost effective, and will result in improved customer service.

Further ITMP efforts will require an additional investment of approximately \$15 to \$20 million in funding over the next two to three biennia. These investments would include the following elements:

- Develop policies necessary for requiring reports to be filed electronically,
- Improve and expand the tracking and management of inspection processes,
- Improve the tracking and management of oil and gas violations,
- Improve the tracking and management of enforcement processes, and
- Improve and centralize case management.

These action plans align with the following focus areas of the *2016-2020 State Strategic Plan for Information Resources Management*: reliable and secure services, cost-effective and collaborative solutions, data utility, and mobile and digital services.

4. Invest in the quality and sustainability of the Railroad Commission's employees through needs assessment and professional development creating the optimal workforce.

Specific Action Items to Achieve Your Goal

- Action 1. Assess prospective workforce needs by comparing the current workforce with industry and scientific progression to employ the talent needed to effectively regulate amidst all phases of the energy industries' cycles.
- Action 2. Institute agency-wide training bridging the Railroad Commission, its mission, and its core functions to each individual role and engaging staff in an agency-wide perspective to encourage cross-function opportunities.
- Action 3. Identify, test, and implement technologies or tools, such as webinars and e-newsletters that foster learning and advance knowledge regarding the industries the Commission regulates.
- Action 4. Develop training plans specific to each employee group based on job functions, education, and experience to include in annual employee performance evaluations, with a focus to develop leadership, technical, and other skills in high potential employees.
- Action 5. Distribute Commission-wide email at the beginning of each quarter, highlighting outstanding service award winners, information technology program developments, and upcoming web updates. Priority messages and focus will be determined each quarter in consultation with the Executive Director.
- Action 6. Strengthen working relationships within the Commission through targeted initiatives, e.g., a lunch speaker series, employee engagement programs, a talent development program, and employee recognition and rewards programs.

Describe How Your Goal or Action Items Supports Each Statewide Objective

- 1. **Accountable to tax and fee payers of Texas.** Attracting and retaining the best, most qualified employees ensures Commission staff will meet the mission of the agency with the greatest level of efficiency and effectiveness possible.
- 2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.** The Commission needs a strong, highly skilled, and diverse workforce to effectively oversee the state's energy industries.
- 3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.** Maintaining a highly skilled, and where appropriate, highly specialized workforce, with longevity of service and knowledge of the Commission and its regulated industries, will minimize the costs associated with recruiting and training new employees, allowing the Commission to focus on its core regulatory responsibilities.
- 4. **Providing excellent customer service.** On-going employee training and professional development allows the Commission to continually improve its performance, while providing excellent customer service.

5. **Transparent such that agency actions can be understood by any Texan.** An experienced and knowledgeable workforce facilitates useful and understandable communication of regulatory actions to all Texans.

Describe Any Other Considerations Relevant to Your Goal or Action Item

Engage Commission staff with initiatives that will promote their understanding of the Railroad Commission as a dynamic, holistic organization, and encourage their professional development in correlation to Commission duties. These actions focus on developing and retaining current employees, with all actions in progress or completed by 8/31/21.

An investment in the human capital of the Commission is an investment that requires time, talent, and funding. Results from the Survey of Employee Engagement indicate that there is a desire by Commission employees to continue long-term employment, but inadequate pay is a primary concern. Exit interview statistics confirm low pay as a motivator to leave the Commission. As might be expected, the highest percentage of turnover (28 percent) occurs among employees that are older than 60, but the greatest concern for turnover among different age groups continues to be the Commission's inability to retain employees under the age of 40. Thirty-six employees under the age of 40 elected to leave the Commission in fiscal year 2015, a number equal to 30.5 percent of all separating employees. With this goal, the Commission seeks to address these issues, and strive to implement successful actions within existing funding constraints.

5. Encourage public engagement and increase educational outreach to improve understanding of the Commission's role.

Specific Action Items to Achieve Your Goal

- Action 1. Develop and implement scope of Commission outreach efforts with definable measures of success.
- Action 2. Work with local governments and community partners to develop outreach opportunities that encourage new audiences to engage with the Commission.
- Action 3. Achieve greater consistency with outreach efforts across specific grant-funded programs, such as the Damage Prevention program or the Brownfields program.
- Action 4. Seek partnerships with local or statewide organizations that could be considered non-traditional Commission stakeholders providing opportunities for the Railroad Commission to educate a wider audience on the core regulatory functions under Commission jurisdiction.
- Action 5. Leverage rapidly evolving electronic media and social media platforms to fully exploit these opportunities for greater public engagement and education, as well as stakeholder communications.

Describe How Your Goal or Action Items Supports Each Statewide Objective

1. **Accountable to tax and fee payers of Texas.** It is critical to the success of the Commission to ensure Texans are fully informed of the policies enacted and actions taken by the Commission to ensure public safety and protection of the environment, while ensuring the energy industry continues to contribute to the state's economic vitality.

2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.** Electronic and social media provide extremely cost-efficient and increasingly effective communications platforms from which to provide the general public and targeted audiences with important information about the Commission.
3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.** The Commission tracks social media engagement, media reports, and electronic communications to measure use of electronic communications. Electronic strategies are constantly under review and new tactics employed to communicate with Texans, as opportunities are identified.
4. **Providing excellent customer service.** Respond as appropriate and review all communications to ensure the Commission is providing useful, relevant information to the public and agency stakeholders.
5. **Transparent such that agency actions can be understood by any Texan.** By engaging all stakeholder groups, including the general public, the regulated community, and governmental entities, the Commission continues to work to educate and inform Texans about its role in regulating the safe, responsible production of the state's natural resources

Describe Any Other Considerations Relevant to Your Goal or Action Item

Engagement with the public is a key component of the Railroad Commission's strategic communication plan. The Commission will increase public engagement to actively educate on the responsibilities, processes, and actions of the Commission and its jurisdictions. The Commission will define its audiences, while providing consistent and educational information through a comprehensive program of outreach that informs Texans on the full range of activities the Commission engages as it regulates the state's energy industries with the initial audience identification completed by 8/31/19.

Redundancies and Impediments

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Provide Agency Recommendation for Modification or Elimination	Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change
<p>Texas Government Code §2054.375, Subchapter L - Statewide Technology Centers</p>	<p>Statute requires DIR to manage a statewide data center consolidation and identify agencies for participation. The Data Center Services (DCS) program, overseen by the Texas Department of Information Resource (DIR): includes mainframe, server, network, data center, and print/mail services. It establishes barriers to entry for new competition and limits free market participation. The costs for services are unpredictable and uncontrollable for individual agencies because the cost is based on the usage of other participating agencies. Staff must duplicate and monitor responsibilities and duties of the vendors to verify the accuracy of the charges for services and dispute the charges that are incorrect.</p>	<p>Modify the requirement for participation from mandatory to voluntary. This will allow the agency to procure services in a competitive market and procure the best value solutions.</p>	<p>Cost savings are unknown at this time. There are alternatives of which it is believed that a competitive market will provide incentive for cost reduction. However, due to the requirement to participate, it would be a waste of resources to investigate alternatives through RFI or otherwise. The benefit of the recommended change would be that the agency could evaluate using better and more cost effective service solutions.</p>

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Provide Agency Recommendation for Modification or Elimination	Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change
Natural Resources Code, Sec. 81.070	Approximately 76 percent of the Commission’s biennial budget is appropriated out of the Oil and Gas Regulation and Cleanup Fund. The current revenue streams of this fund are closely tied to the crude oil market, which has experienced a significant downturn in recent years. Given this uncertainty, the Commission needs steady and consistent revenue sources that are less affected by the global market volatilities.	Identify a stable and consistent source of revenue for the Commission’s regulatory programs.	Other existing sources of dedicated general revenue could be redirected to the Commission to offset unstable revenue from current funding sources. This could be accomplished without a cost to general revenue.
Texas Utilities Code, Chapter 251, §251.003	Federal funding for the RRC damage prevention program is withheld due to the exemptions in this section.	Revise Sec. 251.003.	Up to \$50,000 in federal funding for RRC Damage Prevention Program would be available if changes to statute removed the exemption language.
TAC 16, Chapter 18, §18.1 (c)	Federal funding for the RRC damage prevention program is withheld due to the exemptions in this section.	Revise Sec. 18.1(c)	Up to \$50,000 in federal funding for RRC Damage Prevention Program would be available if changes to statute removed the exemption language.

Table 1: Redundancies and Impediments

Schedule A: Budget Structure

Goal 1 Energy Resources

To oversee the development of the state's energy resources while protecting public health and the environment through an effective regulatory program.

Objective 1.1

Provide for the orderly and efficient development of oil and gas resources while preventing waste, protecting the correlative rights of mineral interest owners, and conserving the state's oil and natural gas resources.

Outcome Measures

- 1.1.1 Percent of oil and gas wells that are active

Strategy 1.1.1 Energy Resource Development

Protect correlative rights and prevent waste while maximizing opportunities for the development of lignite, oil, and gas resources through well site permitting, production allowables, production rule reviews, and exception processing.

Output Measures

- 1.1.1.1 Number of organizations permitted or renewed
- 1.1.1.2 Number of drilling permit applications processed
- 1.1.1.3 Number of wells monitored

Efficiency Measures

- 1.1.1.1 Average number of cases completed by examiner
- 1.1.1.2 Average number of wells monitored per analyst
- 1.1.1.3 Percent of environmental permit applications processed within established time frames
- 1.1.1.4 Average number of days to process a drilling permit

Explanatory Measures

- 1.1.1.1 Number of active oil and gas rigs
- 1.1.1.2 Volume of oil produced from active CO2 injection recovery
- 1.1.1.3 Volume of CO2 stored underground
- 1.1.1.4 Annual calendar year production of Texas crude oil
- 1.1.1.5 Annual calendar year production of Texas natural gas
- 1.1.1.6 Number of horizontal drilling permit applications processed
- 1.1.1.7 Number of vertical drilling permit applications processed

Goal 2 Safety Programs

Advance safety in the delivery and use of Texas petroleum products, including LPG/LNG/ CNG, and in the operation of the Texas pipeline system through training, monitoring and enforcement, and promote, educate, and enforce regulations for underground damage prevention.

Objective 2.1

Improve public safety through regulatory oversight of the pipeline industry by inspection, compliance, and educational activities.

Outcome Measures

- 2.1.1 Average number of pipeline safety violations per equivalent 100 miles of pipe identified through inspections

Strategy 2.1.1 Pipeline Safety

Ensure the safe operation of pipelines through permitting, field inspections, accident investigations and emergency response.

Output Measures

- 2.1.1.1 Number of pipeline safety inspections performed
- 2.1.1.2 Number of pipeline safety violations identified through inspections
- 2.1.1.3 Number of pipeline accident investigations and special investigations performed

Efficiency Measures

- 2.1.1.1 Average number of pipeline field inspections per field inspector

Strategy 2.1.2 Pipeline Damage Prevention

Support education and public awareness efforts to inform the public about damage prevention laws, compliance, and penalties.

Output Measures

- 2.1.2.1 Number of excavation damage enforcement cases completed

Objective 2.2

Ensure safety through regulation of the LPG/CNG/LNG alternative fuels industries.

Outcome Measures

- 2.2.1 Average number of LPG/CNG/LNG safety inspections per inspection unit
- 2.2.2 Percent of LPG/CNG/LNG inspections with non-compliance items cited where a notice of correction was received

Strategy 2.2.1 Regulate Alternative Fuel Sources

Protect the health, safety and welfare of the general public by ensuring the safe storage, transportation of Liquefied Petroleum Gas, Compressed Natural Gas, and Liquefied Natural Gas as alternative fuel sources through safety education, accident investigation, inspection and enforcement of safety regulations.

Output Measures

- 2.2.1.1 Number of LPG/CNG/LNG safety inspections performed
- 2.2.1.2 Number of LPG/CNG/LNG safety violations identified through inspections
- 2.2.1.3 Number of LPG/CNG/LNG accident investigations and special investigations performed
- 2.2.1.4 Number of LPG/CNG/LNG qualifying examinations administered and licenses, certifications and registrations
- 2.2.1.5 Number of training hours provided to alternative fuels certificate holders

Efficiency Measures

- 2.2.1.1 Average number of LPG/CNG/LNG safety inspections per inspector
- 2.2.1.2 Percent of LPG/CNG/LNG Completion Reports processed within 30 business days of receipt
- 2.2.1.3 Percent of Applications to Install LPG/CNG/LNG Facility processed within 30 business days of receipt

Goal 3 Environmental and Consumer Protection

To protect the environment and consumers by ensuring that energy production, storage, and delivery minimize harmful effects on the state's natural resources, and that just and reasonable natural gas rates promote a safe and efficient supply of natural gas.

Objective 3.1

Reduce the occurrence of environmental violations associated with fossil fuel extraction and energy production in Texas.

Outcome Measures

- 3.1.1 Percentage of oil and gas facility inspections that identify environmental violations.

Strategy 3.1.1 Oil and Gas Monitoring and Inspections

Assure that Oil and Gas permitted activities comply with applicable state regulations through field inspections, witnessing tests, monitoring reports, processing applications and enforcement actions.

Output Measures

- 3.1.1.1 Number of oil and gas facility inspections performed
- 3.1.1.2 Number of enforcement referrals for legal action due to oil and gas rule violations
- 3.1.1.3 Number of oil and gas environmental permit applications and reports processed
- 3.1.1.4 Number of lease severances or well seals initiated
- 3.1.1.5 Number of district-initiated issuance of severance/seal orders
- 3.1.1.6 Number of oil and gas facility inspections with no violation
- 3.1.1.7 Percent of wells not inspected in last five years

Efficiency Measures

- 3.1.1.1 Average number of oil and gas facility inspections performed by district office staff
- 3.1.1.2 Percent of Total Well Population Inspected

Explanatory Measures

- 3.1.1.1 Number of oil and gas wells, and other related facilities subject to regulation
- 3.1.1.2 Number of statewide rule violations
- 3.1.1.3 Number of Major Statewide Rule Violations
- 3.1.1.4 Percent of violations corrected within 90 days

Strategy 3.1.2 Surface Mining Monitoring and Inspections

Assure that Surface Mining permitted activities comply with applicable state and federal regulations through field inspections, witnessing tests, monitoring reports, processing applications and enforcement actions.

Output Measures

- 3.1.2.1 Number of coal mining inspections performed
- 3.1.2.2 Number of coal mining permit actions processed
- 3.1.2.3 Percent of uranium exploration sites inspected monthly

Efficiency Measures

- 3.1.2.1 Average number of staff review days required to process uranium exploration permitting actions
- 3.1.2.2 Percent of coal permitting actions completed within statutory review time frames

Explanatory Measures

- 3.1.2.1 Annual calendar year production of Texas lignite coal

Objective 3.2

Identify and abate environmental and public health threats through voluntary operator actions or with use of state or federal funds.

Outcome Measures

- 3.2.1 Percentage of orphaned wells plugged with the use of state managed funds
- 3.2.2 Percentage of identified abandoned pollution sites investigated, assessed, or cleaned up with state managed funds

Strategy 3.2.1: Oil and Gas Well Plugging and Remediation

Protect public health and the environment by identifying, assessing, and prioritizing sites that require the use of state managed funds for well plugging and remediation.

Output Measures

- 3.2.1.1 Number of abandoned pollution sites investigated, assessed, or cleaned up with the use of state managed funds
- 3.2.1.2 Number of orphaned wells managed plugged with the use of state funds
- 3.2.1.3 Total aggregate plugging depth of orphaned wells plugged with the use of state managed funds

Efficiency Measures

- 3.2.1.1 Average number of days to complete abandoned state managed site clean-up
- 3.2.1.2 Average number of days to plug an orphaned well with the use of state managed funds

Explanatory Measures

- 3.2.1.1 Number of identified abandoned pollution sites that are candidates for state managed funded cleanup
- 3.2.1.2 Number of complex operator initiated cleanups monitored and evaluated
- 3.2.1.3 Number of orphaned wells approved for plugging
- 3.2.1.4 Number of known orphaned wells in non-compliance with the Commission plugging rule
- 3.2.1.5 Number of wells plugged, by operators, without the use of state managed funds
- 3.2.1.6 Percentage of active well operators who have more than 25 percent of their wells inactive
- 3.2.1.7 Number of shut-in/inactive wells

Strategy 3.2.2 Surface Mining Reclamation

Protect public health and the environment by identifying, assessing, and prioritizing mine lands that require the use of federal funds for reclamation and provide oversight for operator-initiated reclamation.

Explanatory Measures

- 3.2.2.1 Percentage of abandoned surface mine sites on which reclamation has been initiated

Objective 3.3

Maintain competitive prices and adequate natural gas supplies for Texas energy consumers.

Outcome Measures

- 3.3.1 Average Texas residential gas price for Commission regulated utilities as a percentage of the national average residential gas price

Strategy 3.3.1 Gas Utility Compliance

Oversee natural gas utility rate structures that promote safe, efficient, and reliable supply at a reasonable cost and audit regulated gas utilities to ensure compliance with rate structures and submission of Gas Utility Taxes.

Output Measures

- 3.3.1.1 Number of audits conducted
- 3.3.1.2 Number of Gas Utility dockets filed
- 3.3.1.3 Number of gas utilities compliance, tariff, and escalator filings

Efficiency Measures

- 3.3.1.1 Average number of audits per auditor

Explanatory Measures

- 3.3.1.1 Cost of gas included in average residential gas bill

Goal 4: Public Access to Information and Services

Strive to maximize electronic government and to minimize paper transactions by developing technological enhancements that promote efficient regulatory programs and preserve and increase access to public information.

Objective 4.1

Increase efficiency in providing public access to information and provide more efficient interaction with regulated industries.

Strategy 4.1.1: Public Information and Services

Collect, maintain, and preserve oil and gas data submitted to the Commission; provide efficient public access to this information; provide regulated industries the ability to conduct their business with the Commission electronically.

Output Measures

- 4.1.1.1 Number of documents provided to customers by Information Services.
- 4.1.1.2 Number of Railroad Commission records imaged from non-digital formats.
- 4.1.1.3 Number of reports provided to customers from electronic data records.

Schedule B: Performance Measure Definitions

Objective 1.1

Provide for the orderly and efficient development of oil and gas resources while preventing waste, protecting the correlative rights of mineral interest owners, and conserving the state's oil and natural gas resources.

Outcome 1-1-1: Percent of Oil and Gas Wells that Are Active

Definition: This is the number of active wells on the oil and gas proration schedule expressed as a percentage of the total wells (active and inactive) on schedule. Active wells include all producing wells and injection and other service wells.

Data Limitations: The active or inactive classification of wells is based on well status and production information reported by the oil or gas operator. Wells are classified as active or inactive directly from information reported by the operator and in some cases, programmatically adjusted based on whether or not production has been reported over a period of time. Inaccurate or delinquent reporting can impact the accuracy of the data.

Data Source: Count the number of active oil and gas, injection/service, and inactive wells on the oil and gas proration schedules at the end of a reporting period. Data is maintained within the mainframe database and downloaded to an Excel spreadsheet, which is retained in the Administrative Compliance section.

Methodology: Sum the total of active and inactive wells on the oil and gas schedule to get the total number of wells. Divide the number of active wells by the total number of wells on schedule to get the percentage of wells that are active.

Purpose: This measure provides an indication of the effectiveness of efforts to increase opportunities for oil and gas resource development and sustain production levels (e.g. severance tax incentive programs).

Calculation Method: Noncumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: Yes

Strategy 1.1.1 Energy Resource Development

Protect correlative rights and prevent waste while maximizing opportunities for the development of lignite, oil, and gas resources through well site permitting, production allowables, production rule reviews, and exception processing.

Output 1-1-1-1: Number of Organizations Permitted or Renewed

Definition: This is a count of new organizations added to the P-5 Database and organizations that renewed their organization report during the reporting period. Organizations performing operations within the jurisdiction of the Railroad Commission must have an approved organization report (Form P-5) on file with the Commission.

Active organizations are required to renew their organization report (Form P-5) annually.

Data Limitations: Data is based on a “snapshot” of statistics taken at the end of two consecutive months and may not be an exact reflection of activity within the current reporting period. However, the variance will self-correct over the following three months.

Data Source: Form P-5 organization report Data is maintained in a mainframe Database. The count of organizations permitted and renewed each month is manually calculated from consecutive monthly Form P-5 system summaries. Organization reports processed for changes in information are not included in the measure.

Methodology: To get the number of organizations permitted and renewed for each month in the reporting cycle: (a) subtract the number of active organizations at the end of the previous month from the number of active organizations at the end of the current month to obtain the net change in active organizations; (b) add the number of organizations which expired at the beginning of the current month to the net change in active organizations. Sum the totals for each month in the reporting cycle to get the total number of approved organizations permitted and renewed during the reporting cycle. Recalculate the year-to-date total each quarter by summing the counts for each quarter.

Purpose: This measure is intended to show the number of operators authorized to engage in oil and gas activity in Texas.

Calculation Method: Cumulative

Target Attainment: High

Priority: High

Key Measure: No

New Measure: No

Percentage Measure: No

Output 1-1-1-2: Number of Drilling Permit Applications Processed

Definition: The number of drilling permit applications processed during the reporting period.

Data Limitations: Drilling permit applications processed have well-defined parameters and are easily identified. The count may not include permits that are received but are incomplete and have not been built into the computer system, or corrections to previously filed reports.

Data Source: Counts of drilling permit applications processed are available from computer – generated statistical listings and maintained in the Drilling Permit section and on-line query programs.

Methodology: Sum the monthly totals of drilling permit applications processed during the three months within the reporting period to get the reporting period total. When calculating the second, third, and fourth quarter, recalculate the year-to-date total by summing quarter totals.

Purpose: This measure is an indication of oil and gas exploration and development activity. Drilling permits are required before wells can be drilled and completed, recompleted or reentered. This measure is intended to be an indicator of industry activity.

Calculation Method: Cumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 1-1-1-3: Number of Wells Monitored

Definition: The number of active and inactive oil, gas, and service wells carried on the master oil and gas schedule in the mainframe Database. The schedule shows all known wells currently assigned to an operator and regulated by the Commission.

Data Limitations: The count of wells monitored only reflects wells that have been built to schedule by personnel after review of the required paperwork and determination of well status. The count does not include wells that have been reported to the Commission but not built to schedule because of permit or paperwork problems or other processing delays.

Data Source: Well counts are computer generated monthly from a Database containing oil and gas schedule information. A separate count is generated for wells carried on the oil schedule and wells carried on the gas schedule. Before a well is placed on schedule, a well completion package of forms must be filed as required by Commission rules. The forms become a part of the historical record for each

well after they are audited and approved. All wells stay on the schedule and are monitored for compliance with applicable statewide rules until the well is properly plugged.

Methodology: Sum the count of wells carried on the oil schedule and the count of wells carried on the gas schedule as of the last month of the reporting period. For the year-to-date total average the well counts for the reported periods.

Purpose: This measure provides an indication of the number of wells that are currently being operated under the Commission's jurisdiction and monitored by the Commission for regulatory compliance.

Calculation Method: Noncumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: No

Efficiency 1-1-1 1: Average Number of Cases Completed Per Examiner

Definition: On average, the number of cases, on which final Commission action has been taken (typically a final order has been entered and any motion for rehearing has been disposed of), handled by each oil and gas examiner during the period.

Data Limitations: Because of the significant variance in the complexity of cases and the length of hearings, the average, while a reasonable guideline, often does not accurately reflect the speed or efficiency with which cases are handled. Similarly the variance can cause comparisons between reporting periods to be misleading.

Data Source: Docket records and monthly mainframe computer reports.

Methodology: Sum of cases completed divided by number of hearing examiners (both legal and technical) assigned cases during the period.

Purpose: Provides guidelines as to the speed at which cases requiring examiner action are being handled.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 1-1-1-2: Average Number of Wells Monitored Per Analyst

Definition: On average, the number of active and inactive oil, gas and service wells on the master oil and gas schedules that are being monitored for regulatory compliance by proration analysts that perform well analysis and set proration allowables.

Data Limitations: The count of wells monitored only includes wells that have been built to schedule by personnel after review of the required paperwork and determination of well status. The count does not include wells that have been reported to the Commission but not built to schedule because of permit or paperwork problems or other processing delays. Efficiency calculations are based on budgeted positions and are not adjusted for temporary vacancies.

Data Source: There are two sources of Data used to calculate this measure: 1) the number of wells maintained on the oil and gas master schedules; and 2) the number of personnel positions performing proration work. Well counts are computer generated monthly from a Database containing oil and gas schedule information. A separate count is generated for wells carried on the oil schedule and wells carried on the gas schedule. The number of personnel positions are those budgeted to perform proration work.

Methodology: Sum the count of wells carried on the oil schedule and the count of wells carried on the gas schedule as of the last month of the reporting period. Divide the sum by the number of proration analyst positions budgeted as of the last month of the reporting period. For the year-to-date average, average by the number of reporting periods.

Purpose: This measure is intended to show how efficiently wells on schedule are being monitored.

Calculation Method: Noncumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: No

Efficiency 1-1-1-3: Percent Permit Applications Processed Within Time Frames

Definition: This measure includes pit permits, land farming and land treatment permits, recycling permits, waste hauler permits, reclamation plant permits, and discharge permits. The targeted time frame for the review of environmental permits is established by agency rules or agency standard operating procedures.

Data Limitations: Applications are excluded from the count when suspended from processing in accordance with either agency rules or agency policy.

Data Source: This is a comparison of review time frames for all permitting actions completed during the reporting period, compared to the respective review time frame. A spreadsheet that tracks the processing of permit action requests is maintained within the Environmental Permits group. Key processing milestones are documented within the spreadsheet by logging the date of the event. Permit action reviews are considered complete when a deficiency letter or final action/decision letter is sent to the permittee. The number of staff review days is based on the number of calendar days beginning on the stamped receipt date and ending on the date staff completes its review with a deficiency letter or final action/decision letter. Review of initial and subsequent submittals are treated separately.

Methodology: Divide the number of actions with review time frames at or less than the review times by the total number of actions completed in the review period. Multiply this quotient by 100.

Purpose: The measure illustrates the overall performance of staff in meeting review time frames.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: Yes

Efficiency 1-1-1-4: Average Number of Days to Process a Drilling Permit

Definition: The average number of staff days required to review and process a drilling permit application during the reporting period.

Data Limitations: Drilling permit application processing time is a well-defined parameters and is easily identified. The average may not include permits that are received but are incomplete and have not been built into the computer system, or corrections to previously filed reports. Processing time calculated for this measure will exclude time periods associated with hearings and exceptions to Commission rules.

Data Source: The processing time of each drilling permit application is available from computer-generated statistical listings and maintained in the Drilling Permit section and on-line query programs.

Methodology: Average the time per drilling permit application processed during the three months within the reporting period to get the reporting period average. The second, third, and fourth quarter averages are calculated as discrete, non-cumulative averages.

Purpose: This measure provides an indication of staff's timeliness to process drilling permits, which are required before wells can be drilled. This measure may also be an indicator of industry activity.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-1: Number of Active Oil and Gas Rigs

Definition: This is the average number of oil and gas drilling rigs that were actively being used during the last fiscal year to explore for or develop oil or natural gas.

Data Limitations: Rig count Data is compiled by Baker Hughes; its accuracy is not within the control of the agency.

Data Source: The rig count Data are taken from a report issued by Baker Hughes (industry standard) titled U.S. Monthly Averages by State. The report is downloaded from the Baker Hughes Internet web site.

Methodology: Use the monthly rig count number shown under "Total Texas" for each month of the fiscal year. Add the monthly numbers and divide that sum by 12 to obtain the average number for the fiscal year.

Purpose: The number of active rigs directly impacts the level of drilling activity in the state. It is a quantitative indicator of the industry's operating environment. Comparing the rig count from year to year provides an indication of industry trend for new operations in Texas.

Calculation Method: Noncumulative

Target Attainment: High

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-2: Oil Produced from Leases W/CO2 Injection Wells for Tertiary Recovery

Definition: This measure is the reported volume of oil produced from leases on which CO2 injection wells are actively injecting CO2.

Data Limitations: At the end of each quarter, identify from Form H-10 all producing leases that inject CO2. Due to reporting requirements, the most recently available oil production from the leases comes from the previous quarter. Therefore, it is the production from the preceding quarter that is summed and reported.

Data Source: Data are collected through several specialized Database queries of the UIC download and the mainframe computer system.

Methodology: Form H-10 (Annual Disposal/Injection Well Monitoring Report) identifies the leases on which there have injection wells actively injecting CO2 and records the monthly volume of injected gas. Production for the leases with active CO2 injection is extracted from the mainframe computer system and summed.

Purpose: This metric focuses on the volume of oil produced from leases on which CO2 injection is active. These leases are currently associated with the large oil fields in the Permian Basin. Stemming the production decline of large oil fields is critical to sustain overall oil production in Texas and CO2 plays an instrumental role in this regard.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-3: Volume of CO2 Stored Underground

Definition: This measure is the reported volume of CO2 injected in underground reservoirs other than for enhanced oil recovery purposes.

Data Limitations: Injection wells are permitted to inject fluids that may not be pure CO₂. Other gaseous constituents may be mixed with the CO₂ when it is injected into the underground formation. At this time operators are required only to report the total gaseous volume stored, however Commission staff believes that the bulk of the reported volumes consists of CO₂.

Data Source: All injection well operators are required to report injected volumes on an annual basis. This Data is reported by month once a year with reporting cycles are staggered among operators. An accumulation of 15 months of Data is required to get a complete year for all operators. These Data are maintained on the Commission Database.

Methodology: Extract volumes from Commission Database.

Purpose: The capture and storage of CO₂ that would otherwise be released to the atmosphere is an important strategy for both environmental and economic reasons. Release of CO₂ into the atmosphere contributes to the accumulation of "greenhouse" gases that are a component of global climate change concerns. In addition the availability of large volumes of stored CO₂ could provide a ready source of product for industrial uses and enhanced oil recovery projects. Large-scale storage also provides new business opportunities for entities that wish to provide a service to industries that need to manage CO₂.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-4: Annual Calendar Year Production of Texas Crude Oil

Definition: The reported amount of crude oil produced in Texas expressed as barrels of oil.

Data Limitations: Some monthly oil production is reported late or inaccurately and revisions to a particular month's production can continue for several months into the future. Confident annual calendar year volumes for oil are typically not available until at least 6 months after the end of the calendar year.

Data Source: All Texas oil producers are required to report their monthly production by lease. Volumes are required to be reported by the last day of the month following production. This information is maintained on a Commission Database and reported monthly on the website.

Methodology: Oil is reported and maintained in a Commission Database in barrels. The number will be the sum of each month's Data and reported on a calendar year basis.

Purpose: Production of crude oil is important to the economy of the state and the United States since energy prices are largely controlled by supply and demand. If the supply of energy is declining, it is an indicator of higher energy prices.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-5: Annual Calendar Year Production of Texas Natural Gas

Definition: The reported amount of natural gas produced in Texas expressed as thousand cubic feet.

Data Limitations: Some monthly natural gas production is reported late or inaccurately and revisions to a particular month's production can continue for several months into the future. Confident annual calendar year volumes for oil are typically not available until at least 6 months after the end of the calendar year.

Data Source: All Texas natural gas producers are required to report their monthly production by lease. Volumes are required to be reported by the last day of the month following production. This information is maintained on a Commission Database and reported monthly on the website.

Methodology: Natural gas is reported and maintained in a Commission Database in thousand cubic feet (Mcf). The number will be the sum of each month's Data and reported on a calendar year basis.

Purpose: Production of natural gas is important to the economy of the state and the United States since energy prices are largely controlled by supply and demand. If the supply of energy is declining, it is an indicator of higher energy prices.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-6: Number of Horizontal Drilling Permits Applications Processed

Definition: The number of horizontal drilling permit applications processed during the reporting period.

Data Limitations: Drilling permit applications processed have well-defined parameters and are easily identified. The count may not include permits that are received but are incomplete and have not been built into the computer system, or corrections to previously filed reports.

Data Source: Counts of drilling permit applications processed, including an indicator of whether the well is classified as “Horizontal”, are available from computer-generated statistical listings and maintained in the Drilling Permit section and on-line query programs.

Methodology: Sum the monthly totals of drilling permit applications processed where the application indicates that the well is a “Horizontal” well during the three months within the reporting period to get the reporting period total. When calculating the second, third, and fourth quarter, recalculate the year to-date total by summing quarter totals.

Purpose: This measure is an indication of oil and gas exploration and development activity. Drilling permits are required before wells can be drilled and completed, recompleted or reentered. This measure is intended to be an indicator of industry activity.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 1-1-1-7: Number of Vertical Drilling Permit Applications Processed

Definition: The number of vertical drilling permit applications processed during the reporting period.

Data Limitations: Drilling permit applications processed have well-defined parameters and are easily identified. The count may not include permits that are received but are incomplete and have not been built into the computer system, or corrections to previously filed reports.

Data Source: Drilling permit applications processed have well-defined parameters and are easily identified. The count may not include permits that are received but are incomplete and have not been built into the computer system, or corrections to previously filed reports.

Methodology: Sum the monthly totals of drilling permit applications processed where the application indicates that the well is not a “Horizontal” well during the three months within the reporting period to get the reporting period total. When calculating the second, third, and fourth quarter, recalculate the year to-date total by summing quarter totals.

Purpose: The number of vertical drilling permit applications processed during the reporting period.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Objective 2.1

Improve public safety through regulatory oversight of the pipeline industry by inspection, compliance, and educational activities.

Outcome 2-1-1: Average Number of Safety Violations

Definition: Average number of safety violations noted per 100 miles for distribution, transmission, and hazardous liquid pipeline systems inspected.

Data Limitations: None.

Data Source: Each pipeline safety evaluation documents the number of miles inspected and the number of violations found. Data are collected during field evaluations and maintained within the Pipeline Evaluation System (PES) database by pipeline system.

Methodology: An average number of violations per 100 miles of pipe for each of the three types of systems (distribution, transmission, and hazardous liquid) will be determined by dividing the number of violations by the mileage of pipe that was inspected. These three averages will then be averaged to get a single equivalent statewide number for all of the pipeline systems, other than master meter systems, within the state that are inspected each year.

Purpose: To determine the level of compliance by the various segments of the pipeline industry, a trending level can be established with this outcome. The Commission's Pipeline Safety program can be compared to other state or federal programs by type of pipeline to determine the level of compliance by the industry.

Calculation Method: Noncumulative

Target Attainment: Low

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: No

Strategy 2.1.1 Pipeline Safety

Ensure the safe operation of pipelines through permitting, field inspections, accident investigations and emergency response.

Output 2-1-1-1: Number of Pipeline Safety Inspections Performed

Definition: A total of the standard and follow-up comprehensive safety compliance inspections conducted on intrastate hazardous liquids and natural gas pipelines.

Data Limitations: None.

Data Source: All safety inspections/evaluations and investigations are conducted using inspections forms to record the Data relevant to the safety evaluation, in addition to Data from other sources entered into the PES system. All of the Data are maintained in the Commission's PES system.

Methodology: PES can be utilized to total the number of standard and follow-up comprehensive inspections conducted within any prescribed time interval to calculate the number of inspections conducted. The inspection will be considered complete based on the supervisor-approved date of the inspection. All standard and follow-up comprehensive inspections approved within the time period selected will be totaled.

Purpose: Standard and follow-up comprehensive safety inspections are conducted on pipeline facilities to monitor compliance with Commission safety regulations. Inspections are conducted on various types of facilities and tracked by the system and evaluation type.

Calculation Method: Cumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 2-1-1-2: Number of Pipeline Safety Violations Identified through Inspections

Definition: Safety inspections identify violations of Commission safety regulations for pipeline facilities. Violations are listed by each particular code section and associated with each individual safety inspection.

Data Limitations: None.

Data Source: The inspection reports include information on the type of installation and all observed violations. The Data is transferred into the Commission's PES system.

Methodology: The source of Data is the PES system.

Purpose: Safety inspections are conducted to determine the compliance with the Commission's safety regulations for pipeline installations. Noncompliance with the safety regulations are identified and recorded on the field evaluation Data sheets and recorded into the PES Database.

Calculation Method: Cumulative

Target Attainment: Low

Priority: High

Key Measure: No

New Measure: No

Percentage Measure: No

Output 2-1-1-3: Number Pipeline Accident Investigations & Special Investigations

Definition: In addition to routine standard and follow-up comprehensive safety inspections, special investigations and incident and accident investigations are conducted on pipeline facilities to determine operators' compliance with Commission safety regulations. Many special inspections are initiated through public complaints; incident and accident investigations are conducted in the event an incident or accident occurs on a pipeline facility.

Data Limitations: None.

Data Source: Using PES, the number of incident, accident, and other special investigations can be determined. Each inspection or investigation requires an on-site visit, which includes the completion of a field report that documents what the inspector found as well as the amount of time spent conducting the investigation.

Methodology: PES can be used to total the number of incident, accident, and other special inspections conducted within any prescribed time interval to calculate the number of inspections conducted. The

inspection will be considered complete based on the supervisor-approved date of the inspection. All incident, accident, and other special inspections approved within the time period selected will be totaled.

Purpose: Incident and accident investigations are conducted to determine the probable cause of the incident and to determine if an operator's non-compliance may have contributed to the incident. Special investigations are conducted to monitor such activities as new construction, operator qualifications, and integrity management, and to respond to consumer/public complaints.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 2-1-1-1: Average Number of Pipeline Field Inspections Per Field Inspector

Definition: Each inspector is required to conduct a minimum number of field inspections. This summarizes the number of evaluations completed during any specific time frame and the number of inspectors available to conduct inspections.

Data Limitations: There is no separate allowance for evaluations where multiple inspectors conduct an evaluation. In this instance the evaluation will only be counted once.

Data Source: The Data are collected in the Commission's PES as part of the inspection process. Each inspection records the inspector performing the inspection and the time the evaluation was conducted. The number of field personnel is maintained in the section.

Methodology: The total number of all types of inspections (standard and follow-up comprehensive inspections, and incident, accident, and other special inspections) completed and approved during each reporting period is divided by the number of inspectors available to conduct inspections.

Purpose: To maintain adequate staffing levels and projections for workload within fiscal years, it is important to use the average of inspections per inspectors.

Calculation Method: Cumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: No

Strategy 2.1.2 Pipeline Damage Prevention

Support education and public awareness efforts to inform the public about damage prevention laws, compliance, and penalties.

Output 2-1-2-1: Number of Excavation Damage Enforcement Cases Completed

Definition: The number of excavation damage enforcement and complaint cases completed.

Data Limitations: None.

Data Source: Data will be obtained from the Commission's online system (TDRF) used to collect data regarding damages to underground facilities and all enforcement actions taken as a result of the damage to those facilities.

Methodology: The Data will be collected from the Commission's online damage reporting system regarding the number of enforcement cases and complaints processed over a designated time period.

Purpose: This measure indicates the effectiveness of the Commission's damage prevention enforcement program to increase awareness of compliance requirements and reduce the number of damages to intrastate pipeline systems by tracking the enforcement activity regarding damage prevention violations.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Objective 2.2

Ensure safety through regulation of the LPG/CNG/LNG alternative fuels industries

Outcome 2-2-1: Average Number of LPG/CNG/LNG Violations

Definition: Each safety inspection will identify and record any violation of the LPG/CNG/ LNG safety regulations. The average number of violations per inspection can be used as a benchmark for the state of the LPG/CNG/LNG industry.

Data Limitations: None.

Data Source: Each field inspection documents the number of violations and this data is entered into the LIS Oracle database system. The number of inspections by type and number of violations by type can be retrieved from this system. Each site that is inspected is considered one inspection.

Methodology: The total number of violations noted is divided by the total number of inspections completed to determine the average number of safety violations per inspection.

Purpose: The Commission's LPG/CNG/LNG safety program conducts field investigations and inspections of stationary and mobile installations to determine compliance with the Commission's safety regulations. By determining the average number of violations per inspection, the overall effectiveness of the program can be monitored by comparing the trend of reported average violations per year.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: No

Outcome 2-2-2: Percent of LPG/CNG/LNG inspections with non-compliance items cited where a notice of correction was received

Definition: For all inspections where items were cited to be out of compliance a non-compliance letter is sent to the facility/equipment's owner/operator and, in most cases, the facility/equipment's supplier. The owner/operator/supplier is given 45-days from the date of the letter to correct all non-compliance items. The non-compliance letter can be used to submit notice of corrections. If a notice of correction is not received a follow-up letter is sent to all parties removing the installation from service until the corrections are made and notice is sent to the Commission.

Data Limitations: None

Data Source: The non-compliance letter sent date and the notice of correction received date are tracked in the LIS database. Any notice of correction received after the follow-up letter is also entered into LIS.

Methodology: The total number of corrections notices received divided by the number of inspections where citations are listed (by rule number per inspection) multiply by 100 to determine the percentage of non-compliance inspections where notice of correction was received. The number of inspections with citations and the notice of correction are calculated using the LIS database.

Purpose: The number of corrections would help to determine where resources may need to be concentrated to verify compliance at installations where confirmation has not been received.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Medium

Key Measure: No

New Measure: Yes

Percentage Measure: Yes

Strategy 2.2.1 Regulate Alternative Fuel Sources

Regulate Alternative Fuel Sources Protect the health, safety and welfare of the general public by ensuring the safe storage, transportation of Liquefied Petroleum Gas, Compressed Natural Gas, and Liquefied Natural Gas as alternative fuel sources through safety education, accident investigation, inspection and enforcement of safety regulations.

Output 2-2-1-1: Number of LPG/LNG/CNG Safety Inspections Performed

Definition: A total of the onsite safety inspections conducted on jurisdictional LPG/LNG/CNG stationary and mobile installations. Excludes 'Compliance Disposed' inspections; for example, where duplicate records are removed as a result of an onsite inspection

Data Limitations: None.

Data Source: All safety inspections are conducted using Data collection sheets to record Data relevant to safety evaluations. Inspections are tracked within the LIS Oracle system by evaluation type. All of the Data is transferred into the Commission's LIS Oracle Database each week by the inspector that conducts the inspection.

Methodology: The total number of LPG/CNG/LNG inspections conducted within a prescribed time interval is calculated using the LIS Oracle Database.

Purpose: Onsite inspections are conducted on jurisdictional LPG/LNG/CNG installations to monitor compliance with Commission safety regulations. The more inspections that are performed the more likely violations and hazardous conditions will be identified and corrected; reducing the risk of personal injury and property damage.

Calculation Method: Cumulative

Target Attainment:

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 2-2-1-2: Number of LPG/LNG/CNG Safety Violations Identified through Inspection

Definition: Safety inspections identify violations of Commission safety regulations for LPG/LNG/CNG facilities, vehicles and mobile equipment. Violations are listed by each particular code section and associated with each individual safety inspection.

Data Limitations: None.

Data Source: The inspection reports include information on the type of installation and all observed violations. The Data is transferred into the Commission's LPG LIS Oracle Database.

Methodology: The source of Data is the LPG Oracle Database.

Purpose: Safety inspections are conducted to determine the compliance with the Commission's safety regulations for LPG/LNG/CNG installations. Noncompliance with the safety regulations are identified and recorded on the field evaluation Data sheets. The owners or operators of stationary installations or vehicle/mobile equipment cited for violations are notified of the safety issues and afforded a specific time frame to take corrective action or remove the installation or vehicle/mobile equipment from service.

Calculation Method: Cumulative

Target Attainment:

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Output 2-2-1-3: Number of LPG/CNG/LNG Investigations

Definition: In addition to routine safety inspections, special investigations and accident investigations are conducted on LPG/CNG/LNG facilities, vehicles and mobile equipment to determine compliance with Commission safety regulations. Investigations of unsafe installations or practices are initiated by complaints from individuals in the regulated industries or from the public. Licensees are required by Commission rules to report incidents or accidents involving LPG/CNG/LNG at installations or on equipment they own, operate or service.

Data Limitations: None.

Data Source: Division staff enters accidents and complaints into an access Database, and final approval inspections, follow-up re-inspections and other special inspections are entered in the LIS Oracle Database.

Methodology: Adding the totals from each Database equals the total number of accidents and special inspections.

Purpose: Accident investigations are conducted to determine the probable cause of the incident and to determine if non-compliance with applicable safety regulations may have contributed to the incident. Special investigations are conducted to monitor new construction and installation activities, approve large stationary installations and certain vehicles, and to respond to consumer/public/industry complaints. Special investigations also include certain follow up inspections to determine compliance from a previous inspection.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: No

Output 2-2-1-4: Number of LPG/CNG/LNG Exams Administered

Definition: Persons engaged in jurisdictional LPG, CNG and LNG activities are required to be licensed, certified or registered with the Railroad Commission. To obtain a certification a person must pass a written examination. Forms, fees and insurance must be filed with the division to obtain a license, and certain licenses require cargo tank motor vehicles and delivery units to be registered with the Commission. Licensed master and journeyman plumbers and air-conditioning and refrigeration (ACR) licensees who perform certain LPG or CNG activities may register for an exemption with the Commission

in lieu of maintaining a current Railroad Commission license or certification. Annual renewal of each license, certification and/or registration is required.

Data Limitations: None.

Data Source: All Data for LPG, CNG and LNG examinations, certification, licenses and registrations are entered into the Commission's LIS Oracle Database.

Methodology: The totals can be calculated using reports from the LIS Oracle Database.

Purpose: Persons who perform jurisdictional LPG, CNG or LNG activities in Texas are required by statute to hold a license or registration from the Commission. All licensees must have insurance and employees performing jurisdictional activities must be certified by testing on safety regulations. Licensees, certified employees, and registrants must renew annually. Licensees with transports must register each truck annually.

Calculation Method: Cumulative

Target Attainment: High

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: No

Output 2-2-1-5: Number Training Hours Provided to Alternative Fuels Certificate Holders

Definition: Training hours are the hours an instructor spends in a classroom or in the field teaching a class or seminar.

Data Limitations: None.

Data Source: Commission records of classes. For classes that confer Railroad Commission training or continuing-education credit, instructors report class length to their supervisor in writing within one day of their return to Commission headquarters. Information from these reports is entered into the Commission's LIS Oracle training Database. For non-credit training classes and seminars, training hours are recorded in a separate Excel spreadsheet.

Methodology: Retrieve from the LIS Oracle training Database the total number of class training hours. Retrieve from the non-credit training class Excel spreadsheet the total number of class training hours. Add these two totals and report the sum.

Purpose: This measure tells how much technical training the division provides annually to alternative fuels technicians, other industry personnel, emergency responders, and consumers, e.g., alternative

fuels school bus fleet operators, and emergency responders. The more training that is provided, the more likely industry personnel, emergency responders and consumers are to competently and safely operate alternative fuels equipment and installations, and respond to emergencies.

Calculation Method: Cumulative

Target Attainment: High

Priority: High

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 2-2-1-1: Average Number of LPG/CNG/LNG Safety Inspections Per Inspector

Definition: Each alternative inspector is required to conduct a minimum number of on-site safety inspections. This measure summarizes the number of evaluations completed during any specific time frame and the number of inspectors available to conduct inspections.

Data Limitations: There is no separate allowance for a safety inspection in which multiple inspectors collaborate to complete the inspection. In such an instance the inspection will only be counted once and credited to a single inspector.

Data Source: The Data is collected in the Commission's LIS Oracle Database as part of the inspection process. A record of each inspection is entered into the Database that includes the name of the inspector and the time spent conducting the inspection. The number of field personnel is maintained by the division.

Methodology: The number of safety inspections completed during each reporting period is divided by the number of inspectors available to conduct inspections.

Purpose: To maintain adequate staffing levels and projections for workload within fiscal years, it is important to use the average number of inspections performed by inspectors.

Calculation Method: Cumulative

Target Attainment:

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 2-2-1-2: Percent of LPG/CNG/LNG Completion Reports processed within 30 business days of receipt

Definition: Completion reports are received when smaller capacity alternative fuel containers, racks or cascades are installed at non-residential facilities. The aggregate capacity of containers at a site is used to determine if a completion report is submitted. The aggregate capacities for each fuel type are less than: 10,000 gallons for LPG, 240 standard cubic feet water volume for CNG and 15,540 gallons for LNG. Completion reports should be processed within 30 business days of receipt.

Data Limitations: None

Data Source: The completion report received date is entered in the LIS database. The data entry date is automatically tracked by the LIS database.

Methodology: If the completion report data entry date is thirty days or less than the completion report received date, then the completion report was entered in the required time frame. The total number of completion reports entered within the required time frame divided by the number of completion reports received, multiply by 100 to determine the percentage of completion reports processed within 30 business days of receipt.

Purpose: The installations reported on completion reports are used to create the inspectors' annual schedule of installations that are due for inspection, including installations that have never been inspected. Inspectors will also inspect new installations that are not on their schedule; included in the inspection process for new installations is verification of a completion report on file. Completion reports must be entered in a timely manner to ensure proper verification.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: Yes

Percentage Measure: Yes

Efficiency 2-2-1-3: Percent of Applications to Install LPG/CNG/LNG Facility processed within 30 business days of receipt

Definition: Applications to Install LPG/CNG/LNG Facility (Plans) are received prior to the installation of larger capacity alternative fuel containers, racks or cascades at non-residential facilities. The aggregate

capacity of containers at a site is used to determine if plans are submitted. The aggregate capacities for each fuel type are as follows: 10,000 gallons or more for LPG, 240 standard cubic feet water volume or more for CNG and 15,540 gallons or more for LNG. Plans should be processed within 30 business days of receipt.

Data Limitations: None

Data Source: The application to install LPG/CNG/LNG facility's received date is entered in the LIS database. If the application is incomplete a letter will be sent to the applicant notifying them of deficiencies found with their application; if the application is complete then the applicant will receive a letter granting construction of the installation.

Methodology: If the deficiency letter or construction approval letter date is thirty days or less than the application to install LPG/CNG/LNG facility (application) received date, then the application was processed in the required time frame. The total number of applications processed within the required time frame divided by the number of applications received, multiply by 100 to determine the percentage of applications processed within 30 business days of receipt.

Purpose: Applications to install LPG/CNG/LNG facility must be processed within a timely manner to allow industry proper time to plan the construction of these installations. Construction cannot begin until the application is approved by AFS.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: Yes

Percentage Measure: Yes

Objective 3.1

Reduce the occurrence of environmental violations associated with fossil fuel extraction and energy production in Texas.

Outcome 3-1-1: Percent of Oil and Gas Inspections that Identify Violations

Definition: The percentage of the total number of oil and gas facility inspections performed where at least one pollution-related violation was detected. Pollution-related violations include violations of Statewide Rules 8, 9, 13, 14, 17, 20, 21, 46, 81, 91, 95, 96, 97, and 98 (water protection, disposal wells, well completion and plugging, wellhead pressure, fire prevention and swabbing, fluid injection, brine

mining, oil spills, hydrocarbon storage, and hazardous waste management) and violations of 16 TAC Chapter 4, Subchapter B (Commercial Recycling) and Subchapter F (Oil and Gas NORM).

Data Limitations: The number of non-compliant leases and facilities is affected by the health of the oil and gas industry, or the lack thereof. Increases/decreases in personnel and priority of inspection assignments also affect these numbers.

Data Source: Data is captured in the Inspection, Compliance, and Enforcement system. Statistical reports are generated monthly.

Methodology: This percentage is calculated by dividing the total number of oil and gas facility inspections where at least one pollution-related violation was detected by the total number of oil and gas facility inspections.

Purpose: This percentage measures the level of activity for the Commission's district offices associated with potential environmental threats, and is an indicator of the overall level of compliance by oil and gas operators in protecting the environment. From this percentage, a statistical projection of the number of compliant and non-compliant facilities and required Commission staffing may be deduced.

Calculation Method: Noncumulative

Target Attainment: Low

Priority: High

Key Measure: Yes

New Measure: No

Percentage Measure: Yes

Strategy 3.1.1 Oil and Gas Monitoring and Inspections

Assure that Oil and Gas permitted activities comply with applicable state regulations through field inspections, witnessing tests, monitoring reports, processing applications and enforcement actions.

Output 3-1-1-1: Number of Oil and Gas Facility Inspections Performed

Definition: This measure is the total number of inspections performed at a lease or other oil and gas facility by district staff and documented by a work report during the reporting period.

Data Limitations: Many factors impact the amount of time required to perform an inspection including type of inspection, number of wells inspected during one job, number/magnitude of detected violations, travel time, and weather conditions. As the time required to perform inspections increases, the overall number of inspections performed decreases. Increases/decreases in personnel and priority of inspection assignments also affect this number.

Data Source: Data is captured in the Inspection, Compliance, and Enforcement (ICE) system. Statistical reports are generated monthly.

Methodology: This measure is generated monthly from the ICE system by an automated report that provides the total number of oil and gas facility inspections performed during the reporting period.

Purpose: The number of oil and gas facility inspections performed measures the level of activity for the Commission's district offices. A subset of this number measures the level of compliance (or non-compliance) by oil and gas operators.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 3-1-1-2: Number of Enforcement Referrals for Legal Action

Definition: The total number of statewide rule violations of oil and gas leases and facilities referred to the Office of General Counsel, Enforcement section, wherein the responsible operator failed to initiate timely action to bring the lease or facility in compliance with statewide rules.

Data Limitations: None.

Data Source: Statistics on referrals to the Enforcement section are maintained in a Field Operations section spreadsheet application.

Methodology: This number is generated monthly by summing the total number of statewide rule violations referred by in the Field Operations section spreadsheet application for the reporting period.

Purpose: This measure represents the level of non-compliance at the district office level that requires further enforcement action by the Commission.

Calculation Method: Cumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Output 3-1-1-3: Number Oil and Gas Environmental Permit Applications and Reports Processed

Definition: The number of oil and gas environmental permit applications processed for disposal wells, waste hauler permits, surface storage, recycling, and disposal, hydrocarbons storage and brine mining, and monitoring reports for UIC well volumes and pressures and mechanical integrity tests (also known as pressure tests) for oil and gas enhanced recovery and disposal wells, and pressure tests or fluid level readings for inactive wells.

Data Limitations: Can be affected by any Data entry delays.

Data Source: Count the total number of permit applications processed and monitoring reports received and reviewed during the reporting period. Data is maintained within mainframe and PC programs.

Includes: Fluid injection wells (Forms H-1), disposal wells (Forms W-14), hydrocarbon wells (Forms H-4), brine mining wells (Forms H-2), pit applications (Forms H-11), minor permit applications, discharge applications, land farming applications, pipeline hydrostatic test permit applications, new/renewal waste hauler permit applications (Forms WH-1), UIC well monitoring reports (Forms H-10), report on test on inactive wells (Forms H-15), pressure test reports for UIC wells (Forms H-5), brine mining well monitoring reports, and hydrocarbon storage monitoring reports.

Methodology: Add the number of permit applications processed and monitoring reports received and reviewed during the reporting period.

Purpose: This measure provides an indication of Oil & Gas division staff workloads and oil and gas activity in the state.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 3-1-1-4: Number of lease severances or well seals initiated

Definition: This measure is the total number of actions initiated during the reporting period to terminate the authority of an operator to operate an oil lease or gas well through issuance of severance/seal orders due to violations of oil and gas rules.

Data Limitations: Many factors affect the level of lease severance/well seal activity. Universal compliance with the Commission rules or prompt resolution of any violations prior to initiation of action by the Commission is desirable and would result in lower reported counts; compliance and speed of resolution are matters within the control of industry rather than the agency.

Data Source: Data on each lease severance/well seal action is accumulated throughout the reporting period within the Commission's mainframe-based Severance/Seal system. Statistical reports are generated quarterly.

Methodology: This measure is generated quarterly by the Oil & Gas Division through a Database query that provides the total number of lease severance/well seal processes initiated during the reporting period. Actions closed and reinitiated are excluded to avoid duplication of counts.

Purpose: The number of lease severances and well seals initiated is an indicator of industry compliance with existing and changing Commission rules. The severance/seal process is an early and effective response to rule violations and often leads to prompt compliance.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: No

Output 3.1.1.5: Number of district-initiated issuance of severance/seal orders

Definition: This measure is the total number of district office actions initiated during the reporting period to terminate the authority of an operator to operate an oil lease or gas well through issuance of severance/seal orders due to violations of oil and gas rules identified through field inspections.

Data Limitations: Many factors affect the level of lease severance/well seal activity. Universal compliance with the Commission rules or prompt resolution of any violation prior to initiation of action by the district office is desirable and would result in lower reported counts; compliance and speed of resolution are matters within the control of industry rather than the agency.

Data Source: Data on each lease severance/well seal action is accumulated throughout the reporting period within the Commission's mainframe-based Severance/Seal system. Statistical reports are generated quarterly.

Methodology: This measure is generated quarterly by the Oil and Gas Division through a database query that provides the total number of lease severance/well seal processes initiated by the district office during the reporting period. Actions closed and reinitiated are excluded to avoid duplication of counts.

Purpose: The number of lease severances and well seals initiated by the district office is an indicator of industry compliance with the Commissions' pollution and safety related rules. The severance/seal process is an early and effective response to pollution and safety related rule violations and often lead to prompt compliance.

Calculation Method: Cumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: Yes

Percentage Measure: No

Output 3.1.1.6: Number of oil and gas facility inspections with no violation

Definition: This measure is the total number of inspections performed at a lease or other oil and gas facility by district staff where no violation of any statewide rule is documented.

Data Limitations: None.

Data Source: Data is captured in the Inspection, Compliance, and Enforcement (ICE) system. Statistical reports are generated monthly.

Methodology: This data is generated monthly from the ICE system by an automated report that provides the total number of oil and gas facility inspections performed by district staff where no violation of any statewide rule is documented.

Purpose: The purpose of this measure is to identify the level of compliance by oil and gas operators as identified through inspections conducted by Commission district offices.

Calculation Method: Noncumulative

Target Attainment: Low

Priority: High

Key Measure: No

New Measure: Yes

Percentage Measure: No

Output 3.1.1.7: Percent of wells not inspected in last five years

Definition: This figure represents the percent of the wells completed more than five years prior to the end of the reporting period that have not been inspected by district staff within the five years prior to the end of the reporting period.

Data Limitations: Not all inspections require the same amount of time to complete due to the travel time required to reach the lease where the well is located, the complexity of the job, and the number of violations identified at the well. Some inspections (such as well casing cementing operations, well plugging operations, and injection/disposal well mechanical integrity tests) are more time consuming and are performed to verify compliance rather than identify violations. These factors impact the number of wells inspected by district office staff, which has a direct impact on number of wells not inspected. Increases/decreases in personnel and priority of inspection assignments also affect this number.

Data Source: Data is collected in the Inspection, Compliance, and Enforcement (ICE) system.

Methodology: From the ICE system, identify all wells inspected during the five-year period prior to the end of the reporting period. From wellbore records as of the end of the reporting period, identify all wells on schedule that were completed more than five years prior to the end of the reporting period (the reviewed population). By comparing the two data sets, exclude all wells in the reviewed population where an inspection occurred within the five-year period. The percentage of the well population not inspected in 5 years is the number of uninspected wells divided by the number of wells in the reviewed population.

Purpose: The percentage of the total well population not inspected in the last 5 years measures how efficiently the Commission's district office staff conducts inspections of all completed oil and gas wells. This measure serves as a management tool to predict future inspection assignments.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: Yes

Percentage Measure: Yes

Efficiency 3-1-1-1: Average Number of Oil and Gas Facility Inspections Performed/District Staff

Definition: This figure represents the average number of oil and gas facility inspections performed during the reporting period by district staff.

Data Limitations: An inspection encompasses a lease or other oil and gas facility. Not all inspections require the same amount of time to complete due to the travel time required to reach the lease or facility, the number of wells on a lease, the complexity of the job, and the number of violations identified on the lease or facility. Some inspections (such as well casing cementing operations, well plugging operations, and injection/disposal well mechanical integrity tests) are more time consuming and are performed to verify compliance rather than identify violations. These factors impact the average number of inspections performed by district office staff. Increases/decreases in personnel and priority of inspection assignments also affect this number.

Data Source: Statistics on the total number of inspections, the number of district office staff, and the average number of inspections are maintained in the Inspection, Compliance, and Enforcement (ICE) system. Reports on these statistics are generated monthly.

Methodology: This measure is generated monthly from the ICE system by an automated report that provides the total number of oil and gas facility inspections performed during the reporting period and the total number of district office staff performing the inspections. The report determines the average number of inspections performed by dividing the total inspections by the total number of district office staff performing the inspections.

Purpose: The average number of oil and gas facility inspections performed measures how efficiently the Commission's district office staff conducts the inspections. The number also measures the level of activity for the Commission's district office staff. By tracking the average number of inspections performed, it is possible to determine the total number of inspections that can be performed during a specified period. This measure serves as a management tool to predict future inspection performance.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Efficiency 3.1.1.2: Percent of Total Well Population Inspected

Definition: This figure represents the percent of the total well population inspected by district staff for the reporting period.

Data Limitations: None.

Data Source: Data is collected in the Inspection, Compliance, and Enforcement (ICE) system. Statistical reports are generated monthly.

Methodology: This data is generated monthly from the ICE system by an automated report that provides the total number of oil and gas wells inspected during the reporting period and the number of oil and gas wells on schedule. The report determines the percentage of total well population inspected by dividing the number of wells inspected by the number of oil and gas wells on schedule. The denominator will be the number of wells as of 8/31 of the preceding fiscal year.

Purpose: The percent of the total well population inspected measures how efficiently the Commission's district office staff conducts inspections of oil and gas wells and measures the activity for the Commission's district office staff. By tracking the percent of total well population inspected, it is possible to determine the total number of wells that can be inspected during a specific period. This measure serves as a management tool to predict future inspection performance.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: Yes

Percentage Measure: Yes

Explanatory 3-1-1-1: Number of Oil/Gas Wells and Other Related Facilities Subject to Regulation

Definition: Number of oil and gas wells, existing facilities holding an active environmental permit, including disposal and EOR wells carried on the schedule, and the number of other major facilities.

Data Limitations: This is a constantly changing number since operators activate and deactivate facilities every day.

Data Source: Data is housed in mainframe and PC Databases. This number includes: hydrocarbon storage facilities (wells), brine mining wells, commercial facilities, UIC wells, vehicles permitted by oil and gas waste haulers, in addition to well counts.

Methodology: Add oil and gas well counts, hauler vehicles shown on PC Database, commercial injection and disposal wells and hydrocarbon storage and brine mining wells shown on the schedule, commercial storage and disposal facilities permitted under Rules 8, 9 and 46.

Purpose: The sum of these units is indicative of our regulatory tasks and allow for better allocation of resources for and prioritization of inspection and monitoring of environmental facilities.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Explanatory 3-1-1-2: Number of Statewide Rule Violations

Definition: This measure represents the total number of statewide rule violations reported by district office staff as a result of oil and gas facility inspections.

Data Limitations: None.

Data Source: The number of rule violations noted is maintained in the Inspection Compliance, and Enforcement (ICE) system.

Methodology: The number is generated by an automated report from the ICE system that tallies the number of inspections and violations during the reporting period. These reports are generated monthly. This measure counts unique violations at the initial point of discovery through field inspection.

Purpose: Oil and gas facility inspections are used to identify violations and initiate correction. The Commission takes appropriate enforcement action to achieve compliance on all reported rule violations including legal enforcement action, if necessary.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: Yes

New Measure: yes

Percentage Measure: No

Explanatory 3.1.1.3: Number of Major Statewide Rule Violations

Definition: This figure represents the total number of major statewide rule violations reported by district office staff as a result of oil and gas facility and well inspections.

Data Limitations: None.

Data Source: The number of major statewide rule violations is maintained in the Inspection, Compliance & Enforcement (ICE) system.

Methodology: This number is generated by an automated report from the ICE system that tallies the number of inspections and major violations during the reporting period. These reports are generated monthly. This measure counts unique, major violations at the initial point of discovery through field inspection.

Purpose: Oil and gas facility inspections are used to identify major violations and initiate correction. The Commission takes appropriate enforcement action to achieve compliance on all reported major rule violations including legal enforcement action, if necessary.

Calculation Method: Cumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: Yes

Percentage Measure: No

Explanatory 3.1.1.4: Percent of violations corrected within 90 days

Definition: This figure represents the number of statewide rule violations documented by district staff inspections that were resolved within 90 days.

Data Limitations: None.

Data Source: Data is captured in the Inspection, Compliance, and Enforcement (ICE) system.

Methodology: Identify and tally all statewide rule violations documented by district staff initial inspection during the period beginning 90 days before the beginning of the reporting period and ending 90 days before the end of the reporting period. For all identified rule violation within this population, identify and tally all statewide rule violations corrected (brought into compliance) within 90 days following the initial inspection. The percentage of violations corrected within 90 days is the number of

statewide rule violations corrected (brought into compliance) within 90 days divided by the total number of statewide rule violations identified.

Purpose: The percent of violations corrected within 90 days is an indicator of industry response to correct violations.

Calculation Method: Noncumulative

Target Attainment: High

Priority: High

Key Measure: No

New Measure: Yes

Percentage Measure: Yes

Strategy 3.1.2 Surface Mining Monitoring and Inspections

Assure that Surface Mining permitted activities comply with applicable state and federal regulations through field inspections, witnessing tests, monitoring reports, processing applications and enforcement actions.

Output 3-1-2-1: Number of Coal Mining Inspections Performed

Definition: The total number of inspections conducted during the fiscal year to assure mining operations are conducted in compliance with issued permits and applicable regulations.

Data Limitations: The frequency and type of inspections are dependent in part on the level of mining, reclamation or exploration activities that are ongoing during the reporting period.

Data Source: The number of inspections is documented through reports prepared for each on-site inspection of permitted mining operations. Inspection reports are prepared and filed in the administrative records for each mining permit.

Methodology: The number of inspections is a cumulative count of all types of inspections performed during a reporting period. This number is determined from a review of the files for each mining permit and exploration registration.

Purpose: This measure identifies the number of field inspections conducted to monitor the activities of permitted mining operations. On-site inspections of mining operations are the primary means to ensure that mining and reclamation is being conducted in accordance with the approved permit.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 3-1-2-2: Number of Coal Mining Permit Actions Processed

Definition: The number of coal mining permit actions reviewed and processed to completion during the fiscal year. Permit actions include: applications for new permits, permit renewals, transfers, or revisions, exploration registrations renewed or issued, reclamation bond adjustments and releases, monitoring report evaluations, applications for blaster certifications, construction design documents and certifications, and initiation of the extended responsibility period.

Data Limitations: The number and timing of permit action requests is determined by the mining industry and not controlled by the Commission. Specifically, many of the construction design documents are affected by seasonal weather conditions; therefore creating a workload that is not necessarily linear over the evaluation period.

Data Source: The permit actions are tracked in a Database with the decision document entry marking the completion of the permit action review. These decision documents consist of Commission orders, administrative approval letters, acknowledgement letters, blaster certificates, and exploration registrations.

Methodology: The number of permit actions completed is a cumulative count of all actions with a decision document issued during a reporting period. This number is determined from a query of the permit actions Database for actions completed during the reporting period.

Purpose: This measure provides a numeric count of the major administrative and technical reviews performed by the staff. The majority of program staff resources are allocated to these reviews, which are required to demonstrate mining operations are conducted in compliance with administrative and technical performance standards contained in the regulations or Commission orders.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Output 3-1-2-3: Percent of Uranium Exploration Sites Inspected Monthly

Definition: The percentage of uranium exploration permits inspected monthly during the fiscal year to assure mining operations are conducted in compliance with issued permits and applicable regulations.

Data Limitations: None.

Data Source: The percentage of exploration permits inspected monthly is documented through reports prepared for each on-site inspection of permitted exploration operations. Inspection reports are prepared and filed in the administrative records for each permit.

Methodology: Divide the cumulative count of active permit inspections conducted during the reporting period by the number of active permit months for the reporting period. A permit is considered active when an operator is actually conducting exploration and plugging operations in the field.

Purpose: This measure identifies the percentage of uranium exploration permits inspected monthly to monitor the activities of permitted exploration operations. On-site inspections of exploration operations are the primary means to ensure that exploration and site-restoration is being conducted in accordance with the approved permit.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: Yes

Efficiency 3-1-2-1: Average Number Days to Process Uranium Exploration Permitting Actions

Definition: The average number of staff days required to review uranium exploration permit actions. These actions include new, revised and renewal applications.

Data Limitations: The ability to meet the efficiency measure may be influenced if more complex permit actions are submitted for review during the reporting period than estimated in establishing the target.

Data Source: The measure is based on a count of the number of staff review days for all uranium exploration permit action requests completed during the reporting period. A Database is maintained within the Surface Mining and Reclamation division that tracks the processing of permit action requests. Processing milestones are documented with a Database entry logging the date of the event. Permit action reviews are considered complete when a deficiency letter or Director's final decision letter is sent to the permittee. The number of staff review days is based on the number of calendar days beginning on

the stamped receipt date until the date staff review is complete resulting in a deficiency letter or director's final decision letter.

Methodology: Divide the aggregate total number of staff review days by the number of uranium exploration permit action reviews completed for the reporting period.

Purpose: The measure illustrates the responsiveness of staff in meeting target review timeframes for uranium exploration permit actions.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 3-1-2-2: Percent of Coal Permitting Actions Within Statutory Time Frames

Definition: The percent of total projects within the review period with total staff review days at or less than the statutory review time frame.

Data Limitations: The staff-review time for different types of permitting actions can vary significantly, dependent on the complexity of the permit revision. The ability to meet the performance measure may be influenced if more complex permit actions are submitted for review during the reporting period than estimated in establishing the performance measure target.

Data Source: This is a comparison of review time frames for all permitting actions completed during the reporting period, compared to the respective statutory review time frame. These include all significant and non-significant permitting actions. A Database is maintained within the Surface Mining and Reclamation Division that tracks the processing of permit action requests. Key processing milestones are documented with a Database entry logging the date of the event. Permit action reviews are considered complete when the director's final decision letter is sent to the permittee. The number of staff days is a count of all calendar days beginning on the stamped receipt date of an administratively complete application until the date of the director's final decision letter.

Methodology: Divide the number of actions with review time frames at or less than the statutory review times by the total number of actions completed in the review period. Multiply this quotient by 100.

Purpose: The measure illustrates the overall performance of staff in meeting statutory review time frames identified in Texas Natural Resources Code, Chapter 134, Section 134.085.

Calculation Method: Cumulative

Target Attainment: Low

Priority: Low

Key Measure: No

New Measure: No

Percentage Measure: Yes

Explanatory 3-1-2-1: Annual Calendar Year Production of Texas Lignite Coal

Definition: The reported amount of lignite coal produced in Texas year expressed in tons.

Data Limitations: Annual calendar lignite production is not required to be reported until March of each year for the previous year.

Data Source: All Texas lignite coal producers are required to report to the Commission and the federal Department of the Interior their annual production by mine. This information is maintained on a Commission Database and can also be extracted from federal reports.

Methodology: The total number will be summed from production reports submitted in March of each year.

Purpose: Production of lignite coal is important to the economy of the state and the United States since energy prices are largely controlled by supply and demand. If the supply of energy is declining, it is an indicator of higher energy prices.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Objective 3.2

Identify and abate existing environmental and public health threats through voluntary operator actions or with use of state or federal funds.

Outcome 3-2-1: Percent of Orphaned Wells Plugged W/Use of State-Managed Funds

Definition: The ratio of the number of wells plugged with the use of state managed funds to the total number of orphaned wells. An orphaned well is a well for which production of oil or gas or another activity under the jurisdiction of the Commission has not been reported to the Commission for the preceding 12 months, and for which the Commission-approved organization report (Form P-5) has been delinquent over one year. State managed funds include the Oil and Gas Regulation and Cleanup Fund and other funds appropriated to the agency.

Data Limitations: Does not distinguish between complex and/or deep pluggings which may be more time consuming, and have higher costs associated with them and routine shallow pluggings which may be more readily addressed, and less costly. The number of orphaned wells identified by the Commission's mainframe system is a dynamic number that changes daily.

Data Source: An automated database captures the number of wells plugged with state managed funds. A separate automated database captures the number of orphaned wells.

Methodology: The percentage is calculated by dividing the number of orphaned wells plugged by the number of wells that are orphaned.

Purpose: Provides an indication of the effectiveness of the state managed well plugging program.

Calculation Method: Noncumulative

Target Attainment: High

Priority: High

Key Measure: Yes

New Measure: Yes

Percentage Measure: Yes

Outcome 3-2-2: Percent Pollution Sites Investigated, Assessed, Cleaned w/State-Managed Funds

Definition: Percentage of identified pollution sites investigated, assessed, or cleaned up with state-managed funds.

Data Limitations: While the percentage is a reflection of effectiveness it is dependent on the identification of abandoned pollution site candidates; therefore abandoned sites that have not yet been identified cannot be captured. A candidate site may consist of multiple cleanup activities due to the varying complexity of the sites and the need for multiple bids to ensure a cost effective cleanup.

Data Source: An automated database captures the completion of abandoned pollution site investigations, assessments, and cleanups. Pollution sites are identified primarily through inspections, referrals from District Office field personnel and the general public.

Methodology: This percentage is calculated by dividing the number of abandoned pollution sites investigated, assessed, or cleaned up using the Oil and Gas Regulation and Cleanup Fund and other state funds appropriated to the agency by the number of identified abandoned pollution sites.

Purpose: Provides an indication of the effectiveness of the cleanup program.

Calculation Method: Noncumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: Yes

Strategy 3.2.1: Oil and Gas Well Plugging and Remediation

Protect public health and the environment by identifying, assessing, and prioritizing sites that require the use of state managed funds for well plugging and remediation.

Output 3-2-1-1: Number Abandoned Sites Investigated, Assessed or Cleaned Up w/State Funds

Definition: Number of clean-up activities at abandoned pollution sites where an investigation, assessment, or clean-up is completed with the use of Oil and Gas Regulation and Cleanup Fund or other state funds appropriated to the agency.

Data Limitations: Does not distinguish between major sites that are complex, time consuming, and costly compared to minor sites that may be smaller, more readily addressed, and less costly. Factors affecting this measure include funds availability, number of identified abandoned sites, and availability of qualified contractors.

Data Source: An automated Database captures the completion of abandoned pollution site investigations, assessments, and cleanups. Pollution sites are identified primarily through inspections, referrals from District Office field personnel and the general public.

Methodology: A cumulative count of the number of abandoned pollution cleanup activities that are completed at abandoned pollution sites with monies from the Oil and Gas Regulation and Cleanup Fund and other state funds appropriated to the agency. A cleanup activity is considered completed when the final invoices for the cleanup activity are approved for payment by the Site Remediation Section.

Purpose: Provide an indication of the effectiveness of the cleanup program for abandoned sites requiring the use of state managed funds.

Calculation Method: Cumulative

Target Attainment: Low

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 3-2-1-2: Number of Orphaned Wells Plugged with the Use of State-Managed Funds

Definition: The number of orphaned wells plugged by the Commission with the use of the Oil and Gas Regulation and Cleanup Fund and other funds appropriated to the agency.

Data Limitations: The number of wells plugged with state managed funds includes only those wells that have been physically plugged, have been invoiced by the plugging contractor, and whose invoice has been approved for payment by the Field Operations Section. Due to the complexity of some well plugging operations, higher plugging costs may be incurred, thereby reducing the number of wells actually plugged within budget constraints. Factors affecting this measure include; funds availability, number of approved wells, availability of qualified contractors, and availability of field inspectors to supervise operations.

Data Source: The number of wells plugged with Oil and Gas Regulation and Cleanup Fund and other state funds is maintained in the Field Operations section OFCU Database. Monthly Field Operations reports generate the number of wells plugged with state funds.

Methodology: A cumulative count of the number of wells plugged with monies from the Oil and Gas Regulation and Cleanup Fund and other funds appropriated to the agency.

Purpose: This measure shows the level of well plugging activity conducted by the Commission to protect the environment. It represents the number of wells from the pool of orphaned wells that are plugged with state funds.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 3-2-1-3: Total Aggregate Plugging Depth of Orphaned Wells Plugged Use of State Funds

Definition: The total footage of the plugging depth for all orphaned wells plugged by the Commission with state managed funds.

Data Limitations: Does not distinguish between complex and/or deep pluggings which are more time consuming, and routine shallow pluggings which are more readily addressed.

Data Source: The OFCU database captures the plugging depth for all wells plugged with state managed funds.

Methodology: Calculated by summing the plugging depth of each well plugged for a given period.

Purpose: Provides an indication of the effectiveness of the plugging program for wells requiring the use of state managed funds.

Calculation Method: Cumulative

Target Attainment: High

Priority:

Key Measure: Yes

New Measure: No

Percentage Measure: No

Efficiency 3-2-1-1: Average Number of Days to Complete State-Managed Abandoned Site Clean-up

Definition: Average number of days to complete state managed fund site cleanup activities.

Data Limitations: Does not distinguish between major sites, which may be complex, costly and require more time to complete and minor sites, which may be more rapidly completed.

Data Source: An automated Database captures the beginning and completion of site cleanups.

Methodology: Calculation is based on the date the abandoned site cleanup file is closed minus the contract, work order, or award date. The results are then summed for all site cleanup activities and divided by the total number of site cleanup activities completed during the period. A cleanup activity is considered completed when the final invoice for the cleanup activity is approved for payment by the Site Remediation Section.

Purpose: Provides an indication of the efficiency of state funded cleanups.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 3-2-1-2: Average Number Days to Plug an Orphaned Well W/ Use of State-Managed Funds

Definition: The average number of days required to complete the plugging of a well using state managed funds.

Data Limitations: Due to the complexity and/or depth variations of some well plugging operations, longer plugging times may be incurred, thereby increasing the average number of days to plug a well.

Data Source: The OFCU database captures the beginning and completion date of well plugging on a lease basis.

Methodology: The average is calculated by subtracting the file closure date from the bid award date on a lease basis to obtain a cumulative total days for all wells plugged. This number is then divided by the total number of wells plugged with the use of state-managed funds.

Purpose: Provides an indication of the efficiency of the state managed well plugging program. By tracking the average number of days to plug a well, it is possible to determine the total number of wells that can be plugged during a specified period. This measure serves as a management tool to predict future well plugging performance and staffing needs.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-1: Number of Abandoned Sites that Are Candidates for State-Managed Cleanup

Definition: Sites identified as abandoned with oil and gas waste, substances, or other materials that are causing or likely to cause pollution.

Data Limitations: While the figure is a total number, it does not differentiate between abandoned sites in terms of size, complexity, number of clean-up activities necessary or possible cost. Also, abandoned sites that are not on the list may be cleaned up during the fiscal year.

Data Source: A list of identified abandoned pollution sites that are candidates for state-managed cleanup is compiled in the first quarter of each fiscal year on a statewide basis by surveying field personnel in coordination with Databases maintained in headquarters.

Methodology: Identified abandoned sites statewide are summed on an annual basis for a total number.

Purpose: Provides an indication of the number of pending state managed cleanup activities. Data is updated annually and used to calculate the performance measure regarding the percentage of identified abandoned pollution sites investigated, assessed, or cleaned up with state funds.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-2: Number of Complex Operator-initiated Cleanups

Definition: Number of complex operator cleanups monitored and evaluated to ensure appropriate remediation and elimination of an environmental threat. Complex cleanups are defined as sensitive site cleanups requiring specific cleanup levels and/or detailed assessments.

Data Limitations: These sites may take several years to complete and frequently involve many hours of staff time to review and approve technical reports and corresponding site activities. Staff review time can vary significantly depending on the technical complexity or other factors.

Data Source: Staff maintains a Database of sites. Sites are identified by district and headquarters technical staff through inspections, complaints, or operators contacting the Commission while conducting environmental investigations as part of due diligence or during property transfers.

Methodology: Reported annually. On the last day of each fiscal year, report the total number of operator cleanups involving sensitive environmental sites that require detailed assessment and cleanup activities that are currently in some stage of monitoring or evaluation.

Purpose: Provides an indication of the effectiveness of the cleanup program for complex pollution sites that do not require the use of state managed funds to remediate.

Calculation Method: Cumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-3: Number of Orphaned Wells Approved for Plugging

Definition: The number of orphaned wells that have been inspected, evaluated using a risk based methodology (Well Plugging Prioritization System), and approved for plugging with state-managed funds.

Data Limitations: The number of orphaned wells approved for plugging with state managed funds includes only those wells that meet the well plugging criteria and have been approved for plugging. Because there is a time lag between approval and actual plugging, the wells approved during the reporting period are not necessarily the same wells actually plugged during the reporting period.

Data Source: The OFCU database captures the number of orphaned wells approved for plugging with state managed funds.

Methodology: A count of the number of orphaned wells approved for plugging with state-managed funds during the fiscal year.

Purpose: To maintain a continuous population of well plugging candidates that can be bid out and plugged to ensure that numerical and budgetary goals are achieved.

Calculation Method: Cumulative

Target Attainment: N

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-4: Number of Known Orphaned Wells in Non-compliance with Commission Plugging Rule

Definition: The number of wells that are non-compliant with Statewide Rule 14 (well plugging) and Statewide Rule 1 (delinquent Organization Report). A well is classified as orphaned if it has been inactive for a period of more than 12 months; is not covered by a bond, letter of credit; or other form of financial assurance; and for which the Commission approved Organization Report (P-5) has lapsed.

Data Limitations: The number of orphaned wells is a dynamic number that changes daily. The number of orphan wells is affected by the health of the oil and gas industry, or the lack thereof.

Data Source: An automated Database captures the number of orphan wells in non-compliance with the Commission's plugging rule.

Methodology: This measure is generated monthly from the Commission's mainframe system by an automated report that provides the number of orphan wells from the total population of wells monitored by the Commission.

Purpose: This measure represents the total population of orphaned wells, and is an indicator of liability for use of state managed funds.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-5: Number of Wells Plugged by Operators without Use of State-Managed Funds

Definition: The number of wells plugged by the oil and gas industry. A well is considered properly plugged when it complies with the provisions of the Statewide Rule 14 (well plugging) including the filing and approval of a well plugging report (Form W-3).

Data Limitations: Wells plugged by operators and by the Commission with the use of state managed funds are captured by the Commission's mainframe system only after a well plugging report (Form W-3)

has been processed by the Permitting and Production section. There is a time lag between actual plugging and well plugging report processing.

Data Source: An automated Database captures the total number of wells plugged.

Methodology: The number of wells plugged by operators is determined by subtracting the number of wells plugged with state managed funds for the reporting period from the total number of wells plugged for the reporting period as determined by the Commission's mainframe system, which includes wells plugged with state managed funds. The difference is the number of wells plugged by the oil and gas industry.

Purpose: Statewide Rule 14 (well plugging) is designed to prevent the migration of fluid in a well that may pose a threat to public safety and/or cause or threaten to cause pollution of surface and/or subsurface waters. This measure represents the level of plugging activity by the oil and gas industry. An increased level of plugging activity indicates that operators are plugging their wells and removing the threat posed by inactive wells that could potentially become orphaned in the future.

Calculation Method: Noncumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-6: Percent Active Well Operators with Inactive Wells

Definition: This measure is the percentage of active well operators for whom more than 25 percent of their wells are inactive. An inactive well is a well that is not currently producing and is not identified as an active service type well.

Data Limitations: Well status information is largely based upon findings reported by the operator; the Commission has minimal ability to verify those findings.

Data Source: Data is collected electronically through a mainframe download (Program BWU180), which provides well status information for wells monitored by the Commission. This program is run monthly.

Methodology: For each active operator with one or more wells, the ratio of inactive wells to total wells is calculated to determine whether that operator has an inactive-to-total ratio greater than 25 percent. The number of well operators who have an inactive-to-total ratio greater than 25 percent is divided by the total number of well operators to derive this percentage.

Purpose: An operator who begins to accumulate a large percentage of inactive wells as compared to active wells begins to pose a potential problem of leaving behind abandoned unplugged wells. As long as an operator has a large percentage of active wells it is unlikely that he will be in a position to abandon his operations and leave behind unplugged wells. This measure will be a general indication of whether additional regulations might be necessary to require all operators to plug their inactive wells after a certain period of inactivity.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: Yes

Explanatory 3-2-1-7: Number of Shut-in/Inactive Wells

Definition: This measure is the total count of all inactive wells, including all wells that currently are not producing, but excluding any well that is identified as an active service type well. For the purposes of this measure, inactive wells include those wells that have been shut-in (i.e., non-producing) for less than 12 months. This Definition is different from the Definition of an inactive well used in Commission's Rule 14 (plugging).

Data Limitations: Well status information is based largely upon findings reported by the operator; the Commission has minimal ability to verify those findings.

Data Source: Data are collected electronically through a mainframe download (Program BWU180), which provides well status information for wells monitored by the Commission. This program is run monthly.

Methodology: Sum the count of inactive wells carried on the oil schedule and the count of inactive wells carried on the gas schedule as of the last month of the reporting period.

Purpose: A large number of inactive wells indicates a potential threat to the Oil and Gas Regulation and Cleanup Fund should those wells become orphaned in the future. This measure will provide a general indication of whether additional regulations might be necessary to require all operators to plug their inactive wells after a certain period of inactivity.

Calculation Method: Noncumulative

Target Attainment: Low

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Strategy 3.2.2 Surface Mining Reclamation

Protect public health and the environment by identifying, assessing, and prioritizing mine lands that require the use of federal funds for reclamation and provide oversight for operator-initiated remediation.

Explanatory 3-2-2-1: Percent of Abandoned Sites on Which Reclamation Has Been Initiated

Definition: The number of abandoned surface mines where reclamation has been initiated since September 1, 1998, expressed as a percentage of the total number of prioritized unreclaimed, eligible and accessible abandoned surface mine sites updated as of September 1, 2008.

Data Limitations: The total number of unreclaimed prioritized, eligible and accessible abandoned surface mines may change if certain landowners change their minds and elect to participate in the Abandoned Mine Land Reclamation program or if federally mandated eligibility requirements change.

Data Source: The number of Abandoned Mine Land projects initiated is determined by review of AML contract documents. The Abandoned Mine Land Inventory System, maintained by the U.S. Office of Surface Mining Reclamation and Enforcement, determines the total number of prioritized Abandoned Mine Land sites in Texas.

Methodology: Divide the number of abandoned surface mine sites where reclamation has been initiated by the total number of prioritized unreclaimed, eligible and accessible abandoned surface mine sites updated as of September 1, 2008.

Purpose: This measure demonstrates the performance of the Abandoned Mine Land Reclamation program's planning, design and bidding effort and activity.

Calculation Method: Noncumulative

Target Attainment: High

Priority:

Key Measure: No

New Measure: No

Percentage Measure: Yes

Objective 3.3

Maintain competitive prices and adequate natural gas supplies for Texas energy consumers.

Outcome 3-3-1: Average Texas Residential Gas Price as a Percent of National Gas Price

Definition: The average price of natural gas sold to residential consumers in Texas expressed as a percentage of the national average price of natural gas for residential consumers.

Data Limitations: The Energy Information Administration collects data from individual utilities, so the data cannot be directly verified and may not match data collected by the Railroad Commission. However, the Energy Information Administration presents both national and state level data on a consistent basis so a relative comparison can be made. States in regions with colder weather than Texas have higher consumption levels which results in a larger denominator over which to calculate per unit costs.

Data Source: Data is from the U.S. Energy Information Administration, Natural Gas Annual Average Price of Natural Gas Sold to Residential Customers, by State.

Methodology: Divide the Texas average residential gas price by the national average residential gas price and multiply by 100 percent.

Purpose: Effective regulation of natural gas utilities should reflect that per Mcf rates for residential natural gas consumers in Texas should be not more than five percent greater than the Mcf rates for consumers in the nation as a whole.

Calculation Method: Cumulative

Target Attainment:

Priority:

Key Measure: No

New Measure: No

Percentage Measure: No

Strategy 3.3.1 Gas Utility Compliance

Oversee natural gas utility rate structures that promote safe, efficient, and reliable supply at a reasonable cost and audit regulated gas utilities to ensure compliance with rate structures and submission of Gas Utility Taxes.

Output 3-3-1-1: Number of Audits Conducted

Definition: These are audits of the books and records conducted on intrastate (natural) gas utilities. There are several types of audits conducted, depending upon the specific regulatory focus being made.

Data Limitations: A simple count cannot differentiate between a simple one-person audit and highly complex group audit.

Data Source: Each audit conducted consists of audit work papers, the auditor's report, the formal notification of results letter, and any needed correspondence to abate violations noted. These audits are maintained in Austin, and are available to the public for review.

Methodology: An audit log is maintained for each fiscal year, which lists all audits conducted. Audit numbers are sequentially assigned all audits, with the first two digits referencing the fiscal year (i.e. Audit No. 00-045).

Purpose: Audits are conducted to ensure that the authorized rates are being accurately computed and billed by gas utilities, and that the proper gas utility tax is being remitted. The importance of audits of the companies' books and records is to test the accuracy and completeness of reports made by the gas utilities in compliance with several statutory and regulatory requirements.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Output 3-3-1-2: Number of Gas Utility Dockets Filed

Definition: This measure reflects regulatory activity by reporting the number of docket numbers assigned to filings made by utilities in a year.

Data Limitations: The gross number of dockets filed does not differentiate between the different types of filings that can be made, which require different levels of work effort. The gross number of dockets filed does not provide information regarding the number of dockets completed on an annual basis. Finally, the level of activity (when a filing is made) is dictated for the most part by industry rather than the Commission.

Data Source: Each request for regulatory review is filed with the Gas Services department Market Oversight Section (MOS). A MOS Research Specialist assigns a unique, sequential docket number to each filing. The list of docket numbers is maintained and kept current by MOS staff.

Methodology: The number of dockets filed on an annual basis is reported.

Purpose: Gas utilities are required by statute to obtain Commission approval prior to increasing environs rates or city gate rates. The Commission is also required to set rates for other jurisdictions when the parties are unable to agree on a rate increase. Additionally, the Commission is required to review requests for Natural Gas Policy Act section 311 rates, abandonment cases, rate complaints and sales, purchases, mergers, acquisitions or transfers of utility assets. Finally, the Commission may initiate enforcement proceedings against non-compliant gas utilities or gas companies, may add, amend or repeal procedural or substantive rules, and may initiate general inquiries into existing rates. Each of these filings is assigned a docket number making this measure an approximate measure of the activity related to these regulatory responsibilities.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 3-3-1-3: Number of Gas Utility's' Compliance, Tariff and Escalator Filings

Definition: This measure reflects regulatory activity by reporting the number of compliance, tariff, and escalator filings made by utilities in a year.

Data Limitations: The gross number of filings does not differentiate between the different types of filings that can be made. It also does not provide information regarding the number of filings approved on an annual basis. Finally, the level of activity (when a filing is made) is dictated for the most part by industry rather than the Commission.

Data Source: Each of these filings is made with the Gas Services division Market Oversight Section (MOS). A MOS tariff analyst reviews filings for accuracy, and provides notification to the utility concerning acceptance of the filing. The list of filings is maintained and kept current by the tariff staff.

Methodology: The number of compliance, tariff, and escalator filings made on an annual basis is reported.

Purpose: Natural gas utilities are required by statute to file tariffs (or contract briefs) and current rate information with the Commission within thirty days of the effective date of the rate. Compliance filings are made to comply with a Commission order, and may include revised tariffs. Escalators (including purchased gas adjustments (PGAs)) are typically filed monthly to reflect changes in the cost of gas that are passed through to customers. The compliance, tariff, and escalator information requires review by

Commission staff for reasonableness and correctness. This output measures the level of activity related to these regulatory responsibilities.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Efficiency 3-3-1-1: Average Number of Audits Per Auditor

Definition: This is the relationship between the number of audits completed during a specific time frame and the number of auditors conducting audits.

Data Limitations: The mathematical process described above cannot differentiate between a simple one-person audit and highly complex group audit, each of which impacts the resulting average.

Data Source: All audits completed are maintained in our files and the number of auditors, and any periods of auditor vacancies, can be obtained/verified through the Commission's Human Resources division.

Methodology: The number of audits completed during each reporting period is divided by that period's average number of auditors conducting audits. When there are no vacancies, the average number of auditors is eight.

Purpose: This relationship is important in establishing the proper size of staff needed to conduct audits in timely cycles. With too few auditors, time between audits would increase and problems found would be magnified.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-3-1-1: Cost of Gas Included in Average Residential Gas Bill

Definition: The average city gate price of natural gas sold to residential consumers in Texas expressed as a percentage of the average city gate price of natural gas for residential consumers in Arkansas, New Mexico, Louisiana, and Oklahoma.

Data Limitations: The Energy Information Administration collects data from individual utilities, so the data cannot be directly verified and may not match data collected by the Railroad Commission. However, the Energy Information Administration presents both national and state level data on a consistent basis so a relative comparison can be made.

Data Source: Data is from the U.S. Energy Information Administration, Natural Gas Annual, Average City Gate Price of Natural Gas Sold in the United States.

Methodology: Divide the Texas average city gate price by the average city gate price for the four states listed in the definition and multiply by 100 percent.

Purpose: Affordable heating cost is a necessity for Texas citizens. The unregulated cost of gas is the biggest component of the average gas bill. Monitoring the cost of gas of Texas gas relative to the national average may help to determine if changed policies are needed. Texas city gate cost of gas should be no more than five percent greater than the average city gate cost of gas for the four states listed in the definition.

Calculation Method: Noncumulative

Target Attainment: Low

Priority: Medium

Key Measure: No

New Measure: Yes

Percentage Measure: No

Objective 4.1

Increase efficiency in providing public access to information and provide more efficient interaction with regulated industries.

Strategy 4.1.1: Public Information and Services

Collect, maintain, and preserve oil and gas data submitted to the Commission; provide efficient public access to this information; provide regulated industries the ability to conduct their business with the Commission electronically.

Output 4-1-1-1: Number of Documents Provided to Customers by Info Services

Definition: Number of documents provided to customers from Information Services for public information requests. A customer is an entity such as an operator, government agency other than the Commission, or a private company or individual. An automated system is used to capture the number of maps, quad reports, vendacard copies, and photocopies made for customers. One side of a piece of paper is equal to one document. For quad reports and subscriptions, a stapled or bound set of pages or microfiche set equals one document. With well logs and other oversize documents, one square foot of paper is equal to one document. For maps, a plotted map, digital bond map, or graphic image map is equal to one document.

Data Limitations: The measure captures the number of documents that are photocopied; however, it does not capture the number of documents that customers accessed without photocopying.

Data Source: The total number of documents comes from manual and computer-tabulated counts of the number of documents sold.

Methodology: The total number of documents is determined by both manual and computer-tabulated counts of specific Railroad Commission documents sold or provided to external customers by Information Services.

Purpose: The measure is intended to show the volume of documents provided to customers who request public information.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: Yes

New Measure: No

Percentage Measure: No

Output 4-1-1-2: Number of Reports Provided to Customers from Electronic Data Records

Definition: This measure represents the number of public information requests received within Information Services for reports including either hardcopy reports or electronic Data records generated from RRC computer resources.

Data Limitations: None.

Data Source: An automated system is used to capture the individual requests for information on the number of digital Datasets output or the number of jobs required to generate multiple Datasets of

related information. An external customer is an entity who is external to the Commission such as an operator, another government agency, or a private individual.

Methodology: This measure is determined by tabulating the number of hardcopy reports or digital Datasets provided to external customers by Information Services open records representatives. A request for electronic information is a request for electronic Data records from the Commission's mainframe and Unix-based applications systems. For mainframe electronic and hardcopy information requests, job executed is counted as one request. For Unix-based information requests each Dataset generated is equal to one request. Individual and subscription information requests are counted using the same process.

Purpose: This measure reflects the level of public demand for energy information maintained at the Commission in electronic formats. The Commission's applications systems are used to record and monitor the activities of regulated entities and include regulatory information about each of the Commission's program areas as well as digital map Data representing locations of regulated facilities across the State of Texas.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Output 4-1-1-3: Number of Railroad Commission Records Imaged From Non-digital Formats

Definition: This measure represents the number of new paper and microformat records that are digitized by the Railroad Commission, added to the imaged records Databases and made available through the agency website.

Data Limitations: None.

Data Source: The number of images created during the quarter is manually counted from the invoices received from the imaging contractor.

Methodology: Each quarter the number of images stored by the imaging contractor for each Railroad Commission division and imaging project is compared to the previous quarter's image count. The increase in the number of images stored represents the new images that were added to the Data base for the quarter.

Purpose: Imaging the paper and microformat records of the Commission allows a higher level of access to regulatory information by the industries and public who require it. Imaging also preserves these historically significant records for future use.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Schedule C: Historically Underutilized Business Plan

A. Goal:

The Railroad Commission of Texas (Commission) will establish and implement policies governing purchasing that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBs) in all phases of procurement activities.

A.1. Objective:

To include HUBs in all phases of procurement opportunities, Commission will make a good faith effort to meet or exceed the adjusted procurement program goals through the total value of contracts, purchases and subcontracting opportunities awarded annually by the agency in each applicable procurement category:

10.00 Percent for Professional Services Contracts

26.00 Percent for All Other Services Contracts

21.10 Percent for Commodities Contracts

Outcome Measure:

Percentage of Total Dollar Value of purchasing contracts and subcontract awarded directly or indirectly to HUBs.

A.1.1. Strategy:

Develop and implement a plan for increasing the use of HUBs directly or indirectly through purchasing contracts and subcontracts.

Output Measures:

- Number of HUB Contractors and Subcontractors responding to Bid Proposals
- Number of HUB Contracts and Subcontracts Awarded
- Dollar Value of HUB Contracts and Subcontracts
- Number of Outreach Initiatives
- Number of Contracts Evaluated for Subcontracting Opportunities
- Number of Mentor-Protégé Partnerships Sponsored by Agency

HUB Program Efforts and Accomplishments

Commission's objective is to ensure all procurement practices promote the goal of equal access for minority and woman-owned businesses in the state of Texas. During Fiscal Year 2015 the Commission spent \$5,018,930.00 with HUB vendors for a total of 15.89 percent of all Commission purchases. This exceeds the statewide performance result of 11.97 percent by 3.92 percent.

I. Internal Outreach Initiatives

- A. Enhance training to agency staff regarding the importance of the HUB program, the latest HUB-related information, agency HUB statistics and methods of improvement.
- B. Communicate HUB related information through Commission website.

- C. Include HUB Subcontracting Plans (HSP) in all agency contracts in excess of \$25,000.00 wherein subcontracting opportunities are determined to exist and monitor contractor compliance with HSP after contract award.
- D. Encourage recruitment of minority and woman-owned businesses through end-users statewide.
- E. Promote HUB usage with Commission's procurement card program.
- F. Compile monthly reports tracking the use of HUB vendors by each operating division.
- G. Improve tracking and reporting of HUB procurement card and subcontracting expenditures.

II. External Outreach Initiatives

- A. Provide one-on-one instruction to minority and woman-owned businesses regarding HUB certification and Commission procurement policies and procedures.
- B. Encourage minority and woman-owned business use at pre-solicitation conferences to potential bidders. Provide instruction ensuring full compliance with applicable HUB Subcontracting Plan (HSP).
- C. Provide potential contractors with reference lists of certified HUB vendors who may be able to participate as subcontractors in Commission contracts.
- D. Encourage minority and woman-owned business utilization at pre-solicitation conferences to potential respondents. Provide instruction ensuring full compliance with applicable HUB Subcontracting Plan (HSP).
- E. Prepare and distribute purchasing, contracting and subcontracting information in a manner that encourages participation by all businesses.
- F. Continued participation in the State HUB Discussion Workgroup. The workgroup meets semi-monthly to discuss and resolve issues for the betterment of the State of Texas HUB Program.
- G. Vendor outreach, education and recruitment through active participation in economic opportunity forums sponsored by the Texas Comptroller of Public Accounts (CPA), the Texas Legislature and other governmental, civic and professional organizations across the state.

III. Subcontracting

The Commission's procurement procedures fully incorporate Texas Government Code, Chapter 2161, Subchapter F for all contracts expected to exceed \$25,000.

- A. In conjunction with procurement staff and using entity, the HUB Coordinator evaluates and provides a written declaration of applicable subcontracting opportunities in the procurement file. All procurements meeting the statutory requirement are reviewed independently, ensuring reasonable, realistic contract specifications. Review of the terms and conditions are consistent with agency's actual requirements that provide maximum participation by all businesses.
- B. The HUB Coordinator reviews all applicable subcontracting, ensuring vendor compliance prior to further end-user consideration.

- C. Increase contract administration efforts to ensure contract requirements, and resulting subcontracting reporting.
- D. Vendor's HUB subcontracting compliance will be reported in Comptroller of Public Account's Vendor Performance database, providing a resource tool to communicate vendor's successes and shortcomings in overall compliance with contract requirements.

IV. Mentor-Protégé Program

Commission's vision is to expand our Mentor-Protégé sponsorship role with cooperation and assistance with large corporate supplier diversity programs.

- A. Participate with agencies and minority chambers of commerce and minority and woman trade and business organizations to maximize state resources and to increase the effectiveness of the mentor-protégé program.

V. HUB Coordinator Position

Continue designated of HUB Coordinator included with the duties of the Manager of Procurement and Contract Management. This advises and assists agency executives and staff in complying with the requirements of the HUB Program, and serves in accordance with Texas Government Code, Chapter 2161 and Title 37, Part 1, Chapter 1, Subchapter U, Rule §1.261.

- Sr. HUB Coordinator: Sandy Williams, CTPM/CTCM
- Assistant HUB Coordinator: Patti Sanders, CTP

Schedule F: Agency Workforce Plan

Part 1: Agency Overview

The Railroad Commission of Texas serves as the primary regulator of the state's energy industries. The Commission aims to protect public health and the environment through an effective regulatory program and to support the development of the state's energy resources. Three statewide officials, elected to six-year staggered terms, head the Commission. Serving at the discretion of the Commissioners is an Executive Director who implements policies and rules, and manages the Commission's daily operations.

A: Agency Mission

We serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

B: Strategic Goals and Objectives

Goal 1: Energy Resources

To oversee the development of the state's energy resources while protecting public health and the environment through an effective regulatory program.

Objective 1.1. Provide for the orderly and efficient development of oil and gas resources while preventing waste, protecting correlative rights of mineral interest owners, and conserving the state's lignite, oil and natural gas resources.

Strategy 1.1.1. Protect correlative rights and prevent waste while maximizing opportunities for the development of lignite, oil and gas resources through well site permitting, production allowables, production rule reviews, and exception processing.

Goal 2: Safety Programs

Advance safety in the delivery and use of Texas petroleum products including LPG/ LNG/CNG, and in the operation of the Texas pipeline system through training, monitoring, and enforcement, and promote, educate, and enforce regulations for underground damage prevention.

Objective 2.1. Improve public safety through regulatory oversight of the pipeline industry by inspections, compliance, and educational activities.

Strategy 2.1.1. Ensure the safe operation of pipelines permitting, field inspections, accident investigations and emergency response.

Strategy 2.1.2. Support education and public awareness efforts to inform the public about damage prevention laws, compliance, and penalties.

Objective 2.2. Ensure safety through regulation of the LPG/CNG/LNG alternative fuels industries.

Strategy 2.2.1. Protect the health, safety and welfare of the general public by ensuring the safe storage and transportation of Liquefied Petroleum Gas, Compressed Natural Gas, and Liquefied Natural Gas as

alternative fuel sources through safety education, accident investigation, inspection and enforcement of safety regulations.

Goal 3: Environmental and Consumer Protection

To protect the environment and consumers by ensuring that energy production, storage and delivery minimize harmful effects on the state's natural resources and that just and reasonable natural gas rates promote a safe and efficient supply of natural gas.

Objective 3.1. Reduce the occurrence of environmental violations associated with fossil fuel extraction and energy production in Texas.

Strategy 3.1.1. Assure that Oil and Gas permitted activities comply with applicable state regulations through field inspections, witnessing tests, monitoring reports, processing applications, and enforcement actions.

Strategy 3.1.2. Assure that Surface Mining permitted activities comply with applicable state and federal regulations through field inspections, witnessing tests, monitoring reports, processing applications, and enforcement actions.

Objective 3.2. Identify and abate environmental and public health threats through voluntary operator actions or with use of state or federal funds.

Strategy 3.2.1. Protect public health and the environment by identifying, assessing, and prioritizing sites that require the use of state funds for well plugging and remediation.

Strategy 3.2.2. Protect public health and the environment by identifying, assessing, and prioritizing mine lands that require the use of federal funds for reclamation and provide oversight for operator-initiated remediation.

Objective 3.3. Maintain competitive prices and adequate natural gas supplies for Texas energy consumers.

Strategy 3.3.1. Oversee natural gas utility rate structures that promote safe, efficient, and reliable supply at a reasonable cost and audit regulated gas utilities to ensure compliance with rate structures and submission of gas utility taxes.

Goal 4: Public Access to Information and Services

Strive to maximize electronic government and to minimize paper transactions by developing technological enhancements that promote efficient regulatory programs and preserve and increase public access to information.

Objective 4.1. Increase efficiency in providing public access to information and provide more efficient interaction with regulated industries.

Strategy 4.1.1. Collect, maintain, and preserve oil and gas data submitted to the Commission; provide efficient public access to this information; offer regulated industries a way to conduct their business electronically.

C: Anticipated Changes in Mission, Strategies, and Goals

The Railroad Commission does not expect significant changes in its mission, strategies, or goals during the next five years, but it does recognize the need to adapt readily to any changes required by legislation.

Part 2: Current Workforce Profile

A: Workforce Demographics (As of February 29, 2016)

Age

The majority of Commission employees—68.4 percent—are over the age of 40. With only 31.6 percent of the Commission’s workforce under 40 years of age, the Commission must aggressively plan to replace the institutional knowledge of its 258 employees who are eligible to retire before the end of fiscal year 2019.

Gender

As of February 29, 2016, the RRC has 428 male employees (58.9 percent) and 299 female employees (41.1 percent). The total employee count of 727 includes both full-time and part-time employees, as well as three statewide elected officials.

Ethnicity

A comparison of the Railroad Commission’s African-American, Hispanic and female employees to the available state civilian workforce as reported by the Texas Workforce Commission, Civil Rights Division in January 2015, indicates the Commission’s performance in attracting and retaining a diverse workforce has experience some important success, as shown in the charts titled RRC Diversity by EEO Job Category.

The Workforce Analysis, required by Texas Labor Code, Chapter 21, Section 21.501, provides an analysis of the Railroad Commission’s current workforce compared to the number of African-American, Hispanics and female state employees in each job category in order to determine the percentage of exclusion or underutilization in the Commission by each job category.

The Railroad Commission produces a monthly workforce data report. The Equal Employment Opportunity and Minority Hiring Practices Report contains data detailing the availability of the civilian labor force used for comparison purposes.

EEO Job Category	African American RRC %	African American State Goal	Hispanic RRC %	Hispanic State Goal	Female RRC %	Female State Goal
Officials, Administration	2.2%	3.7%	6.5%	10.0%	28.3%	30.0%
Professional	6.6%	8.7%	15.7%	9.3%	38.3%	46.3%
Technical	6.7%	13.2%	17.9%	16.4%	19.6%	39.7%
Para-professional**	6.7%	22.7%	26.7%	28.5%	73.3%	55.6%
Administrative Support	8.4%	19.2%	39.7%	21.6%	86.3%	81.3%
Total	7.3%		20.3%		21.2%	

Table 2: RRC Diversity by EEO Job Category (As of February 29, 2016*)

EEO Job Category	African American	Hispanic	Female	African American	Hispanic	Female
Officials, Administration	8.3%	20.10%	39.10%	-6.1	-13.6	-10.8
Professional	11.10%	22.60%	62.10%	-4.5	-6.9	-23.8
Technical	8.30%	13.6%	27.10%	-1.6	4.3	7.5
Para-professionals**	0%	0%	0%	6.7	26.7	73.3
Administrative Support	13.9%	28.80%	67.70%	-5.5	10.9	18.60

Table 3: Availability in Civilian Labor Force (Underutilization or Overutilization)

*Source: Comptroller of Public Accounts, State Auditor’s Human Resource Information System, and Texas Workforce Commission’s EEO Report, January 2015.

**Para-professionals were combined with Protective Services and Service and Maintenance categories in 2004 to obtain Availability in Civilian Workforce. Availability data for para-professionals individually is no longer available. The RRC has no employees in the Protective Services or Service and Maintenance categories. As of July 2007, the RRC does not have any employees in the Skilled Craft category.

Length of Service

On February 29, 2016, the Commission had 165 employees with less than two years of Commission service, and 338 employees with less than five years of service with the Commission. There were 97 employees (13.3 percent) with five to nine years of service, and 242 (33.3 percent) had 10 or more years of service. Results from the Survey of Employee Engagement (found in Appendix F) indicate there is a desire by employees to continue long-term employment, but inadequate pay is a primary concern about continued employment at the Commission.

B: Percent of Workforce Eligible to Retire

Projections indicate a gradual increase in the number of Commission employees eligible to retire between now and August 31, 2019. By fiscal year 2019, more than 35.6 percent of the Commission’s current workforce will be eligible to retire. This steady increase in the number of employees retiring indicates the

Commission will lose a significant portion of its most knowledgeable employees, including many in critical positions.

Two factors about retirement eligibility deserve emphasis. More than 19 percent of the Commission's current employees are eligible for retirement and several have been eligible for more than five years. Including those who are projected to become retirement eligible by August 31, 2019, the number of Commission employees eligible to retire is over 35 percent. This constitutes more than a third of the Commission's workforce and is exclusive of other turnover.

A compounding problem is the Commission's employment of 23 retire-rehires. When these individuals are included with the 258 individuals projected to be eligible to retire, then almost forty percent of the workforce is currently able to retire. It will be a difficult challenge for the RRC to replace these retirees' skills necessary to attain the goals set forth in this strategic plan.

Many of the Commission's leadership positions, including Division Directors and District Office Directors, will be eligible to retire during the next five fiscal years. The Commission identified specific workforce skills including engineers, scientists, and attorneys who will be eligible for retirement. To replace these important skills, succession planning as well as a greater focus on internal organizational development and training will be required as our workforce planning evolves.

C: Employee Turnover and Projected Attrition

Results from the Survey of Employee Engagement indicate that there is a desire by Commission employees to continue long-term employment, but inadequate pay is a primary concern. Exit interview statistics confirm low pay as a key motivator to leave the Commission.

Many leave employment in state government for higher compensation in the private sector, but a significant number of Commission employees go to other state or federal agencies for similar jobs posted in a higher salary group.

While the highest percentage of turnover (28 percent) occurs among employees that are older than 60, the greatest concern for turnover among different age groups continues to be the Commission's inability to retain employees under the age of 40.

Thirty-six employees under the age of 40 elected to leave the Commission in fiscal year 2015, a number equal to 30.5 percent of separating employees.

D: Workforce Skills Critical to the Mission and Goals of the Agency

The Commission employs qualified individuals in numerous program disciplines. Strong employee knowledge and skill competencies are critical to meet ongoing business objectives and goals. Critical competencies include:

- Engineering: Chemical, Civil, Mechanical, Mining, Natural Gas, and Petroleum
- Information Technology
- Sciences: Agronomy, Chemistry, Geology, Hydrology, Soil Science, Toxicology
- Legal

- Finance

Critical skills and qualifications include:

- Technology and automation skills and competencies
- Ability to apply scientific principles (i.e., engineering, geology)
- Leadership and management skills

The Commission has a highly educated workforce with many employees holding advanced degrees or professional licenses and credentials. Of the Equal Employment Opportunity job categories, the Commission has the greatest number of employees within the “Professional” category representing 39.6 percent of the Commission’s workforce. This reflects the qualifications, knowledge, and skill sets necessary to accomplish the Commission’s regulatory goals.

Part 3: Future Workforce Profile

A: Expected Workforce Change

Although approximately 35.6 percent of the workforce will be eligible to retire between now and August 31, 2019, the Commission presently has informal succession plans that are division specific. The Commission anticipates that many division director, manager, and highly skilled professional employee positions may become vacant in the next five years. Training existing and new employees for the additional skillsets and knowledge base to properly manage the regulatory process is essential to maintaining an appropriate service level for the public and for the regulated industries.

B: Future Workforce Skills Needed

The workforce skills needed to meet Railroad Commission performance objectives include:

- Engineering
- Computer Programming and Systems Analysis
- Legal
- Science (Geo-sciences, Toxicology, Agronomy, Hydrology, and Chemistry)
- Accounting, Finance, and Budget
- Administrative Support

These functions are also needed to achieve the Commission’s Strategic Plan. Workforce skills are developed through various training programs provided by the appropriate professional disciplines. Such training is used to maintain and improve employee skills and enhance performance by incorporating new trends in each discipline.

While the Commission anticipates that its basic regulatory functions will remain the same or similar in the future, the development and implementation of technological advancements will require new skills if the future workforce is to fully utilize such improvements. Functions to accomplish future Railroad Commission goals will focus on:

- Increasing computer skill sets for employees;

- Increasing electronic recordkeeping and information processing for greater transparency;
- Increasing customer service by maximizing electronic government and minimizing paper transactions to decrease processing time; and
- Developing a comprehensive training program, talent engagement, and career development program as part of a human resources partnership with Commission management and divisions.

C: Anticipated Increase or Decrease in Number of Employees Needed

The Commission regulates dynamic, cyclical, and evolving industries that require a visible field presence of Commission staff to assure its regulatory role. Specifically, pipeline safety, and oil and gas inspectors ensure the protection of public safety and the environment through enforcement and compliance strategies in the field. The Commission anticipates that increased resources will be directed to these areas in the future and additional resources will be required. Technology advancement is a primary goal of the Commission and will satisfy some of this increasing demand, but technology alone cannot address all concerns for monitoring, reviewing, and physically inspecting regulated industries' facilities.

D: Critical Functions to Achieve Strategic Plan

The Railroad Commission will continue to use its recruitment plan to address critical deficiencies in its labor force and to narrow the gaps in diversity goal attainment. A variety of methods will continue to be used, including: placing job postings on the Commission's website; placing job postings on the Texas Workforce Commission's Work In Texas website; direct recruiting with college and university career services office; attending and recruiting at veteran career fairs; building relationships with industry-specific professional organizations; engaging academic professionals and recruit top performing students studying in the critically needed fields; encouraging direct referrals from existing staff; and using all other available resources.

The Commission has developed contacts at 11 targeted Texas institutions of higher education to recruit engineers and geoscientists and 15 targeted institutions to recruit computer science professionals. The Commission will continue to identify resources associated with professional organizations in order to post jobs with distinct or hard-to-find skill sets.

A critical barrier to recruitment is the high cost of advertising jobs in online recruitment sources, such as Indeed or LinkedIn. When funds permit, critical positions will be advertised using low-cost Internet job search sites or those hosted by professional organizations.

Part 4: Gap Analysis

A: Anticipated Surplus or Shortage of Workers or Skills

With more than 35 percent of the Railroad Commission's workforce eligible for retirement by fiscal year 2019, the Commission projects a shortage in staffing and skill levels needed to meet future requirements of the Commission. The projected staffing areas with an anticipated shortage of employees that are most affected by retirement eligibility include:

- Information Technology,
- Engineering, Toxicology, Geology, and Hydrology,
- Management, and
- Legal.

The Commission anticipates that replacing projected retirements and anticipated turnovers in management will require succession planning and greater emphasis on professional development training to replace skill sets that will potentially be lost.

With additional professional development and training, the Commission anticipates that its current workforce has the potential to fill projected staffing needs. An important barrier the Commission faces in replacing its critical skill sets is funding for professional development, training of existing employees, and recruiting expenses of hiring external employees.

Part 5: Strategy Development

Methods to address the Railroad Commission’s projected workforce gap include:

- Career development programs – Mentoring, the use of internships for professional areas, and an increase in professional training and development for staff.
- Recruitment plans – Recruitment efforts to focus on positions that are difficult to attract and retain such as engineers, attorneys, and the recruitment of more women and minorities.
- Leadership development – Efforts to identify, retain, and develop existing employees with management and leadership capabilities. Increased funding will be necessary to provide leadership training.
- Organizational training and development – Funding for in-house training such as IT training, managerial training, and skill development can be used to address individual employee training needs for the Commission’s routine operations.
- Succession planning – Managers and supervisors will identify the skill sets critical to meeting their objectives in order to work with agency leadership on a plan for employee attrition. Succession planning can also address staffing or skill imbalances due to turnover and retirements.
- Retention programs – Some programs are already in place to help retain the employees with skills critical to the Commission’s success. Future plans for integrating an employee engagement and recognition program are in development phases.

A: Implementation of Workforce Plan

The Workforce Plan will be implemented in connection with the Railroad Commission’s Strategic Plan. Any changes to the Strategic Plan or legislative changes will result in adjustments to the Workforce Plan.

To begin the implementation of the Workforce Plan the following actions will be key:

- Implementation of the workforce plan will consider the sustainability of the workforce amidst the cyclical and changing nature of the industries regulated by the Commission.

- Development of a continuous business partnership between Human Resources and each of the Commission's divisions. By doing so, such areas as training needs, strategic planning of the workforce to meet division objectives, and long-range planning of workforce needs can be addressed on an ongoing basis. The addition of a Management Analyst to the agency to target workforce needs was successfully implemented.
- Division Directors, along with the Commission, will review progress of the workforce planning process biennially. Adjustments to the Plan, if any, will be documented.
- Initiatives to automate regulatory functions in the Oil and Gas Division will require the Commission to critically assess the following areas: competency gaps in technological skills, job functions, and skill shortages or surpluses within the division.
- The Commission's information technology modernization program will improve efficiency and accuracy in business processes throughout the agency.

B: Workforce Plan Evaluation and Revision

The final phase involves monitoring, evaluating, and revising to ensure a successful Workforce Plan. The following critical employment tools will be available to measure and evaluate changing trends in the workforce:

- Survey of Employee Engagement
- Customer Service questionnaires and feedback
- Retirements, projected retirements, and Commission turnover data
- College and diversity recruiting programs
- The Statewide Exit Survey and the internal Railroad Commission Exit Interview System
- Hiring trends including the lead time to hire
- Develop a veteran workforce that may possess the necessary skills for RRC operations

The Commission will review its efforts to revise and implement its Workforce Plan each even-numbered fiscal year in preparation for the upcoming biennium. As with this workforce planning effort, Commissioners, agency management and Division Directors will participate to ensure that the plan evolves into a document reflecting the Commission's current workforce and its projected workforce for the succeeding five years. The Commission will emphasize professional training and development to address the turnover in management due to the projected increase in retirements. Internal professional training and development will be key to a successful transition, both from a budgetary perspective as well as a business process perspective. The Commission may suffer productivity losses in the near-term, but the long-term benefits should outweigh any such losses.

Schedule G: Report on Customer Service

The full text of the Commission's [Report on Customer Service](http://www.rrc.state.tx.us/media/33759/rrc-customer-service-report-2016.pdf) may be found on the Commission's website at: <http://www.rrc.state.tx.us/media/33759/rrc-customer-service-report-2016.pdf>

**SCHEDULE H:
ASSESSMENT OF ADVISORY COMMITTEES
April, 2016
455 Railroad Commission of Texas**

To assist in the process required by Chapter 2110, Texas Government Code, state agencies should submit an assessment of advisory committees using the format provided. Please submit your assessment for each advisory committee under your agency's purview. Include responses for committees created through statute, administrative code or ad-hoc by your agency. Include responses for all committees, whether ongoing or inactive and regardless of whether you receive appropriations to support the committee. Committees already scheduled for abolishment within the 2016-17 biennium are omitted from the scope of this survey. When submitting information for multiple advisory committees, right-click the sheet "Cmte1", select Move or Copy, select Create a copy and move to end.

NOTE: Only the items in blue are required for inactive committees.

SECTION A: INFORMATION SUBMITTED THROUGH ADVISORY COMMITTEE SUPPORTING SCHEDULE IN LEGISLATIVE APPROPRIATIONS REQUEST

Committee Name: Oil and Gas Regulation and Cleanup Advisory Committee

Number of Members: 10

Committee Status (Ongoing or Inactive): Inactive
Note: An inactive committee is a committee that was created prior to the 2014-15 biennium but did not meet or supply advice to an agency during that time period.

Date Created: _____ **Date to Be Abolished:** _____

Budget Strategy (Strategies) (e.g. 1-2-4) _____ **Strategy Title (e.g. Occupational Licensing)** _____

Budget Strategy (Strategies) _____ **Strategy Title** _____

[State / Federal Authority](#)
[State Authority](#)
[State Authority](#)

[State Authority](#)
[Federal Authority](#)
[Federal Authority](#)

Select Type	Identify Specific Citation
Statute	Texas Natural Resources Code, Section 91.1135

Advisory Committee Costs: This section includes reimbursements for committee member costs and costs attributable to agency staff support.

Committee Members' <u>Direct</u> Expenses	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Travel	\$0	\$0	\$0
Personnel	\$0	\$0	\$0
Number of FTEs	0.0	0.0	0.0
Other Operating Costs	\$0	\$0	\$0
<i>Total, Committee Expenditures</i>	\$0	\$0	\$0

Committee Members' <u>Indirect</u> Expenses	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Travel	\$0	\$0	\$0
Personnel	\$0	\$0	\$0
Number of FTEs	0.0	0.0	0.0
Other Operating Costs	\$0	\$0	\$0
<i>Total, Committee Expenditures</i>	\$0	\$0	\$0

Method of Financing	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
Method of Finance			
1 - General Revenue Fund	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
Expenses / MOFs Difference:	\$0	\$0	\$0

Meetings Per Fiscal Year	Expended Exp 2015	Estimated Est 2016	Budgeted Bud 2017
	0	0	0

Committee Description: The Advisory Committee is charged with meeting quarterly with the Railroad Commission, monitoring and reporting on the effectiveness of the Oil and Gas Regulation and Cleanup Fund, reviewing recommendations for legislation proposed by the commission, and reviewing rules related to the fund. Statute also requires the committee to submit a biennial report to state leadership regarding any problems with administration of the fund and recommendations to address those problems. The Committee last met in February 2012, and issued its most recent report in 2009. The Railroad Commission is focused on fostering transparency and accountability by providing the data found in its report to the Legislature on the Oil and Gas Regulation and Cleanup Fund.

SECTION B: ADDITIONAL COMMITTEE INFORMATION

Committee Bylaws: Please provide a copy of the committee's current bylaws and most recent meeting minutes as part of your submission.

1. When and where does this committee typically meet and is there any requirement as to the frequency of committee meetings?

2. What kinds of deliverables or tangible output does the committee produce? If there are documents the committee is required to produce for your agency or the general public, please supply the most recent iterations of those.

3. What recommendations or advice has the committee most recently supplied to your agency? Of these, which were adopted by your agency and what was the rationale behind not adopting certain recommendations, if this occurred?

4a. Does your agency believe that the actions and scope of committee work is consistent with their authority as defined in its enabling statute and relevant to the ongoing mission of your agency ?

4b. Is committee scope and work conducted redundant with other functions of other state agencies or advisory committees?

5a. Approximately how much staff time (in hours) was used to support the committee in fiscal year 2015?

5b. Please supply a general overview of the tasks entailed in agency staff assistance provided to the committee.

6. Have there been instances where the committee was unable to meet because a quorum was not present?

Please provide committee member attendance records for their last three meetings, if not already captured in meeting minutes.

7a. What opportunities does the committee provide for public attendance, participation, and how is this information conveyed to the public (e.g. online calendar of events, notices posted in Texas Register, etc.)?

7b. Do members of the public attend at least 50 percent of all committee meetings?

7c. Are there instances where no members of the public attended meetings?

8. Please list any external stakeholders you recommend we contact regarding this committee.

9a. In the opinion of your agency, has the committee met its mission and made substantive progress in its mission and goals?

9b. Please describe the rationale for this opinion.

10. Given that state agencies are allowed the ability to create advisory committees at will, either on an ad-hoc basis or through amending agency rule in Texas Administrative Code:

10a. Is there any functional benefit for having this committee codified in statute?

10b. Does the scope and language found in statute for this committee prevent your agency from responding to evolving needs related to this policy area?

10c. If "Yes" for Question 10b, please describe the rationale for this opinion.

11a. Does your agency recommend this committee be retained, abolished or consolidated with another committee elsewhere (either at your agency or another in state government)?

11b. Please describe the rationale for this opinion.

12a. Were this committee abolished, would this impede your agency's ability to fulfill its mission?

12b. If "Yes" for Question 12a, please describe the rationale for this opinion.

13. Please describe any other suggested modifications to the committee that would help the committee or agency better fulfill its mission.