



RAILROAD COMMISSION OF TEXAS



**STRATEGIC PLAN
FISCAL YEARS 2019-2023**



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Strategic Plan

For the Fiscal Years 2019 to 2023

By

Railroad Commission of Texas

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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 Goals and Action Plans

1. To oversee the development of the state’s energy resources while protecting public health and the environment through an effective regulatory program that allows for the orderly and efficient development of oil and gas resources.

(All Actions Ongoing through 2023)

- Action 1. Monitor compliance by issuing organization reports for regulated entities and issue certificates of compliance for oil and gas producing properties.
- Action 2. Issue drilling permits
- Action 3. Process well completion reports and assign hydrocarbon production limits,
- Action 4. Accept and process production reports.
- Action 5. Coordinate GIS location data for oil and gas wells, which is particularly useful to assess potential damage from Gulf Coast hurricanes and other storm events.
- Action 6. Review applications and issue technical permits in accordance with state law, including the federally delegated Underground Injection Control program, under the Safe Drinking Water Act.
- Action 7. Review applications for underground hydrocarbon storage and the operations of brine mining facilities, permit surface waste management of oil and gas waste and oil and gas waste, and to certify certain production incentives as authorized by statute.

2. To protect public safety in the operation of the Texas pipeline system through regulatory oversight of the pipeline industry by inspection, compliance, and educational activities, and in the regulation of the LPG/CNG/LNG alternative fuels industries.

(All Actions Ongoing through 2023)

- Action 1. Issue pipeline permit registrations to identify pipelines subject to state and federal safety regulations and provide pipeline information through a publicly accessible GIS map viewer.
- Action 2. Conduct inspections, respond to complaints, investigate incidents, and take appropriate action to ensure the safe installation, maintenance, and operation over more than 224,000 miles of intrastate pipelines.
- Action 3. Educate pipeline operators, excavators, the public, and other affected stakeholders about the state’s one-call system, pipeline damage prevention rules, and enforce those rules to deter repeat offenses by both pipeline operators and excavators.
- Action 4. Inspect Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) installations and equipment; train, certify, and

license those individuals and companies that provide alternative fuel services to the public.

3. To protect the environment and consumers by ensuring that fossil fuel extraction and 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.

(All Actions Ongoing through 2023)

- Action 1. Inspect oil and gas operations to enforce conservation, environmental, and safety rules for oil and gas activities statewide, apportioned into nine districts.
- Action 2. Plug abandoned oil and gas wells that are causing or threatening to cause pollution when: a responsible operator does not exist; or the responsible operator fails to plug the well or otherwise bring the well into compliance.
- Action 3. Assess and cleanup abandoned oil and gas sites where the responsible person has failed or refused to control or cleanup oil and gas waste or other materials or the responsible person is unknown, cannot be found, or has no assets.
- Action 4. Perform technical evaluations of each surface mining permit application revision application, bond release application, and monitoring report to ensure the adequacy of the submittal in addressing the requirements of the regulations.
- Action 5. Conduct unannounced monthly inspections to ensure compliance with regulatory requirements and permit conditions and assure that reclamation of all land on which surface mining takes place occurs as contemporaneously as practicable with the permitted surface mining.
- Action 6. Manage federally funded Abandoned Mine Land (AML) reclamation at sites mined prior to August 3, 1977 that were inadequately reclaimed, and with no continuing reclamation responsibility by the operator under state or federal statutes.
- Action 7. Audit natural gas utilities to ensure compliance with regulatory requirements in their rates charged and tax payments made.
- Action 8. Evaluate docketed gas utility actions to determine whether the action is reasonable and complies with regulatory requirements.

4. To provide the public access to information and facilitate efficiencies with regulated industries through communications and technologies that support effective regulatory programs, while preserving and increasing access to public information.

(All Actions Ongoing through 2023)

- Action 1. Provides public access to oil and gas records.
- Action 2. Conduct Commission-related research for the public.
- Action 3. Administer the Commission’s subscription services and sales for data sets.

How Goals Support Statewide Objectives (All Goals)

1. Accountable to tax and fee payers of Texas
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
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve
4. Providing excellent customer service
5. Transparent such that agency actions can be understood by any Texan

The Railroad Commission is accountable to the tax and fee payers of Texas by providing services that achieve the agency’s mission while being cost effective and efficient. In 1890, the Texas Constitution was amended to provide for the Railroad Commission, establishing “all requisite means and agencies invested with such powers as may be deemed adequate and advisable” to regulate “railroad, freight and passenger tariffs, to correct abuses and prevent unjust discrimination and extortion in the rates of freight and passenger tariffs.” In 1917, the Texas Legislature declared pipelines to be common carriers, and gave the RRC jurisdiction over them; followed by a 1919 statute giving the Commission jurisdiction to enforce requirements to conserve oil and gas and forbid waste. For 127 years, the Commission has continually sought ways to eliminate redundancies, increase efficiencies, and improve customer service. The passage of H.B. 1818 (85th Legislature, 2017) reaffirmed the Commission’s responsibility to protect the public and the environment in a way that allows the energy industry to remain an economic driver for the state. The Commission’s commitment to customer service, transparency, and effectiveness has never been greater.

While the RRC is ever mindful and diligent with every tax payer dollar appropriated to the agency, the agency is primarily self-funded through fees and fines collected from regulated industries (All Goals). Through its regulation, the Commission protects both adjacent mineral interest owners’ interests and reservoirs by regulating the spacing and density of wells, determines financial assurance, maps wells for future reference, and ensures that such activities do not negatively affect surface and subsurface water quality (Goal 1 and Goal 3). Texans—more than 4.5 million residential and business customers—rely on the Commission to ensure the safety, availability, and reliability of natural gas; from the consumer who uses natural gas for essential home heating needs to the farmer who relies on natural gas for feedstock or the major manufacturer who uses natural gas as a process fuel (Goal 2 and Goal 3), the Commission ensures that natural gas utilities provide safe and reliable service at just and reasonable rates.

The Commission is responsible for ensuring effective use of the state’s energy resources through the regulation of virtually all phases of the oil and gas exploration and production industry. From initial permitting to drill a well to its final plugging, each oil and gas well in the state is monitored and regulated by the agency (Goal 1 and Goal 3). Using a risk-based prioritization schedule, the Commission can more frequently address greater than 224,000 miles of intrastate pipelines and 70,000 alternative fuel installations with the greatest potential risk or affecting the highest population (Goal 2).

RRC staff works diligently to educate stakeholders and the public about the Commission's programs and receive stakeholder feedback to optimize those efforts. The Commission's social media presence continues to expand and each year the Commission increases its participation in public and stakeholder events. (All Goals). The RRC continues to expand its data transparency efforts to make all its information more available and accessible to the public, particularly related to its Safety Program (Goal 2) and Environmental and Consumer Protection (Goal 3) activities, as well as its historical data (Goal 4).

The Commission continues to research and implement tools and processes to enable easier access to records that concern various oil and gas exploration and development, determination of responsibility for the proper plugging of abandoned wells, applications to inject water into reservoirs for enhanced oil and gas production, and prevention and control of oil and gas pollution (Goal 1 and Goal 3). The Commission relies on data tools to manage inspections of pipeline systems, alternative fuel installations, and surface mines, allowing staff to prioritize future inspections and track compliance. (Goal 2 and Goal 3). The Commission collects, maintains, and makes available to the public enormous amounts of information and data depending on agency systems and processes that operate with the highest level of efficiency and accessibility (Goal 4). This requires vigilance in continuous review and updating of its systems related to data collection and data management in the field and at headquarters. The RRC continually strives to make information more available and transparent to the public, particularly related to its Safety Program (Goal 2) and Environmental and Consumer Protection (Goal 3) activities. Data transparency initiatives recently completed or in progress include the following:

- Providing the ability for users of the public GIS viewer to view well logs filed online,
- Improving the Drilling Permit and Completion online queries to better represent horizontal and stacked lateral wells,
- Improving the Injection/Disposal Well online query to allow users to search by injected fluid, and
- Providing better visibility of oil and gas inspection, violation, and enforcement data (in progress).

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 efficiency, transparency, accountability, and effectiveness of the Commission's programs.

Redundancies and Impediments

Table 1: Redundancies and Impediments: Damage Prevention Exemptions

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Texas Utilities Code, Chapter 251, §251.003 and §251.004
Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	Federal funding for the RRC damage prevention program is withheld due to the exemptions in these sections.
Provide Agency Recommendation for Modification or Elimination	Remove exemptions from Chapter 251, Utilities Code. Specifically, revise Sec. 251.004 to remove the exemption for a contractor working in the public right-of-way under a contract with the Texas Department of Transportation and employee of the Texas Department of Transportation.
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	Up to \$50,000 in federal funding for RRC Damage Prevention Program would be available if changes to statute removed the exemption language.

Table 2: Redundancies and Impediments: Public Information Act E-mail Addresses

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Gov't Code § 552.137
Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	This section makes an e-mail address provided to a governmental body by a member of the public confidential and not subject to disclosure under the Public Information Act (PIA). Redacting e-mail addresses from public documents before providing them in response to a PIA request takes a significant amount of time.
Provide Agency Recommendation for Modification or Elimination	Repeal §552.137 or amend such that the general rule is that e-mails are public and only confidential in certain circumstances. (Rather than the current structure which makes all e-mails confidential and only public in certain circumstances).

Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	Every responsive document has to be reviewed for emails and then redacted if an email is found. Eliminating these steps would save a significant amount of time.
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Table 3: Redundancies and Impediments: Resolve Conflict for Penalty Deposits

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Natural Resources Code §91.111 and §81.067
Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	When §91.111 (the Oil-Field Cleanup Fund) was repealed in 2011 and replaced with §81.067 (the Oil and Gas Regulation and Cleanup Fund “OGRC”), the statutes were amended to exclude penalties from the OGRC and to redirect them to the General Revenue Fund. However, §81.0531(e) still directs penalties to the repealed Oil-Field Cleanup Fund. Further, §19.29(4) of SB 1 (82 nd legislative session, 2011) instructs that “any amount required to be deposited to the credit of the oil-field cleanup fund shall be deposited to the credit of the oil and gas regulation and cleanup fund.”
Provide Agency Recommendation for Modification or Elimination	Resolve conflict regarding where the penalties should be deposited.
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	Eliminate conflict in various sections of statute related to penalty revenue.

Table 4: Redundancies and Impediments: Eliminate Requirement to Mail Notice of Proposed Rules

Service, Statute, Rule or Regulation (Provide Specific Citation if applicable)	Gov't Code 2001.026
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Describe why the Service, Statute, Rule or Regulation is Resulting in Inefficient or Ineffective Agency Operations	The statute requires an agency to mail notice of a proposed rule to a person who makes a timely request for notice of rulemaking proceedings. Mailing the notice is costly.
Provide Agency Recommendation for Modification or Elimination	The statute should be amended to allow for electronic delivery of notices.
Describe the Estimated Cost Savings or Other Benefit Associated with Recommended Change	The benefit would be a decrease in cost for many agencies, and also modernization of the statute. There are likely many agencies, including the Commission, who already provide these notices via email through a subscription list.

Natural Disaster-Related Redundancies and Impediments (If Applicable)

Not applicable. The Railroad Commission did not identify any statutory changes that could help in its response to natural disasters.

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 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 Annual calendar year production of Texas crude oil
- 1.1.1.4 Annual calendar year production of Texas natural gas
- 1.1.1.5 Number of horizontal drilling permit applications processed
- 1.1.1.6 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
- 3.1.2 Percent of wells not inspected in last five years

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

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: List of 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 of Permit Applications Processed Within Time Frames

Definition: This measure includes enhanced recovery and disposal permits, 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 Oil and Gas Division. 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 parameter 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 with Carbon Dioxide 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 carbon dioxide.

Data Limitations: At the end of each quarter, identify from Form H-10 all producing leases that inject carbon dioxide. 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 carbon dioxide and records the monthly volume of injected gas. Production for the leases with active carbon dioxide injection is extracted from the mainframe computer system and summed.

Purpose: This metric focuses on the volume of oil produced from leases on which carbon dioxide 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 carbon dioxide 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: 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 1-1-1-4: 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 natural gas 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 well. 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 1-1-1-5: 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 1-1-1-6: 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: High

Priority: Medium

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: Low

Priority: Medium

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

Outcome 3-1-2: 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: Medium

Key Measure: No

New Measure: Yes, changes from Output to Outcome

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 Well and Facility Inspections Performed

Definition: This measure represents the total number of oil and gas well and facility inspections performed 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/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 well and facility inspections performed during the reporting period.

Purpose: The number of oil and gas well and 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: High

Key Measure: Yes

New Measure: Yes, changes will affect history

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: Medium

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 enhanced recovery and disposal wells, waste hauler permits, surface storage, recycling, and disposal activities, hydrocarbons storage and brine mining wells, 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), recycling applications, 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 and Gas division staff workloads and oil and gas activity in the state.

Calculation Method: Cumulative

Target Attainment: High

Priority: Medium

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: Medium

Key Measure: No

New Measure: Yes

Percentage Measure: No

Output 3-1-1-6: Number of oil and gas well and facility inspections performed with no violation

Definition: This measure represents the total number of oil and gas well and facility inspections 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 well and 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, changes will affect history

Percentage Measure: No

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

Definition: This measure represents the average number of oil and gas well and facility inspections performed by district office staff and documented by a work report during the reporting period.

Data Limitations: An inspection encompasses a well or other oil and gas well and facility. Not all inspections require the same amount of time to complete due to the travel time required to reach the well or facility, the complexity of the job, and the number of violations identified at the well 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: 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 well and 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 well and 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: Medium

Key Measure: Yes

New Measure: Yes, changes will affect history

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: Medium

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: Medium

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: High

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: High

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: Medium

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: Medium

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: Medium

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: High

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: High

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: Medium

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 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 managed cleanup activities.

Calculation Method: Noncumulative

Target Attainment: Low

Priority: Medium

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: Medium

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: The number of 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: Medium

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: Medium

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: Medium

Key Measure: No

New Measure: No

Percentage Measure: No

Explanatory 3-2-1-4: Number of Known Orphaned Wells

Definition: The number of known orphaned wells statewide is a count of wells 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.

Data Limitations: The number of orphaned wells is a dynamic number that changes daily. The number of orphaned 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 orphaned 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 orphaned 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: Medium

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: Medium

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: Medium

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: Medium

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: Medium

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 Gas Services 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, self-service 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 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 that is tabulated from the Commission's Central Records Management System, as one component of the open records monthly report to the Office of the Attorney General.

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 certified Historically Underutilized Businesses (HUBs) in all phases of procurement activities.

A.1. Objective:

The 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:

24.00 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 (e.g., HUB forums attended and sponsored)
- Number of Contracts Evaluated for Subcontracting Opportunities
- Number of Mentor-Protégé Partnerships Sponsored by Agency

HUB Program Efforts and Accomplishments

In accordance with Section 2161(d)(5) of the Texas Government Code and the State's Disparity Study, state agencies are required to establish their own HUB goals based on scheduled fiscal year expenditures and the availability of HUBs in procurement category. The Railroad 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 2017 the Commission spent \$ 1,677,564 with HUB vendors for a total of 9.22 percent of all Commission purchases. This is 2.75 percentage points less than the statewide performance result of 11.97 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 HUB 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

The Commission's Chief Financial Officer is currently designated as the agency's HUB coordinator. In this capacity, the CFO advises and assists the Commission's leadership team 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.

- HUB Coordinator: Judi Bailey, Interim Chief Financial Officer
- Assistant HUB Coordinator: Rona Walton, CTPM

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 through 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

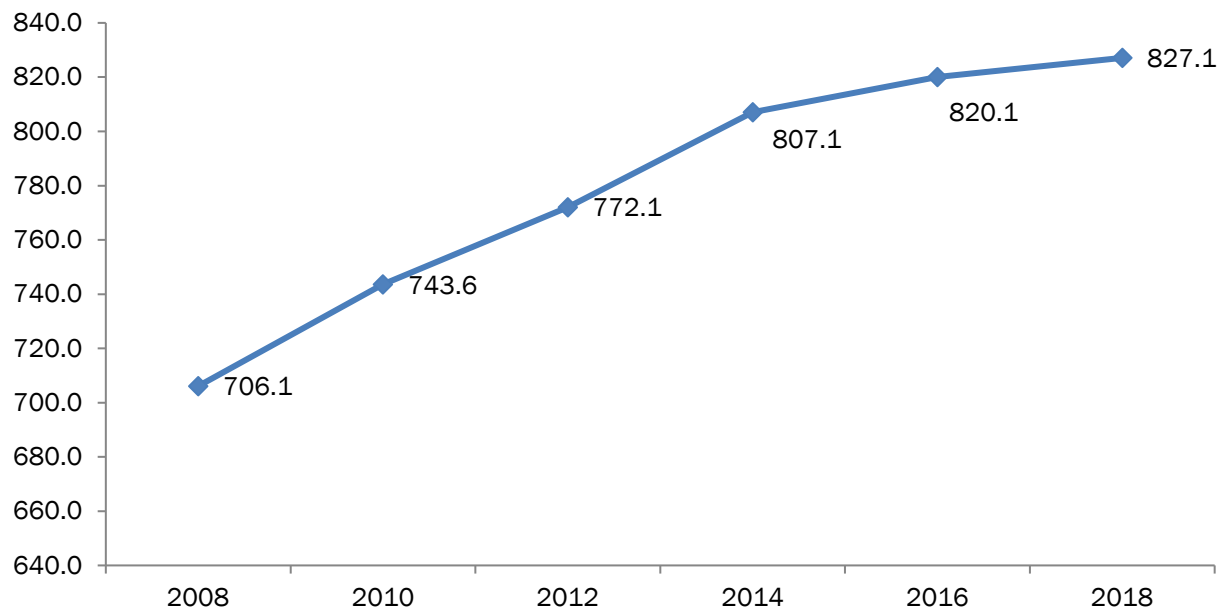
The Railroad Commission does not expect significant changes in its mission, strategies, or goals during the next five years, but it does recognize the need to adapt readily to any changes required by legislation.

Part 2: Current Workforce Profile

A: Workforce Demographics (As of March 15, 2018)

The authorized number of full-time equivalent (FTE) employees increased by more than 100 over a ten-year period from FY 2008 to FY 2018.

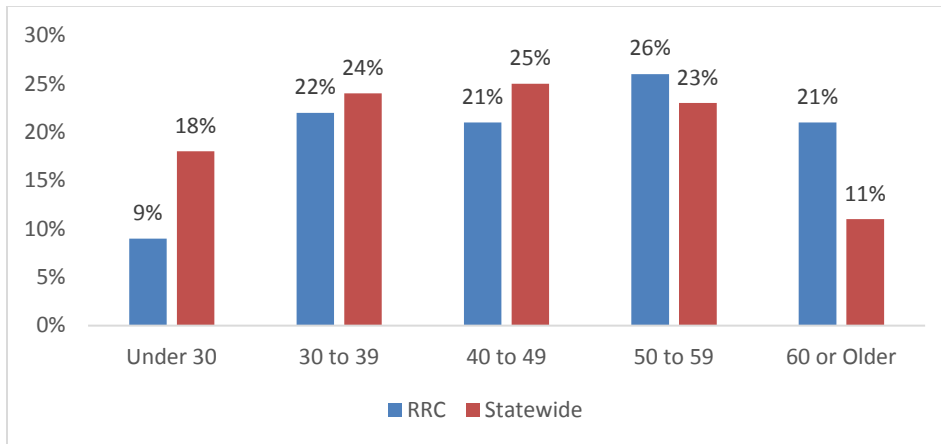
Figure 1: Full Time Equivalents Fiscal Years 2008–2018



Age

The majority of Commission employees—67.8 percent—are over the age of 40. With only 32.2 percent of the Commission’s workforce under 40 years of age, the Commission must aggressively plan to replace the institutional knowledge of its 201 employees who are eligible to retire before the end of fiscal year 2021. Compared to the Statewide average, the Commission has a similar number of employees between the ages of 30 to 60; however, the Commission also has a significantly higher number of employees over the age of 60.

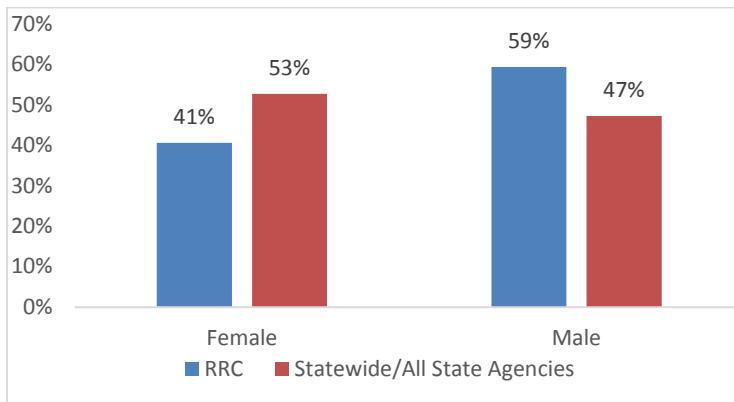
Figure 2: Age Distribution as of March 15, 2018



Gender

As of March 15, 2018, the RRC has 431 male employees (59.4 percent) and 295 female employees (40.6 percent). The total employee count of 726 includes both full-time and part-time employees, and three statewide elected officials.

Figure 3: Gender Data as of March 15, 2018



Ethnicity

A comparison of the Railroad Commission’s employees to the available state civilian workforce as reported by the Texas Workforce Commission, Civil Rights Division in March 2018, indicates the Commission’s performance in attracting and retaining a diverse workforce has some important successes, as detailed in the following charts.

Figure 4: Ethnicity as of March 15, 2018

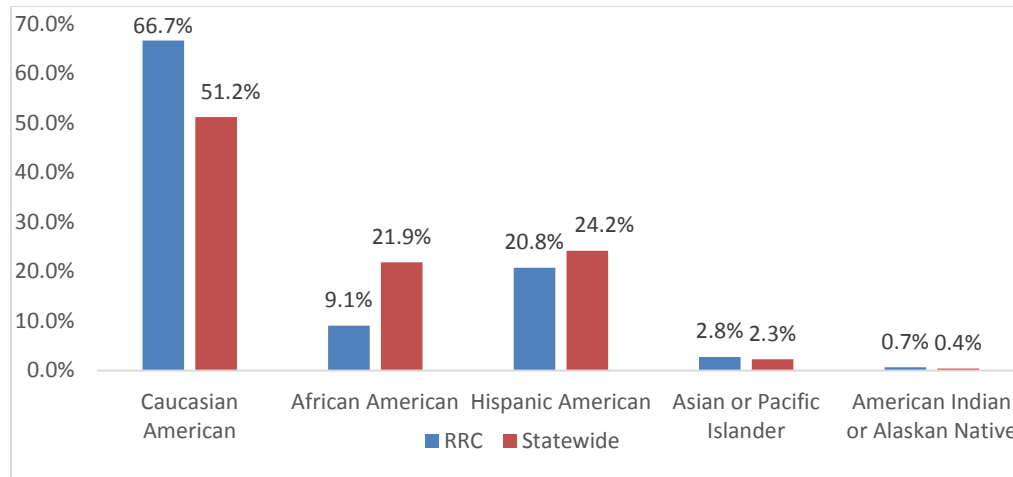


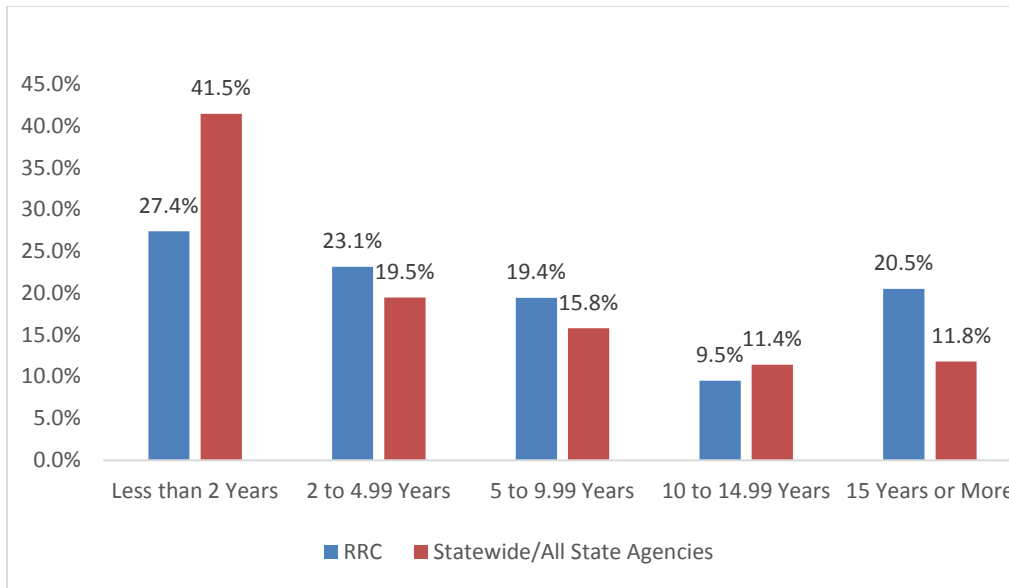
Table 5: EEO Categories by Ethnicity and Gender as of March 15, 2018

EEO Job Category	Caucasian American	African American	Hispanic American	Asian American	American Indian
Officials, Administration	52	4	7	1	1
Professional	320	33	70	13	1
Para-professional	1	1	4	0	0
Administrative Support	100	28	69	6	3
Elected Officials	3	0	0	0	0
Elected Official Staff	8	0	1	0	0
Total	484	66	151	20	5

Length of Service

On March 15, 2018, the Commission had 199 employees with less than two years of Commission service, and 367 employees with less than five years of service with the Commission. There were 141 employees (19.4 percent) with five to nine years of service, and 69 employees in the 10 to 15 range (9.5 percent). Twenty percent of staff have more than 15 years of service with the Commission.

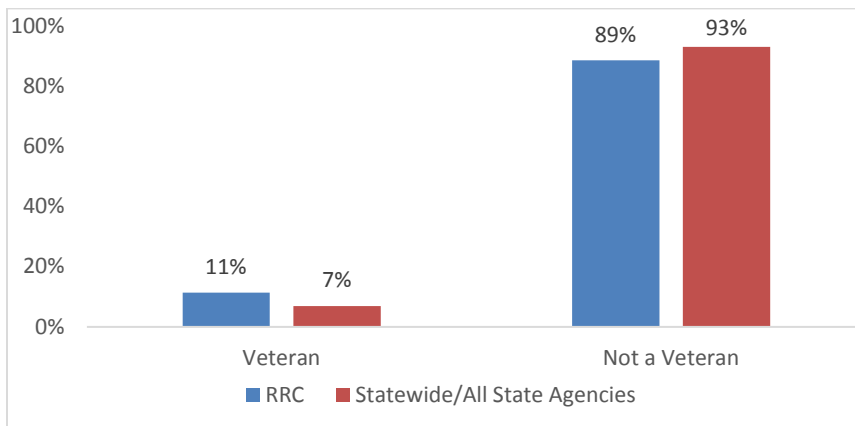
Figure 5: Length of Service



Veterans

The Commission is focused on hiring and retaining veterans. The Commission’s goal is to reach a workforce staffing level with 20 percent of that level represented by veterans. The Human Resources Division plans to recruit at veteran career fairs and appointed a veteran coordinator for the agency.

Figure 6: Veteran Staffing



B: Percent of Workforce Eligible to Retire

Projections indicate a gradual increase in the number of Commission employees eligible to retire between FY 2018 and August 31, 2021. By the end of fiscal year 2021, 27.7 percent of the Commission’s current workforce will be eligible to retire. This percentage is a decrease from two years ago by nearly 8 percentage points. Regardless of the decrease, the Commission will lose a sizeable portion of its most knowledgeable employees, including many in critical positions, in the coming years.

The Commission employs 28 return-to-work retirees. When these individuals are included with the 201 individuals projected to be eligible to retire, then almost 32 percent of the workforce could leave the Commission by the end of the next biennium. It will be challenge for the RRC to replace these individuals with skills that are 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 in the next five fiscal years. The Commission identified specific workforce members including engineers, scientists, and attorneys who will be eligible for retirement. To replace these important skills, succession planning and a greater focus on internal organizational development and cross-training will be required as the Commission’s workforce plan evolves.

C: Employee Turnover and Projected Attrition

While the Commission’s turnover rate increased from 2016 to 2017, the agency’s turnover rate was significantly lower than the state’s turnover rates. The Commission 2017 Turnover rate including interagency transfers was 17.2 percent while the state’s overall rate was 32.4 percent.

Table 6: Employee Turnover

Fiscal Year	Headcount	Terminations including Interagency Transfers	Turnover Rate including Interagency Transfers	Terminations excluding Interagency Transfers	Turnover Rate excluding Interagency Transfers
2016	737.50	111	15.1%	99	13.4%
2017	703.50	121	17.2%	111	15.8%

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

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

- 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: Future Workforce Skills Needed

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 contemporary 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 for greater transparency and reducing paper transactions and processing time for customer requests; and
- Encouraging cross-training, talent management, and a career development program as part of a human resources partnership with Commission leadership and divisions.

B: 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.

C: 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. A variety of recruitment methods will 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.

In May 2018, the Commission will transition from posting jobs via NEO-Gov to posting and hiring via CAPPS Recruit. CAPPS Recruit is integrated with CAPPS, which will streamline hiring and on-boarding

processes. Posted Commission job requisitions will be listed along with other state agency jobs on a careers page, which will have an unknown effect on recruiting efforts.

The Commission will continue to identify resources associated with professional organizations to post jobs with distinct or hard-to-find skill sets.

A critical barrier to recruitment is competition with other state agencies along with private sector engineering jobs.

D: Employee Engagement

In March 2018, the Survey of Employment Engagement was available for three weeks to current employees. Out of 718 RRC employees invited to take the survey, 438 responded for a response rate of 61 percent. The response rate was 7.1 percentage points higher than the previous survey and the overall score was 364, an increase from 348 when the survey was last conducted in March 2016.

The three areas that the Commission rated the highest are:

- Strategic
- Workgroup
- Supervision

The three that the Commission rated the lowest are:

- Pay
- Information systems
- Internal Communications

The Commission is strategically planning ways to improve the lowest areas of engagement. In March 2018, to retain employees, the Human Resources Division implemented a career track plan for promoting high performing, long-time employees. Due to hard-to-fill positions in the Permian Basin, the Commission raised the starting salaries for open positions in counties within the Midland District. All existing job requisitions were updated to reflect the higher monthly salary to attract qualified candidates.

Also, in March 2018, the Commission's Information Technology Division installed new telephones and are exchanging laptops with docking stations in lieu of desktop computers. The CAPPs implementation allows managers easy access to Human Resources related data. Finally, the Commission's Communications team plans to redesign the Commission's Intranet page while continuing to send monthly newsletters that contain pertinent information for staff.

A new Employee Handbook was finalized and approved in February 2018. The updated handbook outlines employee expectations more clearly than the previous version. All employees were required to acknowledge receipt of the handbook and all managers were offered one-on-one training outlining the significant changes to the handbook.

Part 4: Gap Analysis

A: Anticipated Surplus or Shortage of Workers or Skills

According to the January 2018, Federal Reserve Beige Book¹:

Employment continued to grow at a modest pace since the previous report. Most Districts cited on-going labor market tightness and challenges finding qualified workers across skills and sectors, which, in some instances, was described as constraining growth. Several Districts noted elevated demand for manufacturing and construction labor. Most Districts said that wages increased at a modest pace. A few Districts observed that firms were raising wages in a broader range of industries and positions since the previous report. Some Districts reported that firms expect wages to increase in the months ahead.

While specific to activity in the Dallas District, the Beige Book indicates that:

Economic activity grew robustly, a pickup in pace from the more moderate expansion seen throughout most of 2017. The manufacturing sector remained a bright spot, although growth accelerated in most other sectors as well. Employment growth picked up, and wage and price pressures remained elevated. Labor shortages persisted, with several reports that difficulty hiring was impeding growth to some extent.

Specific to Energy in our District, Dallas, the Beige Book states:

Energy activity was up from [early December 2017] six weeks ago, as drilling in the Permian Basin and Eagle Ford increased and well completions continued to grow. Demand for oilfield services remained healthy in the Permian Basin, and activity in the Eagle Ford firmed. Some energy contacts noted an increase in lending and investment deals. Outlooks for 2018 improved, but remain conservative, with contacts expecting drilling activity, production and employment to grow this year.

With more than half of the Railroad Commission's workforce requiring a science, technology, or engineering background, the Commission anticipates a potential shortage in the available workforce with the skills necessary to meet the future labor requirements of the Commission. The Bureau of Labor Statistics projected that during the period 2010-2020 employment in Science and Engineering occupations would grow by 18.7 percent, compared to 14.3 percent for all occupations.²

The Commission's ability to attract and retain qualified applicants is a challenge many state agencies also face. Unemployment rates in Texas have held steady around 4 percent for the past several years. When private sector energy industries are hiring, the Commission is burdened with hard to fill positions

¹ Federal Reserve District, *The Beige Book: Summary of Commentary on Current Economic Conditions, January 2018*, p. k-1 and p. k-2, Federalreserve.gov, [online] available at: https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20180117.pdf [Accessed May 3, 2018].

² National Science Foundation, "What Does the S&E Job Market Look like for U.S. Graduates?" STEM Education Data and Trends, [online] available at: <https://nsf.gov/nsb/sei/edTool/data/workforce-03.html>. [Accessed May 3, 2018.]

in rural locations. The agency must market the other benefits of employment with the Railroad Commission.

The Commission anticipates that replacing projected retirements and anticipated turnovers in management will require succession planning and greater emphasis on professional development 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 existing employees, and recruiting expenses related to 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 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. Focus on employee engagement and recognition programs 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

Introduction

The Railroad Commission of Texas was established in 1891 under a constitutional and legislative mandate to prevent discrimination in railroad charges while establishing reasonable tariffs. In 1917, pipelines were declared common carriers and the Commission was given jurisdiction over them. By 1932 the Commission assumed jurisdiction over oil and natural gas exploration and production. The Railroad Commission marked its 127th anniversary in April 2018 making it the oldest regulatory agency in the state and one of the oldest of its kind in the nation. Three commissioners elected statewide by Texas voters serve six-year staggered terms. One commissioner is elected every two years.

The Railroad Commission has three regulatory divisions. The Oil and Gas Division oversees the Texas oil and gas industry, specifically exploration and production activity. The Oversight and Safety Division has jurisdiction over natural gas utilities, pipeline safety and alternative energy safety oversight of the liquefied petroleum gas (propane), liquefied natural gas (LNG), and compressed natural gas (CNG) industries. The Surface Mining and Reclamation Division oversees the surface mining of coal and uranium in Texas, as well as the Abandoned Mine Land Reclamation program.

As articulated in its mission statement, the Railroad Commission serves the people of Texas through stewardship of natural resources and the environment, concern for personal and community safety and support for enhanced development and economic vitality for the benefit of Texas. An integral part of the Railroad Commission’s commitment is its focus on providing the best possible service to the citizens of Texas.

Consistent with that mission and commitment, the Railroad Commission of Texas submits this Report on Customer Service.

Inventory of External Customers

Table 7: Identification of Customers by Strategy

Customer Groups by Strategy	Customer Sub-groups	Brief Description of Services Provided
<p>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.</p>	<p>Oil and Gas Producers</p>	<p>Permitting—based on spacing and density rules. Review on monthly basis production allowables on oil and gas wells.</p>

Customer Groups by Strategy	Customer Sub-groups	Brief Description of Services Provided
<p>2.1.1 Pipeline Safety Ensure the safe operation of pipelines through permitting, field inspections, accident investigations and emergency response.</p>	<p>Pipeline Operators</p>	<p>Conduct pipeline safety inspections and identify violations; take necessary enforcement actions; conduct accident investigations; administer pipeline permits issued and renewed.</p>
<p>2.1.2 Pipeline Damage Prevention Support education and partnership initiatives to increase the overall awareness and effectiveness of damage prevention.</p>	<p>General Public and Landowners</p>	<p>Educate public about Texas “one-call” centers and increase awareness of third party damage incidents.</p>
<p>2.2.1 Regulate Alternative Energy Sources Regulate Alternative Energy Sources: Protect the health, safety and welfare of the general public by ensuring the safe storage and transportation of LP- gas, Compressed Natural Gas, and Liquefied Natural Gas as alternative energy sources through safety education, accident investigation, inspection and enforcement of safety regulations.</p>	<p>LPG/CNG/LNG Operators</p>	<p>Perform safety inspections and identify violations; administer qualifying examinations, licenses, certifications and registrations.</p>
<p>3.1.1 Oil and Gas Monitoring and Inspections Assure that Oil and Gas permitted activities comply with applicable state and federal regulations through field inspections, witnessing tests, monitoring reports, processing applications and enforcement actions.</p>	<p>Oil and Gas Producers, Waste Management, Landowners</p>	<p>Inspections Inspections and Enforcement Respond to inquiries</p>
<p>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.</p>	<p>Surface Mining Operators, Landowners</p>	<p>Inspections, Permitting & Enforcement Respond to inquiries</p>
<p>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.</p>	<p>General Public, Landowners</p>	<p>Orphaned wells managed/plugged, and abandoned pollution sites investigated, assessed, or cleaned up with the use of state funds.</p>

Customer Groups by Strategy	Customer Sub-groups	Brief Description of Services Provided
3.2.2 Surface Mining Reclamation Protect public health and the environment by identifying, assessing and prioritizing mine lands that require the use of state funds for reclamation and provide assistance for operator-initiated corrective actions.	General Public, Landowners	Abandoned surface mine sites on which reclamation has been initiated.
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 structure and submission of Gas Utility Taxes.	Gas Utilities Consumers	Provide economic regulation over intrastate natural gas utilities. Operate and maintain the state's natural gas electronic tariff system. Audit utilities to ensure properly authorized rates are being computed and billed to residential or commercial users.
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.	Oil and Gas Operators, General Public/Consumers	Electronic filing, Production information Website access to information

Information Gathering Methods

The Railroad Commission of Texas is committed to delivering the highest level of customer service. How the agency responds to those who conduct business with the Railroad Commission reflects not only on the agency, but on the State as well. Employees at the Railroad Commission strive daily to provide the level of service Texans expect and deserve, and the agency has several mechanisms in place to achieve this goal.

To capture feedback from the agency's external customers, the Railroad Commission features a link on its website homepage to an online Customer Service Survey. When responding to inquiries received from constituents via the Public Assistance email account, information and a link to the survey are included to encourage feedback. The survey may be submitted anonymously, or the constituent may include contact information for follow up action by the Railroad Commission. Staff monitors responses on a continuing basis to ensure quick resolution of any issues reported via the survey.

In March 2018, the Commission sent a link to the Customer Service Survey to agency listservs to encourage feedback for development of this report. Survey responses were collected March 28 through April 25, 2018. Approximately 345 surveys were submitted to the Commission. Results of those surveys are included in this report.

Additionally, the Railroad Commission regularly receives public input in several other ways, to increase information gathering, and to ensure staff resources are utilized to their greatest effect in delivering the high level of service RRC customers demand, including:

Toll Free Number

The Railroad Commission maintains a toll-free number (1-877-288-5740) that anyone may use to obtain information about agency programs and services. A recording directs callers to the appropriate Railroad Commission contact for their needs. There is also an option to speak directly to a public assistance Railroad Commission employee who serves as the agency ombudsman.

The Commission has another toll-free number dedicated to reporting of emergency situations twenty-four hours a day, seven days a week. A dedicated emergency reporting number is easier and more expedient for the public when they report emergency situations. Constituents have the option to call 1-844-773-0305 toll free, or 512-463-6788.

Railroad Commission Website

The Railroad Commission regulates an industry that is constantly evolving and is one of the most technologically advanced in the world. To remain a leader in energy regulation, the Railroad Commission implemented an IT modernization effort in Fiscal Year 2014. The modernization effort included a website redesign that greatly improved website functionality and ease of use. The Commission continues to make updates and improvements to better meet the needs of the public, industry and legislators by leveraging technology to provide new capabilities and a more user-friendly interface.

Customers can find a variety of useful information on the website including:

- data, statistics, forms and maps;
- regulatory information;
- educational opportunities;
- publications and news releases;
- information on environmental services and safety;
- information on executive orders, rules and proposals for decisions;
- Geographic Information System (GIS) Public Map Viewer;
- online filing, reporting and query systems;
- automated fee collection; and
- information on the Public Assistance email account, Publicassist@rrc.state.tx.us.

The Railroad Commission has long recognized the value of its information and continually works to improve access to its data repositories and services through the website to better inform and serve the public.

Information Services

The Information Services section, through its Central Records and Public Sales units, provides public access to Railroad Commission oil and gas data collected over the past 90 years as well as information on all aspects of the Railroad Commission's regulatory functions. The section also fulfills requests for

subscriptions, publications, and data in electronic format. The public may call or visit Monday through Friday from 8:00 am to 5:00 pm. Requests for information may be emailed to ims@rrc.state.tx.us.

Customer Service Principles

The Railroad Commission developed Customer Service Principles to help employees provide a high level of customer service in their day-to-day work activities. Customer Service Principles are detailed for telephone and email customer service from the public, information technology issues, legislative inquiries, and media inquiries. Phone calls and emails are to be responded to no later than the close of the next business day, ensuring the prompt resolution of any issues that may arise. Staff are trained on the Customer Service Principles and the information is available on the staff intranet website.

Public Assistance Email Account

The Contact Us section of the Railroad Commission's website includes an email account for the public to contact the Commission with questions and concerns. Each email is logged and assigned to appropriate staff for processing. As outlined in the Commission's Customer Service Principles, Public Assistance emails must receive a response from staff no later than the following business day. A spreadsheet is used to track each inquiry and the eventual resolution.

Executive Assistance Email Account

In addition to inquiries received on the Public Assistance email account, many constituents reach out directly to the three elected Commissioners that lead the Railroad Commission. As with the Public Assistance email account, all such emails, letters and phone calls are logged and processed to ensure quality customer service.

In Calendar Year 2017, the RRC responded to a combined total of 2,029 Public and Executive Assistance inquiries, an average of 39 responses per week. From January 2018 through April 2018, the RRC received a combined total of 706 Public and Executive Assistance inquiries, continuing to average 39 responses weekly.

Area Specific Contacts

The Contact Us area of the Commission's website includes contact information for topic-specific comments and complaints including:

- Gas Services
- Government Relations
- ITS Help Desk
- Human Resources
- Oil and Gas Division
- Pipeline Safety

Furthermore, the Commission interacts with the public and stakeholders on a daily basis in District and Regional offices throughout Texas.

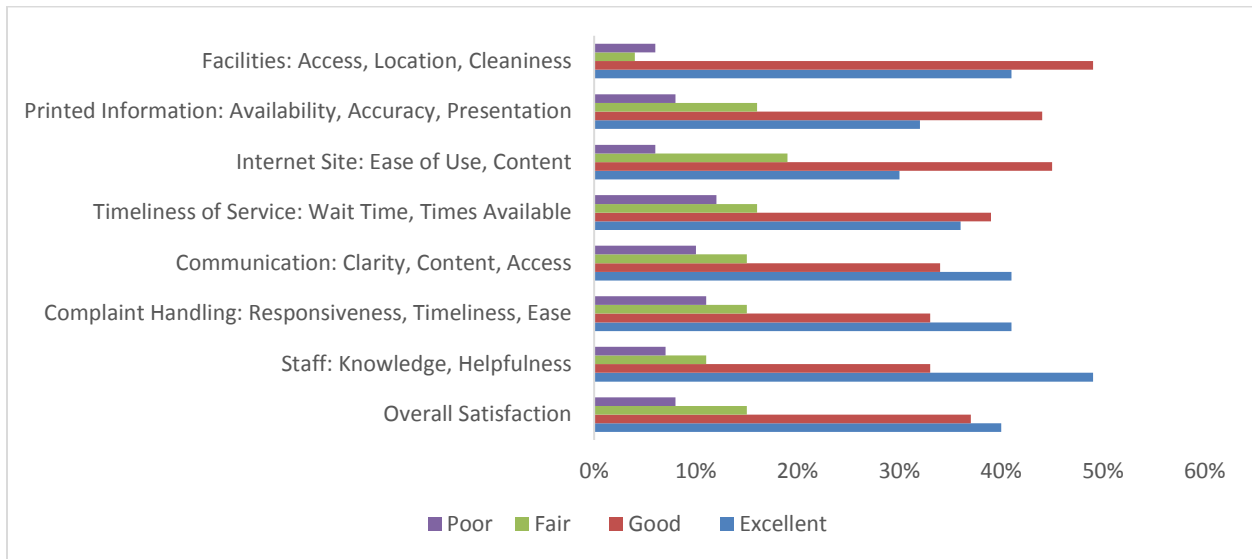
Data

This section of the report contains the following:

1. Link to the Compact with Texans: <https://www.rrc.texas.gov/site-policies/>
2. Charts representing results of the 2018 Customer Service Survey

Customer Service Surveys reporting a complaint are resolved by forwarding the Customer Service Survey to the appropriate division director for follow up and appropriate resolution.

Figure 7: 2018 Customer Service Summary of Responses



Analysis

The link to the Customer Service Survey on the Railroad Commission's home page is accessible to the public year-round making it possible to capture feedback and quickly respond to comment or complaints. Survey information received after April 25, 2018 is archived and will be included in the 2020 Customer Service Report.

As previously noted, a web link to the Customer Service Survey is included when corresponding with constituents via the Public Assistance email account. Also, the Commission uses listservs to contact stakeholders directly and ask them to take the survey. The Commission will continue to investigate methods of engagement to increase participation in the Customer Service Survey as it provides valuable feedback that results in improvements at the Commission.

Considerations for improved outreach include, but are not limited to, web links to the survey on email signature lines, seminars and conferences, and information given during examinations/certifications by the agency. The Commission's monthly e-newsletter also provides an opportunity to solicit participation. Ultimately, the goal is to include a larger population of customers in the survey process.

The findings of the 2018 Customer Survey Report show most respondents rate the Commission's customer service as "Excellent" or "Good". However, it also shows areas in need of improvement and the Commission will examine steps to increase both constituent participation and the percentage of "Excellent" responses to the survey.

"Staff Knowledge" and "Overall Satisfaction" received the highest scores with "Timeliness" scoring the lowest. Industry activity continues to increase, placing greater demands on Commission staff resources. Improvements to the website have resulted in increased access to data, streamlined online filing processes and faster processing of reports. Even so, improvements can be made in staff response times by ensuring proper employee training and providing staff with the tools needed to be fully responsive to stakeholders.

Performance Measures

Outcome Measure

- *Number of Customers Served:* Quantifying the number of customers served by the Railroad Commission is difficult. The following is a description of the regulated industry and the public served by the Commission.

Oil and Gas Exploration and Production

The Texas oil and natural gas industry consists of a wide spectrum of businesses, ranging from sole proprietorships to fully integrated multinational corporations. Activities range from well drillers, to well pluggers, to waste haulers. All aspects of the oil and natural gas production cycle from beginning to end are part of the regulatory responsibility of the Railroad Commission. Currently, Texas producers operate approximately 180,000 active producing oil wells and 90,000 active producing gas wells. In 2017, Texas wells produced approximately 2.8 million barrels per day of oil and condensate and 20.7 billion cubic feet per day of gas well gas.

Pipeline Transportation

To gather, transport and deliver Texas' oil and natural gas resources, an extensive network of pipeline is required. The Railroad Commission has responsibility to ensure these systems are designed, constructed, operated and maintained safely, and rates for natural gas service are just and reasonable. There are more than 448,000 miles of pipeline in Texas including more than 396,000 miles of intrastate pipeline under the Commission's pipeline safety jurisdiction. The remaining 52,000 miles of pipeline fall under the pipeline safety jurisdiction of the Pipeline and Hazardous Materials Safety Administration (PHMSA). Pipelines in Texas are categorized as natural gas distribution lines, hazardous liquid and natural gas gathering and transmission lines, interstate lines and exempt lines. The Railroad Commission has direct safety responsibility over the first three categories. These regulatory responsibilities are extended to operators of intrastate gathering, transmission, distribution, and master metered systems.

Natural Gas Utilities

There are approximately 9,500 active tariffs on file with the Railroad Commission that reflect rates charged for natural gas utility transmission and distribution services. There are 223 investor-owned and

84 municipally owned natural gas utilities in Texas serving nearly 4.9 million customers. The Gas Services Division also administers an index based price ceiling affecting 75 propane distribution retail systems.

Alternative Energy Companies

This industry includes LP-gas (commonly called propane), compressed natural gas (CNG) and liquefied natural gas (LNG). Each year the Railroad Commission certifies about 16,000 individuals working in the industry, administers about 5,700 examinations, trains about 4,300 managers and workers, issues approximately 7,200 dealer licenses, investigates accidents and safety-related complaints, and conducts approximately 17,000 safety inspections.

The retail propane business is the largest sector within this industry. It consists primarily of small independent companies that provide fuel for space heating, cooking, and water-heating appliances in rural residences and commercial buildings; for portable applications such as outdoor grills, torches and agricultural equipment; and as engine fuel for both off-road vehicles such as forklifts and on-road vehicles such as school buses and light trucks. About half a million residences and 6,200 highway vehicles use propane in Texas.

Coal and Uranium Mining

Currently there are 30 coal-mining permits administered by the Surface Mining and Reclamation Division. These mining permits, held by 10 companies, cover approximately 320,000 acres in 20 counties. Of the 30 coal-mining permits administered, seventeen mining operations no longer produce coal and are undergoing final land reclamation.

Efficiency Measure

- *Cost per Customer surveyed:* Staff determined the most cost-effective approach to surveying customers would be electronically through the Railroad Commission website.

Explanatory Measures

- *Number of Customers identified:* As described under Output Measure, Number of Customers served, it is difficult to quantify an exact number as the Railroad Commission has regulatory authority over many industries which in turn serve many Texans.
- *Number of Customer groups identified:* Ten primary customer groups were identified. Please refer to Section 2, "Inventory of External Customers" for details.

Conclusion

In serving the people of Texas, the Railroad Commission of Texas remains committed to providing quality customer service. The results of the 2018 Customer Service Survey indicate that the employees of the Railroad Commission are succeeding in that effort. It also provides useful insight into the areas where improvements can be made, and the Commission will continue to improve and strive for excellence in service delivery.