To: Stout, Robert[redacted]@bp.com]; Wood, Dana A.[redacted]@bp.com]; Finley, Mark J[redacted]@bp.com]; Thompson, Armine[redacted]bp.com]; Nolan, James[redacted]@bp.com]; van Hoogstraten, David Jan[redacted]@bp.com]; Williams, Lance[redacted]@bp.com]; Brien, Michael P[redacted]@bp.com]; Yeilding, Cindy[redacted]@bp.com]; Lucas, Sarah[redacted]@bp.com]; Khalilov, Seymour[redacted]@bp.com]; Smith, Chris D[redacted]@bp.com]; Sitomer, Gabrielle[redacted]@bp.com]
From: Ung, Poh Boon[/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[redacted]
Sent: Mon 12/09/2016 3:27:58 PM (UTC)
Subject: RE: From EnergyWire -- OIL: 'Stripper' wells worth $18B last year, survey finds
MarginalWell-2015.pdf

Redacted - First Amendment

From: Stout, Robert
Sent: Monday, September 12, 2016 9:39 AM
To: Wood, Dana A.; Finley, Mark J; Thompson, Armine; Nolan, James; van Hoogstraten, David Jan; Williams, Lance; Brien, Michael P; Ung, Poh Boon; Yeilding, Cindy; Lucas, Sarah; Khalilov, Seymour; Smith, Chris D; Sitomer, Gabrielle
Subject: RE: From EnergyWire -- OIL: 'Stripper' wells worth $18B last year, survey finds

Redacted - First Amendment

Bob Stout
Robert L. Stout, Jr.
Vice President & Head of Regulatory Affairs
BP America Communications & External Affairs

[redacted]

From: Wood, Dana A.
Sent: Monday, September 12, 2016 9:46 AM
To: Stout, Robert; Finley, Mark J; Thompson, Armine; Nolan, James; van Hoogstraten, David Jan; Williams, Lance; Brien, Michael P; Ung, Poh Boon; Yeilding, Cindy; Lucas, Sarah; Khalilov, Seymour; Smith, Chris D; Sitomer, Gabrielle
Subject: RE: From EnergyWire -- OIL: 'Stripper' wells worth $18B last year, survey finds

Redacted - First Amendment

From: Stout, Robert
Sent: Sunday, September 11, 2016 11:28 AM
To: Finley, Mark J; Thompson, Armine; Nolan, James; van Hoogstraten, David Jan; Williams, Lance; Brien, Michael P; Ung, Poh Boon; Yeilding, Cindy; Lucas, Sarah; Khalilov, Seymour; Wood, Dana A.; Smith, Chris D; Sitomer, Gabrielle
Subject: Fwd: From EnergyWire -- OIL: 'Stripper' wells worth $18B last year, survey finds

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Best,
Bob

Sent from my iPhone
Begin forwarded message:

> **From:** bobbyleestout <[redacted]@eenews.net>
> **Date:** September 11, 2016 at 12:05:00 PM EDT
> **To:** <[redacted]@bp.com>
> **Subject: From EnergyWire -- OIL: 'Stripper' wells worth $18B last year, survey finds**
> **Reply-To:** <[redacted]@gmail.com>

This EnergyWire story was sent to you by [redacted]@gmail.com

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OIL:
'Stripper' wells worth $18B last year, survey finds

Jenny Mandel, E&E reporter

Published: Friday, September 9, 2016

Low-output, marginal "stripper" wells support thousands of jobs and produce billions of dollars in revenues, according to a study aiming to quantify this often-overlooked corner of the oil and gas industry.

Marginal oil and gas production — defined as production that totters on the edge of profitability due to low output, poor location or high production costs — was worth $18.1 billion last year, including $13 billion for nearly 300 million barrels of oil and $5.1 billion for just under 2 trillion cubic feet of natural gas, according to an accounting from the Interstate Oil and Gas Compact Commission (IOGCC), a group that advocates for the interests of marginal producers.

That figure, the group says, is down by half from recent years thanks to the current low price environment, but directly accounts for 58,000 jobs and indirectly supports 164,000 jobs when spillover effects to goods and services industries are accounted for.

"There are tremendous economic benefits from extending the operations of oil and gas production as long as possible from existing wells," said Darlene Wallace, chairwoman of the National Stripper Well Association, in a statement on the new study. "Stripper (marginal) wells are the small business sector of the nation's oil and gas industry. They are frequently family-owned, predominantly in rural areas, and passed down through generations."

The group's data-heavy assessment is based on a survey of marginal wells in 29 states covering the years 2013 through 2015 and includes state-by-state breakdowns of production per well, as well as the share of production that comes from marginal and higher-production wells.

The IOGCC survey estimates that last year, 69 percent of all oil wells and 76 percent of all natural gas wells were marginal producers. These small players are dwarfed in output by larger outfits; they represented less than 9 percent of oil production and less than 7 percent of total natural gas output.

The drop in oil prices and persistently low natural gas prices have been particularly challenging for the owners of these marginal wells. The IOGCC survey says California, Colorado, Kansas, Louisiana, New Mexico, Oklahoma and Texas are particularly affected by the issue, each having lost $1 billion or more in economic output in 2015 thanks to low commodity prices.

The group argues that finding ways to wring more oil from marginal wells, and to cost-effectively continue to produce as outputs decline, can be beneficial from an environmental standpoint as well as an economic one. "It goes to the heart of conservation values to do all that is possible to productively recover the scarce oil and natural gas resources marginal wells produce," the report notes.

But marginal production can be on the wrong side of updates to environmental and other regulations. Last month, Texas regulators eased some rules on stripper wells to help support the struggling industry, including letting companies avoid penalties for certain environmental infractions if they self-report them (***EnergyWire***, Aug. 10).

Efforts at the state and federal levels to crack down on methane emissions throughout the oil and gas value chain will likely pose new challenges for stripper well operators, too, if methane monitoring equipment or equipment retrofits ar required.

Thomas Williams, president of the Research Partnership to Secure Energy for America, a research group that supports domestic energy production, highlighted the role the new data can play in supporting marginal production.

"This important study provides the justification for maintaining access to literally billions of barrels equivalent of reliable oil and natural gas in the United States," Williams said. "The report also lays the groundwork to identify policies focusing on marginal and conventional wells in the U.S. for fair taxes, reasonable regulations, as well as investments in R&D needed to lower cost while reducing the environmental impact, particularly during this time of low commodity prices."

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