



CALIFORNIA'S ORPHAN WELLS:

The costly remains of a fading industry

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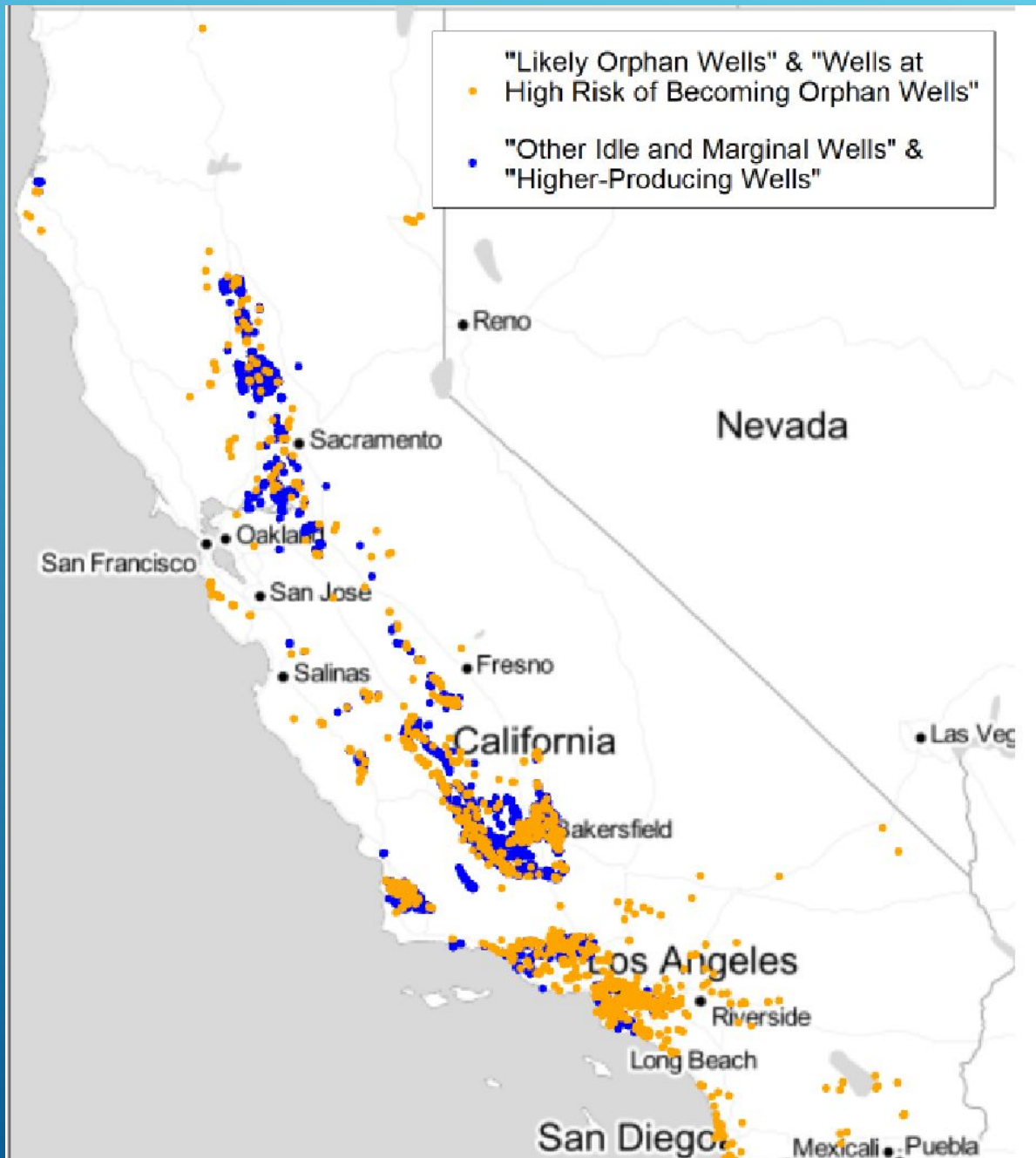
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ORPHAN WELL:

An idle well without a solvent party available to pay for plugging and abandonment.



Photo courtesy of Jim West/Alamy



5,540 wells: at “high risk”
of becoming orphaned

69,425 wells:
“economically marginal
and idle”

106,687 wells: total
number of wells that will
need to be plugged and
abandoned

Source: CCST Orphan Wells in
California, 2018

CALIFORNIA'S POTENTIAL ORPHAN WELL LIABILITY

- For 5540 “at risk” wells: \$500 million
- For 69,425 “economically marginal and idle” wells: \$5.2 billion
- For all 106,687 wells: \$9.1 billion



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Allocated by California legislature: \$100 M

Allocated by federal government: eligible for \$140M



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- Transfers to less solvent operators: declining wells sold to operators at higher risk of insolvency



CALIFORNIA

California oil regulator confirms methane leak at idle oil wells in Bakersfield

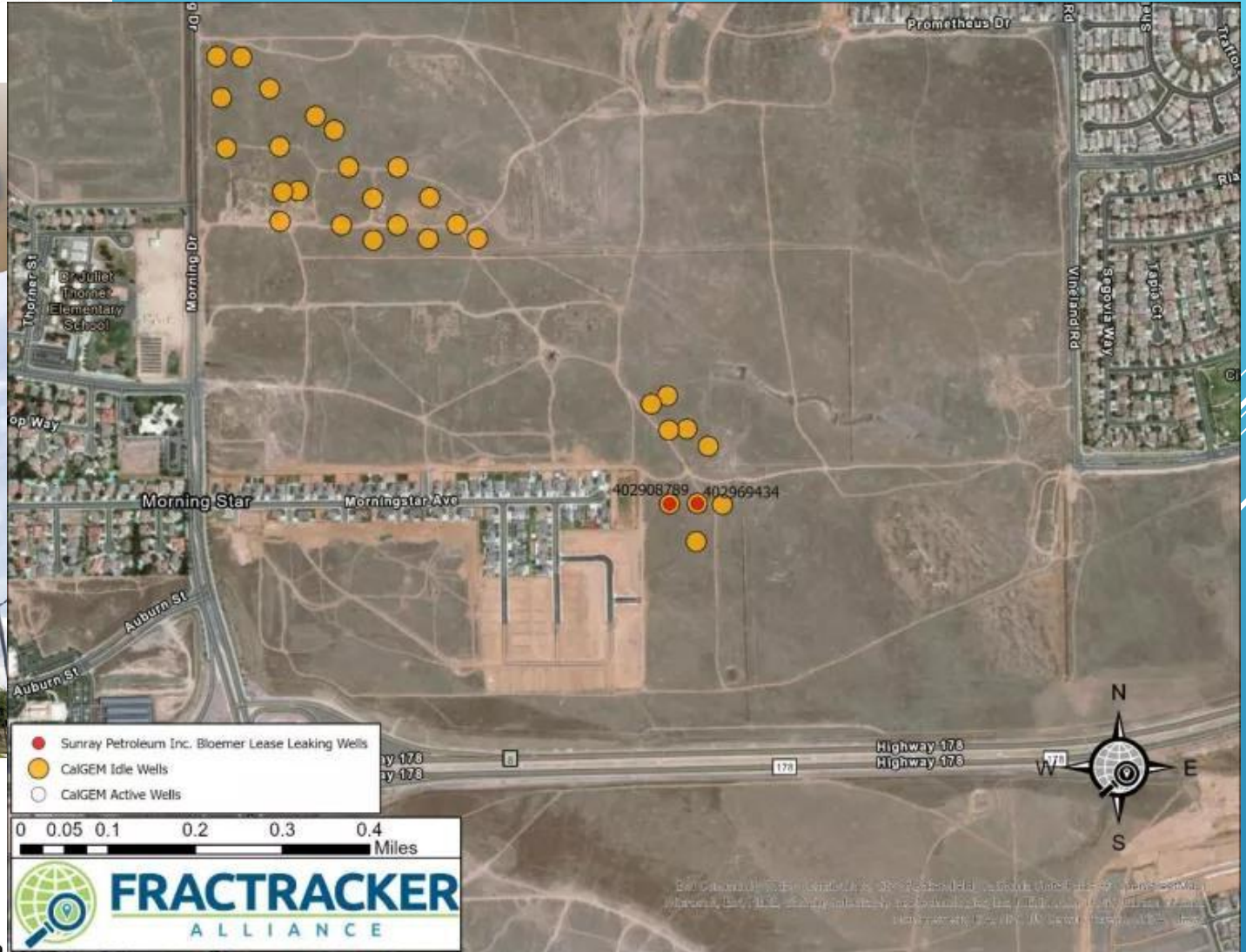


The leak was discovered near a residential neighborhood in Bakersfield. (Lisa Mascaro / Associated Press)

BY NATHAN SOLIS | STAFF WRITER

MAY 22, 2022 UPDATED 10:46 AM PT

State regulators have confirmed a methane gas leak at a pair of idle oil wells near a residential neighborhood in Bakersfield, raising the concerns of local environmental



STEPS WE'VE TAKEN

- Funding allocations (federal and state)
- Industry-funded remediation to a tight cap
- AB 1057 (2019): discretionary authority for CalGEM to increase bonding amounts
- CalGEM prioritization and cost assessments
- Methane task force
- Various statutory requirements to remediate idle wells or pay fees

STEPS WE NEED TO TAKE

- Bonding reform
 - AB 1167: full bonding upon transfer
 - Longer term comprehensive bonding reform
 - Eliminate the cap on industry liability
 - Require prompt plugging and abandonment of idle wells
 - Strengthen regulatory standards for leaks
 - Stop drilling more wells!
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Thank you

