

Congress of the United States

Washington, DC 20515

June 17, 2020

William Perry Pendley
Acting Director
Bureau of Land Management
1849 C Street NW
Washington, D.C. 20240

Dear Acting Director Pendley,

We write to express our concern regarding the expected increase in orphan oil and gas wells on federal public lands administered by the Bureau of Land Management (BLM) as a result of falling oil prices. Left unplugged, these wells that have been deserted by operators can contaminate groundwater and leak toxic gases like methane into the atmosphere. We urge BLM to develop a plan to identify and remediate orphaned wells in order to protect public health and the environment.

Two years ago, the Environmental Protection Agency estimated that 2.15 million abandoned and unplugged onshore wells exist nationwide. As a result of the coronavirus pandemic and recent international price disputes, the oil industry has experienced an unprecedented downturn: a survey conducted by the Federal Reserve found as many as 40 percent of oil producers expect to face insolvency within the year if oil prices remain at current levels. When companies declare bankruptcy, their wells are often left unattended, leaving states to assume responsibility for cleanup. In the face of economic headwinds for the oil industry, the number of orphan wells can only be expected to grow, which will be detrimental to workers, the environment, and already budget-constrained states.

Many states have confronted this issue by addressing the bonds that companies pay as insurance before drilling begins. In California, these bonds have been periodically increased over time to account for well depth, idle status, and number of wells. Attached is an assessment from the California Council on Science and Technology that exposes the state's potential liabilities and analyzes measures for financial security for these wells.

In comparison, BLM has not adjusted its bond levels for projects on federal land in more than 60 years, and a 2019 report by the Government Accountability

Office found that “bonds held by BLM are insufficient to prevent orphaned wells.” As a result, 84 percent of bonds linked to wells on federal lands are insufficient to cover the full cost of cleanup. By raising bond values, BLM could both accurately depict the true cost of reclamation and help fund needed work at orphaned sites.

At a time when millions are out of work due to the coronavirus pandemic, funds can and should be used to foster job creation in economically depressed areas. In April, Canada announced a new \$1.7 billion effort to clean up its orphaned wells, which will create more than 5,000 jobs in one province alone. This corresponds with research that finds a similar program in the United States could support job growth for workers in an industry in turmoil while also benefiting the environment.

We urge BLM to use this opportunity to support workers and protect the environment by prioritizing the reclamation of orphan wells. Thank you for your consideration of our request.

Sincerely,



Dianne Feinstein
United States Senator



Alan Lowenthal
Member of Congress

Enclosure: California Council on Science and Technology Report