

# **New Mexico To Seek Federal Funds For Cleaning Up Abandoned Oil and Gas Wells**

New Mexico planned to seek federal funds to plug abandoned oil and gas wells, as the U.S. Department of the Interior announced it would provide grant funding to 26 interested states.

The grand funding was provided in an infrastructure bill passed last year by Congress and signed into law by President Joe Biden.

State regulators estimated there to be up to 700 abandoned wells across New Mexico, and the DOI in its announcement of the grant funding said there were up to 130,000 documented orphan wells nationwide.

That's more than double a previous projection published by the DOI in 2019, and about 4 percent of about 3 million wells – documented or not – the U.S. Environmental Protection Agency estimated could sit abandoned in the U.S.

Abandoned wells are unused and not monitored by oil and gas companies when they often prove nonviable financially. Environmental groups and government agencies worried these wells could pollute the environment and risk public safety.

To address the problem, the federal government provided \$4.7 billion to interested states, requesting a notice of intent (NOI) from each state desiring funding for the work.

Twenty-six states submitted NOIs, per a Wednesday memo from Interior, including oil- and gas-producing states New Mexico, Texas and North Dakota.

The DOI said it would publish the amount of funding available to grant applicants in each state, along with application guidance, while offering grants of up to \$25 million for initial funding to develop well plugging programs and remediating “high-priority wells,” read the memo.

“The Interior Department is committed to helping working families, often in rural and Tribal communities, who face hazardous pollution, toxic water levels, and land subsidence both during and long after energy companies have moved on,” read a statement in the memo.

“The Bipartisan Infrastructure Law’s historic investments will help revitalize these local economies and support jobs, while addressing environmental impacts from these legacy developments.”

On Thursday, the DOI hosted an online public forum on efforts to plug and remediate the wells, seeking input on spending an additional \$250 million in appropriated federal funds in the infrastructure bill for identifying and remediating wells on federal land, along with \$150 million for Tribal lands.

Department officials heard from industry leaders and policymakers from several oil and gas states, aiming to coordinate with states and local stakeholders in developing its well-plugging program.

The federal program was expected to be implemented by Jan. 14.

“The orphaned well program will work to identify orphaned wells and associated infrastructure on federal land and then plug, remediate, and reclaim these wells and the surrounding land,” read a statement from the Interior Department.

“Orphaned wells will be prioritized by public health and safety; potential environmental harm; and other subsurface impacts or land use priorities.”

During the forum Jeff Leitzell, vice president of exploration and production with EOG Resources, an oil and gas company with Permian Basin operations

in Artesia and Midland, Texas said retiring and plugging a well was a common part of the extraction process for his company in coordination with state regulators.

He said wells are not only plugged, but the company emphasizes the importance of restoring the land to its natural state.

EOG plugs and remediates hundreds of wells a year throughout the U.S., Leitzell said.

That takes funding, Leitzell said, and he encouraged the federal government to engage with the industry to ensure public dollars are used to the best effect in well plugging.

“We’ll restore the grounds to the original state,” he said. “We don’t just leave it there. We revisit the location multiple times in the following years. We need to optimize these funds to maximize the number of wells we can plug.”

Kayley Shoup, a Carlsbad resident and advocate with local environmental group Citizens Caring for the Future said during the forum, the industry’s efforts do not go far enough in New Mexico and her hometown, which sits in the Permian Basin and near oil and gas operations.

She said her community in southeast New Mexico felt devastating environmental impacts from the industry, including air pollution brought on by abandoned wells.

The federal program must take strong action, Shoup said, to not only help clean up the wells but hold the industry accountable for pollution.

She also called for better transparency through an online database that would inform residents where abandoned wells are and their stage of reclamation.

“Orphaned and idle wells have really had a direct impact on my community,” she said. “I understand that in my lifetime, we are likely not going to reclaim

the land that was taken from my community. Hopefully, if we do our jobs in the present, the generations of the future will be able to use these lands.

“I am very concerned about the methane that is coming from these oil and gas sites. We are really affected by the pollution that has spewed from these sites.”

Abandoned oil and gas wells became a priority for the State of New Mexico amid a push by Gov. Michelle Lujan Grisham and her administration to curb greenhouse gas pollution and enact stricter regulations on fossil fuel operations.

The wells are often insured by energy companies through bonding requirements when they are built, but those funds are often inadequate to pay for what can cost millions depending on the site, and the State is frequently forced to pay the difference.

A report commissioned last year by the New Mexico State Land Office conducted by Center for Applied Research showed the State had about \$201 million in financial assurances.

With about 60,000 wells – active or inactive – on State and private land, the cost of remediation would be about \$8.34 billion, the report read, leaving a funding gap of about \$8.1 billion.

“That’s \$8.1 billion that we don’t have but will be needed to fill the gaps where existing financial assurances won’t cover the cost to fully clean up and remediate over 60,000 wells, 35,000 miles of pipeline, and other miscellaneous infrastructure,” said New Mexico State Land Commissioner Stephanie Garcia Richard.