

Relief Funds To ‘Supersize’ NM Well Plugging

For Randy Pacheco, the CEO of A-Plus Well Service out of Farmington, starting to plug an old oil or natural gas well is like stepping into an abandoned house – you never know what you’re going to find.

“Every well is unique,” Pacheco said. “You can get one that’s very, very easy to plug and the one right next to it could be complicated because the casing is rotted out or it’s falling apart.”

New Mexico is set to receive unprecedented funding to clean up abandoned oil and gas wells.

A bill signed by Gov. Michelle Lujan Grisham in December allocates \$3.5 million in federal relief funds for orphaned and inactive wells.

The recently passed federal infrastructure law also sets aside \$4.7 billion for orphaned wells, including an initial \$25 million allocation for New Mexico.

Adrienne Sandoval, New Mexico’s Oil Conservation Division director, said operators plug the majority of wells that are no longer productive.

But the state plugs about 50 wells a year, at an average cost of about \$54,000 a well last year.

“We’re basically going to be able to supersize the program,” Sandoval said. “We’ve already got pluggers on contract, we’ve already got remediation contractors on contract, so we’re really ready to go once that money comes in.”

The OCD estimates there are 1,741 abandoned oil and gas wells on state and private lands in New Mexico.

Well data for federal land in New Mexico was not immediately available from the state Bureau of Land Management office.

The BLM estimates there are more than 130,000 orphaned wells in the U.S.

Taxes on oil and gas operators fund the state program.

New Mexico contracts with local companies to plug wells if operators go bankrupt or if a well owner cannot be found.

OCD will also use the influx of money to hire more inspectors, engineers, environmental specialists and lawyers for the program.

“In the past we haven’t been able to do as much reclamation work, (because) it can be really costly,” Sandoval said. “So this is I think going to give us an opportunity to do that work as well as the well plugging.”

The Interior Department is expected to notify New Mexico soon as to how much grant funding the state is eligible for besides the initial \$25 million.

Companies fill old wells with cement from the production zone to the surface to prevent gas or oil from seeping into the water or air.

Pacheco said the funding boost could help support New Mexico’s economy by “bringing in the next generation” of oil and gas reclamation workers.

“We have a real opportunity to clean some stuff up,” he said. “I think if BLM and the state get the right people in place, build teams and build the vision, then 10 years from now we won’t look back and not have anything to show for it.”