PRESS STATEMENT
Lowenthal Bonding Bill
Would Ensure Timely and Complete Reclamation of
Thousands of Federal Wells

In response to the House Natural Resource Committee’s markup of Rep. Lowenthal’s H.R. 1505, Bonding Reform and Taxpayer Protection Act of 2021, Barbara Vasquez a member of the Western Organization of Resource Councils (WORC) from Cowdrey, Colorado, said:

"Oil and gas companies have been allowed to develop federal wells without any real financial assurance that they’ll clean up at the end of production. Imagine renting a house today with the same security deposit your grandparents posted in 1960! Rep. Lowenthal's Bonding Reform and Taxpayer Protection Act of 2021 would update bond amounts for the first time in decades and require companies to put up the money to plug wells and reclaim lands before they start drilling. Borrowing a practice from states like Wyoming, the legislation also puts a small fee on production to clean up orphaned wells abandoned by irresponsible corporations. These two steps are critical to help prevent a new generation of orphaned wells, and they’re consistent with the best practices that state oil and gas agencies are implementing. It’s great to see them move forward.”

Orphaned oil and gas wells have been a growing issue for decades, in large part due to insufficient federal bonding requirements that have not been updated since the 1950s and the 1960s, and nearly always fall short of covering the true cost of cleanup. And, state and federal rules allow oil and gas companies to post blanket bonds, which do not attempt to cover the full cost of reclamation. As a result, the bonding shortfall may exceed $6 billion.

With oil and gas demand falling dramatically during the pandemic, already over-leveraged companies are going bankrupt and leaving behind unplugged and unreclaimed wells for states and taxpayers to clean up. Beyond orphaned wells, the country has a growing inventory of soon to be retired wells, such as idle wells and stripper wells that are at the end of their economic life, and produce less than 10-15 barrels of oil per day. According to research by Carbon Tracker, idle and stripper wells now outnumber producing wells in most major oil and gas producing states.
Adequate bonds are an affordable cost of doing business and provide protection against damages to private, tribal, and public land, air, water, and health. Oil and gas regulators can, and should, require adequate bonds to shield taxpayers from being stuck with the cost of fixing these problems.

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The Western Organization of Resource Councils (WORC) is a network of grassroots organizations that span seven of the Western states with more than 18,000 members. Headquartered in Billings, Montana, WORC also has offices in Colorado and Washington, D.C.