

Answers for the Record
EMR Subcommittee Field Hearing
04.15.19

Questions from Chairman Alan Lowenthal (D-CA) for Secretary Sarah Cottrell Propst:

1. How many orphaned oil and gas wells are in New Mexico, and how are they divided between federal, state, and private land? How does New Mexico deal with and pay for proper abandonment of these wells?
2. For 2017 and 2018, what was the average amount of time and the median amount of time it took for the Oil Conservation Division (OCD) to approve an oil and gas application for permit to drill (APD) in New Mexico?
3. What is the current backlog of oil and gas APDs pending before the New Mexico Oil Conservation Division? How has this backlog changed over the past five years?

Answers from Secretary Sarah Cottrell Propst:

1. With the development of oil and gas in New Mexico starting around 100 years ago, abandoned wells is something that EMNRD must deal with. A well plugging program is mandated by the legislature and each year the OCD exceeds the number of wells it is required to plug. The need for well plugging by the State is minimized by a strong inactive well program. OCD tracks wells that no longer produce and requires the wells to be permanently plugged or temporarily plugged along with increased financial assurance. As a result, the number of wells plugged greatly exceeds the number the State must plug each year. Last year we were required to plug 27 wells and plugged 60, this year we are required to plug 50 and our goal is to exceed that target. Right now, the current list of inactive wells fluctuates between 1,500 and 2,000. Total OCD budget for FY 2020 is \$11,522,100 vs FY 2019 of \$8,001,000. The budget for plugging and reclamation for FY 2020 is \$4,650,000 vs FY 2019 of \$2,050,000.
2. EMNRD's Oil Conservation Division (OCD) turns around APDs in approximately 10 days on average.
3. Because our APD turnaround time is about 10 days, there is little backlog. This precedent was set in the prior governor's administration. Our challenge is to maintain timely APD review processes while ensuring that environmental oversight is strong. During the last five years, while OCD has generally kept up with the rise in APDs, the number of inspections has declined significantly.