

RESPONSE TO WRITTEN QUESTIONS

SUBMITTED BY TOM KROPATSCH

DEPUTY OIL AND GAS SUPERVISOR OF THE WYOMING OIL AND GAS CONSERVATION COMMISSION

BEFORE

THE HOUSE NATURAL RESOURCES COMMITTEE

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

HEARING ON:

“Building Back Better: Creating Jobs and Reducing Pollution by Plugging and Reclaiming Orphan Wells”

April 15, 2021

Chairman Lowenthal and members of the Committee, as a follow-up to my testimony at the referenced hearing I received questions from Representative Gosar. Thank you for the additional questions and for the opportunity to provide this information.

1. **Question:** The majority’s partisan bill we are considering today has a raft of restrictive regulations and legislated deadlines. Instead, can you tell the Committee how important is it to have flexibility in your timing for the identification and plugging of orphan wells, and what complications do you anticipate under this bill?

Response: It is important that flexibility be built into the bill so that each state can work within their requirements, especially when it comes to the bidding and contracting process. Understanding that one of the goals of the bill is to provide grant money to states for immediate use to jump-start job creation, if the limits placed on timing of obligating or encumbering these funds is too restrictive it may create undesirable issues. In Wyoming, we spend much time in the preparation of bid documents detailing well information, plugging procedures, well access routes and road construction plans, landowner details, and timing stipulations. Providing these details in the request for bids allows the service companies to prepare accurate bids. Generating the detailed information to include in our request for bids can take months of work depending on the number of wells included in a specific project. If the bill places a restrictive timing requirement on obligation of funds, we would need either to forgo providing these details in the request for bids or forgo the grant funding. If we were to forgo providing the details, the bids from service companies would be significantly increased due to the potential for unknown issues that would be encountered during the project, resulting in irresponsible use of the funds. If we were to forgo the grant money altogether, we would lose the opportunity to accelerate orphan well plugging and job creation. We believe Wyoming would be able to comply with the timing allowed in the bill and still provide details resulting in accurate bids, but Wyoming has been operating an accelerated plugging program for six years. States who are not as far along as Wyoming may have a more difficult time in complying with these restrictions.

2. **Question:** Continuing that line of thought, when you consider idle wells, is there a case that not all idle well should be plugged immediately and instead we should focus on both the protection of the environment and the conservation of the resources in the wells to ensure that drilled wells are not prematurely closed and instead are produced to the maximum conservation of the resources of the reservoir?

Response: It is certainly the case that not all idle wells should be plugged immediately. There are many reasons why a well may have been idled, other than being at the end of its beneficial life. In many cases the well may be idled in the short term for production equipment repair or replacement and will be returned to production as soon as the repair is complete. The operator may shut in the well for better commodity pricing, such as what occurred during the Covid and OPEC price war decline in 2020. Many wells in Wyoming were temporarily idled during the 2020 price decline and were returned to production within a month or two once prices were higher. In other cases the operator may be evaluating the usefulness of the well for use as a disposal well or injection well in an enhanced recovery project. An idle well does not mean the well provides no future benefit and should be plugged. Understanding the intentions of the operator in regards to the well is important in determining the status of the well. For example, Wyoming has an idle well review program that requires annual reviews of the idle wells (fee and state minerals) of every operator. The operator provides details to the Wyoming Oil and Gas Conservation Commission (WOGCC) regarding each well that is idle related to their plans to return the well to production, convert it to injection, plug the well, or let it remain idle. If the operator has no plans to utilize the well, but also does not plan to plug the well the WOGCC may require idle well bonding. This program also requires routine mechanical integrity testing of idle wells, but as long as wells are mechanically sound and the operator either has plans for the well or has bonding in place the wells are not required to be plugged. The goal of the program is to work with operators to plug wells that are at the end of their beneficial life, but not before. Plugging wells prior to the end of their beneficial life would likely result in loss of royalty and tax money to mineral owners, the state of Wyoming, and/or the federal government.