Congress of the United States

Washington, DC 20510

December 22, 2020

The Honorable David Bernhardt Secretary U.S. Department of the Interior 1849 C Street NW Washington, DC 20240

Dear Secretary Bernhardt:

We write to inquire about how the Bureau of Land Management, under the jurisdiction of the Department of the Interior, is managing orphan and abandoned oil and gas wells on federal lands throughout the United States. The Government Accountability Office (GAO) has reported that "thousands of oil and gas wells sit idle on federal lands" and "pose environmental and safety hazards," but that the Bureau "doesn't have a good way of tracking them."¹ These findings are particularly troubling, considering the extreme mismanagement of the Bureau during your deeply concerning tenure at the Interior Department during the Trump administration,² as well as the fact that "oil and gas companies in the United States are hurtling toward bankruptcy at a pace not seen in years."³

The federal government "estimates that there are already more than three million abandoned oil and gas wells across the United States, two million of which are unplugged, releasing the methane equivalent of the annual emissions from more than 1.5 million cars"⁴ driven by "[m]ore than a century of oil and gas drilling."⁵ These "abandoned" wells "can contaminate groundwater, emit volatile compounds hazardous to human health and the environment, and leak methane that contributes to climate change"⁶ – problems that can be remedied if they are plugged after use. However, we know that this is not the case. "Tens of thousands of orphan wells already spread across oil-producing states have been left behind by

¹ E&E News, "Thousands of 'orphan wells' spark safety, cleanup fears," Heather Richards, October 22, 2019, https://www.eenews.net/stories/1061342691.

² Slate, "This Is Still Happening: David Bernhardt," Jeremy Stahl, May 15, 2020, <u>https://slate.com/news-and-politics/2020/05/this-is-still-happening-david-bernhardt-trump-lincoln.html</u>.

³ New York Times, "Fracking Firms Fail, Rewarding Executives and Raising Climate Fears," Hiroko Tabuchi, October 13, 2020, <u>https://www.nytimes.com/2020/07/12/climate/oil-fracking-bankruptcy-methane-executive-pay.html</u>.

⁴ Id.

⁵ Insurance Journal, "Millions of Abandoned Oil and Gas Wells Pose Environmental, Health Risks," Nichola Groom, June 23, 2020, <u>https://www.insurancejournal.com/news/national/2020/06/23/573159.htm</u>.

⁶ Stateline, "In Slumping Energy States, Plugging Abandoned Wells Could Provide an Economic Boost," Erika Bolstad, September 23, 2020, <u>https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/09/23/in-slumping-energy-states-plugging-abandoned-wells-could-provide-an-economic-boost.</u>

failed companies, because they "lacked the cash to properly plug them before walking away."⁷ Plugging these orphan and abandoned wells would reduce the threats that they pose to human health and the environment, and could create thousands of new jobs during the pandemic-caused recession.⁸ During your tenure as Secretary, Acting Secretary, and Deputy Secretary of the Interior,⁹ the GAO has issued several reports finding that the Bureau of Land Management should address the environmental and public health risks associated with these abandoned wells,¹⁰ but your agency has yet to take action on this pressing issue. We are seeking updated information about the Department of the Interior's plans to implement recommendations from the GAO and the steps it is taking to assist states in addressing these dangerous orphan and abandoned oil and gas wells before the impending end of the Trump administration.

Orphan and Abandoned Oil and Gas Wells Create Environmental Health and Safety Risks

Reports show that orphaned oil and gas wells, "which have been abandoned by defunct companies that cannot pay to plug them,"¹¹ are a growing concern due to the environmental hazards they produce and the risks to the oil and gas industry posed by the recession, and it appears that the outgoing Trump administration has failed to address these concerns and has actively exacerbated the problem.¹² The administration has spent the last four years rolling back key environmental safeguards "– effectively freeing oil and gas companies from the need to detect and repair methane leaks – even as new research shows that far more of the potent greenhouse gas is seeping into the atmosphere than previously known" and that "methane levels are... climbing steadily nationwide... and have reached record highs globally in part because of leaks from fossil fuel production."¹³ Leaking methane is particularly dangerous, since methane "pound for pound can warm the planet more than 80 times as much as carbon dioxide over a 20-

https://www.politico.com/news/2020/05/11/orphaned-oil-wells-to-squeeze-state-coffers-249138. ⁸ POLITICO, "Orphaned' oil wells to squeeze state coffers," Zack Colman, May 12, 2020,

<u>https://www.politico.com/news/2020/05/11/orphaned-oil-wells-to-squeeze-state-coffers-249138;</u> Center for American Progress, "How Congress Can Help Energy States Weather the Oil Bust During the Coronavirus Pandemic," Kate Kelly and Jenny Rowland-Shea, April 29, 2020,

https://www.outsideonline.com/2390596/david-bernhardt-scandal-tracker.

⁷ POLITICO, "'Orphaned' oil wells to squeeze state coffers," Zack Colman, May 12, 2020,

https://www.americanprogress.org/issues/green/reports/2020/04/29/484158/congress-can-help-energy-states-weather-oil-bust-coronavirus-pandemic/.

⁹ Outside, "The David Bernhardt Scandal Tracker," Wes Siler, April 19, 2019,

¹⁰ Government Accountability Office, "OIL AND GAS: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," September 2019, <u>https://www.gao.gov/assets/710/701450.pdf</u>; Government Accountability Office, "OIL AND GAS WELLS: Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities," May 2018, <u>https://www.gao.gov/assets/700/691810.pdf</u>.

¹¹ Stateline, "Why 'Orphan' Oil and Gas Wells Are a Growing Problem for States," Sophie Quinton, July 9, 2018, https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2018/07/09/why-orphan-oil-and-gas-wells-are-agrowing-problem-for-states.

¹² Id.

¹³ New York Times, "Trump Eliminates Major Methane Rule, Even as Leaks Are Worsening," Coral Davenport, August 20, 2020, <u>https://www.nytimes.com/2020/08/13/climate/trump-methane.html</u>.

year period."¹⁴ However, these values may underestimate the actual environmental costs of abandoned wells by a factor of up to three, due to incomplete data.¹⁵

In addition to their negative impacts on the environment, orphan and abandoned oil and gas wells that remain unplugged pose significant threats to public health and safety.¹⁶ According to recent testimony before Congress, "[t]hese sites often include leaking tanks and pipelines, unremediated spills, damaged fencing, noxious weeds, erosion and other hazards that pose risks.""¹⁷ Moreover, these abandoned wells "can leak methane, an explosive gas, into neighborhoods and leach toxins into groundwater"¹⁸ and pollutants into the air and water,¹⁹ creating devastating effects on communities across the country. Examples of the harm or potential harm caused by these abandoned and unplugged wells include: (1) a retired couple in Kentucky inhaling toxic fumes emitted from an abandoned well for about a year because no attempts were made to safely plug the well,²⁰ (2) an Ohio farmer was alerted to an abandoned approximately 130-year-old oil well leaking oil into a drainage ditch that carried water to Lake Erie,²¹ (3) the Navajo Nation's exposure to high levels of arsenic, sulfate, benzene, and chloride in their water sources as a result of almost 50 abandoned oil and gas wells,²² (4) just last year a well from the 1930s caused an explosion of gas and dirt 100 feet in the air at a California construction site, threatening the lives and safety of construction workers who thankfully were not harmed in this instance.^{$\overline{23}$}

Alarmingly, the problem of well abandonment is anticipated to get worse this year given the repeated crashes in the oil market²⁴ and an increased push to transition away from fossil

https://www.fool.com/investing/2020/09/04/crude-oil-is-crashing-again-heres-why/; Houston Public Media, "6 Months Into The Oil Market Crash, Still No End In Sight," Kyra Buckley, September 15, 2020,

¹⁴ New York Times, "Fracking Firms Fail, Rewarding Executives and Raising Climate Fears," Hiroko Tabuchi, October 13, 2020, <u>https://www.nytimes.com/2020/07/12/climate/oil-fracking-bankruptcy-methane-executive-pay.html</u>.

 ¹⁵ Insurance Journal, "Millions of Abandoned Oil and Gas Wells Pose Environmental, Health Risks," Nichola Groom, June 23, 2020, <u>https://www.insurancejournal.com/news/national/2020/06/23/573159.htm</u>.
¹⁶ Id.

¹⁷ New York Times, "Fracking Firms Fail, Rewarding Executives and Raising Climate Fears," Hiroko Tabuchi, October 13, 2020, <u>https://www.nytimes.com/2020/07/12/climate/oil-fracking-bankruptcy-methane-executive-pay.html</u>.

¹⁸ Stateline, "Why 'Orphan' Oil and Gas Wells Are a Growing Problem for States," Sophie Quinton, July 9, 2018, <u>https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2018/07/09/why-orphan-oil-and-gas-wells-are-a-growing-problem-for-states</u>.

¹⁹ Reuters, "Special Report: Millions of abandoned oil wells are leaking methane, a climate menace," Nichola Groom, June 16, 2020, <u>https://www.reuters.com/article/us-usa-drilling-abandoned-specialreport/special-report-millions-of-abandoned-oil-wells-are-leaking-methane-a-climate-menace-idUSKBN23N1NL.</u>

²⁰ Id.

 $^{^{21}}$ *Id*.

²² *Id*.

²³ Insurance Journal, "Millions of Abandoned Oil and Gas Wells Pose Environmental, Health Risks," Nichola Groom, June 23, 2020, <u>https://www.insurancejournal.com/news/national/2020/06/23/573159.htm</u>.

²⁴ Motley Fool, "Crude Oil Is Crashing Again: Here's Why," Jason Hall, September 4, 2020,

https://www.houstonpublicmedia.org/articles/news/energy-environment/2020/09/15/381802/six-months-into-the-oilcrash-and-still-no-sense-of-when-things-are-going-to-get-better/.

fuels²⁵ due to "[t]he depression in the oil business."²⁶ This problem is particularly salient for "oil states fighting to restart their economies... from Louisiana's coast... to Wyoming's high desert."²⁷ In your home state of Colorado, there are "at least 215 orphaned wells and 454 associated sites" and these numbers are "set to rise in the coming months and years."²⁸ In California, which already has an estimated 2,500 orphaned wells,²⁹ there are an additional 5,500 wells that "may already have no viable operator or be at high risk of becoming orphaned in the near future."³⁰ An increase in the number of orphan and abandoned wells comes with a hefty price tag, as the potential net liability for these wells in California appears to be about \$500 million³¹ – likely a conservative estimate given that we lack a complete understanding of the economic costs driven by the environmental and health damages associated with orphaned wells.³² Every state with abandoned wells on their land will suffer these negative economic impacts – in addition to the aforementioned environmental and public health risks – if these problems are not urgently addressed.

Recent reports and testimony by Resources for the Future stated that "a federal effort to plug orphaned and abandoned oil and gas wells has the potential to create a large number of jobs in struggling communities and reduce pollution at reasonable cost" and that "industry could scale quickly to do this work."³³ In collaboration with the Center on Global Energy Policy at Columbia University, they report that "a federal program to plug roughly half a million abandoned and orphaned wells could create as many as 120,000 jobs and reduce greenhouse gas emissions"³⁴ more than making up for the more than 100,000 jobs lost in the oil and gas industry in the initial

²⁵ Financial Times, "Fossil fuel suppliers face battle for survival as transition builds," Derek Brower, October 5, 2020, <u>https://www.ft.com/content/9360a26d-0337-4a65-b68d-29c46e04f7f6</u>.

²⁶ E&E News, "Coronavirus could drive 'mass abandonment' of oil wells," Heather Richards, May 5, 2020, https://www.eenews.net/stories/1063049965.

²⁷ *Id*.

²⁸ Colorado Newsline, "More abandoned oil and gas wells likely in Colorado – but how many?," Chase Woodruff, July 9, 2020, <u>https://coloradonewsline.com/2020/07/09/orphaned-oil-and-gas-wells-rising-colorado-covid-19/</u>.

²⁹ Interstate Oil & Gas Compact Commission, "Idle and Orphan Oil and Gas Wells: State and Provincial Regulatory Strategies," 2019, p. 24,

https://iogcc.ok.gov/sites/g/files/gmc836/f/2020_03_04_updated_idle_and_orphan_oil_and_gas_wells_report_0.pdf. ³⁰ Elk Grove News, "CCST Report Reveals That \$550 Million Needed to Plug Abandoned California Oil and Gas Wells," Dan Bacher, January 27, 2020, http://www.elkgrovenews.net/2020/01/ccst-report-reveals-that-550-million.html.

 ³¹ California Council on Science & Technology, "Orphan Wells in California: An Initial Assessment of the State's Potential Liabilities to Plug and Decommission Orphan Oil and Gas Wells," November 2018, p. 40, https://ccst.us/wp-content/uploads/CCST-Orphan-Wells-in-California-An-Initial-Assessment.pdf.
³² Id.

³³ Resources for the Future, "Virtual Forum on Reclaiming Orphaned Oil and Gas Wells: Creating Jobs and Protecting the Environment by Cleaning Up and Plugging Wells," p. 5, Daniel Raimi, June 1, 2020, https://media.rff.org/documents/6-1-20_House_Natural_Resources_Committee_Daniel_Raimi_Testimony.pdf.

³⁴ Resources Magazine, "The Potential for Plugging Abandoned Wells as Green Economic Stimulus," Daniel Raimi, Neelesh Nerurkar, and Jason Bordoff, July 23, 2020, <u>https://www.resourcesmag.org/common-resources/potential-plugging-abandoned-wells-green-economic-stimulus/</u>.

months of the pandemic,³⁵ which have disproportionately affected rural areas.³⁶ Addressing the growing crisis of orphan and abandoned wells would have the added benefit of creating jobs for people who have lost work due to the ongoing pandemic, contributing to local economies rather than draining federal, state, and local resources.

The Bureau of Land Management Has Ignored Recommendations to Address Orphan and Abandoned Oil and Gas Wells

In May 2018, the GAO issued a report on the need for oversight of oil and gas wells by the Bureau of Land Management. The report stated that the agency's "actual costs incurred and potential liabilities for reclaiming oil and gas wells have likely increased for fiscal years 2010 through 2017" but that "the full extent of the increase is not known because [the bureau] does not systematically track needed data."³⁷ The report also found that "the number of known orphaned wells… has increased from 144 in 2010 to 219 as of 2017," but that without systemic tracking, the agency "does not have assurance that it has sufficient bonds or financial assurances to cover the costs of reclaiming orphaned wells."³⁸

The 2018 GAO report included seven recommendations for the Bureau of Land Management, finding that the agency should (1) "systematically and comprehensively track the actual costs [the bureau] incurs when reclaiming orphaned wells and the information, including the number of orphaned wells and inactive wells over time, necessary to determine the agency's potential liabilities", and (2) "develop a resource management plan addressing resources needed for conducting well and bond adequacy reviews and reclaiming orphaned wells."³⁹ Despite expressing agreement with these GAO recommendations, the Bureau has still not implemented any of them.⁴⁰ Bureau of Land Management officials reportedly stated in July 2019 that the agency would expand their reporting capabilities, seek to identify abandoned wells, and work with states to plug them,⁴¹ but as of September 2020, it had not followed through on any of these actions.⁴²

³⁵ Houston Chronicle, "US oil and gas industry lost 107,000 jobs in the pandemic. Most will take years to return.," Paul Takahashi, October 9, 2020, <u>https://www.houstonchronicle.com/business/energy/article/U-S-oil-and-gas-industry-lost-107-000-jobs-in-15633468.php</u>.

³⁶ Columbia University School of International and Public Affairs and Resources for the Future, "Green Stimulus for Oil and Gas Workers: Considering a Major Federal Effort to Plug Orphaned and Abandoned Wells," pp. 8-9, Daniel Raimi, Neelesh Nerurkar, and Jason Bordoff, July 2020,

https://www.energypolicy.columbia.edu/sites/default/files/file-uploads/OrphanWells_CGEP-Report_071620.pdf. ³⁷ Government Accountability Office, "OIL AND GAS WELLS: Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities," May 2018, https://www.gao.gov/assets/700/691810.pdf.

³⁸ Id.

³⁹ Id.

⁴⁰ *Id*.

⁴¹ *Id*.

⁴² Government Accountability Office, "OIL AND GAS WELLS: Bureau of Land Management Needs to Improve Its Data and oversight of Its Potential Liabilities," Accessed December 18, 2020, <u>https://www.gao.gov/products/GAO-18-250</u>.

In September 2019, the GAO issued a follow-up report that identified "almost 2,300 wells that have not produced oil and gas since 2008 and have not been reclaimed," which "could saddle the government with \$46 million to \$333 million in reclamation liabilities."⁴³ The report revealed that if oil and gas well operators "don't properly manage these wells, the government may end up paying to clean them up" and that "the bonds operators provide as insurance are often not enough to cover the costs of this cleanup."⁴⁴ This is because the "[b]onds generally do not reflect reclamation costs because most bonds are set at their regulatory minimum values, and these minimums have not been adjusted since the 1950s and 1960s to account for inflation."⁴⁵ The Bureau agreed with these findings, but still has not implemented this recommendation.⁴⁶

Secretary Bernhardt, under your leadership, the Bureau of Land Management has failed to follow GAO's recommendations to address the threats from abandoned wells. Instead, the Bureau "has been frequently criticized for its handling of [orphaned wells]" during a time that "[t]he structural weaknesses in the shale business are a 'perfect storm' for a cleanup crisis,"⁴⁷ and it has even been without a Senate-confirmed director" since President Trump took office in January 2017.⁴⁸ Actions to implement the GAO recommendations do not require any new statutory authority: the Bureau of Land Management can and should act immediately. Implementing the GAO recommendations is a bare minimum action that the Interior Department and its agencies can take to address the growing number of orphan and abandoned wells and their associated environmental health and safety risks. Congress and the American public deserve an explanation as to why your agency has refused to do so in a timely manner.

The American public deserves an Interior Department that will resolve problems that fall under its jurisdiction, including taking the necessary steps "to face an orphan well crisis with billions of taxpayer liability, with thousands of Americans forced to live with leaking orphaned wells."⁴⁹ Without decisive action, the number of oil and gas wells "that will be abandoned or left untended, even as they continue leaking planet-warming pollutants, and a costly bill for taxpayers to clean it all up," will only continue to grow, especially as "[o]il and gas companies in the United States are hurtling towards bankruptcy at a pace not seen in years, driven under by a global price war and a pandemic that has slashed demand."⁵⁰

⁴³ Government Accountability Office, "OIL AND GAS: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," September 2019, <u>https://www.gao.gov/products/GAO-19-615</u>; Associated Press, "Report: Cleanup of abandoned oil, gas wells could cost US," Matthew Brown, September 18, 2019, <u>https://apnews.com/article/9a07a093ee9b4804a6e4b59861eceff3</u>.

 ⁴⁴ Government Accountability Office, "OIL AND GAS: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," September 2019, <u>https://www.gao.gov/products/GAO-19-615</u>.
⁴⁵ Id.

 $^{^{46}}$ Id.

⁴⁷ *Id*.

⁴⁸ Durango Herald, "Acting BLM director remains in power, despite appointment nomination being withdrawn," John Purcell, September 24, 2020, <u>https://durangoherald.com/articles/340275</u>; New York Times, "Judges Tell Trump His Officials Are Serving Illegally. He Does Nothing.," Lisa Friedman, October 5, 2020, <u>https://www.nytimes.com/2020/10/05/climate/trump-pendley-land-management.html</u>; E&E News, "Trump admin: Pendley took 'no relevant acts' as BLM chief," Scott Streater, October 6, 2020, <u>https://www.eenews.net/greenwire/2020/10/06/stories/1063715609</u>.

⁴⁹ New York Times, "Fracking Firms Fail, Rewarding Executives and Raising Climate Fears," Hiroko Tabuchi, October 13, 2020, <u>https://www.nytimes.com/2020/07/12/climate/oil-fracking-bankruptcy-methane-executive-pay.html</u>.

⁵⁰ Id.

We urge you to honor your commitments and to take immediate steps to implement these GAO recommendations before you leave office at the end of the Trump administration next month. We also urge you to make this process transparent by publicly reporting your progress on these steps and any need for additional resources or actions from Congress. Without this public reporting, the Interior Department has left the public in the dark about the federal government's work or lack thereof to address the increasing number of orphan and abandoned wells on public lands that compromises their public health and safety, environmental integrity, economic prosperity, and the future of our planet.

To better understand how the Department of the Interior will address the growing crisis of abandoned oil and gas wells, we ask that you respond to the following questions by Friday, January 8, 2021.

- 1. Please describe in detail the specific actions taken by the Department of the Interior to address the growing number of orphan and abandoned oil and gas wells, as well as increasing taxpayer liabilities, while you have been Secretary, Acting Secretary, and Deputy Secretary of the Interior.
- 2. Please explain why the Bureau of Land Management has not taken steps necessary to implement GAO recommendations issued within their 2018 and 2019 reports,⁵¹ including:
 - a. "systematically and comprehensively track the actual costs [the bureau] incurs when reclaiming orphaned wells and the information, including the number of orphaned wells and inactive wells over time, necessary to determine the agency's potential liabilities;"⁵² and
 - b. "developing a resource management plan addressing resources needed for conducting well and bond adequacy reviews and reclaiming orphaned wells."⁵³
- 3. Please describe what steps, if any, the Bureau of Land Management is taking to review, develop, or execute all of the GAO recommendations outlined in the 2018 and 2019 reports.
- 4. Please describe what steps, if any, the Department of the Interior is taking to identify and track existing or new orphan, abandoned and idle wells, and to work with states and localities to assist them in tracking and plugging orphan and abandoned wells.

 ⁵¹ Government Accountability Office, "OIL AND GAS: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," September 2019, <u>https://www.gao.gov/assets/710/701450.pdf</u>; Government Accountability Office, "OIL AND GAS WELLS: Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities," May 2018, <u>https://www.gao.gov/assets/700/691810.pdf</u>.
⁵² Government Accountability Office, "OIL AND GAS WELLS: Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities," May 2018, <u>https://www.gao.gov/assets/700/691810.pdf</u>.
⁵³ Id.

5. Please explain why, under your supervision, the acting head of the Bureau of Land Management did not perform any "relevant acts" to address the growing crisis of orphan and abandoned oil and gas wells while serving, albeit illegally, in the position for over a year.⁵⁴

Thank you for your consideration of this important matter, and we look forward to your response.

Sincerely,

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Elizabeth Warren United States Senator

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Peter Welch Member of Congress

/s/

Alan Lowenthal Member of Congress /s/

Dianne Feinstein United States Senator

/s/

Jeffrey A. Merkley United States Senator

⁵⁴ E&E News, "Bernhardt names Pendley as acting BLM chief," Scott Streater, July 29, 2019, <u>https://www.eenews.net/stories/1060807233</u>; Durango Herald, "Acting BLM director remains in power, despite appointment nomination being withdrawn," John Purcell, September 24, 2020,

https://durangoherald.com/articles/340275; New York Times, "Judges Tell Trump His Officials Are Serving Illegally. He Does Nothing.," Lisa Friedman, October 5, 2020, https://www.nytimes.com/2020/10/05/climate/trump-pendley-land-management.html; E&E News, "Trump admin: Pendley took 'no relevant acts' as BLM chief," Scott Streater, October 6, 2020, https://www.eenews.net/greenwire/2020/10/06/stories/1063715609.