

WV Surface Owners Rights Organization

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**The pace of the most widespread property rights and environmental disaster
ever in West Virginia is exploding.**

The Legislature needs to act now & pass the “Orphaned Oil and Gas Well Prevention Act” (SB 576 & HB 3065)!

At the end of their useful lives oil and gas wells need to be plugged to prevent them leaking gas into the air and into groundwater and water wells; to prevent oil pollution on the surface and into ground water; to prevent surface and septic bacteria from leaking down into groundwater; to prevent their presence uselessly devaluing and endangering the surface property of landowners; to make production of coal and other gas formations possible/more economical; and to prevent the drillers from using them to argue that mineral owners leases are held by production.

- 4,500 oil and gas wells have gone unplugged for so long that they are orphaned with no responsible operator/driller to plug them.

- In 2018, the State only plugged one well, and only has enough money in its plugging fund to plug five wells in 2019.

- Current law does not require a plugging or reclamation bond -- only a single \$50,000 "blanket" "performance" bond per driller -- which is less than \$20 per well for some drillers.

- 8,000 more wells are under the bonds of still existing drillers and are not orphaned, but they have not produced for 12 months, have no bona fide future use and, by current law, should already be plugged. Thousands of those wells will certainly become orphaned over time unless something is done.

- Thousands of other old, declining wells are not producing gas in "paying/commercial quantities" -- i.e. not producing enough gas to pay to operate themselves, let alone to save up money to plug them and may be orphaned soon.

- Drillers such as EQT that have the money to plug its non-paying-quantities wells are selling them to a company called Diversified and its affiliates. Diversified now owns 17,000 wells in West Virginia. Diversified has told its shareholders (on a London stock exchange) that it "expects its producing oil and gas properties to reach the ends of their economic lives" in 2048. According to Diversified's "Estimated Plugging Program," in 2049, it will still have 50,000 wells left to plug across Appalachia, about 10,000 of those will be in West Virginia.

What does the Legislature need to do?

Reliance on blanket bonds must be eliminated. It would be asking too much to require new plugging assurance for all existing wells. But new "plugging assurance" in the form of single well, full cost bonds or payment over time into escrow in the State Treasurer's office must be required for 1) new wells, 2) wells transferred between drillers, and 3) wells that are no longer producing in paying quantities. The Legislature must also require previous drillers to plug transferred wells that had problems when the previous driller owned them, and the Legislature must find some money to begin plug the more than 4,000 existing orphaned wells plus the thousands more to be orphaned that industry greed and irresponsibility, and government complacency have and will cause to exist.