



**LOCAL 675**  
Philip Baker  
President  
David Campbell  
Secretary-Treasurer

August 5, 2020

Ms. Kate Gordon, Director, Office of Planning and Research, [Kate.Gordon@opr.ca.gov](mailto:Kate.Gordon@opr.ca.gov)

Mr. Wade Crowfoot, Secretary for Natural Resources, [Wade.Crowfoot@resources.ca.gov](mailto:Wade.Crowfoot@resources.ca.gov)

Mr. Uduak-Joe Ntuk, California State Oil and Gas Supervisor, CalGEM,  
[Uduak-Joe.Ntuk@conservation.ca.gov](mailto:Uduak-Joe.Ntuk@conservation.ca.gov)

*Via Email Only*

**Re: Task Force on Business and Jobs Recovery: Role of Oil Well Remediation in State's Recovery and Economic Transition**

Dear Ms. Gordon, Mr. Crowfoot, and Mr. Ntuk:

We write to support an important economic recovery opportunity that will create jobs, provide tremendous health and environmental benefits to frontline communities, and advance a just transition away from fossil fuels: the accelerated remediation of oil and gas wells in California.

California law already requires that oil and gas operators fully fund the cost of oil and gas well remediation in California.

The job creation from this work is substantial. A recent national study estimated a total of 15.9 total jobs (direct, indirect, and induced) per million dollars spent.<sup>1</sup> A California specific analysis is underway and will be available soon.

**Remediation of Oil and Gas Wells Must be Accelerated in Tandem with a Halt on Permitting New Wells and a Managed Phaseout of Oil and Gas Extraction**

Remediating oil and gas wells will yield immense benefits to address the climate, health, and environmental justice crises existing in our state, as well as the looming fiscal threat from “orphan wells” – those that have been deserted by the responsible operator.

California faces a tremendous threat from the legacy of oil and gas drilling, according to the California Council on Science and Technology's recent report on idle and orphan wells. The report identified more than 5,500 oil and gas wells that are orphaned and highly likely to

<sup>1</sup> Pollin, Robert, and Shouvik Chakraborty, Job Creation Estimates Through Proposed Economic Stimulus Measures, Political Economy Research Institute (2020), <https://www.peri.umass.edu/component/k2/item/1297-job-creation-estimates-through-proposed-economic-stimulus-measures>

become orphaned. It would cost \$550 million to plug and abandon just these old wells. Almost 70,000 other wells are either currently idle or economically marginal and are at increased risk of becoming orphaned, bringing the total cost to \$5 billion. Yet the bonds posted by the operators legally obligated to pay for the work total just over \$100 million. Unless CalGEM acts, fossil fuel companies will dump their cleanup obligations on to the taxpayers.

While the fiscal risks to the state are daunting, these numbers also illustrate the scale of potential job creation in well remediation in the regions of California that have historically produced oil and gas, such as Kern County where the unemployment rate soared to 18.6% in April. As described below, CalGEM can greatly accelerate the pace of well remediation in California and ensure that the oil industry fulfills its obligations. These actions will put people to work today plugging wells that threaten the health and safety of frontline communities.

Given the climate, health, and environmental justice implications of oil and gas extraction, as well as the massive scale of the clean-up needed and projected decreased demand for fossil fuel products, CalGEM can only begin to catch up and solve the problem by pairing the clean-up of abandoned and idle wells with a halt to permitting new wells and phasing out existing extraction over time. People of color make up nearly 92 percent of the 1.8 million people living within a mile of oil and gas development and in communities already heavily burdened by pollution.<sup>2</sup> Delaying proactive measures to wind down extraction will only increase the risk that oil companies will successfully offload their financial obligations onto the public while deepening the climate emergency and further harming the health of Black and Brown communities.

### **CalGEM Should Order Oil and Gas Companies to Remediate Idle Wells**

The majority of idle wells in California have not yet been designated as orphan wells. CalGEM should use its full authority to accelerate the remediation of idle wells by the existing operators. First, CalGEM can order remediation when an operator fails to pay idle well fees or file an idle well management plan. In 2018, then-DOGGR identified 957 operators that failed to file idle well fees for 2,555 idle wells. But only 14 of these operators were issued orders, addressing 55 wells. CalGEM acknowledged that it has a backlog of pending orders for 943 operators to plug a total of 2,500 idle wells. Simply by issuing orders to plug wells CalGEM has *already determined should be plugged*, CalGEM could begin rapidly reducing the number of idle wells in the state.

CalGEM should also utilize its authority to order operators to plug and abandon wells that have been idle for 25 years or longer, and wells that are leaking methane. There may currently be over 15,000 wells in these categories that should be prioritized for immediate plugging and remediation.

<sup>2</sup> Srebotnjak, Tanja, and Miriam Rotkin-Ellman, *Drilling in California: Who's At Risk?* (2014)

<https://www.nrdc.org/sites/default/files/california-fracking-risks-report.pdf>

## **CalGEM Should Remediate Orphan Wells and Recoup the Costs from Oil and Gas Operators as Required by Law—Public Funds Should Not Be Used for Work that the Oil and Gas Industry is Legally Obligated and Able to Fund**

Remediating oil and gas wells is the legal obligation of the oil and gas companies that profit from them. When wells become “orphaned”, the costs of remediation must be borne by the industry as a whole, not by the public. **Using public dollars to pay for costs that the oil and gas industry is legally obligated to pay takes scarce dollars away from other urgent priorities like healthcare, education, and clean energy.**

The California Legislature has enshrined this “polluter pays” principle into state law. For orphan wells, the Legislature has declared it “the policy of this state that the cost of carrying out [remediation of orphan wells] be charged to this state’s producers of oil and gas [through the fee on well owners].”

For wells that have become orphaned, CalGEM should carry out or contract the plugging and remediation of wells and recoup the costs from industry through three existing funding mechanisms. The first mechanism is the assessment fee on well owners that CalGEM collects to pay for all costs necessary to protect the public and environment from this inherently dangerous industry. Currently, CalGEM collects a mere 56 cents per barrel of oil. The other two funding sources are idle well fees and civil penalties through the Oil and Gas Environmental Remediation Account.

For orphan well remediation work that CalGEM carries out or hires contractors to do, the agency should guarantee strong labor standards for the workers, including a prevailing wage guarantee, Local Hire Agreements (with preference given to fossil fuel industry workers who have been laid off since March 1, 2020), apprenticeship standards, and Project Labor Agreements where available by law.

CalGEM has all the funding tools it needs right now to accelerate well remediation in communities hit hard by the economic crisis and to make polluters pay for it as required by law. Taxpayers should not be asked to further subsidize the oil and gas industry through the use of federal stimulus dollars or other sources of public funds to pay for well remediation in California. The “polluter pays” principle must be upheld in all well remediation work in California.

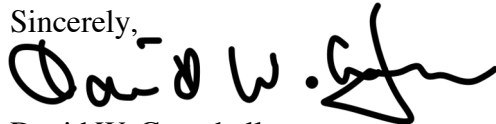
## **CalGEM Should Prioritize Plugging Wells within 5,000 feet of Sensitive Areas**

CalGEM must protect the health of frontline communities by plugging orphan and idle wells within 5,000 feet of sensitive receptors. CalGEM should implement a priority list for well clean-up, guided by CalEnviroScreen and community input. Prioritizing wells that pose the greatest threat to community health, safety, and the environment will reduce the risks and harms

that frontline communities experience every day. CalGEM should also prioritize the plugging of wells and habitat restoration in natural areas.

The economic downturn has hurt regions across California, especially communities historically reliant on fossil fuel production for jobs and local tax revenue. The state should accelerate oil and gas well remediation right now without using any of our precious public funds. Taking this action will create jobs, provide tremendous health and environmental benefits to frontline communities, and advance a just transition away from fossil fuels.

Sincerely,

A handwritten signature in black ink that reads "David W. Campbell". The signature is fluid and cursive, with the first name "David" being the most prominent.

David W. Campbell  
Secretary-Treasurer

CC: Matt Baker, Deputy Secretary of Energy, Natural Resources,  
[Matt.Baker@resources.ca.gov](mailto:Matt.Baker@resources.ca.gov)

Sarah White, Senior Advisor, Workforce Development, [sarah.white@opr.ca.gov](mailto:sarah.white@opr.ca.gov)