

## **New Mexico Wild's Inactive Well Analysis – Frequently Asked Questions**

### **1. What are the key findings of this analysis?**

This analysis found that there are hundreds (and likely many more) of inactive oil and gas wells on federal lands in New Mexico that have not been “promptly” plugged and reclaimed, [as required](#) by federal law. Many of these wells are located in or near sensitive wildlife, wilderness, and conservation areas, and are likely emitting methane and other greenhouse gases (GHG) into the atmosphere. A wide range of companies operate these wells and/or own an interest in underlying leases, including Chevron, Devon Energy, EOG Resources, Hilcorp, Occidental, and XTO.

This analysis also found that, in spite of these potential violations, the Bureau of Land Management (BLM) routinely issues leases to companies that bear responsibility for these inactive wells. This is notable because the Mineral Leasing Act [prohibits](#) any party that “has failed or refused to comply in any material respect with the reclamation requirements and other standards . . . for any prior lease” from obtaining additional federal oil and gas leases.

### **2. What types of inactive wells does the analysis focus on?**

The analysis focuses on three types of inactive wells:

1. Orphaned wells: These are wells whose owners and/or operators are unwilling or unable to plug and reclaim the wells. [According to](#) the New Mexico Oil Conservation Division, as of April 12, 2021, there were 622 orphaned wells in New Mexico, including well over 120 on federal lands.
2. Wells with expired temporary abandonment (TA) authorizations: Lease owners and operators may delay plugging and final reclamation by temporarily abandoning their wells, but [must obtain](#) permission from BLM to do so – at the outset and then annually. [According to OCD](#), as of Mar. 17, 2022, there were 83 wells on federal lands with expired TA authorizations.
3. Wells with rubberstamped TA authorizations: According to the Interior Board of Land Appeals, lease owners and operators [cannot](#) rely solely on “vague assertions” about future drilling plans to support TA requests, but [must instead](#) provide “adequate, detailed economic and engineering justifications.” Based on a review of OCD’s record, it appears that BLM is routinely rubberstamping TA requests that lack these justifications, and, as a result, is artificially extending the life of numerous wells that, in many cases, have not produced oil or gas in over a decade and that are causing or threatening to cause significant harm to nearby communities, along with public lands, waters, and wildlife. For instance, BLM regularly approves TA requests from Hilcorp Energy – which, as of March 17, 2022, [operated](#) over 7,400 inactive wells in New Mexico that had not produced in at least six months – that [say little more](#) than “reviewing for future potential.”

### **3. Is this meant to be a comprehensive analysis for all inactive wells on federal lands in New Mexico?**

No – and such an analysis is likely impossible for the public to undertake, given how little data BLM shares about the status and condition of individual oil and gas wells on federal lands. What this

analysis attempts to do is shed light on a significant problem that has major long-term implications for our climate and New Mexico's public lands, waters, and wildlife, the actual magnitude of which only BLM is in a position to determine.

#### **4. What data sources were used to prepare this analysis?**

The analysis relies on data from OCD and BLM. OCD's data was used to screen, target, and obtain information about inactive wells, while BLM's data was used to identify lease ownership.

#### **5. How easy is it for the public to provide oversight and verify whether oil and gas companies are "promptly" plugging and reclaiming inactive wells?**

It's virtually impossible for the public to perform this critically important task. BLM does not share any meaningful information with the public that could be used to verify whether lease owners and operators are complying with applicable plugging and reclamation requirements for individual wells. Further, BLM is supposed to [maintain a list](#) of companies that, due to ongoing reclamation violations, are barred from obtaining new leases. To the extent BLM actively maintains this list, it is not shared with the public.

As a consequence, the public must rely almost entirely on information provided by OCD, which is oftentimes incomplete and geared toward monitoring compliance with state, not federal, requirements.

#### **6. Is this a new problem?**

No. This problem has existed for years, if not decades, and has been the target of several reports from DOI's Office of Inspector General (IG), and the Government Accountability Office. In 2018, DOI's IG [released](#) a report on BLM's idle well program where it stated that BLM has

**has no oversight process with which to monitor or track a well's continual TA status.** . . . Without proper BLM oversight, operators can maintain wells in TA status for years without justifications. . . . This creates the appearance of unreliable inventory numbers while allowing operators either to choose their own time to reactivate wells on Federal lands or allow them to maintain wells in TA status to postpone potential need for plugging and abandoning them as long as possible.

Similarly, over the years, GAO has released several reports on BLM's management of inactive and orphaned wells, the [most recent](#) of which found that a "significant number of inactive wells remain unplugged [on federal lands] and could be at increased risk of becoming orphaned," which could lead to hundreds of millions of dollars in clean-up costs – if not more – for taxpayers.

#### **7. Is this problem limited to New Mexico?**

No. There are thousands of long-term inactive wells across the West, many of which likely suffer from the same regulatory infirmities as the wells identified in our analysis. For example, a recent report from National Wildlife Federation and Public Land Solutions [identified](#) over 8,000 inactive wells in Colorado, Montana, New Mexico, Utah, and Wyoming that are at-risk of becoming orphaned.

## **8. What can BLM and Congress do about this problem?**

First, as requested in our letter, BLM can prepare and release to the public an inactive well audit. Then, based on that audit, BLM can take action to address any ongoing violations, including by cancelling any improperly issued leases.

Second, BLM and Congress can strengthen the regulatory framework that governs inactive wells. Bills introduced recently by [Senator Heinrich](#) (and others) and [Rep. Leger Fernandez](#) are steps in the right direction. Congress can also request additional investigations from DOI's IG and/or GAO. BLM has also the opportunity to overhaul its inactive well rules and policies through its planned rulemaking on the federal oil and gas program.

Finally, BLM can use this opportunity to update its orphaned well inventory, with a focus on evaluating long-term inactive wells that are not yet part of its orphaned well catalogue, and then prioritize those wells for clean-up using funds from the 2021 [infrastructure bill](#).