California’s Efforts to Address Orphan Wells
Background: California Oil Industry

- California’s first oil operations began in the mid-19th century.

- After more than a century of operations, production peaked in 1985 and has been declining ever since.

- With the decline in oil production, California has been adopting increasingly ambitious climate change legislation and emission reduction targets.

- The natural decline in production, coupled with action on climate change leads to more orphaned and deserted wells.

California's first offshore oil wells, Summerland Field, c.1900
Scope of the Orphan Well Challenge

- **5,356** known orphaned, deserted, and potentially deserted wells.

- Estimate another approx. 18,000 undocumented orphan wells.

- Estimated cost to plug and permanently seal the 5356 known wells is **$974 million**.

- It would take California’s Geologic Energy Management Division (CalGEM), at current funding levels, decades to address the known inventory of wells, not including unknown wells.

- The federal orphan well program is an unprecedented investment in the state abandonment program.
Federal Orphan Wells Program

- Infrastructure Investment and Jobs Act created the Energy Communities Revitalization Program.

- Provides $4.7 billion for the Federal government, States, and Tribes to address orphaned oil and gas wells.

- California is eligible to receive $165 million dollars in grant funding, and potentially more in additional grant funds to be announced at a later date.

- State grants fall into three categories:
  - Initial - $25 million
  - Formula - $140 million
  - Performance - TBD
California’s Commitment to Address Orphan Wells

- **Funding:** Bolster anticipated $165+ million federal investment with potentially $200 million state investment in the Governor’s Proposed Budget.

- **Emission Reduction:** Adopt new methane monitoring protocols for all state plug and abandonment operations.

- **Groundwater Monitoring:** Utilize Groundwater Protection Council module to monitor for water contamination.

- **Prioritize Disadvantaged Communities:** Developing a Screening and Prioritization methodology that accounts for impacts on disadvantaged communities, utilizing California’s CalEnviroScreen mapping tool.

- **Just Transition:** Two pilots ($65 million) in the Governor’s Proposed Budget to support displaced oil and gas worker training.