




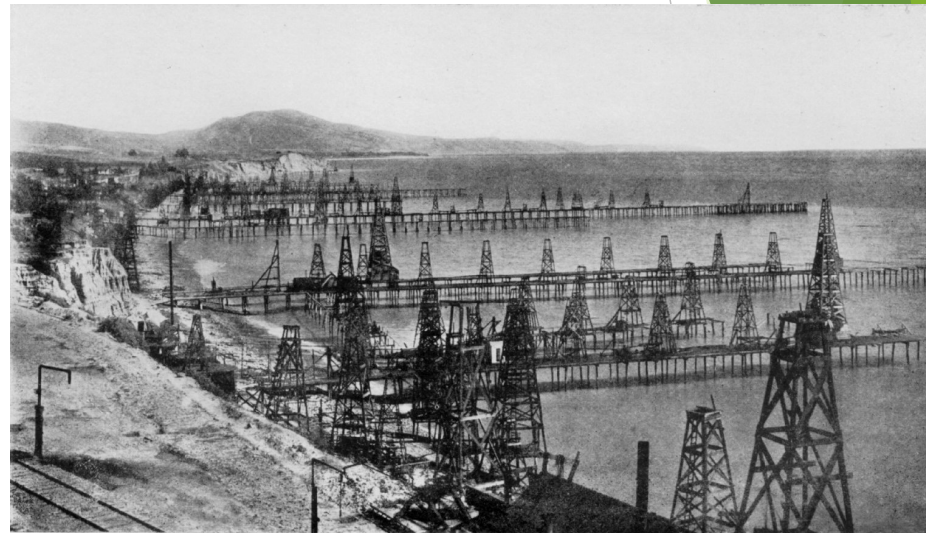
# California's Efforts to Address Orphan Wells

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# 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.