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Testimony of Kelsey A. Krepps
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To the House Environmental Resources and Energy Committee

Good morning, y'all. My name is Kelsey Krepps. I'm a Senior Field Organizer at the Sierra Club, primarily focused on gas issues in our state. Thank you to Chairman Vitali, Chairman Causer and Members of the Committee for inviting me back to testify today on the critical issues surrounding plugging and abandonment of our state's conventional oil and gas wells¹. I deeply appreciate the committee's dedication to ongoing conversations regarding this issue.

I'm someone who has grown up in and around the oil towns of this state, spending most of my life in northwestern Pennsylvania. I'm deeply family with our history of extraction here, growing up going to festivals and parks regularly featuring the word "oil" in them, and living amongst the state's refineries while I studied at the University of Pittsburgh at Bradford when Dr. Kang was conducting some of the research that began to give us an idea of what our legacy abandoned wells were contributing to the state's emissions, to our neighbors health and to the climate crisis.²³

Thanks to the Infrastructure Investments and Jobs Act funding⁴⁵, as well as continued investment from Governor Shapiro's Administration,⁶ we were and are able to start to address the wells we've inherited from generations past, including plugging 200 wells which is more wells plugged in a short span of time compared to what we were able to plug in the last 9 years total.⁷

You've heard from other folks today that there are still priorities to address with our current plugging program, including the need for transparent databases for residents to help find upwards of 250,000-700,000 legacy wells we don't know about⁸, prioritize plugging the wells

¹<https://www.legis.state.pa.us/cfdocs/legis/CMS/ArchiveDetails.cfm?SessYear=2023&MeetingId=2778&Code=8&Chamber=H>

² <https://www.princeton.edu/news/2014/12/09/abandoned-wells-can-be-super-emitters-greenhouse-gas>

³ <https://www.pnas.org/doi/abs/10.1073/pnas.1408315111>

⁴ <https://www.whitehouse.gov/build/guidebook/>

⁵ <https://www.congress.gov/bill/117th-congress/house-bill/3684>

⁶ <https://www.governor.pa.gov/newsroom/governor-shapiros-2024-25-budget-address-as-prepared/>

⁷<https://www.governor.pa.gov/newsroom/shapiro-administration-plugs-200th-orphaned-and-abandoned-well-surpassing-total-from-previous-9-years-combined-and-continuing-historic-progress-to-protect-public-health-and-create-jobs/>

⁸<http://www.depgreenport.state.pa.us/elibrary/PDFProvider.ashx?action=PDFStream&docID=1419023&chksun=&revision=0&docName=ABANDONED+AND+ORPHAN+OIL+AND+GAS+WELLS+AND+THE+WE>

with the greatest human and climate impacts first, and invest in the workforce needed to continue doing this meaningful work for generations to come. Each of these testimonies continues to build out a plugging program that addresses our extensive backlog of wells in ways that benefit our communities and neighbors who have been impacted by their emissions, water contamination, and decreased property values for a very long time.

My work has focused on the fact that our legacy wells are only one part of our state's unplugged well problem.

A 2022 Sierra Club analysis of our operating, active conventional oil and gas wells in Pennsylvania show 97% of conventional wells are producing less than two barrels of oil equivalent (BOE) per day, which the Internal Revenue Service and Energy Information Administration calls "marginal" or "nearing the end of its economically useful life"⁹. These wells are producing little, are past the point of their useful production values, but are sitting unplugged, contributing to the methane emissions impacting our neighbors and the climate, and show no signs of being responsibly closed by their operators any time soon.

What we continue to see is companies utilizing and being regranted inactive well status permits for longer periods, pushing plugging requirements out as long as possible, transferring wells to stripper companies that aim to file for bankruptcy, or simply abandoning their own wells.¹⁰¹¹

In 2023 alone, DEP issued at least 512 violations to 95 different conventional oil and gas operators for abandoning their wells without plugging them, in addition to 10 notices of violations to fracking operators.¹² In 2024 alone, DEP issued 240 new or continued violations for conventional oil and gas well abandonment.¹³

When these companies abandon their wells, they have little to no bonds - money set aside for plugging - that the state can collect. This is because Pennsylvania has some of the weakest policies in the nation when it comes to having financial assurances for plugging obligations.

These include Act 57, a statute on our books that requires no bonds on wells drilled before April 18, 1984 - despite having identifiable owners. Plugging costs and obligations are borne entirely on the Commonwealth if these wells are abandoned to the state.¹⁴ These wells make up around 60% of the active conventional wells in Pennsylvania.¹⁵

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⁹ <https://www.sierraclub.org/default/2022/10/halloween-s-scariest-zombies-idle-oil-gas-wells>

¹⁰ <https://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/025/chapter78a/s78a.102.html&d=reduce>

¹¹ https://www.legis.state.pa.us/WU01/LI/TR/Transcripts/2023_0051_0001_TSTMNY.pdf

¹² <https://paenvironmentdaily.blogspot.com/2024/01/dep-issued-at-least-512-violations-to.html>

¹³ <https://paenvironmentdaily.blogspot.com/2024/03/pa-oil-gas-weekly-compliance-dashboard.html>

¹⁴ https://www.legis.state.pa.us/cfdocs/Legis/LI/uconsCheck.cfm?txtType=HTM&yr=1997&sessInd=0&smt_hLwInd=0&act=57

¹⁵ https://files.dep.state.pa.us/OilGas/BOGM/BOGMPortalFiles/Governor's_Lapsing_Statement_Report_2022-12-29.pdf

If a well does have bonding, the current bond levels are so low compared to the actual cost of plugging the well. Individual bonds for conventional operators are \$2,500 per well and blanket bonds are capped at \$25,000 per company, making the bonds even lower for companies that have a multitude of wells.¹⁶ Multiple sources of data showcase that this is a single digit percentage of the actual funding it takes to plug a well, including current DEP estimations that the cost of plugging a typical abandoned well is now approximately \$68,000, with more complicated wells costing far more to plug.¹⁷¹⁸

A meaningful mechanism to address this problem of unfunded well abandonment is to set bond amounts for oil and gas wells at levels that reflect the actual costs of clean-up, ensuring the state has enough money to plug a well should the operator pass that liability on to the state. Currently DEP is not able to address abandoned wells in a significant manner when wells are abandoned because the bonds forfeited are nowhere near the cost to plug that well.¹⁹²⁰ Higher bonds also incentivize operators to prioritize plugging of wells at the end of their lifespan in order to free up capital.²¹ Faster plugging of unprofitable wells brings less of the environmental and public health burdens previously discussed.

As a result of our woefully inadequate bond amounts, Pennsylvanian's a significant portion of the industry's bottom line, and the labor, time and costs of their own well clean up has been socialized to taxpayers and our regulators.

In September of 2021, Sierra Club and partners filed two rulemaking petitions at the Environmental Quality Board to raise oil and gas bond amounts for conventional and unconventional wells. In response, the legislature quickly passed Act 96 by the following summer, which removed the authority of the Environmental Quality Board and Department of Environmental Protection to raise bond amounts for conventional wells, locking in the current staggeringly low bond amounts for the next 10 years²². Following recent trends and production values of active wells, the likelihood of further abandonment during this window of time is high²³

The passage of Act 96 tied the hands of our regulators, preventing them from fulfilling their trustee obligations under Pennsylvania's Environmental Rights Amendment, and prompted the

¹⁶<https://www.legis.state.pa.us/cfdocs/Legis/LI/uconsCheck.cfm?txtType=HTM&yr=2012&sessInd=0&smtHLwInd=0&act=87>

¹⁷<https://www.sierraclub.org/sites/default/files/blog/Sierra%20Club%20et%20al%20Conventional%20Wells%20Bonding%20Increase%20Filing%20to%20EQB.pdf>

¹⁸https://files.dep.state.pa.us/OilGas/BOGM/BOGMPortalFiles/AbandonedOrphanWells/IIJA/PA_HANDLING_OF_IIJA_FOR_OA_WELLS.docx

¹⁹https://files.dep.state.pa.us/OilGas/BOGM/BOGMPortalFiles/Governor's_Lapsing_Statement_Report_2022-12-29.pdf

²⁰ <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol52/52-31/1138.html>

²¹<https://www.worc.org/worc-releases-a-roadmap-for-managing-the-oil-and-gas-industrys-orphaned-wells-and-left-behind-infrastructure/>

²² <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2022&sessInd=0&act=96>

²³ <https://grist.org/regulation/pennsylvania-legislature-abandoned-oil-wells/>

filing of Sierra Club and our partner organizations to file a lawsuit asking the court to rule Act 96 unconstitutional.

Despite additional positions being funded at DEP and a commitment that the administration is going after operators who are walking away from their wells, this is not going to be addressed without addressing our laws on bond amounts.

The markets for fossil fuels are volatile.²⁴ In order for the state to ensure they will have the means to support any future massive abandoning of wells when prices fluctuate, the state has to have the funds in place to address that.

Failing to address bonding reform in a meaningful way – for both the conventional and fracking industries – will lead to more abandonments of wells that have little to no money to adequately address them, ensuring that taxpayers will continue to pay for cleanup of wells that were never our responsibility.²⁵

²⁴ <https://rooseveltinstitute.org/publications/energy-price-stability/>

²⁵ <https://www.governor.pa.gov/newsroom/shapiro-administration-plugs-200th-orphaned-and-abandoned-well-surpassing-total-from-previous-9-years-combined-and-continuing-historic-progress-to-protect-public-health-and-create-jobs/>