

**WATER & NATURAL RESOURCES COMMITTEE**

# **Bonding & Plugging for Oil and Gas Wells**

**NEW MEXICO STATE LAND OFFICE**

**TARIN NIX**

**DEPUTY COMMISSIONER OF PUBLIC AFFAIRS**



# New Mexico State Land Office: Bonding & Remediation

Utilizing bonding & enforcement to protect New Mexican's and our state trust lands.

## 01 Bonding Working Group

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## 02 Analysis of the Adequacy of Financial Assurance Requirements for Oil and Gas Infrastructure on State Trust and Private Lands in New Mexico

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## 03 SLO'S Enforcement & Accountability Program

# New Mexico Bonding Working Group

In collaboration with the New Mexico State Land Office, the New Mexico Oil and Conservation Division, The Center for Applied Research, and our partners.

- Members include: Major and independent producers (Permian and NW), midstream, produced water, and 3 NGO bonding experts.
- Completed in November of 2020.



# Financial Assurances Study Findings: By The Numbers (Report Table ES)

	Estimated Closure & Clean-up Costs <i>(millions)</i>		Estimated Financial Assurance <i>(millions)</i>		Estimated Financial Assurance Gap <i>(millions)</i>	
Infrastructure Type	State Trust	Private Fee	State Trust	Private Fee	State Trust	Private Fee
Wells*	\$3,316.40	\$2,275.33	\$136.11	\$37.07	(\$3,180.29)	(\$2,238.26)
Pipelines	\$980.73	\$929.57	\$0.24	\$0.00	(\$980.49)	(\$929.57)
Other	\$876.38	<i>no data</i>	\$28.00	\$0.00	(\$848.38)	<i>no data</i>
Total	\$5,173.51	\$3,204.90	\$164.35	\$37.07	(\$5,009.16)	(\$3,167.83)
	\$8,378.41		\$201.42		(\$8,176.99)	

**Notes:** All figures presented in this table are reported in millions of USD as of Dec 2020.

\*Cost figures reported in this table include well plugging and downhole abandonment, surface facility decommissioning, and wellsite surface reclamation.

† Cost figures reported in this table exclude produced water, freshwater, and most gathering pipelines used by oil and gas operators. Costs reported in this table assume buried pipelines are abandoned in-place rather than fully removed.

# Financial Assurances Study Findings

April 2021



## TAKEAWAYS

- \$8.37 billion clean up figure is an estimate of total liability, not necessarily the state's liability.
- Current financial assurance requirement structures are highly regressive.
- Overlapping regulatory authority complicates requirements.
- Data pertaining to pipelines is particularly lacking, especially for produced water and small diameter pipelines.
- Most oil and gas infrastructure that is not located within a wellsite has no financial assurance requirements.

## NEXT STEPS

- Statewide Working Group
- Statewide Public Meetings
- Rulemaking
- Expand SLO's Enforcement & Accountability Program

# **New Mexico State Land Office: Enforcement & Accountability Program**



**Abandoned Wells Plugged: 22**

**Oil & Gas Lease Sites Reclaimed: 13**

**Enforcement Suits Filed: 17**

**Bonds Collected: \$85,000**

# 1,000,000+

AT LEAST \$1 MILLION IN COST SAVINGS TO DATE!



**CONTACT US**

**Tarin Nix**  
**TNix@slo.state.nm.us**

**Read more about our bonding work or to  
get involved -**

**[www.nmstatelands.org/bonding/](http://www.nmstatelands.org/bonding/)**

