

de la Guerra, Sheila

Public Comment

#2

From: Kyle Ferrar <ferrar@fractracker.org>
Sent: Monday, May 23, 2022 4:41 PM
To: sbcob
Subject: Comment to the BOS
Attachments: FracTracker_SantaBarbaraldleWells_5.23.22.pdf




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Good evening,
 My 1-page comment for Agenda Item D-2 is attached.
 Thanks so much,

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Kyle Ferrar
Pronouns: he, him, his

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A L L I A N C E

Santa Barbara County Idle and Orphan Well Remediation Costs

This short summary report was written to assist the Santa Barbara County Board of Supervisors in their process to determine the future of oil drilling and extraction in the county. As such, FracTracker has summarized data from the California Department of Geological Energy Management (CalGEM).

In total Santa Barbara County has over 2,350 idle and marginally producing wells that need to be plugged. At an estimated \$100,000 per well (and ignoring the additional \$400,000 estimate possible for each of the county's offshore wells), well plugging and remediation could cost Santa Barbara upwards of \$200,000,000 just for the current backlog of plugging idle and marginally producing onshore wells.

Santa Barbara Idle Wells

According to CalGEM there are 1,509 idle wells located onshore in Santa Barbara County, and another 56 idle offshore wells. These wells represent an immediate financial and environmental liability to the County of Santa Barbara. The operators with the highest counts of idle wells include Team Operating LLC (342), Cat Canyon Resources LLC (308), HVI Cat Canyon Inc (288), E&B Natural Resources (228), and Pacific Coast Energy Company LP (124), along with 33 other operators.

In addition to these known idle wells, within Santa Barbara County there are an additional 1,004 "active" oil and gas wells that will also need to be plugged in the future. While some of these wells may have a lifespan of several decades, the majority are nearing the end of their productive phase and are no longer financially profitable. Of those 1,004; about 930 are permitted to produce oil as "OG" production wells, cyclic steam wells, or multi-purpose wells. Of those 930, nearly 80% (740) of them are less than marginally producing oil, according to 2019 production data. The lifespan of these wells are near completion and the cost to plug, properly abandon, and remediate these well sites will soon if not already outweighs the profits generated. The majority of these marginally produced wells are located in the Cat Canyon (161) and Orcutt (222) fields, followed by 81 in Casmalia, 70 in South Cuyama, and 60 in the Santa Maria Valley.

The majority of these no longer profitable wells are operated by Pacific Coast Energy Company LP (176), HVI Cat Canyon, Inc (125), E & B Natural Resources Management Corporation (99), ERG Operating Company LLC (84), Sierra Resources Inc (77), BE Conway Energy Inc (50), and Sentinel Peak Resources California LLC (39).

Well Plugging and Remediation Costs

Unplugged and mismanaged oil and gas wells are a source of greenhouse gases, local and regional air quality degradation and groundwater contamination, and therefore should be properly plugged and abandoned as quickly as possible. Left unplugged, they are environmental and financial liabilities for local communities and municipalities.

The costs of well plugging and remediation of Greka's Rincon Island and Platform Holly in Santa Barbara is estimated at nearly a half BILLION dollars. The CCST estimates that onshore cleanup costs of the currently known 5,540 orphan wells will cost at least the same. This billion dollar estimate does not include the 70,000 idle and marginally producing wells on the verge of becoming orphaned in the state.

The county of Santa Barbara needs to be prepared for the prescient risk of being left responsible for funding the plugging and remediation costs of these oil and gas wells and facilities. The drafted CalGEM Oil and Gas State Abandonment Planning proposal for prioritizing which wells receive state and federal funds favors the community drilling of the south coast and the disparately impacted communities of the Central Valley. Santa Barbara oil and gas development would be least prioritized by the current draft. Therefore county policies to address the existing backlog of orphan and idle wells in the county must be prioritized, and these costs must be considered alongside new drilling proposals.