

As proud New Mexicans, we know our state has the best scenery and natural beauty in the nation. While we want to keep it that way, that’s hard to when our landscape is dotted with old, pollution-spewing orphaned oil wells.

With New Mexico being the second largest oil-producing state in the country, we’ve been stuck with a multitude of orphaned wells. When the companies who drilled and profited from the wells don’t take responsibility for capping and cleaning them, the rest of us end up footing the bill.

The federal government is distributing money for orphaned well cleanup from the Infrastructure Investment and Jobs Act, which will be a big help. But funding the cleanup of orphaned wells doesn’t solve the root problem.

That problem is that the rate for federal bonding – the amount of money oil producers have to pay up front to cap any wells they walk away from – are simply too low. These rates were set back in the 1950s and ‘60s, when the cost of capping and cleaning up a well was much lower than it is today.

These decades-old federal bonding rates need to be updated now so we can spend our tax money where we really want to spend it – on our schools, hospitals, roads and bridges, and all

the other public infrastructure that improves our quality of life and makes our modern economy possible.

Last year the Center for Applied Research estimated that an additional $8.1 billion would be required to cap and cleanup all the wells on state and private lands alone should all current producers go bankrupt or simply walk away. The potential burden to New Mexicans is even greater when you factor in the nearly 32,000 wells on federal lands in the state.

Thankfully, the Department of the Interior (DOI) agrees that it's time for bonding reform. Their latest report recommends increasing minimum bond amounts and adequately reviewing leases to ensure that costs are covered. This way, when a company goes bankrupt or abandons their wells, the forfeited bond amount is enough to cover the cost of cleanup – and the rest of us can finally stop paying the bill.

And the issue has some traction in Congress as well. Last year, U.S. House Rep. Teresa Leger Fernández introduced the Orphaned Wells Cleanup and Jobs Act. The bill would increase minimum bonding amounts in addition to helping fund the cleanup of more than 56,000 wells on federal, state and tribal lands across the country.

Our neighbors in Colorado are dealing with the same problems, and U.S. Senator Michael Bennet introduced the Oil and Gas Bonding Reform and Orphaned Well Remediation Act, co-sponsored by our own Senator Martin Heinrich.

This bill would also strengthen bonding requirements while providing states and the Bureau of Land Management with funding to reclaim orphaned wells. These bills lay out the type of action that needs to be taken at a national level to fix this problem in both the short and long terms.

We need the Biden administration and Congress to act now to address this urgent problem. We don't have time to waste on these reforms – another round of oil and gas leasing is set to begin soon with the archaic rates still in place. We've paid for this mess for too long, and it's past time to tip the balance.

By Paige Knight
Senior Research and Policy Analyst,
New Mexico Voices for Children