

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council; and

WHEREAS, in 2017, California was the seventh largest producer of crude oil (US EIA), and the US EPA estimates that in 2019, approximately 6.6 million metric tons equivalent of CO₂ were emitted nationally from idle wells in 2019; and

WHEREAS, there is a large number of nonproductive wells in the state, known as idle wells, which have not produced oil for at least two years and have not been plugged and decommissioned; and an additionally large number of marginally-producing wells; and

WHEREAS, there are about 107,000 active and idle oil wells in California. At some point all of these wells will end their productive life and the operator/owner of the well will be required to carefully plug the well with cement and decommission the production facilities, restoring the well site to its prior condition; and

WHEREAS, orphan wells that are not properly plugged and abandoned pose a threat to public health, safety, and environment, potentially leaking oil, injected fluids, or formation water into nearby underground sources of drinking water or surface waters and releasing methane, volatile organic compounds, hydrogen sulfide or other gases into groundwater or the atmosphere; and

WHEREAS, Assembly Bill 1167 (W. Carrillo) seeks to protect Californians by introducing the Orphan Well Prevention Act, which will require anyone acquiring the rights to operate a well or production facility to file a bond commensurate with the full costs of plugging, abandonment and site restoration of the well once operation ceases; and

WHEREAS, the California Geologic Energy Management Division (CalGEM) of the California Department of Conservation has estimated that there are already more than 5,300 idle wells across the state that are likely "orphaned" without a solvent operator to properly plug and abandon them, including approximately 1,400 across Los Angeles County; and

WHEREAS, there is an ongoing significant risk that more wells will become orphaned in the future if idle and marginal wells are transferred to less solvent operators who are unable to fulfill their obligations to properly plug and abandon them; and

WHEREAS, current levels of bond funding collected by the state are entirely inadequate to cover the costs of properly plugging, abandonment and site restoration of orphan wells, such that liability to conduct these activities will fall to the state and its taxpayers, which does not have the funds available to remediate as compared to the profits of the oil and gas production industry;

NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State Legislative Program SUPPORT for AB 1167 (W. Carrillo), the Orphan Well Prevention Act, which requires that buyers and operators of oil and gas wells post a bond sufficient to cover the full cost of plugging, abandonment and site restoration after production stops.

PRESENTED BY:

HEATHER HUTT

Councilwoman, 10TH District

SECONDED BY:

ORIGINAL

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JUN 28 2023

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