Plugging Permits and Bonds

2010 Plugged Wells and Financial Security

At year-end DEC held $24.95 million in financial security to guarantee well plugging and well site reclamation. This represented a decrease of 2.2% from $25.5 million in 2009.

At the end of production a well must be plugged with cement at proper intervals, the equipment must be removed, and all disturbed land, including the access road, must be reclaimed. In 2010 operators plugged 178 wells in accordance with requirements in DEC-issued plugging permits.

Much of the 2010 plugging activity continued to be in the old oilfields of western New York. Approximately 75% of the plugged wells were oil wells, 17% gas wells, and the remaining 8% a mix of other regulated well types.

Plugging occurred in 13 counties with 50% of the plugging jobs in Cattaraugus County and 25% in Allegany County. As noted above, the vast majority of plugging jobs involved old oil wells, particularly in the Richburg and Bradford Fields.

Abandoned and Orphaned Wells

Old Historic Well Problems

Abandoned wells can leak oil, gas and/or brine; underground leaks may go undiscovered for years. These fluids can contaminate ground and surface water, kill vegetation, and cause public safety and health problems.

Historically, abandoned wells have been discovered in the woods, along roadsides, and in residential yards, playgrounds, and parking lots. They’ve even been discovered inside buildings, and underwater in wetlands, streams and ponds.

2010 Status Report

Abandoned, unreported and inactive wells continued to be a problem. In 2010 a total of 477 operators reported 3,169 wells with zero production. This is in addition to over 4,100 orphaned and inactive wells in the Department’s records. Enforcement actions have reduced the number of unreported wells yet some operators refused to file their annual reports. The operators that remained out of compliance have been referred to the Office of General Counsel for additional enforcement actions.
DEC has at least partial records on 40,000 wells, but estimates that over 75,000 oil and gas wells have been drilled in the State since the 1820s. Most of the wells date from before New York established a regulatory program. Many of these old wells were never properly plugged or were plugged using older techniques that were less reliable and long-lasting than modern methods.

Every year while conducting scheduled inspections or investigating complaints, DEC staff discover more abandoned wells. Extensive courthouse research is often required to identify a well’s previous owners. Many of these cases take several years to resolve as DEC pursues legal action against the responsible parties.

**Oil & Gas Account**

New York has an Oil and Gas Account which was created to plug problem abandoned wells. It is funded by a $100 per well permit fee; at the end of 2010 the balance was $242,704. DEC has over 500 wells on its priority plugging list. Since the funds are insufficient to plug all the priority wells, DEC continues to pursue other mechanisms to plug abandoned wells.

**DEC-Coordinated Plugging Efforts**

Division staff continue working with the U.S. Environmental Protection Agency (USEPA) and the U.S. Coast Guard (USCG) to plug wells with federal funds from the Oil Pollution Act of 1990. This money can be used for wells that leak oil or threaten to leak oil to the navigable waters of the United States.

As a direct result of DEC staff efforts, USEPA has undertaken several plugging projects in New York State. In 2010 USEPA plugged 17 wells on an old Pennzoil Lease in the Town of Bolivar, Allegany County. Additionally, in 2010 USEPA plugged 25 wells on the Wood Oil Lease in the Town of Olean, Cattaraugus County and one well in the Town of West Union, Steuben County. In conjunction with the well plugging efforts, the well sites were reclaimed.