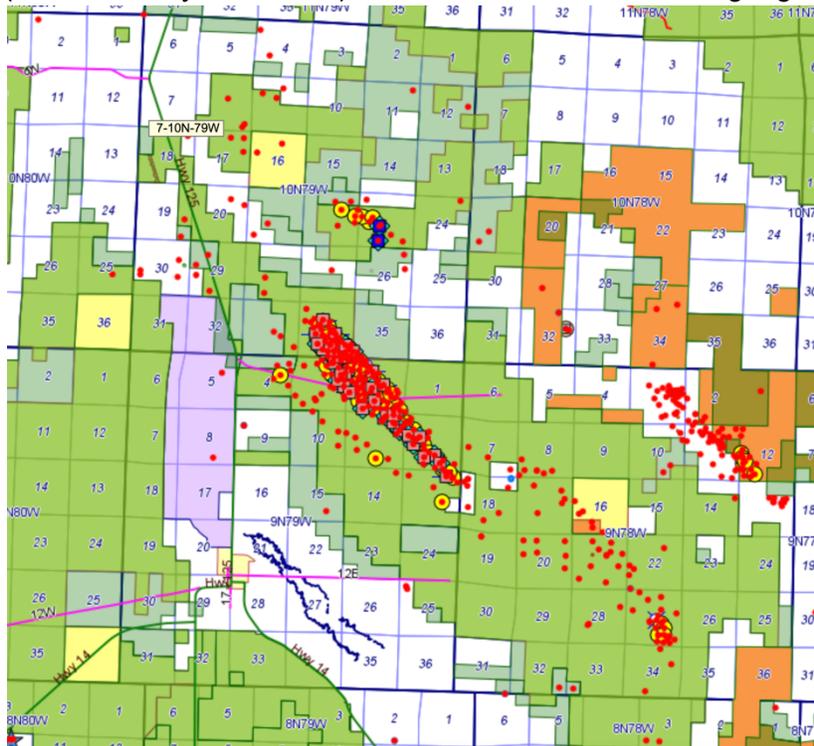


Colorado Example of zombie oil wells on federal lands

We are very appreciative that the federal government has appropriated funds to plug orphaned wells on both federal minerals (federal and tribal surface) through the BLM and on state and private minerals through state oil/gas commission programs. This one-time expenditure will accelerate the closure of oil and gas wells that are beyond their useful life and have no discernable responsible party to do the well plugging and site remediation. However, getting a well officially into the category of 'orphaned' can be a decades-long process. Meanwhile there are many more wells on public lands that are beyond their useful life, either zero production or such low production that there is insufficient revenue for the most basic safety and maintenance work. The financial assurance rules incentivize the operators to keep these zombie wells in limbo, either shut-in or held in production by miniscule volumes.

We'd like to share an example from Colorado. The McCallum Field in NE Jackson County had the first well drilled in the 1920's. These wells are shallow, vertical oil wells with significant water co-production. Currently all the producing or shut-in or temporarily abandoned wells (89) in this field on federal surface/federal minerals are owned by one operator, K.P. Kauffman.

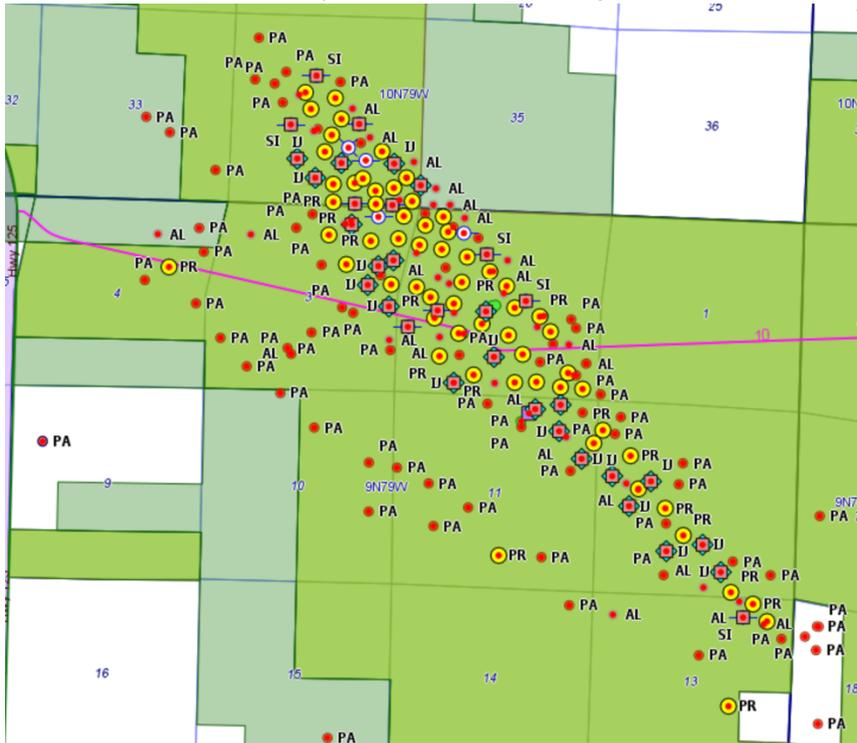
This map from our Colorado Oil & Gas Conservation Commission shows the producing wells (red dots in a yellow circle) in the field. BLM surface is light green.



Zooming in on the largest group of producing well, you can see the extensive field of old wells that have been plugged and abandoned (PA) and locations that have been abandoned (AL). Our volunteer (BV) has spent quite a bit of time in this field and can vouch for the fact that the removal of infrastructure and site remediation is woefully inadequate for many of these sites. And field work with Earth Works has produced FLIR evidence of emissions and leaks during multiple site visits. It's important to note that the North Platte Basin (the lower elevation landscapes of Jackson County) are high priority habitat for the Greater Sage Grouse. For this reason, fragmentation and destruction of habitat is an important consideration when deciding on leasing, permitting and remediation.

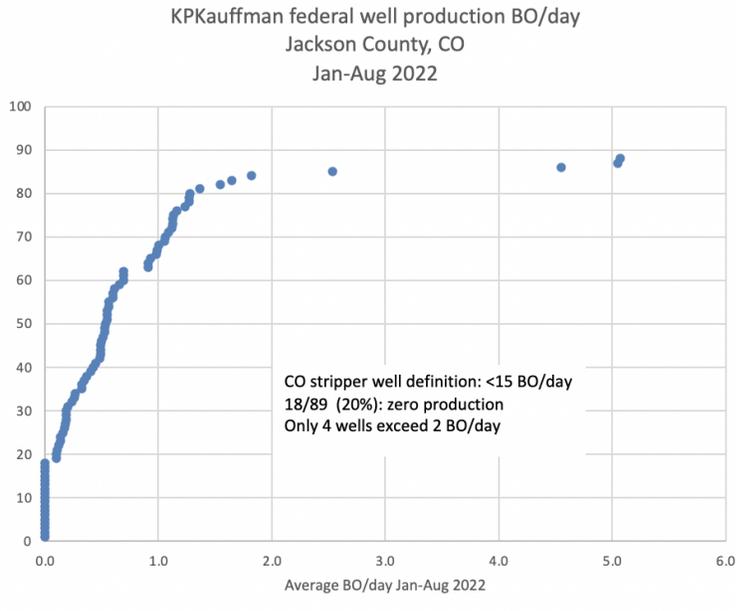
Colorado Example of zombie oil wells on federal lands

All the wells marked SI (shut-in) or IJ (injection well) or PR (producing) are operated by KP Kauffman. K P Kauffman operates the wells in Jackson County as they do their wells in the Colorado Front Range. Their business plan has been to buy up portfolios of low producing wells to benefit from the higher producers while delaying as long as possible any expenditures for maintenance or end-of-life actions. Their track record for violations in the Front Range continues even while they have been operating under a Compliance Plan with the COGCC.



The type of portfolio KP Kauffman operates is exemplified by the Jackson County wells which are producing volumes well below the Colorado threshold (15 barrels of oil/day) to be categorized as 'stripper wells'. In fact, only 4 of the wells exceed 2 BO/day and 20% of the wells produce 0.

Colorado Example of zombie oil wells on federal lands



These zombie wells are at the end of their useful economic life. We encourage the BLM to modify the financial incentives and triggers in the rules to require plugging and remediation. Without these reforms, this operator and others like them will continue to hold these wells in 'production' with serious impacts to environment and public health.