

# Decommissioning Orphaned and Abandoned Oil and Gas Wells: New Estimates and Cost Drivers

Daniel Raimi,\* Alan J. Krupnick, Jhih-Shyang Shah, and Alexandra Thompson



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**ABSTRACT:** Millions of abandoned oil and gas wells are scattered across the United States, causing methane emissions and other environmental hazards. Governments are increasingly interested in decommissioning these wells but want to do so efficiently. However, information on the costs of decommissioning wells is very limited. In this analysis, we provide new cost estimates for decommissioning oil and gas wells and key cost drivers. We analyze data from up to 19,500 wells and find median decommissioning costs are roughly \$20,000 for plugging only and \$76,000 for plugging and surface reclamation. In rare cases, costs exceed \$1 million per well. Each additional 1,000 feet of well depth increases costs by 20%, older wells are more costly than newer ones, natural gas wells are 9% more expensive than wells that produce oil, and costs vary widely by state. Surface characteristics also matter: each additional 10 feet of elevation change in the 5-acre area surrounding the well raises costs by 3%. Finally, we find that contracting in bulk pays: each additional well per contract reduces decommissioning costs by 3% per well. These findings suggest that regulators can adjust bonding requirements to better match the characteristics of each well.

**KEYWORDS:** orphaned wells, methane, climate change, well plugging, decommissioning



## INTRODUCTION

Millions of oil and natural gas wells have been drilled in the United States since the mid-1800s. While at any given time, some of these wells may be idled for economic purposes and then later brought back into production, a much larger number are permanently idled and not properly decommissioned. The US EPA estimates that as of 2018, roughly 2.1 million wells were not being used for production, injection, or other purposes but had not been plugged.<sup>1</sup>

This estimate may significantly undercount the true number of such wells in the United States. In the industry's early years, most regulatory programs neither mapped the location of drilled wells nor incentivized operators to decommission sites at the end of their useful lives. As a result, hundreds of thousands—perhaps more than one million—additional unplugged wells exist but are neither mapped nor accounted for in state and federal inventories.<sup>2,3</sup> In the 20th century, modern regulatory frameworks have emerged and evolved, requiring operators to decommission well sites at the end of their useful lives. Because insolvent operators may be unable to pay for these decommissioning costs, regulators have adopted financial assurance requirements to cover these costs if companies go bankrupt. However, as previous work has demonstrated, e.g., ref 4, these requirements are often insufficient to cover the full costs of decommissioning. This

problem is particularly germane for the issue of “blanket” bonds, which allow operators to cover all their wells within a state or territory with a single (often low) bond or other financial instrument. In addition, operators may idle wells with little intention of reactivating them yet report those wells to regulators as “temporarily” idled to avoid decommissioning obligations.<sup>5</sup>

Decommissioning an oil and gas well involves several steps, beginning with an assessment of the well's physical condition, including the underground steel casing and cement, and identification of any potential subsurface leaks or hazards. The wellbore is then cleaned. Next, workers use cement or other plugging materials to seal the wellbore (Depending on subsurface conditions and applicable regulations, the entirety of the wellbore or discrete portions may be sealed.). Finally, surface equipment is removed, and the surrounding well pad is restored (Again, the extent of surface restoration varies depending on the standards of companies and/or regulators.).

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In the 21st century, the proliferation of shale gas and tight oil development, which typically involves deep, horizontally drilled wells, has raised concerns that decommissioning costs for these wells may exceed those of conventional wells because of the former's greater depths and associated pressure, e.g., ref 6. In 2020, as oil prices crashed due to a global oversupply initiated by the effects of the COVID-19 pandemic, considerable interest emerged among state and federal policymakers to decommission wells as a way to support unemployed oil and gas workers and to reduce the environmental and climate risks of unplugged abandoned wells, e.g., refs 7–10.

Because definitions for what constitutes an “abandoned” well can vary across jurisdictions, it is helpful here to define several key terms as they are used in this paper. We follow the U.S. EPA<sup>1</sup> and define abandoned wells as those with no recent production, injection, or other uses (estimated at 3.2 million). Our focus in this paper is on the subset of unplugged abandoned wells (estimated to account for 2.1 of the 3.2 million total abandoned wells), which are typically the largest emitters of methane.<sup>2</sup> In addition, there is a subset of unplugged abandoned wells known as “orphans”, which have no solvent owner and are effectively wards of the state. As noted above, there is large uncertainty over the true number of orphaned wells in the United States.

Looking forward, the number of orphaned wells has the potential to grow considerably if policies to reduce greenhouse gas emissions lead to substantial reductions in oil and natural gas demand. Unlike previous cyclical downturns during which struggling companies could sell their less profitable assets to other operators, a structural decline in oil and natural gas demand due to climate policy (or other factors) would make these investments less attractive, leaving few buyers for marginal wells, and ultimately a large increase in the number of orphaned wells that pose risks to the environment and human health.

**Risks of Unplugged Abandoned Wells.** Unplugged or improperly plugged oil and gas wells can pose a variety of environmental and health hazards. At the local level, degradation of the cement and steel that make up a wellbore can lead to migration of gases or fluids that may contaminate surface water or groundwater,<sup>11,12</sup> and in some cases, accumulations of gases can lead to explosion risks.<sup>13</sup> These hazards can be exacerbated if unplugged wells are proximate to new oil and gas development utilizing hydraulic fracturing, e.g., ref 14. Unplugged wells may also endanger human health through emissions of air pollutants such as benzene, hydrogen sulfide, or volatile organic compounds (VOCs), though this exposure pathway has not been studied in the literature to date.<sup>15</sup> In addition, unplugged wells pose a hazard if individuals trip over or step into an unmarked well.

The most closely examined environmental impact of unplugged abandoned wells is emissions of methane, a powerful greenhouse gas and an ozone precursor. The U.S. EPA estimates that, on average, each unplugged abandoned oil and gas well emits 0.13 t of methane per year.<sup>1</sup> Multiplied by an estimated 2.1 million such wells, the EPA estimated methane emissions of 276,472 t in 2019, equivalent to roughly 9.5 million metric tons (MMT) of carbon dioxide (CO<sub>2</sub>) per year assuming a 100-year global warming potential (GWP) of 34, or 24 MMT of CO<sub>2</sub> per year assuming a 20-year GWP of 86.<sup>16</sup> This represents roughly 2.6% of total U.S. energy-related methane emissions or roughly 0.2% of total U.S. energy-related

greenhouse gas emissions in 2019, assuming a 100-year GWP for methane of 34.<sup>17</sup>

As with other aspects of methane emissions across the oil and gas supply chain, e.g., refs 18 and 19, recent studies have found that a small number of wells contribute a large share of the total, with the highest emitting wells contributing as much as 0.66 t per year for one unplugged abandoned gas well<sup>19</sup> and 1.16 t per year for one “shut-in” oil well.<sup>12</sup> Although data remain quite limited, emissions rates appear to vary across well types (i.e., oil or gas wells), geology, and—most importantly—plugging status, with unplugged wells typically emitting more methane than plugged wells, e.g., refs 2 and 20–25.

Although there are considerable uncertainties surrounding the magnitude of environmental risks, some recent evidence has suggested that proximity to unplugged oil and gas wells reduces property values considerably. In a working paper, Shappo<sup>26</sup> estimates that property values are roughly \$15,000 (11%) lower for each Pennsylvania home within 2 km of an unplugged well compared with similar homes that are not close to unplugged wells. Importantly, the analysis finds that home values fully recover if the well is properly decommissioned, suggesting that the benefits of decommissioning may outweigh their costs if multiple homes are within 2 km of the well, even without accounting for the climate damages associated with methane emissions.

Another recent analysis<sup>27</sup> estimates substantial ecosystem services benefits from decommissioning wells, including restored agricultural use, CO<sub>2</sub> sequestration, and other services (Again, the analysis excludes methane emissions mitigation.). The authors estimate that the present value of ecosystem services benefits from restoring the surface at 430,000 well sites in the United States would be roughly \$21 billion or \$49,000 per well.

**Existing Decommissioning Cost Estimates.** Policy-makers in recent months have proposed spending billions of dollars to decommission unplugged abandoned wells, often focusing on the subset of orphaned wells, e.g., refs 7, 28, and 29. However, limited information on the location, environmental damages, and decommissioning costs for these wells makes it difficult for state and federal policymakers to identify how to prioritize among the millions of wells that could plausibly be targeted for decommissioning.

Along with uncertainty over the benefits of decommissioning (e.g., reducing methane emissions), there is considerable variation in costs, making planning difficult for policymakers. Mitchell and Casman<sup>30</sup> make a rough estimate that decommissioning shale gas wells in Pennsylvania would cost between \$100,000 and \$700,000 per well. Ho et al.<sup>4</sup> use cost data from plugging conventional wells in 11 states (excluding reclamation costs) and find that average costs range from less than \$5,000 per well to roughly \$50,000 per well at the high end. A 2020 report from the Interstate Oil and Gas Compact Commission<sup>3</sup> aggregates data from over a dozen US states, estimating that decommissioning costs have averaged roughly \$24,000 per well, with wide variation.

Recent policy reports have estimated costs ranging from roughly \$27,000 to hundreds of thousands of dollars per well for certain well types.<sup>6,9</sup> There are many factors that affect decommissioning costs. To develop better cost estimates, this paper substantially expands the data set analyzed by Ho et al.<sup>4</sup> by adding three states to the analysis representing data from an additional 7,000 wells. More importantly, we quantify how different well characteristics, such as depth, age, and other

factors, may affect decommissioning costs across a large number of wells in multiple states. By developing detailed measures of decommissioning costs, this paper can help inform decisions about regulatory policy and help identify strategies for cost-effectively addressing the environmental and health hazards of abandoned oil and gas wells.

## MATERIALS AND METHODS

Our initial data set includes decommissioning costs for more than 19,500 oil and gas wells, the largest data set that has been assembled to our knowledge. Data were gathered via email from state regulators in Kansas, Montana, Pennsylvania, and Texas. These states were chosen because they differ considerably in terms of geology, history, and regulatory structure and because author contacts within the relevant agencies made it relatively straightforward to gather the data. Costs were provided at the contract level, where state regulators contract with oilfield service providers to decommission one or more orphaned wells. For Kansas and Texas regulatory data, these costs only include plugging, as surface remediation is prioritized according to different criteria, which means that surface restoration is contracted separately and proceeds along a different timeline. We also gathered proprietary decommissioning cost data for several hundred wells in New Mexico and Texas from one large oil and gas operator, which include plugging and restoration costs. Using unique API identification numbers, we matched more than 10,000 wells in these contracts to oilfield data from Enverus (formerly DrillingInfo), allowing us to gather information about well location, depth, age, production type (e.g., oil or gas), drill type (e.g., vertical or horizontal), and more (Due to differences in state-level reporting and recordkeeping, complete data were not available for all wells.).

Because cost data from states were often provided at the contract level (rather than the well level), our unit of observation is the contract. When contracts include more than one well, we average information across each well of the contract (e.g., plugging cost, well depth, age of well). This process is unlikely to bias the data because when state regulators award contracts for plugging multiple wells, those wells are located close to one another, have similar ages, and share other key characteristics such as depth and production type. Using the contract as our unit of observation also allows us to estimate the extent to which contracting in bulk provides any economies of scale.

More than 7,500 wells across 3,997 contracts included complete or close to complete data, allowing us to perform statistical analysis on this subset of contracts. For plugging only, costs average roughly \$20,000, while full decommissioning (i.e., plugging and remediation) costs average \$76,000 across states. In rare cases, costs are on the order of \$1,000 per well, while in others, they exceed \$1 million per well. This wide range reflects the variety of conditions that may exist at well sites. For example, a shallow well with no mechanical integrity problems and no clear environmental hazard would fall on the low end of the cost spectrum and may take only several hours of work time. On the other hand, decommissioning can take weeks and become very expensive if there are major well integrity problems, which may contribute to surface or subsurface leakage of gas or fluids, and would require major remediation activities at or below the surface. In addition, differences in state standards, regulations, and other factors may affect costs, which we discuss in the following sections.

Tables 1 and 2 present summary statistics for decommissioning costs and other characteristics for contracts that involved only plugging (Table 1) and plugging and site remediation (Table 2).

**Table 1. Decommissioning Costs (Plugging Only)**

state	KS	TX	total
no. of contracts	unknown	2,280	3,084 <sup>b</sup>
no. of wells	804	5,413	6,217
av wells per contract	unknown	2.4	unknown
mean cost per well (\$2019)	\$6,568	\$25,055	\$20,318
median	\$4,627	\$18,708	\$14,451
minimum	\$1,073	\$1,440	\$1,073
maximum	\$78,544	\$2,205,800	\$2,205,800
P.10 <sup>a</sup>	\$2,383	\$5,556	\$3,422
P.90 <sup>a</sup>	\$12,305	\$40,884	\$37,038
av depth	1,295	4,232	3,466
av first year	1969	1984	1982
av plug year	2006	2018	2015
share vertical or unknown	100%	97%	98%

<sup>a</sup>P.10 and P.90 refer to the 10th and 90th percentiles of cost, respectively. <sup>b</sup>Data from Kansas regulators did not specify the number of contracts but did specify the number of wells. It is possible that the number of contracts is less than 3,084.

In our analysis, we examined dozens of factors that could plausibly affect decommissioning costs. Some of this information can be observed through data on the well itself, while others must be gathered using geospatial software. We use ArcGIS Pro and ArcGIS Online software<sup>31</sup> to gather these geospatial characteristics.

Based on previous research and conversations with experts from industry, the regulatory community, and other researchers, we developed hypotheses about how different factors may affect costs. These are

- (1) Well depth: Deeper wells are more expensive to drill than more shallow wells.<sup>32</sup> We hypothesize that the same relationship would apply to decommissioning wells.
- (2) Well age: Because well integrity may degrade over time,<sup>33</sup> we hypothesize that decommissioning costs vary linearly with well age.
- (3) Site topography: We hypothesize that sites in hilly terrain will be more costly to decommission than those in flat terrain because of erosion concerns and the costs of transporting materials to the site. Plugging wells may also be more costly if the well itself is on a slope, which would make it more difficult to stabilize equipment, or require additional site preparation (i.e., land grading).
- (4) Surface restoration: Other things equal, wells where both the well itself and the surrounding well pad are remediated will be more costly to restore than sites where the only actions are to plug the well.
- (5) Wells per contract: While absolute costs will rise with the number of wells under contract, we hypothesize that there will be economies of scale for larger contracts, resulting in lower per-well costs for contracts with more wells.
- (6) Oil vs gas well: We hypothesize that gas wells are harder, and therefore more costly, to decommission because the gas naturally flows to the surface, while a nonproducing oil well has presumably lost most of its natural pressure



Table 2. Decommissioning Costs (Plugging and Site Remediation)

state	MT	NM	PA	TX	total
no. of contracts	unknown	158	103	448	913 <sup>b</sup>
no. of wells	204	158	717	448	1,527
av wells per contract	unknown	1	7.0	1	unknown
mean cost per well (\$2019)	\$15,335	\$171,652	\$48,703	\$75,307	\$75,579
median	\$9,504	\$132,319	\$24,065	\$58,525	\$52,629
minimum	\$266	\$8,043	\$3,832	\$1,859	\$266
maximum	\$222,275	\$1,115,711	\$469,274	\$1,645,103	\$1,645,103
P.10 <sup>a</sup>	\$2,507	\$71,677	\$5,730	\$22,373	\$7,620
P.90 <sup>a</sup>	\$27,583	\$307,178	\$124,292	\$130,481	\$159,764
av depth	2,409	5,987	2,056	4,226	3,880
av first year	1959	1988	1963	1976	1973
av plug year	2007	2016	2002	2016	2013
share vertical or unknown	100%	93%	99%	100%	99%

<sup>a</sup>P.10 and P.90 refer to the 10th and 90th percentiles of cost, respectively. <sup>b</sup>Data from Montana regulators did not specify the number of contracts but did specify the number of wells. It is possible that the number of contracts is less than 913.

(although associated gas may still be an issue). However, it is also possible that oil wells will be more costly to decommission because they may be more likely to have surface spills that need to be remediated.

- (7) Location: Ho et al.<sup>4</sup> show that state regulations affecting site restoration and well plugging vary widely. In addition, differences in regional markets for oilfield services may affect labor and equipment costs. Therefore, we hypothesize that costs vary across states.

Table 3 summarizes the variables that we include in the statistical analyses that follow and the sources from which they

Table 3. Variables That Affect Decommissioning Costs

variable	hypothesized effect on cost	data source
well depth	deeper wells may require additional labor and material	Enverus
well age	older wells may be more degraded	Enverus
topography	wells in hilly areas may be more costly to plug and restore the surface	ESRI <sup>a</sup> via ArcGIS
surface restoration	restoring the surface will add costs above simply plugging the well	regulators
wells per contract	contracts with more wells may offer economies of scale	regulators
well type	gas wells may differ from oil wells or oil and gas wells	Enverus
state	state regulations or other factors may affect plugging costs	regulators

<sup>a</sup>ESRI, Environmental Systems Research Institute.

are gathered, with details provided in the SI. As noted above, complete data for these variables were available for 3,991 out of our total of 3,997 contracts (2,984 contracts included details on the number of wells per contract, which were not available for Kansas and Montana).

We tested a substantial number of additional variables we hypothesized could plausibly affect costs by adding them to our regressions analysis and analyzing the results. These variables include proximity to water bodies, depth of water table at the well site, land use type, distance to population centers, distance to roads, oil and natural gas prices, and other factors. However, these factors did not meaningfully improve the predictive value (adjusted  $R^2$  score) of the model, and because of data limitations, they substantially reduced the statistical power of our analysis. For those reasons, we exclude

these variables and results in the following analysis. Additional information on these variables and their sources is provided in the SI.

Because plugging costs are highly skewed to the right (see SI Figures S1–S4), we conduct a logarithmic transformation and use the natural log of cost as our dependent variable. We then develop a log–linear regression model in our analysis.<sup>34</sup>

## RESULTS

Our analysis reveals numerous statistically significant and economically meaningful results. Table 4 presents two

Table 4. Regression Results

dependent variable: change in natural log of decommissioning cost				
variable	specification 1 (preferred)		specification 2	
	estimate	std error	estimate	std error
surface reclamation <sup>a</sup>	1.18	0.03	1.14	0.03
TVD <sup>b</sup> (1000 feet)	0.20	0.004	0.18	0.004
age <20 <sup>c</sup>	−0.23	0.04	−0.33	0.04
age 20–40 <sup>c</sup>	−0.17	0.03	−0.27	0.04
age 40–60 <sup>c</sup>	−0.09	0.03	−0.16	0.04
oil well <sup>d</sup>	−0.09	0.03	−0.12	0.03
Montana <sup>e</sup>	−1.15	0.08	omitted due to lack of data	
New Mexico <sup>e</sup>	0.94	0.08	0.86	0.08
Kansas <sup>e</sup>	−0.35	0.08	omitted due to lack of data	
Texas <sup>e</sup>	0.38	0.07	0.26	0.07
wells per contract	omitted due to lack of data		−0.03	0.003
elevation range (100 feet)	0.26	0.07	0.37	0.08
constant	8.73	0.07	9.10	0.08
diagnostics				
R-squared	0.69		0.63	
no. of observations (contracts)	3,991		2,984	

<sup>a</sup>Compared with wells that are plugged only. <sup>b</sup>TVD stands for total vertical depth, which measures the distance from the surface to the bottom of the well and excludes any horizontal portions of the well. <sup>c</sup>Compared with wells 60 years or older when plugged. <sup>d</sup>Compared with gas only wells. <sup>e</sup>Compared with Pennsylvania. Note: Because we do not have data on the number of wells per contract for Montana and Kansas, they are omitted from the regression analysis due to collinearity.

specifications. The first, our preferred specification, includes data from 3,991 contracts across five states, while the second, which includes 2,984 contracts, adds the variable for the number of wells per contract, which was not available for Montana or Kansas. All the results shown in the table are statistically significant at the  $p > 0.99$  level or above using a  $t$  test. Results can be interpreted as follows: decommissioning costs are correlated with the percentage change associated with the coefficient for each independent variable. For example, reclaiming the surface increases decommissioning costs by 118% in our first (preferred) specification and by 114% in our second specification.

As noted above, and as suggested by the differences between Table 1 and Table 2, site restoration more than doubles the cost of well decommissioning, increasing them on average by 118% in our preferred specification when controlling for other variables (all results in this section refer to our preferred specification unless otherwise noted). As expected, deeper wells are also more costly, with each additional 1,000 feet of total vertical depth increasing costs by 20% on average. The age of the well also correlates strongly with costs. Compared with wells that were more than 60 years old when decommissioned, wells aged 40 to 60 years old were 9% less expensive, and wells aged from 0 to 40 were roughly 20% less expensive. Higher costs for older wells are likely caused by degradation of steel and cement casing over time, which can create multiple challenges for plugging operations.

We also find that wells producing only natural gas are 9% more expensive to decommission than wells that produce oil (many of these wells produce both oil and natural gas). Based on discussions with industry experts, the additional time and equipment that is often needed to stop the (often high-pressure) flow of natural gas during well plugging operations, particularly in older wells, explains this difference. For wells producing oil, experts reported that while surface oil spills were costly when they occurred at large scale, they were relatively rare.

We found statistically significant and economically meaningful variation in costs by state. Compared with decommissioning in Pennsylvania (our reference state), costs in New Mexico and Texas are 94 and 38% higher, respectively, while costs in Montana and Kansas are 115 and 35% lower, respectively. Three potential explanations may play a role: First, differences in state regulatory requirements may contribute to variation in costs. Second, contractor costs may vary regionally due to variation in local supply and demand. For example, Ho et al.<sup>4</sup> found wide variation in service provider costs between Kansas, Pennsylvania, and Texas, with relatively high costs found in Texas (they did not examine data for New Mexico). Third (applicable only to Texas and New Mexico), as noted in the Materials and Methods section, most of our data was provided by state regulators, who contract with service providers to decommission orphaned wells. However, all our New Mexico data, and roughly 16% of our Texas data, come from a private company decommissioning their own wells at the end of their economic lives. This company reported to us that they go above and beyond regulatory requirements in the states where they operate, which would help explain the higher costs in New Mexico and Texas. However, we have no way to verify this claim.

Topography also appears to affect decommissioning costs. For each additional 10 feet of elevation change in the 5-acre area surrounding each well site, decommissioning costs

increased by roughly 3%. For reference, a standard professional soccer pitch is typically 1.75 acres, and many modern oil and gas well pads are roughly one acre in size. Substantial changes in elevation could add costs for surface remediation, which typically involves heavy machinery, along with making it more difficult to site and stage a drilling rig or other equipment needed to plug the well.

Finally, our second specification allows us to examine the effects of economies of scale with respect to decommission costs. For each additional well on a given contract, decommissioning costs fall by roughly 3% per well, though data are not available for Kansas or Montana. This intuitive result likely reflects the economies of scale that oilfield service firms can achieve through reducing administrative and on-site costs, particularly when multiple wells on the same contract are located close together.

**Policy Implications.** This paper yields a variety of insights that can better inform private and public entities as they consider the future costs of safely decommissioning oil and gas wells.

First, these estimates can inform policy decisions related to financial assurance requirements for oil and gas operators. As noted above, all states and the federal government require companies to provide some type of financial assurance to decommission their wells if they become orphaned due to bankruptcy. However, these requirements are often an order of magnitude below the true decommissioning costs, especially for blanket bonds that can cover hundreds of wells in a given jurisdiction, as discussed in Ho et al.<sup>4</sup> Our results reinforce this finding: although some states set blanket bond levels as low as \$15,000 (Ohio) or \$25,000 (Pennsylvania) to cover every well in a state,<sup>3</sup> our median decommissioning cost is roughly \$75,000 per well. This finding highlights the risk to taxpayers from recent and future oil and gas industry bankruptcies and suggests the need for additional research into policy reforms that could limit the public's financial exposure to abandoned private infrastructure.

Our results suggest that, because they significantly affect decommissioning costs, financial assurance requirements could be improved by accounting for key factors including well depth, well age, and well type (oil, gas, or oil and gas). Our results can help regulators quantify the likely relationship between these factors and plugging costs. For example, our model estimates that fully decommissioning a 30-year-old oil well in Pennsylvania with total vertical depth of 2,000 ft will cost, on average \$23,377, while an 80-year-old gas well in Texas with depth of 6,000 ft will cost \$97,801 (assuming no elevation change and one well per contract). Thus, tying bonding requirements to these factors and ending the discount for blanket bonds (other than that based on observed economies of scale, such as that in this paper) could reduce the proliferation of future orphaned wells but not necessarily raise bonding requirements for all operators. If allowed by state and federal law, regulators could utilize information provided by operators in their drilling permits, which typically include well type, depth, surface location, and other characteristics to determine the applicable bond amounts.

Second, these estimates quantify the benefits to state regulators (and, perhaps, oil and gas companies) of contracting in bulk to decommission wells. Although we are not able to observe the mechanism, which could include competitive bidding pressures and legitimate economies of scale, we found that bulk contracting reduces per-well costs by more than 3%

per well. These results suggest that policymakers can get more “bang for the buck” by seeking to contract in bulk.

Third, our estimates quantify the intuitive but important finding that reclaiming the site surface adds considerable costs to decommissioning operations. This implies that if policymakers care most about reducing methane emissions and risks to groundwater, they could consider prioritizing plugging wells without remediating the surface. If, on the other hand, surface reclamation is a priority for environmental, aesthetic, job creation, or other reasons, our results will help policymakers quantify the costs associated with achieving those additional benefits (and perhaps adjust bonding requirements accordingly). As noted earlier, one recent analysis suggests that restoring the surface can have large ecosystem services benefits,<sup>26</sup> though these benefits will vary considerably by region and land use type.

Fourth, our estimates highlight the large differences in decommissioning costs across states. These results suggest that differences in the stringency of technical requirements for decommissioning may affect costs, potentially implying different levels of protection for public health and the environment. Unfortunately, our data do not allow us to identify the extent to which differences in regulations or other factors cause this interstate variation. Future research could examine this issue in more depth and seek to identify the role that regulations play in shaping decommissioning costs, along with the levels of health and environmental benefits provided by different regulations.

Millions of oil and gas wells will need to be decommissioned in the United States over the coming decades. However, reliable information on the costs of decommissioning wells, and how those costs vary across key characteristics, has not been available. Although some of these costs will be borne by companies and their investors, other costs will fall upon taxpayers through spending by federal, tribal, and state governments. Policymakers need better information on these costs, as well as the environmental benefits of decommissioning to develop policies that incentivize or require companies to bond and decommission their wells, and to make decisions about the appropriate scale of public dollars to devote to this environmental and health issue.

## ■ ASSOCIATED CONTENT

### SI Supporting Information

The Supporting Information is available free of charge at <https://pubs.acs.org/doi/10.1021/acs.est.1c02234>.

Descriptions of all dependent variables considered for, and included in, regression analysis and figures plotting well depth and cost at various scales (PDF)

## ■ AUTHOR INFORMATION

### Corresponding Author

Daniel Raimi — *Resources for the Future*, Washington, DC 20036, United States; [orcid.org/0000-0002-9154-3371](https://orcid.org/0000-0002-9154-3371); Email: [raimi@rff.org](mailto:raimi@rff.org)

### Authors

Alan J. Krupnick — *Resources for the Future*, Washington, DC 20036, United States

Jih-Shyang Shah — *Resources for the Future*, Washington, DC 20036, United States; [orcid.org/0000-0001-8200-9508](https://orcid.org/0000-0001-8200-9508)

Alexandra Thompson — *Resources for the Future*, Washington, DC 20036, United States

Complete contact information is available at:

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