

**Written Testimony
House Natural Resources Committee
Subcommittee on Energy and Mineral Resources
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Chairman Lowenthal, Ranking Member Stauber and distinguished members of the subcommittee, thank you for inviting me to testify here today. I am Senior Vice President of Government Affairs for the Energy Workforce & Technology Council, which is the national trade association for the energy technology and services sector in the energy supply chain. Our companies provide the world with energy in the most environmentally safe, efficient, and responsible way possible, and our sector is leading the development of technology that will drive the energy transition.

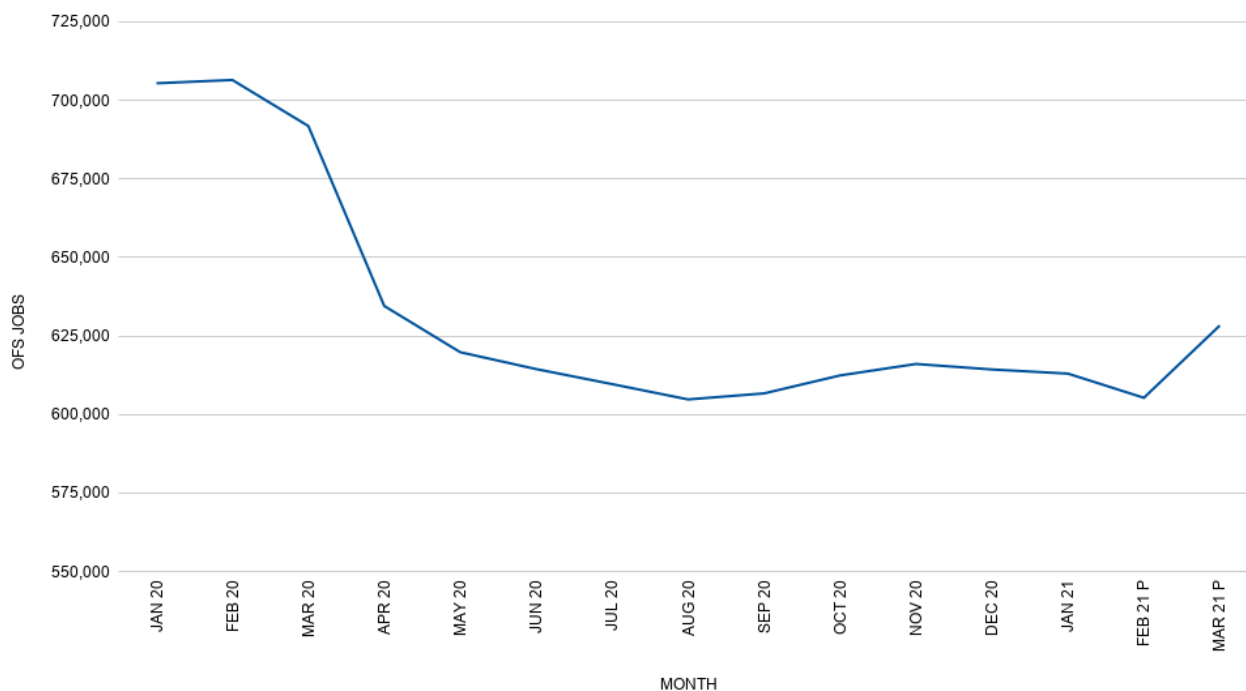
We represent over 700 companies in the sector employing more than 600,000 energy workers, manufacturers and innovators. Our membership includes large oilfield services companies with operations all over the world, as well as small family-owned well servicing companies that operate locally. Our member companies are leading the way to resolve the critical issue of orphaned wells around the United States. Many members of our association participate in existing state-level programs. We expect that should a federal orphaned wells program be enacted, such as the one envisioned by Rep. Fernandez's legislation, Energy Workforce & Technology Council companies would be valuable partners in providing the workforce and technology necessary to complete this important task.

An example of one of these companies is A Plus Well Services based in Farmington, New Mexico. A Plus employs a workforce of 62 employees, 70% of which are from minority populations, mostly Latino and Native Americans, including many recent immigrants and first-generation Americans. Many of their employees do not have high school degrees, however, A Plus employees earn between \$60,000-\$80,000 a year. A Plus currently operates in Colorado and New Mexico, plugging orphaned wells through those states' existing programs. A Plus's owner Randy Pacheco is confident that if federal money is used to bolster these existing state programs, he could quickly expand his plugging operation, and hire new employees for these well-paid jobs. The average salary in the OFS sector is \$100,561 and \$80,860 for "support activities" nationwide. A Plus is just one example of hundreds of well servicing companies ready to expand and employ all over the country. A Plus is not unique.

Plugging orphaned wells is extremely important to the environment, economies, and local populations affected by this issue, and I thank Rep. Fernandez and all members of the committee for prioritizing this critical problem. Using federal dollars to plug and remediate these wells across the country will reduce the environmental burden and, if done correctly, can put men and women all over the country back to work who have been laid off due to the COVID-19 energy demand downturn. These two goals should be shared by all.

The energy services sector has been disproportionately affected by the COVID-19 related demand decrease that set off a dramatic and abrupt slowdown of energy production in the United States. While this industry has always had its up and downs, this downturn was especially hard. Over the past year, our sector lost 12.1% of our workforce, some 86,445 jobs.

OFS JOBS — January 2020 to March 2021



The states losing the greatest share of their OFS sector employment are Wyoming and North Dakota at 14.7% each, New Mexico at 14.1%, Colorado at 13.7%, Texas at 12.7%, Alaska at 12.6% and Oklahoma at 12.5%. The 86,445 unemployed men and woman in this sector have the experience, skills and expertise to get back to work quickly once they have been rehired.

STATE TOTALS	MARCH 2020 JOBS	MARCH 2021 JOBS	JOBS LOST	% OFS JOBS LOST
United States	714,807	628,362	(86,445)	-12.10%
Texas	338,562	282,535	(43,019)	-12.70%
Louisiana	59,559	55,046	(6,833)	-11.50%
Oklahoma	48,492	41,258	(6,053)	-12.50%
Pennsylvania	29,822	28,349	(3,313)	-11.10%
California	27,022	26,147	(2,939)	-10.90%
Colorado	27,641	21,135	(3,778)	-13.70%
New Mexico	26,072	19,203	(3,664)	-14.10%
North Dakota	20,901	14,483	(3,063)	-14.70%
Ohio	11,441	13,059	(971)	-8.50%
Wyoming	15,168	10,474	(2,228)	-14.70%
West Virginia	9,148	10,138	(818)	-8.90%
Alaska	10,977	9,234	(1,385)	-12.60%
Kansas	6,985	6,263	(828)	-11.90%
Utah	5,192	4,626	(619)	-11.90%
Mississippi	4,613	4,476	(500)	-10.80%

As to the specifics of the Orphaned Well Clean-Up and Jobs Act of 2021, our perspective is that any orphan well legislation in Congress should meet a three-part test. First, it should be a bipartisan bill that can pass the House and Senate and ultimately become law. Second, the federal money should be distributed to the states in a way that encourages new states to participate and expands the successfully run state programs already in existence. Third, the program should be adequately funded to address the true scope of the orphan well problem.

To the first point, Democrats and Republicans have offered legislation to resolve this critical issue. There is a clear bipartisan consensus that something must be done. Energy Workforce worked closely with Rep. Torres Small last year on drafts of similar legislation and Senators Lujan and Cramer recently introduced a bipartisan bill in the Senate. I encourage the committee to consider all these bills as the process moves forward.

To the second point, many states that are home to the orphaned wells qualifying for mitigation under this program already have robust state plugging systems in place. They simply need more funding to adequately address the scale of this problem. An analysis by the California Council on Science and Technology estimates California currently has 5,400 orphaned wells, or wells that are considered high risk to become orphaned. The cost to remediate these wells alone is estimated at \$500 million dollars. It is our opinion that with 86,445 unemployed OFS workers at the ready, holding \$2.28 billion for the complex discretionary grant program could delay job creation by months or years. It is our opinion that the quicker we get the money out to the states, the better.

To the third point, based on a recent study by the Interstate Oil & Gas Compact Commission on Idle and Orphan wells, of the 30 states that participated in the study, there are around 56,000 documented orphan wells in the United States. However, estimates for undocumented orphan wells raise that number to between 266,000 to 802,000. The average cost to plug and clean up a well is \$20,000 and \$40,000, which means the funding in this bill could go very quickly. For this reason, we urge the committee to direct as much funding in the initial grant program as soon as possible.

We believe that with some structural changes, The Orphaned Well Clean-up and Jobs Act of 2021 or similar legislation such as the Lujan-Cramer bill in the Senate, could form the basis for building an excellent federal program that will put energy workers back to work and provide the American people with a cleaner environment. I look forward to working with all members of this committee to make the strongest legislation possible to address this important issue.

