AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: BOCC Letter; O&G Bonding

Action Requested: Board of County Commissioners' Signature

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

BOCC Letter; O&G Bonding

Fiscal Impact:

Submitted by: Liz Mense **Submitter's Email Address:** EMense@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ◉ Required ○ Not Required

Comments:
none

Reveiwed by: GUNCOUNTY1\dBaumgarten Discharge Date: 7/31/2020 Certificate of Insurance Required

Yes ○ No ◉

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 7/31/2020

◉ Consent Agenda ○ Regular Agenda ○ Worksession Time Allotted: 0

Agenda Date: 8/4/2020

Revised April 2015

Dear Senator Bennet:

We write to support your efforts to protect taxpayers and our environment from the damages associated with orphaned oil and gas wells, including by sponsoring legislation to improve the federal onshore bonding program and supporting cleanup efforts.

While oil and gas development is an important part of our economy in western Colorado, its value is undercut when costs associated with cleaning up drilling sites are shifted to taxpayers and government agencies. By way of example, when Fram declared bankruptcy last year it was operating in neighboring Mesa and Delta Counties and had posted a total of $310,000 in bonds – but bankruptcy filings suggested that the BLM would require at least $1.54 million for cleanup costs.[1] Unfortunately, the discrepancy between posted bond amounts and cleanup costs is not an isolated incident. As the Government Accountability Office (GAO) has documented, the federal onshore oil and gas bonding program does not provide adequate financial assurances to prevent orphaned wells from becoming a taxpayer liability and a threat to local communities.[2] The risks from orphaned wells should be covered by sufficient bonds. Cleanup should not be left to publicly-funded government agencies while wells remain a threat to local communities.

The State of Colorado's recent study has confirmed the need to address orphaned oil and gas wells and the current economic situation in the oil and gas industry is likely to increase the scope of the problem. We would like to see the current risks from orphaned wells addressed, but we cannot afford to keep adding to the root of the problem on federal lands by neglecting to address bonding reform.

We support a legislative solution to this problem that ensures federal bonds are sufficient to cover the full costs of reclamation and adequately protect other public lands resources while considering options to address needed remediation and reclamation of existing orphaned wells more broadly. In addition to the obvious benefits to the environment from reclaiming orphaned wells, we also note the potential economic benefits these clean-up efforts can bring to rural communities. From jobs on reclamation projects to helping establish new recreational infrastructure and amenities, the push to reclaim our public lands can benefit Gunnison County.

Gunnison County has invested heavily in protecting our highly valuable public lands from the impacts of oil and gas development, such as our work together to protect the Thompson Divide from new leasing through the Colorado Outdoor Recreation and Economy Act. We are interested in ensuring oil and gas development that does occur is fully reclaimed in order to protect our public lands resources, such as wildlife and recreation, which contribute to our outdoor economy and sustain a healthy environment for Gunnison County residents.

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[1] https://www.gjsentinel.com/news/western_colorado/fram-drilling-files-for-bankruptcy/article_7ff6e488-6d64-11e9-8891-20677ce06c14.html

[2] https://www.gao.gov/assets/710/701450.pdf