Pennsylvania Has An Oil and Gas Well Bonding Problem

In the Commonwealth of Pennsylvania, the required bond amounts for oil and gas wells do not cover the costs of cleaning up the well site at the end of its lifespan.

Bonds are meant to ensure that companies have an incentive to plug their wells rather than letting their wells sit unplugged, leaking harmful emissions and threatening water supplies, until they go out of business. If they do go out of business without plugging their wells, bonds should ensure the state has the money to pay for cleanup.

When companies are not required to put away an adequate amount of funds, taxpayer dollars make up the difference.

Current Bond Amounts for Conventional Wells and Frack Wells

- Conventional wells: $2,500 per well, $25,000 max bond per company
- Frack wells less than 6,000 ft.: $4,000 per well, $250,000 max bond amount per company
- Frack wells more than 6,000 ft.: $10,000 per well, $600,000 max bond amount per company

Actual costs of plugging conventional wells and frack wells according to our expert report

- Conventional wells: $38,000 per well
- Frack wells: $83,000 per well

Carbon Tracker's Asset Retirement Obligations Portal estimates that it would cost $12.2 billion to plug all the wells in Pennsylvania, and that the state has only $47.2 million in bonding available to plug these wells. This is 0.4 percent of the total money needed to close Pennsylvania's wells.

The Pennsylvania Environmental Quality Board must act immediately to implement full-cost bonding to ensure that oil and gas companies are responsible for their own cleanup costs and taxpayers don't get stuck with the bill.

Take action and learn more at
sierraclub.org/pennsylvania/oil-and-gas-bonds

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