

# Stayin' Alive:

## The Last Days of Stripper Wells in the Ohio River Valley

Ted Boettner | December 2021

*The Ohio River Valley is home to more than 177,000 low-producing “stripper wells” that will soon need to be retired. Because the operators of these wells aren’t required to set aside funding for well remediation upfront, the public could be on the hook for billions in clean-up costs if the companies that own them go out of business. Policymakers should pursue production fees and other policies to ensure companies, not the public, pay to retire non-producing or low-producing wells.*

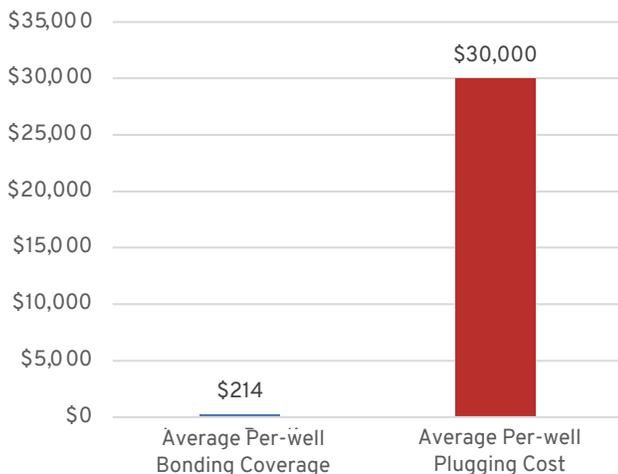
### Why are stripper wells a problem?

Once stripper wells are no longer able to produce natural gas, they’re supposed to be decommissioned or plugged and reclaimed. This process takes time, labor, and money. But in the Ohio River Valley, well operators aren’t required to set aside sufficient clean-up costs upfront, meaning states and the public could be on the hook for cleanup costs. Currently, the average bonding coverage for stripper wells in the four-state region is estimated at \$214 per stripper well, while a conservative estimate of the cost to plug each well is \$30,000. The cost of plugging and restoring the region’s current inventory of stripper wells would be between \$5 billion and \$16 billion.

Stripper wells also spew climate-warming methane into the atmosphere and threaten nearby communities.

And the problem is growing. Stripper wells already account for nearly 92 percent of all active wells in the Ohio River Valley, and since 2000 the number of stripper wells in the four-state region has climbed by 43 percent while production has collapsed.

### The Cost to Plug a Well Far Exceeds Available Bonding Coverage in the Ohio River Valley



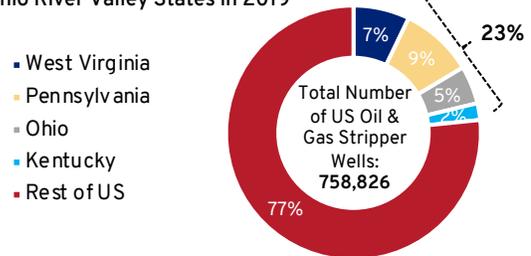
Source: TCF Upstream Database, Carbon Tracker Initiative



### What are stripper wells?

Stripper wells are oil and gas wells near the end of their economic lifespan that produce less than 90,000 cubic feet of natural gas per day. There are more than 177,000 stripper wells in the Ohio River Valley states of Ohio, West Virginia, Pennsylvania, and Kentucky. In fact, more than 20% of stripper wells in the US are located in these four states.

### Nearly 1 in 5 Stripper Wells in the United States Is Found in Ohio River Valley States in 2019



Source: U.S. Energy Information Administration, The Distribution of U.S. Oil and Natural Gas Wells by Production Rate, December 2020.

### What’s the solution?

Lax regulation and government credits and exemptions have incentivized well operators to preserve low-producing stripper wells rather than plug them. States need to take steps that require the oil and gas industry to set aside enough money to restore well sites, even if their owners are no longer in business. Placing a small production fee on gas extraction deposited into an escrow account over the next 25 years could provide a substantial portion of the funds needed to decommission the 405,000 unplugged active and inactive wells in the four states, even if the current operators were to walk away and leave their wells orphaned. . But if states continue with business as unusual, it’s likely many of these wells will become orphaned and costly wards of the state.