



June 2, 2020

The Honorable Alan Lowenthal  
Chair of the Subcommittee on Energy and Mineral Resources  
House Natural Resources Committee  
U.S. House of Representatives  
108 Cannon House Office Building  
Washington, DC 20515

Dear Representative Lowenthal:

On June 1, 2020, you hosted a virtual forum entitled *Reclaiming Orphaned Oil and Gas Wells – Creating Jobs and Protecting the Environment by Cleaning Up and Plugging Wells*. On behalf of IADC's members, there are a few additional points and clarifications I'd like to bring your attention to ensure that you and your House Natural Resources Committee colleagues have the best available information to make legislative and policy decisions moving forward.

The International Association of Drilling Contractors has represented the global oil and natural gas drilling industry since 1940, and currently serves its 1,100+ members by providing industry-leading conferences, technical resources, accreditation and advocacy. Now in its 80th year, IADC is dedicated to promoting innovative technology and safe drilling practices that bring oil and natural gas to the world's consumers. IADC comprises companies that share a commitment to improving safety, advancing drilling technology and enhancing personnel competence, and represents a wide range of businesses and organizations across multiple sectors.

Americans everywhere are adapting to new and abrupt challenges and IADC's drilling contractor member companies are no exception. Our sector has been one of the hardest hit during the economic decline. Since March 13th, over 63% of all U.S. land rigs have been idled due to loss of demand from COVID-19 restrictions coupled with the flooding of the oil market by our adversaries. Each onshore rig supports 22 direct jobs, and each job supports an average pay of \$60,000 – as such a total of \$1,320,000 in direct worker salary is lost when *one* rig is idled. This figure does not include losses of the many ancillary jobs that indirectly support our natural gas and oil drilling contractors through food, lodging, and other services roles, estimated at three jobs per rig. With over 488 rigs idled, that is nearly 43,000 Americans out of work and over \$644,200,000 in lost upstream industry wages since March.

At the state level specifically, North Dakota has seen 41 rigs idled (79%) since March 13, a loss of 3,600 jobs and \$216 million in wages. Similarly, New Mexico has seen 59 rigs idled (49%) during this same time, a loss of 5,200 jobs and over \$311 million in lost wages. During the Committee's virtual forum, Lynn Helms, Director of the North Dakota Department of Mineral Resources, asserted that job creation from a federally funded well-plugging program would likely amount to only around 1,300 jobs nationwide, with only 600 of those being in North Dakota. Similarly, Adrienne Sandoval, Director of the Oil and Conservation Division in New Mexico, testified that this program creates only 100 jobs in her state. Mr. Helms also

asserted that these jobs would likely last about six months and at most three years. Although IADC certainly supports the Committee's desire to assist laid-off natural gas and oil workers, IADC does not believe a federally funded well-plugging program is a viable long-term solution to assisting the tens of thousands of oil and gas workers currently facing unemployment.

In addition, a well plugging program might help approximately 1,300 laid off rig workers, which amounts to temporary employment for less than 1% of those that are currently out of work, but it does nothing to help the drilling contractor companies who potentially can re-hire these workers once market conditions resume to pre-COVID levels. The equipment and rigs used by drilling contractor companies is not the same equipment needed to plug an abandoned well. As such, the plugging of abandoned wells will not be performed by drilling contractor companies.

IADC is not opposed to the idea of Congress proceeding with this type of program, but on behalf of our drilling contractor member companies, we want to be clear, it will not provide much aid to help laid off rig workers, nor does it help drilling contractor companies in their time of significant need. As such, this program should not be heralded as a significant boost to the drilling industry.

I appreciate your time and attention to listening to our viewpoints on this matter. For further dialogue, I can be reached at [Elizabeth.Craddock@iadc.org](mailto:Elizabeth.Craddock@iadc.org).

Sincerely,



Elizabeth Leoty Craddock

Vice President – Government & Industry Affairs, IADC

cc

Representative Lujan  
Representative Huffman  
Representative Haaland  
Representative Torres Small