



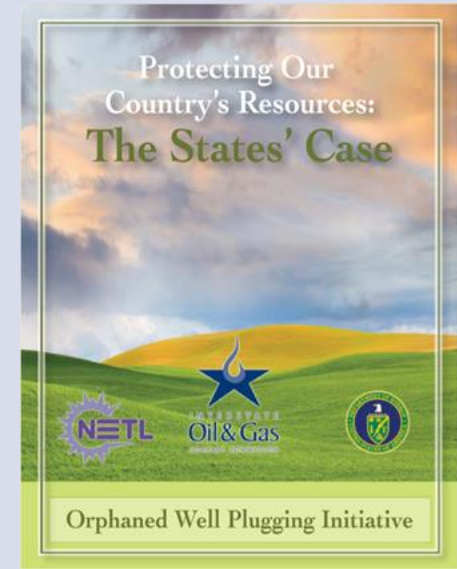
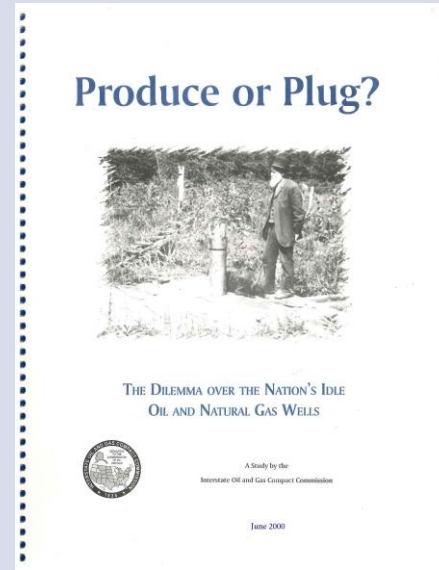
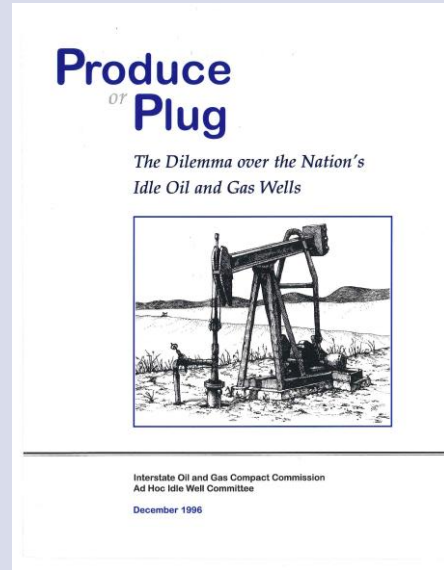
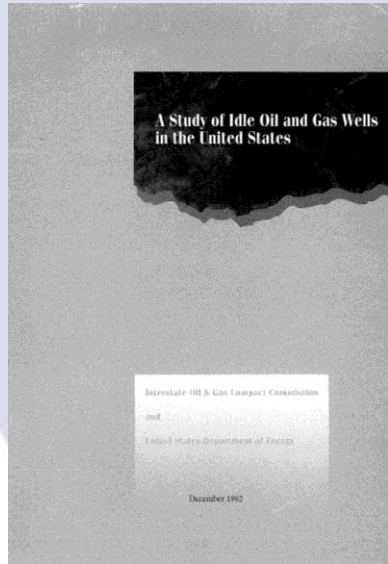
Interstate Oil and Gas Compact Commission

Orphan Oil and Gas Wells

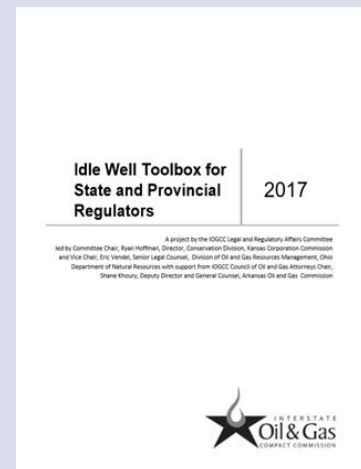
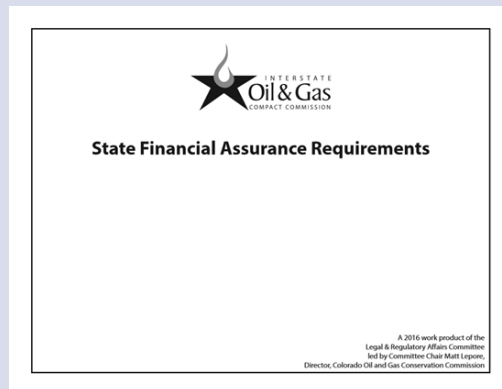
For HEI Energy Webinar on
Abandoned and Orphaned Oil and Natural Gas Wells
November 30, 2021, 11:30 AM – 1:00 PM ET

Interstate Oil and Gas Compact Commission

- Established in 1935
- Government organization of oil and gas producing states
- Champions the conservation and efficient recovery of domestic oil and natural gas resources while protecting health, safety and the environment
- 31 voting member states and 7 associate member states
- Governor designates official representative of a state

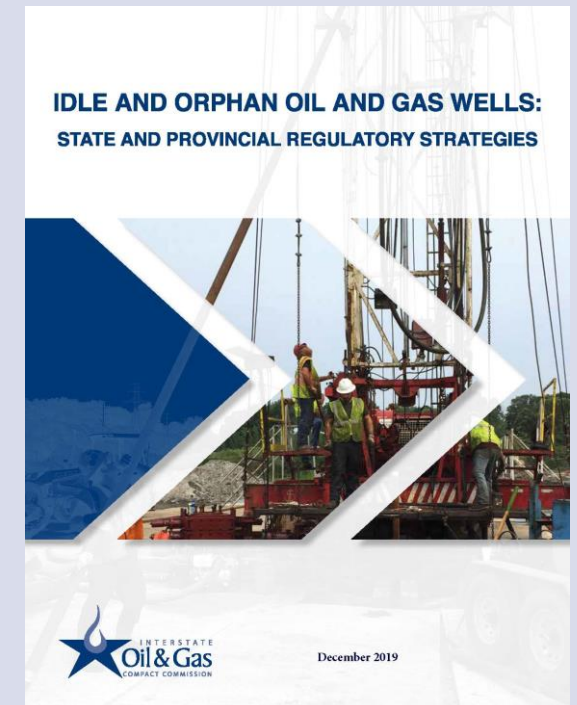


Previous IOGCC Work on Orphan Wells



2019 IOGCC Report

- Data on well inventories and plugging activities (2018)
- State-by-state summaries of program elements such as financial assurance, idle-well requirements, and plugging funds
- Discussion of incentives and innovations
- Areas for further work

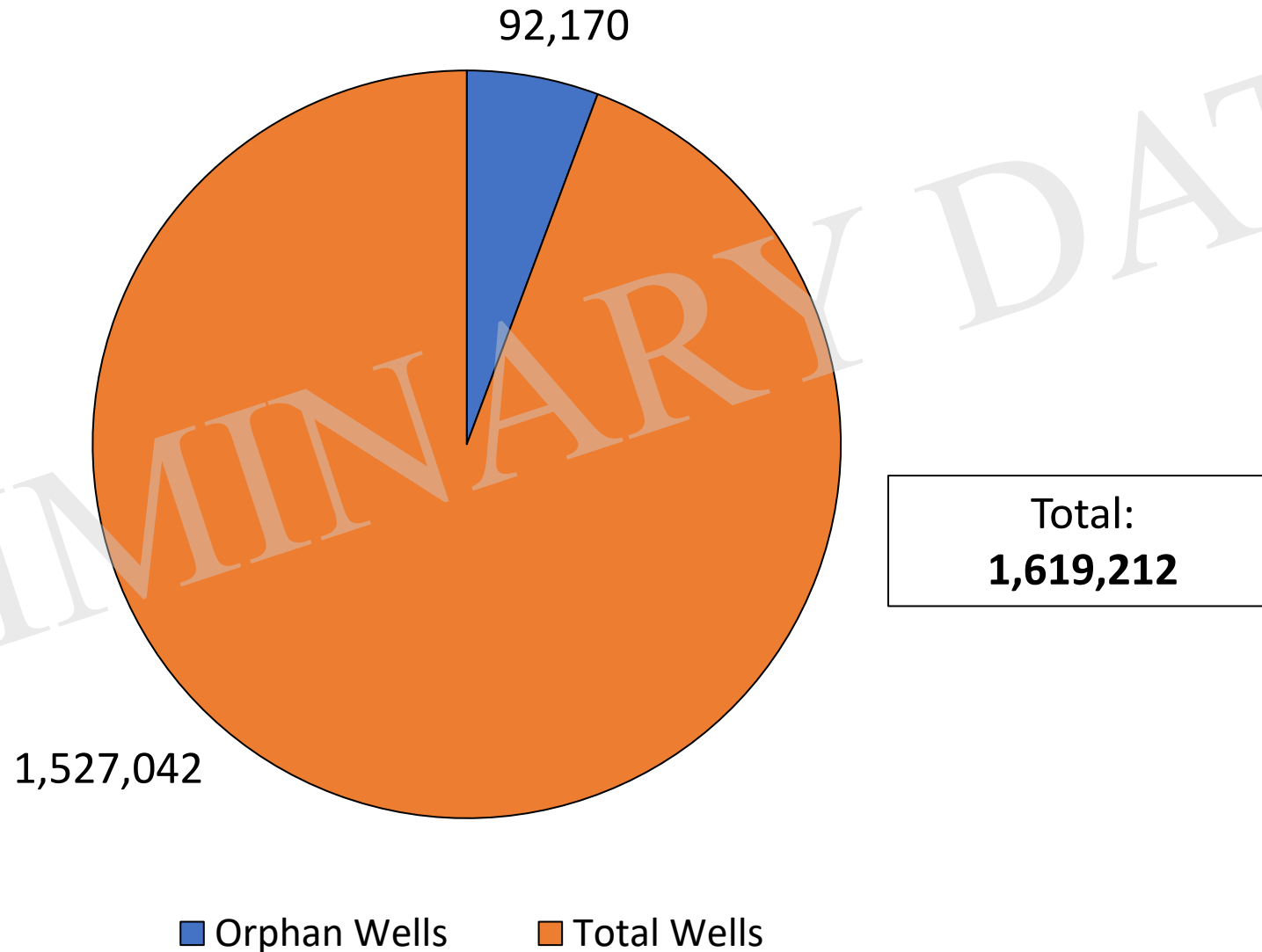


Update in Progress

- Add state data for 2019 and 2020
- Incorporate information on well transfer procedures
- Discuss potential uses of orphan wells
- Expand discussion of undocumented wells
- Include federal and tribal lands data (next update?)

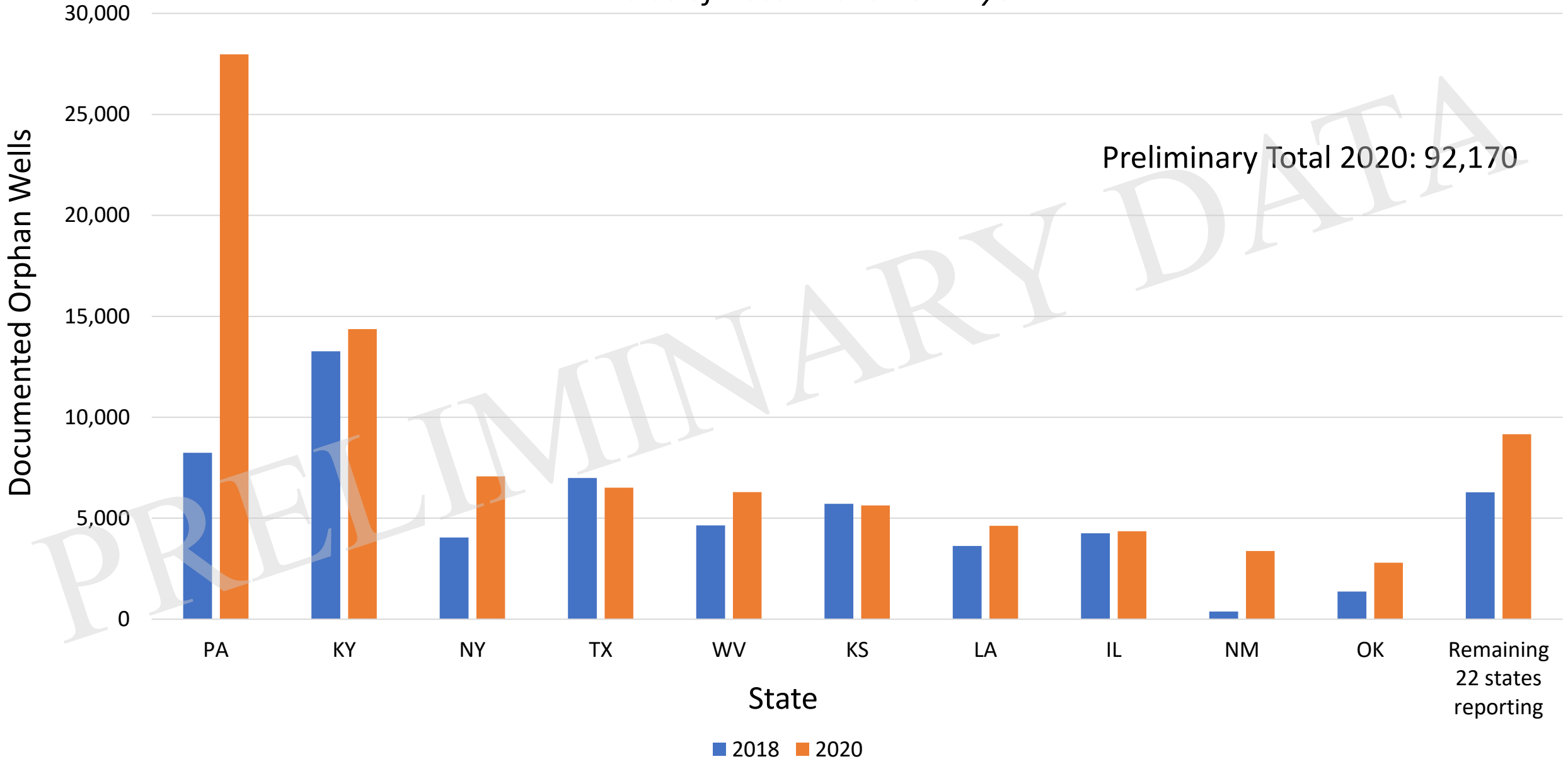
Documented Wells Drilled and Not Plugged

Data as of December 31, 2020.



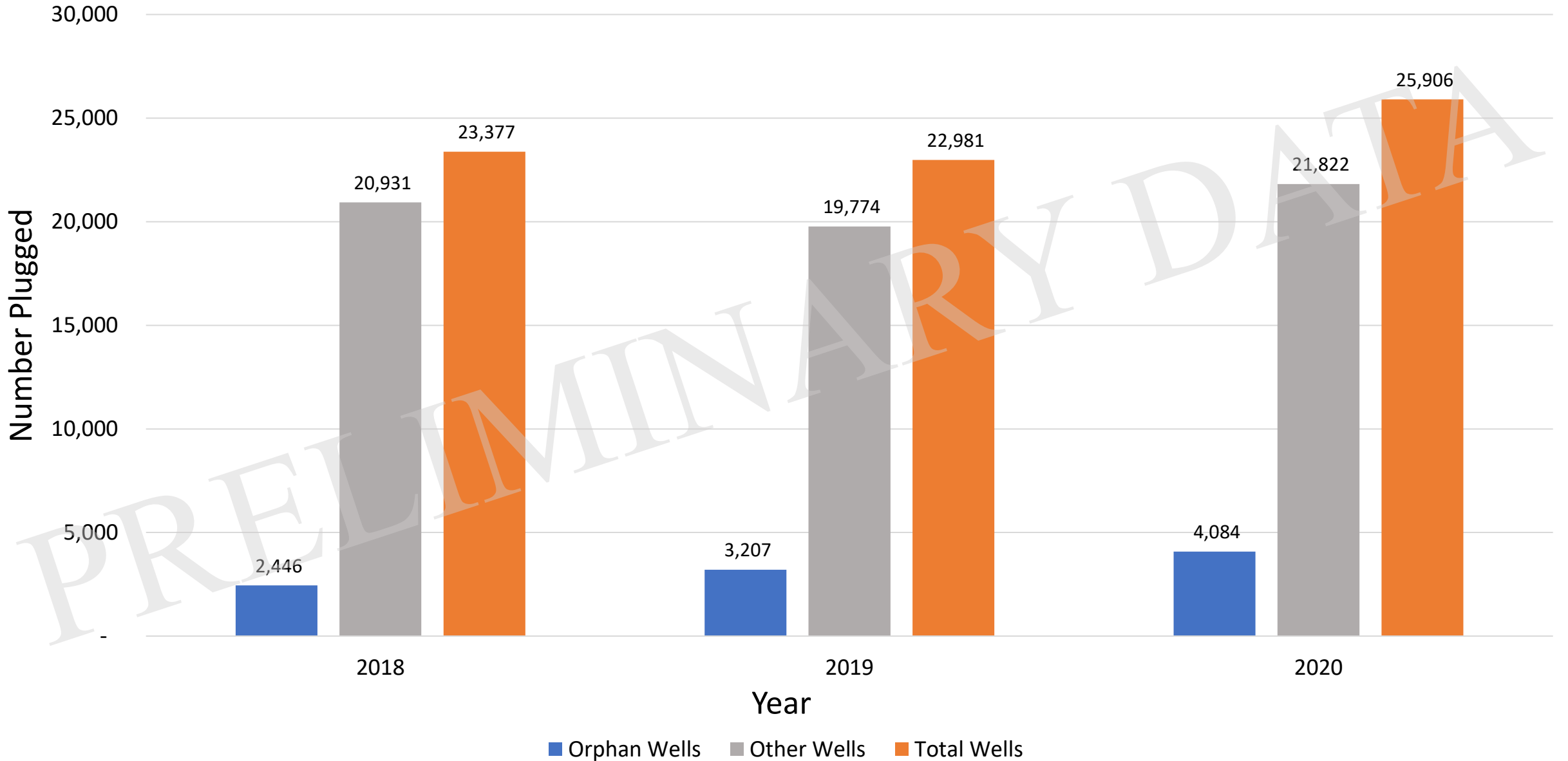
Documented Orphan Wells

Data as of December 31 each year.



Well Plugging

Data as of December 31 each year.



Terminology

- **Abandoned wells**
 - Not used by IOGCC
 - Broadly defined by EPA
 - Various used by others
- **Idle (or idled) wells**
 - Defined by IOGCC as unplugged wells that are not currently being used
 - Defined by EPA 2005 as wells that have not been used for seven years and have no anticipated beneficial use
- **Orphan (or orphaned) wells**
 - Defined by IOGCC as idle wells for which the operator is unknown or insolvent



State Plugging Programs

- Identification of orphan wells (records, inspections, surveys)
- Priority ranking system
- Right of entry to plug with due process
- Procurement processes
- Plugging and remediation standards
- Funding
 - Proceeds of bonds, letters of credit, well-site equipment, etc.
 - Plugging funds (usually fees or other assessments on operations)
- 77,890 orphan wells plugged as of December 31, 2020

IOGCC Recommendations to Congress

- To plug large numbers of orphan wells expeditiously:
 - Recognize and support the capacity of the existing state programs
 - Accelerate, not disrupt, state plugging operations
 - Avoid duplicate and unnecessary federal requirements
 - Provide flexibility to accommodate state definitions and procedures
 - Do not superimpose a new federal program for state and private lands

Infrastructure Investment and Jobs Act

- Section 40601. Orphaned Well Site Plugging, Remediation, and Restoration
 - Three types of grants to states for wells on state and private land
 - Initial
 - Formula
 - Performance
 - Separate funding for wells on federal and tribal lands

Initial Grants

- \$775 million appropriation
- Designed for rapid deployment
 - Simplified application
 - Tighter timeframe for larger grant
- State selects one of two options
 - Larger initial grant up to \$25 million
 - Smaller initial grant up to \$5 million

Initial Grant of up to \$25 Million

- State submits funding request within 180 days of enactment
 - Estimates number of jobs created/saved
 - Certifies that state
 - Is an IOGCC member or associate member
 - Has at least one documented orphaned well
 - Will obligate at least 90% of funds to grants or contracts within 90 days of receipt
- Secretary distributes funds within 30 days of request
- State returns unobligated funds one year after receipt

Initial Grant of up to \$5 Million

- No deadline for funding request
- Certification that the state:
 - Has a program or the capacity to initiate a program, **or**
 - Will use funds to develop an application for a formula or performance grant
- Secretary distributes funds within 30 days of request
- State returns unobligated funds one year after receipt
- Not subject to 10% administrative cost limitation

Formula Grants

- \$2 billion appropriation
- Secretary determines formula considering:
 - Oil and gas job losses between March 1, 2020, and November 15, 2021
 - Number of documented orphaned wells
 - Projected costs of plugging and remediation

Establishment of Formula

- State submits notice of intent to apply
 - Within 45 days of enactment (by December 30, 2021)
 - Including information on the factors to be considered by the Secretary
- Secretary publishes amount each state is eligible to receive
 - Within 75 days of enactment (by January 31, 2022)

Application for Formula Grant

- Section 349(c)(4)(B) specifies contents of application
- Application period is open ended
- Secretary issues funds within 60 days of complete application
- State returns unobligated funds five years after receipt

Performance Grants

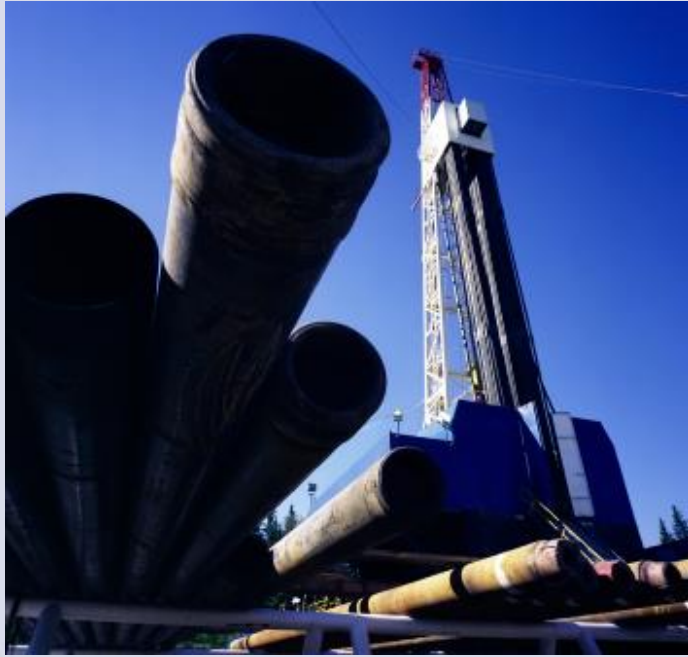
- \$1.5 billion appropriation
- Types and amounts
 - Regulatory improvement grants (up to \$20 million each)
 - State strengthened plugging standards and procedures
 - State reduced future orphaned well burdens
 - Matching grants (annual grants up to \$30 million in total)
 - State increased amount of state funds to be expended on plugging and reclamation
- State eligible for all that apply (up to \$70 million)

Application for Performance Grants

- Section 349(c)(5)(B) specifies contents of applications
- Applications may be submitted beginning 180 days after receipt of initial grant
- Application period is open ended
- Performance grants have 10-year lookback period
- Regulatory improvement grants have 10-year clawback provision

Allowable Uses of State Grants

- Section 349(c)(2)—for wells on state or private land
 - Plug, remediate, and reclaim orphaned wells
 - Identify and characterize undocumented orphaned wells
 - Rank orphaned wells based on factors including public health and safety, potential environmental harm, and other land use priorities
 - Publish information on the use of grant funds on a public website
 - Measure and track emissions of gases and contamination of water
 - Remediate soil and restore native species habitat
 - Remediate adjacent land and decommission or remove associated facilities
 - Identify and address any disproportionate burden of adverse human health or environmental effects on communities of color, low-income communities, and Tribal and indigenous communities
 - Use up to 10% for administrative purposes



For More Information

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