

Orphaned Oil and Gas Wells/Infrastructure Law: U.S. Department of Interior Announces Availability of \$1.15 Billion in State Funding



Walter Wright, Jr.
wwright@mwlaw.com
(501) 688.8839

02/07/2022

The United States Department of Interior (“DOI”) announced that \$1.15 billion is available to the states from the recently enacted Infrastructure Law for remediating orphaned oil and gas wells.

The DOI announcement references the availability of \$26,448,000 for the State of Arkansas for Phase I eligibility.

DOI states nearly every state with documented orphaned wells submitted a Notice of Intent indicating interest in applying for a formula grant to finance the closure and remediation of orphaned wells and well sites.

Allocation of funds are stated to have been determined using:

- Data provided by states from the submitted Notice of Intent
- Job losses in each state from March 2020 through November 2021
- Number of documented orphaned oil and gas wells in each state
- Estimated cost of cleaning up orphaned wells in each state

DOI had previously signed a Memorandum of Understanding with the Departments of Agriculture, Energy, the U.S. Environmental Protection Agency and the Interstate Oil and Gas Compact Commission to establish the framework to implement the program. The Memorandum of Understanding commits the signing parties to leverage their capabilities, resources, and expertise in support of the initiative.

The impetus for the funding is stated in the Memorandum of Understanding to be the concern that:

... orphaned wells, either unplugged or improperly plugged, can leak methane and other harmful air pollutants into the atmosphere, leach contaminants into surrounding lands and waters, create safety hazards on the ground, and prevent lands from being used for recreation or other productive purposes.

Addressing environmental harms caused by orphaned wells is stated to require the cooperation and collaboration of numerous agencies across the whole of government.

DOI will release guidance in the near future for states to apply for the Initial Grants. It expresses the hope that the guidance will allow states to:

- Begin building out their plugging programs
- Remediating high-priority wells
- Collecting additional data regarding the number of orphaned wells in their state

A copy of the DOI announcement and state funding levels can be downloaded [here](#).