



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

Orphaned Oil and Gas Wells/Infrastructure Law: U.S. Department of Interior Issues Final Guidance for State Funding Applications

04/19/2022

The United States Department of Interior (“DOI”) released on April 12th guidance (“Guidance”) to the states for application of the first \$775 million in initial grant funding for plugging orphaned oil and gas wells.

The funding is provided by the Bipartisan Infrastructure Law (“BIL”).

The BIL provides \$4.7 billion to address the proper closure of abandoned orphaned oil and gas wells.

DOI previously stated that nearly every state with documented orphaned wells has 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. It had previously executed 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 DOI Guidance is intended to assist the states in:

- Beginning the development of their plugging programs
- Remediating high-priority wells
- Collecting additional data regarding the number of orphaned wells in a state

Application procedures are addressed by:

1. setting forth the application process for states and provides requirements for carrying out activities under the Initial grants authorized by Sec. 40601(c)(3) of the BIL; and
2. describing what DOI considers to be the best practices for establishing, conducting, and reporting on the activities of a program to plug, remediate, and reclaim orphaned wells on state and private lands.

The Guidance also discusses:

- Key Definitions
- Permissible Uses of Initial Grant Funds
- Instructions for Initial Grant Applications

- Deadline
- Required Elements
- Recommended Elements
- Restrictions on Funding Use
- Certifications
- Recommended Standards for Measurement, Plugging, and Remediation
- Pre and Post-Plugging Measurement or Estimation of Air and Water Pollution
- Well Plugging and Site Remediation Standards
- Federal and Tribal Coordination
- Reporting Requirements
- Davis-Bacon Act Requirements
- Additional Terms and Conditions

A copy of the Guidance can be downloaded [here](#).