

**Statement for the Record
U.S. Department of the Interior**

**House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

Legislative Hearing

***“Building Back Better: Creating Jobs and Reducing Pollution by Plugging and Reclaiming
Orphaned Wells, including the following bill:
H.R.2415, Orphaned Well Cleanup and Jobs Act”***

April 15, 2021

Chairman Lowenthal, Ranking Member Stauber, and Members of the Subcommittee, thank you for the opportunity to provide a Statement for the Record on H.R. 2415, the Orphaned Well Cleanup and Jobs Act. H.R. 2415 would require the Secretary of the Interior (Department) to establish a program to plug, remediate, and reclaim orphaned oil and gas wells and the associated surrounding lands, as well as provide funds to States and Tribal Governments for these activities. The bill would also increase the minimum bond amounts for lease and statewide bonds.

The Department appreciates the Committee's attention to this important issue and strongly supports the bill's goal to remediate the thousands of orphaned oil and gas wells on Federal and non-Federal lands. President Biden's Fiscal Year (FY) 2022 budget request includes over \$450 million for the Department's orphaned well and abandoned mine land programs, more than double the FY 2021 enacted discretionary level. This investment in public lands builds on the President's American Jobs Plan calling for an immediate up-front investment of \$16 billion with the goal of creating 250,000 good-paying union jobs cleaning up abandoned and often hazardous sites that are contaminating the air and water and causing ongoing public health and environmental damage.

DOI's Fossil Fuel Program Review

The Department is currently conducting a comprehensive review of the Federal oil and gas program as called for in Executive Order 14008, *“Tackling the Climate Crisis at Home and Abroad.”* This review will provide the Department the opportunity to evaluate how best to ensure the Federal oil and gas program serves the public interest. For this effort, the BLM is currently engaging stakeholders and held a forum on March 25, 2021, that featured a diverse range of perspectives from participants including industry representatives, labor and environmental justice organizations, natural resource advocates, Indigenous organizations, and other experts. The risks from orphaned and idled wells, including bonding levels, were discussed at the forum. Fossil fuels will continue to play an important role in American energy for years to come, but too often, the extraction of resources has been rushed at the expense of people, wildlife, and other uses. The oil and gas program must be managed with careful consideration of the impacts to the environment and future generations of Americans. Further, remediation and reclamation investments can create well-paying union jobs while revitalizing

communities. In order to strengthen our nation's economy and tackle the climate crisis, we must rethink how we manage energy and minerals on our public lands.

Federal Onshore Oil & Gas Program

The Department manages nearly 500 million acres of surface estate nationwide. This includes 245 million acres managed by the Bureau of Land Management (BLM); 96.2 million acres managed by the U.S. Fish and Wildlife Service (FWS); 84.6 million acres managed by the National Park Service (NPS); with the remainder managed by other Federal agencies. The BLM also manages approximately 30 percent of the Nation's onshore minerals across 700 million subsurface acres. Of the 700 million Federal subsurface acres, approximately 57 million acres are split estate lands, where the surface estate is in private ownership and the BLM manages the subsurface. Facilitating energy development, including oil and gas, is one of the BLM's many multiple use and sustained yield stewardship responsibilities. Currently, 26 million surface acres of BLM-managed lands are under lease for oil and gas development, including over 96,000 active wells and about 24,000 producing leases.

Orphaned Wells on Federal & Tribal Lands

Reclamation of oil and gas operations is an essential phase in oil and gas development on public lands as it helps to ensure that any impacts on the land and resources are not permanent and creates a foundation for community revitalization and economic diversification. The BLM requires that oil and gas site reclamation begins long before the completion of operations. In fact, the process begins before site construction and continues through the life of the lease to include associated oil and gas wells and facilities. Orphaned wells occur when an operator fails to properly plug and remediate an oil and gas well, and no responsible party can be identified for cleanup activities.

The majority of orphaned wells on Federal lands are in the eastern United States, primarily on U.S. Forest Service (USFS) lands. The USFS estimates there are 11,500 orphaned wells on USFS lands. These are largely historic wells that were developed prior to current reclamation regulations and standards. The BLM currently estimates there are 84 known orphaned wells on BLM-managed lands. The NPS estimates there are approximately 374 wells on NPS-managed lands it identifies as abandoned or orphaned, a majority of which include Federal minerals. The FWS reports 450 orphaned wells on National Wildlife Refuge System lands, and estimates approximately 2,000 additional wells that are classified as inactive or abandoned and not plugged, most of which without identified responsible parties. The FWS estimates most orphaned wells on FWS lands are non-Federal subsurface mineral ownership. The Bureau of Indian Affairs, meanwhile, has identified 12 orphaned wells on Tribal lands.

On Federal and Tribal subsurface mineral estate, the BLM coordinates with the surface management agency when remediating orphaned wells to mitigate the potential risks those wells may pose to resources and public safety. The BLM addresses the subsurface well plugging while the surface management agency addresses the surface reclamation. A recent Government Accountability Office report (GAO-19-615) estimated the average cleanup costs for orphaned wells to be on average between \$20,000 and \$145,000 per well.

To reduce the number of orphaned wells on public lands, the BLM put into place a comprehensive procedure for orphaned well identification and tracking as required by the Energy Policy Act of 2005 (P.L. 109-58). This administrative procedure also addresses orphaned wells that are prioritized for plugging and abandonment in accordance with other applicable law. The BLM regularly reviews all nonoperational wells and takes appropriate steps to reduce the BLM's nonoperational and idled well inventory to help prevent wells from becoming orphaned. This helps reduce the Federal Government's potential liability. The BLM has been making progress in cleaning up orphaned wells on public lands, reducing the number of known orphaned wells from 146 in FY 2019 to 84 currently. Additionally, nearly 1,200 wells were plugged on BLM-managed lands in FY 2020, reducing the Federal government's potential future liabilities on public lands – and ensuring these wells could never become orphaned.

H.R. 2415, Orphaned Well Cleanup & Jobs Act

H.R. 2415 directs the Secretary of the Interior in cooperation with Secretary of Agriculture to establish a program to identify and permanently plug and remediate orphaned wells located on Federal lands administered by the agencies within the Department of the Interior and the Department of Agriculture. Additionally, the bill requires the Department establish a Tribal grant program administered by the BIA and a state program administered by the Department that would enable qualifying tribes and states to undertake the same type of activities. The bill authorizes \$7.25 billion for the state grant programs, \$400 million for the Federal program, and \$300 million for the Tribal grant program.

The bill also establishes a State program to identify and remediate orphaned wells on state and privately-owned lands, where studies indicate the large majority of orphaned oil and gas wells are located. Under the bill, the Department would be responsible for administering grants to state governments to address orphaned wells and for working with the Environmental Protection Agency and Department of Energy to evaluate the newly created state programs.

The bill also requires the Department to establish new fees for Federal idle wells – currently defined as wells that have been nonoperational for 7 years, but still have a responsible party. Finally, the bill increases the minimum bond amounts for an individual lease bond (from \$10,000 to \$150,000) and for statewide bonds (from \$25,000 to \$500,000) and eliminates the current nationwide bond option.

Conclusion

Portions of our Federal lands have been neglected after years of prioritizing fossil fuel development above all other uses – ignoring the potential impacts to people, water, wildlife, climate, and the potential economic benefits of remediation. The cleanup of these past actions has now been left to the taxpayer to remediate, instead of the liable party responsible. The Department strongly supports the bill's goals to address the mounting cleanup and remediation costs of orphaned oil and gas wells across Federal, Tribal and state lands. We look forward to continuing to work with Congress and other Federal agencies on this important issue to reduce the likelihood that future generations pay for the cleanup of orphaned wells.