

**Statement of
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**Senate Committee on Energy and Natural Resources
Subcommittee on Public Lands, Forests, and Mining**

**S. 1076, Revive Economic Growth and Reclaim Orphaned Wells Act
June 16, 2021**

Thank you for the opportunity to testify on S. 1076, the Revive Economic Growth and Reclaim Orphaned Wells or REGROW Act. S. 1076 would require the Secretary of the Interior 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 Tribal and state governments for these activities.

The Department of the Interior (Department) appreciates the Subcommittee'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 \$480 million to support programs that address orphaned well remediation and abandoned mine land reclamation, more than double the FY 2021 enacted discretionary level. This investment in Federal and State lands builds on the President's American Jobs Plan calling for an immediate up-front investment of \$16 billion to clean up abandoned and often hazardous sites that are contaminating the air and water and causing ongoing public health and environmental damage. This investment would also help create 250,000 good-paying jobs with a free and fair choice to join a union.

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, which 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 DOI Bureaus. 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 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, and another 1,600 wells in approximately 48 NPS units which likewise may be inactive, idled, or orphaned. Most or all wells on NPS lands are associated with non-Federal subsurface mineral ownership. 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. As of April 15, 2021, the BLM, in coordination with the Office of Natural Resources Revenue, has identified 7,412 wells as idled in both Federal and Indian minerals independent of surface ownership. Regular review of nonoperational wells 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 by operators, reducing the Federal government's potential future liabilities on public lands – and ensuring these wells could never become orphaned.

S. 1076, REGROW Act

S. 1076 amends the Energy Policy Act of 2005 to require the Secretary of the Interior to establish a program to plug, remediate, and reclaim orphaned oil and gas wells and surrounding land, and to provide funds to state and Tribal governments to permanently plug, remediate, and reclaim orphaned oil and gas wells and surrounding land. The bill also requires the Department to submit an annual report to Congress on the orphaned well program. S. 1076 authorizes \$4.3 billion for the state grant programs, \$250 million for the Federal program, and \$150 million for the Tribal grant program. The bill also authorizes funding to the Secretary of Energy and the Interstate Oil and Gas Compact Commission (IOGCC).

Definitions

S. 1076 outlines a number of definitions with respect to the Federal orphaned well program. The bill defines an "Idled Well" as a well that has been nonoperational for not fewer than four years and for which there is no anticipated beneficial future use. The bill also defines an "Orphaned Well," with respect to Federal and Tribal land, as a well that is not used for an authorized purpose, such as production, injection, or monitoring; and for which no operator can be located or is unable to plug the well and remediate and reclaim the well site.

The BLM appreciates the sponsors' efforts to provide clear definitions that would apply across Federal lands. The BLM supports changing the current idled well definition, which allows for seven years of nonoperational use, to the shorter four years described in the bill. However, the BLM would like to work with the sponsors to expand the orphaned well definition to include bond coverage, since it is currently not included in the bill language.

Federal Orphaned Well Program

S. 1076 directs the Department 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 within 60 days. Under the program, the Department would identify orphaned wells and associated infrastructure on Federal land and rank those wells to prioritize plugging and the distribution of funds. The Department would be required to publish the costs associated with plugging orphaned wells and seek to determine potentially liable parties associated with the wells. The Department would be required to measure and track emissions from orphaned wells and contamination of groundwater, as well as identify and address any disproportionate burden of adverse effects of orphaned wells.

Additionally, S.1076 requires the BLM to periodically review all idled wells and reduce their inventory on Federal land. The bill also directs the Department to work cooperatively with the Secretary of Agriculture, affected Indian Tribes, and each state within which Federal land is located, and consult with the Secretary of Energy and the Interstate Oil and Gas Compact Commission.

S. 1076 aligns with the President's goal and commitment to remediate the thousands of orphaned oil and gas wells on Federal and non-Federal lands. The BLM would like to work with the sponsors on a few modifications to help aid in the bill's implementation. For example, the Department would recommend increasing the 60-day requirement to establish the program and would like to work with the sponsors on the emissions tracking requirement. The BLM notes that tracking emissions is beyond the BLM's existing capabilities and would require establishing a new program to measure and track emissions from orphaned wells. The President has made clear his goal to reduce emissions from Federal and non-Federal sources, and we would welcome the opportunity to work with the sponsors to determine how best to structure an emissions tracking program to implement this provision. The BLM would also like to work with the sponsors to help clarify the intent of the bill's provisions requiring a review of idled wells.

State & Tribal Programs

State Programs

S. 1076 requires the Department to provide states grants to plug, remediate, and reclaim orphaned wells and associated infrastructure on state- or privately-owned lands. These grants may also be used to identify and rank orphaned wells, provide public information, and measure and track emissions or groundwater contamination and administration of the States' orphaned well program. The BLM recognizes the importance of a coordinated effort to address orphaned wells across Federal, Tribal, state, and private lands but notes that administration of this provision will require significant additional staff resources and expertise.

Tribal Orphaned Well Site Plugging, Remediation, and Restoration

The bill requires the Department to establish a Tribal grant program administered by the Bureau of Indian Affairs that would enable qualifying Tribes to receive grants to plug, remediate, and reclaim orphaned wells and associated infrastructure on Tribal land. These grants may also be

used to identify, rank, provide public information, and administer the grant program. The Department would like to work with the bill sponsors to clarify Indian trust lands and wells to ensure that this legislation meets the intended goal for Tribes.

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 this past development 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.