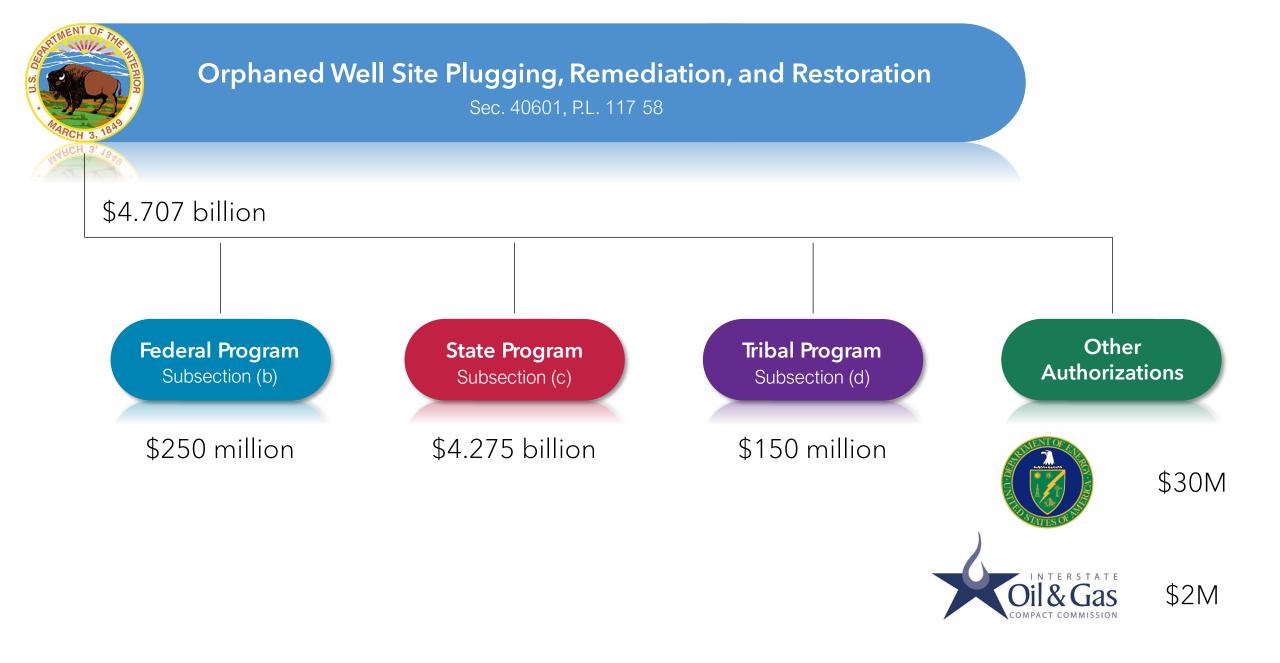
FEDERAL ORPHANED WELLS PROGRAM

Scarlett Energy Enterprises, LLC 405-2 Pecaul 1354 R04M SWVE Sec. 20 144 45-025 2053





Federal Program

Sec. 40601(b)



Establishment by January 14, 2022

Broad latitude for ranking wells, but prioritization to be based on:

- Public Health and Safety
- Potential Environmental Harm
- Other Subsurface Impacts or Land-Use Priorities

Requires tracking of:

- Costs of plugging, remediation, and reclamation
- Emissions of methane and other gases associated with orphaned wells
- Contamination of surface water and groundwater associated with orphaned wells
- Disproportionate burden of adverse human health or environmental effects of orphaned wells on underserved communities

Annual report to Congress



Federal Program (continued)

Sec. 40601(b)

\$250 M

Agencies may use funds for:

- Plugging orphaned wells
- Inventorying orphaned and idled wells
- Remediating land
- Restoring soil & habitat
- Providing info to public
- Measuring & tracking methane
- Measuring & tracking water contamination
- Identifying & addressing disproportionate impacts
- Administrative costs (up to 3%)
- Ranking wells based on:
 - o Public health and safety
 - o Environmental harm
 - o Other land use priorities

Formula Grants Subsection (c)(4) Performance Grants Subsection (c)(5)



Sec. 40601(c)(5); Sec. 40601(d)

State Regulatory Improvement Grants

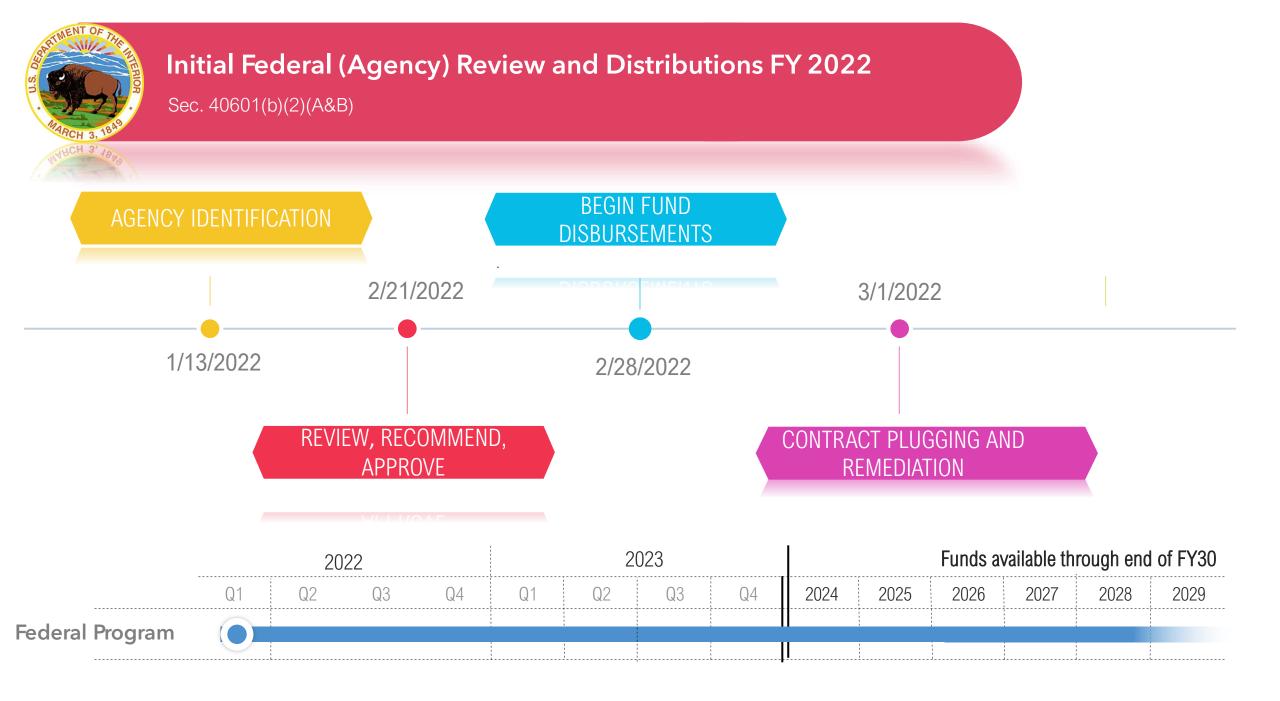
- ➤ For states that:
 - improve plugging standards and procedures, or
 - increase bonding requirements or set up alternative orphaned well financing methods.
- Up to \$20 million for each of the criteria, for a maximum of \$40 million, with claw-back provision.

State Matching Grants

- > Matches amount states spend on plugging orphaned wells above their 2010-2019 annual average.
- > Total match not to exceed \$30 million over life of program.

<u>Tribal Grants</u>

- > Apply to receive grant; or
- ➢ Request DOI to administer a plugging program on Tribal lands.
 - Application requirements and eligible uses similar to state formula program.





Ongoing Engagement and Outreach

- Regular ongoing interaction with Interstate Oil and Gas Compact Commission and States
- Tribal Consultation
- Technical assistance from Department of Energy on measurement & reporting
- BLM technical assistance to state and Tribal grant programs
- Input from the public, NGOs, academia, oil & gas industry
- written input to <u>orphanedwells@blm.gov</u>

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