

MONTANA BOARD OF OIL AND GAS CONSERVATION

Narrative for Performance Report Federal FY 2023 Q3

Bipartisan Infrastructure Law Sec. 40601 Orphaned Well Program

The purpose of this narrative is to provide required details to support the attached data report spreadsheet.

FUNDS OBLIGATED TO CONTRACT

237 orphaned wells were identified by the Montana Board of Oil and Gas Conservation (Board) at the time of receiving the federal grant award. These wells were separated out into 13 groups based on well type and geographic location and an invitation for bid (IFB) was posted on the State solicitation site for each group. All 13 IFB's had multiple bidders and were carefully evaluated by staff prior to the contracts being awarded. A summary of the groupings and the final awarded contract value is below.

Project Grouping	Wells	Contract Signed	Cost per Well
CBM	9	\$253,000	\$28,111
Glendive	7	\$788,656	\$112,665
Plentywood	14	\$3,163,756	\$225,983
Plentywood West	6	\$1,393,884	\$232,314
Roundup A	34	\$3,396,887	\$102,936
Roundup B	13	\$131,660	\$10,128
Roundup C	18	\$241,275	\$13,404
Shelby 1	61	\$561,406	\$9,203
Shelby 2	36	\$508,911	\$23,132
Shelby 3	34	\$303,156	\$9,474
Shelby 4	12	\$209,000	\$17,417
ShelbyH2S	3	\$182,025	\$60,675
Sidney	7	\$1,796,634	\$256,662
Total	237	\$12,930,250	\$84,777

All the contracts were signed prior to December 30, 2022, the end of the obligation period defined in award terms #4 and #5. The initial contract terms began when signed and go until September 30, 2025.

In addition to the original contracts signed, four subsequent contracts have been signed to obligate additional grant funds for two newly orphaned wells, one leaking pre-regulatory orphaned well, and one surface reclamation on a previously plugged orphaned well. The costs for those contracts are below.

Project Grouping	Wells	Contract Signed
MT Ag Station	1	\$26,232
State 8-8	1	\$44,965
Hannah 5	1	\$47,113
Murray 1	1	\$222,183
Total	4	\$340,493

ORPHAN WELLS PLUGGED, REMEDIATED, AND RECLAIMED

88 orphaned wells were plugged by the end of FFY23 Q3. The projects groupings, wells plugged, and costs expended to date are listed below. Reclamation and seeding have been completed on some of the wells, while the majority of the reclamation and seeding are still to come. All plugging operations have been witnessed by State of Montana field inspectors. The inspection reports are located in our office and can be made available on request. They have not included with this report for file size considerations.

Project Grouping	Wells Plugged as of 6/30/2023	Invoices Paid as of 6/30/2023
CBM	0	\$0
Glendive	7	\$789,851
Plentywood	3	\$329,538
Plentywood West	0	\$0
Roundup A	24	\$1,746,251
Roundup B	0	\$0
Roundup C	0	\$0
Shelby 1	47	\$0
Shelby 2	0	\$0
Shelby 3	0	\$0
Shelby 4	0	\$0
ShelbyH2S	0	\$0
Sidney	7	\$1,103,401
Total	88	\$3,969,040

In addition to the wells plugged, 14 orphaned wells that were under contract to plug have been bonded to an operator to reactivate and one has been bonded by a surface owner for domestic use. These wells are listed on the data report spreadsheet.

CHANGE ORDERS

At the end of FFY23 Q3, three change orders were issues for unforeseeable issues that occurred during plugging operations. These change orders and updated contract amounts are listed below.

Project Grouping	Change Orders	Amount	New Contract Total
Glendive	1	\$2,594	\$791,250
Roundup A	1	\$12,067	\$3,408,954
Sidney	1	\$8,306	\$1,804,940
Total	3	\$22,968	

OTHER COSTS

In addition to the plugging cost listed above, \$64,660.01 have been spent for administrative costs for administering the orphan well plugging program. Indirect costs through the end of FFY23 Q3 with be reported separately on the SF424 form.

ACRES OF HABITAT RESTORED

The majority of reclamation and seeding for the locations of the wells that have been plugged to date will be done later in the year. By the end of FFY23 Q3, 20 well locations have been restored, but only three had a measurable amount of habitat restored. The total habitat restored for those three locations was approximately 2.28 acres.

METHANE EMISSIONS TRACKING

Actual and potential methane emissions are considered in the orphaned well ranking system through consideration of leaking fluids and wellhead pressures. Through the initial grant funding, the Board’s primary goal is to use the funds to plug all of Montana’s orphaned wells. By successfully getting all current orphaned wells under contract to plug, the potential to emit methane from these wells will be eliminated and therefore measuring actual methane emissions is not planned.

Monitoring of actual methane and equivalent carbon dioxide emissions has been undertaken by a private entity on wells it operates, and that entity has volunteered to test some of the orphaned wells under contract to plug for the State. The Board will review this data once it is provided for future testing considerations. The Board has also had discussions with a local University for a methane testing project.

OTHER ENVIRONMENTAL CONCERNS TRACKING

Actual or potential contamination of groundwater are also evaluated under the current ranking and review criteria. The Board and the Montana Department of Environmental Quality have joint responsibility should contamination of waters of the state be confirmed or suspected.

ESTIMATE OF IMPACT TO JOBS

Four contractors have been plugging through FFY23 Q3. Approximately six sub-contractors per contract have been used to plug these wells with an average number of jobs per sub-contractor of 2.5, or a total of approximately 60 jobs have been created or saved so far through this federal orphan well grant.