

**MONTANA BOARD OF OIL AND GAS CONSERVATION**

**Narrative for Performance Report Federal FY 2023 Q4**

**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 values are below.

| <b>Contract</b> | <b>Wells</b> | <b>Contract Price</b> | <b>Cost per Well</b> |
|-----------------|--------------|-----------------------|----------------------|
| OG-FRS-001      | 9            | \$253,000             | \$28,111             |
| OG-WCI-002      | 7            | \$788,656             | \$112,665            |
| OG-NWS-001      | 14           | \$3,163,756           | \$225,983            |
| OG-GES-001      | 6            | \$1,393,884           | \$232,314            |
| OG-WCI-003      | 33           | \$3,396,887           | \$102,936            |
| OG-LG-005       | 13           | \$131,660             | \$10,128             |
| OG-LG-006       | 18           | \$241,275             | \$13,404             |
| OG-LWO-001      | 61           | \$561,406             | \$9,203              |
| OG-LG-002       | 22           | \$508,911             | \$23,132             |
| OG-LG-003       | 32           | \$303,156             | \$9,474              |
| OG-LG-004       | 12           | \$209,000             | \$17,417             |
| OG-LG-001       | 3            | \$182,025             | \$60,675             |
| OG-MIM-001      | 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, five subsequent contracts have been signed to obligate additional initial grant funds for four 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.

| Contract   | Wells | Contract Price |
|------------|-------|----------------|
| OG-NWS-002 | 1     | \$26,232       |
| OG-LG-007  | 1     | \$44,965       |
| OG-LG-008  | 1     | \$47,113       |
| OG-NWS-003 | 1     | \$222,183      |
| OG-LG-009  | 2     | \$133,503      |
| Total      | 6     | \$473,996      |

To protect the state against unforeseen issues that arise during the plugging and reclamation operations after the end of the obligation period on 9/30/2023, contingency funds were added to several of the contracts. This was intended solely as a planning device, did not constitute an increase in payment for work already contemplated or which could have been reasonably foreseen by a contractor in its original contract price. If there are no unforeseen issues, and no exception is either needed or approved, the additional amount above the original contract price would not be paid to contractor. The total final obligated contract amounts at the end of the 9/30/2023 obligation period are detailed below.

| Contract   | Wells | Contract Price | Cost per Well |
|------------|-------|----------------|---------------|
| OG-FRS-001 | 9     | \$303,600      | \$33,733      |
| OG-WCI-002 | 7     | \$791,250      | \$113,036     |
| OG-NWS-001 | 14    | \$3,547,497    | \$253,393     |
| OG-GES-001 | 6     | \$1,602,967    | \$267,161     |
| OG-WCI-003 | 33    | \$3,579,402    | \$108,467     |
| OG-LG-005  | 13    | \$157,992      | \$12,153      |
| OG-LG-006  | 18    | \$289,530      | \$16,085      |
| OG-LWO-001 | 61    | \$676,362      | \$11,088      |
| OG-LG-002  | 22    | \$610,694      | \$27,759      |
| OG-LG-003  | 32    | \$336,788      | \$11,368      |
| OG-LG-004  | 12    | \$250,800      | \$20,900      |
| OG-LG-001  | 3     | \$218,430      | \$72,810      |
| OG-MIM-001 | 7     | \$1,804,940    | \$257,849     |
| OG-NWS-002 | 1     | \$26,232       | \$26,232      |
| OG-LG-007  | 1     | \$44,965       | \$44,965      |
| OG-LG-008  | 1     | \$47,113       | \$47,113      |
| OG-NWS-003 | 1     | 266,620        | \$266,620     |
| OG-LG-009  | 2     | \$133,503      | \$66,752      |
| Total      | 243   | \$14,715,685   | \$60,558      |

## ORPHAN WELLS PLUGGED, REMEDIATED, AND RECLAIMED

121 orphaned wells were plugged by the end of FFY23 Q4. The contracts, 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. The inspection reports have not been included due to file size considerations.

| <b>Contract</b> | <b>Wells Plugged as of 9/30/2023</b> | <b>Invoiced Amounts as of 9/30/2023</b> |
|-----------------|--------------------------------------|---|
| OG-FRS-001      | 8                                    | \$230,700                               |
| OG-WCI-002      | 7                                    | \$789,850                               |
| OG-NWS-001      | 14                                   | \$2,042,956                             |
| OG-GES-001      | 0                                    | \$0                                     |
| OG-WCI-003      | 32                                   | \$2,758,024                             |
| OG-LG-005       | 0                                    | \$0                                     |
| OG-LG-006       | 0                                    | \$0                                     |
| OG-LWO-001      | 51                                   | \$378,327                               |
| OG-LG-002       | 0                                    | \$0                                     |
| OG-LG-003       | 0                                    | \$0                                     |
| OG-LG-004       | 0                                    | \$0                                     |
| OG-LG-001       | 0                                    | \$0                                     |
| OG-MIM-001      | 7                                    | \$1,804,940                             |
| OG-NWS-002      | 1                                    | \$26,232                                |
| OG-LG-007       | 0                                    | \$0                                     |
| OG-LG-008       | 0                                    | \$0                                     |
| OG-NWS-003      | 1                                    | \$222,183                               |
| OG-LG-009       | 0                                    | \$0                                     |
| <b>Total</b>    | <b>121</b>                           | <b>\$8,253,213</b>                      |

In addition to the wells plugged, 13 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. One well was found to have been previously plugged and removed from the OG-FRS-001 contract. These wells are listed on the data report spreadsheet.

## OTHER COSTS

In addition to the plugging cost listed above, \$112,830 have been spent for administrative costs for administering the orphan well plugging program. Indirect costs through the end of FFY23 Q4 will be reported separately on the SF425 form.

### **ACRES OF HABITAT RESTORED**

49 of the wells plugged at the end of FFY23 Q4 have had reclamation and seeding completed on the locations. The total habitat restored for those 49 well locations was approximately 20 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**

Five contractors have been plugging through FFY23 Q4. 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 75 jobs have been created or saved so far through this federal orphan well grant.