

**Statement of
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**House Committee on Natural Resources
Subcommittee on Energy & Mineral Resources**

Hearing on H.R. 7053, Orphan Well Grant Flexibility Act of 2024

July 23, 2024

Introduction

Thank you for the opportunity to testify on H.R. 7053, the Orphan Well Grant Flexibility Act of 2024. The bill relates to the Department of the Interior's (Department) orphaned well grant programs established under Section 349 of the Energy Policy Act of 2005, as amended by Section 40601 of the Infrastructure Investment and Jobs Act (IIJA), and would, among other impacts, change methane emission measurement requirements for state grant recipients. Because understanding the reduction in methane emissions is critical to measuring the success of the orphaned well program and in line with clear Congressional intent in the IIJA, the Department opposes the bill. We appreciate the efforts of the Sponsors and the Subcommittee on the bill, and we look forward to continuing to work with Congress through the legislative process.

Background

Methane is a flammable greenhouse gas that is a significant driver of climate change. It is 80 times more potent than carbon dioxide at warming the atmosphere. Orphaned wells in the United States often emit methane continuously, exacerbating climate problems, and volatile organic compounds that can impact the health of nearby communities. Section 40601 of the Infrastructure Investment and Jobs Act (IIJA) established the Department's orphaned well grant program, and the IIJA appropriated approximately \$4.7 billion for Tribal and State financial assistance programs as well as a federal program, which are managed by the Department's Orphaned Wells Program Office.

Since the enactment of the IIJA on November 15, 2021, the Department has awarded \$565 million in initial grants to 25 states, which has been used to plug more than 7,700 wells as of March 31, 2024. In November 2023, the Department reported to Congress that based on information provided in the State Initial Grant Quarterly Performance reports, as of June 2023, combined annual pre-plugging methane emissions from a total of 497 wells measured in four states were equal to approximately 11,530 metric tons of carbon dioxide equivalent emissions per year. The Department has also awarded \$394 million in formula grant awards to 16 states, and recently opened the application window for matching grants, the first of two categories of state performance grants, making up to \$30 million available per state. In September 2023, \$40 million was made available to Tribes in an initial round of funding, and a second round of Tribal grant applications are currently under review. Five federal land management agencies have also received nearly \$150 million in funds to plug orphaned wells on federal lands.

Nationwide, investments through the Department’s new program are estimated to have supported over 7,200 jobs and contributed more than \$900 million to the economy over the last two fiscal years.

Due to the limited timeframe for States to use initial grant funding, for work funded by those grants States were encouraged but not required to detect and measure methane emissions at orphaned wells before and after plugging operations. For formula and performance grants, because methane emission reduction is one of the clear priorities of IIJA Section 40601—it is the only section under Division D, Title VI, which is titled “Methane Reduction Infrastructure”, and the amount of methane emissions reduced is a requirement of the report to Congress in that section—methane measurement is a requirement when plugging wells using those funds.

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Section 2 of the bill would make the collection of methane emissions monitoring data optional for the State financial assistance program and preclude methane measurement from being a condition of eligibility for orphaned well grants. These changes would severely hamper the effectiveness of the orphaned well program, and the Department does not support this change. The Department is also concerned that, as written, Section 2 of the bill creates ambiguity and could lead to a number of unintended consequences.

The Department supports Section 3 of the bill, requiring the National Academies Study on Community Impact of Orphaned Well Grant Program.

Methane Measurement Impacts

It is critical to continue measuring methane emissions at each orphaned well that is plugged. Methane measurement is necessary to verify the success of a plugging operation. Since background levels of natural methane exist, there is no way to certify the effectiveness of the plugging operation other than comparing direct methane measurement before and after plugging. Methane measurement also furthers grant program requirements under 2 C.F.R. 200 to measure the recipient’s performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices.

Detecting and measuring methane from wells helps mitigate serious human safety concerns. Instruments that detect methane can also detect toxic gases like hydrogen sulfide, ensuring that mitigation steps can be taken to keep the public and workers safe before well plugging begins. In addition, economically disadvantaged communities often bear a disproportionate burden of environmental hazards, including methane and toxic gas emissions from orphaned wells. Ensuring robust before and after measurements of well plugging helps identify and prioritize potential high-polluting wells that could be located near vulnerable populations that experience negative health impacts associated with poor air quality.

Not all orphaned wells emit methane at the same rate. Some are high emitters that release significant amounts of methane, posing increased safety and environmental risks. Methane emissions measurement allows for the detection and prioritization of these urgent cases for plugging and remediation. Finally, methane measurement helps detect potential water contamination, enhances our understanding of geologic factors leading to emissions from unplugged wells and the predictability of future emissions through the increased collection of data, improves the accuracy of reporting, and helps create jobs for American workers,

particularly those trained using methane measurement equipment and conducting field assessments.

Elimination of the methane measurement requirement could also severely undermine the Department's ability to better understand the magnitude and characteristics of methane emissions from orphaned wells across all jurisdictions, creating inconsistencies in data collected from state, private, Tribal and Federal lands. It would also weaken the Department's ability to make data-driven policy and program implementation decisions as required by the Foundations for Evidence-Based Policymaking Act of 2018.

The Department is also concerned about the ambiguity created by Section 2 as to the purposes for which States may use awarded funds. Such ambiguity could potentially lead to the use of substantial portions of grants for activities unrelated to plugging, remediating, and restoring orphaned wells.

Proposed National Academies Study

The Department supports Section 3, the National Academies Study on Community Impact of Orphaned Well Grant Program. On July 18-19, the Department engaged the National Academy of Sciences, Engineering and Medicine (NASEM) to convene a workshop to discuss existing practices and standards for plugging orphaned and/or abandoned hydrocarbon wells. The Department has also engaged NASEM to convene an ad hoc committee of experts to provide advice to the Department on regulatory, technical, scientific, and economic considerations for plugging and remediating orphaned wells, and supports entering into an agreement with NASEM to study the effect of the plugging and remediation activity on economic development, housing trends, and other potential benefits.

Conclusion

The Department of the Interior emphasizes the critical need for continued methane measurements at orphaned wells before and after plugging. Methane emissions from these wells contribute significantly to environmental, health, and safety challenges, necessitating accurate data for effective mitigation. Because H.R. 7053 would eliminate methane monitoring requirements for grant recipients, the Department opposes the bill.

Thank you for the opportunity to testify on this bill.