

117TH CONGRESS
1ST SESSION

S. 2177

To amend the Mineral Leasing Act to ensure sufficient bonding and complete and timely reclamation of land and water disturbed by Federal and Indian oil and gas production, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 22, 2021

Mr. BENNET introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Mineral Leasing Act to ensure sufficient bonding and complete and timely reclamation of land and water disturbed by Federal and Indian oil and gas production, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Oil and Gas Bonding Reform and Orphaned Well Reme-
6 diation Act”.

7 (b) **TABLE OF CONTENTS.**—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

TITLE I—ORPHANED WELL REMEDIATION

Sec. 101. Orphaned well remediation program.

TITLE II—FEDERAL ONSHORE OIL AND GAS RECLAMATION BONDING PROGRAM

Sec. 201. Declaration of policy.

Sec. 202. Regulation of surface-disturbing activities.

TITLE III—MISCELLANEOUS

Sec. 301. Cost recovery.

Sec. 302. Regulations.

1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) according to the Interstate Oil and Gas
4 Compact Commission, there are in existence not
5 fewer than 56,600 orphaned well sites, and as many
6 as 746,000 undocumented orphaned well sites,
7 across the United States on Federal, State, Tribal,
8 and private land;

9 (2) as of April 2021, there are at least 14,400
10 orphaned wells on Federal land, according to the
11 Department of the Interior;

12 (3)(A) orphaned well sites—

13 (i) pose significant public health, safety,
14 and environmental risks; and

15 (ii) should be remediated; but

16 (B) there are no identified responsible parties
17 to provide for the remediation of those sites;

1 (4) it is reasonable for the Federal Govern-
2 ment—

3 (A) to provide financial resources to States
4 and Indian Tribes to rectify the long-term pub-
5 lic health, safety, and environmental risks de-
6 scribed in paragraph (3)(A)(i);

7 (B) to support the creation of jobs relating
8 to the remediation and reclamation of orphaned
9 well sites; and

10 (C) to update policies to ensure that wells
11 are not orphaned in the future;

12 (5) under the Mineral Leasing Act (30 U.S.C.
13 181 et seq.), the Secretary of the Interior (referred
14 to in this Act as the “Secretary”) is required—

15 (A) to ensure the complete and timely rec-
16 lamation of all Federal onshore oil and gas
17 leases; and

18 (B) to secure financial assurances in the
19 form of bonds, sureties, or other approved fi-
20 nancial arrangements for remediation, reclama-
21 tion, and well closure;

22 (6) with respect to the Federal onshore oil and
23 gas leasing program, the Secretary—

24 (A) is required—

1 (i) regularly to review existing onshore
2 oil and gas financial assurances; and

3 (ii) to increase the amount of those
4 assurances, as necessary; but

5 (B) in practice, often fails to carry out the
6 activities described in subparagraph (A);

7 (7) the Secretary—

8 (A) implements well and financial assur-
9 ance adequacy review policies inconsistently
10 across field offices of the Department of the In-
11 terior;

12 (B) has failed to track systematically data
13 relating to potential liabilities and the adequacy
14 of financial assurances; and

15 (C) does not maintain information relating
16 to actual reclamation costs incurred for inac-
17 tive, orphaned, or inadequately reclaimed wells
18 and leases;

19 (8) due to the shortcomings in the required
20 minimum financial assurance amounts and the inef-
21 fectiveness of the Secretary in tracking and review-
22 ing those financial assurances, the cost of reclaiming
23 existing Federal onshore oil and gas wells and leases
24 far exceeds the amounts posted as financial assur-
25 ance; and

1 (9) the inadequacy of the Secretary in the ad-
 2 ministration of financial assurances for Federal on-
 3 shore oil and gas activities—

4 (A) poses a threat to land, water, and
 5 other resources; and

6 (B) is a major financial liability to the tax-
 7 payers of the United States, who are often re-
 8 sponsible for the costs of reclaiming onshore oil
 9 and gas wells and leases that are inactive, or-
 10 phaned, or inadequately reclaimed by lessees.

11 **TITLE I—ORPHANED WELL** 12 **REMEDIATION**

13 **SEC. 101. ORPHANED WELL REMEDIATION PROGRAM.**

14 (a) IN GENERAL.—Section 17 of the Mineral Leasing
 15 Act (30 U.S.C. 226) is amended by adding at the end the
 16 following:

17 “(q) ORPHANED WELL REMEDIATION PROGRAM.—

18 “(1) DEFINITIONS.—In this subsection:

19 “(A) ABANDON.—The term ‘abandon’,
 20 with respect to a well under an oil or gas lease
 21 issued under this Act, means—

22 “(i) to plug the well;

23 “(ii) to remove all installations associ-
 24 ated with the well; and

1 “(iii) to terminate operations for pro-
2 duction from the well.

3 “(B) INACTIVE.—The term ‘inactive’, with
4 respect to a well or facility under an oil or gas
5 lease issued under this Act, means that the well
6 or facility does not—

7 “(i) produce oil or gas, as applicable,
8 in paying quantities; or

9 “(ii) actively aid in the production of
10 oil or gas, as applicable, in paying quan-
11 tities.

12 “(C) OPERATOR.—The term ‘operator’,
13 with respect to an oil or gas operation, means
14 any individual or entity (including a lessee or
15 operating rights owner) that has provided to a
16 relevant authority a written statement that the
17 individual or entity is responsible for the oper-
18 ation (or any portion of the operation).

19 “(D) ORPHANED.—The term ‘orphaned’,
20 with respect to a well or well site under an oil
21 or gas lease issued under this Act, means that
22 the responsible party of the well or well site—

23 “(i) cannot be located; or

1 “(ii) cannot provide adequate financial
2 assurance to permanently plug and reclaim
3 the well or well site.

4 “(E) RESPONSIBLE PARTY.—

5 “(i) IN GENERAL.—The term ‘respon-
6 sible party’, with respect to a well or well
7 site under an oil or gas lease issued under
8 this Act, means an individual or entity (in-
9 cluding a lessee or operator) that is or will
10 be responsible for—

11 “(I) the remediation, reclama-
12 tion, and permanent plugging of the
13 well or well site; or

14 “(II) the payment of financial as-
15 surance for the well or well site in ac-
16 cordance with subsection (g)(4).

17 “(ii) INCLUSIONS.—The term ‘respon-
18 sible party’ includes—

19 “(I) an association, corporation,
20 subsidiary, or affiliate of an individual
21 or entity described in clause (i); and

22 “(II) any person controlled by, or
23 under common control with, an indi-
24 vidual or entity described in clause (i).

1 “(F) SECRETARY.—The term ‘Secretary’
2 means the Secretary of the Interior.

3 “(2) ESTABLISHMENT.—Not later than 180
4 days after the date of enactment of this subsection,
5 the Secretary shall establish, in accordance with this
6 subsection—

7 “(A) in cooperation with the Secretary of
8 Agriculture, a program to remediate, reclaim,
9 and permanently plug orphaned oil and gas
10 wells and well sites located on land adminis-
11 tered by the land management agencies of the
12 Department of the Interior and the Department
13 of Agriculture, respectively; and

14 “(B) a program under which the Secretary
15 shall distribute 75 percent of the amounts made
16 available under paragraph (9) to States and In-
17 dian tribes that have submitted to the Secretary
18 an application to remediate, reclaim, and close
19 orphaned oil and gas wells and well sites on
20 land under the jurisdiction of the States and
21 Indian tribes.

22 “(3) ACTIVITIES.—The programs established
23 under paragraph (2) shall—

24 “(A) use existing and updated inventories
25 of orphaned well sites to establish priority for

1 the distribution of funds under the programs
2 for activities, including—

3 “(i) remediating, reclaiming, and per-
4 manently plugging orphaned wells and well
5 sites;

6 “(ii) remediating and reclaiming re-
7 lated well pads;

8 “(iii) reclaiming related access roads;
9 and

10 “(iv) restoring land, water, and habi-
11 tat impacted by orphaned wells and the
12 prior operation of the wells;

13 “(B) provide a public accounting of the
14 costs of remediation, reclamation, and perma-
15 nent plugging for each applicable orphaned oil
16 or gas well and well site;

17 “(C) seek to determine the identity, if un-
18 known, of any potential responsible party asso-
19 ciated with the orphaned well or well site, or a
20 surety or guarantor of such a responsible party,
21 to the extent such information can be
22 ascertained; and

23 “(D) seek to obtain from responsible par-
24 ties reimbursement for applicable expenditures,
25 to the maximum extent practicable.

1 “(4) COOPERATION AND CONSULTATION.—In
2 carrying out the programs established under para-
3 graph (2), the Secretary shall—

4 “(A) work cooperatively with—

5 “(i) the Secretary of Agriculture; and

6 “(ii) each State, local government,
7 and Indian tribe within the jurisdiction of
8 which an orphaned well site on Federal
9 land is located; and

10 “(B) consult with—

11 “(i) affected States, local govern-
12 ments, and Indian tribes;

13 “(ii) the Secretary of Energy; and

14 “(iii) the Interstate Oil and Gas Com-
15 pact Commission.

16 “(5) REPORT TO CONGRESS.—Not later than 1
17 year after the date of enactment of this subsection,
18 and not less frequently than once every 2 years
19 thereafter, the Secretary, in cooperation with the
20 Secretary of Agriculture and in consultation with af-
21 fected States and Indian tribes, shall submit to Con-
22 gress a report describing the expenditures under,
23 and the progress and achievements of, the programs
24 established under paragraph (2).

25 “(6) USE OF FUNDS.—

1 “(A) INITIAL PERIOD.—For the first 2 fis-
2 cal years beginning after the date of enactment
3 of this subsection, the funds made available to
4 remediate, reclaim, and permanently plug or-
5 phaned wells and well sites under the program
6 established under paragraph (2)(B) shall be al-
7 located based on a demonstration of—

8 “(i) identified orphaned wells and well
9 sites in need of remediation, reclamation,
10 or permanent plugging, with a priority for
11 sites posing the greatest adverse impacts
12 to—

13 “(I) public health and safety; and

14 “(II) land, water, and other re-
15 sources; and

16 “(ii) adequate programmatic and ad-
17 ministrative capacity to expend the funds
18 in a timely and effective manner.

19 “(B) SUBSEQUENT FISCAL YEARS.—For
20 the third fiscal year beginning after the date of
21 enactment of this subsection, and each fiscal
22 year thereafter, the Secretary shall make funds
23 available under the program established under
24 paragraph (2)(B) based on—

1 “(i) the factors described in subpara-
2 graph (A); and

3 “(ii) a determination by the Secretary
4 that an affected State or Indian tribe is—

5 “(I) using bonds or other finan-
6 cial assurances that will fully cover
7 costs associated with remediating and
8 reclaiming orphaned oil and gas wells
9 under the jurisdiction of the State or
10 Indian tribe; or

11 “(II) adopting and using—

12 “(aa) bonds described in
13 subclause (I); or

14 “(bb) other financial assur-
15 ances.

16 “(C) UNUSED FUNDS.—In any case in
17 which the Secretary determines that, for any
18 fiscal year, a State or Indian tribe cannot effec-
19 tively use any portion of the funds that other-
20 wise would be made available to the State or
21 Indian tribe under subparagraph (A) or (B),
22 the Secretary shall use those funds—

23 “(i) to remediate, reclaim, and close
24 orphaned wells and well sites on land ad-

1 ministered by the Secretary or the Sec-
2 retary of Agriculture;

3 “(ii) to review and update any inven-
4 tory of orphaned or inactive wells, includ-
5 ing wells previously identified as idle or
6 abandoned, on land described in clause (i);

7 “(iii) to carry out subsection
8 (g)(6)(E);

9 “(iv) to carry out paragraph (8); or

10 “(v)(I) to determine the identity of
11 any potential responsible party associated
12 with an inactive well or well site, or a sur-
13 ety or guarantor of such a responsible
14 party, to the extent such information can
15 be ascertained; and

16 “(II) to obtain from such a respon-
17 sible party reimbursement for applicable
18 expenditures, to the maximum extent prac-
19 ticable.

20 “(7) LIMITATION ON RE-LEASING.—Before con-
21 ducting any oil and gas leasing of Federal land that
22 contains a well or well site that was remediated, re-
23 claimed, or permanently plugged pursuant to this
24 Act, the Secretary, or the Secretary of Agriculture
25 with respect to National Forest System land, shall—

1 “(A) determine that—

2 “(i) re-leasing and development of the
3 land will not degrade the restored condi-
4 tions accomplished pursuant to the remedi-
5 ation, reclamation, or closure; and

6 “(ii) the land achieves compliance
7 with all applicable standards adopted pur-
8 suant to subsection (g)(5) prior to being
9 re-leased; and

10 “(B) on making a positive determination
11 pursuant to clauses (i) and (ii) of subparagraph
12 (A), require the operator to provide to the ap-
13 plicable Secretary a bond or other financial as-
14 surance that will fully cover the costs associated
15 with the plugging and reclamation.

16 “(8) DATA COLLECTION.—

17 “(A) IN GENERAL.—Not later than 2 years
18 after the date of enactment of this subsection,
19 the Secretary and the Secretary of Agriculture
20 shall jointly develop, and make publicly avail-
21 able, a computer database to provide centralized
22 data relating to operations, reclamation activi-
23 ties, and financial assurances for each oil and
24 gas lease in effect under this Act.

1 “(B) INCLUSIONS.—The database under
2 subparagraph (A) shall include, with respect to
3 each lease described in that subparagraph, in-
4 formation relating to—

5 “(i) the number, location, and status
6 of each well subject to the lease;

7 “(ii) the number, location, and status
8 of each inactive and orphaned well subject
9 to the lease, and the length of time that
10 each such well has not been producing;

11 “(iii) the names of all responsible par-
12 ties for each well, including lessees and op-
13 erators;

14 “(iv) whether the lease is part of a
15 unit;

16 “(v) the amount of the financial as-
17 surance that has been established for the
18 lease;

19 “(vi) the history of financial assur-
20 ance amounts for the lease, including dates
21 of review and requested increases;

22 “(vii) inspection, violations, and en-
23 forcement actions taken with respect to the
24 lease, including resolution of each violation,
25 if any;

1 “(viii) whether the period of liability
2 of the financial assurance on the lease has
3 been terminated;

4 “(ix) payment status for royalties,
5 rents, and fees; and

6 “(x) any additional information re-
7 quired to be collected pursuant to sub-
8 section (g)(6).

9 “(C) NOTIFICATION.—The Secretary
10 shall—

11 “(i) ensure that the database under
12 subparagraph (A) is made available to
13 each field office of the Bureau of Land
14 Management and the Forest Service, as
15 applicable; and

16 “(ii) provide automatic and timely no-
17 tification, on a lease-by-lease basis, of ap-
18 plicable requirements and deadlines to re-
19 view financial assurances and inactive well
20 status, in accordance with subsection (g).

21 “(D) PROVISION OF DATA AT EXPENSE OF
22 LESSEE.—

23 “(i) IN GENERAL.—Except as pro-
24 vided in clause (ii), the Secretary may re-
25 quire that data for the database under

1 subparagraph (A) shall be provided and
2 entered into the database—

3 “(I) by the applicable lessee; and

4 “(II) at the expense of the lessee.

5 “(ii) INSPECTION AND ENFORCEMENT
6 ACTIONS.—Any relevant data relating to a
7 Federal inspection or enforcement action
8 shall be provided and entered into the
9 database under subparagraph (A) by the
10 applicable Federal enforcement official.

11 “(iii) DATA QUALITY.—The Secretary
12 shall carry out such activities as the Sec-
13 retary determines to be necessary to en-
14 sure the quality of the data included in the
15 database under subparagraph (A).

16 “(9) FUNDING.—

17 “(A) IN GENERAL.—Notwithstanding any
18 other provision of law, from the Federal share
19 of royalty revenues deposited into the Treasury
20 pursuant to section 35, the Secretary of the
21 Treasury shall transfer to the Secretary to
22 carry out the programs established under para-
23 graph (2), to remain available until expended—

24 “(i) on October 1, 2021,
25 \$1,500,000,000;

1 “(ii) on October 1, 2022,
2 \$1,500,000,000; and

3 “(iii) on October 1, 2023, and on each
4 October 1 thereafter through October 1,
5 2030, \$625,000,000.

6 “(B) RECEIPT AND ACCEPTANCE.—The
7 Secretary shall be entitled to receive, shall ac-
8 cept, and shall use to carry out this subsection
9 the funds transferred under subparagraph (A),
10 without further appropriation.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 349 of the Energy Policy Act of
13 2005 (42 U.S.C. 15907) is amended by striking the
14 section designation and heading and all that follows
15 through “Out of any” in subsection (i) and inserting
16 the following:

17 **“SEC. 349. WELLS DRILLED INTO FEDERALLY MANAGED**
18 **MINERAL ESTATE.**

19 “Out of any”.

20 (2) The table of contents for the Energy Policy
21 Act of 2005 (Public Law 109–58; 119 Stat. 596) is
22 amended by striking the item relating to section 349
23 and inserting the following:

“Sec. 349. Wells drilled into federally managed mineral estate.”.

1 **TITLE II—FEDERAL ONSHORE**
2 **OIL AND GAS RECLAMATION**
3 **BONDING PROGRAM**

4 **SEC. 201. DECLARATION OF POLICY.**

5 Congress declares that it is the policy of the United
6 States that—

7 (1) pursuant to this title and the amendments
8 made by this title, the Secretary, and the Secretary
9 of Agriculture with respect to National Forest Sys-
10 tem land, should—

11 (A) require the posting by holders of oil or
12 gas leases under the Mineral Leasing Act (30
13 U.S.C. 181 et seq.) or the Mineral Leasing Act
14 for Acquired Lands (30 U.S.C. 351 et seq.) of
15 financial assurances that are sufficient to pay
16 for the actual costs of remediating, reclaiming,
17 and permanently plugging onshore oil and gas
18 wells, well sites, and lease tracts; and

19 (B) implement a system of tracking and
20 reviewing the financial assurances described in
21 subparagraph (A) that ensures ongoing ade-
22 quacy and public transparency;

23 (2) in ensuring robust onshore oil and gas fi-
24 nancial assurances under paragraph (1), the Sec-
25 retary and the Secretary of Agriculture will—

1 (A) better protect the land, water, and
2 other resources of the United States; and

3 (B) reduce the financial risks to taxpayers
4 of paying for inadequately reclaimed onshore oil
5 and gas wells and leases; and

6 (3) in administering this title and the amend-
7 ments made by this title, the Secretary, and the Sec-
8 retary of Agriculture with respect to National Forest
9 System land, should ensure that the actions of the
10 applicable Secretary—

11 (A) are in accordance with the goals of
12 multiple-use management; and

13 (B) will benefit the fiscal interests of the
14 United States.

15 **SEC. 202. REGULATION OF SURFACE-DISTURBING ACTIVI-**
16 **TIES.**

17 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
18 226(g)) is amended—

19 (1) in the sixth sentence—

20 (A) by striking “such entity” and inserting
21 “the responsible party, or to the operator or
22 other entity on behalf of which the responsible
23 party acted”; and

24 (B) by striking “Once the entity has com-
25 plied with the” and inserting the following:

1 “(C) ISSUANCE OF LEASE AFTER COMPLI-
2 ANCE.—On compliance by a responsible party
3 under this paragraph with each”;

4 (2) in the fifth sentence, by striking “Prior to
5 making such determination with respect to any such
6 entity the concerned Secretary shall provide such en-
7 tity with” and inserting the following:

8 “(B) REQUIREMENT FOR NOTICE AND OP-
9 PORTUNITY TO COMPLY.—Before making a de-
10 termination under subparagraph (A) with re-
11 spect to any operator or other entity or respon-
12 sible party, the Secretary shall provide to the
13 operator, entity, or responsible party”;

14 (3) by striking the fourth sentence and insert-
15 ing the following:

16 “(7) FAILURE OR REFUSAL TO COMPLY.—

17 “(A) IN GENERAL.—The Secretary shall
18 not issue, or approve the assignment of, any
19 lease under this section to any operator, other
20 entity, or responsible party during any period in
21 which, as determined by the Secretary, the op-
22 erator, entity, or responsible party has failed or
23 refused to comply in any material respect with
24 a reclamation requirement or other standard es-
25 tablished under this section that is applicable to

1 any other lease of the operator, entity, or re-
 2 sponsible party.”; and

3 (4) by striking the subsection designation and
 4 all that follows through “operations on the lease.”
 5 and inserting the following:

6 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
 7 TIES.—

8 “(1) DEFINITIONS.—In this subsection:

9 “(A) ABANDON.—The term ‘abandon’,
 10 with respect to a well under an oil or gas lease
 11 issued under this Act, means—

12 “(i) to plug the well;

13 “(ii) to remove all installations associ-
 14 ated with the well; and

15 “(iii) to terminate operations for pro-
 16 duction from the well.

17 “(B) INACTIVE.—The term ‘inactive’, with
 18 respect to a well or facility under an oil or gas
 19 lease issued under this Act, means that the well
 20 or facility does not—

21 “(i) produce oil or gas, as applicable,
 22 in paying quantities; or

23 “(ii) actively aid in the production of
 24 oil or gas, as applicable, in paying quan-
 25 tities.

1 “(C) OPERATOR.—The term ‘operator’,
2 with respect to an oil or gas operation, means
3 any individual or entity (including a lessee or
4 operating rights owner) that has provided to a
5 relevant authority a written statement that the
6 individual or entity is responsible for the oper-
7 ation (or any portion of the operation).

8 “(D) ORPHANED.—The term ‘orphaned’,
9 with respect to a well or well site under an oil
10 or gas lease issued under this Act, means that
11 the responsible party of the well or well site—

12 “(i) cannot be located; or

13 “(ii) cannot provide adequate financial
14 assurance to permanently plug and reclaim
15 the well or well site.

16 “(E) RESPONSIBLE PARTY.—

17 “(i) IN GENERAL.—The term ‘respon-
18 sible party’, with respect to a well or well
19 site under an oil or gas lease issued under
20 this Act, means an individual or entity (in-
21 cluding a lessee or operator) that is or will
22 be responsible for—

23 “(I) the remediation, reclama-
24 tion, and permanent plugging of the
25 well or well site; or

1 “(II) the payment of financial as-
2 surance for the well or well site in ac-
3 cordance with paragraph (4).

4 “(ii) INCLUSIONS.—The term ‘respon-
5 sible party’ includes—

6 “(I) an association, corporation,
7 subsidiary, or affiliate of an individual
8 or entity described in clause (i); and

9 “(II) any person controlled by, or
10 under common control with, an indi-
11 vidual or entity described in clause (i).

12 “(F) SECRETARY.—The term ‘Secretary’
13 means the Secretary of the Interior.

14 “(2) REGULATION OF USE AND ACTIVITIES.—
15 The Secretary, or the Secretary of Agriculture with
16 respect to National Forest System land, shall—

17 “(A) regulate all use and activities con-
18 ducted pursuant to any lease for oil or gas
19 issued under this Act; and

20 “(B) determine the remediation, reclama-
21 tion, permanent plugging, and other activities
22 that the responsible party shall be required to
23 carry out in the interest of conservation of land,
24 water, and surface resources, including re-
25 sources with recreation, range, timber, mineral,

1 watershed, fish or wildlife, natural scenic, sci-
2 entific, or historical value.

3 “(3) RECLAMATION AND OPERATIONS PLAN RE-
4 QUIRED.—

5 “(A) IN GENERAL.—Each application for a
6 permit to drill submitted for a lease issued
7 under this Act shall include a plan of operations
8 for surface use, disturbance, and reclamation
9 that covers all proposed activities and oper-
10 ations within the lease area.

11 “(B) INCLUSIONS.—Each plan of oper-
12 ations under subparagraph (A) shall—

13 “(i) specify—

14 “(I) the location of all relevant
15 facilities, roads, drill pads, trenches,
16 and pipeline or utility corridors;

17 “(II) details regarding drill pad
18 construction, methods for contain-
19 ment, and disposal of waste material;

20 “(III) the identification, location,
21 and condition of any inactive or or-
22 phaned well sites on land covered by
23 the lease; and

24 “(IV) such other information as
25 the Secretary, or the Secretary of Ag-

1 riculture with respect to National
2 Forest System land, may require; and
3 “(ii) include the interim reclamation
4 plan and final reclamation plan developed
5 under subparagraph (C).

6 “(C) INTERIM AND FINAL RECLAMATION
7 PLANS.—

8 “(i) INTERIM RECLAMATION PLAN.—

9 “(I) IN GENERAL.—Each appli-
10 cant for a permit to drill under sub-
11 paragraph (A) shall develop for sub-
12 mission with the plan of operations of
13 the applicant under that subpara-
14 graph an interim reclamation plan
15 that specifies the reclamation activi-
16 ties that the applicant will carry out
17 to address the land, water, and re-
18 sources (including resources with
19 recreation, range, timber, mineral, wa-
20 tershed, fish or wildlife, natural sce-
21 nic, scientific, or historical value) im-
22 pacted by activities carried out pursu-
23 ant to the permit to drill that are not
24 needed for active operations.

1 “(II) REQUIREMENT.—The Sec-
2 retary, or the Secretary of Agriculture
3 with respect to National Forest Sys-
4 tem land, shall—

5 “(aa) review each interim
6 reclamation plan submitted under
7 subclause (I) at regular intervals;
8 and

9 “(bb) as the applicable Sec-
10 retary determines to be nec-
11 essary, require the amendment
12 and reapproval by the applicable
13 Secretary of the interim reclama-
14 tion plan.

15 “(ii) FINAL RECLAMATION PLAN.—

16 “(I) IN GENERAL.—Each appli-
17 cant for a permit to drill under sub-
18 paragraph (A) shall develop for sub-
19 mission with the plan of operations of
20 the applicant under that subpara-
21 graph a final reclamation plan that
22 includes a detailed description of the
23 reclamation activities the applicant
24 will carry out prior to final abandon-
25 ment or cessation of oil and gas oper-

1 ations with respect to all land, water,
2 and resources (including resources
3 with recreation, range, timber, min-
4 eral, watershed, fish or wildlife, nat-
5 ural scenic, scientific, or historical
6 value) impacted by activities carried
7 out pursuant to the permit to drill.

8 “(II) REVIEW AND APPROVAL.—

9 The Secretary, or the Secretary of Ag-
10 riculture with respect to National
11 Forest System land, shall review and
12 approve a final reclamation plan
13 under subclause (I) only after deter-
14 mining that the final reclamation plan
15 is consistent with the standards pro-
16 mulgated pursuant to paragraph (5).

17 “(D) ANALYSIS AND APPROVAL RE-

18 QUIRED.—The Secretary shall not grant a per-
19 mit to drill under this Act unless the Secretary
20 has—

21 “(i) analyzed and approved the plan
22 of operations submitted with the applica-
23 tion for the permit under subparagraph
24 (A), including the interim reclamation plan

1 and the final reclamation plan under sub-
2 paragraph (C); and

3 “(ii) made the interim and final rec-
4 lamation plans under subparagraph (C)
5 publicly available before that approval.

6 “(4) FINANCIAL ASSURANCES.—

7 “(A) REQUIREMENT.—

8 “(i) IN GENERAL.—The Secretary, or
9 the Secretary of Agriculture with respect
10 to National Forest System land, shall pro-
11 mulgate regulations to require that a fi-
12 nancial assurance shall be provided by the
13 lessee prior to the commencement of activi-
14 ties on any lease issued under this Act to
15 ensure the complete and timely remedi-
16 ation and reclamation of any land, water,
17 or other resources (including resources
18 with recreation, range, timber, mineral,
19 watershed, fish or wildlife, natural scenic,
20 scientific, or historical value) adversely af-
21 fected by lease activities and operations
22 after the abandonment or cessation of oil
23 and gas operations on the lease.

24 “(ii) ELIMINATION OF NATIONWIDE
25 FINANCIAL ASSURANCES.—

1 “(I) IN GENERAL.—A lessee may
2 not provide a financial assurance
3 under clause (i) on a nationwide basis
4 for all leases of the lessee in the
5 United States.

6 “(II) REQUIREMENT.—With re-
7 spect to any nationwide financial as-
8 surance in effect on the date of enact-
9 ment of the Oil and Gas Bonding Re-
10 form and Orphaned Well Remediation
11 Act, the Secretary, or the Secretary of
12 Agriculture with respect to National
13 Forest System land, shall require
14 that, not later than 1 year after that
15 date of enactment, the lessee shall
16 post financial assurances in accord-
17 ance with this paragraph.

18 “(iii) ADDITION OF NEW OPERA-
19 TORS.—Notwithstanding any other provi-
20 sion of law (including regulations), in any
21 case in which a lease issued under this Act
22 is assigned or transferred to a new oper-
23 ator, the previous operator of the lease
24 shall include the new operator on the exist-
25 ing financial assurance provided under this

1 subparagraph until the date on which the
2 new operator has provided a financial as-
3 surance on behalf of that new operator in
4 accordance with this paragraph.

5 “(B) FORM.—

6 “(i) IN GENERAL.—The financial as-
7 surance under subparagraph (A) shall be
8 provided in the form of a surety, bond, 1
9 or more letters of credit, 1 or more certifi-
10 cates of deposit, or cashier’s or certified
11 check, subject to the approval of the Sec-
12 retary, or the Secretary of Agriculture with
13 respect to National Forest System land.

14 “(ii) LIMITATION.—Self-bonding shall
15 not be an acceptable form of financial as-
16 surance under subparagraph (A).

17 “(C) AMOUNT.—

18 “(i) IN GENERAL.—Subject to clause
19 (ii), the amount of a financial assurance
20 required under this paragraph shall be the
21 amount determined by the Secretary, or
22 the Secretary of Agriculture with respect
23 to National Forest System land, to be suf-
24 ficient to ensure the complete and timely
25 remediation and reclamation required

1 under subparagraph (A)(i) if the work
2 were to be performed by the applicable
3 Secretary in the event of forfeiture by the
4 lessee.

5 “(ii) MINIMUM AMOUNTS.—

6 “(I) IN GENERAL.—Subject to
7 subclause (II), the minimum amount
8 of a financial assurance required
9 under this paragraph shall be not less
10 than, as applicable—

11 “(aa) \$150,000, in the case
12 of a financial assurance for sur-
13 face-disturbing activities of a re-
14 sponsible party on an individual
15 oil or gas lease; or

16 “(bb) \$500,000, in the case
17 of a financial assurance for all oil
18 and gas leases of a responsible
19 party in a State.

20 “(II) ADJUSTMENTS FOR INFLA-
21 TION.—Not later than 3 years after
22 the date of enactment of the Oil and
23 Gas Bonding Reform and Orphaned
24 Well Remediation Act, and not less
25 frequently than once every 3 years

1 thereafter, the Secretary, or the Sec-
2 retary of Agriculture with respect to
3 National Forest System land, shall
4 adjust for inflation the minimum
5 amounts under items (aa) and (bb) of
6 subclause (I).

7 “(iii) ADDITIONAL FACTORS.—The
8 Secretary, or the Secretary of Agriculture
9 with respect to National Forest System
10 land, shall establish the level of a financial
11 assurance required under this paragraph
12 above the applicable minimum level re-
13 quired under clause (ii) as the applicable
14 Secretary determines to be appropriate or
15 necessary to ensure the complete and time-
16 ly remediation and reclamation required
17 under subparagraph (A)(i), after taking
18 into consideration the following factors:

19 “(I) The depth of each relevant
20 proposed wellbore.

21 “(II) The presence of other re-
22 sources (including resources with
23 recreation, range, timber, mineral, wa-
24 tershed, fish or wildlife, natural sce-
25 nic, scientific, or historical value).

1 “(III) The number of wells to be
2 drilled on the lease.

3 “(IV) The number and percent-
4 age of low-producing and inactive
5 wells on—

6 “(aa) the applicable lease;
7 and

8 “(bb) any other leases held
9 by each applicable lessee, oper-
10 ator, and responsible party.

11 “(V) Any current or past viola-
12 tions by each responsible party.

13 “(VI) The anticipated condition
14 of the applicable well site and the ex-
15 tent of the remediation and reclama-
16 tion to be required.

17 “(VII) The ability of each re-
18 sponsible party to fully carry out that
19 remediation and reclamation.

20 “(VIII) Such other factors as the
21 applicable Secretary determines to be
22 relevant.

23 “(D) REVIEW.—

24 “(i) PROSPECTIVE.—

1 “(I) IN GENERAL.—With respect
2 to any financial assurance provided
3 after the date of enactment of the Oil
4 and Gas Bonding Reform and Or-
5 phaned Well Remediation Act, not
6 less frequently than once every 5
7 years, and at any time at which the
8 applicable lease is assigned or trans-
9 ferred, the Secretary, or the Secretary
10 of Agriculture with respect to Na-
11 tional Forest System land, shall re-
12 view the financial assurance to deter-
13 mine, after taking into consideration
14 the factors described in subparagraph
15 (C)(iii), whether the amount of the fi-
16 nancial assurance is adequate to en-
17 sure the complete and timely remedi-
18 ation and reclamation required under
19 subparagraph (A)(i).

20 “(II) AUTHORITY TO IN-
21 CREASE.—If the Secretary, or the
22 Secretary of Agriculture with respect
23 to National Forest System land, de-
24 termines under subclause (I) that the
25 amount of a financial assurance is not

1 adequate, the applicable Secretary
2 shall increase the amount of the fi-
3 nancial assurance in accordance with
4 subparagraph (C), including making
5 an adjustment for inflation, as appro-
6 priate.

7 “(ii) RETROSPECTIVE.—

8 “(I) IN GENERAL.—Not later
9 than 1 year after the date of enact-
10 ment of the Oil and Gas Bonding Re-
11 form and Orphaned Well Remediation
12 Act, and not less frequently than once
13 every 5 years thereafter, the Sec-
14 retary, or the Secretary of Agriculture
15 with respect to National Forest Sys-
16 tem land, shall—

17 “(aa) review the sufficiency
18 of each financial assurance pro-
19 vided before that date of enact-
20 ment;

21 “(bb) determine, after tak-
22 ing into consideration the factors
23 described in subparagraph
24 (C)(iii), whether the amount of
25 the financial assurance is ade-

1 quate to ensure the complete and
2 timely remediation and reclama-
3 tion required under subparagraph
4 (A)(i); and

5 “(cc) provide to each respon-
6 sible party a written notice, in-
7 cluding any relevant findings, re-
8 lating to the determination under
9 item (bb).

10 “(II) AUTHORITY TO IN-
11 CREASE.—If the Secretary, or the
12 Secretary of Agriculture with respect
13 to National Forest System land, de-
14 termines under subclause (I) that the
15 amount of a financial assurance is not
16 adequate, the applicable Secretary
17 shall increase the amount of the fi-
18 nancial assurance in accordance with
19 subparagraph (C), including making
20 an adjustment for inflation, as appro-
21 priate.

22 “(E) RELEASE.—On request, and after in-
23 spection by the Secretary, or the Secretary of
24 Agriculture with respect to National Forest
25 System land, the applicable Secretary may re-

1 lease, in whole or in part, the financial assur-
2 ance required for a lease under this paragraph
3 if the Secretary determines that—

4 “(i) the remediation, reclamation, or
5 permanent plugging covered by the finan-
6 cial assurance has been completed in ac-
7 cordance with—

8 “(I) subparagraph (A)(i); and

9 “(II) the standards established
10 under paragraph (5); and

11 “(ii) all other applicable Federal re-
12 quirements have been met.

13 “(5) STANDARDS.—

14 “(A) IN GENERAL.—The Secretary and the
15 Secretary of Agriculture shall jointly promul-
16 gate regulations to establish uniform standards
17 for the complete and timely reclamation of land,
18 water, and other resources (including resources
19 with recreation, range, timber, mineral, water-
20 shed, fish or wildlife, natural scenic, scientific,
21 or historical value) adversely impacted, directly
22 or indirectly, by oil and gas activities and oper-
23 ations (including any prior remediation or rec-
24 lamation efforts that fail to achieve compliance
25 with the standards described in subparagraph

1 (B)) to the condition that existed prior to the
2 adverse impact, including—

3 “(i) standards for the interim rec-
4 lamation plans and final reclamation plans
5 required under paragraph (3)(C); and

6 “(ii) timelines for—

7 “(I) commencing and completing
8 the permanent plugging of wells and
9 related remediation and reclamation
10 activities; and

11 “(II) achieving compliance with
12 the standards described in subpara-
13 graph (B).

14 “(B) REQUIREMENTS.—The standards
15 under subparagraph (A) shall include standards
16 for—

17 “(i) the remediation and reclamation
18 of natural vegetation and hydrology;

19 “(ii) habitat restoration;

20 “(iii) salvage, storage, and reuse of
21 topsoils;

22 “(iv) erosion control;

23 “(v) reclamation of access roads;

24 “(vi) control of invasive species and
25 noxious weeds; and

1 “(vii) natural contouring.

2 “(6) INACTIVE WELLS.—

3 “(A) IN GENERAL.—Any lessee the lease of
4 which includes an inactive well (except for a
5 well with an approved suspension of operations
6 pursuant to section 39) shall, as soon as prac-
7 ticable after determining that the well has been
8 inactive—

9 “(i) for a period of more than 30 con-
10 secutive days, submit to the Secretary a
11 notice of that inactivity; and

12 “(ii) for a period of more than 60
13 consecutive days—

14 “(I) bring the inactive well into—

15 “(aa) production in paying
16 quantities; or

17 “(bb) the active aid of pro-
18 duction in paying quantities;

19 “(II) submit to the Secretary an
20 application for a delay in the remedi-
21 ation, reclamation, and permanent
22 closure of the well in accordance with
23 this paragraph; or

24 “(III) permanently plug the well
25 and complete the timely remediation

1 and reclamation required under para-
2 graphs (4)(A)(i) and (5).

3 “(B) PERIOD OF DELAY.—

4 “(i) IN GENERAL.—Subject to clause
5 (ii), the Secretary may approve an applica-
6 tion under subparagraph (A)(ii)(II) for a
7 delay in the remediation, reclamation, and
8 permanent plugging of an inactive well
9 under subparagraph (A)(ii)(III) for a pe-
10 riod of not more than 1 year.

11 “(ii) EXTENSIONS.—

12 “(I) IN GENERAL.—Subject to
13 subclause (II) and subparagraph (D),
14 on receipt of application by a lessee
15 under subparagraph (A)(ii)(II), the
16 Secretary may approve 1 or more ad-
17 ditional delays in the remediation, rec-
18 lamation, and permanent closure of
19 an inactive well, each of which addi-
20 tional delays shall be for a period of
21 not more than 1 year.

22 “(II) REQUIREMENTS.—Before
23 approving an application for an addi-
24 tional delay under subclause (I), the
25 Secretary shall—

1 “(aa) take into consideration
2 whether the operator is making
3 all required royalty, rental, and
4 fee payments on time;

5 “(bb) review the amount of
6 the financial assurance for the
7 applicable lease; and

8 “(cc) increase the amount to
9 ensure the complete and timely
10 remediation, reclamation, and
11 permanent closure required under
12 paragraph (4)(A)(i) if the work
13 were to be performed by the Sec-
14 retary in the event of forfeiture
15 by the lessee.

16 “(C) APPLICATION REQUIREMENTS.—

17 “(i) IN GENERAL.—Each application
18 of a lessee to delay permanent abandon-
19 ment and reclamation of a well under sub-
20 paragraph (A)(ii)(II) or (B)(ii) shall in-
21 clude a description of—

22 “(I) the period of time during
23 which the well has been inactive;

1 “(II) the justification for delay-
2 ing permanent abandonment and rec-
3 lamation of the well;

4 “(III) the probable duration of
5 the delay;

6 “(IV) the means by which the
7 wellbore is to be protected during the
8 delay; and

9 “(V) the contemplated eventual
10 disposition of the well.

11 “(ii) SPECIAL REQUIREMENTS FOR
12 APPLICATIONS FOR EXTENSION.—Each ap-
13 plication for a delay under subparagraph
14 (A)(ii) or (B)(ii) shall demonstrate,
15 through test results, that the applicable
16 well is—

17 “(I) mechanically sound; and

18 “(II) capable of—

19 “(aa) production in paying
20 quantities; or

21 “(bb) actively aiding in pro-
22 duction in paying quantities.

23 “(D) PROHIBITION.—

24 “(i) IN GENERAL.—No well may be
25 inactive for a period of more than 2 years.

1 “(ii) REQUIREMENT.—With respect to
2 a well under a lease issued under this Act
3 that has been inactive for a period of more
4 than 2 years, the applicable lessee shall—

5 “(I)(aa) bring the inactive well
6 into—

7 “(AA) production in paying
8 quantities; or

9 “(BB) the active aid of pro-
10 duction in paying quantities; and

11 “(bb) pay any related royalties,
12 rentals, or other fees due; or

13 “(II)(aa) permanently plug the
14 well; and

15 “(bb) complete the timely remedi-
16 ation and reclamation required under
17 paragraph (4)(A)(i).

18 “(iii) ACTION BY SECRETARY.—In any
19 case in which a lessee has not carried out
20 any required action under clause (ii) with
21 respect to a well described in that clause,
22 the Secretary, or the Secretary of Agri-
23 culture with respect to National Forest
24 System land, shall execute forfeiture of the

1 financial assurance associated with the
2 well.

3 “(E) INVENTORY.—

4 “(i) IN GENERAL.—Not later than
5 180 days after the date of enactment of
6 the Oil and Gas Bonding Reform and Or-
7 phaned Well Remediation Act, and not less
8 frequently than annually thereafter, the
9 Secretary, or the Secretary of Agriculture
10 with respect to National Forest System
11 land, shall complete an inventory of all
12 wells that, as of the date of publication of
13 the inventory—

14 “(I) are inactive, orphaned, or
15 abandoned; or

16 “(II) have previously been identi-
17 fied as idled, orphaned, or abandoned.

18 “(ii) INCLUSIONS.—Each inventory
19 under clause (i) shall identify, with respect
20 to each inactive or orphaned well—

21 “(I) the location of the well;

22 “(II) the length of time during
23 which the well has been inactive or or-
24 phaned;

1 “(III) the responsible parties as-
2 sociated with the well; and

3 “(IV) any financial assurance
4 provided to remediate and reclaim the
5 well, including the most recent date
6 on which the Secretary reviewed that
7 financial assurance.”.

8 **TITLE III—MISCELLANEOUS**

9 **SEC. 301. COST RECOVERY.**

10 (a) IN GENERAL.—Section 17 of the Mineral Leasing
11 Act (30 U.S.C. 226) (as amended by section 101(a)) is
12 amended by adding at the end the following:

13 “(r) COST RECOVERY REQUIREMENTS.—

14 “(1) IN GENERAL.—Before approving an appli-
15 cation for a permit to drill pursuant to a lease
16 issued under this Act, the Secretary of the Interior,
17 or the Secretary of Agriculture with respect to Na-
18 tional Forest System land, shall determine the cost
19 to the Federal Government of carrying out Federal
20 inspection and enforcement actions for the lease.

21 “(2) FINANCIAL ASSURANCES.—The Secretary
22 of the Interior, or the Secretary of Agriculture with
23 respect to National Forest System land, shall not re-
24 lease the financial assurance established for a lease
25 under subsection (g)(4)(E) until the applicable lessee

1 has reimbursed the applicable Secretary for the total
2 cost of Federal inspection and enforcement actions
3 on the lease.”.

4 (b) USE OF BLM PERMIT PROCESSING IMPROVE-
5 MENT FUND.—Section 35(c)(3) of the Mineral Leasing
6 Act (30 U.S.C. 191(c)(3)) is amended by striking sub-
7 paragraph (A) and inserting the following:

8 “(A) IN GENERAL.—Of the amounts in the
9 Fund, the Secretary of the Interior, in consulta-
10 tion with the Secretary of Agriculture, shall
11 use, without further appropriation or fiscal year
12 limitation—

13 “(i) 50 percent—

14 “(I) to carry out the coordination
15 and review process for—

16 “(aa) financial assurances
17 for oil and gas leases under this
18 Act; and

19 “(bb) bond releases for oil
20 and gas leases under this Act;

21 “(II) to coordinate—

22 “(aa) the inventory of wells
23 that are orphaned or inactive (as
24 those terms are defined in sub-
25 section (q)(1)); and

1 “(bb) the processing of re-
2 quests for delays in the perma-
3 nent closure of wells that are in-
4 active (as so defined); and

5 “(III) to coordinate and process
6 environmental and cultural resource
7 reviews applicable to oil and gas ac-
8 tivities under this Act; and

9 “(ii) the remaining amounts for the
10 coordination and processing of oil and gas
11 use authorizations on onshore Federal and
12 Indian trust mineral estate land.”.

13 **SEC. 302. REGULATIONS.**

14 (a) **IN GENERAL.**—Not later than 1 year after the
15 date of enactment of this Act, the Secretary and the Sec-
16 retary of Agriculture, acting in coordination, shall concur-
17 rently promulgate regulations to implement this Act and
18 the amendments made by this Act.

19 (b) **EFFECT ON FUNDING.**—The funds made avail-
20 able pursuant to subsection (q)(9) of section 17 of the
21 Mineral Leasing Act (30 U.S.C. 226) (as added by section
22 101(a)) shall be disbursed and expended in accordance
23 with applicable interim guidance pending completion of
24 the rulemaking required under subsection (a).

○