

PLUGGING AWAY:

THE REGROW ACT AND ITS IMPLEMENTATION

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REGROW ACT: BACKGROUND

- Began as an idea for stimulus/jobs creation early in the pandemic
- Never picked up in first COVID relief packages but was introduced as a stand-alone bill
- Multiple versions introduced in the House and related bills have been introduced in the Senate
 - Senate version was mostly bipartisan, avoiding issues such as, mandated bonding reform and methane rules
- The Senate version was incorporated substantially the same in the Infrastructure Investment and Jobs Act, commonly referred to as the Bipartisan Infrastructure Legislation (BIL).
- BIL passed the Senate on August 10th by a vote of 69-30
- House was set to vote on the legislation on Sept. 27th Did it happen?

REGROW ACT: WHAT'S IN IT

- Funding for plugging wells on federal lands
- Funding for plugging wells on tribal lands
- Grants to States: Funding for plugging wells on state and private lands
 - Initial Grants
 - Formula Grants
 - Performance Grants
- State grants for plugging and remediation of orphaned wells
- Grants flow to states to work under the state's existing well plugging program
- Up to 10% of Grants can be used for administrative or related costs

STATE GRANTS EXPLAINED

- Initial Grants: 90-day obligation window to quickly implement plugging and remediation of orphaned wells and spur job creation in oil patch
- Formula Grants: Longer time horizon to do the same type of work as envisioned initial grants
- Performance Grants
 - Regulatory Improvement Grants
 - Up to \$20M for strengthening of plugging standards and procedures
 - Up to \$20M for policies to reduce future orphan wells
 - Matching Grants
 - Up to \$30M for demonstrated increase in state spending on plugging and reclamation activities
- Performance Grants requirements can be met after enactment or up to 10 years prior to enactment

IMPLEMENTATION TIMELINES: QUICK TURNAROUND

- 45 days after enactment: States submit written intent to participate in formula grants to the Secretary of Interior with information concerning number of orphaned wells and job losses in oil and gas sector
- 75 days after enactment: Deadline for Secretary to publish formula for these grants
- 180 days after enactment: Deadline for submission for \$25M initial grants
 - Certify IOGCC membership, has at least one orphan well, will obligate 90% of funds within 90 days

IMPLEMENTATION TIMELINES: ONGOING

- **Appropriations remain available until September 30, 2030**
- \$5M Initial Grants
 - Certification that state has a program or the capacity to develop one, or
 - Will use funds to develop a grant application
- Formula Grants
- Performance Grants

HOW MUCH IS IN EACH PROVISION

- \$250M for Federal Program
- \$775M for State Initial Grants
- \$2B for State Formula Grants
- \$1.5B for State Performance Grants
- \$150M for Tribal Program
- \$30M for DOE for R& D on Well Plugging
- \$2M for Cooperative Agreement with IOGCC to provide technical and other assistance

CONTRACTING CONSIDERATIONS

- Initial grants require obligation within 90 days of receipt
 - No timeline beyond 10-year horizon on actual spending
- 180 days to apply plus up to 30 days to receive money. 300 days or less from enactment before obligation required
- Umbrella Contracts
 - Every state is different, but use of open-ended contracts with a cadre of qualified contractors could help meet deadlines
- Need to be ready to bid contracts immediately

WHAT WE DON'T KNOW YET

- How active will DOI be?
 - Legislative text is clear the Secretary shall issue these grants
 - DOI will still want their fingerprints on the process
 - How will DOI disperse funds?
- Will DOI meet deadlines?
- Will DOI/Tribes contract with states to conduct any portion of their plugging activities?

QUESTIONS?

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