



Protecting Taxpayers and Communities from Orphaned Oil and Gas Wells on Public Lands



The Bureau of Land Management's (BLM's) recently updated oil and gas leasing regulations increased bonding amounts for oil and gas wells for the first time in more than 50 years, an important change to ensure taxpayers do not end up footing the bill to plug and reclaim wells on public lands. There are currently thousands of oil and gas wells on Federal land that are not producing energy and can pose health and safety risks to communities and wildlife and financial risks to the American taxpayer.

The BLM is responsible for ensuring that these wells are reclaimed and takes steps to reduce the potential liability they pose to communities, wildlife, and taxpayers by addressing all stages of a well once it has stopped producing: shut-in wells, temporarily abandoned wells, idled wells, and orphaned wells. Once wells are no longer in production, they can pose risks to local communities and the environment from leaks and emissions, as well as a risk to taxpayers who can bear the ultimate costs of reclamation. There are about 8,500 wells classified as idled on BLM-managed Federal lands, meaning they have not been in production for 4 years. The BLM oversaw plugging of more than 1,500 wells in 2023.

It can take many years for a well to be formally classified as "orphaned" and thousands of idled wells, as well as the many more shut-in and temporarily abandoned wells, require vigilance and intervention. Both the Government Accountability Office (in a [2011 report](#)) and the Office of Inspector General (in a [2018 report](#)) have found that thousands of idled wells pose a risk of becoming orphaned and recommended that the BLM address these potential liabilities.

The following is an explanation of the various stages of wells that are no longer in production.

Temporarily Abandoned and Shut-In Wells

- Shut-in wells are defined in the BLM's recently updated oil and gas regulations as nonoperational wells that can physically and mechanically operate by opening valves or activating existing equipment. Operators must provide notice if a well is shut-in for 90 or more consecutive days.
- Temporarily abandoned wells are defined in the BLM's recently updated oil and gas regulations as nonoperational wells that are not physically or mechanically capable of production or injection without additional equipment or without servicing the well, but that may have future beneficial use. Operators must receive prior approval for any well temporarily abandoned for more than 30 days and for any delays in permanently abandoning the well for more than 1 year.
- Both shut-in and temporarily abandoned wells are generally expected to be permanently abandoned if they do not resume production within 4 years and are subject to mechanical integrity tests after 3 years to reduce risks to other natural resources and communities.
- The BLM will review notifications to confirm the appropriate status of these wells.
- Shut-in and temporarily abandoned wells may become idled wells.

Idled Wells

- Idled wells are defined by Section 40601 of the Infrastructure Investment and Jobs Act (commonly referred to as the Bipartisan Infrastructure Law (BIL)) as a well that has been nonoperational for not fewer than 4 years and for which there is no anticipated beneficial future use.
- Section 40601 of BIL requires the Secretary of the Interior, through the BLM Director, to periodically review all idled wells on Federal land and reduce the inventory of idled wells on Federal land.
- Federal lands for the interpretation of BIL are lands with a Federal interest in either the surface estate, mineral estate, or both. The BLM manages oil and gas wells in Federal mineral estate. Other Federal agencies manage wells that are on Federal surface estate but non-Federal mineral estate.
- Section 40601 of BIL modified the Energy Policy Act of 2005 by reducing the time period for idled wells from 7 years nonoperational to 4 years nonoperational.
- As of May 19, 2024, there are approximately 9,781 idled wells (8,508 Federal and 1,273 Tribal land).
- The BLM is actively managing idled wells. During the first two quarters of FY 2024, about 670 wells were removed from the idled well list as they were either plugged (approximately 420) or returned to production. During that same period, 604 wells were added to the list as those wells became nonoperational for 4 years.
- [Instruction Memorandum 2020-006](#), "Idled Well Reviews and Data Entry," describes the BLM's current policy on managing idled wells with the exception that 7 years is replaced with 4 years in the document.
- The Government Accountability Office (GAO) and the Office of Inspector General have found that thousands of idled wells are at risk of becoming orphaned. The GAO's finding that the vast majority of bonds that it reviewed were insufficient to reclaim wells led in part to the BLM's recent increase in bonding amounts through the oil and gas leasing rule.

Orphaned Wells

- Orphaned wells on Federal Lands are defined by Section 40601 of BIL as a well that is not used for an authorized purpose, such as production, injection, or monitoring; and for which no operator can be located; [or] the operator of which is unable to plug the well; and to remediate and reclaim the well site; or that is located within the National Petroleum Reserve–Alaska.
- Section 40601 of BIL provides up to \$250 million to plug and reclaim Federal orphaned wells.
- The BLM holds parties responsible for plugging and reclaiming wells from the time the well is drilled until the well is plugged and the lands reclaimed. When an entity transfers their lease rights, they remain liable for plugging and reclaiming wells that existed at the time of the transfer.
- Entities that fail to plug and reclaim their wells are placed on the list of entities in noncompliance and are prohibited from obtaining new leases or rights in existing leases until they have fulfilled their obligations and are removed from the noncompliance list.
- [Instruction Memorandum 2021-039](#), "Orphaned Well Identification, Prioritization, and Plugging and Reclamation," describes the BLM's process for pursuing responsible parties and determining when a well becomes orphaned in Federal minerals.

Reclamation Bonds

- As a final safeguard, in the recent updates to the oil and gas regulations, the BLM has increased minimum bonding rates to ensure that if the BLM must rely on a bond to reclaim wells, the funds are more likely to be adequate.
- For an individual lease, the minimum bond amount is \$150,000.
- For a statewide bond, the minimum bond amount is \$500,000.
- [Instruction Memorandum 2024-014](#), "Oil and Gas Bonds Adequacy Reviews," describes the BLM's process for evaluating adequacy of bonds and adjusting them to address higher risks.

