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DNR Awards First IIJA Orphaned Well Contracts

First two contractors named for IIJA Initial Grant that gives Louisiana one year to obligate \$25 million

BATON ROUGE – The Louisiana Department of Natural Resources (DNR) announced today that the first two contracts have been awarded on orphaned well projects in the state using federal funding from the Infrastructure Investment and Jobs Act (IIJA) of 2021.

DNR has selected Dynamic Group, LLC for LDNR Project No. 431-PA23-001, focused primarily in Monroe Conservation District; and has selected Lemoine Disaster Recovery, LLC for LDNR Project No. 431-PA23-002, focused primarily in Shreveport Conservation District, following a competitive Request for Qualification (RFQ) process to determine which companies applying for the work scored highest before a DNR-appointed review committee. The initial packages targeted areas of North Louisiana, where well populations and numbers of orphaned well sites are denser.

The U.S. Department of the Interior (DOI) is providing the IIJA funding, having awarded Louisiana a \$25-million Initial Grant to address orphaned wells in the state that became eligible for expenditure on October 1. The IIJA funding is being administered by the DOI as part of an overall \$1.15 billion announced last January for states to plug and remediate orphaned wells. DOI has indicated states will receive additional phases of funding in coming months.

For this \$25 million Initial Grant, in addition to the work of plugging orphaned wells, DNR plans to use the funding to establish systems and protocols surrounding elements recommended by DOI - including establishing or revising protocols and programs for methane and water quality testing and monitoring; addressing disproportionate impacts to disadvantaged communities from orphaned wells; and creating jobs to restore oilfield sites. The Initial Grant requires participating states to obligate 90 percent of the funding to be under contract within 90 days of initial receipt and 100 percent to be obligated within one year from the initial Oct. 1 start date.

“We have a tight timeline to get a lot of work done in the next year plus, so we wanted to hit the ground running and have contractors ready to get to work on helping deal with our orphaned well sites,” DNR Secretary Tom Harris said. “Our goal is to see at least double the number of orphaned well sites addressed this year with the help of the IIJA funding. That does not solve all of our orphaned well issues, but it gives us some real momentum in our efforts to get that orphaned well population reduced.”

Orphaned well sites in Louisiana are wells designated by the Office of Conservation as not having a responsive operator, either due to the operator going out of business or being unable or unwilling to maintain their sites in compliance with state regulations. Louisiana’s orphaned well count is at about 4,500 sites, accelerated by downturns in the prices of oil and gas prior to 2022 that put financial strains on oil and gas companies and their ability to maintain their sites or their businesses.

The IIJA funding is in addition to, and independent from, the funding the state already receives from oil and gas producer fees to plug orphaned well sites through the state Oilfield Site Restoration (OSR) Program. OSR receives about \$10 million a year in funding currently, and plugs 120 to 200 wells per year, depending on conditions and complexity of plugging operations.

Orphaned well sites initially planned to be addressed with these contracts and future contracts under the Initial Grant are primarily located in north Louisiana, with a smaller number of well sites located in south Louisiana, as north Louisiana offers both greater concentrations of orphaned wells. The Office of Conservation’s Shreveport and Monroe districts are the site of more than 3,100 of the state’s nearly 4,500 current orphaned well sites.

Contractors interested in future contracts, as well as the general public interested in progress of the IIJA initiatives, can visit <http://www.dnr.louisiana.gov/index.cfm/page/1622> to get the latest updates and information on DOI guidance, DNR activity and IIJA orphaned well projects in Louisiana.

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