

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE SECRETARY

July 1, 2022

Secretary Deb Haaland
U.S. Department of Interior

Emailed to orphanedwells@ios.doi.gov

Dear Secretary Haaland,

Please find below and attached the additional information your Department has requested concerning Louisiana's application for the \$25 million initial grant of section 40601 (Orphaned Well Site Plugging, Remediation, and Restoration) of the Infrastructure Investment and Jobs Act.

Attached is a detailed budget supporting and justifying the \$25 million requested along with a revised SF-424-A. It should be noted that approximately \$22 million of the \$25 million grant is to be contracted through a Construction Manager at Risk ("CMAR") procurement method that includes a detailed design phase to provide more detailed scoping and planning of the work to be performed. Through this design phase, specific project data as to the number of sites to be addressed and a per-site cost breakdown will be ironed out. Further, since pre-award costs are not reimbursable Louisiana has been unable to commence this work to date. Therefore, all information provided herein and in the attachments are subject to change and further revision.

A breakdown of Administrative Costs and Project Costs is included in the detailed budget attached. Again, this information is subject to change and further revision.

Finally, a list of orphaned wells from which those wells to be plugged under the CMAR contracts will be selected is attached. Consistent with your Department's guidance, we are coordinating with U.S. Fish & Wildlife Services to include approximately 150 orphaned wells located on federal property to be addressed under the same CMAR procurements but utilizing separate federal orphaned well funding. These federal wells are included in the attached well list.

We plan to develop through the CMAR design phase a more accurate estimate of the number of orphaned wells to be plugged utilizing initial grant funding. We are only able to provide a range of the potential number of orphaned wells that can be funded by the initial grant at this time. This is due to the many remaining areas of uncertainty, which include, but are not limited to: 1) the specific work and related cost to perform both the methane and water quality sampling and

monitoring, 2) the cost to survey and address impacts to disadvantaged communities from orphaned well sites, 3) site-specific variation, 4) labor, equipment, and materials availability, 5) the impact of inflation on projected costs, and 6) unforeseen weather and other natural obstacles. With all of this in mind, Louisiana currently plans to plug as many wells on the attached list as possible given the available funds and deadlines. The total number of wells to be plugged utilizing initial grant funding will be somewhere between 250 and 900 orphaned wells.

Thank you again, Secretary Haaland, for you and your staff's diligent work in processing our application. Please do not hesitate to reach out with any additional questions or requests.

Yours very truly,



Thomas F. Harris
Secretary

Attachments

cc: Matthew D. Reichert, U.S. DOI – Acquisition Services Directorate
Richard Ieyoub, Commissioner of Conservation
Mark Brady, LDNR Undersecretary
John Adams, Assistant Commissioner of Conservation
Roby Fulkerson, Louisiana Oilfield Site Restoration Program

DETAILED BUDGET

<u>Activity Description</u>	<u>Cost Est.</u>	<u>Admin. Est. Cost</u>	<u>Proj. Est. Cost</u>
Orphaned well site plugging, restoration, & environmental sampling ¹	\$21,970,000	-	\$21,970,000
Orphaned Well study Total ²	\$985,000	\$455,000	\$530,000
Field-work subcategory	\$530,000	-	\$530,000
Analysis subcategory	\$455,000	\$455,000	
Program oversight costs Total ³	\$2,034,500	\$2,034,500	
Salaries subcategory	\$837,500	\$837,500	-
Benefits subcategory	\$333,300	\$333,300	-
Contract Services subcategory	\$863,700	\$863,700	-
Other (travel & outreach) ⁴	\$10,500	\$10,500	-
TOTAL	\$25,000,000	\$2,500,000	\$22,500,000

¹ This includes the cost of plugging orphaned wells, removal of associated equipment and facilities, restoration of the orphaned well sites, pre & post plugging methane sampling, pre & post plugging water quality sampling, surveys of and addressing impacts to nearby disadvantaged communities, and associated data collection and reporting.

² This includes both field work and analysis of orphaned wells throughout the State, including identifying undocumented orphaned well liabilities and methane emissions to help LDNR establish protocols for prioritizing methane emissions as part of future orphaned well grant projects.

³ This includes both staff and contractor costs associated with overseeing the Initial Grant program, including site inspections, contract oversight, reporting, auditing functions, and program-wide creation and implementation of protocols and policies for both required and recommended aspects of the Initial Grant program.

⁴ In addition to travel costs for staff related to the Initial Grant program this includes costs associated with outreach to members of local communities, local government, and potential contractors and workers.