

**Phase 1 Formula Grant
Work Plan/Proposal**

1. Description of the State program for orphaned well plugging, remediation, and restoration, including legal authorities, processes the State currently uses to identify and prioritize orphaned wells, procurement mechanisms, and other program elements demonstrating the readiness of the State to carry out proposed activities using the grant, including summary descriptions of:

a. The State's plugging standards, including the witnessing requirements (qualifications of witnesses, documentation);

North Dakota Administrative Code (NDAC) 43-02-03-34. METHOD OF PLUGGING. All wells shall be plugged in a manner which will confine permanently all oil, gas, and water in the separate strata originally containing them. This operation shall be accomplished by the use of mud-laden fluid, cement, and plugs, used singly or in combination as may be approved by the director. All casing strings shall be cut off at least three feet [91.44 centimeters] below the final surface contour, and a cap with file number shall be welded thereon. Core or Stratigraphic test holes drilled to or below sands containing freshwater shall be plugged in accordance with the applicable provisions recited above.

Placement of cement and mechanical plugs is witnessed by North Dakota Industrial Commission (NDIC) staff.

b. How salvaged material and equipment will be reused, recycled, or sold for scrap (with any resulting income reported to DOI and incorporated into the grant budget for eligible activities upon approval by DOI);

Plugging bids provide for the bidder to partially offset the cost of plugging in exchange for the downhole equipment once the work is done. The downhole equipment is salvaged during the plugging operation is recorded and the volume tracked. This allows the NDIC to expend less grant funds on each plugging and allows for more wells to be plugged. The reclamation bids provide for the bidder to partially offset the cost of site reclamation in exchange for the surface equipment to allow for more sites to be reclaimed. If the plugging or reclaim bid winners do not want the equipment the NDIC will have the equipment recorded and sold at auction. The revenue from the sale will then be added to the Formula Grant program funds to allow more Formula Grant plugging and reclamation work in the state.

c. The State's authorities to enter private property, or a State's procedures to obtain landowner consent to enter such property, and in the event that any

wells to be plugged will be accessed from Federal or Tribal land, how the State will gain access;

NDAC 43-02-03-14 ACCESS TO SITES AND RECORDS authorizes the commission, director, and their representatives to access the locations.

2. Description of how the State will prioritize (i.e., rank for remediation activity) orphaned wells based on threats to public health and safety, environmental harm – particularly harms due to methane emissions – and other land use priorities, including the remediation of hazardous sites in overburdened and underserved communities.

Public health and safety, potential environmental risk, land use, geography, weather, time of year, cost.

3. Description of the details of each activity to be carried out with the grant, including a preliminary work schedule covering the period of performance of the Formula grant and an identification of the estimated health, safety, habitat, and environmental benefits of plugging, remediating, or reclaiming orphaned wells. Each activity must include a schedule and resources needed for getting the work completed, which must cover the entire project period.

Once the grant funds are received, well plugging will be bid in packages of approximately 10-20 wells. As wells are plugged, surface equipment demolition will be bid in packages of approximately 10 wells. As surface equipment demolition is completed, site reclamation contracts will be bid. Successful bidders will be required to submit reclamation plans for approval by the state and, when appropriate, federal agencies. Reclamation of the well site(s) will then proceed in a manner that restores locations back to as close to original condition as practicable. Legacy brine contamination site remediation will be bid in packages of approximately 10 wells. Following site reclamation, the NDIC will conduct a site inspection(s) to determine if any additional emissions or water pollution remediation is needed.

4. Description of proposed performance goals including a schedule of milestones for completing the activities of (3) above and to achieve the objectives of the workplan. Progress goals will be determined for each bid package based upon the work that is to be done and the complexity of the job. Plugging contracts are normally completed within a few months but reclaim and restoration projects can take longer due to contractor equipment and staff availability. The state meets regularly with each winning bidder to ensure they understand the timing and expected goals of the work to be completed.

The bid contracts contain language to ensure the state is covered should the contractor not perform the work in the anticipated time frame. A detailed schedule will be put together and provided with the required federal updates as bids are finalized.

5. Description of how the information regarding the activities of the State under this grant will be made available on a public website.

As the grant program work is carried out updates will be posted to the Department of Mineral Resources (DMR) website to allow the public to follow progress and or schedule changes.

6. Description of the process the state follows to identify and pursue all potentially responsible parties that may be legally liable for plugging, remediating, or restoring orphaned wells in the state.

North Dakota Century Code (NDCC) 38-08-04.8 states:

If the commission, its agents, employees, or contractors, plugs or replugs a well or reclaims a well site, pipeline facility, production facility, saltwater handling facility, or treating plant under the provisions of sections 38-08-04.4, 38-08-04.5, 38-08-04.7, 38-08-04.8, 38-08-04.9, and 38-08-04.10, the state has a cause of action for all reasonable expenses incurred in the plugging, replugging, or reclamation against the operator at the time the well is required to be plugged and the well or facility is required to be abandoned or any or all persons who own a working interest in the well, pipeline facility, production facility, saltwater handling facility, or treating plant at the time the well is required to be plugged and the well, pipeline facility, production facility, saltwater handling facility, or treating plant abandoned as a result of the ownership of a lease or mineral interest in the property on which the well, pipeline facility, production facility, saltwater handling facility, or treating plant is located. The term "working interest owner" does not mean a royalty owner or an overriding royalty interest owner. The commission shall seek reimbursement for all reasonable expenses incurred in plugging any well or reclaiming any well site, pipeline facility, production facility, saltwater handling facility, or treating plant through an action instituted by the attorney general. The liability of any working interest owner under this section shall be limited to that proportion of the reasonable expenses incurred by the commission that the interest of any such working interest owner bears to the entire working interest in the well. Any money collected in a suit under this section must be deposited in the state abandoned oil and gas well plugging and site reclamation fund. Any suit brought by the commission for reimbursement under this section may be brought in the district court for Burleigh County, the county in which the plugged well or reclaimed well site, pipeline facility, production facility, saltwater handling facility, or treating plant is located, or the county in which any defendant resides.

NDCC 38-08-04.9 states:

When the commission intends to exercise or has exercised its right to plug a well or reclaim a well site, pipeline facility, production facility, saltwater handling facility, or treating plant, the commission, as compensation for its costs, may confiscate any

equipment and salable oil at the well site, pipeline facility, production facility, saltwater handling facility, or treating plant. The equipment subject to confiscation is limited to that owned by the operator, former operator, or working interest owner. If the commission exercises its authority under this section and there is salable oil at the well site, that oil must be confiscated. The commission shall pay the mineral owners the royalty interest in the oil confiscated at the well site. In determining the mineral owners and their royalty interests, the commission may rely upon the most recent division order it is able to obtain. If one is unavailable or the commission finds the order unreliable, the commission may rely upon any other source of information the commission deems reasonable to determine and pay mineral owners. A confiscation must be by an order of the commission after notice and hearing. A confiscation order transfers title to the commission.

7. Estimate that the Department acknowledges is a snapshot in time and subject to change as circumstances on the ground dictate, of the number of orphaned wells or sites, categorized by the region in the State that the State forecasts may be plugged, remediated, or reclaimed using Phase 1 formula grant funds.
46 wells to plug; 116 sites to reclaim; and 271 brine contamination sites to remediate
8. Estimate that the Department acknowledges is a snapshot in time and subject to change as circumstances on the ground dictate, of the projected cost, including the basis of estimates of:
 - a. Plugging, remediating, or reclaiming orphaned wells: \$20.99 million
 - b. Remediating or reclaiming adjacent land: \$75.6 million
 - c. Decommissioning or removing associated pipelines, facilities, and infrastructure: \$1 million
9. Estimate that the Department acknowledges is a snapshot in time and subject to change as circumstances on the ground dictate, of the amount of that projected cost that will be offset by the forfeiture of financial assurance instruments, the estimated salvage of well site equipment, or other proceeds from the orphaned wells and adjacent land: \$300,000
10. Estimate that the Department acknowledges is a snapshot in time and subject to change as circumstances on the ground dictate, of the number of jobs that will be created or saved through the activities to be funded under this grant and the assumptions and methodology to develop the estimate.
AG Witt provide the number of jobs for each plugging and each reclamation in initial grant program.
Terracon provide the number of jobs for remediating a brine contaminated site.
Scale those tot eh work plan.

11. Estimate that the Department acknowledges is a snapshot in time and subject to change as circumstances on the ground dictate, to the extent possible, the miles and diameter(s) of associated pipelines and number and description of associated facilities and infrastructure assets that will be decommissioned or removed.

10 miles of pipelines between 3” and 2” in diameter.

12. If practical, the latitude/longitude, type of well, the well ID (API number), surface ownership, and mineral ownership for those wells that are likely to be plugged, remediated, or reclaimed.

Latitude and longitude as well as legal location of wells is provided on the DMR website along with US Well ID/API, Well Name, Well Type, Producing Geologic Formations, State, County, Horizontal Datum, Date Restoration Complete, Well Status,

13. The definitions and processes used by the State to formally identify a well as - an orphaned well; or if the State uses different terminology, otherwise eligible for plugging, remediation, and reclamation by the State.

NDCC 38-08-04.4 states in part:

1. The person or company drilling or operating the well or equipment cannot be found, has no assets with which to properly plug or replug the well or reclaim the site, cannot be legally required to plug or replug the well or to reclaim the site, pipeline, or associated pipeline facility, or damage is the result of an illegal dumping incident.

2. There is no bond covering the well to be plugged or the site to be reclaimed or there is a bond but the cost of plugging or replugging the well or reclaiming the site, pipeline, or associated pipeline facility exceeds the amount of the bond or damage is the result of an illegal dumping incident.

3. The well, equipment, pipeline, or associated pipeline facility is leaking or likely to leak oil, gas, or saltwater or is likely to cause a serious threat of pollution or injury to the public health or safety.

NDCC 38-08-04(12) states in part:

After a well has been in abandoned-well status for one year, the single-well bond referred to above, or any other bond covering the well if the single-well bond has not been obtained, is subject to forfeiture by the commission.

14. Detail how the State will identify and prioritize the highest methane emitters and how the State will identify and prioritize well plugging and site reclamation that are intended to address disproportionate burdens of adverse human health or environmental impacts of orphaned wells on communities of color, low-income communities, and Tribal and indigenous communities. Consistent with Sec. 40601(c)(2)(A)(viii), States will identify and factor into their project prioritizations orphaned wells within 0.5 miles of communities of color, low-income communities, and Tribal and Indigenous communities. Identification of such communities will utilize established tools, such as CEJST. Decision points and underlying

assumptions, such as the number and type of environmental indicators, must be described in the application.

Plan to use the U.S. Department of Interior screening tool (geoplatform.gov) along with ND Career and Technical education programs.

15. Detail the methodology, including field indicators, sampling, and modeling approaches, to be used by the State to measure and track contamination of groundwater and surface water associated with orphaned wells, including how the State will assess the effectiveness of plugging activities in reducing or eliminating such contamination.

Surface casing and cement integrity is evaluated during well plugging operations by a pressure test. A successful pressure test confirms no ground water contamination has occurred. A pressure test failure will result in detailed testing to determine the depth and extent of contamination as well as the appropriate remediation.

State plugging standards require a cement plug below the deepest USDW, at the base of the surface casing, and at the surface to prevent future ground water or surface water contamination.

16. Detail methods to be used to decommission or remove associated pipelines, facilities, and infrastructure and to remediate soil and restore habitat that has been degraded due to the presence of orphaned wells and associated infrastructure, including a description of how salvaged material and equipment will be reused, recycled, or sold for scrap (with any resulting income reported to DOI).

Equipment will be cleaned with fluids and solids removed to class II injection or a special waste landfill. Equipment is sold for salvage, or if contaminated, removed to an approved special waste disposal facility. Pipelines will either be removed or flushed with fresh water until clean with recovered fluids and solids removed to class II injection or a special waste landfill. Soil will be remediated to established DMR standards and then revegetated.

17. Detail methods the State will use to solicit recommendations from local officials and the public regarding the prioritization of well plugging and site remediation activities, and any other processes the State will use to solicit feedback on the program from local governments and the public.

A public hearing at which the public can comment is required prior to well and equipment confiscation by the state. Reclamation plans are provided to landowners for comment prior to reclamation operations.

18. Detail how the State will use funding to locate currently undocumented orphaned wells.

The NDIC will rely primarily on citizen input along with new methods developed under the DOE grant program for identification of undocumented orphaned wells.

19. Detail plans the State has to engage third parties in partnerships around well plugging and site remediation, or any existing similar partnerships the State currently belongs to.

NDIC will review all appropriate partnerships and when it deems one to be a benefit it will work with those parties.

20. Detail plans the State has to support opportunities for all workers and vendors, including workers underrepresented in well plugging or site remediation, workers in traditional energy communities impacted by changing markets and technology, and workers from underserved communities to be trained and placed in good-paying jobs directly related to the project, including through workforce development programs and incorporating workforce strategies into project development.

North Dakota Career and Technical education programs

21. Describe the training programs, including pre-apprenticeships, registered apprenticeships, local and economic hire agreements for workers, and engagement with relevant labor unions with which the State intends to conduct outreach, partner, or fund in well plugging or site remediation.

NDIC has access to training programs through Career and Technical Education programs, Train ND, and with the ND Petroleum Council's One Basin One Way program for safety training.

22. Describe the plans the State may or may not have to use procurement processes that incentivize contractors to hire current or former employees of the oil and gas industry.

NDIC follows a standard bidding process for all work to be done in accordance with the state laws.

23. Describe whether the State plans to bundle and aggregate projects into larger state-wide or regional contracts as part of their procurement processes.

NDIC will not bundle with other projects unless the project meets the states goals for the grant.

24. Describe whether the State plans to support safe, equitable, and fair labor practices by adopting, requiring, or encouraging contractors to adopt collective bargaining agreements, local hiring provisions, project labor agreements, and community benefits agreements.

Contractors will be required to follow federal Davis-Bacon requirements by ensuring the state contracted administrative organization has knowledge in the matter and conducts training with the winning contractors. ND contract law associated with this grant will be followed as required.

25. Describe whether, and if so, how, the State plans to use a program to help determine if a contractor is “responsible,” such as a responsible contractor ordinance, pre-qualification requirements or similar programs.

The winning bidder for plugging and reclamation work will be required to meet the requirements stated in the bid contract and have insurance for liability of work.

26. Describe procedures the State will use to coordinate with Federal or Tribal agencies to determine whether efficiencies may exist by combining field survey, plugging, or surface remediation work across private, State, Federal, and Tribal land.

NDIC developed coordination procedures during the CARES Act orphan well project. This project will require a joint effort between private service companies, state government, and appropriate federal agencies.

27. Describe a plan to monitor the reclaimed locations to ensure remediation and reclamation success. Such plan should include methodology and chronology of monitoring, data collection, and a plan for additional reclamation should the initial attempt be unsuccessful, and the activities outlined in the plan should be incorporated into the preliminary work schedule required in section IV.C.v.(a)3.

NDIC plans to monitor sites yearly by visiting each site and monitoring plant growth. If the sites have areas of concern soil tests will be done to determine what remedial work will be needed for a successful outcome. Contamination, soil compaction, and poor soil quality are common issues with reclamation in ND.

28. If applicable, a federally approved Indirect Cost Rate Agreement or statement regarding the State’s intention to negotiate or utilize the de minimis rate.

NDIC will use the de minimis rate (10%) regarding indirect costs.

29. Conflict of interest disclosure.

NDIC does not have any actual or potential conflict-of-interest existing at the time of grant submission.

30. Single Audit Reporting Statement

ND Single Audit Reports are conducted biennially under the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Uniform Guidance, Audits of States, Local Governments, and Non-profit Organizations. The most recent reports can be found at:

<https://www.nd.gov/auditor/state-government-audit-reports/state-north-dakota-single-audit>