To amend the Mineral Leasing Act to ensure sufficient bonding and complete and timely reclamation of land and water disturbed by Federal and Indian oil and gas production, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BENNET introduced the following bill; which was read twice and referred to the Committee on __________

A BILL

To amend the Mineral Leasing Act to ensure sufficient bonding and complete and timely reclamation of land and water disturbed by Federal and Indian oil and gas production, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Oil and Gas Bonding Reform and Orphaned Well Remediation Act”.

(b) Table of Contents.—The table of contents of this Act is as follows:
1 SEC. 2. FINDINGS.

Congress finds that—

(1) according to the Interstate Oil and Gas Compact Commission, there are in existence not fewer than 56,600 orphaned well sites, and as many as 746,000 undocumented orphaned well sites, across the United States on Federal, State, Tribal, and private land;

(2) (A) orphaned well sites—

(i) pose significant public health, safety, and environmental risks; and

(ii) should be remediated; but

(B) there are no identified responsible parties to provide for the remediation of those sites;

(3) it is reasonable for the Federal Government—

(A) to provide financial resources to States and Indian Tribes to rectify the long-term pub-
lic health, safety, and environmental risks described in paragraph (2)(A)(i);

(B) to support the creation of jobs relating to the remediation and reclamation of orphaned well sites; and

(C) to update policies to ensure that wells are not orphaned in the future;

(4) under the Mineral Leasing Act (30 U.S.C. 181 et seq.), the Secretary of the Interior (referred to in this Act as the “Secretary”) is required—

(A) to ensure the complete and timely reclamation of all Federal onshore oil and gas lease tracts; and

(B) to secure financial assurances in the form of bonds, sureties, or other approved financial arrangements for remediation, reclamation, and well closure;

(5) with respect to the Federal onshore oil and gas leasing program, the Secretary—

(A) is required—

(i) regularly to review existing onshore oil and gas financial assurances; and

(ii) to increase the amount of those assurances, as necessary; but
(B) in practice, often fails to carry out the activities described in subparagraph (A);

(6) the Secretary—

(A) implements well and financial assurance adequacy review policies inconsistently across field offices of the Department of the Interior;

(B) has failed to track systematically data relating to potential liabilities and the adequacy of financial assurances; and

(C) does not maintain information relating to actual reclamation costs incurred for inactive, orphaned, or inadequately reclaimed wells and lease tracts;

(7) due to the shortcomings in the required minimum financial assurance amounts and the ineffectiveness of the Secretary in tracking and reviewing those financial assurances, the cost of reclaiming existing Federal onshore oil and gas wells and lease tracts far exceeds the amounts posted as financial assurance; and

(8) the inadequacy of the Secretary in the administration of financial assurances for Federal onshore oil and gas activities—
(A) poses a threat to land, water, and other resources; and

(B) is a major financial liability to the tax-payers of the United States, who are often responsible for the costs of reclaiming onshore oil and gas wells and lease tracts that are inactive, orphaned, or inadequately reclaimed by lessees.

**TITLE I—ORPHANED WELL REMEDIATION**

**SEC. 101. ORPHANED WELL REMEDIATION PROGRAM.**

(a) In General.—Section 17 of the Mineral Leasing Act (30 U.S.C. 226) is amended by adding at the end the following:

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"(q) Orphaned Well Remediation Program.—

"(1) Definitions.—In this subsection:

"(A) Inactive.—The term ‘inactive’, with respect to a well under an oil or gas lease issued under this Act, has the meaning given the term in subsection (g)(1).

"(B) Orphaned.—The term ‘orphaned’, with respect to a well or well site under an oil or gas lease issued under this Act, means that the owner or operator of the well or well site—

"(i) cannot be located; or
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“(ii) is unable to plug and abandon
the well.

“(C) RESPONSIBLE PARTY.—The term ‘re-
sponsible party’, with respect to a well under a
lease issued under this Act, has the meaning
given the term in subsection (g)(1).

“(D) SECRETARY.—The term ‘Secretary’
means the Secretary of the Interior.

“(2) ESTABLISHMENT.—Not later than 90 days
after the date of enactment of this subsection, the
Secretary shall establish, in accordance with this
subsection—

“(A) in cooperation with the Secretary of
Agriculture, a program to remediate, reclaim,
and close orphaned oil and gas wells and well
sites located on land administered by the land
management agencies of the Department of the
Interior and the Department of Agriculture, re-
spectively; and

“(B) a program under which the Secretary
shall distribute 75 percent of the amounts made
available under paragraph (9) to States and In-
dian tribes that have submitted to the Secretary
an application to remediate, reclaim, and close
orphaned oil and gas wells and well sites on
land under the jurisdiction of the States and Indian tribes.

“(3) ACTIVITIES.—The programs established under paragraph (2) shall—

“(A) use existing and updated inventories of orphaned well sites to establish priority for the distribution of funds under the programs for activities, including—

“(i) remediating, reclaiming, and closing orphaned wells and well sites;

“(ii) remediating and reclaiming related well pads;

“(iii) reclaiming related access roads; and

“(iv) restoring land, water, and habitat impacted by orphaned wells and the prior operation of the wells;

“(B) provide a public accounting of the costs of remediation, reclamation, and closure for each applicable orphaned oil or gas well and well site; and

“(C) after remediation, reclamation, and closure of an orphaned well or well site, seek—

“(i) to determine the identity, if unknown, of any potential responsible party
associated with the orphaned well or well site, or a surety or guarantor of such a responsible party, to the extent such information can be ascertained; and

“(ii) to obtain from responsible parties reimbursement for applicable expenditures, to the maximum extent practicable.

“(4) Cooperation and consultation.—In carrying out the programs established under paragraph (2), the Secretary shall—

“(A) work cooperatively with—

“(i) the Secretary of Agriculture; and

“(ii) each State, local government, and Indian tribe within the jurisdiction of which an orphaned well site on Federal land is located; and

“(B) consult with—

“(i) affected States, local governments, and Indian tribes;

“(ii) the Secretary of Energy; and

“(iii) the Interstate Oil and Gas Compact Commission.

“(5) Report to Congress.—Not later than 1 year after the date of enactment of this subsection, and not less frequently than once every 2 years
thereafter, the Secretary, in cooperation with the
Secretary of Agriculture and in consultation with af-
fected States and Indian tribes, shall submit to Con-
gress a report describing the expenditures under,
and the progress and achievements of, the programs
established under paragraph (2).

“(6) USE OF FUNDS.—

“(A) INITIAL PERIOD.—For the first 2 fis-
cal years beginning after the date of enactment
of this subsection, the funds made available to
remediate, reclaim, and close orphaned wells
and well sites under the program established
under paragraph (2)(B) shall be allocated based
on a demonstration of—

“(i) identified orphaned wells and well
sites in need of remediation, reclamation,
or closure, with a priority for sites posing
the greatest adverse impacts to—

“(I) public health and safety; and
“(II) land, water, and other re-
resources; and

“(ii) adequate programmatic and ad-
ministrative capacity to expend the funds
in a timely and effective manner.
“(B) Subsequent fiscal years.—For the third fiscal year beginning after the date of enactment of this subsection, and each fiscal year thereafter, the Secretary shall make funds available under the program established under paragraph (2)(B) based on—

“(i) the factors described in subparagraph (A); and

“(ii) a determination by the Secretary that an affected State or Indian tribe is—

“(I) using bonds or other financial assurances that will fully cover costs associated with remediating and reclaiming orphaned oil and gas wells under the jurisdiction of the State or Indian tribe; or

“(II) adopting and using—

“(aa) bonds described in subclause (I); or

“(bb) other financial assurances.

“(C) Unused funds.—In any case in which the Secretary determines that, for any fiscal year, a State or Indian tribe cannot effectively use any portion of the funds that other-
wise would be made available to the State or
Indian tribe under subparagraph (A) or (B),
the Secretary shall use those funds—

“(i) to remediate, reclaim, and close
orphaned wells and well sites on land ad-
ministered by the Secretary or the Sec-
retary of Agriculture;

“(ii) to review and update any inven-
tory of orphaned or inactive wells, includ-
ing wells previously identified as idle or
abandoned, on land described in clause (i);

“(iii) to carry out subsection
(g)(6)(E);

“(iv) to carry out paragraph (8); or

“(v)(I) to determine the identity of
any potential responsible party associated
with an orphaned well or well site, or a
surety or guarantor of such a responsible
party, to the extent such information can
be ascertained; and

“(II) to obtain from such a respon-
sible party reimbursement for applicable
expenditures, to the maximum extent prac-
ticable.
“(7) LIMITATION ON RE-LEASING.—Before con-
ducting any oil or gas development or production
leasing of Federal land that contains a well or well
site that was remediated, reclaimed, or closed pursu-
ant to this Act, the Secretary, or the Secretary of
Agriculture with respect to National Forest System
land, shall determine that—

“(A) re-leasing and development of the
land will not degrade the restored conditions ac-
complished pursuant to the remediation, re-
clamation, or closure;

“(B) the land achieves compliance with all
applicable standards adopted pursuant to sub-
section (g)(5) prior to being re-leased; and

“(C) the party seeking to re-lease the land
has provided to the Secretary a specific jus-
tification of the reasons why the land should be
re-leased.

“(8) DATA COLLECTION.—

“(A) IN GENERAL.—Not later than 2 years
after the date of enactment of this subsection,
the Secretary and the Secretary of Agriculture
shall jointly develop, and make publicly avail-
able, a computer database to provide centralized
data relating to operations, reclamation activi-
ties, and financial assurances for each oil and
gas lease in effect under this Act.

“(B) INCLUSIONS.—The database under
subsection (A) shall include, with respect to
each lease described in that subparagraph, in-
formation relating to—

“(i) the number, location, and status
of each well subject to the lease;

“(ii) the number, location, and status
of each inactive and orphaned well subject
to the lease, and the length of time that
each such well has not been producing;

“(iii) the names of all responsible par-
ties for each well, including lessees and op-
erators;

“(iv) whether the lease is part of a
unit;

“(v) the amount of the financial as-
surance that has been established for the
lease;

“(vi) the history of financial assur-
ance amounts for the lease, including dates
of review and requested increases;

“(vii) inspection, violations, and en-
forcement actions taken with respect to the
lease, including resolution of each violation, if any;

“(viii) whether the financial assurance on the lease has been released;

“(ix) payment status for royalties, rents, and fees; and

“(x) any additional information required to be collected pursuant to subsection (g)(6).

“(C) Notification.—The Secretary shall—

“(i) ensure that the database under subparagraph (A) is made available to each field office of the Bureau of Land Management and the Forest Service, as applicable; and

“(ii) provide automatic and timely notification, on a lease-by-lease basis, of applicable requirements and deadlines to review financial assurances and inactive well status, in accordance with subsection (g).

“(D) Provision of Data at Expense of Lessee.—

“(i) In General.—Except as provided in clause (ii), the Secretary may re-
require that data for the database under subparagraph (A) shall be provided and entered into the database—

“(I) by the applicable lessee; and

“(II) at the expense of the lessee.

“(ii) INSPECTION AND ENFORCEMENT ACTIONS.—Any relevant data relating to a Federal inspection or enforcement action shall be provided and entered into the database under subparagraph (A) by the applicable Federal enforcement official.

“(iii) DATA QUALITY.—The Secretary shall carry out such activities as the Secretary determines to be necessary to ensure the quality of the data included in the database under subparagraph (A).

“(9) FUNDING.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, from the Federal share of royalty revenues deposited into the Treasury pursuant to section 35, the Secretary of the Treasury shall transfer to the Secretary to carry out the programs established under paragraph (2), to remain available until expended—
“(i) on October 1, 2020, $500,000,000;
“(ii) on October 1, 2021, $500,000,000; and
“(iii) on October 1, 2022, and on each October 1 thereafter through October 1, 2029, $250,000,000.
“(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds transferred under subparagraph (A), without further appropriation.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 349 of the Energy Policy Act of 2005 (42 U.S.C. 15907) is amended by striking the section designation and heading and all that follows through “Out of any” in subsection (i) and inserting the following:

“SEC. 349. FEDERALLY DRILLED WELLS.

“Out of any”.

(2) The table of contents for the Energy Policy Act of 2005 (Public Law 109–58; 119 Stat. 596) is amended by striking the item relating to section 349 and inserting the following:

“Sec. 349. Federally drilled wells.”.
TITLE II—FEDERAL ONSHORE
OIL AND GAS RECLAMATION
BONDING PROGRAM

SEC. 201. DECLARATION OF POLICY.

Congress declares that it is the policy of the United States that—

(1) pursuant to this title and the amendments made by this title, the Secretary, and the Secretary of Agriculture with respect to National Forest System land, should—

(A) require the posting by holders of oil or gas leases under the Mineral Leasing Act (30 U.S.C. 181 et seq.) or the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351 et seq.) of financial assurances that are sufficient to pay for the actual costs of remediating, reclaiming, and closing onshore oil and gas wells, well sites, and lease tracts; and

(B) implement a system of tracking and reviewing the financial assurances described in subparagraph (A) that ensures ongoing adequacy and public transparency;

(2) in ensuring robust onshore oil and gas financial assurances under paragraph (1), the Secretary and the Secretary of Agriculture will—
(A) better protect the land, water, and other resources of the United States; and 

(B) reduce the financial risks to taxpayers of paying for inadequately reclaimed onshore oil and gas wells and lease tracts; and

(3) in administering this title and the amendments made by this title, the Secretary, and the Secretary of Agriculture with respect to National Forest System land, should ensure that the actions of the applicable Secretary—

(A) are in accordance with the goals of multiple-use management; and

(B) will benefit the fiscal interests of the United States.

SEC. 202. REGULATION OF SURFACE-DISTURBING ACTIVITIES.

Section 17(g) of the Mineral Leasing Act (30 U.S.C. 226(g)) is amended—

(1) in the sixth sentence—

(A) by striking “such entity” and inserting “the responsible party”; and

(B) by striking “Once the entity has com-plied with the” and inserting the following:
“(C) Issuance of Lease After Compliance.—On compliance by a responsible party under this paragraph with each”;

(2) in the fifth sentence, by striking “Prior to making such determination with respect to any such entity the concerned Secretary shall provide such entity with” and inserting the following:

“(B) Requirement for Notice and Opportunity to Comply.—Before making a determination under subparagraph (A) with respect to a responsible party, the Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall provide to the responsible party”;

(3) by striking the fourth sentence and inserting the following:

“(7) Failure or Refusal to Comply.—

“(A) In General.—The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall not issue, or approve the assignment of, any lease under this section to a responsible party during any period in which, as determined by the applicable Secretary, the responsible party has failed or refused to comply in any material respect with a
reclamation requirement or other standard established under this section that is applicable to any other lease of the responsible party.’’; and

(4) by striking the subsection designation and all that follows through ‘‘operations on the lease.’’ and inserting the following:

‘‘(g) Regulation of Surface-Disturbing Activities.—

‘‘(1) Definitions.—In this subsection:

‘‘(A) Inactive.—The term ‘inactive’, with respect to a well or well site under an oil or gas lease issued under this Act, means the well or well site is not—

‘‘(i) currently producing oil or gas, as applicable, in paying quantities; or

‘‘(ii) actively aiding in the production of oil or gas, as applicable, in paying quantities.

‘‘(B) Orphaned.—The term ‘orphaned’, with respect to a well or well site under an oil or gas lease issued under this Act, has the meaning given the term in subsection (q)(1).

‘‘(C) Responsible party.—

‘‘(i) In general.—The term ‘responsible party’, with respect to a well or well
site under an oil or gas lease issued under this Act, means an individual or entity (including a lessee or operator) that is or will be responsible for—

“(I) the remediation, reclamation, and closure of the well or well site; or

“(II) the payment of financial assurance for the well or well site in accordance with paragraph (4).

“(ii) INCLUSIONS.—The term ‘responsible party’ includes—

“(I) an association, corporation, subsidiary, or affiliate of an individual or entity described in clause (i); and

“(II) any person controlled by, or under common control with, an individual or entity described in clause (i).

“(D) SECRETARY.—The term ‘Secretary’ means the Secretary of the Interior.

“(2) REGULATION OF USE AND ACTIVITIES.—

The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall—
“(A) regulate all use and activities conducted pursuant to any lease for oil or gas issued under this Act; and

“(B) determine the remediation, reclamation, well closure, and other activities that the responsible party shall be required to carry out in the interest of conservation of land, water, and surface resources, including resources with recreation, range, timber, mineral, watershed, fish or wildlife, natural scenic, scientific, or historical value.

“(3) Reclamation and Operations Plan Required.—

“(A) In General.—Each application for a permit to drill submitted for a lease issued under this Act shall include a plan of operations for surface use, disturbance, and reclamation that covers all proposed activities and operations within the lease area.

“(B) Inclusions.—Each plan of operations under subparagraph (A) shall—

“(i) specify—

“(I) the location of all relevant facilities, roads, drill pads, trenches, and rights-of-way;
“(II) details regarding drill pad construction, methods for containment, and disposal of waste material; “(III) the identification, location, and condition of any inactive or orphaned well sites on land covered by the lease; and “(IV) such other information as the Secretary, or the Secretary of Agriculture with respect to National Forest System land, may require; and “(ii) include the interim reclamation plan and final reclamation plan developed under subparagraph (C).

“(C) INTERIM AND FINAL RECLAMATION PLANS.—

“(i) INTERIM RECLAMATION PLAN.—

“(I) IN GENERAL.—Each applicant for a permit to drill under subparagraph (A) shall develop for submission with the plan of operations of the applicant under that subparagraph an interim reclamation plan that specifies the reclamation activities that the applicant will carry out
to address the land, water, and resources (including resources with recreation, range, timber, mineral, watershed, fish or wildlife, natural scenic, scientific, or historical value) impacted by activities carried out pursuant to the permit to drill that are not needed for active operations.

“(II) REQUIREMENT.—The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall—

“(aa) review each interim reclamation plan submitted under subclause (I) at regular intervals; and

“(bb) as the applicable Secretary determines to be necessary, require the amendment and reapproval by the applicable Secretary of the interim reclamation plan.

“(ii) FINAL RECLAMATION PLAN.—

“(I) IN GENERAL.—Each applicant for a permit to drill under sub-
paragraph (A) shall develop for submission with the plan of operations of the applicant under that subparagraph a final reclamation plan that includes a detailed description of the reclamation activities the applicant will carry out prior to final abandonment or cessation of oil and gas operations with respect to all land, water, and resources (including resources with recreation, range, timber, mineral, watershed, fish or wildlife, natural scenic, scientific, or historical value) impacted by activities carried out pursuant to the permit to drill.

“(II) Review and Approval.—
The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall review and approve a final reclamation plan under subclause (I) only after determining that the final reclamation plan is consistent with the standards promulgated pursuant to paragraph (5).
“(D) ANALYSIS AND APPROVAL REQUIRED.—The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall not grant a permit to drill under this Act unless the applicable Secretary has analyzed and approved the plan of operations submitted with the application for the permit under subparagraph (A), including the interim reclamation plan and the final reclamation plan under subparagraph (C).

“(4) FINANCIAL ASSURANCES.—

“(A) REQUIREMENT.—

“(i) IN GENERAL.—The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall promulgate regulations to require that a financial assurance shall be provided by the lessee prior to the commencement of activities on any lease issued under this Act to ensure the complete and timely remediation and reclamation of any land, water, or other resources (including resources with recreation, range, timber, mineral, watershed, fish or wildlife, natural scenic, scientific, or historical value) adversely af-
fected by lease activities and operations
after the abandonment or cessation of oil
and gas operations on the lease.

“(ii) Elimination of nationwide financial assurances.—

“(I) In general.—A lessee may
not provide a financial assurance
under clause (i) on a nationwide basis
for all leases of the lessee in the
United States.

“(II) Requirement.—With re-
spect to any nationwide financial as-
surance in effect on the date of enact-
ment of the Oil and Gas Bonding Re-
form and Orphaned Well Remediation
Act, the Secretary, or the Secretary of
Agriculture with respect to National
Forest System land, shall require
that, not later than 1 year after that
date of enactment, the lessee shall
post financial assurances in accord-
ance with this paragraph.

“(B) Form.—

“(i) In general.—The financial as-
surance under subparagraph (A) shall be
provided in the form of a surety, bond, or more letters of credit, or more certificates of deposit, or cash, subject to the approval of the Secretary, or the Secretary of Agriculture with respect to National Forest System land.

“(ii) LIMITATION.—Self-bonding shall not be an acceptable form of financial assurance under subparagraph (A).

“(C) AMOUNT.—

“(i) IN GENERAL.—Subject to clause (ii), the amount of a financial assurance required under this paragraph shall be the amount determined by the Secretary, or the Secretary of Agriculture with respect to National Forest System land, to be sufficient to ensure the complete and timely remediation and reclamation required under subparagraph (A)(i) if the work were to be performed by the applicable Secretary in the event of forfeiture by the lessee.

“(ii) MINIMUM AMOUNTS.—

“(I) IN GENERAL.—Subject to subclause (II), the minimum amount
of a financial assurance required
under this paragraph shall be not less
than—

“(aa) $75,000, in the case
of a financial assurance for sur-
face-disturbing activities of a re-
sponsible party on an individual
oil or gas lease; or

“(bb) $200,000, in the case
of a financial assurance for all oil
and gas leases of a responsible
party in a State.

“(II) ADJUSTMENTS FOR INFLA-
tion.—Not later than 3 years after
the date of enactment of the Oil and
Gas Bonding Reform and Orphaned
Well Remediation Act, and not less
frequently than once every 3 years
thereafter, the Secretary, or the Sec-
retary of Agriculture with respect to
National Forest System land, shall
adjust for inflation the minimum
amounts under items (aa) and (bb) of
subclause (I).
“(iii) ADDITIONAL FACTORS.—The Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall establish the level of a financial assurance required under this paragraph above the applicable minimum level required under clause (ii) as the applicable Secretary determines to be appropriate or necessary to ensure the complete and timely remediation and reclamation required under subparagraph (A)(i), after taking into consideration the following factors:

“(I) The depth of each relevant proposed wellbore.

“(II) The presence of other resources (including resources with recreation, range, timber, mineral, watershed, fish or wildlife, natural scenic, scientific, or historical value).

“(III) The number of wells to be drilled on the lease.

“(IV) The number and percentage of low-producing and inactive wells on—
“(aa) the applicable lease;

and

“(bb) any other leases held by each applicable lessee, operator, and responsible party.

“(V) Any current or past violations by each responsible party.

“(VI) The anticipated condition of the applicable well site and the extent of the remediation and reclamation to be required.

“(VII) The ability of each responsible party to fully carry out that remediation and reclamation.

“(VIII) Such other factors as the applicable Secretary determines to be relevant.

“(D) Review.—

“(i) Prospective.—

“(I) In general.—With respect to any financial assurance provided after the date of enactment of the Oil and Gas Bonding Reform and Orphaned Well Remediation Act, not less frequently than once every 5
years, and before the applicable lease is sold or transferred, the Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall review the financial assurance to determine, after taking into consideration the factors described in subparagraph (C)(iii), whether the amount of the financial assurance is adequate to ensure the complete and timely remediation and reclamation required under subparagraph (A)(i).

“(II) Authority to increase.—If the Secretary, or the Secretary of Agriculture with respect to National Forest System land, determines under subclause (I) that the amount of a financial assurance is not adequate, the applicable Secretary shall increase the amount of the financial assurance in accordance with subparagraph (C), including making an adjustment for inflation, as appropriate.

“(ii) Retrospective.—
“(I) In general.—Not later than 1 year after the date of enactment of the Oil and Gas Bonding Reform and Orphaned Well Remediation Act, and not less frequently than once every 5 years thereafter, the Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall—

“(aa) review the sufficiency of each financial assurance provided before that date of enactment;

“(bb) determine, after taking into consideration the factors described in subparagraph (C)(iii), whether the amount of the financial assurance is adequate to ensure the complete and timely remediation and reclamation required under subparagraph (A)(i); and

“(cc) provide to each responsible party a written notice, including any relevant findings, re-
lating to the determination under
item (bb).

“(II) Authority to increase.—If the Secretary, or the
Secretary of Agriculture with respect
to National Forest System land, de-
determines under subclause (I) that the
amount of a financial assurance is not
adequate, the applicable Secretary
shall increase the amount of the fi-
nancial assurance in accordance with
subparagraph (C), including making
an adjustment for inflation, as appro-
priate.

“(E) Release.—On request, and after no-
tice and opportunity for public comment, in-
spection by the Secretary, or the Secretary of
Agriculture with respect to National Forest
System land, and consultation with the Admin-
istrator of the Environmental Protection Agen-
cy, the applicable Secretary may release, in
whole or in part, the financial assurance re-
quired for a lease under this paragraph if the
Secretary determines that—
“(i) the remediation, reclamation, or well closure covered by the financial assurance has been completed in accordance with—

“(I) subparagraph (A)(i); and

“(II) the standards established under paragraph (5); and

“(ii) all other applicable Federal requirements have been met.

“(5) STANDARDS.—

“(A) IN GENERAL.—The Secretary and the Secretary of Agriculture shall jointly promulgate regulations to establish uniform standards for the complete and timely reclamation of land, water, and other resources (including resources with recreation, range, timber, mineral, watershed, fish or wildlife, natural scenic, scientific, or historical value) adversely impacted, directly or indirectly, by oil and gas activities and operations (including any prior remediation or reclamation efforts that fail to achieve compliance with the standards described in subparagraph (B)) to the condition that existed prior to the adverse impact, including—
“(i) standards for the interim reclamation plans and final reclamation plans required under paragraph (3)(C); and

“(ii) timelines for—

“(I) commencing and completing the closure of wells and related remediation and reclamation activities; and

“(II) achieving compliance with the standards described in subparagraph (B).

“(B) Requirements.—The standards under subparagraph (A) shall include standards for—

“(i) the remediation and reclamation of natural vegetation and hydrology;

“(ii) habitat restoration;

“(iii) salvage, storage, and reuse of topsoils;

“(iv) erosion control;

“(v) reclamation of access roads;

“(vi) control of invasive species and noxious weeds; and

“(vii) natural contouring.

“(6) Inactive Wells.—
“(A) IN GENERAL.—Any lessee the lease of
which includes an inactive well (except for a
well with an approved suspension of operations
pursuant to section 39) shall, as soon as prac-
ticable after determining that the well has been
inactive for a period of more than 30 consecu-
tive days—

“(i) bring the inactive well into—

“(I) production in paying quan-
tities; or

“(II) the active aid of production
in paying quantities;

“(ii) submit to the Secretary, or the
Secretary of Agriculture with respect to
National Forest System land, an applica-
tion for a delay in the remediation, reclaim-
ation, and permanent closure of the
well in accordance with this subparagraph;
or

“(iii) permanently close the well and
complete the timely remediation and re-
clamation required under paragraphs
(4)(A)(i) and (5).

“(B) PERIOD OF DELAY.—
“(i) In general.—Subject to clause (ii), the Secretary, or the Secretary of Agriculture with respect to National Forest System land, may approve an application under subparagraph (A)(ii) for a delay in the remediation, reclamation, and permanent closure of an inactive well under subparagraph (A) for a period of not more than 1 year.

“(ii) Extensions.—

“(I) In general.—Subject to subclause (II) and subparagraph (D), on receipt of application by a lessee under subparagraph (A)(ii), the Secretary, or the Secretary of Agriculture with respect to National Forest System land, may approve 1 or more additional delays in the remediation, reclamation, and permanent closure of an inactive well, each of which additional delays shall be for a period of not more than 1 year.

“(II) Requirement.—Before approving an application for an additional delay under subclause (I), the
Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall—

“(aa) review the amount of the financial assurance for the applicable lease; and

“(bb) increase the amount to ensure the complete and timely remediation, reclamation, and permanent closure required under paragraph (4)(A)(i) if the work were to be performed by the applicable Secretary in the event of forfeiture by the lessee.

“(C) Application requirements.—

“(i) In general.—Each application of a lessee to delay permanent abandonment and reclamation of a well under subparagraph (A)(ii) or (B)(ii) shall include a description of—

“(I) the period of time during which the well has been inactive;

“(II) the justification for delaying permanent abandonment and reclamation of the well;
“(III) the probable duration of the delay;

“(IV) the means by which the wellbore is to be protected during the delay; and

“(V) the contemplated eventual disposition of the well.

“(ii) Special Requirements for Applications for Extension.—Each application for a delay under subparagraph (A)(ii) or (B)(ii) shall demonstrate, through test results, that the applicable well is—

“(I) mechanically sound; and

“(II) capable of—

“(aa) production in paying quantities; or

“(bb) actively aiding in production in paying quantities.

“(D) Prohibition.—

“(i) In General.—No well may be inactive for a period of more than 5 years.

“(ii) Requirement.—With respect to a well under a lease issued under this Act
that has been inactive for a period of more
than 5 years, the applicable lessee shall—
“(I)(aa) bring the inactive well
into—
“(AA) production in paying
quantities; or
“(BB) the active aid of pro-
duction in paying quantities; and
“(bb) pay any related royalties,
rentals, or other fees due; or
“(II)(aa) permanently close the
well; and
“(bb) complete the timely remedi-
ation and reclamation required under
paragraph (4)(A)(i).
“(iii) Action by Secretary.—In any
case in which a lessee has not carried out
any required action under clause (ii) with
respect to a well described in that clause,
the Secretary, or the Secretary of Agri-
culture with respect to National Forest
System land, shall execute forfeiture of the
financial assurance associated with the
well.
“(E) Inventory.—
“(i) IN GENERAL.—Not later than 180 days after the date of enactment of the Oil and Gas Bonding Reform and Orphaned Well Remediation Act, and not less frequently than annually thereafter, the Secretary, or the Secretary of Agriculture with respect to National Forest System land, shall complete an inventory of all wells that, as of the date of publication of the inventory—

“(I) are inactive or orphaned; or

“(II) have previously been identified as idle or abandoned.

“(ii) INCLUSIONS.—Each inventory under clause (i) shall identify, with respect to each inactive or orphaned well—

“(I) the location of the well;

“(II) the period of time during which the well has been inactive or orphaned;

“(III) the responsible parties associated with the well; and

“(IV) any financial assurance provided to remediate and reclaim the well, including the most recent date
on which the Secretary reviewed that
financial assurance.”.

**TITLE III—MISCELLANEOUS**

**SEC. 301. COST RECOVERY.**

(a) **IN GENERAL.**—Section 17 of the Mineral Leasing
Act (30 U.S.C. 226) (as amended by section 101(a)) is
amended by adding at the end the following:

“(r) **COST RECOVERY REQUIREMENTS.**—

“(1) **IN GENERAL.**—Before approving an appli-
cation for a permit to drill pursuant to a lease
issued under this Act, the Secretary of the Interior,
or the Secretary of Agriculture with respect to Na-
tional Forest System land, shall determine the cost
to the Federal Government of carrying out Federal
inspection and enforcement actions for the lease.

“(2) **FINANCIAL ASSURANCES.**—The Secretary
of the Interior, or the Secretary of Agriculture with
respect to National Forest System land, shall not re-
lease the financial assurance established for a lease
under subsection (g)(4)(E) until the applicable lessee
has reimbursed the applicable Secretary for the total
cost of Federal inspection and enforcement actions
on the lease.”.

(b) **USE OF BLM PERMIT PROCESSING IMPROVE-
MENT FUND.**—Section 35(c)(3) of the Mineral Leasing
Act (30 U.S.C. 191(c)(3)) is amended by striking subparagraph (A) and inserting the following:

“(A) IN GENERAL.—Of the amounts in the Fund, the Secretary of the Interior, in consultation with the Secretary of Agriculture, shall use, without further appropriation or fiscal year limitation—

“(i) 50 percent—

“(I) to carry out the coordination and review process for—

“(aa) financial assurances for oil and gas leases under this Act; and

“(bb) bond releases for oil and gas leases under this Act;

“(II) to coordinate—

“(aa) the inventory of wells that are orphaned (as defined in subsection (q)(1)) or inactive (as defined in subsection (g)(1)); and

“(bb) the processing of requests for delays in the permanent closure of wells that are inactive (as so defined); and
“(III) to coordinate and process environmental and cultural resource reviews applicable to oil and gas activities under this Act; and

“(ii) the remaining amounts for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.”.

SEC. 302. REGULATIONS.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Agriculture shall jointly promulgate regulations to implement this Act and the amendments made by this Act.

(b) EFFECT ON FUNDING.—The funds made available pursuant to subsection (q)(9) of section 17 of the Mineral Leasing Act (30 U.S.C. 226) (as added by section 101(a)) shall be disbursed and expended in accordance with applicable interim guidance pending completion of the rulemaking required under subsection (a).