

119TH CONGRESS
2D SESSION

S. _____

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 (for himself, Mr. PADILLA, Mr. HICKENLOOPER, Mr. SCHIFF, and Mr. LUJÁN) 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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Orphaned Wells
5 Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) according to the Interstate Oil and Gas
2 Compact Commission, there are in existence not
3 fewer than 140,000 documented orphaned well sites,
4 and between 250,000 and 740,000 undocumented
5 orphaned well sites, across the United States on
6 Federal, State, Tribal, and private land;

7 (2) as of December 2024, the Bureau of Land
8 Management estimated there were more than 15,000
9 orphaned wells on Federal land;

10 (3)(A) orphaned well sites—

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

13 (ii) should be remediated;

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

16 (C) as a consequence, Federal and State taxes
17 are frequently used to provide funding for plugging
18 and reclaiming those sites;

19 (4) under the Mineral Leasing Act (30 U.S.C.
20 181 et seq.), the Secretary of the Interior is re-
21 quired—

22 (A) to ensure the complete and timely rec-
23 lamation of all Federal onshore oil and gas
24 leases; and

1 (B) to secure financial assurances in the
2 form of bonds, sureties, or other approved fi-
3 nancial arrangements for remediation, reclama-
4 tion, and well closure;

5 (5) in November 2021, Congress passed the In-
6 frastructure Investment and Jobs Act (Public Law
7 117–58; 135 Stat. 429), which—

8 (A) provided \$4,700,000,000 in funding to
9 reclaim orphaned wells on Federal, State, Trib-
10 al, and private land;

11 (B) required the Secretary of the Interior
12 to establish a program to plug, remediate, and
13 reclaim orphaned wells on Federal land; and

14 (C) required the Secretary of the Interior
15 to reduce the inventory of idled wells on Fed-
16 eral land; and

17 (6) the Infrastructure Investment and Jobs Act
18 (Public Law 117–58; 135 Stat. 429) helped to ad-
19 dress urgent public health and safety and environ-
20 mental issues associated with existing orphaned
21 wells, but additional action is needed to ensure that
22 oil and gas operators, and not taxpayers, are financ-
23 ing timely and adequate reclamation activities for
24 future orphaned wells.

1 **SEC. 3. REGULATION OF SURFACE-DISTURBING ACTIVI-**
2 **TIES.**

3 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
4 226(g)) is amended—

5 (1) in the sixth sentence—

6 (A) by striking “such entity” and inserting
7 “the operator or other entity”; and

8 (B) by striking “Once the entity” and in-
9 serting the following:

10 “(C) ISSUANCE OF LEASE AFTER COMPLI-
11 ANCE.—Once the operator or other entity”;

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

16 “(B) REQUIREMENT FOR NOTICE AND OP-
17 PORTUNITY TO COMPLY.—Before making a de-
18 termination under subparagraph (A) with re-
19 spect to any operator or other entity, the Sec-
20 retary shall provide to the operator or other en-
21 tity”;

22 (3) by striking the fourth sentence and insert-
23 ing the following:

24 “(6) FAILURE OR REFUSAL TO COMPLY.—

25 “(A) IN GENERAL.—The Secretary shall
26 not issue, or approve the transfer or assignment

1 of, any lease under this section to any operator
2 or other entity, or any subsidiary, affiliate, or
3 person controlled by or under common control
4 of that operator or other entity, during any pe-
5 riod in which, as determined by the Secretary,
6 the operator or other entity has failed or re-
7 fused to comply in any material respect with a
8 reclamation requirement or other standard es-
9 tablished under this section that is applicable to
10 any other lease of the operator or other enti-
11 ty.”;

12 (4) by striking the third sentence and inserting
13 the following:

14 “(4) FINANCIAL ASSURANCES.—

15 “(A) REQUIREMENT.—

16 “(i) IN GENERAL.—The Secretary
17 shall promulgate regulations to require
18 that a financial assurance shall be provided
19 by an operator prior to the commencement
20 of activities on any lease issued under this
21 Act to ensure the complete and timely re-
22 mediation and reclamation of any land,
23 water, or other resources (including re-
24 sources with recreation, range, timber,
25 mineral, watershed, fish or wildlife, natural

1 scenic, scientific, or historical value) ad-
2 versely affected by lease activities and op-
3 erations after the abandonment or ces-
4 sation of oil and gas operations on the
5 lease.

6 “(ii) ELIMINATION OF NATIONWIDE
7 FINANCIAL ASSURANCES.—

8 “(I) IN GENERAL.—An operator
9 may not provide a financial assurance
10 under clause (i) on a nationwide basis
11 for all leases of the operator in the
12 United States.

13 “(II) REQUIREMENT.—With re-
14 spect to any nationwide financial as-
15 surance in effect on the date of enact-
16 ment of the Stop Orphaned Wells Act,
17 the Secretary shall require that, not
18 later than 1 year after that date of
19 enactment, operators shall post re-
20 placement financial assurances in ac-
21 cordance with this Act.

22 “(B) AMOUNT.—

23 “(i) IN GENERAL.—Subject to clause
24 (ii) and (iii), the amount of a financial as-
25 surance required under this paragraph

1 shall be the amount determined by the
2 Secretary to be sufficient to ensure the
3 complete and timely remediation and rec-
4 lamation required under subparagraph
5 (A)(i).

6 “(ii) MINIMUM AMOUNTS.—

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

12 “(aa) \$200,000, in the case
13 of a financial assurance for sur-
14 face-disturbing activities on an
15 individual oil or gas lease; or

16 “(bb) \$650,000, in the case
17 of a financial assurance for all oil
18 and gas leases of an operator in
19 a State.

20 “(II) IDLED WELLS.—Whenever
21 the total number of idled wells of an
22 operator equals or exceeds 50 percent
23 of the total wells owned or operated
24 by the operator, including wells owned
25 or operated by a subsidiary of the op-

erator, the Secretary shall require from that operator a full liability bond for the estimated reclamation and remediation costs associated with all of the operations of the operator.

“(III) INCREASED MINIMUM AMOUNTS FOR ADDITIONAL CATEGORIES OF OPERATIONS.—

“(aa) ESTABLISHMENT BY REGULATION.—In promulgating regulations to carry out this Act, the Secretary shall determine whether higher minimum amounts of financial assurance should be required for any other categories of operations that pose heightened risks of abandonment or environmental harm.

“(bb) PUBLIC PETITION.—

“(AA) IN GENERAL.—

Any individual may, at any time, file a petition with the Secretary, in such a manner and containing such information as the Secretary may

1 require, to establish an in-
2 creased minimum amount of
3 financial assurance for a
4 specific category of oper-
5 ations.

6 “(BB) FINDINGS.—On
7 receipt of a petition under
8 subitem (AA), the Secretary
9 shall make detailed findings
10 and provide the petitioner a
11 written response and deter-
12 mination not later than 90
13 days after receipt of the pe-
14 tition.

15 “(CC) PUBLICATION.—
16 If the Secretary determines
17 that a specific category of
18 operations requires an in-
19 creased minimum amount of
20 financial assurance under
21 subitem (BB), the Secretary
22 shall publish in the Federal
23 Register the determination
24 with the increased amount
25 required not later than 30

1 days after making that de-
2 termination.

3 “(IV) ADJUSTMENTS FOR INFLA-
4 TION.—Not later than 1 year after
5 the date of enactment of the Stop Or-
6 phaned Wells Act, and not less fre-
7 quently than annually thereafter, the
8 Secretary shall adjust for inflation the
9 minimum amounts under subclauses
10 (I) and (III), as applicable.

11 “(iii) ADDITIONAL FACTORS.—The
12 Secretary shall establish the level of a fi-
13 nancial assurance required under this
14 paragraph above the applicable minimum
15 level required under clause (ii) as the Sec-
16 retary determines to be appropriate or nec-
17 essary to ensure the complete and timely
18 remediation and reclamation required
19 under subparagraph (A)(i), after taking
20 into consideration the following factors:

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

23 “(II) The presence of other re-
24 sources (including resources with
25 recreation, range, timber, mineral, wa-

1 tershed, fish or wildlife, natural sce-
2 nic, scientific, or historical value).

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

5 “(IV) The number and percent-
6 age of idled wells on—

7 “(aa) the applicable lease;
8 and

9 “(bb) any other leases held
10 by each applicable operator.

11 “(V) Any current or past viola-
12 tions by each operator.

13 “(VI) The anticipated condition
14 of the applicable well site and the ex-
15 tent of the remediation and reclama-
16 tion to be required.

17 “(VII) The ability of each oper-
18 ator to fully carry out that remedi-
19 ation and reclamation.

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

22 “(C) REVIEW.—

23 “(i) PROSPECTIVE.—

24 “(I) IN GENERAL.—With respect
25 to any financial assurance provided

1 after the date of enactment of the
2 Stop Orphaned Wells Act, not less
3 frequently than once every 5 years,
4 and prior to approving an assignment,
5 transfer, or change in operator of a
6 lease, the Secretary shall review the
7 financial assurance to determine, after
8 taking into consideration the factors
9 described in subparagraph (B)(iii),
10 whether the amount of the financial
11 assurance is adequate to ensure the
12 complete and timely remediation and
13 reclamation required under subpara-
14 graph (A)(i).

15 “(II) AUTHORITY TO IN-
16 CREASE.—If the Secretary determines
17 under subclause (I) that the amount
18 of a financial assurance is not ade-
19 quate, the Secretary shall increase the
20 amount of the financial assurance in
21 accordance with subparagraph (B), in-
22 cluding making an adjustment for in-
23 flation, as appropriate.

24 “(ii) RETROSPECTIVE.—

1 “(I) IN GENERAL.—Operators
2 shall increase or replace all bonds that
3 do not meet the appropriate minimum
4 amount of financial assurance re-
5 quired under subparagraph (B)(ii) not
6 later than—

7 “(aa) for nationwide bonds,
8 which shall be replaced with indi-
9 vidual lease or Statewide bonds,
10 1 year after the date of enact-
11 ment of the Stop Orphaned Wells
12 Act;

13 “(bb) for Statewide bonds, 2
14 years after the date of enactment
15 of the Stop Orphaned Wells Act;
16 and

17 “(cc) for individual oil and
18 gas lease bonds, 3 years after the
19 date of enactment of the Stop
20 Orphaned Wells Act.

21 “(II) AUTHORITY TO IN-
22 CREASE.—If the Secretary determines
23 under subclause (I) that the amount
24 of a financial assurance is not ade-
25 quate, the Secretary shall increase the

1 amount of the financial assurance in
2 accordance with subparagraph (B), in-
3 cluding making an adjustment for in-
4 flation, as appropriate.

5 “(D) RELEASE.—On request, and after in-
6 spection by the Secretary, the Secretary may
7 release, in whole or in part, the financial assur-
8 ance required for a lease under this paragraph
9 if the Secretary determines that—

10 “(i) the remediation, reclamation, or
11 permanent plugging covered by the finan-
12 cial assurance has been completed in ac-
13 cordance with applicable standards; and

14 “(ii) all other applicable Federal re-
15 quirements have been met.

16 “(E) CONSULTATION.—The Secretary shall
17 consult with the Secretary of Agriculture prior
18 to making any determination under paragraphs
19 (4), (5), or (6) related to activities on National
20 Forest System land.

21 “(F) AUTHORITY.—Nothing in this section
22 prevents the Secretary of Agriculture from re-
23 quiring additional financial assurances with re-
24 spect to activities on National Forest System
25 land.

1 “(5) TEMPORARILY ABANDONED AND SHUT-IN
2 WELLS.—

3 “(A) IN GENERAL.—The Secretary shall
4 promulgate regulations to reduce the inventory
5 of idled wells and temporarily abandoned and
6 shut-in wells on Federal land, including by en-
7 hancing oversight of wells that have been tem-
8 porarily abandoned or shut-in.

9 “(B) REQUIREMENTS.—

10 “(i) TEMPORARILY ABANDONED
11 WELLS.—

12 “(I) IN GENERAL.—The Sec-
13 retary shall review and may approve a
14 request from an operator to designate
15 a well as temporarily abandoned for a
16 period greater than 30 consecutive
17 days.

18 “(II) DESIGNATION.—

19 “(aa) IN GENERAL.—A well
20 designated as temporarily aban-
21 doned under subclause (I) shall
22 retain that designation for a 1-
23 year period, subject to renewal
24 under item (bb).

25 “(bb) RENEWAL.—

1 “(AA) IN GENERAL.—
2 Not earlier than 10 days be-
3 fore a designation under
4 subclause (I) is set to expire,
5 an operator may submit to
6 the Secretary a subsequent
7 request to designate the well
8 for another 1-year period as
9 temporarily abandoned.

10 “(BB) LIMIT.—There
11 is no limit on the number of
12 subsequent requests an op-
13 erator may submit under
14 this item for approval by the
15 Secretary under subclause
16 (I).

17 “(III) REQUESTS.—In submit-
18 ting a request under subclause (I), an
19 operator shall—

20 “(aa) include—

21 “(AA) adequate and de-
22 tailed justification for tem-
23 porarily abandoning the
24 well; and

1 “(BB) verification of
2 the mechanical integrity of
3 the well; and

4 “(bb) isolate the completed
5 intervals prior to temporarily
6 abandoning the well.

7 “(IV) FOLLOW-UP.—

8 “(aa) IN GENERAL.—Not
9 later than 4 years after the tem-
10 porary abandonment of a well
11 under subclause (I), the operator
12 shall—

13 “(AA) fully complete
14 reclamation, as required by
15 applicable requirements, un-
16 less the Secretary has ap-
17 proved a request to delay
18 under item(bb)(BB);

19 “(BB) resume produc-
20 tion in paying quantities or
21 commence using the well for
22 injection or disposal; or

23 “(CC) submit to the
24 Secretary a detailed plan

1 and timeline for future bene-
2 ficial use of the well.

3 “(bb) BENEFICIAL USE.—

4 On submission of a plan and
5 timeline to the Secretary under
6 item (aa)(CC), the Secretary
7 shall—

8 “(AA) make a deter-
9 mination regarding whether
10 there is a legitimate future
11 beneficial use of the well;
12 and

13 “(BB) subject to a de-
14 termination that there is a
15 legitimate future beneficial
16 use of the well under
17 subitem (AA), grant the op-
18 erator a 1-year delay, sub-
19 ject to the condition that the
20 operator confirms the future
21 beneficial use of the well and
22 is making verifiable progress
23 on returning the well to that
24 beneficial use.

25 “(ii) SHUT-IN WELLS.—

1 “(I) VERIFICATION AND CON-
2 FIRMATION.—Not later than 3 years
3 after a well is designated as shut-in,
4 the operator shall submit to the Sec-
5 retary a verification of the mechanical
6 integrity of the well and confirm that
7 the well remains capable of producing
8 in paying quantities.

9 “(II) FOLLOW-UP.—

10 “(aa) IN GENERAL.—Not
11 later than 4 years after a well
12 shut-in, the operator shall—

13 “(AA) permanently
14 abandon the shut-in well,
15 unless the Secretary has ap-
16 proved a request to delay
17 under item(bb)(BB);

18 “(BB) resume produc-
19 tion in paying quantities; or

20 “(CC) submit to the
21 Secretary a detailed plan
22 and timeline for future bene-
23 ficial use of the well.

24 “(bb) BENEFICIAL USE.—

25 On submission of a plan and

1 timeline to the Secretary under
2 item (aa)(CC), the Secretary
3 shall—

4 “(AA) make a deter-
5 mination regarding whether
6 there is a legitimate future
7 beneficial use of the well;
8 and

9 “(BB) subject to a de-
10 termination that there is a
11 legitimate future beneficial
12 use of the well under
13 subitem (AA), grant the op-
14 erator a 1-year delay, sub-
15 ject to the condition that the
16 operator confirms the future
17 beneficial use of the well and
18 is making verifiable progress
19 on returning the well to that
20 beneficial use.

21 “(C) PUBLICATION.—The Secretary shall
22 annually update and publicly publish a database
23 of idled wells and temporarily abandoned and
24 shut-in wells under the jurisdiction of the Sec-
25 retary.”;

1 (5) in the second sentence—

2 (A) by striking “Secretary concerned” and
3 inserting “Secretary, or the Secretary of Agri-
4 culture with respect to National Forest System
5 land,”; and

6 (B) by striking “No permit” and inserting
7 the following:

8 “(3) ANALYSIS AND APPROVAL REQUIRED.—No
9 permit”; and

10 (6) by striking the subsection designation and
11 all that follows through “the Secretary of Agri-
12 culture,” and inserting the following:

13 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
14 TIES.—

15 “(1) DEFINITIONS.—In this subsection:

16 “(A) IDLED WELL.—The term ‘idled well’
17 means a well—

18 “(i) that has been nonoperational for
19 not less than 4 years; and

20 “(ii) for which there is no anticipated
21 beneficial future use.

22 “(B) OPERATOR.—The term ‘operator’,
23 with respect to an oil or gas operation, means
24 any individual or entity (including a lessee or
25 operating rights owner) that has provided to a

1 relevant authority a written statement that the
2 individual or entity is responsible for the oper-
3 ation (or any portion of the operation).

4 “(C) ORPHANED WELL.—The term ‘or-
5 phaned well’, with respect to a well or well site
6 under an oil or gas lease issued under this Act,
7 means a well—

8 “(i)(I) that is not used for an author-
9 ized purpose, such as production, injection,
10 monitoring, or another approved beneficial
11 use; and

12 “(II) for which no operator can be lo-
13 cated; or

14 “(ii) the operator of which is unable—

15 “(I) to plug the well; or

16 “(II) to remediate and reclaim
17 the well site.

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

20 “(E) SHUT-IN.—The term ‘shut-in’ means
21 a non-operational well that is mechanically ca-
22 pable of producing or injecting by opening a
23 valve or activating existing equipment.

24 “(F) TEMPORARILY ABANDONED.—The
25 term ‘temporarily abandoned’, with respect to

1 the status of a well, means a non-operational
2 well that—

3 “(i) is not physically or mechanically
4 capable of production or injection without
5 additional equipment or servicing of the
6 well; but

7 “(ii) may have a future beneficial use.

8 “(2) REGULATION OF ACTIVITIES.—The Sec-
9 retary, or the Secretary of Agriculture with respect
10 to National Forest System land,”.

11 **SEC. 4. PREDECESSOR LIABILITY.**

12 Section 17 of the Mineral Leasing Act (30 U.S.C.
13 226) is amended by adding at the end the following:

14 “(r) PREDECESSOR LIABILITY.—

15 “(1) IN GENERAL.—Not later than 60 days
16 after the date of enactment of the Stop Orphaned
17 Wells Act, the Secretary shall promulgate regula-
18 tions addressing lessee and sublessee responsibility
19 and liability for performing all obligations relating to
20 plugging a well drilled, and removing a facility in-
21 stalled, pursuant to—

22 “(A) a lease issued under this Act; and

23 “(B) other applicable law.

24 “(2) REQUIREMENTS.—In carrying out para-
25 graph (1), the Secretary shall require that—

1 “(A) the lessee or sublessee, as applicable,
2 shall remain responsible for performing all obli-
3 gations under the lease until the date that the
4 Secretary approves an assignment of record
5 title interest or transfer of operating rights; and

6 “(B) after the Secretary approves the as-
7 signment or transfer under subparagraph (A),
8 the assignor or transferor will continue to be re-
9 sponsible for lease obligations that accrued be-
10 fore the approval date, whether or not those ob-
11 ligations were identified at the time of the
12 transfer, including—

13 “(i) paying compensatory royalties for
14 drainage;

15 “(ii) responsibility for plugging drilled
16 wells; and

17 “(iii) removing facilities installed or
18 used before the effective date of the assign-
19 ment or transfer.”.

20 **SEC. 5. LIMITATIONS ON TRANSFER OF LEASES.**

21 (a) **DEFINITIONS.**—In this section:

22 (1) **COVERED LEASE.**—The term “covered
23 lease” means—

1 (A) an oil or gas lease issued pursuant to
2 the Mineral Leasing Act (30 U.S.C. 181 et
3 seq.), and any interest in that lease; and

4 (B) an oil or gas lease issued pursuant to
5 the Mineral Leasing Act for Acquired Lands
6 (30 U.S.C. 351 et seq.), and any interest in
7 that lease.

8 (2) PARENT COMPANY.—The term “parent
9 company” means a company that directly or indi-
10 rectly controls another company.

11 (3) SECRETARY.—The term “Secretary” means
12 the Secretary of the Interior.

13 (4) SUBSIDIARY COMPANY.—The term “sub-
14 sidiary company”—

15 (A) means any company that is owned or
16 controlled, directly or indirectly, by another
17 company; and

18 (B) includes any subsidiary of the company
19 that is so owned or controlled.

20 (b) LIMITATIONS.—

21 (1) IN GENERAL.—A leaseholder may not trans-
22 fer a covered lease to any person, regardless of
23 whether the lease was issued before, on, or after the
24 date of enactment of this Act, unless the Secretary
25 approves the transfer under paragraph (2).

1 (2) APPLICATION.—

2 (A) IN GENERAL.—Prior to transferring a
3 covered lease, a leaseholder shall submit to the
4 Secretary an application containing—

5 (i) a financial risk assessment of the
6 proposed lessee, including an assessment of
7 the adequacy of the proposed financial as-
8 surances, credit rating (or lack thereof),
9 and bonding of the lessee;

10 (ii) a complete list of oil and gas
11 leases and wells owned or operated by the
12 proposed lessee, along with the operational
13 status of the wells, including whether any
14 of the wells are idled wells, temporarily
15 abandoned, or shut-in (as those terms are
16 defined in section 17(g) of the Mineral
17 Leasing Act (30 U.S.C. 226(g)));

18 (iii) a complete list of past and ongo-
19 ing violations of Federal, State, or local
20 laws and regulations applicable to any of
21 the oil and gas operations of the proposed
22 lessee; and

23 (iv) any other information that the
24 Secretary may require.

1 (B) APPROVAL OR DENIAL.—After receiv-
2 ing an application submitted under subpara-
3 graph (A), the Secretary shall, subject to sub-
4 paragraphs (D) and (E)—

5 (i) immediately post the proposed
6 transfer on the website of the Department
7 of the Interior;

8 (ii) invite public comment on the pro-
9 posed transfer for not less than 30 days;
10 and

11 (iii) not later than 90 days after re-
12 ceiving the application—

13 (I) approve, conditionally ap-
14 prove, or deny that application; and

15 (II) publicly post on the website
16 of the Department of the Interior the
17 reasoning for the approval, conditional
18 approval, or denial, to include whether
19 the decision was based on information
20 provided by the public under clause
21 (ii).

22 (C) NOTICE.—Not later than 5 days after
23 making a decision under subparagraph (B), the
24 Secretary shall—

1 (i) notify the leaseholder of that deci-
2 sion; and

3 (ii) post the decision on the website of
4 the Department of the Interior.

5 (D) ADDITIONAL BONDING.—The Sec-
6 retary shall conditionally approve an application
7 under subparagraph (B), subject to the condi-
8 tion that the leaseholder acquires additional
9 bonding to offset any financial risks identified
10 during the review of the application by the Sec-
11 retary.

12 (E) MANDATORY DENIAL.—The Secretary
13 shall deny an application under subparagraph
14 (B) if the proposed lessee—

15 (i) has filed a petition for bankruptcy
16 under title 11, United States Code;

17 (ii) does not, along with any parent
18 company of the proposed lessee, possess an
19 investment grade credit rating from a na-
20 tionally recognized statistical rating orga-
21 nization (as defined in section 3(a) of the
22 Securities Exchange Act of 1934 (15
23 U.S.C. 78c(a)));

1 (iii) has no prior record of safe and
2 compliant oil or gas production operations
3 within the preceding 5 years; or

4 (iv) is a subsidiary company of a par-
5 ent company and fails to demonstrate a
6 debt-to-equity ratio of less than 2 to 1, un-
7 less the parent company provides an un-
8 conditional corporate guarantee for all li-
9 abilities under the covered lease.

10 **SEC. 6. FITNESS TO OPERATE STANDARDS.**

11 The Mineral Leasing Act is amended by inserting
12 after section 37 (30 U.S.C. 193) the following:

13 **“SEC. 38. FITNESS TO OPERATE STANDARDS FOR OIL AND**
14 **GAS ACTIVITIES.**

15 “(a) DEFINITIONS.—In this section:

16 “(1) COVERED ENTITY.—The term ‘covered en-
17 tity’, with respect to a recipient responsible party,
18 means—

19 “(A) any parent company of the recipient
20 responsible party;

21 “(B) any subsidiary company of the recipi-
22 ent responsible party;

23 “(C) any entity with which the recipient
24 responsible party enters into a contract to con-

1 struct, develop, maintain, or operate a facility
2 on Federal land subject to this Act; and

3 “(D) any entity that—

4 “(i) shares officers, directors, or key
5 managerial personnel with any entity de-
6 scribed in subparagraph (A) or (B); or

7 “(ii) is a predecessor to any entity de-
8 scribed in subparagraph (A) or (B).

9 “(2) DECOMMISSIONING.—The term ‘decommis-
10 sioning’, with respect to oil and gas infrastructure
11 on Federal land subject to this Act, means—

12 “(A) ending an oil and gas operation;

13 “(B) permanently plugging a well;

14 “(C) monitoring the efficacy of activities to
15 end an oil and gas operation, including moni-
16 toring the safety and soundness of a plugged
17 well; and

18 “(D) returning the area subject to the
19 lease, right-of-way, permit, or other authoriza-
20 tion to a condition that meets the environ-
21 mental reclamation requirements of the Depart-
22 ment of the Interior and any other Federal
23 agency that has jurisdiction over the oil and gas
24 operation.

1 “(3) PARENT COMPANY.—The term ‘parent
2 company’ means a company that directly or indi-
3 rectly controls another company.

4 “(4) RECIPIENT RESPONSIBLE PARTY.—The
5 term ‘recipient responsible party’ means an entity
6 seeking the issuance, extension, or transfer of a
7 lease, right-of-way, permit, or other authorization
8 for oil or gas exploration, development, or produc-
9 tion on Federal land subject to this Act.

10 “(5) SECRETARY.—The term ‘Secretary’ means
11 the Secretary of the Interior.

12 “(6) SUBSIDIARY COMPANY.—The term ‘sub-
13 sidiary company’—

14 “(A) means any company that is owned or
15 controlled, directly or indirectly, by another
16 company; and

17 “(B) includes any subsidiary of the com-
18 pany that is so owned or controlled.

19 “(b) REQUIREMENT FOR APPROVALS.—Beginning on
20 the date on which the Secretary issues or revises regula-
21 tions under subsection (c)(4), the Secretary may not issue,
22 extend the term of, or approve the transfer of, a lease,
23 right-of-way, permit, or other authorization for oil or gas
24 exploration, development, or production on Federal land
25 subject to this Act with respect to a recipient responsible

1 party, unless the recipient responsible party is certified as
2 fit to operate in accordance with subsection (c).

3 “(c) CERTIFICATION OF FITNESS TO OPERATE.—

4 “(1) IN GENERAL.—The Secretary shall certify
5 a recipient responsible party as fit to operate based
6 on—

7 “(A) the past compliance of the recipient
8 responsible party, and any covered entity of the
9 recipient responsible party, with Federal, State,
10 and local environmental and safety laws and
11 regulations, including deadlines and require-
12 ments related to environmental reclamation, de-
13 commissioning, and worker safety;

14 “(B) the financial solvency and capacity of
15 the recipient responsible party, and any covered
16 entity of the recipient responsible party, to
17 weather market shocks and fulfill current and
18 projected decommissioning liabilities; and

19 “(C) any other criteria with respect to the
20 recipient responsible party, and any covered en-
21 tity of the recipient responsible party, as the
22 Secretary determines appropriate.

23 “(2) INITIAL REQUEST FOR CERTIFICATION.—A
24 recipient responsible party may request to be cer-

1 tified as fit to operate pursuant to the process estab-
2 lished by regulation under paragraph (4).

3 “(3) MAINTENANCE OF CERTIFICATION.—

4 “(A) REQUIREMENT.—A certification that
5 the holder of a lease, right-of-way, permit, or
6 other authorization for oil or gas exploration,
7 development, or production on Federal land
8 subject to this Act issued, extended, or trans-
9 ferred after the date on which the Secretary
10 issues or revises regulations under paragraph
11 (4) is fit to operate shall be maintained in ac-
12 cordance with subparagraph (B).

13 “(B) ANNUAL COMPLIANCE
14 VERIFICATION.—

15 “(i) IN GENERAL.—The Secretary
16 shall annually assess whether each holder
17 of a lease, right-of-way, permit, or other
18 authorization described in subparagraph
19 (A) remains in compliance with standards
20 established pursuant to paragraph (4).

21 “(ii) SUSPENSION OF CERTIFI-
22 CATION.—If the Secretary determines
23 under subparagraph (A) that a holder of a
24 lease, right-of-way, permit, or other au-
25 thorization described in subparagraph (A)

1 is not in compliance with the standards es-
2 tablished pursuant to paragraph (4), the
3 Secretary shall suspend the certification
4 and impose 1 or more of the following pen-
5 alties until that holder complies with the
6 standards:

7 “(I) Suspend the applicable lease,
8 right-of-way, permit, or other author-
9 ization pursuant to section 5(a)(1).

10 “(II) Issue a fine or other civil
11 penalties.

12 “(III) Require supplemental fi-
13 nancial assurance in an amount equal
14 to the total expected cost of decom-
15 missioning, as applicable.

16 “(IV) Issue an order to the hold-
17 er of the lease, right-of-way, permit,
18 or other authorization to commence
19 decommissioning, including a require-
20 ment that the entity develop and sub-
21 mit a decommissioning plan pursuant
22 to section 3162.3-4 of title 43, Code
23 of Federal Regulations (or a successor
24 regulation) for approval by the Sec-
25 retary, and issue a notice to any pre-

1 vious holders of the lease, right-of-
2 way, permit, or other authorization to
3 commence joint and several liability
4 proceedings.

5 “(4) REGULATIONS.—Not later than 1 year
6 after the date of enactment of the Stop Orphaned
7 Wells Act, the Secretary shall promulgate or revise
8 regulations—

9 “(A) to establish standards, in accordance
10 with this section, that the Secretary shall use to
11 determine whether to certify a recipient respon-
12 sible party as fit to operate;

13 “(B) to establish a process for recipient re-
14 sponsible parties to request such certification;
15 and

16 “(C) to carry out any other requirements
17 of this section.

18 “(d) REPORT TO CONGRESS.—Not later than 1 year
19 after the Secretary issues or revises regulations under sub-
20 section (c)(4), and annually thereafter, the Secretary shall
21 submit to Congress a report that includes a summary of
22 the most recent assessments made under subsection
23 (c)(3)(B), including a list of—

24 “(1) each person that holds an active or inac-
25 tive lease, right-of-way, permit, or other authoriza-

1 tion for oil or gas exploration, development, or pro-
2 duction on Federal land subject to this Act that
3 failed to meet any of the standards established pur-
4 suant to subsection (c)(4);

5 “(2) the specific standards for which the person
6 is or was non-compliant, disaggregated by—

7 “(A) person; and

8 “(B) lease, right-of-way, permit, and other
9 authorizations; and

10 “(3) enforcement actions taken by the Sec-
11 retary against each person identified under para-
12 graph (1).

13 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
14 is authorized to be appropriated to the Secretary to carry
15 out this section \$30,000,000 for each of fiscal years 2028
16 through 2032.”.