

## **Overview of SB 315 Committee Substitute Amendment**

As part of the federal infrastructure bill, Kentucky is eligible to apply for \$104 million over the next several years to plug abandoned oil and gas wells. This federal funding will go a long way towards cleaning up the 14,000 abandoned and orphan wells and tank batteries that have been identified as needing plugging and remediation.

The Committee Substitute deals with three issues which need to be resolved in order for Kentucky to **fully** access these federal funds. The first issue is that the federal law defers to the various States definitions for “orphan wells.” Kentucky’s program defines orphan wells primarily as those drilled and abandoned pre-1960 wells, with other abandoned wells defined as “abandoned”. We have language to clarify that issue by assuring that for purposes of these federal funds, both classes of wells will be considered “orphan” and available for funded closure.

The second issue deals with language in the federal act covering Initial Grants (up to \$25 million) that requires “...the State...to issue new contracts, amend existing contracts, or ***issue grants*** for plugging, remediation, and reclamation work by not later than ***90 days after the date of receipt of the funds***...” By dedicating grants received under the Infrastructure Act to the Kentucky Abandoned Storage Tank & Orphan Wells (KASTOW) program under KRS 353.562, Kentucky can satisfy the timing issue created by the federal language.

The final issue deals with assisting small Kentucky vendors in qualifying for the contracts to plug and remediate that will ultimately be bid upon and granted. KOGA and KRC agree that new language should be added to assure that the contracts that will be awarded for remediation under the infrastructure act be accessible to smaller operators, to limit each contract to be granted to 25 wells. This would not limit the number of total wells or contracts, but would cap individual contracts in order to allow smaller operators to bid on the remediation work while meeting performance and wage bond requirements.

These changes in Kentucky law are needed in order to ensure that no federal funds that could be put to use employing Kentuckians to plug and remediate orphan gas and oil wells and associated infrastructure, are left on the table.