

**U.S. Department of the Interior  
Orphaned Wells Program Office  
State Orphaned Wells Program**

**Frequently Asked Questions  
May 2026**

**Q1. What has changed in the Phase 3 State Formula Grant Guidance when compared to the Revised State Formula Grant Guidance published in July 2025?**

*Funding available:* All remaining Formula grant funding is available to eligible States.

*Improved accountability:* Notices of award for all grants will include tangible milestones so that the Department can monitor progress and ensure that recipients meet their performance goals. Descriptions of progress towards achieving these tangible milestones and reasoning and resolution of unmet performance goals are expected in recipient performance reports.

*Obligation and expenditure certification:* As part of their Phase 3 State Formula Grant application, States must certify that they have met the following pre-requisites:

1. Obligated 90 percent of the funds awarded for their first Formula grant (regardless of Phase), and
2. Expended (i.e., drawn down) at least 50 percent of the funding for that same Formula grant.

*Orphaned well certification:* States must certify that the wells plugged and well sites remediated, are “orphaned wells” under the applicable definition.

*Oversight of subrecipients and contractors:* The Phase 3 State Formula Grant guidance includes an emphasis on the importance of a recipient’s responsibility for oversight of their subrecipients and contractors.

**PRE-AWARD CONSIDERATIONS**

**Q2: Are there still Orphaned Wells Program Office (OWPO) State grant funds available?**

Yes. Approximately \$800 million in Formula grant and \$1.2 billion in Performance grant funding remains available. Eligible States can apply for and receive one Matching (Performance) Grant each fiscal year, up to a total of \$30 million, as described in the Revised State Matching Grant Guidance published July 17, 2025. With publication of the Phase 3 State Formula Grant Guidance, eligible States may apply for their remaining Formula grant funding through September 30, 2028. And States that have not received an Initial grant may still apply for a small-scale, Initial grant of up to \$5 million.

**Q3: How long will State Grant Applicants have to obligate and spend grant dollars?**

States must obligate and expend awarded funds within the relevant grant’s period of performance.

**Q4: Can a State Grant Applicant apply for a grant amount less than it is eligible to receive?**

Yes. States may opt to apply for grants in an amount less than their eligibility. States are encouraged to apply for only the amount of funds the state expects to be able to obligate for eligible expenses within the grant period of performance.

**Q5: How does a State Grant Applicant calculate the amount of Matching Grant funds that a State may apply for and receive?**

The amount that a State may apply for and receive under the Performance-Matching Grant program is equal to “the amount that the State certifies to the Secretary the State will expend, during the fiscal year in which the State will receive the grant” (Certified Amount) *less* “the average annual amount expended by the State during the period of fiscal years 2010 through 2019” (Average 2010-2019 Amount). Please see the Revised State Matching Grant guidance for more information.

**Q6: How do State Grant Applicants calculate the Certified Amount for a Matching Grant application?**

The “Certified Amount” is the total amount of the State’s non-federally originated money that the State certifies it will expend in a particular State fiscal year to: 1) plug, remediate, and reclaim orphaned wells; 2) remediate or reclaim land adjacent to an orphaned well; and 3) decommission or remove pipelines, facilities, and infrastructure associated with an orphaned well. Please see the Revised State Matching Grant guidance for more information.

**Q7: Where can State Grant Applicants find the most recent Work Plan and Detailed Budget Plan Templates?**

These items can be found in the Interior Business Center’s shared Box page, *Recipient Resources and Guidance* (<https://doi-ibc.box.com/s/b1fgjim3qvxtqym28uq5ceffo96gtad3>), in the *State Grant Program Work Plan Templates* folder. State Grant Applicants can also contact their Financial Assistance Officer (FAO) at [aqd-fa.states@ibc.doi.gov](mailto:aqd-fa.states@ibc.doi.gov) or Financial Assistance Officer Representative (FAOR) at [orphanedwells@ios.doi.gov](mailto:orphanedwells@ios.doi.gov) and request the most recent version.

**Q8: Can pre-award costs be reimbursed?**

Yes. A Recipient may request reimbursement of pre-award costs. However, all costs incurred prior to the effective date are at the Recipient's risk of non-reimbursement if the costs are not determined to be allowable, allocable, and reasonable (2 C.F.R. §§ 200.308, 407). If a Recipient

would like pre-award costs, please include the proposed start date for pre-award costs. All pre-award costs should be coordinated in advance with the FAO.

## **POST AWARD CONSIDERATIONS**

**Q9: Where can State Grant Recipients find additional resources and information regarding the following?**

- Reporting Requirements (including the Data Reporting Template)
- Requesting Amendments
- Davis Bacon Act and Build America Buy America Act Compliance
- Using the Automated Standard Application for Payments (ASAP.gov) and GrantSolutions
- Monitoring and reporting subrecipients
- Budget Narrative Guide
- Administrative vs. project costs
- Uniform Guidance (2 CFR 200)
- Completing the SF-425 Federal Financial Report
- Reporting Waste, Fraud, and Abuse
- Standards for Internal Control

Resources and information covering the above can be found in IBC's shared Box page, *Recipient Resources and Guidance* (<https://doi-ibc.box.com/s/b1fgjim3qvxtqym28uq5cefjo96gtad3>). State Grant Recipients can also contact their FAO at [aqd-fa.states@ibc.doi.gov](mailto:aqd-fa.states@ibc.doi.gov) or FAOR at [orphanedwells@ios.doi.gov](mailto:orphanedwells@ios.doi.gov) with specific question regarding these topics.

**Q10: Can State Grant Recipients generate carbon credits under Orphaned Wells Program Office grants?**

Yes. A prior prohibition on generating carbon credits was removed from grant terms and conditions as part of the July 2025 publication of Revised State Grant Guidance. States may now generate carbon credits from allowable activities conducted as part of the grants. However, in accordance with 2 CFR 200.307, carbon credits are considered program income and subject to all related rules and requirements, including the Terms and Conditions of the award.

**Q11: Can State Grant Recipients use grant funds to address orphaned split-estate wells and associated lands and infrastructure?**

Yes. States can use State Initial, Formula, or Performance grant funds to address orphaned split-estate wells and associated lands and infrastructure. If a State plans to use grant funds to address an orphaned well in a split estate context, it must first obtain concurrence from the Federal, Tribal, and/or other non-state entity that owns an interest in the land or mineral estate. If an interest in a split estate belongs to a Federal or Tribal entity, then the State must provide documentation to the OWPO prior to project implementation.

**Q12: What “orphaned well” definition applies in a split-estate situation?**

The definition in 42 U.S.C. § 15907(a)(5)(B) applies when State Initial, Formula, or Performance grant funds are used. The definition in § 15907(a)(5)(A) applies when the funds originate from the Federal or Tribal orphaned well programs, § 15907(b) and (d), respectively. Either definition can apply in a split-estate situation—*i.e.*, where either the surface or minerals are owned by the United States or a Tribe, and the other is owned by the State or a private entity.

**Q13: Can State Grant Recipients use grant funds on Federal or Tribal orphaned wells?**

No. An orphaned well cannot be addressed using State Grant funds if both the surface and mineral estates of the relevant parcel are on Federal or Tribal land. Please note that allotted lands are not considered Tribal lands and State Grant funds may be used to plug orphaned wells on allotted lands if there is consent and agreement from the land and/or mineral owner.

**Q14: What types of remediation are authorized by the IJA?**

The IJA states grant funding may be used “To remediate soil and restore native species habitat that has been degraded due to the presence of orphaned wells and associated pipelines, facilities, and infrastructure,” and “To remediate land adjacent to orphaned wells and decommission or remove associated pipelines, facilities, and infrastructure.” The definition of “remediate” and “reclaim” in Section II of OWPO’s grant guidance provides examples, which may be relevant to a State’s situation.

**Q15: When are State Grant Recipients required to sample, measure, or track surface or groundwater contamination?**

Unless required by State or local law, a State grant recipient is not required to sample, measure, or track surface or groundwater contamination. The IJA, however, states that grant funding may be used “to measure and track . . . contamination of groundwater or surface water associated with orphaned wells.” Associated costs would be considered eligible provided they are included in your budget and work plan and approved by the FAO.

**Q16. Are State Grant Recipients expected to ensure that grant funds are not used to plug, remediate, or reclaim wells with an identifiable responsible party capable of plugging the well?**

Yes. In accordance with the IJA, only wells that meet the applicable definition of “orphaned” are eligible to be addressed with grant funds. The Department expects State Grant Recipients to follow state laws and authorities to prevent legally responsible parties from avoiding responsibility and transferring to taxpayers the financial burden of plugging, remediating, and reclaiming wells.

**Q17: If a State Grant Recipient sells scrap material, such as used metal, what should it do with the proceeds?**

Proceeds from such sales must be retained and used with advanced FAO approval as permitted by State law, 2 CFR 200.307, and as outlined in the terms and conditions of the grant. Such proceeds must be reported as program income on Standard Form (SF) 425 (Federal Financial Report). Approved program income will be added to the award, increasing the overall total amount of the Federal award. States must request approval of the expenditure of program income, which is treated as Federal cash, as an amendment request.

**Q18: Can State Grant Recipients use funding for activities which are no longer required, such as pre- and post- plugging methane measurement?**

Yes. Even if a particular activity is no longer required, a Recipient may use grant funds for the activities listed in 42 U.S.C. § 15907(c)(2)(A)(i)-(ix), which includes “To measure and track . . . emissions of methane and other gases associated with orphaned wells.”

**Q19: Do State Grant Recipients need to receive DOI approval (i.e., Authorization to Proceed) from OWPO prior to initiating plugging and/or remediation projects?**

No. Based on the authorizing statute, the Department determined that activities funded by OWPO Grants are not subject to Section 7 of the Endangered Species Act, nor are they subject to Section 106 of the National Historic Preservation Act. The revised guidance removes those requirements and relevant Terms and Conditions from the Notice of Award.

**Q20: If methane emissions monitoring is conducted using grant funds, do State Grant Recipients need to comply with the July 2023 methane measurement guidelines, “Assessing Methane Emissions from Orphaned Wells to Meet Reporting Requirements of the 2021 Infrastructure Investment and Jobs Act”?**

No. However, OWPO asks that States note the standards or protocols used in their data and performance reporting.

**Q21: Where can a State Grant Recipient find information on reporting requirements?**

Information on reporting requirements (including frequency, due dates, content, and submittal instructions) can be found in the Notice of Award.

**CLOSE-OUT CONSIDERATIONS**

**Q22: How does a State Grant Recipient know when their grant award expires?**

The end date of the Period of Performance can be found in box 6 on page one of the Notice of Award.

**Q23: Can a State Grant Recipient request an extension to their award?**

Yes. Recipients may submit requests for extensions beyond the original period of performance, in accordance with 2 CFR 200.308(g)(2). Consult your FAO for specific information and opportunity to extend. The request must be submitted at least 10 calendar days before the Period of Performance end date, however earlier submittal (i.e., 30 calendar days prior) is preferred.

**Q24: What are State Grant Recipients required to do when their award expires?**

Specific guidance will be provided before the award expires. States must continue to retain all records. No later than 120 days after expiration, States must submit:

- All requests for reimbursement in ASAP;
- Data Reporting Template;
- Final Performance Report;
- Final Federal Financial Report (SF-425); and
- Final Tangible Personal Property Forms (SF-428 series of forms) as applicable.

Instructions are included in your Notice of Award regarding when and how to submit required reports.

**Q25: What should State Grant Recipients include in their final Performance (Technical) Report?**

States may use any narrative format for the performance report in accordance with 2 CFR 200.329. While there is no required standard format, the report should concisely compare the actual results with the stated goals and objectives and/or reasons that the goals and objectives were not met. Please refer to the Notice of Award for more information including Federal Award Performance Goals and your agency's milestone plan or timeline.

**OTHER**

**Q26: Where can State Grant Applicants and Recipients find answers to additional questions not covered by these Frequently Asked Questions?**

States should contact their FAO at [aqd-fa.states@ibc.doi.gov](mailto:aqd-fa.states@ibc.doi.gov) or FAOR at [orphanedwells@ios.doi.gov](mailto:orphanedwells@ios.doi.gov).