

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

## **Revised State Formula Grant Guidance Frequently Asked Questions and Answers July 2025**

### **Q1: Why did the Department issue revised State Formula Grant Guidance?**

The Department of the Interior revised the State Formula Grant Guidance to ensure that implementation of the Orphaned Wells Program is consistent with the Administration's policy priorities to promote the advancement of energy development and fiscal responsibility. Revising the guidance to eliminate non-statutory requirements and reduce the post-award burdens on grant recipients will accelerate well plugging activities and support the Department's efforts to unleash American energy.

### **Q2: How has the guidance changed?**

The Revised State Formula Grant Guidance eliminates non-statutory requirements and reduces the application and post-award burdens on States. As an example, the application requirements are now closely aligned with the language in the authorizing statute and reflect this Administration's priority to de-regulate and cut red tape. In addition, the burdensome post-award requirements added by the previous Administration, such as pre- and post-plugging methane measurement, have been eliminated. Similarly, post-award limitations, such as the prohibition on carbon credits, have been removed. With the revised guidance, grant recipients now have the flexibility to use awarded grant funding to support their State well plugging priorities.

### **Q3: Does the revised guidance apply to all phases of the State Formula Grant Program?**

The Revised State Formula Grant Guidance replaces the previously issued Phase 1 and Phase 2 Formula Grant guidance documents. The revised guidance does not open a new application window, and the Department is not accepting new applications for State Formula Grants.

### **Q4: How much Formula Grant funding is available?**

Approximately \$1.93 billion in State Formula Grant funding is available to 26 States based on a statutory formula. The Revised State Formula Grant Guidance includes a table of Formula Grant eligibility in Appendix B. In Phase 1, the Department awarded approximately \$520 million in grants to 19 States. With Phase 2, the Department made up to \$826 million available to 21 States and is currently processing applications received. After Phase 2 Formula Grants are awarded, the Department will develop a plan to make the remaining Formula Grant funds available to eligible states to strengthen state-led orphaned well plugging, remediation and reclamation activities.

### **Q5: What if a State applied for a grant under the previous guidance?**

The Department will incorporate the Revised State Formula Grant Guidance into all new Formula Grant awards. States that timely submitted a Phase 2 Formula Grant application prior to the issuance of the revised guidance may revise their applications, including Budget Proposals and Workplans. However, States are not required to submit new applications. While the Department will contact applicants to discuss any necessary revisions prior to award, States are encouraged to submit revised application materials as soon as possible, but no later than 5 business days from the date of guidance

publication. Timely submission of updated budget proposals and workplans will ensure that the Department is able to award grants as expeditiously as possible.

**Q6: Does the revised guidance apply to existing Formula Grants?**

The guidance applies to existing awards if the States with existing Phase 1 Formula Grants request amendments to their respective Notices of Award to incorporate the revised guidance. States are encouraged to submit revised materials requesting amendments to the terms and conditions of their Notices of Award as soon as possible, but no later than 20 business days from the date of guidance publication. Timely submission of revised materials will help ensure that the Department is able to amend the Notice of Award to incorporate the revised guidance as expeditiously as possible. The Department will contact States to discuss any revisions prior to amending the Notice of Award for existing Formula Grants. Until the Notice of Award is updated, grant recipients must comply with the existing terms and conditions of award.

**Q7: Why did the Department remove the Endangered Species Act and the National Historic Preservation Act requirements?**

Based on the authorizing statute, the Department determined that activities funded by Formula Grants are not subject to Section 7 of the Endangered Species Act, nor are they “undertakings” subject to Section 106 of the National Historic Preservation Act. The revised guidance removes those requirements. Eliminating the non-statutory requirement for a burdensome process created by the previous Administration reflects Secretary Burgum’s priority to de-regulate and cut red tape, thus reducing the post-award burden on grant recipients, accelerating well plugging activities, and supporting the Department’s efforts to unleash American energy.

**Q8: Can grant recipients use funding for activities that are not in the revised guidance but were allowable or required before?**

Certain activities, such as pre- and post-plugging methane emissions measurement, are allowable uses of grant funding even though they are no longer required activities. Grant recipients are encouraged to contact their Financial Assistance Officer Representative within the Orphaned Wells Program Office for additional information and to resolve any grant-specific questions.

**Q9: Is the Department planning to revise other Orphaned Well Grant Programs?**

In the near term, grant recipients and applicants can expect to see similar revisions to the Department’s other Orphaned Wells Grant Programs. Specifically, the Department is working to revise the Tribal Grant Program. The State Regulatory Improvement Grant program is undergoing additional policy review and programmatic revisions to ensure that any associated grants will not place any undue regulatory burden on States.

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