

# RECLAMATION FUNDS

Reclamation funds are moneys set aside specifically for the reclamation of oil and gas drilling operations. The money from reclamation funds is often used to plug wells, restore the surface and land surrounding wells, fix roads and other infrastructure damaged in the operating process, and many other important and necessary recovery efforts. These funds are important because they serve as an additional safety net in the event that reclamation costs exceed the bonds that have been collected from oil and gas operators. States may use several mechanisms to create or collect funds for reclamation. States such as California, Oregon, and South Dakota use fees on operators and various other aspects of the oil and gas drilling process to supply their reclamation funds. Other states, like Wyoming and New Mexico, use a percentage of a tax on oil and gas production in the state to fund reclamation. The following fact sheet summarizes the sources of funding for the reclamation funds in key Western oil and gas producing states, as well as the Bureau of Land Management (BLM).

## CALIFORNIA

**Acute Orphan Well Account**, in the Oil, Gas, and Geothermal Administrative Fund

- Fees, fees collected annually capped at \$1,000,000 (two sources of fees annual operator fee, and idle well fee)
- Annual operator fee - not to exceed \$500,000 total, calculated based on rate of production
- Annual idle well fee - not to exceed \$500,000 total, calculated by equally dividing the maximum aggregate annual charge to be collected by the total number of idle wells as of December 31 of the preceding year
- If account balance exceeds \$1,500,000 at start of fiscal year, collection of all fees shall be suspended for that year

California Public Resources Code Division 3, Chapter 1, Article 4.3

## COLORADO

**Oil and Gas Conservation Environmental Response Fund** (Oil and Gas Conservation Act § 34-60-124)

- Revenues from surcharge on oil and gas
- Moneys appropriated by the general assembly
- Moneys granted from any federal agency for the purposes outlined under Fund
- Prepayments by operators, in situations where a responsible party cannot be identified
- Moneys recovered from the sale of salvaged equipment

Colorado Revised Statutes 34-60-124

## NEW MEXICO

**Oil and Gas Reclamation Fund**

- Forfeited oil and gas well bonds - amount depends on well
- Percentage of Oil and Gas Conservation Tax
- Fund may accept donations from individuals and corporations

New Mexico Statutes Annotated 1978, 70-2-38

Oil Conservation Division 19.15.36.18. C.(4)(a)

## MONTANA

**Oil and Gas Production Damage Mitigation Account**

- \$650,000 from the interest income of the resource indemnity trust fund, allocated every two years
- No allocation made if balance in account equals or exceeds \$1,000,000
- No allocation made greater than the difference between the balance and \$1,000,000 or more than \$650,000
- If allocation of \$650,000 is not made, the remainder must be deposited in the natural resources projects special revenue account for grant making

Montana Code Annotated 82-11-161

## IDAHO

**No Fund**

Idaho is currently in the process of updating their rules and is in the early stages of oil and gas development

## OREGON

**Geology and Mineral Industries Account**, in the General Fund

- Application fee for permit to drill a well - \$2,000
- Fee to extend drilling completion period - \$500
- Fee to modify operations of well - \$1,500
- Fee to sidetrack a well - \$500
- Fee to plug and abandon well - \$1,000
- Annual operation and maintenance fee - \$1,500 for first year, \$500 for subsequent years
- Fee for information hole permit - may not exceed \$1,000, based on cost of review and approval
- Fee for seismic program approval - may not exceed \$1,000, based on cost of review and approval

Oregon Revised Statutes 520.017

Oregon Revised Statutes 516.070

## NORTH DAKOTA

**Abandoned Oil and Gas Well Plugging and Site Reclamation Fund**

- Fees collected for permits and other services
- Forfeited drilling and reclamation bonds
- Any specific allocations from federal agencies
- Donations from individuals and corporations
- Money from Oil and Gas Impact Fund
- Money collected in lawsuits for recovery costs of plugging
- Money from the sale of confiscated equipment
- Transfers from Cash Bond Fund
- Civil penalties
- Amount in fund may not exceed an amount equal to an annual return of 2% of the cash bond deposit

North Dakota Century Code 38-08-04.5

## SOUTH DAKOTA

**Environment and Natural Resources Fee Fund**

- Operator fee of \$100
- Trust account created for unlocatable mineral interest owners

## TEXAS

**Oil and Gas Regulation and Cleanup Fund**

- Proceeds from bonds and financial securities
- Private contributions from corporations and individuals
- Fees, including liens on well equipment, application to drill fees (which depend on well depth), oil and gas waste hauler permit application fees, hazardous oil and gas waste generation fees, oil-field cleanup regulatory fees, application for fluid injection fee (\$200), filing fees, voluntary cleanup fees, fees for exception applications, legislative appropriations, surcharges on fees, and interest earned on the funds deposited in the fund

Natural Resources Code. Title 3. Subtitle A. Section 81.067

## UTAH

**Bond and Surety Forfeiture Trust Fund**

- Money from forfeited bonds and sureties
- Interest earned on money in the fund

Utah Code, 40-6-19

**Oil and Gas Conservation Account**, in the General Fund

- Oil and gas fee including any penalties or interest charged for delinquent payments, paid
- 0.002 percent surcharge on the value of oil and gas produced
- Interest and earnings on account
- Balance of account may not exceed 100% of the fiscal year appropriation for administration

Utah Code, 40-6-14.5

## WYOMING

**Conservation Funds** [collected in accordance with WYO. STAT. ANN. § 30-5-116(b)]

- Charge on oil/gas produced/sold/transported in WY, paid monthly - not to exceed \$.0008/\$1 of the value of the oil/gas
- Interest charged for delinquent payments - 1% per month

Wyoming Oil and Gas Conservation Commission, Operational Rules, Drilling Rules, Chapter 3, Section 16(f)

Wyoming Statutes Ann. §30-5-116(b)



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