



## RESOLUTION 23.101

### **Urging the Department of the Interior to Allow the Use of Carbon Credits as Program Income for Formula and Performance Grants Under Section 40601 of the Infrastructure Investment and Jobs Act**

**WHEREAS**, the Infrastructure Investment and Jobs Act provides federal funds for states to plug orphaned wells under the rules and regulations of each participant state's existing program; and

**WHEREAS**, twenty-six states submitted a "Notice of Intent to Apply" in 2021 that documented 126,806 orphaned wells across the nation with a total anticipated cost to plug those orphaned wells of \$8,051,668,380 in 2021; and

**WHEREAS**, orphaned wells and well sites may pose a risk to the environment, public health, and safety if not properly plugged and restored; and

**WHEREAS**, carbon credits from plugging orphaned wells could offer a significant and viable source of program income to supplement federal funds from Section 40601 of the Infrastructure Investment and Jobs Act; and

**WHEREAS**, grant guidance for the Formula Grant program released by the Department of the Interior on July 7, 2023, strictly prohibits states from monetizing, generating, or collecting carbon credits or otherwise using the plugging of wells funded with Formula Grants to generate income of any type by offsetting another party's greenhouse gas emissions; and

**WHEREAS**, the Environmental Protection Agency and the Department of Energy expressly allow revenue from offsetting another party's greenhouse gas emissions through carbon credits or other mechanisms to be used additively as program income to further eligible project objectives under Section 60113 of the Inflation Reduction Act; and

**WHEREAS**, the mission of the Interstate Oil and Gas Compact Commission (IOGCC) to champion the conservation and efficient recovery and storage of domestic oil and natural gas resources while protecting health and safety and the environment, correlates with the purposes of this request; and

**WHEREAS**, at the IOGCC Annual Conference held in October 2023, member states discussed the use of carbon credits by state well plugging programs to supplement federal funding allocations thereby allowing those states to plug additional orphaned wells in their jurisdictions,



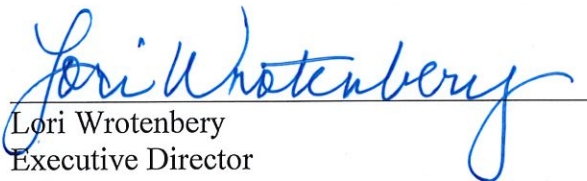
**NOW, THEREFORE, BE IT RESOLVED THAT,** the Interstate Oil and Gas Compact Commission does hereby urge the United States Department of the Interior to revise its guidance to allow the use of carbon credits as program income for current and future phases of the Formula Grant, as well as the Performance Grants, under Section 40601 of the Infrastructure Investment and Jobs Act; and does hereby support and endorse any and all actions by Congress to ensure states are provided the necessary flexibility and deference to generate program income for the purpose of plugging and restoring as many orphan wells and well sites as possible; and further requests that the members of the congressional delegation of each IOGCC state take action as necessary to achieve this objective.

I certify that this is a true and correct copy of the resolution adopted by the Commission on October 18, 2023.

Sponsored by: Texas.

Voting yes: Alabama, Alaska, Arizona, Arkansas, Idaho, Illinois, Kansas, Louisiana, Michigan, Montana, Nebraska, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Utah, West Virginia, and Wyoming.

Voting no: Colorado.

  
Lori Wrotenbery  
Executive Director  
Interstate Oil and Gas Compact Commission

