

Table Of Contents

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted

It appears that all attachments in the application have been processed correctly. Please review the uploads to ensure the full contents of all attached files display as expected. Not all file types may accurately print to PDF.

Grant Announcement

Online Forms

Additional Information to be Submitted

Program Narrative

1. State Formula Grants Phase 2 Program Announcement. Please download an accessible copy.
2. SF-424 Application for Federal Assistance (Version 4.0)
3. SF-424A Budget Information - Non-Construction
4. SF-LLL Disclosure of Lobbying Activities (Version 2.0)
5. Project Abstract Summary (Version 2.0)
 - (Upload #1): TX RRC Project Abstract
 - (Upload #0): TX RRC Lobbying Certification
 - (Upload #0): Key Personnel
 - (Upload #0): TX RRC Attachment A
 - (Upload #0): FY 25 Approved Indirect Rate
 - (Upload #0): TX RRC Budget Template
 - (Upload #0): TX RRC Workplan
6. Lobbying Certification OMB 4040-0013

- (Upload #0): TX RRC Project Abstract
- (Upload #2): TX RRC Lobbying Certification
- (Upload #0): Key Personnel
- (Upload #0): TX RRC Attachment A
- (Upload #0): FY 25 Approved Indirect Rate
- (Upload #0): TX RRC Budget Template
- (Upload #0): TX RRC Workplan

7. Key Personnel

OMB Number: 4040-0010

Expiration Date: 11/30/2025

- (Upload #0): TX RRC Project Abstract
- (Upload #0): TX RRC Lobbying Certification
- (Upload #3): Key Personnel
- (Upload #0): TX RRC Attachment A
- (Upload #0): FY 25 Approved Indirect Rate
- (Upload #0): TX RRC Budget Template
- (Upload #0): TX RRC Workplan

8. Attachment A - Required State Certification. Must be signed and attached.

- (Upload #0): TX RRC Project Abstract
- (Upload #0): TX RRC Lobbying Certification
- (Upload #0): Key Personnel
- (Upload #4): TX RRC Attachment A

- (Upload #0): FY 25 Approved Indirect Rate
- (Upload #0): TX RRC Budget Template
- (Upload #0): TX RRC Workplan

9. Negotiated Indirect Cost Rate Agreement (if applicable)

- (Upload #0): TX RRC Project Abstract
- (Upload #0): TX RRC Lobbying Certification
- (Upload #0): Key Personnel
- (Upload #0): TX RRC Attachment A
- (Upload #5): FY 25 Approved Indirect Rate
- (Upload #0): TX RRC Budget Template
- (Upload #0): TX RRC Workplan

10. Suggested Budget Detail and Narrative Template for Formula Phase 2 with Instructions. Please select "Download Original Version" to use document in MS-Excel format. Non-accessible version with formulas in Excel.

- (Upload #0): TX RRC Project Abstract
- (Upload #0): TX RRC Lobbying Certification
- (Upload #0): Key Personnel
- (Upload #0): TX RRC Attachment A
- (Upload #0): FY 25 Approved Indirect Rate
- (Upload #6): TX RRC Budget Template
- (Upload #0): TX RRC Workplan

11. Suggested Budget Detail and Narrative Template for Formula Phase 2 with Instructions. Please select "Download Original Version" to use document in MS-Excel format. 508 accessible version without

formulas.

12. Budget Detail, Narrative and Justification. Please upload your own documents HERE if not using the Suggested Template.
13. Suggested Template for Workplan/Proposal for Formula Phase 2 with Instructions. Please select "Original Version" to download the document in MS-Word format.
 - (Upload #0): TX RRC Project Abstract
 - (Upload #0): TX RRC Lobbying Certification
 - (Upload #0): Key Personnel
 - (Upload #0): TX RRC Attachment A
 - (Upload #0): FY 25 Approved Indirect Rate
 - (Upload #0): TX RRC Budget Template
 - (Upload #7): TX RRC Workplan
14. Upload your workplan/proposal documents HERE if you are not using the Suggested Template provided.

Note: Upload document(s) printed in order after online forms.

Disclosures

It appears that all attachments in the application have been processed correctly. Please review the uploads to ensure the full contents of all attached files display as expected. Not all file types may accurately print to PDF.

Application for Federal Assistance SF-424

Version 04

* 1. Type of Submission:		* 2. Type of Application:	* If Revision, select appropriate letter(s):
<input type="radio"/> Preapplication		<input checked="" type="radio"/> New	<input type="text"/>
<input checked="" type="radio"/> Application		<input type="radio"/> Continuation	* Other (Specify)
<input type="radio"/> Changed/Corrected Application		<input type="radio"/> Revision	<input type="text"/>

* 3. Date Received:	4. Applicant Identifier:
<input type="text" value="12/10/2024"/>	<input type="text"/>

5a. Federal Entity Identifier:	* 5b. Federal Award Identifier:
<input type="text"/>	<input type="text"/>

State Use Only:

6. Date Received by State: <input type="text" value="12/10/2024"/>	7. State Application Identifier: <input type="text"/>
--	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN):	* c. UEI:
<input type="text" value="746000134"/>	<input type="text" value="LU9UFH3W1HB1"/>

d. Address:

* Street1:

Street2:

* City:

County:

* State:

Province:

* Country:

* Zip / Postal Code:

e. Organizational Unit:

Department Name:

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

Title:

Organizational Affiliation:

* Telephone Number: Fax Number:

* Email:

Application for Federal Assistance SF-424

Version 04

9. Type of Applicant 1: Select Applicant Type:

State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

DOI-Departmental Offices

11. Catalog of Federal Domestic Assistance Number:

15.018

CFDA Title:

Energy Community Revitalization Program

*** 12. Funding Opportunity Number:**

D-AQD-FA-25-003

* Title:

FY25 DOI State Orphaned Wells Formula Grant Program - Phase 2

13. Competition Identification Number:

D-AQD-FA-25-003-113149

Title:

FY25 DOI State Orphaned Wells Formula Grant Program - Phase 2

14. Areas Affected by Project (Cities, Counties, States, etc.):

*** 15. Descriptive Title of Applicant's Project:**

Railroad Commission of Texas Phase II Formula Grant

Attach supporting documents as specified in agency instructions.

Application for Federal Assistance SF-424

Version 04

16. Congressional Districts Of:

* a. Applicant 37

* b. Program/Project: TX-All

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date: 09/01/2025

* b. End Date: 08/31/2030

18. Estimated Funding (\$):

* a. Federal	40000000
* b. Applicant	0
* c. State	0
* d. Local	0
* e. Other	0
* f. Program Income	0
* g. TOTAL	40000000

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on [] .
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: [] * First Name: Wei

Middle Name: []

* Last Name: Wang

Suffix: []

* Title: Executive Director

* Telephone Number: 512-463-2645 Fax Number: []

* Email: wei.wang@rrc.texas.gov

* Signature of Authorized Representative: Ms. COLLEEN FORREST * Date Signed: 12/10/2024

Application for Federal Assistance SF-424

Version 04

*** Applicant Federal Debt Delinquency Explanation**

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. DOI-15.018	15.018			\$40,000,000.00		\$40,000,000.00
2. DOI-15.018						
3. DOI-15.018						
4. DOI-15.018						
5. Totals				\$40,000,000.00		\$40,000,000.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) DOI-15.018	(2) DOI-15.018	(3) DOI-15.018	(4) DOI-15.018	
a. Personnel	\$2,956,928.00				\$2,956,928.00
b. Fringe Benefits	\$941,193.00				\$941,193.00
c. Travel	\$16,404.00				\$16,404.00
d. Equipment					
e. Supplies	\$43,455.00				\$43,455.00
f. Contractual	\$36,042,020.00				\$36,042,020.00
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)	\$40,000,000.00				\$40,000,000.00
j. Indirect Charges					
k. TOTALS (sum of 6i and 6j)	\$40,000,000.00				\$40,000,000.00

7. Program Income					
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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8 DOI-15.018				
9. DOI-15.018				
10. DOI-15.018				
11. DOI-15.018				
12. TOTAL (sum of lines 8-11)				

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$40,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
14. Non-Federal					
15. TOTAL (sum of lines 13 and 14)	\$40,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. DOI-15.018				
17. DOI-15.018				
18. DOI-15.018				
19. DOI-15.018				
20. TOTAL (sum of lines 16-19)				

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: \$40,000,000	22. Indirect Charges: \$0
23. Remarks: RRC will not charge indirect for this project period.	

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB 4040-0013

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352 Expiration Date 02/28/2025
 (See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Railroad Commission of Texas PO BOX 12967 1701 N Congress Avenue Austin, TX 78711-2967 Congressional District, if known: 37	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:	
6. Federal Department/Agency: Department of the Interior	7. Federal Program Name/Description: Departmental Offices CFDA Number, if applicable: 15.018	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): N/A, N/A	b. Individuals Performing Services (including address if different from No. 10a) (if individual, last name, first name, MI): N/A, N/A	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: <u>Ms. COLLEEN FORREST</u> Print Name: <u>Wang, Wei</u> Title: _____ Telephone No: _____ Date: <u>12/10/2024</u>	

Project Abstract Summary

This Project Abstract Summary form must be submitted or the application will be considered incomplete. Ensure the Project Abstract field succinctly describes the project in plain language that the public can understand and use without the full proposal. Use 4,000 characters or less. Do not include personally identifiable, sensitive or proprietary information. Refer to Agency instructions for any additional Project Abstract field requirements. If the application is funded, your project abstract information (as submitted) will be made available to public websites and/or databases including USAspending.gov.

* Funding Opportunity Number

D-AQD-FA-25-003

CFDA(s)

15.018

* Applicant Name

TEXAS RAILROAD COMM

* Descriptive Title of Applicant's Project

Railroad Commission of Texas Phase II Formula Grant

* Project Abstract

See uploaded document.

Upload #1

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: TX RRC Project Abstract

Please wait...

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For more assistance with Adobe Reader visit <http://www.adobe.com/go/acrreader>.

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Upload #2

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: TX RRC Lobbying Certification

CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.


(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

* APPLICANT'S ORGANIZATION Ralroad Commission of Texas	
* PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE	
Prefix: <input type="text"/>	* First Name: <input type="text" value="Danny"/> Middle Name: <input type="text"/>
* Last Name: <input type="text" value="Sorrells"/>	Suffix: <input type="text"/>
* Title: <input type="text" value="Interim Executive Director"/>	
* SIGNATURE: 	* DATE: <input type="text" value="12/10/2024"/>

Upload #3

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: Key Personnel

Key Contacts Form

*** Applicant Organization Name:**

Railroad Commission of Texas

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Project Director

Prefix:

*** First Name:** David

Middle Name:

*** Last Name:** Lindley

Suffix:

Title:

Organizational Affiliation:

*** Street1:** 1701 N. Congress Avenue

Street2: P.O. Box 12967

*** City:** Austin

County: Travis

*** State:** TX: Texas

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 78711-2967

*** Telephone Number:** 512-463-6217

Fax:

*** Email:** david.lindley@rrc.texas.gov

Delete Entry

Next Person

Upload #4

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: TX RRC Attachment A

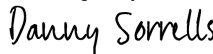
ATTACHMENT A

State Certification

Consistent with Sections 40601(c)(4)(A)(iii) and 40601(c)(4)(B)(iii) of the Infrastructure Investment and Jobs Act (also known as the Bipartisan Infrastructure Law), the State or Commonwealth of

Texas certifies that:

1. Any financial assurance or surety instruments available to the State to cover plugging, remediation, or reclamation costs will be used by the State for plugging, remediation, or reclamation;¹⁶ and
2. The grant funds the State applies for are subject to the Davis-Bacon Act, 40 U.S.C. § 3141 *et seq.* The State confirms all laborers and mechanics performing construction, alteration, or repair work in excess of \$2 thousand, funded directly by or assisted in whole or in part, by funding under the award, are paid or will be paid wages at rates not less than those prevailing on activities of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.
3. Nothing in this certification shall be construed to reduce a State’s responsibilities, under the 2 C.F.R. part 200, as amended, other federal law and authorities and policies, and the terms and conditions of the grant.

Danny Sorrells	Interim Executive Director
Certifying Official Name	Title
<div style="border: 1px solid black; border-radius: 5px; padding: 2px;"> <small>DocuSigned by:</small>  <small>5D99A45E434042D...</small> </div>	12/10/2024
Certifying Official Signature	Date

United States’s Signature	Individual’s Name and Title	Date

¹⁶ Available financial assurance instruments are not required to be forfeit before the State performs the work, and financial assurance instruments collected by the State may be used to plug, remediate, or reclaim orphaned wells other than the well(s) for which the financial assurance instrument was originally intended.

Upload #5

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: FY 25 Approved Indirect Rate



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

State and Local Governments Indirect Cost Negotiation Agreement

EIN: 74-6000134

Date: 08/13/2024

Organization:

Railroad Commission of Texas
PO Box 12967
Austin, TX 78711-2967

Report Number: 2024-0396

Filing Ref.:

Last Negotiation Agreement
dated: 07/20/2023

The indirect cost rate contained herein is for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 applies subject to the limitations in Section II.A. of this agreement. The rate was negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Section I: Rate

Start Date	End Date	Rate Type	Rate Details				
			Name	Rate	Base	Location	Applicable To
09/01/2024	08/31/2025	Fixed Carryforward	Indirect	56.56 %	(A)	All	All Programs

(A) Base: Total direct salaries and wages, including fringe benefits. The rate applies to all programs administered by the non-federal entity. To determine the amount of indirect costs to be billed under this agreement, direct salaries and wages and related fringe benefits should be summed and multiplied by the rate. All other program costs should be eliminated from the calculation.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Treatment of paid absences: Vacation, holiday, sick leave, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for the salaries and wages. Separate claims for the costs of these paid absences are not made.

Section II: General

- A. **Limitations:** Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).
- B. **Audit:** All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.
- C. **Changes:** The rate(s) contained in this agreement are based on the accounting system in effect at the time the proposal was submitted. Changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate(s) in this agreement may require the prior approval of the cognizant agency. Failure to obtain such approval may result in subsequent audit disallowance.
- D. **Rate Type:**
1. **Fixed Carryforward Rate:** The fixed carryforward rate is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such period have been determined, an adjustment will be made to the rate for a future period, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs.
 2. **Provisional/Final Rate:** Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.
 3. **Predetermined Rate:** A predetermined rate is an indirect cost rate applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.
- E. **Rate Extension:** Only final and predetermined rates may be eligible for consideration of rate extensions. Requests for rate extensions of a current rate will be reviewed on a case-by-case basis. If an extension is granted, the non-Federal entity may not request a rate review until the extension period ends. In the last year of a rate extension period, the non-Federal entity must submit a new rate proposal for the next fiscal period.
- F. **Agency Notification:** Copies of this document may be provided to other federal offices as a means of notifying them of the agreement contained herein.
- G. **Record Keeping:** Organizations must maintain accounting records that demonstrate that each type of cost has been treated consistently either as a direct cost or an indirect cost. Records pertaining to the costs of program administration, such as salaries, travel, and related costs, should be kept on an annual basis.
- H. **Reimbursement Ceilings:** Grantee/contractor program agreements providing for ceilings on indirect cost rates or reimbursement amounts are subject to the ceilings stipulated in the contract or grant agreements. If the ceiling rate is higher than the negotiated rate in Section I of this agreement, the negotiated rate will be used to determine the maximum allowable indirect cost.
- I. **Use of Other Rates:** If any federal programs are reimbursing indirect costs to this grantee/contractor by a measure other than the approved rate(s) in this agreement, the grantee/contractor should credit such costs to the

Section II: General (continued)

affected programs, and the approved rate(s) should be used to identify the maximum amount of indirect cost allocable to these programs.

J. **Central Service Costs:** If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based on the latest federally-approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.

K. **Other:**

1. The purpose of an indirect cost rate is to facilitate the allocation and billing of indirect costs. Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.
2. Programs received or initiated by the organization subsequent to the negotiation of this agreement are subject to the approved indirect cost rate(s) if the programs receive administrative support from the indirect cost pool. It should be noted that this could result in an adjustment to a future rate.
3. Indirect cost proposals must be developed (and, when required, submitted) within six (6) months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant agency for indirect costs.

Section III: Acceptance

Listed below are the signatures of acceptance for this agreement:

By the State and Local Governments

By the Cognizant Federal Government Agency

Railroad Commission of Texas

US Department of the Interior

Signed by:
Pamela Darden
3C25C93429DF49C...

DocuSigned by:
Craig Wills
B47DB1F4A5DB4BF...

Signature

Signature

Pamela Darden

Craig Wills

Name:

Name:

Chief Financial Officer

Division Chief

Indirect Cost & Contract Audit Division

Interior Business Center

Title:

Title:

8/14/2024

8/13/2024

Date

Date

Negotiated by: Stacy Frost
Telephone: (916) 930-3815
Email: stacy_frost@ibc.doi.gov

Next Proposal Due Date: 02/28/2025

Upload #6

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: TX RRC Budget Template

Instructions and Summary

Announcement Number: D-AQD-FA-25-003

Recipient: TX RRC

Date of Submission: 12/13/2024

Form submitted by: Corey Crawford

Please read the instructions on each worksheet tab before starting. If you have any questions, please ask your Financial Assistance Officer or Specialist at aqd-fa.states@ibc.doi.gov

Optional Template for use by applicants. Please review the Grant Guidance and Announcement included with the application kit in GrantSolutions for more information. You may use this in Microsoft Excel or Adobe PDF format. Also, review Uniform Guidance's Cost Principles for more information: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-11/part-200/subpart-E>

All applications must have a detailed budget narrative explaining and justifying the federal and the non-federal expenditures by object class category as listed on SF-424A - Section B (Budget Category) for non-construction awards. For clarification and simplicity, it is best to discuss each expense by object class (e.g. personnel, fringe, travel) in the order that they appear on the SF424A. Include detailed descriptions of all cost justifications (see below for more detail). The budget narrative submitted with the application must match the dollar amounts on all required forms. Please explain each calculation and provide a narrative that supports each budget category (the SF-424 must equal total costs identified on the SF-424A form which must match the budget narrative). Budget periods are defined as recipient fiscal year, work plan year, and/or funding period.

1. If using this form for award application, negotiation, or budget revision, fill out the blank white cells in workbook tabs a. through j. with total project costs.
2. Blue-colored cells contain instructions, headers, or summary calculations and should not be modified. **Only blank white cells** should be populated.
3. Examples are included and are marked as such in the light blue section.
4. Enter detailed support for the project costs identified for each Category line item within each worksheet tab to auto-populate the summary tab.
5. The total budget is presented on tabs a. through j. **Please include both Federal and administrative costs.**
6. All costs incurred by the preparer's sub-recipients, and/or vendors should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.
7. Ensure all entered costs are allowable, allocable, and reasonable in accordance with the administrative requirements prescribed in 2 CFR 200, and the applicable cost principles for each entity type: FAR Part 31 for For-Profit entities; and 2 CFR Part 200 Subpart E - Cost Principles for all other non-federal entities.
8. Add rows as needed throughout tabs a. through j. If rows are added, formulas/calculations may need to be adjusted by the preparer. Do not add rows to the Instructions and Summary tab.
9. **Please use Tab J Administrative Costs to detail administrative costs.**

SUMMARY OF BUDGET CATEGORY COSTS PROPOSED

The values in this summary table are from entries made in subsequent tabs, only blank white cells require data entry

Section A - Budget Summary								
		Federal	Administrative			Total Costs	Administrative %	Proposed Budget Period Dates
Fiscal Year 2026	\$	40,000,000	\$ 4,000,000			\$ 40,000,000	10.00%	9/1/2025 - 8/31/2026
Fiscal Year 2027	\$	-	-			-	0.00%	9/1/2026 - 8/31/2027
Fiscal Year 2028	\$	-	-			-	0.00%	9/1/2027 - 8/31/2028
Fiscal Year 2029	\$	-	-			-	0.00%	9/1/2028 - 8/31/2029
Fiscal Year 2030	\$	-	-			-	0.00%	9/1/2029 - 8/31/2030
Total	\$	40,000,000	\$ 4,000,000			-	0.00%	
Section B - Budget Categories								
CATEGORY	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Total Costs	% of Project	Comments (as needed)
a. Personnel	\$ 2,956,928	-	-	-	-	\$ 2,956,928	7.39%	
b. Fringe Benefits	\$ 941,193	-	-	-	-	\$ 941,193	2.35%	
c. Travel	\$ 16,404	-	-	-	-	\$ 16,404	0.04%	
d. Equipment	-	-	-	-	-	-	0.00%	
e. Supplies	\$ 43,455	-	-	-	-	\$ 43,455	0.11%	
f. Contractual								
Sub-recipient	-	-	-	-	-	-	0.00%	
Vendor	\$ 36,042,020	-	-	-	-	\$ 36,042,020	90.11%	
Consultant	-	-	-	-	-	-	0.00%	
Total Contractual	\$ 36,042,020	-	-	-	-	\$ 36,042,020	90.11%	
g. Construction	-	-	-	-	-	-	0.00%	
h. Other Direct Costs	-	-	-	-	-	-	0.00%	
Total Direct Costs	\$ 40,000,000	-	-	-	-	\$ 40,000,000	100.00%	
i. Indirect Charges	-	-	-	-	-	-	0.00%	
Total Costs	\$ 40,000,000	-	-	-	-	\$ 40,000,000	100.00%	

Additional Explanation (as needed): Work on Phase 2 projects will begin when formula grant phase 1 ends. For budgeting purposes, we estimate the beginning of state fiscal year 2026 (September 1, 2025) as the grant start date.

a. Personnel

INSTRUCTIONS - Personnel. Provide the name of the person in each position (if known) and provide both the annual (for multiyear awards) and total: salary/amount each position is paid; the percent of time the position contributes to this award; and the number of months the employee is paid. State if any positions are vacant at the time, and if so, the anticipated hire date. Also, provide a justification and description of each position (including vacant positions). Relate each position specifically to program objectives. Personnel cannot exceed 100% of their time on all active projects. The recipient should ensure the cost-of-living increase, if applicable, is built into the budget and justified.

- List project costs solely for employees of the entity completing this form. All personnel costs for subrecipients and vendors must be included under f. Contractual.
- All personnel should be identified by position title and not employee name. Enter the amount of time (e.g., hours or % of time) and the base pay rate and the total direct personnel compensation will automatically calculate. Rate basis (e.g., actual salary, labor distribution report, state civil service rates, etc.) must also be identified.
- If loaded labor rates are utilized, a description of the costs the loaded rate is comprised of must be included in the Additional Explanation section below. DOI must review all components of the loaded labor rate for reasonableness and unallowable costs (e.g. fee or profit).
- If a position and hours are attributed to multiple employees (e.g. Technician working 2000 hours a year) the number of employees for that position title must be identified. Estimating tool: 2080 hours per calendar year.
- Each budget period is rounded to the nearest dollar.

Work Plan Activity or Task	Position Title	Fiscal Year 2026			Fiscal Year 2027			Fiscal Year 2028			Fiscal Year 2029			Fiscal Year 2030			Project Total Hours	Project Total Dollars	Rate Basis
		Time (Hrs)	Pay Rate (\$/Hr)	Total Fiscal Year 2026	Time (Hrs)	Pay Rate (\$/Hr)	Total Fiscal Year 2027	Time (Hrs)	Pay Rate (\$/Hr)	Total Fiscal Year 2028	Time (Hrs)	Pay Rate (\$/Hr)	Total Fiscal Year 2029	Time (Hrs)	Pay Rate (\$/Hr)	Total Fiscal Year 2030			
Well Plugging	Engineering Specialist II (32)	66,560	\$29.90	\$1,990,144			\$0			\$0			\$0			\$0	66,560	\$1,990,144	Actual Salaries
Well Plugging	Administrative Assistant III (5)	10,400	\$19.80	\$205,920			\$0			\$0			\$0			\$0	10,400	\$205,920	Actual Salaries
Compliance	Project Manager V (1)	2,080	\$71.10	\$147,888			\$0			\$0			\$0			\$0	2,080	\$147,888	Actual Salaries
Compliance	Enviro Protection Spec V (1)	2,080	\$52.90	\$110,032			\$0			\$0			\$0			\$0	2,080	\$110,032	Actual Salaries
Compliance	Enviro Protection Spec III (6)	12,480	\$40.30	\$502,944			\$0			\$0			\$0			\$0	12,480	\$502,944	Actual Salaries
				\$0			\$0			\$0			\$0			\$0	-	\$0	
	Total Personnel Costs	93,600		\$2,956,928	0		\$0	0		\$0	0		\$0	0		\$0	93,600	\$2,956,928	

General Texas State Salary Guidance: The Texas State Auditor's Office regulates the job classifications and descriptions. See the SAO's website for job descriptions - <https://hr.sao.texas.gov/CompensationSystem/JobDescriptions>. The State Salary Schedule is set by the Texas Legislature in Article IX (Pages IX-1 to IX-21) of the Texas General Appropriations Act (GAA) for state fiscal years 2024 and 2025 - https://www.lbb.texas.gov/Documents/Appropriations_Bills/88/Conference_Bills/Conf_CCR_GAB_88R.pdf.

Note: the salary schedule for fiscal year 2026 will be determined by the Texas Legislature in the 89th Legislative Session in Spring 2025. The salaries in the grant application are either current salaries or anticipated salaries for new employees in fiscal year 2026.

Field Staff:

Engineering Specialist II (32 positions - Well Plugging Inspectors/Site Cleanup Inspectors) An Inspector will inspecting, preparing, witnessing, and documenting well plugging and site cleanup activities in the field. The average annual salary for these positions is anticipated to be \$62,192 in fiscal year 2026.

Administrative Assistant III (5 positions across district office) will spend 100 percent of their time supporting well plugging and site cleanup activities by assisting the coordination of administrative work. The administrative work includes communicating with the landowners and contractors on the scheduling of the work performed at the well site, review and verify accuracy of contractor invoices, handle the sale of salvage equipment for the district, and assist with the preparation of plugging documentation. The average annual salary for these positions is anticipated to be \$41,184 in fiscal year 2026.

Austin Headquarters Staff:

Project Manager V (1 position) will ensure grant funded activities comply with IJA grant reporting requirements, as well as all relevant federal statutes and regulations such as Davis Bacon Act and 2 CFR 200. This position will manage the grant budget, submit formal budget amendments, and quarterly reports. This position's annual salary is \$147,888.

Environmental Protection Specialist V (1 positions) will supervise the IJA compliance team that coordinates the submission of well plugging and cleanup projects to DOI. The Supervisor will ensure project submissions to DOI include all necessary documentation of work with may include contractor desk reviews, site investigations, and species surveys. The annual salary for this position is anticipated to be \$110,032 in fiscal year 2026.

Environmental Protection Specialist III (6 positions) are biologists and historians that make up the staff of the IJA compliance team. They will ensure compliance with the Endangered Species Act and the National Historic Preservation Act. The biologists and historians that will conduct desk reviews, site investigations, species surveys, cultural monitoring, and oversee contractor work. They will coordinate work with district offices to ensure project documentation is complete. The average annual salary for these positions is anticipated to be \$83,824 in fiscal year 2026.

b. Fringe Benefits

INSTRUCTIONS - Fringe Benefits. Fringe benefits can be expressed as an hourly rate or percentage of personnel costs. If your fringe rate is established within a Negotiated Indirect Cost Rate Agreement (NICRA), provide a copy of the agreement with the application. Fringe benefits typically include, but are not limited to, the costs of leave (vacation, family related, sick or military), employee insurance, pensions, and unemployment benefit plans. Fringe costs may also include other benefits such as training, health, and wellness, or other reasonable benefits that aren't required by law but are required by an established policy of the Non-Federal entity or an agreement between the entity and its employees and not otherwise unallowable.

1. Fill out the table below by position title. If all employees receive the same fringe benefits, you can show "Total Personnel" in the Labor Type column instead of listing out all position titles.
2. The fringe costs and how they are applied should not be averaged to get one fringe cost percentage. Complex calculations should be described/provided in the Additional Explanation section below.
3. The fringe benefit costs or rates should be applied to all eligible positions, regardless of whether those funds will be supported by Federal or count toward Administrative costs.
4. Fringe benefits are usually applicable to direct salaries and wages. Provide the fringe benefit rate used and/or a clear description of how the computation of fringe benefits was done. The budget justification should be reflected in the budget description. Elements that comprise fringe benefits should be indicated. The fringe rate should be proportional among the federal and non-federal share categories. If fringe benefits are not computed by using a percent of salaries, provide a breakdown of how the computation is done. The applicant should not combine the fringe benefit costs with direct salaries and wages in the personnel category.
5. Each budget period is rounded to the nearest dollar.

Labor Type	Fiscal Year 2026			Fiscal Year 2027			Fiscal Year 2028			Fiscal Year 2029			Fiscal Year 2030			Total Project
	Personnel Costs	Rate	Total	Personnel Costs	Rate	Total	Personnel Costs	Rate	Total	Personnel Costs	Rate	Total	Personnel Costs	Rate	Total	
Engineering Specialist II (32)	1,990,144	31.83%	\$633,463			\$0			\$0			\$0			\$0	\$0
Administrative Assistant III (5)	205,920	31.83%	\$65,545			\$0			\$0			\$0			\$0	\$65,545
Project Manager V (1)	147,888	31.83%	\$47,073			\$0			\$0			\$0			\$0	\$0
Enviro Protection Spec V (1)	110,032	31.83%	\$35,024			\$0			\$0			\$0			\$0	\$35,024
Enviro Protection Spec III (6)	502,944	31.83%	\$160,088			\$0			\$0			\$0			\$0	\$160,088
			\$0			\$0			\$0			\$0			\$0	\$0
Total:	\$2,956,928		\$941,193	\$0		\$0			\$0			\$0			\$0	\$941,193

A federally approved fringe benefit rate agreement, or a proposed rate supported and agreed upon by the cognizant agency for estimating purposes is required at the time of award negotiation if reimbursement for fringe benefits is requested. Please check (X) one of the options below and provide the requested information if not previously submitted.

A fringe benefit rate has been negotiated with, or approved by, a federal government agency. A copy of the latest rate agreement is/was included with the project application.*

There is not a current federally approved rate agreement negotiated and available.*

*Unless the organization has submitted an indirect rate proposal which encompasses the fringe pool of costs, please provide the organization's benefit package and/or a list of the components/elements that comprise the fringe pool and the cost or percentage of each component/element allocated to the labor costs.

The fringe rate of 31.83% is composed of five components.

- Federal Payroll Taxes (FICA) - Employer portion is 7.65 percent comprised 6.2 percent for Social Security and 1.45 percent for Medicare.
- State Retirement - State contribution to the State of Texas Employees Retirement System (ERS) is 9.50 percent established by Texas Government Code Section 815.403.
- Health Insurance - State paid health insurance premium estimated rate is set by the Texas Legislative Budget Board at 13.18 percent for 2024-25. The actual health insurance premium cost is a fixed amount that depends on the type of health insurance coverage the employee elects.
- Payroll Health Insurance Contribution - Texas House Bill 1, Regular Session, 88th Legislature, Article IX, Section 17.03 requires each state agency to contribute an amount equal to 1 percent of the total base wages and salaries for each benefits-eligible employee to the Employees Retirement System's Group Benefits Program.
- Payroll Retirement Contribution - Texas Government Code Section 815.4035 requires each state agency to contribute an amount equal to 0.5 percent of the total base wages and salaries for each eligible employee to the Employees Retirement System's Retirement Program.

Note: The 31.83% fringe benefits rate is the estimate for budgeting purposes, RRC will charge the actual fringe benefits expenditures to the grant.

c. Travel

INSTRUCTIONS - Travel

- Domestic Travel:** Examples of Purpose of Travel are subrecipient site visits, meetings, site inspections, and project meetings, etc. Examples of Basis for Estimating Costs are past trips, travel quotes, GSA rates, etc.
- All listed travel must be necessary for the performance of the stated activities and projected outcomes of the work plan and proposal.
- Federal travel regulations are contained within the applicable cost principles for all entity types. Travel costs should remain consistent with travel costs incurred by an organization during normal business operations as a result of the organizations written travel policy. In the absence of a written travel policy, organizations must follow the regulations prescribed by the General Services Administration: https://www.gsa.gov/travel/plan-book/per-diem-rates?gclid=CjwKCAjwzo2mBhAUeIwAf7wjknwOl425nCGcXzAcSi65LOKzq8zxH-aaviQy2HCPmO7_bjPxImGopUBoCepwQAvD_BwE
- Provide a narrative justification describing the travel staff will perform. List origin and destination, number of trips planned, who will be making the trip, number of miles if driving a personal vehicle, the purpose of travel and how it relates to the scope of work and approximate dates. If mileage is to be paid, provide the number of miles and the cost per mile. If travel is by air, show the cost of airfare and the proposed airline (if known). If per diem/lodging is to be paid, indicate number of days and the amount for each day's per diem and the number of nights and the amount for each night's lodging. Include any ground transportation when applicable.
- Each budget period is rounded to the nearest dollar.

Dates	Purpose of Travel	Depart From	Destination	No of Miles if Driving (Roundtrip)	No. of Days	No. of Travelers	Mileage if POV	Lodging per Traveler	Flight per Traveler	Vehicle per Traveler	Per Diem Per Traveler	Cost per Trip	Basis for Estimating Costs
Domestic Travel		Fiscal Year 2026											
TBD	Federal Compliance Site Visits - Locations to be determined based on need	Statewide	Statewide	2,000	30	2		\$3,300		\$1,260	\$2,040	\$13,200	GSA Rates Meals & Lodging, State Contract for car rental
TBD	Bay/Offshore Well Plugging - Inspector Travel - Travel for inspectors to reach port for departure on lift boats (likely travel to Galveston or Corpus Christi)	Statewide	TBD - Galveston/ Corpus Christi	400	9	2		\$990			\$612	\$3,204	GSA Rates Meals & Lodging
												\$0	
												\$0	
	Fiscal Year 2026 Total											\$16,404	
Domestic Travel		Fiscal Year 2027											
												\$0	
												\$0	
												\$0	
	Fiscal Year 2027 Total											\$0	
Domestic Travel		Fiscal Year 2028											
												\$0	
												\$0	
												\$0	
	Fiscal Year 2028 Total											\$0	
Domestic Travel		Fiscal Year 2029											
												\$0	
												\$0	
												\$0	
	Fiscal Year 2029 Total											\$0	
Domestic Travel		Fiscal Year 2030											
												\$0	
												\$0	
												\$0	
	Fiscal Year 2030 Total											\$0	
	PROJECT TOTAL											\$16,404	

Exact travel details will be determined based on location of the wells, endangered species surveys needed, NHPA cultural monitoring required, and other relevant factors. General Texas GSA rates were used rather than city specific rates.

Environmental Compliance Grant Terms - RRC Compliance Staff (Biologist & Historian) will travel for species surveys and cultural monitoring. Travels is based on DOI ESA/NHPA compliance requirements for IJA Well Plugging Formula Grant Phase I. Travel is also anticipated to meet with contractors to review systems, policies, and procedures that help ensure compliance with federal regulations such as the Davis-Bacon Act. For budgeting purposes GSA rates are used. RRC will only charge grant the actual travel costs capped by the GSA rates as required under Texas state law for employee travel reimbursements. For budging purposes, the Texas statewide rental car contract rate of \$42/day is used. The actual cost may be less if agency pool vehicle is available for the travel.

Bay/Offshore Travel - Travel is anticipated for well plugging inspectors to travel to coast to embard/disembark on lift boats used for offshore work.

d. Equipment

INSTRUCTIONS - Equipment

1. Equipment is generally defined as an item with an acquisition cost greater than \$5,000 and a useful life expectancy of more than one year. Equipment is defined as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. <https://www.ecfr.gov/current/title-2/part-200/section-200.1#p-200.1>(Equipment).
2. List all equipment below, providing a basis of cost (e.g. vendor quotes, catalog prices, prior invoices, etc.). Briefly justify items as they apply to the Workplan activities and Proposed Outcomes. If it is existing equipment, provide logical support for the estimated value shown.
3. During award negotiations, provide a vendor quote for all equipment items over \$50,000 in price. If the vendor quote is not an exact price match, provide an explanation in the additional explanation section below. If a vendor quote is not practical, such as for a piece of equipment that is purpose-built, first of its kind, or otherwise not available off the shelf, provide a detailed engineering estimate for how the cost estimate was derived.
4. Provide justification for the use of each item and relate them to specific program objectives.
5. Provide a lease versus purchase analysis. This must accompany every equipment request over \$5,000 even if a lease vs purchase analysis cannot be completed, a statement is required to that effect.
6. Each budget period is rounded to the nearest dollar.

Workplan Activity	Equipment Item	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Fiscal Year 2026						
				\$0		
				\$0		
	Fiscal Year 2026 Total			\$0		
Fiscal Year 2027						
				\$0		
				\$0		
	Fiscal Year 2027 Total			\$0		
Fiscal Year 2028						
				\$0		
				\$0		
	Fiscal Year 2028 Total			\$0		
Fiscal Year 2029						
				\$0		
				\$0		
	Fiscal Year 2029 Total			\$0		
Fiscal Year 2030						
				\$0		
				\$0		
	Fiscal Year 2030 Total			\$0		
	PROJECT TOTAL			\$0		

Additional Explanation (as needed):

No equipment is anticipated to be purchased during phase 2.

e. Supplies

INSTRUCTIONS - Supplies

1. Supplies are generally defined as an item with an acquisition cost of \$5,000 or less and a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Supplies means all tangible personal property other than those described in the definition of equipment in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also the definitions of computing devices and equipment in this section (2 CFR 200.1).
2. List all proposed supplies below, providing a basis of costs (e.g. vendor quotes, catalog prices, prior invoices, etc.). Briefly justify the need for the Supplies as they apply to the stated activities, workplan and outcomes in your application. Note that Supply items must be direct costs to the project at this budget category, and not duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.
3. Multiple supply items valued at \$5,000 or less used to assemble an equipment item with a value greater than \$5,000 with a useful life of more than one year should be included on the equipment tab. If supply items and costs are ambiguous in nature, contact your Financial Assistance Officer for proper categorization.
4. Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.
5. Each budget period is rounded to the nearest dollar.

Workplan Activity	General Category of Supplies	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Fiscal Year 2026						
All Activities	Adobe Acrobat Software License	7	\$66.00	\$462	State Contract	Software for collection and review of Davis-Bacon Certified Payrolls (Software as a Service vendor eComply Solutions)
Well Plugging	Vehicle gas and routine maintenance	153,600	\$0.28	\$42,993	Historical Cost	Gas & vehicle maintenance (oil changes, brake pads, etc.) for well plugging inspectors to travel to well sites and monitoring contractor plugging activities (Est. \$0.28/mile for 32 vehicles @ 400 miles monthly for 12 months)
				\$0		
				\$0		
	Fiscal Year 2026 Total			\$43,455		
Fiscal Year 2027						
				\$0		
				\$0		
	Fiscal Year 2027 Total			\$0		
Fiscal Year 2028						
				\$0		
				\$0		
	Fiscal Year 2028 Total			\$0		
Fiscal Year 2029						
				\$0		
				\$0		
	Fiscal Year 2029 Total			\$0		
Fiscal Year 2030						
				\$0		
				\$0		
	Fiscal Year 2030 Total			\$0		
	PROJECT TOTAL			\$43,455		

Additional Explanation (as needed):

Vehicle Gas and Maintenance - Inspector will travel to well site to inspect site for planning purposes and to monitor daily plugging activities by plugging contractors. Cost is estimated for one inspector traveling 500 miles a month (six months first year and three months in subsequent years) to various well site locations from the RRC Kilgore District Office. For budgeting purposes RRC uses the historical agency fleet cost has averaged \$0.28/mile for the fuel and maintenance costs. The trucks are equipped with a unique fuel cards so RRC will charge the grant the actual cost of gas and any necessary maintenance for the grant activities. The actual cost will depend on distance of well sites from the district office and price of gas and if maintenance needed. The typical maintenance charges are normal routine maintenance such as oil changes, brake pads, and/or tires.

Software Licenses - Adobe Acrobat. Software is used for producing reports for ESA/NHPA approval and other DOI grant reports. Also used for Davis-Bacon Act compliance with requests to U.S. Dept of Labor for wage conformances.

f. Contractual

INSTRUCTIONS - Contractual/Subrecipient

1. The entity completing this form must provide all costs related to sub-recipients, and vendors in the applicable boxes below. Please refer to the different regulations/requirements between contracts and subawards: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-11/part-200/subpart-D/subject-group-ECFR031321e29ac5bbd/section-200.331>
 2. A subrecipient is a legal entity to which a subaward is made, who has performance measured against whether the objectives of the Federal program are met, is responsible for programmatic decision-making, must adhere to applicable Federal program compliance requirements, and uses the Federal funds to carry out a program of the organization. All characteristics may not be present and judgment must be used to determine subrecipient vs. vendor status.
 3. **Vendors (including contractors):** List all vendors and contractors supplying commercial supplies or services used to support the project. For each Vendor cost with total project costs of \$250,000 or more, a Vendor quote must be provided. A vendor is a legal entity contracted to provide goods and services within normal business operations, provides similar goods or services to many different purchasers, operates in a competitive environment, provides goods or services that are ancillary to the operation of the Federal program, and is not subject to compliance requirements of the Federal program. All characteristics may not be present and judgment must be used to determine subrecipient vs. vendor status.
 4. Provide separate budgets for each contract, regardless of the dollar value, and indicate the basis for the cost estimates in the narrative. Describe products or services to be obtained and indicate the applicability or necessity of each to the project.
 5. Provide separate budgets for each sub-award, regardless of the dollar value, and indicate the basis for the cost estimates in the narrative. Indicate the applicability or necessity of each sub-award to the project. A sub-award is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award, including a portion of the scope of work or objectives. Provide the name of the subrecipient, method of selection, period of performance, scope of work, and criteria for measuring accountability for each sub-award. In addition, provide both the annual (for multiyear awards) and total for subawards and other items. *Do not incorporate indirect costs incurred by subawards under the indirect costs line item for the applicant/grantee on the SF-424A or budget narrative.*
- a. Name of Contractor or Vendor: Include the name of the qualified contractor, affiliation, and contact.
 - b. Method of Selection.
 - c. Period of Performance: Include the dates/length for the performance period. If it involves a number of tasks, include the performance period for each task.
 - d. Scope of Work: List and describe the specific tasks to be performed.
 - e. Criteria for Measuring Accountability: Include an itemized line-item breakdown as well as total contract/award amount. If applicable, include any indirect costs paid under the contract/award and the indirect cost rate used.

Workplan Activity	Sub-Recipient Name/Organization	Purpose and Basis of Cost	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Project Total
<i>RRC does not intend to utilize sub-recipients for this grant.</i>								
								\$0
								\$0
								\$0
		Sub-total	\$0	\$0	\$0	\$0	\$0	\$0

Workplan Activity	Vendor / Contractor Name/Organization	Purpose and Basis of Cost	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Project Total
Identification of well sites	(EXAMPLE) ABC Corp.	Vendor for developing robotics to perform well site inspections. Estimate provided by the vendor in the area. Market research demonstrates that this price was reasonable. This estimate aligns with previous bids/contracts.	\$32,900	\$32,900	\$30,000	\$20,000	\$10,000	\$125,800
Plugging Wells	Multiple Vendors - To Be Determined	Plug orphaned oil and gas wells, cost is based on projected cost of \$60,000 per well in FY 2026 for 476 regular wells. An additional \$5 million is budgeted to plug approximately 5 complex well pluggings (bay/offshore/high H2S wells).	\$33,560,000					\$33,560,000
Site Cleanup	Multiple Vendors - To Be Determined	Remediation oil and gas wells sites, cost is based on historical cost of routine cleanups.	\$1,000,000					\$1,000,000
Plugging Wells	Multiple Vendors - To Be Determined	Pre- and post-plugging methane measurement when required based on binary screening.	\$380,000					\$380,000
Compliance	Multiple Vendors - To Be Determined	ES&N/HPA Compliance Analysis based on an estimated cost of \$2,000 per well/site clean for contractor analysis necessary in addition to the work accomplished by RRC compliance staff.	\$1,060,000					\$1,060,000
All Activities	Cell Phone Service (State Contract - AT&T or Verizon)	Cell Phones for field staff communication with district office, plugging contractors, and landowners. Cost based on current statewide Texas Dept of Information Resources contract - \$44/month.	\$21,120					\$21,120
All Activities	Davis-Bacon Act Compliance Software (State Contract - vendor eComply Solutions)	Software for collection and review of Davis-Bacon Certified Payrolls (Software as a Service). Cost based on current statewide Texas Dept of Information Resources contract.	\$20,900					\$20,900
								\$0
		Sub-total	\$36,042,020	\$0	\$0	\$0	\$0	\$36,042,020

Workplan Activity	Name/Organization	Purpose and Basis of Cost	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Project Total
								\$0
								\$0
		Sub-total	\$0	\$0	\$0	\$0	\$0	\$0

Total Contractual		\$36,042,020	\$0	\$0	\$0	\$0	\$0	\$36,042,020
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Additional Explanation (as needed) as to procurement policies and methods used:

RRC will not use subrecipients for this grant.

RRC procures goods and services following the Texas Government Code and Texas Comptroller rules established in the Texas Administrative Code. A copy of the RRC Procurement and Contract Management Guide is available at <https://www.rrc.texas.gov/media/cs4lxu3w/rrc-contract-management-guide.pdf> . A copy of the Texas Comptroller Procurement and Contract Management Guide is available at <https://comptroller.texas.gov/purchasing/docs/96-1809-3.0.pdf>.

In Fiscal Year 2024, competitive solicitation 455-24-1003 was issued for well plugging services for Phase 1 of the IUA State Well Plugging Grant. RRC vetted the respondents based on criteria that focused on qualifications and best value to the state. RRC executed contracts with 22 contractors from this solicitation. These are multiple year contracts that will be utilized in 2026. Contracts with existing cleanup contractors have been amended with the federal requirements.

RRC will use Texas Department of Information Resources Statewide Contracts for cell phones and compliance software.

i. Indirect Costs

INSTRUCTIONS - Indirect Costs. Please keep in mind that all indirect costs are administrative. Please count the indirect costs calculated toward the administrative costs. Keep in mind that administrative costs includes all indirect costs and may also include direct costs.

1. Fill out the table below to indicate how your indirect costs are calculated. Use the box below to provide additional explanation regarding your indirect rate calculation.
2. The rates and how they are applied should not be averaged to get one indirect cost percentage. Complex calculations or rates that do not correspond to the below categories should be described/provided in the Additional Explanation section below. If questions exist, consult with IBC/AQD before filling out this section.
3. The indirect rate should be applied to both the Federal Share and Recipient Cost Share, if applicable, and Administrative Costs as applicable. Please review the NICRA, Base, Time Period, etc. to be sure that the NICRA is applied to correct cost categories.
4. De Minimis Rate cannot be used by governmental or tribal entities that receive more than \$35 million in federal funding per year. All States are not eligible to use the De Minimis Rate. See 2 CFR 200.414(e) Appendix VII, States, Local Government, and Indian Tribe Indirect Cost Proposals.
- 5. Each budget period is rounded to the nearest dollar.**

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Total	Explanation of BASE
Provide ONLY Applicable Rates:							
NICRA: Fixed Provisional, Carry-Forward	0.00%	0.00%	0.00%	0.00%	0.00%		
DeMinimis (10% MTDC)	0.00%	0.00%	0.00%	0.00%	0.00%		
Cost Allocation Plan (CAP)							
OTHER Indirect Rate	0.00%	0.00%	0.00%	0.00%	0.00%		
Indirect Costs (As Applicable):							
NICRA: Fixed Provisional, Carry-Forward						\$0	
De Minimis						\$0	
Cost Allocation Plan (CAP)						\$0	
OTHER Indirect Costs						\$0	
Total indirect costs requested:	\$0	\$0	\$0	\$0	\$0	\$0	

A federally approved indirect rate agreement, or rate proposed (supported and agreed upon by AQD for estimating purposes) is required if reimbursement of indirect costs is requested. Please check (X) one of the options below and provide the requested information if it has not already been provided as requested, or has changed.

An indirect rate has been approved or negotiated with a federal government agency. A copy of the latest rate agreement is included with this application, and will be provided electronically to the Financial Assistance Officer for this project.

There is not a current, federally approved rate agreement negotiated and available*.

*When this option is checked, the entity preparing this form shall submit a copy of its cost allocation plan or indirect cost rate proposal submitted to the cognizant agency being proposed for use in performance of the proposed project. Additionally, any non-Federal entity that has never received a negotiated indirect cost rate or has an expired rate, except for those non-Federal entities described in Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in §200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

You must provide an explanation (below or in a separate attachment) and show how your indirect cost rate was applied to this budget in order to come up with the indirect costs shown.

Additional Explanation (as needed):

The Commission has an Indirect Cost Rate of 56.56% approved by DOI IBC in August 2024 for the RRC fiscal year 2025 but does not intend to charge the indirect rate on this grant.

g. Construction

INSTRUCTIONS: Construction

1. Construction, for the purpose of budgeting, is defined as all types of work done on a particular building, including erecting, altering, or remodeling. Construction activities approved under this award would be for temporary purposes, such as paving a road to access a project site or building temporary scaffolding to safely remove facilities and structures associated with orphaned wells. Construction conducted by the award recipient is entered on this page. **Any construction work that is performed by a vendor or subrecipient should be entered under f. Contractual.**
2. List all proposed construction below, providing a basis of cost such as engineering estimates, prior construction, etc., and briefly justify its need as it applies to the Statement of Project Objectives.
3. Each budget period is rounded to the nearest dollar.

Overall description of construction activities:

Workplan Activity	General Description	Cost	Basis of Cost	Justification of need
Fiscal Year 2026				
	Fiscal Year 2026 Total	\$0		
Fiscal Year 2027				
	Fiscal Year 2027 Total	\$0		
Fiscal Year 2028				
	Fiscal Year 2028 Total	\$0		
Fiscal Year 2029				
	Fiscal Year 2029 Total	\$0		
Fiscal Year 2030				
	Fiscal Year 2030 Total	\$0		
	PROJECT TOTAL	\$0		

Additional Explanation (as needed):

At this time, no construction will be necessary for this grant.

h. Other Direct Costs

INSTRUCTIONS - Other Costs

1. Other direct costs are direct cost items required for the project which do not fit clearly into other categories. These direct costs must not be included in the indirect costs (for which the indirect rate is being applied for this project). Examples are: tuition, printing costs, etc. which can be directly charged to the project and are not duplicated in indirect costs (overhead costs).
2. Basis of cost are items such as vendor quotes, prior purchases of similar or like items, published price list, etc.
3. All costs associated with training activities should be placed in the "other" category except costs for consultant and/or contractual. Costs may include tuition remission. List all expenses anticipated for the training activity in the format above. Include rental space for training (if required), training materials, speaker fees, and any other applicable expenses related to the training. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award.
4. All figures rounded to the nearest dollar.

Workplan Activity	General Description and Workplan Task	Cost	Basis of Cost	Justification of need
Fiscal Year 2026				
	Fiscal Year 2026 Total	\$0		
Fiscal Year 2027				
	Fiscal Year 2027 Total	\$0		
Fiscal Year 2028				
	Fiscal Year 2028 Total	\$0		
Fiscal Year 2029				
	Fiscal Year 2029 Total	\$0		
Fiscal Year 2030				
	Fiscal Year 2030 Total	\$0		
	PROJECT TOTAL	\$0		

Justify each cost listed above with detailed explanation:

At this time, no anticipated other costs will be necessary for this grant.

Administrative Costs

INSTRUCTIONS: Administrative Costs. This section is to detail the administrative costs charged for this award. Don't forget that any indirect costs charged in the Indirect Tab count toward the Administrative Cost.

1. A detailed presentation of the administrative costs is provided in the table below. All items in the chart below must be identified within the applicable cost category tabs a. through i. in addition to the detailed presentation provided in the table below. Identify the source organization & amount of each cost item that is administrative. Federal Cost Categories are: Personnel, Fringe, Equipment, Supplies, Contractual, Construction, Indirect, and Other.

2. Definition of Administrative Costs: as identified in Sec. 40601(c)(2)(B)(i) and 40601 (c)(4)(B)(ii)(V) are limited to not more than 10 percent of the funds received, are those costs that cannot be directly attributed to activities listed under Sec. 40601(c)(2)(a), but instead to general grants management or program administration. Administrative costs can be expended for personnel or non-personnel costs, and can be direct or indirect, but should represent the costs to the State for managing the overall grant-funded work rather than preparation for and execution of individual projects.

3. Administrative costs may be direct and indirect costs, general grant management or program administration that is not project/program specific, human resources, facilities, accounting, legal, and other administrative tasks related to operating the Orphan Well Abandonment Program, Personnel, and Non-Personnel costs.

4. Each budget period is rounded to the nearest dollar.

Cost Category	Type (Direct or Indirect)	Cost item	Unit of Cost	Administrative Cost	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Total Admin Cost
Personnel	Direct		See Tab a.	All personnel costs are treated as administrative to simplify the calculation.	\$ 2,956,928	\$ -	\$ -	\$ -	\$ -	\$2,956,928
Fringe	Direct		See Tab b.	All fringe costs are treated as administrative to simplify the calculation.	\$ 941,193	\$ -	\$ -	\$ -	\$ -	\$941,193
Travel	Direct		See Tab c.	All travel costs are treated as administrative to simplify the calculation	\$ 16,404	\$ -	\$ -	\$ -	\$ -	\$16,404
Equipment	Direct		See Tab d.		\$ -	\$ -	\$ -	\$ -	\$ -	\$0
Supplies	Direct		See Tab e.	All supplies costs are treated as administrative to simplify the calculation.	\$ 43,455	\$ -	\$ -	\$ -	\$ -	\$43,455
Contractual	Direct		See Tab f.	State Contracts for cell phones and Davis-Bacon Act SAAS are administrative.	\$ 42,020	\$ -	\$ -	\$ -	\$ -	\$42,020
Indirect	N/A		See Tab i		\$ -	\$ -	\$ -	\$ -	\$ -	\$0
Construction	N/A		See Tab g		\$ -	\$ -	\$ -	\$ -	\$ -	\$0
Other	Direct		See Tab h.		\$ -	\$ -	\$ -	\$ -	\$ -	\$0
Totals					\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$4,000,000

Total Award: \$40,000,000

Administrative Cost % of Award: 10.0%

Additional Explanation (as needed):

Upload #7

Applicant: TEXAS RAILROAD COMM
Application Number: AQD-FA-2025-001422
Project Title: Railroad Commission of Texas Phase II Formula Grant
Status: Submitted
Document Title: TX RRC Workplan

WORK PLAN/PROPOSAL FOR FORMULA PHASE II GRANT FUNDS

(Suggested Format)

Instructions: A Formula Phase II Grant application Work Plan/Proposal for Formula Phase II Grant Funds (Work Plan) should thoroughly address each element in Section IV.C.v. of the Formula Phase II Guidance (Guidance). This template is provided to assist States in preparing a Work Plan that addresses the required elements in the Guidance. States are not required to use this template. However, if a State does not use this template, it should ensure that its Work Plan addresses each required element in the Guidance. Please carefully complete each section below, and use additional sheets as needed. Please use at least an 11-point font.

The template outline of suggested sections in the work plan/proposal is shown in standard font. The *italicized font portion* provides descriptions of the information that should be included within each section and covers all of the required elements of the program guidance. References to the specific subsection of the program guidance to be addressed are also included within each section of the template.

Person Submitting Proposal: Colleen Forrest Date: 12/13/24

Organization Name: Railroad Commission of Texas

Announcement ID: D-AQD-FA-25-003

Applicant Program Title: Railroad Commission of Texas Abandoned Oil and Gas Well
Plugging Program Phase II Formula Grant

Estimated Period of Performance: 9/1/25-8/31/30

Proposed Locations: Austin, TX (Administratively); Statewide (Programmatically)

PROJECT/PROGRAM ABSTRACT: (Include completed Form OMB 4040-019 with Application)

Prepare a project abstract of not more than one page that includes a high-level summary of the grant's purpose for the general public; activities to be performed under the grant; expected deliverables or outcomes; intended beneficiaries; and any known subrecipient activities. The abstract should be included in a completed Form OMB 4040-019 and is limited to 4,000 characters or less. [Guidance Section IV.C.iv.]

The Railroad Commission of Texas (RRC) is seeking Phase II Formula Grant funding under Sec. 40601 of the Infrastructure Investment and Jobs Act (2021) to plug, remediate, and reclaim orphaned wells located on State-owned or privately owned land across Texas. The Commission is the state agency with primary regulatory jurisdiction over the oil and natural gas industry with environmental and safety responsibilities related to oil and gas production. Protecting the environment and preserving natural resources by regulating fossil fuel energy production, storage, and delivery is one of the agency's primary goals.

The Commission began its statewide well plugging program in 1984 seeking to alleviate water quality problems associated with oil and gas production. With funding from the Phase II Formula Grant, the Commission will build on this nearly 40-year history. The Commission defines an orphaned well as an inactive, non-compliant well that has been inactive for a minimum of 12 months, and the responsible operator's Organizational Report—an operator's registration with the Commission—is delinquent for greater than 12 months. In 2001, the Commission established a Well Plugging Priority System to prioritize plugging those orphaned wells that pose a high risk to the environment by assigning numerical values to factors in four categories: well completion, wellbore conditions, well location with respect to sensitive areas, and unique environmental, social, or economic concern.

Upon enactment of the Infrastructure Investment and Jobs Act, there were 7,396 documented orphaned wells in Texas. As of October 31, 2024, the number of documented orphaned wells in Texas increased to 8,584. This project will improve environmental outcomes across the state of Texas by eliminating the potential threat of pollution from documented orphaned wells—be it from the emissions of methane and other gases to the contamination of surface or groundwater as approximately 481 documented orphaned wells across the state will be plugged with Phase II Formula Grant funding. The Commission will use at least 90 percent of its Phase II Formula Grant funding request for contracted well plugging services and site remediation at those well plugging sites that require remediation beyond the typical activities conducted during the well plugging process.

With Phase II Grant funding the Commission anticipates plugging inspectors across the state will serve as on-site representatives of the Commission during grant funded activities to witness all plugging operations to ensure protection of the state's usable quality water. Inspectors also confirm contract stipulations are followed, and costs align correctly with the work performed.

The Commission developed a website that includes up to date information about Section 40601 implementation efforts. The website will continue to be updated regularly, specifically identifying those activities that occur with Phase II Formula Grant funded activities. The Commission will continue to use the Council on Environmental Quality's Climate and Environmental Justice screening tool to identify those orphaned wells that affect a disadvantaged community, with wells selected for plugging following the Commission's Well Plugging Priority System.

WORK PLAN/PROPOSAL:

The proposed work plan outline topics listed in this section cover all of the required elements of the Work Plan as described in the Guidance Section IV.C.v., as well as the Standards for Measurement, Plugging, Remediation, and Workforce described in Section V. Each section below identifies the specific subsections of the program guidance where the elements included in each topic are described.

Orphan Well Program Description

Provide a description of the State program for orphaned well plugging, remediation, and restoration, including legal authorities, data and processes the State currently uses to identify and prioritize orphaned wells, procurement mechanisms, and other program elements demonstrating the readiness of the State to carry out proposed activities using the grant, including summary descriptions: Guidance, Section IV.C.v.(a)1.

- *The definitions and processes used by the State to formally identify a well as— a. an orphaned well; or if the State uses different terminology, otherwise eligible for plugging, remediation, and reclamation by the State. Guidance, Section IV.C.v.(d).*
- *The State's plugging standards, including the witnessing requirements (qualifications of witnesses, documentation); If the state has no plugging standards, describe how the work performed will reflect, at a minimum the Bureau of Land Management's Onshore Oil and Gas Order No. 2 (for onshore wells) or the relevant provisions of 30 CFR Part 250 (for offshore wells). Guidance, Sections IV.C.v.(a)1a, VI.B.*
- *How salvaged material and equipment will be reused, recycled, or sold for scrap (with any resulting income reported to DOI and incorporated into the grant budget for eligible activities upon approval by DOI). Guidance, Section IV.C.v.(a)1b.*
- *The State's authorities to enter private property, or a State's procedures to obtain landowner consent to enter such property, and in the event that any wells to be plugged will be accessed from Federal or Tribal land, how the State will gain access. Guidance, Section IV.C.v.(a)1c.*
- *The process the state follows to identify and pursue all potentially responsible parties that may be legally liable for plugging, remediating, or restoring orphaned wells in the state. Guidance, Section IV.C.v.(a)6.*
- *The means by which the information regarding the activities of the State under this grant will be made available on a public website. Guidance, Section IV.C.v.(a)5.*
- *How the State will use funding to locate currently undocumented orphaned wells. Guidance, Section IV.C.v.(j).*
- *Plans the State has to engage third parties in partnerships around well plugging and site remediation, or any existing similar partnerships the State currently belongs to. Guidance, Section IV.C.v.(k).*

The Railroad Commission of Texas (RRC) is seeking Phase II Formula Grant funding under Sec. 40601 of the Infrastructure Investment and Jobs Act to plug, remediate, and reclaim orphaned wells located on State-owned or privately owned land across Texas. The Commission is the state agency with primary regulatory jurisdiction over the oil and natural gas industry with environmental and safety responsibilities related to oil and gas production. Protecting the environment and preserving natural resources by regulating fossil fuel energy production, storage, and delivery is one of the agency's primary goals. Statute and rules cited in this document are provided as an attachment to this narrative.

The Commission began its statewide well plugging program in 1984 seeking to alleviate water quality problems associated with oil and gas production. Texas Natural Resources Code §89.043 delineates the processes and conditions for the Railroad Commission to plug an orphaned or abandoned well. In Texas, an orphaned well is an inactive, non-compliant well that has been inactive for a minimum of 12 months and the responsible operator's Organizational Report (Railroad Commission Form P-5) has been delinquent for greater than 12 months. The Commission's plugging standards are found within 16 Texas Administrative Code §3.14. Upon completion of a plugging job, a Plugging Record (Railroad Commission Form W-3) is submitted; this form documents the plugging procedure as implemented. It is signed by the cementer, and by a representative of the Railroad Commission. In nearly every instance when an orphaned well is plugged under contract with the Railroad Commission, Commission staff are on site throughout the plugging process to witness the job.

Texas Natural Resources Code §89.085 authorizes the Commission to dispose of well-site equipment and any amount of hydrocarbons from an orphaned or abandoned well in a commercially reasonable manner. When salvage equipment is present, the Commission provides public notice of the equipment available for bid, including a description of the equipment and any materials. When such activity occurs at well sited plugged using federal funds, proceeds are segregated within the State's General Revenue Dedicated Oil and Gas Regulation and Cleanup fund, per the direction of the State's Comptroller of Public Accounts. Salvage income becomes additive to the grant and is incorporated periodically into the grant budget using the SF-424A.

Texas Natural Resources Code §89.044 authorizes Commission staff to enter private property for the purpose of plugging or replugging a well that has not been properly plugged. The Railroad Commission has no authority to grant access to private property to a federal agency. The Commission will coordinate access to federal land for those wells that will be plugged under cooperative agreements with federal land management agencies.

The Commission developed a public website during the implementation of the Initial Grant. The website is available here: <https://www.rrc.texas.gov/oil-and-gas/environmental-cleanup-programs/federally-funded-well-plugging/> and the quarterly data reporting template identifying those wells plugged with these funds, the well prioritization system, rules related to inactive and orphaned wells, as well as other information related to this effort. The Commission will continue to update this website and use its social media channels to promote new information as it is available.

With an existing inventory of more than 8,000 documented orphaned wells in Texas, resources are most effectively directed towards the known orphaned well population at this time. The Commission has extensive knowledge of both the state's current well population of over 440,000 wells and its historical well populations. Since the Railroad Commission's orphaned well plugging program began nearly 47,000 orphaned wells have been plugged by the Commission, with more than 230,000 additional wells plugged by operators in Texas since 1991. Undocumented orphaned wells are most likely to be identified by resources on the ground; landowners, recreational land users, oil and gas operators, or Railroad Commission field inspectors are among those most likely to identify individual, unknown orphaned wells.

Texas is a member of the Interstate Oil and Gas Compact Commission and the Ground Water Protection Council. The Commission is unlikely to engage in any third-party partnerships around well plugging and site remediation.

Summary of Well Prioritization Process

- *Describe how the State will prioritize (i.e., rank for remediation activity) orphaned wells based on: addressing environmental justices, threats to public health and safety, environmental harm – particularly harms due to methane emissions – and other land use priorities, including the remediation of hazardous sites in overburdened and underserved communities. Guidance, Section IV.C.v.(a)2.*
- *Provide details of how the State will identify and prioritize the highest methane emitters and how the State will identify and prioritize well plugging and site reclamation that are intended to reduce health or environmental burdens for disadvantaged communities (including Federally Recognized Tribes and communities identified as disadvantaged using the CEJST), such as through plugging wells and remediating sites within 0.5 miles of a disadvantaged community. The State may also identify and address how it will address any disproportionate burden of adverse human health or environmental impacts of orphaned wells on local communities with environmental justice concerns and other disadvantaged communities, including but not limited to low-income communities, and Tribal and other similar communities, consistent with all applicable legal requirements. Decision points and underlying assumptions, such as the number and type of environmental indicators, must be described in the application. Guidance, Section IV.C.v.(e-f).*

With experience plugging more than 45,000 orphaned wells since the well plugging program's inception, the Commission has a well-established prioritization process that assigns numerical values to factors in four categories: well completion, wellbore conditions, well location with respect to sensitive areas, and unique environmental, social, or economic concern. The sum of those values assigns a priority level to each well. A copy of the prioritization system is an attachment to this narrative.

As the Commission implemented both its Initial Grant and Phase I Formula Grant funds, it incorporated more than 20 factors from the EPA's Environmental Justice screening tool and combined that information with population and demographic census data to assess community-based factors within 0.5 miles of each orphaned well in the state, which provides more granularity to prioritize wells selected for plugging with Infrastructure Act funds. The EPA screening tool provides a percentile for each variable to standardize variables across disparate categories. The Railroad Commission sums those percentiles to obtain a whole number that is then multiplied by the estimated population within a half mile of the well site. The resulting number is used in tandem with the Commission's existing prioritization system. As District Offices identify wells for plugging packages the existing prioritization system is supplemented with the Environmental Justice screening number. All other factors being equal, a well with a higher Environmental Justice screening number is likely to be plugged with Infrastructure Funds before a well with a lower Environmental Justice screening number. With the implementation of the Phase II Formula Grant, the Commission will continue to use data from the Council on Environmental Quality's Climate and Environmental Justice screening tool.

During state fiscal year 2023, the Commission implemented an on-going fugitive emissions project to assess the scope of fugitive emissions from orphaned wells. In preparation for implementation of Formula and Phase II Formula Grant funds, the Commission focused its fiscal year 2023 inspections on the state's

orphaned well population. In addition to the Commission's standard inspection elements, during most orphaned well sites inspections, Commission staff use FLIR GF320 cameras to screen for leaking gas at the site. Screening data is compiled, cross-referenced, and shared with District Offices to prioritize plugging those wells with fugitive emissions. With state appropriated funds, the Commission purchased equipment to enhance its existing FLIR cameras with technology that can quantify fugitive emissions. The FLIR QL320 Quantitative OGI tablet is capable of measuring methane emissions in grams per hour (g/h) to the level of a single gram per hour.

Public Outreach for Well Prioritization

Describe the methods the State will use to solicit recommendations from local officials and the public regarding the prioritization of well plugging and site remediation activities, and any other processes the State will use to solicit feedback on the program from local governments and the public. Guidance, Section IV.C.v.(i).

The Railroad Commission will engage with local officials using the resources of the Texas Association of Counties and the Texas Municipal League to broadly distribute information about the Commission's well plugging activities. The Commission has a dedicated email address for federally funded well plugging efforts, which the public may use to make recommendations on the criteria used by the Commission to prioritize wells for plugging, or any other related matter. The criteria is available on the Commission's website. There will be ongoing state legislative oversight of the agency and its implementation of the well plugging program from the Texas House Committee on Environmental Regulation, the Texas House Committee on Energy Resources Committee, and the Texas Senate Committee on Natural Resources and Economic Development.

Pre-and Post-Plugging Measurement of Emissions of Methane and Other Gasses

Describe how the state will perform pre- and post-plugging inspections of wells and measurement of emissions of methane and other gases, including whether the work will be performed by state personnel or contractors, training of personnel to perform the measurements, the technical methodology to be used, and how the methodology meets the minimum standard of the DOI methane measurement guidelines. Guidance, Section I.A.i-ii.

The Railroad Commission used the project period of the Initial Grant to assess the scope of fugitive emissions from orphaned wells, and to determine the most effective and cost-efficient methodology to measure and track those fugitive gas emissions associated with orphaned wells. The Commission relies on its established Well Plugging Priority System to develop well plugging work orders. During approximately 2,500 inspections the Commission augmented its orphaned well inspection process to include the use of infrared cameras—FLIR GF 320 and GR77 models—to obtain a binary detect or no detect methane assessment. Data from this effort indicates that approximately 90 percent of wells assessed did not have a measurable release of fugitive gas emissions at the time of assessment. The Commission will continue to deploy an initial binary detect or no detect assessment for wells to be plugged with Phase II Formula Grant funds. If no emissions are witnessed no other measurements will be done.

If the binary determination identifies the presence of methane emissions at select sites the Commission will rely on contracted and sub-contracted resources to measure emissions with a degree of scientific certainty to satisfy current DOI methane emission testing guidelines. A third-party contractor will conduct methane emissions measurement at those orphaned wells that indicated a qualitative detection under the

binary detect or no detect assessment. The RRC included the DOI methane emission testing guidelines as an attachment to its well plugging solicitation in 2023. Respondents were required to provide methodologies consistent with the requirements, as well as their experience and training that qualifies them to measure and quantify methane emissions, or alternatively to provide appropriate subcontracting plans. The response was not as encompassing as desired resulting in the Commission moving forward with the development of a stand-alone solicitation for methane measurement. This solicitation has not been completed internally at this time, but work continues on its development. The Commission will continue to require contractors or subcontractors to meet the standards set forth in DOI guidelines.

Site Remediation & Restoration

- *Describe the state's program for conducting remediation and reclamation of contaminants in soil, water, or other medium resulting from orphaned wells and describe applicable state or federal laws and authorities. Guidance, Section I.B.iv.*
- *Describe the methodology, including field indicators, sampling, and modeling approaches, to be used by the State to measure and track contamination of groundwater and surface water associated with orphaned wells, including how the State will assess the effectiveness of plugging activities in reducing or eliminating such contamination. Guidance, Section IV.C.v.(g).*
- *Describe methods to be used to decommission or remove associated pipelines, facilities, and infrastructure and to remediate soil and restore habitat that has been degraded due to the presence of orphaned wells and associated infrastructure, including a description of how salvaged material and equipment will be reused, recycled, or sold for scrap (with any resulting income reported to DOI). Guidance, Section IV.C.v.(h).*
- *Describe a plan to monitor the reclaimed locations to ensure remediation and reclamation success. Such plan should include methodology and chronology of monitoring, data collection, and a plan for additional reclamation should the initial attempt be unsuccessful, and the activities outlined in the plan should be incorporated into the preliminary work schedule. Guidance, Sections IV.C.v.(o) and IV.C.v.(a)3.*
- *Describe state standards for well abandonment (inclusive of those actions necessary to complete surface reclamation and revegetation). If the State does not have well abandonment standards, describe how the state will meet the BLM Reclamation and Abandonment Standards for well sites where appropriate. Guidance, Section I.B.iii.*

The Railroad Commission's site remediation program functions in conjunction with, but separately, from its well plugging program. The site remediation program has a prioritization system much like the well plugging priority system, with abandoned oilfield sites prioritized based on the present or possible future impact to the environment and public safety, inclusive of factors related to public health, safety, and the protection of the environment. An abandoned site becomes a candidate for the Commission's site remediation program when the responsible party fails or refuses to act, or is unknown, deceased, or bankrupt.

Generally, the Commission anticipates that its existing methodology related to contamination of groundwater and surface water will be followed with Phase II Formula Grant funds as well. During pre-

plugging well inspections, the Commission will assess any evidence of corrosion or casing leaks, evidence of spills or leaks from surface equipment, and evidence of vertical migration of contamination from soil excavations. Data is collected and reviewed by staff. Based on the severity of any identified concerns as well as other site-specific factors such as proximity to surface water bodies, depth to groundwater, the presence or absence of permeable soils susceptible to vertical migration of contamination; the Commission may take further steps to investigate for possible contamination of surface water or groundwater. Where groundwater contamination is reasonably suspected, the Commission will deploy a professional engineering firm to install soil borings and monitor wells to characterize and, if appropriate, remediate and monitor groundwater contamination. Under existing procedures, the Commission generally does not measure or track contamination of groundwater and surface water unless site specific conditions warrant such activities.

Should an orphaned well site have conditions indicative of groundwater contamination, the Commission will engage with an environmental engineering firm to install groundwater monitoring wells to delineate and monitor any groundwater contamination. Initial groundwater monitoring data will determine an appropriate cleanup or control-based remedy based on groundwater use at the site and surrounding properties. If evidence of past spills to ground surface is observed, a limited subsurface assessment may be performed using backhoe, hand shovel, or hand auger to determine the extent of vertical penetration of contamination. If vertical penetration of contamination is not observed, further investigation is unlikely. Should indicators of actual or likely groundwater contamination be identified, Commission staff or a contracted qualified environmental engineering firm will perform a desk-top evaluation of area groundwater resources and inventory water wells within a quarter mile radius of the well site. Information gathered through this process will be used to design a subsurface investigation to assess the condition of soils and shallow groundwater. If groundwater contamination is confirmed, licensed water well drillers will install permanent monitor wells, with a sampling plan to assess the extent of contamination and to establish trends in concentration following the plugging and surface remediation activity.

Specific post-remediation confirmation and monitoring plans are developed on a per site basis, with groundwater monitoring findings reported to the Commission on a monthly or quarterly basis, based on specific site needs. Such monitoring is developed and implemented by a qualified engineering firm to properly sample and gauge groundwater monitoring wells and prepare professionally-sealed reports that describe the scope of cleanup activities, and their success or failure in eliminating sources of groundwater contamination. Additional remedial measures will be designed and implemented if necessary.

The Commission anticipates that its existing methodology for site remediation will be followed with Phase II Formula Grant funds. Contractors working under the Commission's oversight perform routine tank battery cleanup activities, which include assessing sites to determine priority, types and volumes of wastes, inspecting surface equipment for evidence of spills and leaks, loading, hauling and disposing of waste, removing or remediating contaminated soils, purging, cutting, and either removing or capping flowlines and gathering lines, and rendering abandoned equipment useless. Abandoned equipment may be removed as well, typically when the equipment has salvage or scrap value or for safety reasons. Texas Natural Resources Code §89.085 authorizes the Commission to dispose of well-site equipment and any amount of hydrocarbons from an orphaned or abandoned well in a commercially reasonable manner. When salvage equipment is present, the Commission provides public notice of the equipment available for bid, including a description of the equipment and any materials.

Following cleanup, contractors may restore the land surface to original grade and revegetate with native grasses to prevent erosion and protect surface water from sediment runoff.

The Commission's plugging standards are found within 16 Texas Administrative Code §3.14. The

Commission's standards for cleanup of soil contaminated by a crude oil spill are found within 16 Texas Administrative Code §3.91, while water protection standards may be found in 16 Texas Administrative Code §3.8. Assessment and cleanup protocols provided in the Texas Risk Reduction Program (TRRP) are applicable to oil field cleanup activities where sites are in sensitive areas or not otherwise directly addressed by Commission rules, and may be found in 30 Texas Administrative Code Chapter 350.

Workforce Development & Related Activities

- *Describe any plans the State has to support opportunities for all workers and vendors, including workers underrepresented in well plugging or site remediation, workers in traditional energy communities impacted by changing markets and technology, and workers from underserved communities to be trained and placed in good-paying jobs directly related to the project, including through workforce development programs and incorporating workforce strategies into project development. Guidance, Section IV.C.v.(l).*
- *Provide a description of:*
 1. *Training programs, including pre-apprenticeships, registered apprenticeships, local and economic hire agreements for workers, and engagement with relevant labor unions with which the State intends to conduct outreach, partner, or fund in well plugging or site remediation. A State should discuss any particular skills, abilities, fields of knowledge, or training requirements that the State believes to be in short supply in the well plugging workforce based on the State's engagement with contractors and that the State believes may hinder activities funded by its Phase II Formula Grant;*
 2. *Plans the State may or may not have to use procurement processes that incentivize contractors to hire current or former employees of the oil and gas industry;*
 3. *Whether the State plans to bundle and aggregate projects into larger state-wide or regional contracts as part of their procurement processes;*
 4. *Whether the State plans to support safe, equitable, and fair labor practices by adopting, requiring, or encouraging contractors to adopt collective bargaining agreements, local hiring provisions, labor agreements, and community benefits agreements; and*
 5. *Whether, and if so, how, the State plans to use a program to help determine if a contractor is "responsible," such as a responsible contractor ordinance, pre-qualification requirements or similar programs. Guidance, Section IV.C.v.(m)1-5.*
- *Indicate if the State intends to implement any of the recommended Workforce Standards described in Guidance, Section I.C. and if so, describe how the State will do so.*

Workforce development programs in Texas are administered by the Texas Workforce Commission, which provides direct training and workforce development services through Local Workforce Development Boards across Texas. Workforce Development Boards often work with local community colleges to provide targeted training opportunities for in-demand industries. Several community colleges across the state of Texas offer International Association of Drilling Contractors programs to provide the oil and gas industry with screened, rig-ready new hire candidates. These programs provide classroom and lab training

for entry-level workers giving them the knowledge and skills needed for employment in the drilling and exploration sector of the oil and gas industry, which are also necessary for well plugging and site remediation work. Community colleges across Texas are adept at quickly developing continuing education certification programs to meet regional job training needs in conjunction with 28 Local Workforce Development Boards across the state, using funding available to them from sources dedicated to workforce strategies. The Railroad Commission does not have statutory authority related to workforce strategies, nor does Section 40601 of the Infrastructure Act allow for workforce development activities as an allowable cost.

With an existing structure for training programs at community colleges across Texas, the Railroad Commission will continue to support efforts begun in 2018 when the Texas Energy Education and Workforce Development Initiative brought together members of industry, academia, and government to ensure that Texas prepares the workforce of tomorrow that will power the energy sector. Representatives from the Texas Legislature, Texas Workforce Commission, Texas Education Agency, Texas Higher Education Coordinating Board, Texas Association of Community Colleges, Texas Oil and Gas Association, Texas Alliance of Energy Producers, Texas Independent Producers and Royalty Owners Association, Permian Basin Petroleum Association, Texas Pipeline Association, Texas Natural Gas Foundation, and several oil and gas companies engaged with the Commission to identify energy sector workforce development needs for the state, including those related to well plugging and site remediation.

The Commission's practices proactively ensure equal opportunity for contracting. Chapter 2161, Texas Government Code established the State's Historically Underutilized Business (HUB) Program, which mandates the Commission promote fair and equal business opportunities for all qualified respondents. On July 14, 2023, the Commission posted a notice of intent to issue a solicitation for well plugging and related services to be funded by the Commission's state appropriation as well as any federal funds resulting from this application. The solicitation itself will not be posted until mid-September allowing time for outreach to increase public awareness of the contracting opportunities. As with all Commission solicitations, this solicitation will require respondents to identify applicable subcontracting opportunities for HUB vendors and submit a HUB Subcontracting Plan.

The Railroad Commission must comply with all state purchasing statutes, primarily codified by Title 10, Subtitle D of the Texas Government Code as well as Chapters 2261 and 2262 of the Texas Government Code. To the extent that it is allowable under state law, the Commission will request that any contractors report any data they may collect about their employment of current or former employees of the oil and gas industry on Infrastructure Act funded contracts. The Commission evaluates responses to a Request for Qualifications (RFQ) in accordance with criteria established in solicitation documents and does not play a direct role in the personnel decisions of contractors, though the ability to maintain an experienced plugging rig crew is critical to meet the requirements of well plugging and site remediation RFQs.

Railroad Commission operations for plugging and site remediation are divided geographically into twelve districts and ten regional field offices. An RFQ solicitation requires respondents to identify those districts where they are prepared to perform required activities. Texas is geographically vast and site mobilization and demobilization costs increase with distance from the yard where a plugging rig is based. While the Commission accounts for geographic considerations in the contracting award process, projects are not bundled or aggregated at this phase of the contracting process. After a respondent is deemed "qualified" through the RFQ process, the Commission develops work orders that group together multiple wells with geographic proximity, or other similarities that would support such a grouping.

The State of Texas abides by the Fair Labor Standards Act, Equal Employment Opportunity laws, and all other federal and state labor laws. The Railroad Commission as solicitor of services would not inhibit any

collective bargaining agreements that exist between a contractor and their employees; however, the Commission has limited authority to regulate labor relations. Pursuant to Texas Labor Code §101.052, no person may be denied employment on account of membership or non-membership in a labor union. The Commission does not have statutory authority to mandate local hiring, project labor agreements, or community benefits agreements in its contracts.

To plug oil and gas wells in the state of Texas, a well plugging contractor must be approved by the Railroad Commission in accordance with 16 Texas Administrative Code §3.14. Approved cementers must have an active Organizational Report (Railroad Commission Form P-5) on file, with appropriate financial assurance record with the Commission in accordance with Texas Natural Resources Code §91.142. A well plugging contractor must also demonstrate their well plugging qualifications by plugging a well as a Railroad Commission inspector witnesses the operation and evaluates the quality of work to determine whether the prospective cementer can meet Commission standards. Each month, the Railroad Commission updates its list approved of cementers on its website.

Site remediation contractors must meet the minimum qualifications set forth in each solicitation for remediation work, which may include applicable licenses or certifications. In response to a solicitation for site remediation services, respondents must include examples and detailed description of at least three projects completed within the past five years that demonstrate their ability and qualifications to complete similar projects. Respondent should describe projects that demonstrate their ability to meet or exceed the minimum qualifications and experience required by the solicitation. For more complex site remediation projects, the Commission may require, at its discretion, an environmental services contractor to obtain appropriate bonding prior to a project's start.

For all projects or aggregated projects, including those exceeding \$1 million, the Commission will require contractors to comply with workforce standards consistent with applicable Federal and State laws.

Federal and Tribal Coordination

Describe procedures the State will use to coordinate with Federal or Tribal agencies to determine whether efficiencies may exist by combining field survey, plugging, or surface remediation work across private, State, Federal, and Tribal land. Guidance, Section IV.C.v.(n).

The Commission has a cooperative agreement with the National Park Service to address sites within the Big Thicket National Preserve, and is working on an agreement to address sites within the Lake Meredith National Recreation Area. The Commission also has a cooperative agreement with the U.S. Forest Service and recently completed plugging activities within the Angelina National Forest and the Sabine National Forest. The Commission entered an agreement with U.S. Fish and Wildlife to plug wells at several Natural Wildlife Refuges along the Texas Gulf Coast. Should any other wells on federal lands be selected for plugging under the federal program established by section 40601, the federal land manager should work with the Commission to establish a cooperative agreement with funding for the Commission to plug those wells. In Texas, an orphaned well must be plugged by the Railroad Commission pursuant to 16 Texas Administrative Code §3.14.

Environmental Compliance

- *Provide details on the budgetary, work-plan, and work-schedule impacts of compliance with the Endangered Species Act and the National Historic Preservation Act as part of the Formula Phase II Grant, including whether the State will bring on new subject matter*

experts, work with state government experts in different program areas, or establish contracts with outside vendors in order to ensure compliance with these laws. Guidance, Section IV.C.v.(p).

- Describe any existing process established to conduct environmental reviews for compliance with Section 7 of the Endangered Species Act and Section 106 of the National Historic Preservation Act and to document compliance prior to initiating any ground-disturbing field work. If no current process exists, describe how such a compliance program will be established for review of grant activities, including use of consultants, other state agencies or other partners, as well as steps to be undertaken to identify Indian tribes that may have interest in historic or cultural resources in areas where work may be performed under the grant. Guidance, Section IV.D.v-iv, and Award Terms 25 and 26.

While Texas is eligible for \$119,510,636 with its Phase II allocation, this application represents approximately one-third of the eligible amount as the Commission, alongside the Orphaned Well Program Office, continue to develop processes to review grant activities for compliance with Section 7 of the Endangered Species Act and Section 106 of the National Historic Preservation Act. At the time of this application, the Commission’s processes are reactive to OWPO feedback as they develop and refine their expectations. Along with Railroad Commission staff (both existing and future FTEs), the Commission anticipates using consultants for most NHPA analysis, along with any ESA determinations of May Affect. The Texas Historical Commission will function in their role as the designated State Historic Perseveration Office for Texas.

Work Plan Activities, Milestones & Schedule

Task/Activity Description

- Provide a description of the details of each activity to be carried out with the grant, including a preliminary work schedule covering the period of performance of the Formula Phase II Grant and an identification of the estimated health, safety, habitat, and environmental benefits of plugging, remediating, or reclaiming orphaned wells. Each activity must include a schedule and resources needed for getting the work completed, which must cover the entire project period. Guidance, Section IV.C.v.(a)3.
- Describe what tasks will be performed by partner organizations, sub-awards, contractors, and consultants, if applicable. 2 CFR § 200.331.
- Identify proposed performance goals including a schedule of milestones for completing the activities described above and to achieve the objectives of the workplan, in a table (a suggested example is shown below), or through other graphical aids, work schedule, Gantt chart, etc. Guidance, Section IV.C.v.(a)4.
- Describe any process and/or information that will be used to support environmental compliance review requirements other than ESA or NHPA requirements. Guidance, Section IV.C.v.(a)3.

Activity	Preliminary Schedule	Resources
Amend Existing Well Plugging and Site Remediation Contracts	August 2025-September 2025	Pre-award (activity without associated costs charged to grant), RRC Contracts

Activity	Preliminary Schedule	Resources
		Management and Program Staff
Release Solicitation for New Well Plugging and Site Remediation Contracts	September 2025	Pre-Award (activity without associated costs charged to grant), RRC Contracts Management and Program Staff
Pre-plugging environmental compliance	September 2025-August 2026	RRC Program Staff and potential contractors
Deploy well plugging contractors under amended contracts to plug wells, with RRC staff in an oversight role	September 2025-August 2026	Grant funded RRC Well Plugging staff, and existing contractors
Award new Well Plugging and Site Remediation Contracts	March 2026	RRC Contracts Management and Program Staff
Deploy newly contracted resources to plug wells along with RRC staff in an oversight role	March 2026-August 2026	Grant funded RRC Well Plugging staff, and existing contractors
Pre-plugging environmental compliance	September 2026-April 2030	RRC Program Staff and potential contractors
For wells not plugged during the first year of funding, deploy well plugging contractors under amended contracts to plug wells, with RRC staff in an oversight role	September 2026-August 2030	Grant funded RRC Well Plugging staff, and existing contractors
Submit Quarterly Reports	October, January, April, and July for each year of the project period.	RRC Project Management, Financial and Grants Management Staff
Submit Closeout Reports	January 2031	RRC Project Management, Financial and Grants Management Staff

The Commission’s budget proposal allocates funding across a one year period, but the preliminary schedule assumes a five-year project period to accommodate for any unforeseen delays in implementing the project. As such, the Commission’s budget proposal does not include costs for any years beyond the first year with the assumption that funding will be used as projects are approved by the OWPO Compliance Team. Should the compliance process allow, the Commission is able to implement the project as described in year one.

Estimate of Program Outcomes

- **Public Benefit and Program Interest:** *Identify the estimated health, safety, habitat, and environmental benefits of plugging, remediating, or reclaiming orphaned wells. Guidance, Section IV.C.v.(a)3.*

- *Provide an estimate, which the Department acknowledges is a snapshot in time and subject to change as circumstances on the ground dictate, of Guidance, Section IV.C.v.(b).*
 1. *The number of orphaned wells or sites, categorized by the county or parish in the State, that the State forecasts may be plugged, remediated, or reclaimed using Formula Phase II Grant funds.*
 2. *The projected cost, including the basis of estimates, of—*
 - a. *Plugging, remediating, or reclaiming orphaned wells;*
 - b. *Remediating or reclaiming adjacent land; and*
 - c. *Decommissioning or removing associated pipelines, facilities, and infrastructure.*
 3. *The amount of that projected cost that will be offset by the forfeiture of financial assurance instruments, the estimated salvage of well site equipment, or other proceeds from the orphaned wells and adjacent land.*
 4. *The number of jobs that will be created or saved through the activities to be funded under this grant and the assumptions and methodology to develop the estimate.*
 5. *To the extent possible, the miles and diameter(s) of associated pipelines and number and description of associated facilities and infrastructure assets that will be decommissioned or removed.*

The Railroad Commission’s implementation of the Phase II Formula Grant authorized by Section 40601 of the Infrastructure Investment and Jobs Act (2021) will benefit the public by eliminating the potential threat of an uncontrolled liquid hydrocarbon release from orphaned wells across Texas. Mitigation efforts will implement proper well plugging techniques to protect subsurface and surface waters, wetlands, protected species, and sensitive natural resources, as well as the removal of above and below ground oil and gas well equipment. The program interest will be served as contracted well plugging service companies complete generally accepted and state regulator approved well plugging procedures, with Commission staff onsite to oversee operations and document the plugging of each well, ensuring that plugging operations comply with all regulatory requirements.

With Phase II Formula Grant funding, the Commission anticipates it will oversee plugging of 476 standard oil and gas wells, alongside 5 high cost, complex wells such as hydrogen sulfide, bay or offshore wells. The Commission divides the state of Texas into twelve districts, each assigned to one of ten district offices within three regions. With a goal of plugging 481 wells during Phase II, the Commission will allocate funds across its 12 districts, with some districts receiving more funding than others to address cost differentials that occur across a state as large as Texas, among other factors.

The Commission anticipates more than 90 percent of Phase II Formula Grant funds will be allocated to well plugging and associated site remediation efforts at well sites.

The Commission does not anticipate that it will decommission or remove pipelines, facilities, or other infrastructure and cannot estimate associated costs at this time.

The Commission is unable to estimate the projected costs that may be offset by the forfeiture of financial assurance instruments, the estimated salvage of well site equipment, or other proceeds from the orphaned wells and adjacent land as each orphaned well site offers a unique circumstance that may not be predicted in advance of plugging operations. During the Initial Grant, the Commission collected more than \$1.35 million in salvage revenue from \$23.6 million of contracted well pluggings; however, this number is an example rather than an indicator of future collections.

Chapter 91 of the Texas Natural Resources Code requires operators file a bond, letter of credit, or cash deposit providing financial assurance to operate in the state. This financial assurance is forfeited if the operator becomes delinquent in their reporting requirements. Natural Resources Code Sec. 91.108 requires these funds to be used only for actual well plugging and surface remediation. Financial security forfeitures are included in the Commission's annual state-funded well plugging and site remediation budgets. Financial security forfeitures are used to plug orphaned wells as part of the on-going state-funded effort to address orphaned wells but will not directly offset any Phase II Formula Grant well plugging projected costs. Financial security forfeitures are collected when an operator is no longer compliant with Commission rules. Forfeiture funds are used in the year they are received to plug wells according to the Commission's prioritization system. A well for which an operator forfeited their financial security may not be plugged for several years or could be taken over by another operator.

The Commission works with the Texas Office of the Attorney General (OAG) to seek reimbursement for plugging costs from the operator of record when the Commission must plug a well. The success rate of these reimbursement collections is low as most of these operators are no longer in business. Some reimbursements are collected by OAG in installments over a period of several years to avoid being a financial hardship for an operator. The sporadic nature of collections prevents the Commission from estimating a reimbursement recovery rate for well pluggings from the Phase II Formula Grant. It is likely that any collections would not be received until after is complete. Any reimbursements received for wells plugged with Infrastructure Act funds will be treated as program income. The Commission will request to use these funds as additive to its Phase II Formula Grant allocation in a manner like amendments to the Initial Grant and anticipated Phase I Formula Grant additive program income from salvage equipment revenue.

The Commission intends to fund 4 between 12.5 and 50 percent of four positions with Phase II Formula Grant funds during the project period, as detailed in the budget narrative.

As of October 18, 2024, with Initial Grant and limited expenditures of Formula Grant funds Commissions contractors (and their subcontractors) reported 196,609 hours for 529 unique employees in Certified Payrolls for Davis-Bacon Act compliance. Davis-Bacon covered employees do not represent that totality of contractor positions funded with the Initial Grant. Further, employees are typically paid for travel time to the worksites which is not recorded as Davis-Bacon covered time as the employee is not on the job site. Generally, supervisors do not report hours unless they work a significant portion of their time on heavy equipment which varies contractor to contract. The Phase II Formula Grant will fund a slightly more wells than were plugged with the Initial Grant, but the Commission is unable to provide an estimate with a replicable and reliable methodology, as this is better determined by subject matter experts with additional data sources.

The Commission does not anticipate that it will decommission or remove pipelines, facilities, or other infrastructure with Phase II Formula Grant funds, and cannot identify the miles and diameter of associated pipelines or provide the number and description of any associated facilities or infrastructure assets that may be decommissioned or removed, but site-specific circumstances will be addressed as appropriate.

Identification of Wells to be Plugged, Remediated, or Reclaimed

To the maximum extent practicable, the latitude/longitude, type of well, the well ID (API number), surface ownership, and mineral ownership for those wells that are likely to be plugged, remediated, or reclaimed with Formula Phase II Grant funds. Guidance, Section IV.C.v.(c).

The Commission will determine the specific wells that will be plugged with Phase II Formula Grant funds as funding is implemented through its standard work order process. The list includes the lease name, operator name, and API number, as wells as the number of months each well has been inactive. Based on the API number, wells on the list may be searched using the Commission's GIS Public Viewer to identify latitude and longitude coordinates. The Commission does not maintain surface ownership or mineral ownership data.

Performance Monitoring and Evaluation Plan

- *Describe how the State measures and evaluates the success of sub-awards, subrecipients, contractors, etc., including any assessment tools to be used.*
- *Describe the State's monitoring plan for sub-awards, subrecipients, contractors, etc.*

The Commission relies on several performance metrics to assess the success of its programs, and will use those same metrics to assess performance related specifically to Phase II Formula Grant funded well plugging and site remediation efforts.

On a state fiscal year annual basis, the Commission will identify:

1. Percentage of identified abandoned pollution sites investigated, assessed, or cleaned up with Phase II Formula Grant funds
2. Percentage of known orphaned wells plugged with Phase II Formula Grant funds
3. Number of identified abandoned pollution sites that are candidates for Phase II Formula Grant funds cleanup
4. Number of known orphaned wells

On a state fiscal year quarterly basis, the Commission will identify:

1. Number of abandoned pollution sites investigated, assessed, or cleaned up with Phase II Formula Grant funds
2. Number of orphaned wells plugged with Phase II Formula Grant funds
3. Total aggregate plugging depth of orphaned wells plugged with Phase II Formula Grant funds
4. Average number of days to complete abandoned Phase II Formula Grant funded site clean-up
5. Average number of days to plug an orphaned well with Phase II Formula Grant funds

The Commission evaluates its contractors based on their adherence to legislative and regulatory standards, as well as any site-specific contract-based standards. These standards are detailed for contractors in solicitation documents, generally in Attachment 1: Statement of Services. All work conducted for the Commission must be performed in accordance with applicable federal, state, and local statutes, laws, ordinances, regulations, and rules, including Railroad Commission Statewide Rules, codified in Texas Administrative Code, Title 3, Chapter 16, the specifications within the associated Statement of Services and any Work Order issued under the Contract, as well as all terms and conditions of the contract. Each contract includes clauses that allow for termination for cause or termination for

convenience.

The Commission does not anticipate any subawards or subrecipients will be used in its implementation of Phase II Formula Grants.

Qualifications

- *List key personnel and responsibilities (e.g., Principal Investigator/Program Director and Administrative Official/Authorized Representative) and describe their experience and qualifications that are appropriate to the success of the State's program.*
- *List contractors, sub-awards, and consultants, if known, and their qualifications.*
- *List personnel and or contractors/consultants, if known, who will be performing required ESA and NHPA reviews and their qualifications.*

David Lindley, Mr. Lindley is the Assistant Director of Field Operations, Oil and Gas Division. Mr. Lindley began his career as a petroleum engineer with Conoco in 1991, developing his production engineering skills to include artificial lift selection and optimization, workovers, facility design, and waterflooding, while working from their Midland Division Office. He started with Southwestern Energy (SWN) in 2005 and became a production and completions engineer and eventually, team-lead. Since leaving SWN in 2011, Mr. Lindley has been active in operations management to include all aspects of the life of a well from concept to abandonment. David joined the Railroad Commission in May 2024 as Deputy Assistant Director of the North Region, and then assumed the role of Assistant Director upon Clay Woodul's retirement in June. In his role as Assistant Director, Mr. Lindley is responsible for the management of regulatory compliance and enforcement, along with management and operations of the State Managed Plugging program.

Peter Pope, Mr. Pope has 24 years of experience with the Railroad Commission working exclusively in the Site Remediation Section. Mr. Pope is a licensed professional geoscientist with extensive experience performing or providing oversight of environmental site investigations and cleanup activities. As the current Manager of the Site Remediation Section, Mr. Pope is responsible for management of four cleanup programs, including the State Managed Cleanup program.

Keith May, Mr. May has eleven years of experience with the Railroad Commission. During that time, he has served multiple roles in Technical Permitting and Field Operations. Since 2018, he has been directly involved in the State Managed Plugging program. As the Project Manager for State Managed Plugging, he oversees the day-to-day operations, creates reports, and implements initiatives to ensure performance measures are achieved.

Corey Crawford, Mr. Crawford is the project manager responsible for the financial aspects of the Commission's federally funded well plugging program. His responsibilities include monitoring compliance with state, federal and grant requirements. Mr. Crawford is a Certified Public Accountant with 16 years of governmental accounting experience with the State of Texas. He has extensive experience with budgeting and financial reporting across Texas state government.

Colleen Forrest, Ms. Forrest has 17 years of experience with the Railroad Commission. During that time, she has managed the Commission's grants, including projects funded from the American Recovery and Reinvestment Act, the RESTORE Act, and most recently the Infrastructure Investment and Jobs Act. As the Director of Strategic Initiatives, she also oversees the Commission's strategic planning processes and performance measurement.

Hannah Hawthorn, Ms. Hawthorne is a new Railroad Commission employee. She joined the Commission after graduating from Iowa State University with a Bachelor of Environmental Science degree in 2023. Ms. Hawthorne coordinates the Commission’s Endangered Species analysis.

At this time, the Commission anticipates contracted resources will supplement its National Historic Preservation Act compliance, while developing position descriptions for future FTEs to join the Commission’s staff. The Commission is working with Texas State University for cultural resources monitoring along with several engineering services firms for desktop analysis.

Leveraging of Resources (optional, if applicable)

- *If the State received financial assistance, under the Inflation Reduction Act of 2022 to mitigate methane emissions from marginal conventional wells, provide details on how the use of those funds may intersect and overlap with the State’s use of Formula Phase II Grant funds, including as it relates to overcoming workforce challenges.*
- *If the State has any plans to leverage funds or resources with other Federal and/or non-Federal sources of funds or resources to carry out the proposed activities, please describe those plans.*

While the Railroad Commission has a state appropriation for well plugging and site remediation concurrent with the Phase II Formula Grant project period, the two funding sources have separate requirements and will not be comingled or leveraged in a manner that would impose federal requirements on state funds or the implementation of ongoing state-funded programs.

Timeline of Milestones to Complete Expected Results

Describe significant outputs and expected results or outcomes of the activities with a clear set of milestones and how they will be measured within a specified timeframe. All proposals must have measurable results that correlate to a timeline.

With Phase II Formula Grant funding, the Commission anticipates it will oversee plugging of 476 standard oil and gas wells, alongside 5 high cost, complex wells such as hydrogen sulfide, bay or offshore wells. The Commission anticipates this will be accomplished in the first year of the proposed project period, but seeks a five-year project period allowing time to adjust for any unforeseen circumstances.

Milestone / Task / Activity	Start Date	Completion Date
Amend existing Well Plugging and Site Remediation Contracts (Pre-award activity, will not seek reimbursement)	8/15/2025	9/15/2025
Award Well Plugging and Site Remediation Contracts (Pre-award activity, will not seek reimbursement). Activities include all associated solicitation development tasks, review of responses and awarding of contracts. The Commission is uncertain what the response will be or how many contracts it anticipates issuing.	9/1/2025	3/1/2026

Manage staffing needs associated with the Phase II Formula Grant. The Commission will begin the hiring process for any new FTEs.	12/1/2025	2/28/2026
Evaluate well sites plugged with Initial Grant and Phase I Formula Grant funds to determine what, if any, remediation is necessary at these sites. During the first three months of the Phase II Formula Grant, Site Remediation staff will review well plugging documentation to identify those well sites of approximately 1,000 wells plugged with Initial Grant and Phase I Formula Grant funds are in need of additional site remediation work.	12/1/2025	2/28/2026
Review binary methane screening data to determine which orphaned well sites, if any, will require additional data collection to quantify methane emissions at specific orphaned well sites. This activity will be ongoing throughout the Phase II Formula Grant period, but in the first three months, staff will review screening data collected during the period of the Initial Grant and Phase I Formula Grant, but funded with state appropriated dollars.	12/1/2025	2/28/2026
Update public website with data on wells plugged, wells to be plugged and their prioritization, along with any other relevant Phase II Formula Grant programmatic information. While this activity will be ongoing throughout the Phase II Formula Grant period in the first month following award the existing public website will see more frequent updates	12/1/2025	12/31/2025
Environmental compliance, upon award, the Commission will begin developing projects and associated environmental compliance documentation for wells anticipated to be plugged with Phase II Formula Grant funds.	9/1/2025	4/30/2026
The Commission anticipates plugging 481 wells in the period between 12/1/25 and 8/31/26 under contracts awarded in March 2024. While the Commission fully anticipates Phase II Formula Grant funds will be expended prior to August 2026, environmental compliance and other unforeseen circumstances create the potential for longer than anticipated plugging jobs. The Commission anticipates that Phase II could run concurrently with Phase III as the grant process evolves.	12/1/2025	8/31/2026

<p>The Commission anticipates site remediation cleanup activities will be conducted at 50 sites, where orphaned wells were previously plugged using either Initial or Phase I Formula Grant funds. While the Commission fully anticipates Phase II Formula Grant funds will be expended prior to August 2026, environmental compliance and other unforeseen circumstances create the potential for longer than anticipated plugging jobs. The Commission anticipates that Phase II could run concurrently with Phase III as the grant process evolves.</p>	12/1/2025	8/31/2026
<p>Submit Quarterly Reports. In compliance with grant agreement documents, the Commission will submit all required documents by the agreed upon dates. Dates listed in this document assume a federal quarterly schedule.</p>	<p>End of October, January, April, and July for each year of the project period.</p>	
<p>Submit Closeout Reports. In compliance with grant agreement documents, the Commission will submit all required closeout documents by the agreed upon date. The end date assumes 120 days after the conclusion of the project period.</p>	8/31/2030	1/31/2031

The Commission’s budget proposal allocates funding across a one year period, but the preliminary schedule assumes a five-year project period to accommodate for any unforeseen delays in implementing the project. As such, the Commission’s budget proposal does not include costs for any years beyond the first year with the assumption that funding will be used as projects are approved by the OWPO Compliance Team. Should the compliance process allow, the Commission is able to implement the project as described in year one.