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INSPECTOR GENERAL
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Inspection



OFFICE OF **INSPECTOR GENERAL** U.S. DEPARTMENT OF THE INTERIOR

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Memorandum Report

To: Jennifer Goldblatt
Acting Director, Orphaned Wells Program Office

Bryan Mercier
Director, Bureau of Indian Affairs

From: Nicki Miller 
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Final Inspection Report – *The Orphaned Wells Program Office Must Better Monitor the Osage Nation's Infrastructure Investment and Jobs Act Orphaned Well Program Funding Progress*
Report No. 2025-ISP-003

This memorandum transmits our inspection report on the \$30.2 million in Infrastructure Investment and Jobs Act (IIJA)¹ grants awarded to the Osage Nation to develop and execute an orphaned well program—including identifying, plugging, and remediating or reclaiming orphaned wells on Tribal land. The Osage Nation received 20 percent of the U.S. Department of the Interior's (DOI's) \$150 million in IIJA Tribal orphaned well funding, which DOI's Orphaned Wells Program Office (OWPO) awarded in multiple phases in fiscal years (FYs) 2023 and 2024.

Our objective was to determine whether the Osage Nation has made progress in developing and executing its orphaned well program using IIJA funding—specifically, meeting the goals of its IIJA phase 1 and phase 2 development and implementation grant awards to plug, remediate, and reclaim orphaned wells. See Attachment 1 for our scope and methodology.

We found that, as of December 2024, the Osage Nation had made minimal progress in developing and executing its orphaned well program using IIJA funding. The Osage Nation had not started work on its phase 1 development grant's performance goals to develop a well inventory tracking system and to hire contractors to develop a remediation plan to restore land where wells were plugged. In addition, as of December 31, 2024, it had plugged only 5 percent of the orphaned wells listed in its phase 1 implementation grant application. OWPO awarded additional phase 2 development and implementation grant funding to the Osage Nation without ensuring the Osage Nation had met any of its phase 1 grant performance goals.

Without milestones in place for OWPO to ensure the Osage Nation is meeting its goals for orphaned well plugging, progress in addressing these longstanding health and safety issues could be further delayed. If OWPO awards additional funding to the Osage Nation for its orphaned well program without monitoring the Osage Nation's progress, this could increase the potential for wasteful spending.

¹ Pub. L. No. 117-58 (2021).

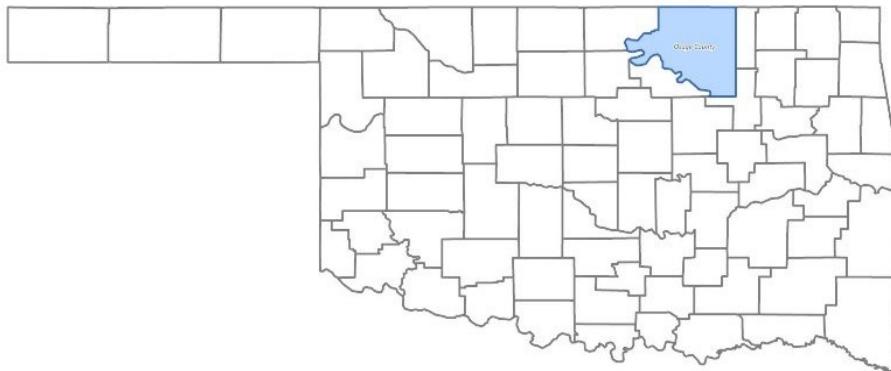
Background

Whether on Federal or Tribal lands, an orphaned well is an oil or gas well that is not used for an authorized purpose—such as production, injection, or monitoring—and for which no operator can be located or for which the operator is unable to plug the well and remediate and reclaim the well site.² Millions of Americans live within a mile of an orphaned oil or gas well. These wells can pollute residential and recreational areas and public spaces, posing public health and safety and environmental risks. As a result, orphaned wells have been a concern for residents, environmental groups, landowners, State and Federal agencies, and Tribal Nations for many years. These stakeholders are directly affected by the outcome of the efforts to address orphaned wells, particularly through plugging.

Osage Nation

The Osage Nation Reservation covers approximately 1.475 million acres in Osage County, Oklahoma (see Figure 1). There are more than 43,000 wellbores³ on the Osage Nation Reservation, and orphaned wells covered by erosion and native grass have been found on these lands. The Osage Nation Reservation was established in 1872 with over 2,000 Osage individuals. The Osage Nation now has a population of over 25,000, with almost 4,500 individuals living on the Osage Nation Reservation. The Osage Nation Department of Natural Resources—part of the Osage Nation’s Executive Branch under its Secretary of Natural Resources—is responsible for the Osage Nation Orphaned Well Program.⁴

Figure 1: Location of Osage County in Oklahoma



Sources: Esri, TomTom, Garmin, Food and Agriculture Organization, National Oceanic and Atmospheric Administration, U.S. Geological Survey, ©OpenStreetMap contributors, and the Geographic Information Systems User Community.

Infrastructure Investment and Jobs Act

The IIJA, which was signed into law on November 15, 2021, provided DOI \$4.7 billion in funding for FYs 2022 through 2030 to administer orphaned well site plugging, remediation, and restoration activities on Federal, State, Tribal, and private lands.⁵ IIJA § 40601 stipulates that the Secretary of the Interior establish an Orphaned Wells Program Office to provide grants to Indian Tribes to plug, remediate, and reclaim orphaned

² Pub. L. No. 117-58, § 40601, 135 Stat.1080 (2021).

³ A wellbore is a hole that is drilled to aid in the exploration and recovery of natural resources, including oil, gas, or water. It becomes “orphaned” (on Tribal land) when it is no longer used for an authorized purpose, such as production, injection, or monitoring.

⁴ Prior to the IIJA grant funding, the Osage Minerals Council was responsible for the Osage Nation Orphaned Well Program. The Osage Nation Constitution vests the Osage Minerals Council with the powers to administer and develop the Osage Mineral Estate in accordance with the Act of June 28, 1906, 34 Stat. 539, as amended. However, IIJA Tribal grant funding was limited to Indian Tribes; therefore, the Osage Minerals Council was ineligible for IIJA grant funding.

⁵ Pub. L. No. 117-58, § 40601, 135 Stat.1080 (2021).

wells or—at the request of an Indian Tribe and in lieu of a grant—to administer and carry out plugging, remediation, and reclamation activities on the Tribe’s behalf. The IIJA authorized \$150 million for the Tribal program, to remain available until the end of FY 2030. The IIJA includes the following generally eligible grant activities:

- Plugging, remediating, or reclaiming an orphaned well on Tribal land. (Figure 2 shows an active well plugging.)
- Remediating soil and restoring native species habitat that has been degraded due to the presence of an orphaned well or associated pipelines, facilities, or infrastructure on Tribal land.
- Remediating Tribal land adjacent to orphaned wells and decommissioning or removing associated pipelines, facilities, and infrastructure.
- Providing an online public accounting of the cost of plugging, remediation, and reclamation for each orphaned well site on Tribal land.
- Identifying and characterizing undocumented orphaned wells on Tribal land.⁶
- Developing or administering a Tribal program to carry out any activities described above.

Infrastructure DOI Tribal Orphaned Well Entities

DOI’s OWPO and the Bureau of Indian Affairs (BIA) Osage Agency are the two DOI entities responsible for supporting the Osage Nation in the execution of its IIJA orphaned well program:

- OWPO is responsible for oversight and administration of the Federal, State, and Tribal programs, which includes reviewing Tribal grant applications, awarding grants to the Tribes, reviewing financial reports submitted by the grant recipients, and monitoring grantees’ progress in meeting the goals outlined in the grant.
- BIA Osage Agency supports the Osage Nation by researching well history to confirm wells are orphaned. BIA Osage Agency also has the authority to approve or deny well-plugging permits for leased wells on Osage land at its discretion. In addition to these permits, BIA Osage Agency processes (which includes reviewing and approving) the Osage Nation’s orphaned well-plugging permits, even though it is not specifically required to do so.⁷

Figure 2: Osage Nation Orphaned Well-Plugging Activities



Source: OIG.

⁶ The Interstate Oil and Gas Compact Commission defines an “undocumented well” as a well that is entirely unknown to the regulatory agency or a well for which the agency has some evidence but requires further records research or field investigation for verification.

⁷ There is no regulation specific to BIA Osage Agency’s responsibilities associated with Osage Nation orphaned wells. Federal regulations at 25 C.F.R. Part 226 discuss BIA Osage Agency’s responsibilities for the Osage Nation’s plugging of leased wells but not orphaned wells.

DOI Orphaned Wells Program Office

On January 10, 2023, the Secretary of the Interior created OWPO,⁸ which is responsible for carrying out the Secretary's responsibilities under IJJA § 40601, specifically to:

- Establish a program to plug, remediate, and reclaim orphaned wells located on Federal land.
- Provide initial grants, formula grants, and performance grants to the States to carry out plugging, remediating, and reclaiming activities related to orphaned wells.
- Establish a program under which the Secretary will (1) provide Indian Tribes grants to carry out plugging, remediation, and reclamation activities related to orphaned wells or (2) on request of an Indian Tribe and in lieu of a grant, administer and carry out plugging, remediation, and reclamation activities related to orphaned wells on behalf of the Indian Tribe.

As of May 2025, OWPO was organizationally structured within DOI's Policy and Environmental Management under the Office of Policy, Management and Budget.

BIA Osage Agency

BIA Osage Agency, under delegations of authority from the Secretary of the Interior, is responsible for administering the development of oil and gas resources in Osage County. BIA Osage Agency administers leasing and development of the 1.45-million-acre Osage Mineral Estate and oversees more than 135,000 acres of trust and restricted lands in Osage County, Oklahoma. BIA Osage Agency is responsible for storing and maintaining the Osage Nation's well history documentation; upon request, it provides this information to the Osage Nation to confirm orphaned wells. BIA Osage Agency is also responsible for approving all leases, applications for permits to drill, and other site-specific permit applications (including permits to plug) in Osage County. While BIA Osage Agency is not required to do so, it offered to process Osage Nation permits to plug orphaned wells because the agency already has a permit approval process in place for leased wells and has a relationship with the Osage Nation.

To begin well-plugging activities, the Osage Nation submits a permit application⁹ and supporting documentation to BIA Osage Agency for approval. The Osage Nation may submit either emergency or nonemergency (standard) permit applications. The permit applications must include:

- The well number, legal description of land boundaries, footage, elevation, and latitude/longitude.
- Proposed plugging instructions.
- Six date-stamped photographs of the well site, clearly showing the wellhead; views to the north, south, east, and west; and access road.
- An Osage Nation authorized representative's signature.
- Justification for emergency permit, if applicable.
- A site-specific environmental assessment for BIA's review and approval if the plugging activity will create new ground disturbance.

Upon receipt of the permit application packet, BIA Osage Agency completes administrative, technical, and environmental reviews prior to issuing a permit to plug to ensure the work proposed in the application meets plugging standards and environmental compliance requirements.

⁸ Secretary's Order No. 3409, *Establishment of the Orphaned Wells Program Office*.

⁹ Osage Form 139 is the permit application to plug orphaned wells within the Osage Mineral Estate.

IIJA Tribal Grant Funding

There are two Tribal grant funding opportunities related to well plugging under the IIJA:

- Program development grants to assist Tribes in developing or administering a Tribal program to carry out any activities associated with plugging, remediating, or reclaiming orphaned well sites on Indian Tribes' trust or restricted lands.
- Implementation grants to plug, remediate, and reclaim orphaned well sites on Indian Tribes' trust or restricted lands.

OWPO is distributing these funding opportunities over multiple phases:

- Phase 1: On November 23, 2022, OWPO released phase 1 IIJA FY 2023 Tribal grant guidance for a total of \$50 million in funding available to all eligible Tribes. OWPO made both program development grants and implementation grants available. It limited the program development grants to \$1 million per applicant but did not set a limit for the implementation grants. OWPO awarded 12 Tribal grants totaling \$39.4 million. The Osage Nation received \$19.1 million in phase 1 funding: a \$1 million program development grant and an \$18.1 million implementation grant.
- Phase 2: In January and February 2024, OWPO made a total of \$55 million in funding available to eligible Tribes. OWPO made both program development and implementation grants available. It limited the program development grants to \$1 million and the implementation grants to \$15 million per applicant. As of December 2024, OWPO awarded 10 Tribal grants totaling \$28.9 million. The Osage Nation received \$11.1 million in phase 2 funding: a \$1 million program development grant and a \$10.1 million implementation grant.
- Phase 3: OWPO has stated that "at some point this spring or summer [2026] we will begin conversations with DOI leadership regarding the 3rd and final phase for Tribal grants."

As of December 2024, the Osage Nation received a total of \$30.2 million in IIJA development and implementation grant funding.

Osage Nation Program Development Grants

In September 2023, OWPO awarded a \$1 million phase 1 IIJA development grant for the Osage Nation to administer the orphaned well program by (1) developing an inventory tracking system for wells using drone technology to gather data (including global positioning system (GPS) location and well depth) and transcribing gathered data into a master spreadsheet and (2) hiring contractors to develop a remediation plan to restore land where wells were plugged. The grant's period of performance was October 1, 2023, through September 30, 2025.¹⁰

In August 2024, OWPO awarded a \$1 million phase 2 IIJA development grant for the Osage Nation with a similar purpose as the phase 1 grant. The grant's period of performance is October 1, 2024, through September 30, 2026.

Osage Nation Implementation Grants

In September 2023, OWPO awarded the Osage Nation an \$18.1 million phase 1 implementation grant to address orphaned wells on sites owned by the Osage Nation and its Tribal members—specifically to plug, remediate, or reclaim 290 high-priority wells. The grant's period of performance was October 1, 2023, through September 30, 2025.¹¹

¹⁰ On September 25, 2025, the Osage Nation received an extension on its phase 1 IIJA development grant to September 30, 2026.

¹¹ On September 25, 2025, the Osage Nation received an extension on its phase 1 IIJA implementation grant to September 30, 2026.

In September 2024, OWPO awarded the Osage Nation a \$10.1 million phase 2 implementation grant to plug, remediate, or reclaim an additional 137 orphaned wells. The grant's period of performance is October 1, 2024, through September 30, 2027.

Results of Inspection

We found that the Osage Nation made minimal progress in developing and executing its orphaned well program using IIJA funding. Specifically, as of December 31, 2024, the Osage Nation had not started work on its phase 1 development grant's performance goals to develop a well inventory tracking system and to hire contractors to develop a remediation plan to restore land where wells were plugged. In addition, the Osage Nation had plugged only 5 percent of the 290 orphaned wells identified in its phase 1 implementation grant application.

OWPO, as the entity responsible for overseeing the Osage Nation's grant, did not establish milestones in the development grant to ensure the Osage Nation met the phase 1 grant goals before awarding an additional \$1 million in phase 2 development grant funding with similar performance goals as phase 1 in August 2024. In addition, even though the Osage Nation had not plugged any wells using its phase 1 implementation grant funds as of September 2024, OWPO awarded an additional \$10.1 million phase 2 implementation grant to the Osage Nation at that time.

Without milestones in place for OWPO to ensure the Osage Nation meets its performance goals, progress in addressing these longstanding health and safety issues could be further delayed. If OWPO awards additional funding to the Osage Nation for its orphaned well program without monitoring the Osage Nation's progress, this could increase the potential for wasteful spending.

The Osage Nation Had Not Started Executing Its Phase 1 Development Grant

As of December 31, 2024, the Osage Nation had not started executing its phase 1 development grant performance goals. Specifically, the Osage Nation had not moved forward with creating a well inventory tracking system or hiring contractors to develop a remediation plan and had not expended any of the funding.

According to an Osage Nation official, the Osage Nation had originally planned to use the phase 1 development grant funds to locate orphaned wells using drone flights to survey the land. However, the U.S. Department of Energy performed this task for the Osage Nation at no cost. The Osage Nation plans to incorporate this drone data, including information such as depth and GPS location, into the well inventory tracking system, which has not yet been started. Because remediation cannot occur until wells have been plugged—and due to limited number of wells plugged (discussed in more detail below)—the Osage Nation has not yet used this grant funding to hire contractors to develop remediation plans.

The Osage Nation Plugged Only 5 Percent of the Orphaned Wells Listed in Its Phase 1 Implementation Grant

As of December 31, 2024, the Osage Nation had plugged 14 of the 290 wells planned, or 5 percent, using its phase 1 implementation grant. Specifically, the Osage Nation had not plugged any orphaned wells as of the original September 2024 period of performance end date. OWPO has extended the period of performance twice since then—first, to September 2025, and more recently, to September 2026. The Osage Nation plugged its first orphaned well using these funds in October 2024—more than one year after the grant was awarded. On average, from October 2024 to December 2024, the Osage Nation plugged six orphaned wells per month. To address the remaining wells within the period of performance, the Osage Nation would have needed to plug 31 wells per month from January 2025 through September 2025 had the most recent extension not occurred.

Factors that contributed to the Osage Nation's lack of progress plugging orphaned wells using IIJA implementation grant funds included (1) delays hiring a petroleum engineer and (2) delays in permit processing

due to disagreements between BIA Osage Agency and the Osage Nation on permit application designations as well as staff capacity issues within BIA Osage Agency.

Osage Nation Petroleum Engineer Hiring

The Osage Nation identified in its phase 1 implementation work plan that it intended to hire a petroleum engineer for its IIJA well-plugging program. The petroleum engineer is responsible for developing the plugging procedures to include in the permit application for each well to be plugged, witnessing the well plugging, and ensuring the contractors are following the required processes and standards. An Osage Nation official stated that on January 29, 2024, the Osage Nation solicited for the petroleum engineer position, but the candidate selected declined the position. The official stated the Osage Nation solicited for the position again on May 1, 2024, and hired the petroleum engineer in August 2024. During this delay, the Osage Nation worked on compiling an accurate orphaned well inventory to help expedite plugging when the position was filled. Once the Osage Nation hired the petroleum engineer in August 2024, it started submitting its first permit packages to BIA Osage Agency later that same month. The Osage Nation plugged its first orphaned well using IIJA grant funds in October 2024.

BIA Osage Agency Permit Processing

Permit processing delays contributed to the Osage Nation's limited well plugging using its implementation grants. BIA Osage Agency processes (that is, reviews and approves) all orphaned well-plugging permit application packages before plugging work can begin. Because an emergency orphaned well permit package takes precedence over other types of well permits, BIA Osage Agency reviews permits designated as "emergency" to determine whether expedited processing is necessary. As of December 31, 2024, the Osage Nation submitted 53 IIJA permit applications—40 emergency and 13 nonemergency—and BIA Osage Agency processed 24 of these permit applications. Of these 24 permits, BIA Osage Agency averaged approximately 49 days to process 23 emergency applications; it took 83 days to process the remaining nonemergency application.¹² A BIA Osage Agency official stated that an emergency permit application typically takes three to four days to process, and counsel for the Osage Mineral Estate within DOI's Office of the Solicitor stated that a nonemergency application should take no longer than 45 to 60 days to process.

The Osage Nation and BIA Osage Agency Disagreed on Permit Application Designations

Although this issue was remedied during our inspection, disagreement between BIA Osage Agency and the Osage Nation on what constituted an emergency versus nonemergency permit application contributed to delays in permit processing. BIA Osage Agency stated that it would consider additional documentation to support the Osage Nation's emergency designation on permit applications and held meetings to discuss these issues, but the disagreements remained, causing delays in permit processing. For example, two emergency permit applications took 100 days to receive BIA Osage Agency approval. However, on April 1, 2025, BIA Osage Agency provided the Osage Nation with *Orphan Well Plugging – Permit Processing Procedures*, which contained guidance on orphaned well permit package processing—including an assessment form to determine which applications should be designated as emergency versus nonemergency—and specified that emergency permit reviews will be completed within two days and expedited if justified. Since BIA Osage Agency issued the new guidance clarifying the emergency factors, a BIA Osage Agency official stated that the Osage Nation submitted fewer emergency applications and reduced the back-and-forth discussions and disagreements with BIA Osage Agency. However, in response to our draft report, the Osage Nation stated that despite receiving *Orphan Well Plugging – Permit Processing Procedures*, there have been "no improvements to the number of permits processed or approved and also no reduction in processing time." While disagreements exist between BIA Osage Agency and the Osage Nation regarding whether the new procedures have resulted in permit processing improvements, we acknowledge that the procedures are still relatively new and that it may take time for their full effect to be measured as they are put into practice.

¹² The averages were calculated using the date BIA Osage Agency's subsurface group (responsible for initially reviewing the permits) received the application as the starting date and the date the permit was approved as the end date.

BIA Osage Agency Lacked Staff Capacity

Even though BIA Osage Agency assumed the permit processing for the Osage Nation, BIA Osage Agency officials reported that increased workload and staff capacity issues at BIA Osage Agency impacted timely permit reviews. Specifically, in addition to processing orphaned well-plugging permit applications, BIA Osage Agency is also responsible for:

- Researching well history to confirm orphaned wells (which also increased with IIJA-related orphaned well plugging) and providing technical assistance to its customers.
- Statutory and regulatory requirements, including reviewing and approving permits to drill, conducting workover operations,¹³ and coordinating applications for permits for well conversions.¹⁴

A BIA Osage Agency official stated that the agency struggled with staffing capacity to complete permit processing, which contributed to delays. BIA Osage Agency did not receive IIJA funding to increase its staffing to manage the increased responsibility of processing orphaned well-plugging permit applications. BIA Osage Agency stated it currently has only one petroleum engineer and one environmental protection specialist responsible for reviewing permit applications. According to a BIA Osage Agency official, staffing levels have not been able to accommodate the influx of IIJA orphaned well-plugging permit applications received from the Osage Nation. Due to BIA Osage Agency's increased workload, BIA engineers from the Indian Energy Service Center¹⁵ have been assisting the agency with orphaned well permit processing.

BIA Osage Agency anticipates the number of permit applications going forward to be significantly higher than in years past. One BIA Osage Agency official stated that in calendar year 2023, BIA Osage Agency processed 377 permits for all its activities (including well plugging); in 2024, it processed 288 permits, only 24 of which were IIJA-related permits. According to BIA Osage Agency, with the additional permit processing for IIJA well plugging, it has already experienced much higher volumes of permits to process. For example, in the first five months of 2025 (January 1 to May 13, 2025), the agency had already received 268 permit applications for all activities.

OWPO Awarded Phase 2 Development and Implementation Grants Before the Osage Nation Made Progress on Its Phase 1 Grants

Even though the Osage Nation had not started work using its phase 1 development grant funding, in August 2024, OWPO awarded the Osage Nation an additional \$1 million phase 2 development grant that had similar performance goals as the phase 1 grant. As of December 31, 2024, an Osage Nation official stated that the Osage Nation had not started work executing the goals of its phase 1 or phase 2 development grants and had not expended any of the funding.

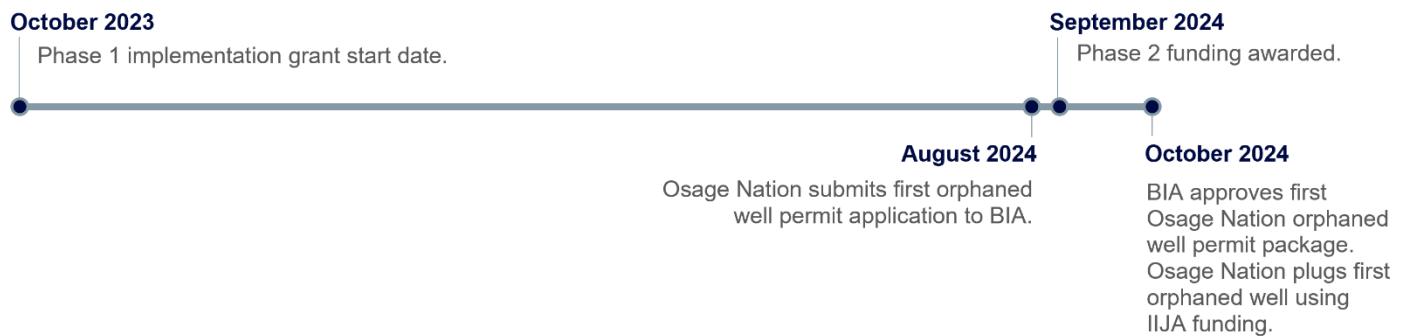
The Osage Nation had not plugged any wells using its phase 1 implementation grant funding before OWPO awarded the Osage Nation an additional \$10.1 million implementation grant in September 2024. One month after receiving its phase 2 grant, the Osage Nation plugged its first well using phase 1 funding. See Figure 3 on the next page for a timeline of the Osage Nation's IIJA implementation grant awards.

¹³ "Workover operations" refers to the work conducted on wells after the initial completion for the purpose of maintaining or restoring the productivity of a well.

¹⁴ Oil and gas wells can be converted to either injection wells or water supply wells pursuant to 43 C.F.R. § 3171.22.

¹⁵ BIA's Office of Trust Services has offices Nationwide and assists Tribal Governments and allottees in managing, protecting, and developing their trust lands and natural resources. Under BIA's Office of Trust Services, the Indian Energy Service Center provides technical assistance, guidance, and training to bureaus and offices within DOI and to other Federal agencies that develop energy and mineral resources on Indian trust lands, such as BIA Osage Agency.

Figure 3: IIJA Phase 1 and Phase 2 Implementation Grant Timeline Through October 2024



Source: OIG timeline developed from grant documentation and Osage Nation and BIA Osage Agency orphaned well tracking spreadsheets.

As of December 31, 2024, the Osage Nation had not plugged any wells proposed in its phase 2 implementation grant.

As DOI's oversight entity for these grants, OWPO did not establish milestones in the development or implementation grants to ensure the Osage Nation met performance goals. Federal regulations require Federal awarding agencies to measure the recipient's performance to demonstrate the achievement of program goals and objectives and improve program outcomes.¹⁶ OWPO acknowledged that it awarded phase 2 funding quickly and stated that it intends to postpone awarding phase 3 funding to verify that the Osage Nation has made progress using the previous phase 1 and 2 funding. OWPO stated that it anticipates initiating conversations with DOI leadership regarding phase 3 funding in the spring or summer of 2026. Ensuring recipients are making progress in meeting performance goals before awarding additional funding could:

- Provide the grantor assurance that recipients are able to effectively implement their grants and use the funds as intended.
- Allow the grantor to make informed decisions before awarding more funding.
- Reduce the risk of fraud, waste, and abuse.

In November 2024, OWPO issued *Tribal Orphaned Well Grant Program Post-Award Standard Operating Procedures* to establish Tribal grant program post-award activities, including post-award conferences, monitoring, and closeout requirements to ensure OWPO provides adequate support to recipients to ensure projects funded by OWPO are carried out consistent with the recipients' approved project proposals and Federal and DOI requirements. The procedures state that OWPO will review the performance progress reports and will confer with DOI's Interior Business Center to determine appropriate actions or assistance, if any, to ensure that the recipients' project status aligns with objectives and milestones established for the report period. However, OWPO had not modified any of the Osage Nation's previously awarded grants to include milestones to ensure the Osage Nation was on track to meet its performance goals.

Conclusion

As of December 2024, the Osage Nation had made minimal progress in using phase 1 IIJA development and implementation grant funds and no progress using phase 2 development and implementation grant funds. Even though the Osage Nation had made little progress using its \$19.1 million in IIJA phase 1 grant funds, OWPO awarded the Osage Nation an additional \$11.1 million in phase 2 grant funds. The delays in meeting program goals for orphaned well plugging could prolong remedying an issue that can adversely affect residents' health and the environment. Additionally, if OWPO awards additional funding to the Osage Nation for

¹⁶ 2 C.F.R. § 200.301, "Performance measurement."

its orphaned well program without monitoring the Osage Nation’s progress, this could increase the risk of fraud, waste, and abuse.

The Osage Nation’s progress has not changed significantly since the end of our inspection scope in December 2024. Specifically, between January and May 2025, the Osage Nation had expended only \$12,000 of its phase 1 development grant funds to conduct methane scanning, locate wells, and stage areas for remediation activities—leaving \$988,000 to spend before the end of the performance period. The Osage Nation also plugged an additional 18 orphaned wells with the phase 1 implementation grant between January and May 2025, which left 258 wells to plug by September 30, 2026, the end of the extended performance period.

We make two recommendations that, if implemented, will help OWPO ensure the Osage Nation executes its grants successfully and improve its oversight of the IIJA Tribal orphaned well program.

Recommendations

We provided a draft of this report to OWPO and BIA for review. OWPO stated that it concurred with our recommendations; however, as discussed below, we consider both recommendations unresolved. Although the proposed corrective actions described by OWPO are positive steps, they do not, without more definitive actions, meet the intent of our recommendations. BIA stated that it had no additional comments to add to OWPO’s response. Although recommendations are not directed to the Osage Nation, we received comments from and subsequently met with the Osage Nation to discuss those comments; we also explained how we determined whether to include specific information in the final report, either for accuracy or for context. Below we summarize OWPO’s response to our recommendations, as well as our comments on its response. See Attachment 2 for the full text of OWPO’s response.

We recommend that the Orphaned Wells Program Office:

1. Establish milestones for the Osage Nation’s execution of its performance goals in its development grants and ensure it has made progress in meeting those performance goals before awarding phase 3 funds.

OWPO Response: OWPO concurred with the recommendation and stated that it will review its *Tribal Orphaned Well Grant Program Post-Award Standard Operating Procedures* (originally published on November 5, 2024) and “make necessary updates to ensure appropriate oversight of semi-annual reporting and other post award requirements.” OWPO also stated it “will provide additional, clarifying guidance to the Osage Nation (and all other Tribal Development grant recipients) regarding the expectation that the required semi-annual reports include robust narratives, especially as they pertain to progress in meeting performance goals (i.e., milestones) and the identification of barriers and delays.” It further stated that it is “committed to providing all Tribal Grant recipients with an adequate opportunity to demonstrate progress toward achieving their grant-specific performance goals” before publishing a notice of funding opportunity for phase 3 Tribal grants.

OWPO provided a July 2026 target implementation date.

Status: Unresolved. We will follow up with OWPO regarding resolution of Recommendation No. 2025-ISP-003-01.¹⁷

OIG Comment: OWPO’s stated intent to update policy and provide guidance to the Osage Nation and other Tribal grant recipients is positive, but the recommendation specifically identified the need to establish milestones for the Osage Nation in the execution of its already awarded development grants and for OWPO to describe how it intends to monitor the Osage Nation’s progress. Given the Osage Nation’s minimal progress in developing and executing its IIJA-funded orphaned well program, more regular monitoring than OWPO’s current semiannual reporting requirements is needed to ensure the

¹⁷ The numbering convention we use to track recommendations is the report number followed by sequential recommendation digits.

Osage Nation is meeting performance goals. This recommendation will be resolved when OWPO agrees to establish milestones and monitor the Osage Nation's progress toward those milestones. It will be implemented when OWPO provides evidence that it has established milestones for the Osage Nation's ongoing development grant goals and provides its plan for monitoring the Osage Nation's progress.

2. Establish milestones for the Osage Nation's execution of the implementation grants and ensure it has made progress in plugging orphaned wells before awarding phase 3 funds.

OWPO Response: OWPO concurred with this recommendation and stated that it will review its *Tribal Orphaned Well Grant Program Post-Award Standard Operating Procedures* (originally published on November 5, 2024) and "make necessary updates to ensure appropriate oversight of semi-annual reporting and other post award requirements." OWPO also stated it "will provide additional, clarifying guidance to the Osage Nation (and all other Tribal Implementation grant recipients) regarding the expectation that the required semi-annual reports include robust narratives, especially as they pertain to progress in meeting performance goals (i.e., milestones) and the identification of barriers and delays." It further stated that it is "committed to providing all Tribal Grant recipients with an adequate opportunity to demonstrate progress toward achieving their grant-specific performance goals" before publishing a notice of funding opportunity for phase 3 Tribal grants.

OWPO provided a July 2026 target implementation date.

Status: Unresolved. We will follow up with OWPO regarding resolution of Recommendation No. 2025-ISP-003-02.

OIG Comment: OWPO's stated intent to update policy and provide guidance to the Osage Nation and other Tribal grant recipients is positive, but the recommendation specifically identified the need to establish milestones for the Osage Nation in the execution of its already awarded implementation grants and for OWPO to describe how it intends to monitor the Osage Nation's progress. This recommendation will be resolved when OWPO agrees to establish milestones and monitor the Osage Nation's progress toward those milestones. It will be implemented when OWPO provides evidence that it has established milestones for the Osage Nation's ongoing implementation grant goals and provides its plan for monitoring the Osage Nation's progress.

We will track open recommendations for resolution and implementation. We will notify Congress of our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions about this report, please contact me at aie_reports@doioig.gov.

Attachments (2)

Attachment 1: Scope and Methodology

Scope

We inspected the Osage Nation IIJA orphaned well program. Our inspection focused on grant activity from September 2023 through December 2024. Specifically, we focused on phase 1 and phase 2 development and implementation grant progress and expenditures from October 2023 through December 2024. We obtained updated progress and expenditure data as of May 2025.

Methodology

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusion and recommendations.

To accomplish our objectives, we:

- Conducted a site visit in February 2025 to meet Osage Nation Department of Natural Resources officials and observe an orphaned well plugging.
- Reviewed applicable Federal laws and regulations, including the IIJA and 25 C.F.R. Part 226, “Leasing of Osage Reservation Lands for Oil and Gas Mining.”
- Reviewed grant notice of awards, grant work plans, and semiannual grant performance reports to identify applicable performance and reporting requirements.
- Examined and tested two judgmentally selected orphaned well permit applications (Osage Form 139), comparing the permit application data to the orphaned well tracking spreadsheets to determine that the tracking spreadsheets are accurate and contain reliable data.
- Examined and reviewed the Osage Nation orphaned well-plugging tracker and the BIA Osage Agency orphaned well permit tracker to compare for reasonableness, calculate the average number of days to approve permit applications, and determine the number of plugged orphaned wells.
- Interviewed Osage Nation Department of Natural Resources officials, an Office of Self Governance and Strategic Planning official, procurement officials, and accounting officials to gain an understanding of the Osage Nation’s IIJA orphaned well program.
- Interviewed BIA Osage Agency officials to gain an understanding of their role in the Osage Nation IIJA orphaned well program, including their approval process.
- Interviewed OWPO officials regarding the IIJA Tribal orphaned well grant funding program to gain an understanding of the IIJA orphaned well Tribal program, including program and reporting requirements.
- Reviewed BIA Osage Agency’s *Orphan Well Plugging – Permit Processing Procedures* to gain an understanding of the criteria used to review and approve Osage Nation orphaned well permit applications.
- Reviewed the Osage Nation’s *Orphan Well Program Quality Assurance Plan* to gain an understanding of its orphaned well identification process and documentation.

Attachment 2: Response to Draft Report

OWPO's response to our draft report follows on page 14.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

November 6, 2025

OWPO-2026-DIR-004

Memorandum

To: Nicki Miller
Assistant Inspector General for Audits, Inspections, and Evaluations

From: Jennifer L. Goldblatt GOLDBLATT
Director (Acting), Orphaned Wells Program Office

JENNIFER
Digitally signed by JENNIFER
GOLDBLATT
Date: 2025.11.06 10:57:43 -07'00'

Subject: Response to the OIG's Draft Inspection Report – *The Orphaned Wells Program Office Must Better Monitor the Osage Nation's Infrastructure Investment and Jobs Act Orphaned Well Program Funding Progress* (Report No. 2025-ISP-003)

Thank you for the opportunity to review and comment on the OIG's inspection report titled *The Orphaned Wells Program Office Must Better Monitor the Osage Nation's Infrastructure Investment and Jobs Act Orphaned Well Program Funding Progress* (draft report). In the draft report, the OIG identified two recommendations to assist the Orphaned Wells Program Office (OWPO) with providing effective oversight of and sufficient guidance to the Osage Nation and by extension, other Tribal grant recipients.

The OWPO is tasked with managing and providing oversight for the \$4.677 billion in funding the Infrastructure Investment and Jobs Act (IIJA) provided for orphaned well plugging and site remediation and restoration activities on federal, Tribal, state, and private lands. We welcome and appreciate the OIG's oversight, review, and recommendations for improvement.

The OWPO generally concurs with the two recommendations. Attached are our responses to each recommendation, which includes planned actions, target completion dates, and a responsible official. The OWPO is committed to continuous improvement and welcomes future reviews and recommendations for how we can enhance our operations and oversight of the IIJA's orphaned wells programs.

If you have any questions about this response, please contact me at (202) 255-2932.

cc: Bryan Mercier, Director, Bureau of Indian Affairs

Agency Response to the Office of the Inspector General's Draft Report, *The Orphaned Wells Program Office Must Better Monitor the Osage Nation's Infrastructure Investment and Jobs Act Orphaned Well Program Funding Progress*
(Report No. 2025-ISP-003)

Recommendation 1: *Establish milestones for the Osage Nation's execution of its performance goals in its development grants and ensure it has made progress in meeting those performance goals before awarding phase 3 funds.*

OWPO Response: Concur

The OWPO concurs with the intent of this recommendation, that the OWPO is responsible for ensuring that Tribal grant recipients make progress toward achieving their Development Grant performance goals. The OWPO will review its Tribal Post Award Standard Operating Procedures (originally published on November 5, 2024) and make necessary updates to ensure appropriate oversight of semi-annual reporting and other post award requirements. The OWPO will provide additional, clarifying guidance to the Osage Nation (and all other Tribal Development grant recipients) regarding the expectation that the required semi-annual reports include robust narratives, especially as they pertain to progress in meeting performance goals (i.e., milestones) and the identification of barriers and delays. The OWPO expects to see improved semi-annual reporting and be able to demonstrate improved oversight during the first reporting period in calendar year 2026. The OWPO is committed to providing all Tribal Grant recipients with an adequate opportunity to demonstrate progress toward achieving their grant-specific performance goals before we publish a Notice of Funding Opportunity for Phase 3 Tribal Grants.

Target Date: July 2026

Responsible Official: Jennifer L. Goldblatt, Director (Acting), Orphaned Wells Program Office

Recommendation 2: *Establish milestones for the Osage Nation's execution of the implementation grants and ensure it has made progress in plugging orphaned wells before awarding phase 3 funds.*

OWPO Response: Concur

The OWPO concurs with the intent of this recommendation, that the OWPO is responsible for ensuring that Tribal grant recipients make progress toward achieving their Implementation Grant performance goals. The OWPO will review its Tribal Post Award Standard Operating Procedures (originally published on November 5, 2024) and make necessary updates to ensure appropriate oversight of semi-annual reporting and other post award requirements. The OWPO will provide additional, clarifying guidance to the Osage Nation (and all other Tribal Implementation grant recipients) regarding the expectation that the required semi-annual reports include robust narratives, especially as they pertain to progress in meeting performance goals (i.e., milestones) and the identification of barriers and delays. The OWPO expects to see improved semi-annual reporting and be able to demonstrate improved oversight during the first reporting period in calendar year 2026. The OWPO is committed to providing all Tribal Grant recipients with an adequate opportunity to demonstrate progress toward achieving their grant-specific performance goals before we publish a Notice of Funding Opportunity for Phase 3 Tribal Grants.

Target Date: July 2026

Responsible Official: Jennifer L. Goldblatt, Director (Acting), Orphaned Wells Program Office



OFFICE OF **INSPECTOR GENERAL** U.S. DEPARTMENT OF THE INTERIOR

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