

Instructions for Completing the Budget Justification Workbook for the Orphan Well Plugging Grant and Methane Emissions Reduction Program (MERP) Grant Programs

These instructions are provided to help Orphan Well Plugging Grant and MERP Grant subrecipients properly complete the federal Budget Justification Workbook for well plugging projects funded under these programs. Each section of the budget should be completed clearly and accurately. This information is used to determine if proposed costs are **allowable**, **allocable**, and **reasonable** under federal grant requirements. ([See 2 CFR 200.E—Cost Principles](#))

Read all sections carefully. Use the examples provided for guidance.

A. Personnel

What to Include:

List only individuals who are **on your organization's payroll** and whose time will be charged directly to this project. Provide:

- Position title (not names)
- Hourly pay rate
- Estimated hours worked
- Total cost per budget period

These positions must directly support the well plugging work described in your project work plan.

Examples of Personnel Titles:

- Program Manager
- Project Manager
- Well Plugging Planner
- Rig Supervisor
- Rig Operator
- Derrick Hand (2)

- Roustabout Supervisor
- Roustabout Crew Lead
- Roustabout Hand (2)
- Wireline Operator
- Cement Supervisor
- Cement Operator
- Cement Hand
- HSE Supervisor
- Welder
- Water Truck Driver
- Truck Driver
- Field Mechanic

Do not list contractors here. Contractors go under the “**Contractual**” tab.

Work Plan Activity or Task	Position Title	Budget Period 1			Budget Period 2			Budget Period 3			Budget Period 4			Budget Period 5			Project Total Hours	Project Total Dollars	Rate Basis
		Time (Hrs)	Pay Rate (\$/Hr)	Total Budget Period 1	Time (Hrs)	Pay Rate (\$/Hr)	Total Budget Period 2	Time (Hrs)	Pay Rate (\$/Hr)	Total Budget Period 3	Time (Hrs)	Pay Rate (\$/Hr)	Total Budget Period 4	Time (Hrs)	Pay Rate (\$/Hr)	Total Budget Period 5			
Project	Sr. Engineer (EXAMPLE)	2000	\$50.00	\$100,000	200	\$50.00	\$10,000	200	\$50.00	\$10,000	200	\$50.00	\$10,000	200	\$50.00	\$10,000	2400	\$120,000	Actual Salary
Admin	Staff Accountant (EXAMPLE)	120	\$25.00	\$3,000	120	\$25.00	\$3,000	120	\$25.00	\$3,000	120	\$25.00	\$3,000	120	\$25.00	\$3,000	600	\$15,000	Actual Salary
Project	Program Manager	10	\$50.00	\$500			\$0			\$0			\$0			\$0	0	\$500	Actual Salary
Project	Project Manager	20	\$45.00	\$900			\$0			\$0			\$0			\$0	20	\$900	Actual Salary
Project	Well Plugging Planner	5	\$60.00	\$300			\$0			\$0			\$0			\$0	5	\$300	Actual Salary
Project	Rig Supervisor	10	\$50.00	\$500			\$0			\$0			\$0			\$0	10	\$500	Actual Salary
Project	Rig Operator	40	\$35.68	\$1,427			\$0			\$0			\$0			\$0	40	\$1,427	Prevailing Wage
Project	Derrick Hand (2)	60	\$35.75	\$2,145			\$0			\$0			\$0			\$0	60	\$2,145	Prevailing Wage
Project	Roustabout Supervisor	10	\$35.68	\$357			\$0			\$0			\$0			\$0	10	\$357	Prevailing Wage
Project	Roustabout Crew Lead	40	\$35.68	\$1,427			\$0			\$0			\$0			\$0	40	\$1,427	Prevailing Wage
Project	Roustabout Hand (2)	60	\$33.75	\$2,025			\$0			\$0			\$0			\$0	60	\$2,025	Prevailing Wage
Project	Wireline Operator	8	\$33.44	\$268			\$0			\$0			\$0			\$0	8	\$268	Prevailing Wage
Project	Cement Supervisor	10	\$45.59	\$456			\$0			\$0			\$0			\$0	10	\$456	Prevailing Wage
Project	Cement Operator	16	\$39.59	\$633			\$0			\$0			\$0			\$0	16	\$633	Prevailing Wage
Project	Cement Hand	16	\$37.75	\$604			\$0			\$0			\$0			\$0	16	\$604	Prevailing Wage
Project	HSE Supervisor	10	\$37.00	\$370			\$0			\$0			\$0			\$0	10	\$370	Actual Salary
Project	Welder	4	\$47.60	\$190			\$0			\$0			\$0			\$0	4	\$190	Prevailing Wage
Project	Water Truck Driver	10	\$37.39	\$374			\$0			\$0			\$0			\$0	10	\$374	Prevailing Wage
Project	Truck Driver	20	\$37.39	\$748			\$0			\$0			\$0			\$0	20	\$748	Prevailing Wage
Project	Field Mechanic	20	\$37.39	\$748			\$0			\$0			\$0			\$0	20	\$748	Prevailing Wage
Total Personnel Costs		369		\$13,972	0		\$0	0		\$0	0		\$0	0		\$0	369	\$13,972	

B. Fringe Benefits

What to Include:

Fringe benefits are non-wage compensations provided to employees, such as:

- Health, dental, life insurance
- FICA (Social Security/Medicare)
- Retirement plan contributions
- Workers' compensation

How to Calculate:

- You may express fringe as a **percentage of salary** or as a **flat hourly rate**.
 - Use rates consistent with your Davis-Bacon Act wage determination
 - If fringe rates vary by position type (e.g., prevailing wage vs. salaried), list them separately.
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C. Travel

What to Include:

Domestic travel required for well plugging work (e.g., project site visits, inspections).

Provide:

- Purpose of trip
- Departure/arrival locations
- Number of days and travelers
- Cost estimates for mileage, lodging, per diem, etc.

Follow federal GSA rates (<https://www.gsa.gov/travel-resources>).

Example:

- 2 personnel driving from Williamsport, PA to Erie County for a 2-day site visit.
 - Mileage: 640 miles roundtrip
 - Lodging: 2 nights @ \$116/night
 - Per diem: \$55/day
 - Total = \$1,438
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D. Equipment

What to Include:

Items with:

- A unit cost **over \$5,000**, and
- A useful life of **more than one year**

Provide:

- Description
- Quantity
- Unit cost
- Total cost
- Basis of estimate (quote, catalog, prior invoice)
- Justification for how equipment supports your project

***Please Note: Materials such as fuel, cement, gel, etc. will go in the “Supplies” tab. It is unlikely you will use the equipment tab.**

Disposition Rules:

When equipment is no longer needed, it may need to be returned, sold, or transferred. Equipment purchased with federal grant dollars with a current per-unit fair market value over \$5,000 may be subject to federal disposition instructions in accordance with 2 CFR 200.313.

E. Supplies

What to Include:

Materials and items under \$5,000/unit that are used during the project.

Examples of Supply Items:

- Diesel fuel (e.g., 800 gallons @ \$4.25)
- Water (e.g., 300 barrels @ \$5.00)
- Class A Portland Cement
- Gel
- Gravel
- Reclamation materials (topsoil, seed, mulch)

Use prior invoices or vendor quotes to estimate pricing.

Workplan Activity	General Category of Supplies	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
Budget Period 1						
	(EXAMPLE) Wireless GPS Transmitters	20	\$50.00	\$10,000	small purchase	Used in the field to document GPS coordinates for orphaned wells and document site conditions in the database for plugging wells identified in our workplan.
	Diesel fuel (per gallon)	800	\$4.25	\$3,400	prior invoices	Used in well plugging equipment such as service rigs, fluid pumps, wireline trucks, and cementing trucks.
	Non-potable water (per barrel)	300	\$5.00	\$1,500	prior invoices	Used in cleaning out and cementing oil and gas wells
	Class A portland cement (per sack)	250	\$28.00	\$7,000	prior invoices	Used in cementing oil and gas wells
	Reclamation supplies (topsoil, seed, mulch)	1	\$3,500.00	\$3,500	prior invoices	Site restoration after well plugging has been completed.
				\$0		
				\$0		
				\$0		
	Budget Period 1 Total			\$15,400		

F. Contractual

What to Include:

This section is for **vendors and subcontractors** who will perform services for your project. Do not list your own employees here—only external companies.

Separate each contract/subaward. Provide:

- Name of vendor (or TBD if unknown)
- Description of services
- Cost estimate
- Basis for cost (quote, past contract, market rate)
- Period of performance (when work will occur)

Subrecipients must follow proper procurement procedures and ensure vendors are not debarred.

Examples of Contracted Services:

- Cementing Company
- Wireline Company
- Welding Services
- Heavy equipment contractors
- Surveying or environmental firms
- Reclamation contractors

Please Note – Contractual Costs (2 CFR 200 Guidance)

- **Micro-purchases ($\leq \$10,000$):** No quotes needed if price is reasonable.
- **Small purchases ($> \$10,000 - \leq \$250,000$):** Require quotes from at least two qualified sources.
- **Above \$250,000:** Formal procurement methods required; must include full competition and a cost/price analysis.
- **Equipment ($\geq \$5,000$ per unit):** Must follow federal property standards.
- **Subrecipients vs. Contractors:** If issuing a subaward, additional monitoring and documentation apply (per §200.332).
- **Single Audit Trigger:** Entities expending $\geq \$750,000$ in federal funds annually are subject to a Single Audit.

G. Construction

Most projects will leave this blank. Personnel and supplies pertaining to construction should be included on the other appropriate tabs.

H. Other

Use this category only if costs do not fit into any of the other categories. You must clearly describe and justify these costs. This section is rarely needed.

I. Indirect Costs

If your organization does not have a **negotiated indirect cost rate**, you may use the **10% *de minimis* rate** applied to **Modified Total Direct Costs (MTDC)**.

What MTDC Includes:

- All direct costs **except**:
 - Equipment over \$5,000
 - Contractual amounts over \$25,000
 - Any portion of construction costs
 - Fellowships, scholarships, and subawards in excess of \$25,000

Examples of Indirect Costs:

- Office rent, utilities
- General admin/HR/payroll staff
- Insurance
- IT support
- Office supplies

- Phones, internet

Instructions:

- If using the *de minimis* rate, apply 10% to MTDC.
 - Do not list each indirect item separately.
 - You do not need a NICRA to use the *de minimis* rate.
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Administrative Cost Cap

Administrative costs, including both **direct administrative costs** (e.g., grant reporting staff) and **indirect costs**, are limited to **10% of your total award**.

General Guidance & Best Practices

- Round all dollar amounts to the nearest whole dollar.
- Provide a clear **justification** for each cost item.
- Use **realistic estimates** based on prior experience, market rates, or quotes.
- Clearly distinguish between **your own staff (Personnel)** and **external contractors (Contractual)**.