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**TO: Representatives of the Oil and Gas Industry and Banks Holding Surety For Oil and Gas Wells in Colorado**

**FROM: Richard T. Griebeling, Director**

**DATE: Revised March 19, 2001**

**RE: COGCC Policy Regarding Public Deposit Protection Act (PDPA) Compliance**

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The Colorado Public Deposit Protection Act, §11-10.5-101, et seq., C.R.S., as amended through 1989 (PDPA), has as its purpose the preservation and protection of all public funds held on deposit by a bank that are either not insured by or are in excess of the insured limits of federal deposit insurance, and provides for the expedited repayment of those funds in the event of default and subsequent liquidation of a bank that holds those deposits. §11-10.5-102, briefly, the PDPA requires banks in Colorado that are eligible depositories of public funds to pledge eligible collateral having a market value in excess of 102% of their aggregate uninsured deposits to secure uninsured public funds on deposit with the banks. Thus, the PDPA provides a broader protection of public funds than does the Federal FDIC Insurance.

I. Certificates of Deposit for financial assurance will be held by a Colorado approved public depository bank, and if applicable, listed under the Depositor/Operator Public Deposit Protection Act (PDPA) Number. Nationwide Banks may be approved as PDPA complaint banks.

**II. COGCC Plan for Compliance**

**A. Colorado PDPA Approved Banks.**

Colorado PDPA approved banks holding financial assurance Certificates of Deposit will be notified of the Depositor/Operator PDPA Number. Certificate of Deposit shall be set up as a Public Funds Account.

**B. Out-of-State Banks OR Non PDPA Approved Banks**

Certificate of Deposit must be deposited into a Colorado Eligible Public Depository Bank **OR** another form of surety provided to the Commission.