



FINANCIAL ASSURANCES INFORMATIONAL DOCKET

At its February 10 Hearing, the Commission discussed the upcoming Financial Assurances rulemaking. The Commissioners requested this document be posted and made available to the public. The Commission is opening an informational docket, in which the public will be able to provide comment on these questions. We will post under News and Notices when the informational docket has been opened and how public comment can be provided.

COMMISSIONER QUESTIONS

(for Stakeholders to address in a formal Informational Docket request)

1. What should be the appropriate goal of financial assurance?
2. What existing oil and gas financial assurance (FA) models are there in other jurisdictions (municipalities, counties, states, or internationally)?
3. What other models (or particular aspects of related models) in other industries can we draw from?
4. What aspects of our current FA rules are working well?
5. What are current challenges/hurdles?
6. What is the intended or best-case state of doing things (i.e. what improvements are being sought, what is to be accomplished, what knowledge gaps sought to be filled)?
7. How does FA intersect with other rule series, including upcoming permit fee rulemaking, and what considerations should we be thinking about?
8. What are some of the advantages and disadvantages of some of the approaches contemplated in the 2018 Technical Workgroup analysis, the SOGRE report and other studies?
9. Should wells or sites that are currently orphaned be addressed separately from FA “moving forward” (i.e., do we need to first A. figure out how to fund and plug and abandon [P&A] current orphaned wells, or inactive [idle/shut-in] wells at risk of being orphaned, and B. separately determine how to adequately address FA moving forward so the state is less at risk of having to P&A orphaned wells and/or sites after FA rules are updated?

10. Should funding orphaned well cleanup be treated differently than FA for wells currently operated which may be active, low-producing or inactive (shut-in)?
11. What equity issues exist for FA (e.g., small vs large operators, oil vs gas, high-producing wells vs. “stripper” (low-producing) wells, other)?
12. Is there an agreed upon definition for a well that is at the “end of its life” and needs to be plugged and remediated?
13. Is the definition of an inactive well effective in incentivizing operators to plug wells when appropriate and disincentivizing operators from keeping wells “alive” in order to defer/avoid P&A costs?
14. Are there ways to incentivize interim site reclamation and still ensure sufficient FA for final P&A of wells (including full or agreed-upon/approved site remediation)?
15. Are there ways to incentivize active operators to P&A priority orphaned wells/sites (even when orphaned by other/inactive operators) as part of reducing overall cumulative impacts/emissions impacts?
16. What could be ways to tease out the differences among inactive wells that are truly idling temporarily (and the operator has a plan for the wells) or those that are idle and without a clear exit (or return to production) strategy, to create different bonding/assurance structures?
17. Please provide any additional information that you think important to this Financial Assurances Informal Informational Docket.