



Introduction: The Colorado Oil & Gas Conservation Commission (COGCC) is committed to ensuring the protection of the public health, safety, welfare, wildlife and the environment in its regulation of the state’s oil and gas development and production. Gov. Jared Polis signed SB 19-181, which changed COGCC’s mission from “fostering” to “regulating” oil and gas in a protective manner.

By the Numbers

*As of March 26, 2021

- Orphaned Sites with work planned or in progress: 535
- Remaining Wells to Plug on those Sites: 239
- Backlog by Fiscal Year: <https://sites.google.com/state.co.us/cogcc-owp/backlog>
- Budget: The program’s legislative appropriation increased from \$445,000 in Fiscal Year 2017-18 to approximately \$5,000,000 per year in Fiscal Years 2018-19 and 2019-20. Two-year spending authority and the ability to roll funds also started in Fiscal Year 2018-19 to provide spending flexibility across fiscal years.

**Note: Updated Backlog numbers are available at the [Orphaned Well Program Website](#). The figures provided here are as of 3/26/2021.

Program Directives

COGCC’s Orphaned Well Program identifies, prioritizes, and addresses oil and gas wells, locations, and production facilities statewide for which there are no known responsible parties (“Orphaned Wells or Sites”) or for which financial assurance instruments have been claimed. If not addressed, these oil and gas locations may impair a surface owner’s farming or ranching activity or other use of the property, harm wildlife, pose risks to the environment, or present a safety hazard to the public.

Executive Order D 2018-12 was signed on July 18, 2018, to improve the environment, public health, and safety of Coloradans. Directives included the following:

- Prioritize a list of Orphaned Wells and Orphaned Sites and update the list annually into low-, medium-, and high-priority categories;
- Plug, remediate, and reclaim Orphaned Wells and Orphaned Sites, including the removal of equipment; and
- Prepare a publicly-available Annual Report to document the program’s progress

Below are frequently asked questions received by the Orphaned Well Program, including questions related to COGCC's resources, budget, definitions, and processes.

- 1. When did the COGCC start the Orphaned Well Program?**
 - The legislature first authorized a budget appropriation to plug and abandon historic oil and gas wells with no available financial assurance in the 1990 Legislative Session.
 - The program allows COGCC to plug wells; remove production equipment and debris; investigate and remediate soil and groundwater impacts; install safety equipment such as fences, signs, and locks or tags; and reclaim well pads, remote production sites, and access roads.

- 2. How many COGCC staff work on this program? (FTE) and where are they located?**
 - FY18-19, Average of 4.0 FTE
 - FY19-20, Average of 5.4 FTE
 - FY20-21, Average of 5.2 FTE
 - Staff split between Denver and Rifle offices
 - Not included but an integral part of the program: ongoing support from COGCC Finance staff and temporary support from other technical work units

- 3. How many orphaned wells and sites are there?**
 - The [Orphaned Well Program Website](#) provides information on orphaned wells and sites. The "Backlog" Page displays the current OWP Backlog, and the "Reports" Page provides links to Orphaned Well Program Annual Lists and Reports.

- 4. How does the Orphaned Well Program keep up with new orphaned wells and sites?**
 - The Commission created and developed an Orphaned Well team, within the Engineering Unit, which has a process for prioritizing work. As the number of orphaned wells or sites grows or shrinks, COGCC will respond accordingly.

- 5. What happens to the wells of an operator that goes bankrupt?**
 - The wells may be bought or the operator's debt restructured in the course of the bankruptcy. Any purchaser or the reorganized operator must comply with the Commission's rules for operating a well. That includes continuing the maintenance and safety measures necessary to maintain a shut-in or temporarily abandoned well.
 - If an operator is unable to find a buyer for a well and is unable to continue to pay for the operation of the well (whether through a bankruptcy process or for any other reason), that well will become a part of the COGCC's Orphaned Well Program. The Orphaned Well Program oversees the wells to ensure that they pose no threat to public health, safety, welfare, wildlife, and the environment, until the wells are plugged and abandoned.

- 6. How much does it cost to plug a well and reclaim a site?**
 - COGCC estimated five-year average costs using FY12-13 through FY16-17 data to plug a well and reclaim a site:
 - Orphaned site with a single well, average cost \$82,500 (includes \$35,000 to plug the well).

- Reclaim an orphaned site without any wells, average cost \$47,500 (includes environmental remediation); however, certain on-site conditions can escalate these costs.

Orphan Well Program Funding & Budget:

7. How much money does the COGCC have for this program? Where does this money come from?
8. Industry says they pay for COGCC's Orphaned Well Program. Is this true?
ANSWERS for Questions 7 & 8: All Orphaned Well Program expenditures are funded by oil and gas operators through financial assurance, a levy on oil and gas production, and penalty revenue paid by oil and gas operators. The Orphaned Well Program **does not** receive revenue from personal or corporate state income tax (i.e., General Fund). The program's legislative appropriation increased from \$445,000 in Fiscal Year 2017-18 to approximately \$5,000,000 per year in Fiscal Years 2018-19 and 2019-20. Two-year spending authority and the ability to roll funds also started in Fiscal Year 2018-19 to provide spending flexibility across fiscal years.
9. What is the bond that is carried and does this cover the expense of restoring an Oil and Gas Location?
 - Please see our [COGCC Financial Assurance Summary](#) for more information on bonds, which are one form of financial assurance.
 - In most cases, available financial assurance does not cover costs to fully Plug and Abandon an Orphaned Well and Site. COGCC's Dec. 1, 2018 [Executive Order D 2018-12 Financial Assurance Technical Working Group Final Report](#) describes challenges with existing financial assurance requirements and potential solutions.
 - COGCC is launching the Financial Assurance Rulemaking, as required by SB 19-181, to address financial assurance requirements in Spring 2021.
10. What is the typical process, from identifying to finalizing, an orphan well and site?

Below is an overview of the **Orphaned Well Program** process:

The COGCC will receive a referral about a possible orphaned well site from a complaint; external agency; internal file review; or COGCC field inspection. The Orphaned Well Program (OWP) team will identify and determine applicability, checking to see if the site is already listed with the program or if there is an active oil and gas operator responsible for the work. COGCC Staff also check for any available financial assurance, and if any financial assurance exists, COGCC will commence a bond claim. If there is NOT an oil and gas operator responsible for an identified well, the site is then registered into the COGCC Orphaned Well Program.

Next, the OWP team defines the general scope of work for the site which may include:

- Field Operations (signs, labels, locks, tags, fencing, fluid removal from production equipment, and equipment decommissioning including removal, disposal, or salvage);
- Engineering (plug wells and abandon flowlines);
- Environmental (sampling, analysis, and remediation); and
- Reclamation (contouring, grading, seeding, and weed control).

The OWP team also prepares preliminary cost estimates and identifies relevant field inspection reports, photographs, and surface and mineral ownership.

The OWP team will analyze the site using available file data, field inspection reports, photographs, and topographic maps to score the site for prioritization into low, medium and high rankings, considering multiple risk factors:

- population density and urbanization;
- environmental factors;
- years in service;
- active spills;
- stormwater issues;
- noxious weeds;
- wildlife, livestock, or vegetation impacts;
- surface equipment;
- bradenhead pressure;
- mechanical integrity test data; and
- any documented history of venting or leaking.

When selecting sites to include in a field project, the OWP team considers the site rank along with other factors, such as the proximity of multiple sites that are close to each other to reduce expenses, and the availability of COGCC field staff to manage the project.

The OWP team works within the state procurement system to put the project out to bid, and then awards a contract or purchase order for the project. The work is then scheduled and executed. The OWP team verifies the completed work with the contractor and the surface owner, and the team identifies follow-up monitoring activities, if any, for the site.

11. What are the definitions of the key terms used in this document?

- The word “Abandonment” refers to the proper plugging, removal, or closure of a well, facility, location, or site in compliance with COGCC’s rules.
- Abandonment may be temporary or permanent, as described below in the definitions for a “Temporarily Abandoned Well” and [Permanently] “Plugging and Abandoning”
- The words “Well”, “Orphaned Well”, “Well Site”, “Orphaned Site”, “Reclamation”, and “Remediation” are defined below.
- A “Site” is the physical location on the ground surface of a “Well” or other oil or gas Production Facility.
- CAUTION: “abandoned location” is a term used on Form 4, Sundry Notice, and it is a valid location status in COGIS (code “AL”). An abandoned location is neither an Orphaned Site or nor is it an Orphaned Well. It is a location that an Operator permitted, but they did not construct. Abandoned location is not defined in COGCC’s rules.

From Colorado Oil & Gas Conservation Commission’s 100-Series Rules:

FLOWLINE means a segment of pipe transferring oil, gas, or condensate between a wellhead and processing equipment to the load point or point of delivery to a U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration or

Colorado Public Utilities Commission regulated gathering line or a segment of pipe transferring produced water between a wellhead and the point of disposal, discharge, or loading. This definition of flowline does not include a gathering line... [The 100 Series Definition also lists several types of flowlines, which are omitted here for brevity]

ORPHAN[ED] WELL shall mean a well for which no owner or operator can be found, or where such owner or operator is unwilling or unable to plug and abandon such well.

ORPHANED SITE shall mean a site, where a significant adverse environmental impact may be or has been caused by oil and gas operations for which no responsible party can be found, or where such responsible party is unwilling or unable to mitigate such impact.

PLUGGING AND ABANDONMENT means the cementing of a well, the removal of its associated production facilities, the abandonment of its flowline(s), and the remediation and reclamation of the wellsite.

PRODUCTION FACILITY means any storage, separation, treating, dehydration, artificial lift, power supply, compression, pumping, metering, monitoring, flowline, and other equipment directly associated with a well.

RECLAMATION shall mean the process of returning or restoring the surface of disturbed land as nearly as practicable to its condition prior to the commencement of oil and gas operations or to landowner specifications with an approved variance under Rule 502.b.

REMEDIATION means the process of reducing the concentration of a contaminant or contaminants in water or soil to the extent necessary to ensure compliance with the concentration levels in Table 915-1 and other applicable Groundwater standards and classifications.

RESPONSIBLE PARTY shall mean an owner or operator who conducts an oil and gas operation in a manner which is in contravention of any then-applicable provision of the Act, or of any rule, regulation, or order of the Commission, or of any permit, that threatens to cause, or actually causes, a significant adverse environmental impact to any air, water, soil, or biological resource. **RESPONSIBLE PARTY** includes any person who disposes of any other waste by mixing it with exploration and production waste so as to threaten to cause, or actually cause, a significant adverse environmental impact to any air, water, soil, or biological resource.

TEMPORARILY ABANDONED WELL shall mean a well that has all downhole completed intervals isolated with a plug set above the highest perforation such that the well cannot produce without removing a plug or a well which is incapable of production or injection without the addition of one or more pieces of wellhead or other equipment, including valves, tubing, rods, pumps, heater-treaters, separators, dehydrators, compressors, piping or tanks.

WELL when used alone in these Rules and Regulations, shall mean an oil or gas well, a hole drilled for the purpose of producing oil or gas, a well into which fluids are injected, a stratigraphic well, a gas storage well, or a well used for the purpose of monitoring or observing a reservoir.

WELL SITE shall mean the areas that are directly disturbed during the drilling and subsequent operation of, or affected by production facilities directly associated with, any oil well, gas well, or injection well and its associated well pad.

###