

# Form 3, Financial Assurance Plan Confidential Information

## Operator Meeting

August 30, 2022



**COLORADO**  
Oil & Gas Conservation  
Commission  
Department of Natural Resources

**COGCC Staff**



## **Rule 223. CONFIDENTIAL INFORMATION**

b. Confidential information may include:

(12) Non-public and confidential financial information submitted as part of a Financial Assurance Plan pursuant to Rule 702 or a demonstration of costs for Single Well Financial Assurance

### **Form 3 Attachments that Qualify as Confidential**

- Asset Retirement Planning
- Audited Financial Statements
- Supporting Evidence for Demonstrated Costs



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# Form 3 Attachments that Qualify as Confidential

## Asset Retirement Planning Attachment

1. Required for all options by Rules 702.d.(1) - (6).A.v:
  - **Asset Retirement Planning.** A demonstration of how the Operator is planning for the retirement of its Oil and Gas Operations based on the projected life of the field, age of the infrastructure, Out of Service, Inactive, and Low Producing Wells, and related information.
2. Entered in a text field on the form or as an attachment.
3. Only an attachment can be confidential. (See Rule 223.a.(2).)
4. If contains confidential information, enter “Confidential. See redacted Asset Retirement Planning document attached.” in the text field on the form.

### Asset Retirement Planning

Describe how the Operator is planning for the retirement of its Oil and Gas Operations based on the projected life of the field, age of the infrastructure, Out of Service, Inactive, and Low Producing Wells, and related information.

NOTE: If this space is not adequate, please provide this information in an attachment.



# Form 3 Attachments that Qualify as Confidential

## Audited Financial Statements Attachment

1. Required for Option 5 plans by Rule 702.d.(5).D:
  - **Certification of Financial Capability and Unmodified Opinion.** An Operator will provide a Certification of Financial Capability to ensure it is financially capable of meeting all of the obligations imposed by the Act and Commission's Rules. The Certification will be signed by an Operator's corporate officer and **will include its current net worth, as demonstrated through financial statements accompanied by an unmodified opinion issued by an independent auditor.**
2. It is a separate document from the Certification of Financial Capability also required for Option 5 plans.



## Form 3 Attachments that Qualify as Confidential

### Supporting Evidence for Demonstrated Costs Attachment

1. Required for any Plan with Operator's demonstrated costs for Single Well Financial Assurance (SWFA) per the Statement of Basis and Purpose (SBP), page 21:
  - The Commission also expects operators will support their demonstrated costs with, for example, three years of invoices from past plugging, abandonment, or reclamation operations, where possible, or a third-party estimate of plugging, abandonment, and reclamation costs.
2. The supporting evidence for the demonstrated costs qualifies for confidentiality, per the SBP, page 21:
  - The Commission acknowledges that supporting evidence operators may provide to support their demonstrated costs may include confidential information as described in Rule 223.b.



## Certification of Financial Capability

1. Required for Options 1 - 4 and 6 by Rules 702.d.(1), (2), (6).D. and Rules 702.d.(3) & (4).E:
  - **Certification of Financial Capability.** An Operator will provide a Certification of Financial Capability signed by an Operator's corporate officer to ensure it is financially capable of meeting all of the obligations imposed by the Act and Commission's Rules.
2. Required for Option 5 by Rule 702.d.(5).D:
  - **Certification of Financial Capability and Unmodified Opinion.** An Operator will provide a Certification of Financial Capability to ensure it is financially capable of meeting all of the obligations imposed by the Act and Commission's Rules. The Certification will be signed by an Operator's corporate officer and will include its current net worth, as demonstrated through financial statements accompanied by an unmodified opinion issued by an independent auditor.
3. It is an attachment.
4. For Option 5 plans, it is a separate document from the Audited Financial Statements attachment.
5. It is a public-facing document.
6. It does not need to contain any information that qualifies as confidential for the Form 3.



## Operator's Demonstrated Costs

1. Identified within the Series 100 Definition of Single Well Financial Assurance (SWFA):
  - The sum of an Operator's demonstrated costs of Plugging and Abandonment of the Well and the associated and apportioned Reclamation cost for the Well, which is calculated by dividing the demonstrated Reclamation costs by the number of Wells on the Oil and Gas Location or at the Oil and Gas Facility
2. Operator may provide their demonstrated costs in any plan with SWFA calculations.
3. The costs are entered into the form, they are not an attachment.
4. The costs are the basis for the Operator's required financial assurance; they do not qualify for confidentiality.

### Operator's Demonstrated Costs

An explanation of these costs must be attached.

| P&A Costs \$               |                         |
|----------------------------|-------------------------|
| TVD <= 4,000 ft:           | \$ <input type="text"/> |
| TVD > 4,000 & <= 8,000 ft: | \$ <input type="text"/> |
| TVD > 8,000 ft:            | \$ <input type="text"/> |
| Location Reclamation Cost: | \$ <input type="text"/> |



**Workflow for Form 3 Attachments that Qualify as Confidential**  
**See Rule 223.a.(3)**

- Asset Retirement Planning
- Audited Financial Statements
- Supporting Evidence for Demonstrated Costs

1. Prepare and attach a REDACTED document.
2. Prepare and attach a CONFIDENTIAL document.
3. The non-redacted version will be labeled CONFIDENTIAL in a conspicuous location at the top of the document.
4. Check the “Confidential” box for the CONFIDENTIAL document in the attachments section of the form.



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**Workflow for Form 3 Information Confidentiality Request**  
**See Rules 223.a. (1) - (3).**

1. Email document(s) to the Finance Manager.
2. Clearly identify within the document or in the email all the information believed to be “Non-public and confidential financial information” that qualifies for confidentiality.
3. Staff will determine if the information qualifies for confidentiality and respond to the Operator’s email.



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## NOTE: Inactive Well List and Asset Retirement Planning Rules

Rules 702.d.(1).A. iv & v say:

**iv. Inactive Well List.** A list of all the Operator's Inactive Wells that includes the name, number, API number, status, reason for no or low production, and planned date for return to production or plug each Well.

**v. Asset Retirement Planning.** A demonstration of how the Operator is planning for the retirement of its Oil and Gas Operations based on the projected life of the field, age of the infrastructure, Out of Service, Inactive, and Low Producing Wells, and related information.

The Operator will enter this information in a pre-populated list with the Form 3.

Rules 702.d.(2) - (6).A. iv & v say:

**iv. Inactive Well List.** A list of all the Operator's Inactive Wells that includes the name, number, API number, status, reason for no or low production, and planned date for return to production or plug each Well.

**v. Asset Retirement Planning.** A demonstration of how the Operator is planning for the retirement of its Oil and Gas Operations based on the projected life of the field, age of the infrastructure, Out of Service, Inactive, and Low Producing Wells, and related information. For each Inactive Well, the Operator will identify the reason for no or low production and the planned date to return to production or plug the Well.

The Operator will enter this information in a pre-populated list with the Form 3.

The Operator does not need to repeat this same information within the Asset Retirement Planning.



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## Form 3 Attachment Names

Asset Retirement Planning

Asset Retirement Planning - Confidential

Asset Retirement Planning - Redacted

Audited Financial Statements

Audited Financial Statements - Confidential

Audited Financial Statements - Redacted

Certification of Financial Capability

Director Approved Confidential Document - Confidential

Director Approved Confidential Document - Redacted

Option 5 Justification

Option 5 Factors

Supporting Evidence for Demonstrated Costs

Supporting Evidence for Demonstrated Costs - Confidential

Supporting Evidence for Demonstrated Costs - Redacted



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***THANKS!!!***

***Any Questions?***

***Visit Us On the Web***

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