



COGCC OPERATOR GUIDANCE

RULE # 434.c - PLUGGING INACTIVE WELLS.

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100 Series Inactive Well Definition

INACTIVE WELL means:

- a. An oil or gas Well that has been shut-in and has not produced for a period of 12 consecutive months;
- b. An oil or gas Well that has been temporarily abandoned for a period of 6 consecutive months;
- c. A Class II UIC Well which has not been utilized for a period of 12 consecutive months; or
- d. A Suspended Operations Well or a Waiting on Completion Well with no activity other than monthly Bradenhead monitoring for more than 24 consecutive months.
- e. An Inactive Well does not mean:
 - (1) An oil or gas Well that is completed for fewer than 12 months;
 - (2) A Class II UIC Well that is completed for fewer than 12 months;
 - (3) A Well used for the purpose of monitoring or observing an oil or gas reservoir, or a Stratigraphic Well; or
 - (4) An oil or gas Well designated as Out of Service.

A coalbed methane Well that produces only water, resulting in gas production in offset Gas Wells, is considered producing for purposes of this definition.

434.c. Plugging Inactive Wells.

- (1) Within 6 months of a Well becoming Inactive, the Operator will Plug and Abandon the Well, unless the Operator:
 - A. Brings the Well back to production so that it is no longer an Inactive Well;
 - B. Files a Form 5B, Inactive Well Notice and provides Single Well Financial Assurance via a Form 3A, Financial Assurance, if required by the Operator's Financial Assurance Plan's requirements related to Low Producing Wells; or
 - C. Files a Form 6A, Out of Service Designation, to designate the Well as Out of Service pursuant to Rule 434.d.
- (2) **Form 5B, Inactive Well Notice.** An Operator will submit to the Director a completed Form 5B for every Inactive Well.
 - A. **Information Requirements.** Operators will provide the following information on a Form 5B:
 - i. The reason why the Well for which the Form 5B is provided is Inactive; and
 - ii. The Financial Assurance Option and most recent Commission Order or Director Decision approving the Operator's Financial Assurance Plan.
 - B. **Director Designation.** The Director will designate any Well as Inactive if the Director has reasonable cause to believe that such Well is Inactive based on a review of an Operator's Form 7, Operator's Monthly Report of Operations. If an Operator disagrees with the Director's determination, it may appeal to the Commission pursuant to 503.g.(10). The matter will not be assigned to an Administrative Law Judge pursuant to Rule 503.h. The Commission will hear the appeal at its next regularly scheduled meeting.
 - C. **Form 5C, Inactive Exception Request.** An Operator may file a Form 5C to request from the Director an exception from the designation of a Well as Inactive for good cause. The Director will not approve a

RULE #434.c PLUGGING INACTIVE WELLS GUIDANCE

Form 5C unless the Operator demonstrates in sufficient detail that the Well for which a Form 5B would be provided is not properly designated as Inactive.

Purpose of Rule

A well that has been designated Inactive must be plugged and abandoned within six months of being designated as Inactive unless the Operator takes other appropriate actions.

Rule 434.c Guidance

Wells become designated as Inactive at different times depending on the well status. The designations are based upon the information on the Form 7s - Monthly Reports of Operations filed for the well. The timing for when a well gets designated as Inactive is defined in the 100 series Rule definitions. Items 1-4 listed below outline when wells are designated as Inactive.

1. An oil or gas well that has been shut-in (SI) for 12 consecutive months
2. An oil or gas well that has been temporarily abandoned (TA) for 6 consecutive months
3. A Class II UIC well that has not been utilized for 12 consecutive months
4. A Suspended Operations well (SO) or a Waiting on Completion well (WO) for 24 consecutive months

Once a well has been designated as Inactive, one of the following actions must be taken within six months of the Inactive designation:

1. Plug and Abandon the well
 - a. The PA work must be completed; just submitting a Form 6 Notice of Intent is not an acceptable action. Operators should submit the 6NOI far enough in advance to allow COGCC staff time to review the Form and the operator time to complete the PA work.
2. Properly return the Well to service by either
 - a. Returning to SO wells to finish drilling
 - b. Returning to WO wells to complete and produce
 - c. Returning an Oil and Gas well to production
 - d. Utilizing a Class II UIC well
3. Submit a Form 5B Inactive Well Notice
 - a. The Form 5B is automatically approved - there is no staff review
 - b. If the well is Temporarily Abandoned a Form 4 Sundry Notice is due within 30 days of the TA activity. Additionally, all TA wells are required to have a mechanical integrity test within 30 days of becoming TA.
4. Submit a Form 5C Inactive Exception Request
 - a. There must be a specific situation that causes the operator to believe the Inactive designation is inappropriately applied.
 - b. The Form 5C is reviewed by engineering staff.
 - c. If a Form 5C is approved, a Form 5B is not necessary.
5. Submit a Form 6A with the well listed to designate it as Out of Service

RULE #434.c PLUGGING INACTIVE WELLS GUIDANCE

- a. Any well that gets designated as Out of Service can never produce hydrocarbons again and it will be assigned a plug and abandonment due date.
- b. The Form 6A is automatically approved - there is no staff review
- c. If a well has been designated as Out of Service a Form 5B or 5C is not necessary.

Rule 434.c Examples

Well has submitted Form 7 Monthly Operation report with a well status of TA from January to June. Starting in June, after six consecutive months of TA status, the well will be designated as Inactive. Action must be taken within six months of the designation, therefore action must be completed no later than December.

Well has submitted Form 7 Monthly Operation report with a well status of SI from March to February. Starting in February, after twelve consecutive months of SI status, the well will be designated as Inactive. Action must be taken within six months of the designation, therefore action must be completed no later than August.

Oil and Gas Well Status	Defined Inactive at month	Action must be completed within months
Suspended Operations	24	25-30
Waiting On Completion	24	25-30
Shut-In	12	13-18
Temporarily Abandoned	6	7-12

Document Change Log

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