

# *Breakout #1: Orphan Well Plugging, Prevention, & Mapping*

Energy and Carbon Management Commission

Environmental Council of the States Fall Meeting

Monday, August 28, 2023



**COLORADO**

**Energy & Carbon Management  
Commission**

Department of Natural Resources

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# COGCC to ECMC

- 72 years ago, the Colorado Oil and Gas Conservation Commission (COGCC) was created and with it came decades of meaningful and impactful regulations for the oil and gas industry, protecting our environment and communities.
- Colorado's oil and gas development has seen many changes over the years, with booms and busts, new technologies and discoveries. Colorado as a state has grown, as well as the opportunities that expand upon the oil and gas industry knowledge.
- As a result of SB 23-285 being signed into law, COGCC transitioned to become the Colorado Energy & Carbon Management Commission (for short, ECMC) on Saturday, July 1, 2023. The Act also expands the commission's regulatory authority to include the authority to regulate a broader scope of energy and carbon management areas beyond oil and gas.



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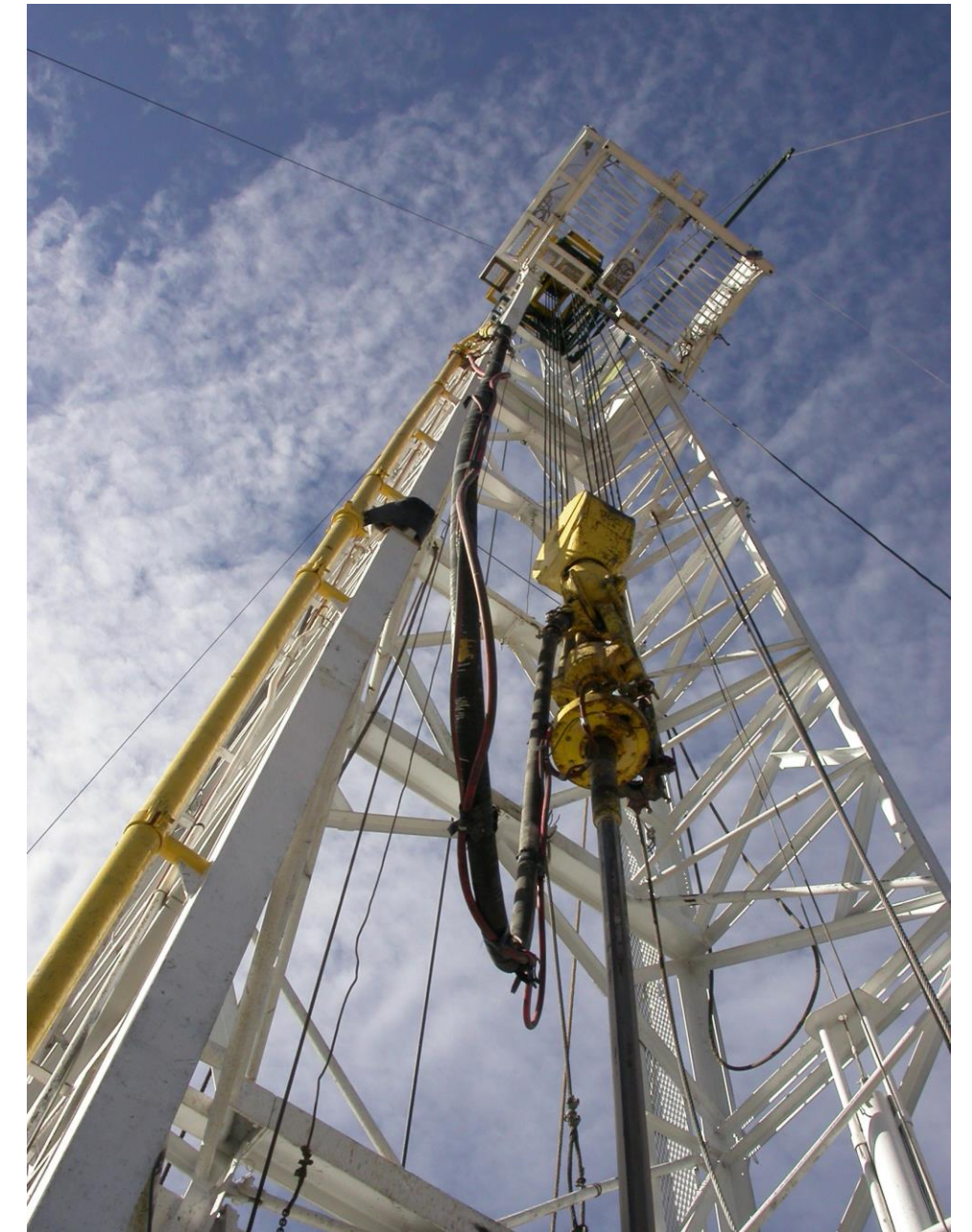
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# Colorado Orphan Work Summary

- Annual metrics: Spending, Locations with work performed, Wells Plugged
  - FY21: \$3.0M, 38 locations, 55 wells plugged
  - FY22: \$4.9M, 42 locations, 73 wells plugged
  - FY23: \$10.2M, 303 locations, 61 wells plugged
- Methane Emission Monitoring from Orphan Wells
  - CSU Study evaluating plugged wells and orphaned wells pre/post plugging
  - Included as a project task since 2022



# Colorado Orphan Priority

- Orphaned sites are prioritized using available file data, field inspection reports, site photographs, current and historic aerial photographs, and topographic maps to score the site for prioritization into low, medium and high rankings, considering risk factors:
  - population density and urbanization;
  - environmental factors;
  - years in service;
  - spills and releases;
  - 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, or the location of sites in Disproportionately Impacted Communities, and the availability of COGCC field staff to manage the project.



# Colorado Orphan Prevention

- Required Financial Assurance Plan reflects the Operator-centric focus - creates six Financial Plan Options based on operator's normalized production considering differences between predominately oil or predominantly gas
  - Options 1 & 2 - statewide blanket per-well financial assurance
  - Options 3 & 4 - per-well financial assurance building over time to full-cost financial assurance
  - Option 5 - Commission approved plan for unique circumstances
  - Option 6 - \$40M blanket statewide financial assurance
- Transfers - filings from the selling and buying operator prior to transaction that evaluates effect of conveyance on both operators
- Orphan Well Fee and Enterprise - per-well annual fee paid by operators to fund ECMC's orphan site plugging, equipment decommissioning, remediation, and reclamation work in addition to the federal IIJA funding





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