

## DEFINITIONS

ORPHANED WELLS MITIGATION ENTERPRISE means the orphaned wells mitigation enterprise created by §34-60-1323(1), C.R.S.

ENTERPRISE BOARD means the board of the orphaned wells mitigation enterprise created by §34-60-1323(3), C.R.S.

## **GENERAL PROVISIONS 200 SERIES**

### **205. OPERATOR REGISTRATION**

a. **Form 1, Registration for Oil and Gas Operations.** Prior to the commencement of their operations, all producers, Operators, transporters, gatherers, and initial purchasers who are conducting operations subject to this Act in the State of Colorado, will, for purposes of the Act, file a Form 1, Registration for Oil and Gas Operations with the Director.

- (1) Any producer, Operator, transporter, gatherer, and initial purchaser conducting operations subject to the Act who has not previously filed a Form 1, will do so immediately.
- (2) Any entity providing Financial Assurance for oil and gas Operators in Colorado will file a Form 1 with the Director.
- (3) All changes of address of any party required to file a Form 1 will be reported immediately via a new Form 1.

b. **Form 1A, Designation of Agent.**

- (1) All Operators will file a Form 1A, Designation of Agent to designate:
  - A. A Principal Agent, who is an employee of the Operator; and
  - B. One or more agents that the Operator approves to serve as its representative(s).
- (2) Form 1A designations will remain in effect until terminated in writing via a new Form 1A.
- (3) All changes to the Form 1A will be reported immediately via a new Form 1A.

c. **Form 1B, Annual Registration.**

- (1) An Operator that has filed a Form 1 and is operating one or more Wells will file a Form 1B, Annual Registration by no later than August 1, 2022. Beginning in 2023, an Operator will file a Form 1B no later than April 30 of each year.
- (2) ~~With its~~On the same day the Operator files its Form 1B, the Operator will remit its Mitigation Fee Annual Registration Fee to the Orphan Well Mitigation Enterprise consistent with the procedures adopted by the Enterprise Board.
- (3) **Annual Mitigation Fee Registration Fee.**
  - A. An Operator's Annual Mitigation Registration Fee will be:

**Commented [A1]:** Staff proposes adding the language "The Mitigation Fee due August 1, 2022, will be remitted consistent with COGCC guidance. In all subsequent years the Mitigation Fee will be remitted consistent with the procedures adopted by the Enterprise Board" to the SBP.

- i. \$225 per Well, or the amount set by the Enterprise Board if different than the amount stated in this rule., for Operators with an average daily per-Well production greater than 15 BOE or 22 MCFE for the previous calendar year; or
  - ii. \$125 per Well, or the amount set by the Enterprise Board if different than the amount stated in this rule., for Operators with an average daily per-Well production less than or equal to 15 BOE or 22 MCFE for the previous calendar year.
  - iii. For purposes of this rule, the Operator will use the barrels of oil equivalent ("BOE") or the thousand cubic feet of gas equivalent ("MCFE") threshold depending on the aggregate gas-to-oil ratio ("GOR") of the production from all its Wells over the previous calendar year. The calendar year aggregate GOR is calculated by dividing the Operator's total gas production (in thousand cubic feet ("MCF")) over the previous calendar year by the Operator's total oil production (in barrels of oil ("BBL")) over the previous calendar year and multiplying by 1,000. The BOE threshold applies to Operators with an aggregate GOR equal to or less than 15,000; the MCFE threshold applies to Operators with a GOR greater than 15,000. Operators will use the conversion factor of 5.8 to convert MCF to BBL and vice versa. To calculate the Operator's average daily per-Well production, the Operator will use their total production, in BOE or MCFE, for the previous calendar year and the number of their existing Wells as of December 31 of the previous calendar year.
- B. The Operator will pay the fee for every Well it operates as of December 31 of the previous calendar year. After a Well is Spud, the Operator will pay an annual fee for the Well until it is properly Plugged and Abandoned, subject to ~~an approved~~ Form 6, Well Abandonment Report – Subsequent Report of Abandonment.
  - C. The Operator need not pay a fee for Wells subject to an approved Form 2, Application for Permit to Drill, that have not yet been Spud.
  - D. ~~The Annual Registration Fee will be subject to update on a periodic but no more frequent than biennial basis, with any changes taking effect the following year.~~ The Annual Well Registration Mitigation Fee dollar amount will be modified only ~~through the by the Orphan Well Mitigation Enterprise Board's Rules (as adopted by the Board of the Orphan Well Mitigation Enterprise Commission's rulemaking process described in Rule 529.~~
- (4) Information Requirements for Form 1B.**
- A. On the Form 1B, the Operator will list all Wells that it operated as of December 31 of the previous calendar year, and the status of each Well on that date.
  - B. Operators will provide notice of any renewals or changes to their general liability insurance during the previous 12 months on their Form 1B and attach the certificate of insurance.
- (5)** The Director will expend ~~the annual registration fees~~ the orphaned wells mitigation enterprise cash fund, created as permitted by the Act, only to address Orphaned Wells and Sites.
- (6)** No later than September 1, 2022, and on or before September 1 each year thereafter, the Director will report the following information to the Orphan Well Mitigation Enterprise Board and the Commission:

- A.** The progress on plugging, Remediation, and Reclamation of Orphaned Wells and Sites as of the end of the previous Fiscal Year on June 30;
- B.** The total number of Orphaned Wells and Sites that are not plugged or closed;
- C.** Total funding received during the previous Fiscal Year; and
- D.** Total amount spent during the previous Fiscal Year.