

COST ESTIMATE REGULATIONS FOR OIL AND GAS OPERATIONS

FIRST REVISED TEXT OF PROPOSED REGULATIONS

Text added in the originally proposed regulations is shown in underline.

Text added in the first revised proposed regulations is shown in double underline.

Text deleted in the first revised proposed regulations is shown in ~~strike through~~.

CALIFORNIA CODE OF REGULATIONS, TITLE 14

DIVISION 2. DEPARTMENT OF CONSERVATION

CHAPTER 4. DEVELOPMENT, REGULATION, AND CONSERVATION OF OIL AND GAS RESOURCES

Subchapter 2. Environmental Protection

Article 1. General

§ 1753. Cost Estimate Report Requirements

(a) The operator of one or more wells that have not been properly plugged and abandoned, according to the Division's records, shall submit a Cost Estimate Report to the Division according to the due dates specified in section 1753.1.

(b) The Cost Estimate Report shall include all of the following:

(1) A Well Abandonment Cost Estimate for each well that has not been properly plugged and abandoned, according to the Division's records;

(2) A Production Facility Decommissioning Cost Estimate for each production facility that has not been decommissioned, according to the Division's records;

(3) A Site Remediation Cost Estimate for the site of each well that has not been plugged and abandoned, according to the Division's records, and the site of each of production facility that has not been decommissioned, according to the Division's records; and

(4) A Cost Estimate Summary.

(c) When conducting a Well Abandonment Cost Estimate:

(1) For each onshore well, the operator may use Well Abandonment Cost Estimate Method 1, as specified in section 1753.2, or Well Abandonment Cost Estimate Method 2, as specified in section 1753.3.

(2) For each offshore well, the operator shall use Well Abandonment Cost Estimate Method 2, as specified in section 1753.3.

(d) When conducting a Production Facility Decommissioning Cost Estimate:

(1) For each production facility attendant to an onshore well, the operator may use Production Facility Decommissioning Cost Estimate Method 1, as specified in section 1753.2.1 or Production Facility Decommissioning Cost Estimate Method 2, as specified in section 1753.3.1.

(2) For each production facility attendant to an offshore well, the operator shall use Production Facility Decommissioning Cost Estimate Method 2, as specified in section 1753.3.1.

(e) When conducting a Site Remediation Cost Estimate:

(1) For each onshore well, the operator may use Site Remediation Cost Estimate Method 1, as specified in section 1753.2.2, or Site Remediation Cost Estimate Method 2, as specified in section 1753.3.2

(2) For each offshore well, the operator shall use Site Remediation Cost Estimate Method 2, as specified in section 1753.3.2.

(3) For each production facility attendant to an onshore well, the operator may use Site Remediation Cost Estimate Method 1, as specified in section 1753.2.2, or Site Remediation Cost Estimate Method 2, as specified in section 1753.3.2.

(4) For each production facility attendant to an offshore well, the operator shall use Site Remediation Cost Estimate Method 2, as specified in section 1753.3.2.

(f) A Cost Estimate Summary shall provide the total estimated costs from all of the operator's combined Well Abandonment Cost Estimates, combined Production Facility Decommissioning Cost Estimates, combined Site Remediation Cost Estimates, and the estimated cost from all of those estimates combined.

(g) The Cost Estimate Report, including each Well Abandonment Estimate, each Production Facility Decommissioning Cost Estimate, each Site Remediation Cost, and the Cost Estimate Summary shall be submitted to the Division in a digital tabular format.

(h) The Well Abandonment Cost Estimates, Production Facility Decommissioning Cost Estimates, and Site Remediation Cost Estimates shall be organized by field and lease.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.1. Due Dates for Cost Estimate Reports

(a) Operators shall submit a Cost Estimate Report as follows:

(1) By no later than January 1, 2025: for all operators who were assessed, in accordance with Public Resources Code sections 3402 and 3403, based upon production of less than 3.5 total barrel equivalent per day per well, including any idle wells, for calendar year 2021; and Operators who were not assessed due to lack of production shall report with this group because their wells had no production in calendar year 2021, except for those operators assessed in accordance with Public Resources Code section 3403.5.

(2) By no later than July 1, 2026: for all operators who were assessed, in accordance with Public Resources Code sections 3402 and 3403, based upon production of an average of more than 3.5 total barrel equivalent per day per well, including any idle wells, for calendar year 2021 and for all operators who were assessed in accordance with Public Resources Code section 3403.5 for calendar year 2021.

(b) For Cost Estimate Reports submitted within the deadlines specified in subdivision (a), operators may omit cost estimates associated with offshore wells and production facilities but shall submit a Cost Estimate Report that includes cost estimates associated with offshore wells and production facilities by July 1, 2027. If the operator of offshore wells or facilities did not submit an initial Cost Estimate Report within the deadlines specified in subdivision (a) because the operator only operates offshore wells and

production facilities, then the operator must submit a Cost Estimate Report that includes cost estimates associated with offshore wells and facilities by July 1, 2027.

(c) Operators that operated no wells or production facilities in calendar year 2021 but become the operator of a well before April 1, 2026, shall submit a Cost Estimate Report no later than July 1, 2026. Operators that operated no wells or production facilities before April 1, 2026, but became the operator of a well on or after that date shall submit their Cost Estimate Report within 90 days of becoming the operator of a well.

(d) Five years from the date of submission required under subdivisions (a), (b), and (c), and every five years thereafter, operators shall submit an updated Cost Estimate Report that complies with the requirements of section 1753.

(e) For the purposes of this section, "total barrel equivalent" means one barrel of oil or 10,000 cubic feet of gas.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.1.1 Requirements for Cost Estimates

(a) When submitting a Well Abandonment Cost Estimate using Method 1 or Method 2, as specified in sections 1753.2 and 1753.3, a Production Facility Decommissioning Cost Estimate, as specified in sections 1753.2.1 and 1753.3.1, or a Site Remediation Cost Estimate, as specified in sections 1753.2.2 and 1753.3.2, upon written request by the Division, the operator shall submit documentation to verify that the number, location, and relevant conditions of the wells, production facilities and sites associated with those wells and production facilities are accurate and up-to-date. Such documentation might include, but is not limited to, photographs, plot maps, and casing diagrams.

(b) When submitting a Well Abandonment Cost Estimate using ~~Method 1 or Method 2~~, as specified in sections ~~1753.2 and 1753.3~~, a Production Facility Decommissioning Cost Estimate, as specified in sections ~~1753.2.1 and 1753.3.1~~, or a Site Remediation Cost Estimate, as specified in sections ~~1753.2.2 and 1753.3.2~~, ~~the operators shall: not reduce the cost estimate by the estimated salvage value of equipment or materials, or any value associated with a potential increase in real estate value.~~

(c) ~~For operators using Method 2 when submitting a Well Abandonment Cost Estimate, as specified in section 1753.3, a Production Facility Cost Estimate, as specified~~

in section 1753.3.1, or a Site Remediation Cost Estimate, as specified in section 1753.3.2, the operators shall:

(1) Have the cost estimate reflect in current dollars the estimated contracting cost the State would pay a contractor to perform the required work, excluding savings or efficiencies specific to the operator; and

(2) Provide documentation, not otherwise available in the Division's records, supporting the validity of the values used to calculate the cost estimate including documentation of the cost the State would pay a contractor to complete the work. Acceptable documentation of these costs includes, but is not limited to:

(A) Data supporting the reported condition of the well, production facility, or site, if those conditions differ from what is available in the Division's records;

(B) Well status reports;

(C) Documented costs expended for work on comparable wells, including cost information from recent contracts for state abandonment;

(D) Published vendor price lists available to the public;

(E) Estimates and quotes from contractors and service professionals;

(F) Rig rate reports;

(G) End of well reports from abandonment of comparable wells; and

(H) Other verifiable documentation of applicable costs; and

(3) Not reduce the cost estimate by the estimated salvage, resale, or recycling value of equipment or materials or any value associated with a potential increase in real estate value.

(c) For operators using Method 2 when submitting a Well Abandonment Cost Estimate, as specified in section 1753.3, a Production Facility Cost Estimate, as specified in section 1753.3.1, or a Site Remediation Cost Estimate, as specified in section 1753.3.2, the operator may report the repurposing of wells, production facilities, or the associated well site or production facility site to the appropriate mineral rights owner or surface rights owner and reduce the cost estimates to reflect that repurposing. The operator shall provide documentation, not otherwise available in the Division's records, supporting the validity of the values used to calculate the reduction in the cost

estimate and provide signed documentation from the mineral rights or surface rights owner describing the intended repurposing.

(d) An operator asserting any information within the Cost Estimate Report is subject to confidential treatment under any statute or regulation shall still submit all information believed to be as such to the Division as required under this Article.

(1) To support the assertion the information is confidential, the operator shall submit:

(A) Identification of those portions of the information which are believed to qualify as confidential;

(B) Identification of the statute or regulation authorizing the information be treated as confidential and the factual explanation of how the information qualifies as confidential;

(C) The length of time this information should be treated as confidential;
and

(D) A version of the Cost Estimate Report with those portions of the information which are believed to qualify as confidential redacted.

(2) If the Division determines that information designated as confidential by the operator qualifies as such, the Division will notify the operator in writing, and the information will be held as confidential.

(3) If the Division determines that information designated by the operator as confidential does not qualify as such, the Division notify the operator in writing of this determination and make the information publicly available 20 days after mailing that notice to the operator.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.1.2 Cost Estimate Reporting Compliance.

The Division will determine and document an operator's compliance with cost estimate reporting requirements as follows:

(a) If the Division determines upon initial review that a Cost Estimate Report, as specified in section 1753, complies with the requirements of the applicable section,

then the Division will provide the operator a written notice that the Cost Estimate Report complies with the applicable requirements.

(b) If the Division determines upon initial review that a Cost Estimate Report, as specified in section 1753, does not meet the requirements of the applicable sections, then the Division will provide the operator a written notice of the basis for that determination and allow the operator at least 30 days to provide additional information to substantiate the Cost Estimate Report and, if necessary, a revised estimate.

(c) Upon final review of a Cost Estimate Report, as specified in section 1753, and any additional information provided by the operator under subdivision (b)(2), the Division will provide the operator a written notice that the Cost Estimate Report either does or does not comply with the requirements of the applicable section.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.2. Well Abandonment Cost Estimate Method 1

(a) Well Abandonment Cost Estimates calculated by operators using Method 1 shall be calculated by multiplying the Estimated Well Days from subdivision (a)(3) by the Base Daily Cost Rate from subdivision (a)(4) and the Well Abandonment Cost Estimate shall specify all the following information for each well:

(1) The Aggregated Well Score. The Aggregated Well Score shall be determined by identifying all the characteristics of the well and associated points, as listed in the Aggregated Well Score Table in subdivision (a)(1)(A), and summing the points assigned to those characteristics.

(A) Aggregated Well Score Table.

<u>Characteristics</u>	<u>Points</u>
<u>Measured depth of the well, reduced by the length of any portion of the wellbore partially plugged consistent with the requirements of Section 1752</u>	
<u>The well is between 0 feet to 1,000 feet</u>	<u>0</u>
<u>The well is between 1,001 feet to 3,000 feet</u>	<u>4</u>

<u>Characteristics</u>	<u>Points</u>
<u>The well is between 3,001 feet to 5,000 feet</u>	<u>7</u>
<u>The well is greater than 5,000 feet</u>	<u>10</u>
<u>Number of casing strings, including the conductor</u>	
<u>The well has 0 – 2 casing strings</u>	<u>0</u>
<u>The well has 3 – 4 casing strings</u>	<u>4</u>
<u>The well has 5 casing strings and above</u>	<u>8</u>
<u>Age of the well, calculated from the spud date</u>	
<u>The well is 0 to 25 years old</u>	<u>0</u>
<u>The well is 26 to 50 years old</u>	<u>3</u>
<u>The well is greater than 50 years old</u>	<u>5</u>
<u>Add points for each applicable well location and environmental characteristic</u>	
<u>The well is a critical well as defined by Section 1720, located within a city limit, or is located in an urban area as defined by Section 1760</u>	<u>10</u>
<u>The well has an environmentally sensitive wellhead as defined in Section 1760</u>	<u>7</u>
<u>The well is in an area of known geologic hazard including subsidence, landslide, or there is a history of damage to the well from seismicity</u>	<u>5</u>
<u>The well has surface obstacles or other impediments preventing access to the wellhead, including but not limited to buildings or structures, surface-use activities, irrigation systems, roads, terrain, or restricted access</u>	<u>5</u>
<u>Add points for each applicable well condition characteristic</u>	

<u>Characteristics</u>	<u>Points</u>
<u>The well, when shut in, has pressure in the casing or tubing at the surface of more than 250 psi, the pressure in the casing or tubing is unknown, or the well is open to the atmosphere, or it is unknown if the well is open to the atmosphere</u>	<u>5</u>
<u>The well has inadequate casing or inadequate tubing integrity, or the adequacy of the casing or tubing is unknown</u>	<u>6</u>
<u>The well has known downhole issues that would impede plugging and abandonment of the well and require special tools for intervention, such as junk, stuck rods, packer, scales in casing, or fish, or it is unknown if the well has junk or other downhole issues</u>	<u>9</u>
<u>The fluid level in the well is above the base of freshwater or USDW, or the fluid level in the well is unknown</u>	<u>5</u>
<u>Add points for each applicable additional risk factor</u>	
<u>History of recorded environmental spill or leaks</u>	<u>5</u>
<u>Presence of >100 ppm H2S or CO2 production</u>	<u>5</u>
<u>Maximum Potential Aggregated Well Score</u>	<u>85</u>

(2) The Well Score Multiplier. The Well Score Multiplier shall be determined by selecting from the Well Score Multiplier Table in subdivision (a)(2)(A) the Well Score Multiplier value corresponding to the Aggregated Well Score calculated under subdivision (a)(1).

(A) Well Score Multiplier Table.

<u>Aggregated Well Score</u>	<u>Well Score Mutliplier</u>
<u>0-10</u>	<u>1.00</u>
<u>11</u>	<u>1.01</u>
<u>12</u>	<u>1.03</u>
<u>13</u>	<u>1.04</u>
<u>14</u>	<u>1.05</u>

<u>Aggregated Well Score</u>	<u>Well Score Mutliplier</u>
<u>15</u>	<u>1.06</u>
<u>16</u>	<u>1.08</u>
<u>17</u>	<u>1.09</u>
<u>18</u>	<u>1.10</u>
<u>19</u>	<u>1.11</u>
<u>20</u>	<u>1.13</u>
<u>21</u>	<u>1.14</u>
<u>22</u>	<u>1.15</u>
<u>23</u>	<u>1.16</u>
<u>24</u>	<u>1.18</u>
<u>25</u>	<u>1.19</u>
<u>26</u>	<u>1.20</u>
<u>27</u>	<u>1.21</u>
<u>28</u>	<u>1.23</u>
<u>29</u>	<u>1.24</u>
<u>30</u>	<u>1.25</u>
<u>31</u>	<u>1.26</u>
<u>32</u>	<u>1.28</u>
<u>33</u>	<u>1.29</u>
<u>34</u>	<u>1.30</u>
<u>35</u>	<u>1.31</u>
<u>36</u>	<u>1.33</u>
<u>37</u>	<u>1.34</u>
<u>38</u>	<u>1.35</u>
<u>39</u>	<u>1.36</u>
<u>40</u>	<u>1.38</u>
<u>41</u>	<u>1.39</u>
<u>42</u>	<u>1.40</u>
<u>43</u>	<u>1.41</u>

<u>Aggregated Well Score</u>	<u>Well Score Mutliplier</u>
<u>44</u>	<u>1.43</u>
<u>45</u>	<u>1.44</u>
<u>46</u>	<u>1.45</u>
<u>47</u>	<u>1.46</u>
<u>48</u>	<u>1.48</u>
<u>49</u>	<u>1.49</u>
<u>50</u>	<u>1.50</u>
<u>51</u>	<u>1.53</u>
<u>52</u>	<u>1.55</u>
<u>53</u>	<u>1.58</u>
<u>54</u>	<u>1.60</u>
<u>55</u>	<u>1.63</u>
<u>56</u>	<u>1.65</u>
<u>57</u>	<u>1.68</u>
<u>58</u>	<u>1.70</u>
<u>59</u>	<u>1.73</u>
<u>60</u>	<u>1.75</u>
<u>61</u>	<u>1.78</u>
<u>62</u>	<u>1.80</u>
<u>63</u>	<u>1.83</u>
<u>64</u>	<u>1.85</u>
<u>65</u>	<u>1.88</u>
<u>66</u>	<u>1.90</u>
<u>67</u>	<u>1.93</u>
<u>68</u>	<u>1.95</u>
<u>69</u>	<u>1.98</u>
<u>70-85</u>	<u>2.00</u>

(3) The Estimated Well Days. The Estimated Well Days shall be calculated by multiplying the Base Well Days by the Well Score Multiplier from subdivision (a)(2). The Base Well Days shall be determined based upon the region in which the well is located as follows:

(i) 8 days for a well located in the Northern region;

(ii) 14 days for a well located in the Southern region; and

(iii) 10 days for a well located in the Central region.

(4) The Base Daily Cost Rate. The Base Daily Cost Rate shall be determined based upon the region in which the well is located as follows:

(i) \$12,000 per day for a well located in the Northern region;

(iii) \$12,500 per day for a well located in the Southern region; and

(iv) \$7,000 per day for a well located in the Central region.

(5) The Lease and Field. The name of the lease and field where the well is located.

(b) For the purposes of subdivisions (a)(3) and (a)(4), the region shall be determined as follows:

(1) The Northern region is that area including the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Ventura, Yolo, Yuba, the area of Fresno County north of the line described in subdivision (b)(4)(A) and north and west of the line described in subdivision (b)(4)(B), the area of San Luis Obispo County west and south of the line described in subdivision (b)(4)(C), and the area of Los Angeles County west and north of the line described in subdivision (b)(5).

(2) The Southern region is that area including the Counties of Imperial, Inyo, Orange, Riverside, San Bernardino, San Diego, and the area of Los Angeles County south and east of the line described in subdivision (b)(5).

(3) The Central region is that area including the Counties of Kern, Kings, Tulare, and that area of Fresno County south of the line described in subdivision (b)(4)(A) and south and east of the line described in subdivision (b)(4)(B), and the area of San Luis Obispo County east and north of the line described in subdivision (b)(4)(C).

(4) The lines dividing the Northern region and the Central region are as follows:

(A) The line beginning at the border of Merced County with Fresno County east along the base of Township 11 South to the border of Fresno County with Madera County.

(B) The line beginning at the border of Madera County with Fresno County at Township 13 South Range 16 East Section 21 east along the base of Section 21 to the southeast corner of Section 22, then north along the eastern boundary of Section 22 to the border of Fresno County with Madera County.

(C) The line beginning at the border of San Luis Obispo County with Kern County at the Northwest Corner of Township 32 South Range 21 East, then south in between Township 32 South Range 21 East and Township 32 South Range 22 East to the base of Township 12 North Range 26 West, then east along the base of Township 12 North to the border of San Luis Obispo County with Kern County.

(5) The line dividing the Northern region and the Southern region is that line beginning at the northern border of Los Angeles County with Kern County, following the line separating Range 14 West and Range 15 West southward to the southern border of Township 2 North Range 14 West, then west along the southern boundary of Township 2 North to the border of Los Angeles County with Ventura County.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.2.1. Production Facility Decommissioning Cost Estimate Method 1

(a) Production Facility Decommissioning Cost Estimates calculated by operators using Method 1 shall be calculated by summing the Base Facility Decommissioning Cost from subdivision (a)(2), the Cost of Other Project Components from subdivision (a)(3), and the Contingency Cost from subdivision (a)(5) and the Production Facility Decommissioning Cost Estimate shall specify all the following information for each of the operator's production facilities:

(1) The Lease and Field. The name of the lease and field where the production facility is located.

(2) The Base Facility Decommissioning Cost. The Base Facility Decommissioning Cost shall be calculated by identifying the Production Facility Type from the Production Facility Decommissioning Unit Costs Table in subdivision (a)(2)(A) and multiplying by the associated Unit Cost.

(A) Production Facility Decommissioning Unit Costs Table.

<u>Production Facility Type</u>	<u>Unit Cost</u>
<u>Per tank (>10,001 bbl)</u>	<u>\$186,723</u>
<u>Per tank (5,001 – 10,000 bbl)</u>	<u>\$127,510</u>
<u>Per tank (2,500 – 5,000 bbl)</u>	<u>\$76,313</u>
<u>Per tank (<2,499 bbl)</u>	<u>\$22,961</u>
<u>Per vessel, including each separator, heater-treater, free-water knockout, boiler, and steam-generator</u>	<u>\$14,382</u>
<u>Per linear foot of above-ground pipelines</u>	<u>\$26</u>
<u>Per linear foot of buried pipelines</u>	<u>\$9</u>
<u>Per short ton of electrical vaults and equipment</u>	<u>\$450</u>
<u>Per cubic foot of asphalt and concrete</u>	<u>\$12</u>
<u>Per pump or pumping unit</u>	<u>\$5,149</u>
<u>Per compressor</u>	<u>\$5,149</u>
<u>Per square foot of buildings on site</u>	<u>\$33</u>

(3) The Cost of Other Project Components. The Cost of Other Project Components shall be calculated by summing the costs of Permitting and Regulatory Compliance, Mobilization and Demobilization, and Project Management and Engineering.

(A) Permitting and Regulatory Compliance. The cost of Permitting and Regulatory Compliance shall be determined by multiplying the Base Facility Decommissioning Cost from subdivision (a)(2) by five percent.

(B) Mobilization and Demobilization. The cost of Mobilization and Demobilization shall be calculated by multiplying the Base Facility Decommissioning Cost from subdivision (a)(2) by five percent.

(C) Project Management and Engineering. The cost of Project Management and Engineering shall be calculated by multiplying the Base Facility Decommissioning Cost from subdivision (a)(2) by eight percent.

(4) The Production Facility Decommissioning Aggregated Risk Score. The Production Facility Decommissioning Aggregated Risk Score for each production facility shall be determined by identifying the characteristics of the production facility, points assigned to those characteristics, as listed in Production Facility Decommissioning Aggregated Risk Score Table in subdivision (a)(4)(A), and summing all of the applicable points for the production facility.

(A) Production Facility Decommissioning Aggregated Risk Score Table.

<u>Characteristics</u>	<u>Points</u>
<u>The production facility is environmentally sensitive or is located in a sensitive area or urban area, as defined in Section 1760</u>	<u>10</u>
<u>There has been a reportable spill or leak at the production facility</u>	<u>10</u>
<u>The production facility is located on land that has or had a freshwater aquifer underneath</u>	<u>5</u>
<u>The production facility is located in an area of known geologic hazards including subsidence, landslides, or seismicity</u>	<u>5</u>
<u>There are surface obstacles or other impediments preventing access to the production facility, including but not limited to buildings or</u>	<u>5</u>

<u>Characteristics</u>	<u>Points</u>
<u>structures, surface-use activities, irrigation systems, roads, terrain, or restricted access</u>	
<u>The production facility is greater than 50 years old</u>	<u>5</u>
<u>There is an unresolved notice of violation at the production facility</u>	<u>5</u>
<u>Any other conditions about the production facility that indicate it could potentially pose a threat to life, health, property, or natural resources</u>	<u>10</u>
<u>Maximum Potential Aggregated Risk Score</u>	<u>55</u>

(5) The Contingency Cost. The Contingency Cost shall be calculated by multiplying the Base Facility Decommissioning Cost from subdivision (a)(2) by the Contingency Percentage.

(A) Operators may group production facilities and determine the Contingency Cost by multiplying the total Base Facility Decommissioning Cost under subdivision (a)(2) for all the production facilities in the group by the appropriate Contingency Percentage. When operators group production facilities in this way, when determining the Production Facility Decommissioning Aggregated Risk Score under subdivision (a)(4), any characteristic that is identified for a production facility in that group, must be applied to the entire group.

(B) The Contingency Percentage shall be determined based upon the Production Facility Decommissioning Aggregated Risk score calculated under subdivision (a)(4) as follows:

(i) The Contingency Percentage shall be 10% if the Production Facility Decommissioning Aggregated Risk Score is less than 10 points.

(ii) The Contingency Percentage shall be 20% if the Production Facility Decommissioning Aggregated Risk Score is between 10 and 19 points.

(iii) The Contingency Percentage shall be 30% if the Production Facility Decommissioning Aggregated Risk Score is 20 points or greater.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.2.2 Site Remediation Cost Estimate Method 1

(a) Site Remediation Cost Estimates calculated by operators using Method 1 shall be calculated by summing the Base Site Remediation Cost from subdivision (a)(1), Other Project Component Costs from subdivision (a)(2), and the Contingency Cost from subdivision (a)(4), and each Site Remediation Cost Estimate shall specify all the following information for each of the operator's well sites and each of the operator's production facility sites:

(1) The Base Site Remediation Cost. The Base Site Remediation Cost shall be calculated by identifying all of the operator's Cost Elements using the Well Site and Production Facility Site Remediation Unit Costs Table in subdivision (a)(1)(A), multiplying by the associated Unit Cost, and summing all of those costs.

(A) Well Site and Production Facility Site Remediation Unit Costs Table.

<u>Cost Element</u>	<u>Unit Cost</u>
<u>Site remediation per tank (>10,001 bbl)</u>	<u>\$137,243</u>
<u>Site remediation per tank (5,001 – 10,000 bbl)</u>	<u>\$61,970</u>
<u>Site remediation per tank (2,500 – 5,000 bbl)</u>	<u>\$24,433</u>
<u>Site remediation per tank (<2,499 bbl)</u>	<u>\$7,429</u>
<u>Site remediation per vessel</u>	<u>\$7,429</u>
<u>Site remediation per wellhead</u>	<u>\$11,914</u>

<u>Cost Element</u>	<u>Unit Cost</u>
<u>Site remediation per cubic foot of sumps</u>	<u>\$5.10</u>
<u>Site remediation per cubic foot of auxiliary holes</u>	<u>\$5.10</u>
<u>Site remediation per well cellar</u>	<u>\$7,539</u>
<u>Total cubic yards of refuse, trash, debris on site to be removed and disposed per cubic yard</u>	<u>\$153</u>
<u>Total cubic feet of access roads that must be removed and restored under Section 1776, subdivision (d) per cubic foot</u>	<u>\$2.73</u>

(2) The Cost of Other Project Components. The Cost of Other Project Components shall be calculated by summing the costs of Permitting and Regulatory Compliance, Mobilization and Demobilization, and Project Management and Engineering.

(A) The cost of Permitting and Regulatory Compliance shall be calculated by multiplying the Base Site Remediation Cost from subdivision (a)(1) by five percent.

(B) The cost of Mobilization and Demobilization shall be calculated by multiplying the Base Site Remediation Cost from subdivision (a)(1) by five percent.

(C) The cost of Project Management and Engineering shall be calculated by multiplying the Base Site Remediation from subdivision (a)(1) by eight percent.

(3) The Site Remediation Aggregated Risk Score. The Site Remediation Aggregated Risk score shall be calculated by identifying the characteristics of the site, points assigned to those characteristics, as listed in the Site Remediation Aggregated Risk Score Table in subdivision (a)(3)(A), and summing those points.

(A) Site Remediation Aggregated Risk Score Table

<u>Characteristic</u>	<u>Points</u>
<u>The site is in a sensitive area or urban area, as defined in Section 1760; or there is an environmentally sensitive production facility, which includes an environmentally sensitive wellhead, as defined in Section 1760, on the site</u>	<u>10</u>
<u>A well or production facility located on the site potentially pose a threat to life, health, property, or natural resources</u>	<u>10</u>
<u>There has been a reportable spill or leak from production facilities or wells located on the site or there are unlined sumps on the site</u>	<u>10</u>
<u>The site has or at one time had a freshwater aquifer underneath</u>	<u>5</u>
<u>The site is in an area of known geologic hazards including subsidence, landslides, or seismicity</u>	<u>5</u>
<u>There are surface obstacles or other impediments preventing access to the site, including but not limited to buildings or structures, surface-use activities, irrigation systems, roads, terrain, or restricted access</u>	<u>5</u>
<u>A production facility or well, based on the spud date of the well, located on the site is greater than 50 years</u>	<u>5</u>
<u>Maximum Potential Aggregated Risk Score</u>	<u>50</u>

(4) The Contingency Cost. The Contingency Cost shall be calculated by multiplying the Base Site Remediation Cost from subdivision (a)(1) by the Contingency Percentage. The Contingency Percentage shall be determined based upon the Well Site and Production Facility Site Remediation Aggregated Risk Score calculated under subdivision (a)(3) as follows:

(A) The Contingency Percentage shall be 10% if the Well Site and Production Facility Site Aggregated Risk Score is less than 10 points.

(B) The Contingency Percentage shall be 20% if the Well Site and Production Facility Site Aggregated Risk Score is between 10 and 19 points.

(C) The Contingency Percentage shall be 30% if the Well Site and Production Facility Site Aggregated Risk Score is 20 points or greater.

(5) The Lease and Field. The name of the lease and field where the well site or production facility site is located.

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.3. Well Abandonment Cost Estimate Method 2

(a) Well Abandonment Cost Estimates calculated by operators using Method 2 shall be calculated by summing the costs estimated under subdivisions (a)(2) through (a)(9) for plugging and abandoning each of the operator's wells in accordance with Public Resources Code section 3208, and reducing that total by any reductions from subdivision (a)(11), and shall provide the following information for each of the operator's wells:

(1) The number of days, including partial days to perform the plugging and abandonment work;

(2) Cost to develop and obtain permits;

(3) Cost for the project management and engineering;

(4) Cost to develop safety, environmental, and emergency response plans including spill response and incident response plans;

(5) Cost to mobilize and demobilize the equipment and crews required to perform the work;

(6) Costs associated with access to the site location;

(7) Costs associated with materials recycling or disposal;

(8) Cost to perform the plugging and abandonment work; ~~and~~

(9) A contingency of 10% of the costs calculated under subdivision (a)(2) through (a)(8):

(10) The name of the lease and field where the well is located; and

(11) Any reductions based upon the repurposing of the well.

(b) Operators calculating Well Abandonment Cost Estimates under this section shall account for costs associated with the location of the well and well specific characteristics such as age, well condition and configuration, geologic hazards, well history, and proximity to sensitive populations and environmental resources.

(c) Operators calculating Well Abandonment Cost Estimates under this section shall also submit documentation consistent with section 1753.1.1 supporting the costs estimated under subdivision (a).

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.3.1 Production Facility Decommissioning Cost Estimate Method 2

(a) Production Facility Decommissioning Cost Estimates calculated by operators using Method 2 shall be calculated by summing the costs estimated under subdivisions (a)(3) through (a)(11) for each production facility and reducing that total by any reductions from subdivision (a)(11). Operators shall provide the following information for each of the operator's production facilities:

(1) The name of the field and lease where the production facility is located;

(2) A description of the production facility, including type and size;

(3) Cost to develop and obtain permits;

(4) Cost for the project management and engineering;

(5) Cost to develop safety, environmental, and emergency response plans including spill response and incident cleanup plans;

(6) Cost to mobilize and demobilize the equipment and crews required to perform the work;

(7) Costs associated with materials removal and transportation;

(8) Costs associated with materials recycling or disposal;

(9) Costs associated with access to the production facility; and

(10) A contingency of 10% of the costs calculated under subdivision (a)(3) through (a)(9); and

(11) Any reductions based upon the repurposing of the production facility.

(b) Operators calculating Production Facility Decommissioning Cost Estimates under this section shall account for costs associated with the location of the production facility and facility specific characteristics such as age, condition, geologic hazards, history, and proximity to sensitive populations and environmental resources.

(c) Operators calculating Production Facility Decommissioning Cost Estimates under this section shall also submit documentation consistent with section 1753.1.1 supporting the costs estimated under subdivision (a).

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.

§ 1753.3.2 Site Remediation Cost Estimate Method 2

(a) Site Remediation Cost Estimates calculated by operators using Method 2 shall be calculated by summing the estimated costs under subdivisions (a)(2) through (a)(9) to restore the site in accordance with Section 1776, including subdivisions (e) and (f), and reducing that total by any reductions from subdivision (a)(10) and including but not limited to the following shall provide the following information for each of the operator's well sites and production facility sites:

(1) A description, the quantity, unit type, and unit cost data for each site remediation activity;

(2) Cost to develop and obtain permits;

(3) Cost for the project management and engineering;

(4) Cost to develop safety, environmental, and emergency response plans including spill response and incident cleanup;

(5) Cost to mobilize and demobilize the equipment and crews required to perform the work;

(6) Costs associated with materials removal and transportation;

(7) Costs associated with materials recycling or disposal;

(8) Costs associated with access to the site location; ~~and~~

(9) A contingency of 10% of the costs calculated under subdivision (a)(1) through (a)(8);

(10) Any reductions based upon the repurposing of the well site or production facility site, which does not include the value or any change in the value of the real estate; and

(11) The name of the lease and field where the well site or production facility site is located.

(b) Operators calculating Site Remediation Cost Estimates under this section shall account for costs associated with the location and characteristics of the site such as condition, geologic hazards, history, and proximity to sensitive populations and environmental resources.

(c) Operators calculating Site Remediation Cost Estimates under this section shall also submit documentation consistent with section 1753.1.1 supporting the costs estimated under subdivision (a).

Authority: Sections 3013 and 3205.7, Public Resources Code. Reference: Sections 3011, 3106, and 3205.7, Public Resources Code.