



Site Remediation Cost Estimate 1 – Default Method

Site Remediation Cost Estimates calculated using Method 1 will be generated consistent with section 1753.2.2 of the proposed regulations. What follows is a simplified workflow of the proposed methodology and the steps the operator will follow.

Step 1: Identification – For each Site Remediation Cost Estimate, the operator will identify area around a well site or a production facility site that will require site remediation, list the type and quantity of material to be removed and remediated.

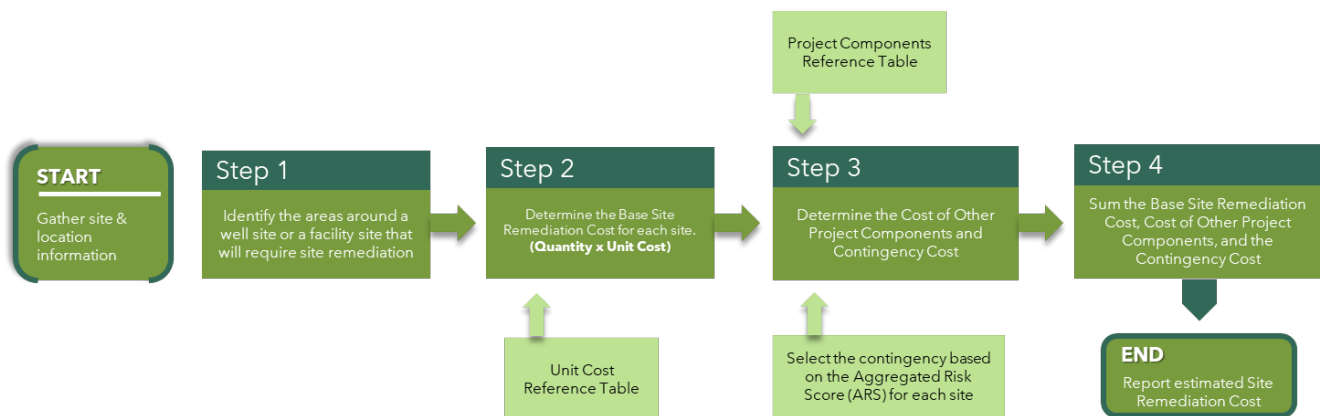
Note that the Site Remediation Cost Estimate is used for either a well site or a production facility site and is a separate cost estimate from the Well Abandonment Cost Estimate and Facility Decommissioning Cost Estimate.

Step 2: Unit Costs – The operator will multiply the quantity of Cost Elements, such as tanks and vessels, to be remediated, by the Unit Cost provided in the Site Remediation Unit Costs Table to calculate Base Site Remediation Cost for each site.

Step 3: Project Components – The operator will calculate the Cost of Other Project Components by summing the costs of: 1) Permitting and Regulatory Compliance, 2) Mobilization and Demobilization, and 3) Project Management and Engineering. Calculate the Contingency Cost based on the Aggregated Risk Score calculated for each site, which is based upon the specific characteristics of the site.

Step 4: Site Remediation Cost Estimate – The operator will sum the calculated amounts for the Base Site Remediation Cost, Cost of Other Project Components, and the Contingency.

Workflow Diagram for Site Remediation Cost Estimate Method 1



Site Remediation Cost Estimate Method 2 – Optional Method

Site Remediation Cost Estimates calculated using Method 2 will be generated consistent with the section 1753.3.2 of the proposed regulations. What follows is a simplified workflow of that proposed methodology and steps the operator will follow. All price data must be described and supported by documentation as described in section 1753.1.1 of the proposed regulations.

Step 1: Identification – The operator will identify all site remediation activities that will be required to complete the site remediation consistent with regulations. The operator will provide a list of these items including description, quantity, unit type, and unit cost data for each activity.

Step 2: Site Remediation Cost Estimate – The operator will generate and sum specific cost estimates for each item identified in Step 1 and further defined in section 1753.3.2 in the proposed regulations.

Step 3: Documentation – The operator will provide supporting documentation and data for all cost estimates used in the calculation of the Site Remediation Cost Estimates. Acceptable documentation includes documented costs for comparable activities, published price lists available to the public, estimates and quotes from contractors and service professionals, and other verifiable documentation of applicable costs.

Workflow Diagram for Site Remediation Cost Estimate Method 2

