



## NOTICE TO OPERATORS

NTO 2021-09

NOVEMBER 19, 2021

### VOLUNTARY SUBMISSION OF DECOMMISSIONING COST DATA

The California Geologic Energy Management Division (CalGEM) is issuing this notice to request operators to voluntarily share data on the costs associated with executed decommissioning activities of their assets—including plugging and abandonment, facilities decommissioning, and site remediation and restoration—in order to inform regulations being developed by the division to implement the new requirements of Public Resources Code section 3205.7. Operators are requested to submit any relevant cost data by January 31, 2022.

Public Resources Code section 3205.7 requires that all operators of oil and gas wells submit cost estimates to CalGEM for the total cost of plugging and abandonment for each of their wells, the decommissioning of all production attendant facilities, and the site remediation that is needed to restore each site as required by existing regulations. The cost estimates will be due to CalGEM beginning in 2023 and beyond. CalGEM is currently developing regulations establishing criteria to be used for cost estimates and the cost estimate approach may be improved by any operator cost data that CalGEM receives.

The scope of work for the activities relevant to the cost estimates is as follows

- Well Plugging and Abandonment: Involves all work required pursuant to Public Resources Code section 3208 to permanently abandon and secure by cement; plugging all oil and gas wells for securing zones and protection of aquifers and reservoirs at any given site.
- Facilities Decommissioning: Involves the safe removal of all surface production facility equipment to end oil and gas operations at any given facility.
- Site Remediation: Includes all site remediation and restoration activities at any given facility, lease, or location around a well following plugging and abandonment activities. The facility, lease, or location is to be restored back to its natural state as near as practicable.

The requested data may include but is not limited to the following:

- Pertinent technical and status details about the well, facility, or lease location at the time of abandonment and/or decommissioning such as well condition and integrity, junk-in-hole, or access limitations which affected the cost of the abandonment and/or decommissioning.

- Incurred costs for all well services itemized by service type, and if available, by unit cost, and unit type.
- Incurred costs for facility decommissioning itemized by activity type, and if available, by unit cost, unit type, and quantity.
- Incurred cost for site remediation itemized by activity type, and if available, by unit cost, unit type, and quantity.

Voluntary data can also include published price lists, bids, and invoice prices from experienced contractors and service professionals. Provider identities and any other sensitive information may be redacted by operators prior to submission.

This data is requested to be provided to CalGEM beginning November 19, 2021, in any digital format that can be transmitted via email to:

[calgemcostestimates@conservation.ca.gov](mailto:calgemcostestimates@conservation.ca.gov). An operator with data files that are too big to email should contact CalGEM at this address to make alternative transmittal arrangements. CalGEM will accept this data through **January 31, 2022**.

Upon receipt of this information, CalGEM will conduct a comprehensive review and analysis of the data. The output from this analysis will be used to inform and validate the base estimates currently being utilized by CalGEM in developing regulations to implement Public Resources Code section 3205.7.

Operators are encouraged to provide whatever cost data they may have available.

If you have any questions or concerns regarding compliance with this Notice, please contact Robert Schaaf at 714-699-0640 or [Robert.Schaaf@conservation.ca.gov](mailto:Robert.Schaaf@conservation.ca.gov).

Sincerely,



**Uduak-Joe Ntuk**  
State Oil and Gas Supervisor