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## COGA Statement on Governor's Executive Order on Orphan Wells

**DENVER** — The following is a statement from Dan Haley, President & CEO of the Colorado Oil & Gas Association, on Governor John Hickenlooper's Executive Order to address state-owned orphan wells in Colorado:

"The governor's Executive Order is a positive step. This order directs the COGCC to use the money it already collects from oil and natural gas taxes to plug and reclaim these wells, which makes a great deal of sense. We were also glad to see the governor proposing a long-term solution to this issue by forming a technical working group to look at financial assurance. It will be important for that group to keep the impacts on small operators in mind, so that state policies don't have the unintended consequence of worsening the problem in the long run.

"We are also glad to see the clarification around the application of credits for Colorado oil and natural gas operators who step up to the plate and volunteer to conduct the necessary work to plug and reclaim a prioritized list of state-owned orphan wells. We are eager to see how a contract-by-contract waiver of liability provision will work as this program moves forward."

Orphan wells are wells that have been relinquished to the state. The previous operator either is no longer in business, cannot be located, or is unable to meet their obligation to plug and reclaim the well. In those rare cases, ownership of the well falls to the state. The Colorado Oil and Gas Conservation Commission estimates there are 260 known orphan wells and 360 orphaned sites. With over 50,000 active wells in the state, this represents less than 0.5% of the total oil and natural gas well-based infrastructure in the state.

The Joint Budget Committee authorized a \$5 million orphan well fund during the legislative session, and the current mill levy tax increase from this past February is beginning to fill that fund.

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### **About COGA**

Founded in 1984, the Colorado Oil & Gas Association's (COGA) mission is to foster and promote the beneficial, efficient, responsible and environmentally sound development, production and use of Colorado oil and natural gas. COGA is a nationally recognized trade association that aggressively promotes the expansion of Rocky Mountain natural gas markets, supply, and transportation infrastructure through its growing and diverse membership.