



## Well Abandonment Cost Estimate Method 1– Default Method

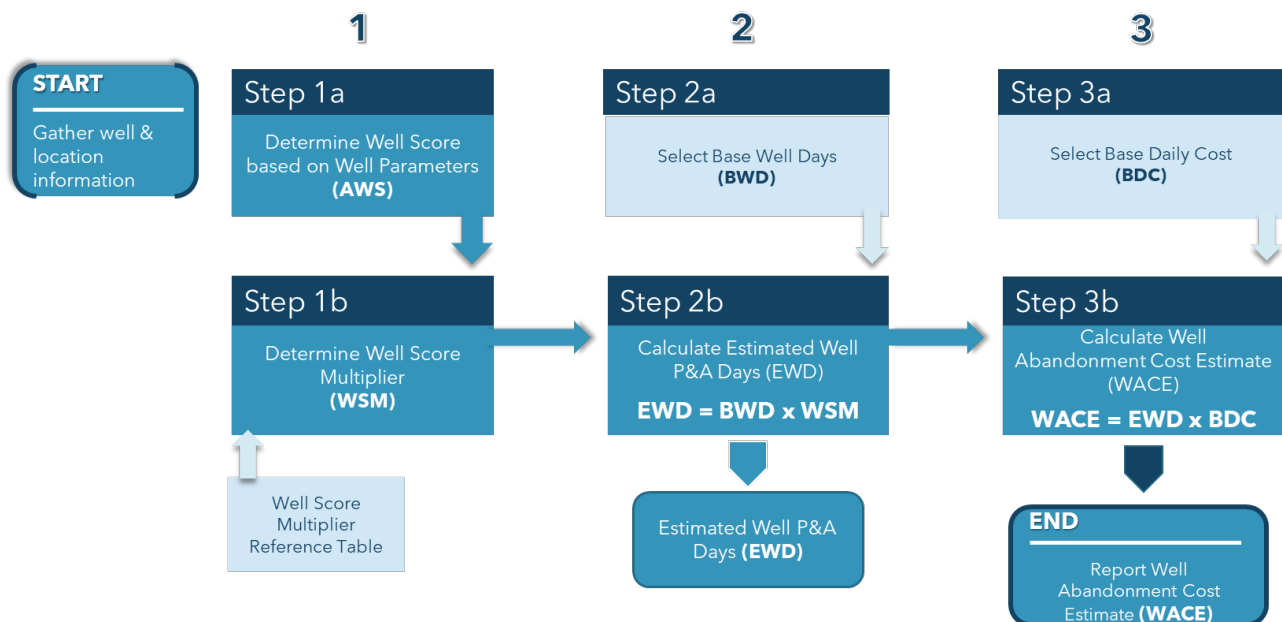
Well Abandonment Cost Estimates calculated using Method 1 will be generated consistent with section 1753.2 of the proposed regulations. What follows is a simplified workflow of that proposed methodology and steps the operator will follow.

Step 1: Identification– Using the Aggregated Well Score Table, the operator will determine the Aggregated Well Score for each well based on the specific characteristics of that well and well location. Based upon the Aggregated Well Score, determine the corresponding Well Score Multiplier from the Well Score Multiplier Table.

Step 2: Base Well Calculations – Based on the region where the well is located, the operator will identify the appropriate Base Well Days and Base Daily Cost Rate. The operator will then determine the Estimated Well Days for plugging and abandonment of the well by multiplying the Base Well Days by the Well Score Multiplier.

Step 3: Well Abandonment Cost Estimate – Multiply the Estimated Well Days, by the Base Daily Cost Rate, resulting in the Well Abandonment Cost Estimate.

### Workflow Diagram for Well Abandonment Cost Estimate Method 1



## Well Abandonment Cost Estimate - Method 2 Optional Method

Well Abandonment Cost Estimates calculated using Method 2 will be generated consistent with the section 1753.3 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 list and describe all the elements of a plugging and abandonment specific to each well.

Step 2: Estimate Number of Days to Perform Plugging and Abandonment Work - Operator will estimate the number of days, including partial days to perform the plugging and abandonment for each well.

Step 3: Calculation of Well Abandonment Cost Estimate – The operator will generate element-specific cost estimates to complete to calculate the Well Abandonment Cost Estimate as the sum of the cost estimates for each element of the plugging and abandonment work.

Step 4: Documentation – The operator will provide supporting documentation and data for all element-specific cost and duration estimates used in the calculation of the Well Abandonment Cost Estimate. Acceptable documentation includes well and facility data, documented costs for comparable activities, published price lists available to the public, estimates from experienced contractors and professionals, and other verifiable sources.

### Workflow Diagram for Well Abandonment Cost Estimate Method 2

