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Colorado Oil and Gas Conservation Commission  
1120 Lincoln St #801  
Denver Colorado 80203

RE: #210600097  
Well Abandonment/Orphan Wells

Dear Members of the Commission,

When it comes to money and finance, one thing I advise my clients is that it "ALWAYS COSTS MORE USING TOMORROWS DOLLARS." With that, the most difficult task for ALL STAKEHOLDERS in the Gas and Oil Cleanup/Well Abandonment Process. Ranked at #6 in the nation for oil production, Colorado's oil and gas industry is a major employer for the state generating more than \$276 million in annual revenues.

With that the question becomes one of how to achieve a cleaner environment while at the same time not over-burdening an already heavily regulated industry. For some, the argument is that Colorado is NOT DOING ENOUGH. For others Colorado is DOING TOO MUCH. However, too often, PERCEPTION becomes a REALITY.

With that I believe that the current TIERED SYSTEM needs addressing. For example, small operators (I believe) are being DISPROPORTIONATELY SINGLED OUT. It is my understanding that small operators, those with less than 100 wells, are required to procure SINGLE WELL BONDING while LARGER WELL OPERATORS (100 wells or grater) pay a ONE-TIME FEE of \$100,000.00. Similarly, the approximately 7400 operators on public lands a ONE-TIME FEE of \$150,000.00.

The question before this commission is how to create a system that: 1) does not disproportionately and disparately impact small producers, 2) that embodies the spirit of FREE ENTERPRISE, and 3) that addresses Health, Safety, and Welfare (\$18 million Firestone fine) of the public while also recognizing the approximately 211 active producers in Colorado.

Financially, I believe that the CURRENT TIERED SYSTEM fails in those smaller owners/producers are carrying a larger share of the financial burden. Clearly, it is imperative that those genuinely responsible for a

disaster should be **SOLELY RESPONSIBLE** for the disaster mitigation and cleanup. With 70% of the **INACTIVE WELLS** falling under the jurisdictional ownership of Noble Energy/Chevron and Kerr-McGee/Occidental Petroleum, it seems **UNFAIR** and **DISPROPORTIONATE** for small operators to pay on a per well basis. With that, a **BLANKET STRUCTURE** for small operators within TIER ONE should be considered. Recognizing that funds are returned upon successful capping and shuttering of the wells, the Commission should seek to institute a system that more adequately **REWARDS** success and **PUNISHES NON-COMPLIANCE**.

Further, having **BLANKET COVERAGE** for an **UNLIMITED NUMBER** of wells seems to **FAVOR LARGER OUT-OF-STATE CORPORATIONS**. This treatment is, in my honest opinion, a violation of Title 24 of the Administrative Procedure Act. By establishing regulations that favor large industry over small business, the state of Colorado is in essence determining the winners and losers in the Oil and Gas Industry. It seems only logical that the larger players should carry a larger share of the burden in this process. With that, I do not believe that the TIER II operators should pay one fee for an **UNLIMITED NUMBER** of wells. After all, the fees could be structured in such a manner as: 1) provide a more equitable arena in which to operate, and 2) insure that in the event of a disaster or cleanup, the state of Colorado taxpayers are not left **HOLDING THE BAG**.

With that, I do not believe that **INACTIVE WELLS** should sit in **IDLE STATUS** forever. There should be established limits to the **INACTIVE STATUS**. After that point in time, the **IDLE WELL** needs to move from **INACTIVE** to **PERMANENTLY CAPPED**. The goal for all parties involved is to ensure that the **ORPHAN WELLS PROGRAM** is sufficiently funded to insure that in the event a disaster occurs, the ability of the state of Colorado and the industry to respond is **MINIMIZED** and funding is not a major issue. This requires that **ALL OPERATORS** have sufficient bonding and that the bonding is verified to insure solvency.

Should the state of Colorado eliminate the ONE TIME FEE and UNLIMITED WELLS (BLANKET COVERAGE) for TIER II (Large Operators)? I believe so. Within the Large TIER II classification, there should be a LIMITED NUMBER for which fees are required. For example, 250-300, 300-500, etc. UNLIMITED should be phased out since UNLIMITED is indeed limited to 1) the number of applications submitted and permits granted, and 2) available natural resources. In closing, I am reminded of a PAY-PER-MEAL or a ONE-TIME PAYMENT (UNLIMITED USE) at a BUFFET BAR. Which would you rather do?

Thank you for your time and consideration of this matter.

Best Regards,

David C. Stiver BA MA  
President/CEO