COLORADO
Energy & Carbon Management Commission
Department of Natural Resources

# ECMC MARGINAL WELL PLUGGING PROGRAM - GRANT APPLICATION GUIDANCE

## Document Control

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## ECMC Marginal Well Plugging (MWP) Programs

ECMC has two funding sources for operators to volunteer marginal wells for plugging reimbursement. The Methane Emissions Reduction Program (MERP) aims to reduce methane emissions, and the state's Enterprise Marginal Well Plugging (EMWP) is intended to reduce potential risks to public health and safety, the environment, and wildlife resources from oil and gas activities within or near disproportionately impacted communities and highly populated areas, while alleviating plugging and abandonment costs for operators.

## MERP & EMWP Information

The federally-funded MERP and the state's EMWP will provide funds for plugging one or more marginal wells and performing other related activities to close oil and gas locations and facilities. Operators will be reimbursed after wells are successfully plugged in accordance with the terms of the MERP grant or the EMWP funding agreement.

## Purpose of MWP Application Guidance

Operators will use this guidance and the related application form when applying for a grant under MERP and EMWP.

# Table of Contents

# Application Guidance

## Section 1 - MWP Application

Use the MWP Application link to apply for the ECMC Marginal Well Plugging Program Grant. The numbers listed below correspond with the question numbers on the application.

## Section 2 - Applicant Information

1. **Applicant Name**
    - Enter the full legal name of the oil and gas operator as it is registered with ECMC (Energy and Carbon Management Commission). Ensure that the name is spelled accurately, including any formal business designations (e.g., LLC, Inc.).

2. **Operator Number**
    - Enter the unique ECMC operator ID number assigned to the oil and gas operator. This number is crucial for identifying the operator in ECMC's system and must be accurate.

3. **Signing Authority Name**
    - Enter the full name of the authorized representative of the organization. The authorized representative should be the operator's "Principal Agent" on the Form 1A. Format the name as "Last Name, First Name" (e.g., Doe, John). This individual has the legal authority to sign documents on behalf of the operator.

4. **Signing Authority Title**
    - Provide the official job title or position of the authorized representative listed above. This could be a role such as CEO, President, or Director, depending on the individual's position within the organization.

5. **Primary Project Contact Name**
    - Enter the name of the primary project contact person for the project.The primary project contact should be a "Designated Agent" on the Form 1A. This is the individual who will handle all communication related to the project and be responsible for addressing any questions that arise during the application or project process.

6. **Primary Project Contact Title**
    - Provide the official title or position of the primary project contact listed above. For example, this could be "Project Manager," "Coordinator," or another relevant title.

7. **Primary Contact Phone**
    - Enter a valid phone number where the primary project contact can be reached. The format for this number should be (XXX) XXX-XXXX (e.g., (303) 123-1234). This number will be used to inform the primary project contact of any questions or updates regarding the project.

8. **Primary Contact Email Address**
    - Provide a valid email address for the primary project contact. Ensure that this email is checked regularly, as it will be used for all official correspondence related to the project.

9. **Mailing Address, City, State, and Zip Code**
    - Enter the complete mailing address for the primary project contact. This should include the street address, city, state, and zip code. This address will be used for any physical mail correspondence related to the project.

**Note**: Please ensure that all information is accurate and up-to-date to prevent delays in processing the application or project communications.

# Section 3 - Project Scope - Wells

10. **Number of Wells Proposed in the Project**

    - **Single Well**: Select this option if the project involves only one well.
    - **Multiple Wells**: Select this option if the project involves more than one well.
    - **Zero (No Plugging)**: Select this option if the project does not involve any plugging activities (i.e., no wells are being plugged), but other closure activities are proposed, such as environmental remediation or reclamation.

**Note**: Operators can submit an application for one project per application round. A project can have multiple wells. Please select the **one** option that best describes your project.

# Section 4 - Single Well Data Information

**Note:** If you are proposing a single well, please complete sections 4, 5, & 6 of the application. For multiple wells, please complete sections 4, 5, & 6 for the first well and then use the "Multiple Well File Upload" template in Section 7 for additional wells.

Please complete the following details:

**11. 8-digit API Number of Well**

- Enter the **API (American Petroleum Institute) number** for the well. The API number follows the format **111-22222**, where:
- **111** represents the **county code**.
- **22222** represents the **sequence number** of the well in the county.

Ensure that the API number is accurate to properly identify the well in ECMC's COGIS database. This may be checked against COGIS on ECMC's website.

**12. How many wells are at this location?**

- Provide the total number of wells that are on site at the location of the well that is going to be plugged.

**13. Is this well remote from its production facility?**
*Answer options:*

- Yes
- No

***Application tip*:**

- **Yes:** Select this option if the well is not located in the same disturbed area as its associated production facility
- **No:** Select this option if the well is located within the same disturbed area as the production facility.

This helps to determine the logistics and operational requirements for the well.

**14. What is the Location ID(s) of the Production Facility?**

- Provide the **location ID** of the production facility associated with the well. This is a unique identifier for the facility where production activities are carried out. It may or may not be the same location ID as the well site.

Please be sure to input the correct location ID number for the associated production facility to ensure accurate tracking and coordination. Location IDs may also be confirmed in COGIS via ECMC's website, either directly on a well's scout card or by using the "related" link at the top of the scout card for remote locations.

**Note**: Double-check all data before submission to avoid errors in the API number and location details.

# Section 5 - Methane Monitoring

**15. Have methane emissions been observed or measured at this well site?**
*Answer options:*

- Yes
- No

**16. What method was used to detect emissions?**
*Answer options:*

- OGI Camera
- AVO
- Other
- N/A

**Methods of detection:**

- **OGI Camera (Optical Gas Imaging Camera)**: Select this option if an OGI camera was used to detect methane emissions. OGI cameras are effective in providing a visual representation of gas leaks, including methane, using infrared technology.
- **AVO (Audio/Visual/Olfactory)**: Select this option if emissions were detected using audio, visual, or olfactory observations. This could involve hearing, seeing, or smelling signs of leakage such as bubbling in water or a visible gas plume.
- **Other**: Select this option if a different method was used to detect methane emissions (e.g., gas analyzers, drones, etc.). Provide a brief description of the method if necessary.
- **N/A (Not Applicable)**: Select this option if the question of detecting methane emissions does not apply to the well site or situation, such as when methane monitoring was not conducted or is not relevant.

**17. If you answered "yes" to Question 14, provide additional details, including detection times, observations, and quantitative measurements, if available.**

- If “Yes” was selected, be sure to specify additional details, such as detection times, observations, and quantitative measurements, if available.

# Section 6 - Facility Decommissioning

**18. Tank(s)**
*Provide a count of tanks to be decommissioned as part of this project.*

- Indicate the number of tanks (e.g., oil, condensate, produced water, or other storage tanks, etc.) that will be decommissioned.

**19. Separator(s)**
*Provide a count of separators to be decommissioned as part of this project.*

- Indicate the number of separators that are being decommissioned.

**20. Pit(s)**
*Provide a count of pits to be closed as part of this project.*

- Indicate the number of pits, such as reserve pits, sumps, or storage pits, that will be closed.

**21. Vault(s)**
*Provide a count of vaults to be decommissioned as part of this project.*

- Indicate the number of vaults (e.g., pump, valve, or chemical vaults) being decommissioned.

**22. Are there on-location flowline(s) to be removed?**
*Answer options:*

- Yes
- No

***Application tip*:**

- **Yes**: Select this option if flowlines (for fluids such as oil, gas, or water) are located at the well site and will be disconnected, purged, and removed as part of the decommissioning process.
- **No**: Select this option if there are no on-location flowlines to be removed.

**23. Are there off-location flowline(s) to be abandoned?**
*Answer options:*

- Yes (remove)
- Yes (abandon in place)
- No

***Application tip*:**

- **Yes (remove)**: Select this option if off-location flowlines (those that extend from the well site to another location) will be fully removed from the ground. This means the entire length of the flowline will be excavated and disposed of appropriately.
- **Yes (abandon in place)**: Select this option if off-location flowlines will not be removed but will be abandoned in place in accordance with ECMC rules.
- **No**: Select this option if no off-location flowlines will be removed as part of this project.

**Note:** The ECMC 100-Series Rules define a flowline as a segment of pipe transferring oil, gas, or condensate between a wellhead and processing equipment to the load point or point of delivery to a U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration- or Colorado Public Utilities Commission-regulated gathering line, or a segment of pipe transferring produced water between a wellhead and the point of disposal, discharge, or loading. This definition of flowline does not include a gathering line.

**24. If you answered "Yes (remove)," to the question above, enter the description and length of the off-location flowline(s).**

- If "Yes (remove)" was selected for off-location flowlines in Question 19, provide detailed information about the flowlines to be removed. Include the type (e.g., gas, oil, water), the material the line is made of (if known), and the total length of the flowline(s) in feet.

**25. Is the marginal well, a related flowline, or production equipment leaking oil, gas, or brine?**
*Answer options:*

- Yes
- No

***Application tip*:**

- **Yes**: Select this option if the marginal well, a related flowline, or production equipment is leaking any type of fluid, such as oil, gas, or brine.
- **No**: Select this option if there are no apparent leaks at the well, a related flowline, or production equipment.

**26. If you answered "yes," to the question above, provide details, including Spill Facility ID #.**

- If "Yes" was selected for Question 21, provide specific details about the leak, including the type of fluid (oil, gas, or brine), the approximate rate or volume, and any spill facility ID number associated with the incident. This helps in tracking and managing the response to the leak.

**27. Is obvious or suspected contamination to soil, groundwater, surface water, or water supplies present at this well?**
*Answer options:*

- Yes
- No

***Application tip*:**

- **Yes**: Select this option if there is visible or suspected contamination of soil, groundwater, surface water, or any nearby water supplies (such as rivers, lakes, or aquifers). This could be due to leaks, spills, or other environmental hazards.
- **No**: Select this option if no contamination is observed or suspected at the site.

**28. If you answered "yes," to the question above, provide details, including Spill Facility ID #.**

- If "Yes" was selected for Question 23, provide additional details about the suspected or confirmed contamination, including the location of the contamination, the type of substance involved, the affected medium (soil, water, etc.), and any relevant spill facility ID number for tracking purposes. This information is critical for assessing the environmental impact and for regulatory reporting.

This guidance ensures that all necessary steps are taken during the decommissioning process and helps properly document the removal or abandonment of equipment and infrastructure, as well as any environmental concerns that need to be addressed.

# Section 7 - Multiple Well Spreadsheet

**Note:** If you are proposing a single well, please complete sections 4, 5, & 6 of the application. For multiple wells, please complete sections 4, 5, & 6 for the first well **and** use this Multiple Wells spreadsheet template for additional wells. Do not submit a spreadsheet for single well projects.

When completed, email the spreadsheet to dnr_marginalwellplugging@state.co.us.

# Additional Information

1. Please go to the Marginal Well Plugging Webpage for more information and to access the application.
2. For more information, please reach out via email to dnr_marginalwellplugging@state.co.us

# Frequently Asked Questions

1. What are the eligibility requirements for MERP and EMWP?
    a. Please refer to Appendix A - MERP Eligibility and Appendix B - EMWP Eligibility
2. Can an operator apply for both programs?
    a. Yes, an operator can apply for both programs. However, they may only be awarded from one program per application round.
3. Are shut-in wells eligible?
    a. Yes, wells that are shut-in are eligible.
4. Are wells on federal lands eligible?
    a. No, only wells located on non-federal lands are eligible. The surface and minerals must be some combination of fee or state.
5. Can the funding cover projects that have already started plugging and abandonment (P&A)?
    a. For MERP, no, projects that have already started are not eligible.
    b. For EMWP, yes, projects in progress may be considered.
6. Does the funding cover abandonment work (e.g. flowline abandonment or removing equipment), remediating the site, or reclamation, or is it strictly for plugging?
    a. Plugging costs take priority for reimbursement. If additional funds are available, equipment decommissioning and removal, site investigation, remediation, and reclamation may be considered for partial reimbursement.
7. Are operators required to track methane emissions in order to apply for funding?

a. No, it is not a requirement. Pre- and post-plugging methane measurements will be taken by ECMC's contractor for each well that is plugged.

8. Will the operator be responsible to cover the cost of methane measurements?

    a. No, the cost of methane measurements is covered by MERP and EMWP.

9. Does reporting higher methane emissions increase an operator's chance of approval?

    a. For MERP, priority will be given for higher methane-emitting sites. The objective of the program is to mitigate methane emissions.

    b. For EMWP, emissions and fluid leaks are criteria that are taken into consideration.

# Document Change Log

| **Change Date** | **Description of Changes** |
|---|---|
| 02/19/2026 | Update for Application Round Two |
| Date | Description |

# Appendix A - MERP Eligibility

For a well to be eligible for the MERP, it must meet the IRS definition of a marginal conventional well:

- Vertical or slightly deviated well
- Known owner or operator
- Producing or idle
- Producing ≤ 15 barrels of oil equivalent per day (BOED), or ≤ 90 thousand cubic feet (Mcf) of gas per day *(1 BOE = 6 Mcf)* over the prior 12 month period

The primary objective of the MERP is to maximize the amount of methane emissions mitigated. The prioritization process will include, but not be limited to, consideration of the impact of plugging and abandoning a qualifying well on the following criteria:

- Methane and other emissions, with priority given to the higher methane emitters based on pre-existing data or initial screening of methane emissions
- Proximity to disproportionately impacted communities as identified by Colorado EnviroScreen 2.0, with priority assigned to wells closest to disproportionately impacted communities
- Location of the marginal conventional well (MCW) on Tribal land, with priority assigned to wells located on Tribal land
- Current production rates of the MCW
- Potential beneficial impacts of well plugging on small businesses based on the number of wells operated by owner, with priority assigned to lower number of wells operated
- Potential impacts on surface and groundwater quality
- Potential risk of adverse impacts on public health, safety, welfare, the environment, and wildlife resources
- Potential risk of the well becoming orphaned if not plugged

MERP operator eligibility criteria:

1. Operators with wells that have an active permit status are **eligible.**
2. Operators with wells that have a drilling or waiting-on-completion status are **eligible**.
3. Operators without wells (i.e., own only built locations where a well was not drilled) are **not eligible**.
4. Priority will be given to operators with Form 3B Financial Assurance Plan option 3 or 4. Operators with Form 3B Financial Assurance Plan option 1, 2, 5 & 6 are eligible.

MERP-eligible wells do not include the following wells:

- Injection wells
- Gas storage wells

- Monitoring wells
- Out-of-service wells
- Stratigraphic wells
- Wells with federal or tribal minerals

When prioritizing funding among well(s) in an operator's application or among multiple operator applications, ECMC will also consider an oil and gas well's risk of adverse impacts on public health, safety, welfare, the environment, and wildlife resources using ECMC's Orphaned Well Program ranking system, which assigns locations or facilities into High, Medium, and Low categories based on their relative risk.

Only eligible wells owned or operated by eligible operators will be considered for MERP reimbursement funding.

# Appendix B - EMWP Eligibility

Senate Bill 24-229, Ozone Mitigation Measures, expanded the scope of ECMC's Orphan Well Mitigation Enterprise (OWME) to help finance the plugging, reclamation, and remediation of marginal oil and gas wells.The services that OWME provides benefit all operators in the state by:

- Mitigating the risks of an operator's oil and gas well becoming an orphaned well; and
- Plugging, reclaiming, and remediating qualifying marginal wells and eliminating the risk of such qualifying marginal wells becoming orphaned wells.

This guidance establishes standards for marginal wells to qualify for funding, considering:

- An oil and gas well's location in or near a disproportionately impacted community or a highly populated area; and
- An oil and gas well's risk of adverse impacts on public health, safety, welfare, the environment, and wildlife resources.

SB 24-229 defined a "marginal well" as an oil and gas well that presents a high risk of becoming orphaned. On March 31, 2025, the OWME Board approved ECMC Staff's recommendation to consider operator eligibility first, followed by well eligibility.

EMWP operator eligibility criteria:

1. Operators must have a Form 3B Financial Assurance Plan Option 3 or 4.
2. Operators with wells that have an active permit status are **not eligible**.
3. Operators with wells that have a drilling or waiting-on-completion status are **not eligible**.
4. Operators without wells (i.e., own only built locations where a well was not drilled) are **not eligible**.

For Criterion #1, ECMC will screen operators' status for an approved Form 3 that utilizes Financial Assurance Plan Option 3 or 4 with a tool available on ECMC's Regulation => Financial Assurance web page: View Financial Assurance Plans Form 3 (Approved).

For Criteria #2, #3, and #4, ECMC will further screen Financial Assurance Plan Option 3 or 4 operators to exclude operators with zero wells, operators with drilling wells (ECMC well status DG), waiting on completion wells (ECMC well status WO), and gas storage operators with active storage or observation wells (ECMC well status AC). ECMC will also exclude operators with only Federal or Tribal minerals wells.

EMWP Well Eligibility Criteria:

For operators that pass the EMWP operator eligibility screening, the eligible operators' wells will be screened for potential reimbursement funding.

EMWP Well Eligibility Criteria:

The well must be Low Producing. For ECMC, a Low Producing well is an inactive oil and gas well or an oil or gas well that over the previous 12 months, produces less than:

- 2 barrels of oil equivalent ("BOE") per day, or
- 10 thousand cubic feet of natural gas equivalent ("MCFE") per day.

EMWP-eligible wells do not include the following wells:

- Injection wells
- Gas storage wells
- Monitoring wells
- Out-of-service wells
- Stratigraphic wells
- Wells with federal or tribal minerals

For proximity to disproportionately impacted communities and highly populated areas, priority for funding will be given in the following order:

1. The well, location, or facility is located within a DIC or a Municipal boundary, as shown on ECMC's online GIS map.
2. The well, location, or facility is located within a 1-mile buffer around a DIC or a Municipal boundary, as shown on ECMC's online GIS map.
3. The well, location, or facility is not located within a 1-mile buffer around a DIC or a Municipal boundary, as shown on ECMC's online GIS map.

When prioritizing funding among well(s) in an operator's application or among multiple operator applications, ECMC will also consider an oil and gas well's risk of adverse impacts on public health, safety, welfare, the environment, and wildlife resources using the ranking system that is also used by ECMC's Orphaned Well Program to rank locations or facilities into High, Medium, and Low categories based on their relative risk.

Only eligible wells owned or operated by eligible operators will be considered for EMWP reimbursement funding.