



FINANCIAL ASSURANCE PLAN NOTICE OF DECISION

RHVO Investments LLC - 10825
Form 3 - 403722862
Effective September 10, 2024

The Director of the Energy and Carbon Management Commission (ECMC or Commission) authorized by ECMC Rule 702.e.(1) has **approved** the above referenced Form 3, Financial Assurance Plan, a summary of which is provided in Attachment 1.

This plan includes the use of Demonstrated Costs as the foundation for Single Well Financial Assurance. The Director's review of those costs is provided in Attachment 2.

The approved Option 3 Plan requires 5% of the following Financial Assurance amounts to be submitted "as soon as practicable but no later than within 90 days" of the above date by **submitting a Form 3A** identifying the instruments that will be used and then **submitting those documents to:**

Financial Assurance
% ECMC
1120 Lincoln, Suite 801
Denver, CO 80203

No wire transfers, personal or business checks allowed. ECMC recommends submitting any financial assurance via a secure and trackable delivery method.

Pursuant to Rule 702.d.(3).B, the 5% contribution is in addition to assurance already provided to the Commission and must continue annually by July 1 beginning the year after the plan is approved until such time as the entire amount is provided. Operator must be in compliance with currently approved Form 3, Financial Assurance Plan, prior to review or approval of any subsequent plan submission.

Required Assurance

| | | 5% |
|----------------|---------------------|-------------------|
| • Rule 702: \$ | 7,672,800 | \$ 383,640 |
| • Rule 703: \$ | 30,000 | \$ 1,500 |
| • Rule 704: \$ | <u>0</u> | <u>\$ 0</u> |
| TOTAL | \$ 7,702,800 | \$ 385,140 |

ATTACHMENT 1

Financial Assurance Plan Summary



Form 3 - Financial Assurance Plan

Summary Information Overview

Form Name: **Form 3 - Financial Assurance Plan**
Document Number: **403722862**
Date Submitted: **3/18/2024**

Operator Information

Operator Number: **10825**
Operator Name: **RHVO INVESTMENTS I LLC**
Operator Address: **558 CASTLE PINES PKWY UNIT B-4, PMB 412 ATTN: BRENT BONGERS**
Operator City: **CASTLE PINES**
Operator State: **CO**
Operator Zip: **80108**
First Name: **Brent**
Last Name: **Bongers**
Contact Phone: **(361) 935-5633**
Contact Email: **bbongers@impetroresources.com**
Initial Plan: ☒
Revised Plan: ☐
Docket Number:
Commission Order:
Subsidiary Operators:

| ECMC Operator Number | Subsidiary Operator Name |
|----------------------|--------------------------|
| 10330 | INVESTMENT EQUIPMENT LLC |
| 10690 | IMPETRO RESOURCES LLC |

Revised Plan Description:
Operator Transfer Type:
Operator's Total Oil Production: **160,032**
Operator's Total Gas Production: **3,810**
Operator's Aggregate GOR: **23.81**
Operator's GOR Determination: **BOE**
Operator's Average Daily Per-Well Production: **3.01 BOE**
Public Company: **NO**
Current Approved Plan Option:

Well Data

Well Status Data Reported Plugged Wells are excluded.

| Status | Total | With Federal Financial Assurance | Tribal Wells | Subject to Rule 702 |
|-----------------------|-------|----------------------------------|--------------|---------------------|
| Active | 0 | 0 | 0 | 0 |
| Active Permit | 0 | 0 | 0 | 0 |
| Domestic | 0 | 0 | 0 | 0 |
| Drilling | 0 | 0 | 0 | 0 |
| Injecting | 18 | 0 | 0 | 18 |
| Producing | 103 | 0 | 0 | 103 |
| Shut In | 38 | 0 | 0 | 38 |
| Suspended Operations | 0 | 0 | 0 | 0 |
| Temporarily Abandoned | 5 | 0 | 0 | 5 |
| Waiting on Completion | 0 | 0 | 0 | 0 |
| TOTALS | 164 | 0 | 0 | 164 |

Well Designation Data

| Designation | Total | With Federal Financial Assurance | Tribal Wells | Subject to Rule 702 |
|---------------------------|-------|----------------------------------|--------------|---------------------|
| Defined Inactive | 23 | 0 | 0 | 23 |
| Noticed Inactive | 13 | 0 | 0 | 13 |
| Inactive Exception | 0 | 0 | 0 | 0 |
| Out of Service | 1 | 0 | 0 | 1 |
| Out of Service Repurposed | 0 | 0 | 0 | 0 |
| Low Producing | 61 | 0 | 0 | 61 |

Number of Inactive Wells: 22

Number of Wells Plugged (2024): 0

Number of Wells Plugged (2023): 0

Number of Wells Plugged (2022): 0

Number of Wells Plugged (2021): 2

Asset Retirement Planning Description: RHVO, and by implication its subsidiaries, anticipates the life expectancy of its wells to exceed forty (40) years. This calculation is based on historical production, estimated reserves, and associated decline curves. Due to the highly efficient water-drive in the J/D-sand in Eastern Colorado the wells experience a very low (2-3%) final decline. Under the ECMC’s definition, RHVO’s wells are defined as producing in paying quantities, with a BOE average of over 3.04, representative decline curves are included. RHVO’s wells are located throughout Eastern Colorado, including in Washington, Weld, Adams, Logan, Morgan, Kiowa, and Cheyenne counties. Equipment age ranges from five (5) to thirty (30) years and is regularly maintained, replaced, or repaired. When the wells have reached the end of their useful life, RHVO will act as a prudent Operator and plug, abandon, and reclaim the wells and associated locations in compliance with ECMC requirements.

Plugged Wells Have Not Passed Final Reclamation:

| | Have Not Passed Final Reclamation | Were Covered by Financial Assurance in Previous FA Plan |
|---------------------------------|-----------------------------------|---|
| Reported Plugged (RP) Wells: | 2 | 2 |
| Dry & Abandoned (DA) Wells: | 0 | 0 |
| Plugged & Abandoned (PA) Wells: | 23 | 22 |
| TOTAL: | 25 | 24 |

FA Types & Bond Riders

Cash Bond: ☒

Surety Bond: ☒

Is Operator's financial assurance partially or entirely provided through one or more bond riders?: **NO**

Plan Options

Financial Assurance Plan Option: **3**

Financial Assurance for Wells Option 3

Operator's Demonstrated Costs

TVD <= 4,000 ft:

\$ **10,000.00**

TVD > 4,000 & <= 8,000 ft:

\$ **30,000.00**

TVD > 8,000 ft:

\$ **40,000.00**

Location Reclamation Cost:

\$ **17,676.67**

Operator chooses to use their Demonstrated Costs for Single Well Financial Assurance (SWFA): ☒

Total Number of Wells: **164**

Number of Wells with SWFA: **164**

Amount of SWFA using ECMC Costs: **\$21,170,000.00**

Amount of SWFA using Operator's Demonstrated Costs: **\$7,668,973.88**

Number of Transferred Low Producing Wells with Other Financial Assurance: **0**

Amount of Other Financial Assurance for Transferred Low Producing Wells: **\$0.00**

Number of Out of Service Wells with Other Financial Assurance: **0**

Amount of Other Financial Assurance for Out of Service Wells: **\$0.00**

Total Amount of Financial Assurance Required Pursuant to Rule 702.d.(3).B.: **\$7,668,973.88**

Annual Contribution Amount: 5% of Total Amount: **\$383,448.69**

Operator's Modified Annual Contribution Amount: **\$0.00**

Operator's Modified Annual Contribution Amount: **0%**

Other Financial Assurance

Number of Centralized E&P Waste Management Facilities with Financial Assurance: **0**

Amount of Financial Assurance for Centralized E&P Waste Management Facilities: **\$0.00**

Number of Remediation Projects with Financial Assurance: **0**

Amount of Financial Assurance for Remediation Projects: **\$0.00**

Amount of Blanket Financial Assurance for Seismic Operations: **\$0.00**

Number of Gas Gathering, Gas Processing, and Underground Gas Storage Facilities: **0**

Amount of Financial Assurance for Gas Gathering, Gas Processing, and Underground Gas Storage Facilities: **\$0.00**

Number of Produced Water Transfer Systems: **6**

Amount of Financial Assurance for Produced Water Transfer Systems: **\$30,000.00**

Number of Commercial Disposal Facilities: **0**

Amount of Financial Assurance for Commercial Disposal Facilities: **\$0.00**

Amount of Statewide Blanket Surface Owner Protection Bond: **\$0.00**
Number of Individual Surface Owner Protection Bonds: **0**
Total Amount of Individual Surface Owner Protection Bonds: **\$0.00**

Operator's Financial Assurance Summary

Amount of Financial Assurance Required per Rule 702: **\$383,448.69**
Amount of Financial Assurance Required per Rule 703: **\$1,500.00**
Amount of Financial Assurance Required per Rule 704: **\$0.00**
Total Amount of Financial Assurance the Operator will provide to the Commission no later than 90 days from the Commission's approval of the Financial Assurance Plan: **\$384,948.69**

Attachments

Attached Files:

| Doc Num | Attachment name | File name | Uploaded |
|-----------|---|---|------------------------|
| 403722880 | CERTIFICATION OF FINANCIAL CAPABILITY | 10.2023 Cert Of Financial Capability.pdf | 03/18/2024 12:19:37 PM |
| 403722881 | SUPPORTING EVIDENCE FOR DEMONSTRATED COSTS - CONFIDENTIAL | RHVO Demonstated Costs_FNL_Confidenital.pdf | 03/18/2024 12:20:00 PM |
| 403722883 | SUPPORTING EVIDENCE FOR DEMONSTRATED COSTS - REDACTED | RHVO Demonstated Costs_FNL_Redacted A.pdf | 03/18/2024 12:20:22 PM |
| 403722885 | SUPPORTING EVIDENCE FOR DEMONSTRATED COSTS - REDACTED | RHVO Demonstated Costs_FNL_Redacted B.pdf | 03/18/2024 12:20:59 PM |

Signature and Certification

Form Created: **3/18/2024**

I hereby certify all statements made on this form are, to the best of my knowledge at the time of submittal, true, correct, and complete.

Operator Comments: **This Form 3 replaces Impetro Resources' denied Form 3 Document No. 403187038, Investment Equipment's denied Form 3 Document No. 403242828, as well as RHVO's Form 3 Document No. 403559389 that was originally submitted on 10/13/2023.**

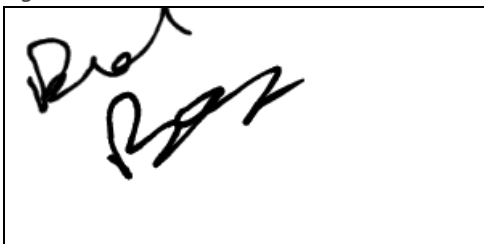
Name: **Brent Bongers**

Title: **President/COO**

Email: **bbongers@impetroresources.com**

Phone: **(361) 935-5633**

Signature:



Associated Documents

403722894 - FORM 3 WELL LIST
403722895 - FORM 3 INACTIVE WELLS
403722896 - FORM 3 OTHER FINANCIAL ASSURANCE
403722897 - FORM 3 PLUGGED WELLS HAVE NOT PASSED FINAL RECLAMATION

Conditions of Approval

The plan is approved as it applies to Financial Assurance associated with the Wells/Facilities identified in the plan. Additional Financial Assurance may be required as the Asset Retirement Plan, inactive well information, and other non-well infrastructure are evaluated further.Rule 702.d.(3).C. for Option 3 plans and Rule 702.d.(4).C. for Option 4 plans states "The contribution amount of the Operator's Contributed Financial Assurance will increase each year..." The annual contribution shown in the approved plan is required in addition to any assurance already provided until such time as the entire approved amount is provided. Initial contributions are required within 90 days of initial plan approval. Subsequent annual contributions are required by July 1 of each year.

The plan includes a number of plugged wells that have not passed final reclamation that may require additional financial assurance when the plan is reviewed pursuant to Rule 707.a.(1).D.

The plan includes a specific acceptance to allow the operator to base the required Single Well Financial Assurance on the operator's demonstrated costs. That aspect of this approval is subject to change based on further review and analysis as part of the annual plan review required by Rule 707.a.(1).D. or other review of actual Plugging, Abandonment, or Reclamation costs.

General Comments

| User Group | Comment | Comment Date |
|---------------------|--|--------------|
| Financial Assurance | Demonstrated Reclamation costs were rounded from \$17,676.67 per Location to \$17,700. | 09/10/2024 |



ATTACHMENT 2

Director's Demonstrated Cost Review



FINANCIAL ASSURANCE PLAN DEMONSTRATED COST REVIEW

RHVO Investments LLC - 10825
Form 3 - 403722862

RECOMMENDATION

Based on the analysis provided below, which is consistent with the guidance found in the SBP adopted in the Financial Assurance Rulemaking, commission staff recommends the Director **accept** the operator's demonstrated costs as a basis for the Single Well Financial Assurance.

GENERAL REVIEW

The submitted Form 3 Financial Assurance Plan is an Option 3 plan, which requires Single Well Financial Assurance (SWFA) for all wells. The Operator has proposed the following costs in lieu of the Rule based SWFA requirements.

| Category | Rule Based SWFA, \$ | Operator Proposed, \$ |
|------------------------|---------------------|-----------------------|
| PA <= 4,000 ft | 10,000 | 10,000 |
| PA 4,000 to 8,000 ft | 30,000 | 30,000 |
| PA >8,000 ft | 40,000 | 40,000 |
| Location Reclamation | 100,000 | 17,700* |
| Form 3 Rule 702 Amount | 21,170,000 | 7,672,800 |

* Rounded from \$17,676.67.

DEMONSTRATED COST SUPPORT

(SBP, Page 21: "The Commission also expects operators will support their demonstrated costs with, for example, three years of invoices from past plugging, abandonment, or reclamation operations, where possible, or a third-party estimate of plugging, abandonment, and reclamation costs.")

Engineering Analysis of Plugging and Abandonment Costs

Plugging and Abandonment of Wells

The Operator's proposed plugging and abandonment costs are the same as the Rule prescribed amounts.

Environmental Analysis of Reclamation Costs

(SPB, Page 20-21: "...the Commission intends for operators to include all relevant costs and information..., including but not limited to: known remediation issues; areas of initial and total disturbance for the oil and gas location and any associated offsite facilities; number of wells at the oil and gas location; whether the oil and gas location has cut-and-fill slopes and, if so, the slope ratio of both the cut slope and the fill slope; whether the oil and gas location has sandy soils; whether any salt kills have occurred at the oil and gas location; whether the oil and gas location is in high priority habitat, and whether topsoil has been salvaged at the oil and gas location.")

Operator presented a reasonable estimate to plug and reclaim each Location, organizing the Locations into seven groups based on Location area and complexity of the surface completion. Individual Location estimates ranged from \$5,300 to \$100,000 for Locations varying from 0.01 to 9.7 acres with an average cost of \$17,676.67, which was rounded administratively to \$17,700 to simplify the associated annual contribution calculation.