

CHIEF FINANCIAL OFFICER'S LETTER

U.S. Environmental Protection Agency
Underground Injection Control
Class I Injection Well Operators

This letter contains information to be submitted as evidence of financial responsibility for the Environmental Protection Agency's underground injection control requirements, based on Title 40 of the Code of Federal Regulations Section 144.70(f). It should be addressed to the Regional Administrator of every Region in which injection wells for which financial responsibility is to be demonstrated through the financial test are located.

Submitted to: Regional Administrator
Environmental Protection Agency, Region _____

(Address of EPA Regional Office)

I am the chief financial officer of _____ [name and address of firm]. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in subpart F of 40 CFR part 144.

[Fill out the following four paragraphs regarding injection wells and associated cost estimates. If your firm has no injection well that belong in a particular paragraph, write "None" in the space indicated. For each injection well, include its EPA Identification Number, name, address, and current plugging and abandonment cost estimate.]

1. This firm is the owner or operator of the following injection wells for which financial assurance for plugging and abandonment is demonstrated through the financial test specified in subpart F of 40 CFR part 144. The current plugging and abandonment cost estimate covered by the test is shown for each injection well: _____.

2. This firm guarantees, through the corporate guarantee specified in subpart F of 40 CFR part 144, the plugging and abandonment of the following injection wells owned or operated by subsidiaries of this firm. The current cost estimate for plugging and abandonment so guaranteed is shown for each injection well: _____.

3. In States where EPA is not administering the financial requirements of subpart F of 40 CFR part 144, this firm, as owner or operator or guarantor, is demonstrating financial assurance for the plugging and abandonment of the following injection wells through the use of a test equivalent or substantially equivalent to the financial test specified in subpart F of 40 CFR part 144. The current plugging and abandonment cost estimate covered by such a test is shown of each injection well: _____.

4. This firm is the owner or operator of the following injection wells for which financial assurance for plugging and abandonment is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in subpart F of 40 CFR part 144 or equivalent or substantially equivalent State mechanisms. The current plugging and abandonment cost estimate not covered by such financial assurance is shown for each injection well: _____.

This firm _____ [insert "is required" or "is not required"] to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on _____ (month/day). The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended _____ (date).

[Fill in Alternative I if the criteria of paragraph (f)(1)(i) of 40 CFR §144.63. Fill in Alternative II if the criteria of paragraph (f)(1)(ii) of 40 CFR §144.63 are used.]

Alternative I

- 1. (a) Current plugging and abandonment cost \$ _____
- (b) Sum of the company's financial responsibilities under 40 CFR Parts 264 and 265, Subpart H, currently met using the financial test or corporate guarantee _____
- (c) Total of lines a and b _____
- *2. Total liabilities [if any portion of the plugging and abandonment cost is included in total liabilities, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4.] _____
- *3. Tangible net worth _____
- *4. Net worth _____
- *5. Current assets _____
- *6. Current liabilities _____
- *7. Net working capital [line 5 minus line 6] _____
- *8. The sum of net income plus depreciation, depletion and amortization _____
- *9. Total assets in U.S. (required only if less than 90% of firm's assets are located in U.S.) _____

- | | <u>Yes</u> | <u>No</u> |
|---------------------------------------------------------------------------------------|------------|-----------|
| 10. Is line 3 at least \$10 million? | _____ | _____ |
| 11. Is line 3 at least 6 times line 1(c)? | _____ | _____ |
| 12. Is line 7 at least 6 times line 1(c)? | _____ | _____ |
| *13. Are at least 90% of firm's assets located in the U.S.? If not, complete line 14. | _____ | _____ |
| 14. Is line 9 at least 6 times line 1(c)? | _____ | _____ |
| 15. Is line 2 divided by line 4 less than 2.0? | _____ | _____ |
| 16. Is line 8 divided by line 2 greater than 0.1? | _____ | _____ |
| 17. Is line 5 divided by line 6 greater than 1.5? | _____ | _____ |

Alternative II

- 1. (a) Current plugging and abandonment cost \$ _____
- (b) Sum of the company's financial responsibilities under 40 CFR Parts 264 and 265, Subpart H, currently met using the financial test or corporate guarantee _____
- (c) Total of lines a and b _____
- 2. Current bond rating of most recent issuance of this firm and name of rating service. _____
- 3. Date of issuance of bond _____
- 4. Date of maturity of bond _____
- *5. Tangible net work [if any portion of the plugging and abandonment cost estimate is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line.] _____
- *6. Total assets in U.S. (required only if less than 90% of firm's assets are located in U.S.) _____

- | | <u>Yes</u> | <u>No</u> |
|------------------------------------------------------------------------------------------|------------|-----------|
| 7. Is line 5 at least \$10 million? | _____ | _____ |
| 8. Is line 5 at least 6 times line 1(c)? | _____ | _____ |
| *9. Are at least 90% of the firm's assets located in the U.S.? If not, complete line 10. | _____ | _____ |
| 10. Is line 6 at least 6 times line 1(c)? | _____ | _____ |

I hereby certify that the wording of this letter is identical to the wording specified in 40 CFR 144.70(f) as such regulations were constituted on the date shown immediately below.

[Signature]
[Name]
[Title]
[Date]