**Section 704.212 Cost Estimate for Plugging and Abandonment**

a) The owner or operator must prepare a written estimate, in current dollars, of the cost of plugging the injection well in accordance with the plugging and abandonment plan, as specified in Sections 704.150 and 704.181(f). The cost estimate must equal the cost of plugging and abandonment at the point in the facility's operating life when the extent and manner of its operation would making plugging and abandonment the most expensive, as indicated by its plan.

b) The owner or operator must adjust the cost estimate for inflation within 30 days after each anniversary of the date on which the first cost estimate was prepared. The adjustment must be made as specified in subsections (b)(1) and (b)(2), using an inflation factor derived from the annual update to "Oil and Gas Lease Equipment and Operating Costs 1987 to [Date]" published by the U.S. Department of Treasury. The inflation factor is the result of dividing the latest published annual Index by the Index for the previous years.

1) The first adjustment is made by multiplying the cost estimate by the inflation factor. The result is the adjusted cost estimate.

2) Subsequent adjustments are made by multiplying the latest adjusted cost estimate by the latest inflation factor.

BOARD NOTE: Corresponding 40 CFR 144.62(b) cites "Oil and Gas Field Equipment Cost Index" without attribution of its source. The Board has located a publication entitled "Oil and Gas Lease Equipment and Operating Costs 1987 to [Date]". It is assembled by the U.S. Department of Energy, Energy Information Administration. It is available only on the Internet at www.eia.doe.gov. The Board replaced the federally cited reference with this document. The full link for the document (in March 2006) is as follows: http://www.eia.doe.gov/pub/oil\_gas

/natural\_gas/data\_publications/cost\_indices\_equipment\_production/current

/coststudy.html.

c) The owner or operator must review the cost estimate whenever a change in the plan increases the cost of plugging and abandonment. The revised cost estimate must be adjusted for inflation as specified in subsection (b).

d) The owner or operator must keep the following at the facility during the operating life of the facility: the latest cost estimate prepared in accordance with subsections (a) and (c) and, when this estimate has been adjusted in accordance with subsection (b), the latest adjusted cost estimate.

BOARD NOTE: Derived from 40 CFR 144.62 (2017).

(Source: Amended at 42 Ill. Reg. 21095, effective November 19, 2018)