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## DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

### Air Quality Control Commission

#### REGULATION NUMBER 22

#### Colorado Greenhouse Gas Reporting and Emission Reduction Requirements

##### 5 CCR 1001-26

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

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#### Outline of Regulation

- PART A        Greenhouse Gas Reporting
- PART B        Greenhouse Gas Emission Reduction Requirements
- PART C        General Provisions
- PART D        Statement of Basis, Specific Statutory Authority, and Purpose

Pursuant to Colorado Revised Statutes Section 24-4-103 (12.5), materials incorporated by reference are available for public inspection during normal business hours, or copies may be obtained at a reasonable cost from the Air Quality Control Commission (the Commission), 4300 Cherry Creek Drive South, Denver, Colorado 80246-1530. The material incorporated by reference is also available through the United States Government Printing Office, online at [www.gpo.gov/fdsys](http://www.gpo.gov/fdsys). Materials incorporated by reference are those editions in existence as of the date indicated and do not include any later amendments.

Unless otherwise indicated, any incorporation by reference of provisions of Title 40, Part 98, of the Code of Federal Regulations (CFR) are to the edition effective as of July 1, 2019.

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#### **PART B        Greenhouse Gas Emission Reduction Requirements**

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#### III.        Control of Emissions from Oil and Natural Gas Midstream Segment

##### III.A.    Definitions

III.A.1.    "8-hour ozone control area" means the Counties of Adams, Arapahoe, Boulder (includes part of Rocky Mountain National Park), Douglas, and Jefferson; the Cities and Counties of Denver and Broomfield; and the following portions of the Counties of Larimer and Weld

III.A.1.a.        For Larimer County (includes part of Rocky Mountain National Park), that portion of the county that lies south of a line described as follows: Beginning at a point on Larimer County's eastern boundary and Weld County's western boundary intersected by 40 degrees, 42 minutes, and 47.1 seconds north latitude, proceed west to a point defined by the intersection of 40 degrees, 42 minutes, 47.1 seconds north latitude and

105 degrees, 29 minutes, and 40.0 seconds west longitude, thence proceed south on 105 degrees, 29 minutes, 40.0 seconds west longitude to the intersection with 40 degrees, 33 minutes and 17.4 seconds north latitude, thence proceed west on 40 degrees, 33 minutes, 17.4 seconds north latitude until this line intersects Larimer County's western boundary and Grand County's eastern boundary.

III.A.1.b. For Weld County, that portion of the county that lies south of a line described as follows: Beginning at a point on Weld County's eastern boundary and Logan County's western boundary intersected by 40 degrees, 42 minutes, 47.1 seconds north latitude, proceed west on 40 degrees, 42 minutes, 47.1 seconds north latitude until this line intersects Weld County's western boundary and Larimer County's eastern boundary.

III.A.2. "Company emission reduction plan" or "company ERP" means a plan prepared by a midstream segment owner or operator, consistent with the guidance issued by the midstream steering committee, to achieve that owner or operator's proportionate reductions of greenhouse gas emissions to meet the requirements of Section III.

III.A.3. "Disproportionately impacted community" (DI community) means a community that is in a census block group, as determined in accordance with the most recent United States census, where the proportion of households that are low income (meaning the median household income is less than or equal to two hundred percent of the federal poverty guideline) is greater than forty percent; the proportion of households that identify as minority is greater than forty percent, or the proportion of households that are housing cost-burdened (meaning a household that spends more than thirty percent of its income on housing) is greater than forty percent; or is any other community as identified or approved by a state agency, if: the community has a history of environmental racism perpetuated through redlining, anti-Indigenous, anti-Immigrant, anti-Hispanic, or anti-Black laws; or the community is one where multiple factors, including socioeconomic stressors, disproportionate environmental burdens, vulnerability to environmental degradation, and lack of public participation, may act cumulatively to affect health and the environment and contribute to persistent disparities.

II.A.4. "Midstream fuel combustion equipment" means engines, turbines, process and other heaters, boilers, and reboilers in the midstream segment.

III.A.5. "Midstream segment" means the oil and natural gas compression segment and the natural gas processing segment that are physically located in Colorado and that are upstream of the natural gas transmission and storage segment.

III.A.6. "Midstream segment emission reduction plan" or "segment ERP" means a plan establishing the process and timelines for the midstream segment to achieve twenty percent (20%) reduction in greenhouse gas emissions (in CO<sub>2</sub>e) from midstream segment fuel combustion equipment no later than December 31, 2030.

III.A.7. "Midstream steering committee" means a committee comprised of members approved by the Division to serve as a technical working group tasked with developing program guidance documents and developing a midstream segment emission reduction plan. To the extent practicable, the committee members will include two members representing the electric utility sector; three members

representing the midstream segment (at least one representing the oil and natural gas compression segment and one representing the natural gas processing segment), or industry trade organizations representing owners or operators; two local government representatives (one from inside the 8-hour ozone control area and northern Weld County and one from outside the 8-hour ozone control area and northern Weld County); two members representing the general public (a representative of an environmental organizations and a representative of a disproportionately impacted community); and at least one Division staff person. The steering committee may also include two additional members: a representative from the Colorado Energy Office and a representative from the Public Utilities Commission.

III.A.8. "Natural gas processing segment" means the operations engaged in the separation of natural gas liquids (NGLs) or non-methane gases from produced natural gas, or the separation of NGLs into one or more component mixtures. Separation includes one or more of the following: forced extraction of natural gas liquids, sulfur and carbon dioxide removal, fractionation of NGLs, or the capture of CO2 separated from natural gas streams. This segment also includes all residue gas compression equipment owned or operated by the natural gas processing plant.

III.A.9. "Natural gas transmission and storage segment" includes onshore natural gas transmission pipelines, onshore natural gas transmission compression, underground natural gas storage, and liquefied natural gas (LNG) storage, as these terms are defined in 40 CFR Part 98, Section 98.230 (October 22, 2015) that are physically located in Colorado.

III.A.10. "Northern Weld County" means the portion of the county that does not lie south of a line described as follows: Beginning at a point on Weld County's eastern boundary and Logan County's western boundary intersected by 40 degrees, 42 minutes, 47.1 seconds north latitude, proceed west on 40 degrees, 42 minutes, 47.1 seconds north latitude until this line intersects Weld County's western boundary and Larimer County's eastern boundary.

III.A.11. "Oil and natural gas compression segment" means the gathering pipelines and other equipment used to collect oil and/or natural gas from gas or oil wells and used to compress, dehydrate, sweeten, or transport the oil and/or natural gas to a natural gas processing facility, a natural gas transmission pipeline, or to a natural gas distribution pipeline. For purposes of Section III., equipment located at a well production facility, including but not limited to compressors, is excluded from the oil and natural gas compression segment.

III.A.12. "Residue gas" and "residue gas compression" mean, respectively, production lease natural gas from which gas liquid products and, in some cases, non-hydrocarbon components have been extracted such that it meets the specifications set by a pipeline transmission company, and/or a distribution company; and the compressors operated by the processing facility, whether inside the processing facility boundary fence or outside the fence-line, that deliver the residue gas from the processing facility to a transmission pipeline.

III.B. Beginning January 1, 2022, each midstream segment owner or operator must participate in this Section III. program to reduce greenhouse gas emissions from midstream fuel combustion equipment by at least twenty percent (20%) over the 2015 baseline as determined by Section 25-7-140(2)(a)(II), C.R.S..

III.C. Creation of the Midstream Steering Committee and Initial Information Collection

- III.C.1. By February 28, 2022, the midstream steering committee members will be approved by the Division. The first midstream steering committee meeting will be held no later than March 31, 2022, and thereafter at least monthly at a time and place determined by the midstream steering committee.
- III.C.2. By no later than April 30, 2022, the midstream steering committee will initiate an information and data collection process through which it will seek and obtain information additional to the reports provided pursuant to Section III.C.3. necessary to inform its technical analyses and policy considerations and comply with its duties under Section III.
- III.C.2.a. The midstream steering committee may request information concerning current electric utility Electric Resource Plans, information regarding the forecast timing of upcoming Electric Resource Plan filings, electric utility energy sales and demand forecasts for 2023 through 2030, and information regarding existing electric energy generation resources and capacity in Colorado.
- III.C.2.b. The Division will provide the midstream steering committee with the 2015 baseline CO<sub>2</sub>e emissions from the industrial sector identified in Section 25-7-105(1)(e)(XIII), C.R.S. (2021).
- III.C.3. By no later than July 31, 2022, each midstream segment owner or operator must provide the following information to the midstream steering committee on a Division-approved form.
- III.C.3.a. The facility name, AIRS ID (if applicable), and location (with coordinates) of each of the owner or operator's natural gas processing plants and natural gas compressor stations.
- III.C.3.b. An inventory of all midstream fuel combustion equipment owned or operated by the midstream segment owner or operator including midstream fuel combustion equipment not located at a natural gas processing plant or natural gas compressor station. The inventory must include the type of equipment (e.g., engine, boiler) and the total CO<sub>2</sub>, methane, and CO<sub>2</sub>e emissions from each piece of equipment in calendar years 2020 and 2021 as reported to the Division in accordance with Regulation Number 7, Part D, Section V. If different calculation methods were used to report emissions from midstream fuel combustion equipment to the U.S. EPA under the federal Greenhouse Gas Reporting Program, 40 C.F.R. Part 98, the inventory must include the emissions reported to the U.S. EPA for the equipment included in this inventory and an explanation of the changed method of calculation.
- III.C.3.c. An estimate of the total horsepower demand (instantaneous power demand) required for use of the midstream fuel combustion equipment identified in Section III.C.3.b.
- III.C.3.d. An inventory of all electric motors driving gas compressors or electric heaters owner or operated by the midstream segment owner or operator including the facility where located (as applicable) and the date the electric equipment commenced operation.

III.C.3.e. An estimate of the total horsepower and heat rate demand being supplied by electric motors and electric heaters identified in Section III.C.3.d.

III.D. Midstream Steering Committee Duties, Guidance, Company ERPs, and Segment ERPs

III.D.1. The midstream steering committee will develop and issue one or more guidance documents for midstream segment owners and operators to submit company ERPs to the steering committee. The guidance will

III.D.1.a. Identify the sources that a midstream segment owner or operator must include in its company ERP, including the facilities, activities, and midstream fuel combustion equipment.

III.D.1.b. Identify the total tons of CO<sub>2</sub>e reduction to be achieved by the segment ERP, consistent with the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021).

III.D.1.c. Provide a methodology by which each midstream segment owner or operator will determine the total tons of CO<sub>2</sub>e reduction from midstream fuel combustion equipment to be achieved by that owner or operator. The methodology should take into account the emission reductions from midstream fuel combustion equipment achieved by the owner or operator from that owner or operator's 2015 emission levels and the amount of electrification of midstream fuel combustion equipment achieved by the midstream segment owner or operator.

III.D.1.d. Prescribe how CO<sub>2</sub>e emissions and emission reductions will be calculated in the company ERP, consistent with, to the extent feasible, the requirements of Sections 25-7-105(1)(e) and -140, C.R.S. (2021) and Regulation Number 7, Part D, Section V. The Division must approve of emission calculation methodologies before they can be included in the midstream steering committee guidance document(s).

III.D.1.e. Identify and describe environmental justice considerations for midstream segment fuel combustion equipment affecting disproportionately impacted communities, including potential air quality impacts or improvements, other non-air environmental benefits or detriments, employment opportunities, and regional economic impacts that must be considered by midstream segment owners or operators in their company ERPs.

III.D.1.f. Identify and describe methods by which midstream segment owners or operators can achieve the emission reductions necessary to comply with the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021), including, but not limited to, equipment replacement, equipment retrofit, equipment shutdown, or electrification.

III.D.1.g. Describe how midstream segment owners or operators can account for changes in and avoid increases to NO<sub>x</sub> or VOC emissions in securing the CO<sub>2</sub>e emission reductions necessary to meet the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021).

III.D.1.h. Describe how midstream segment owners or operators should account for costs associated with achieving required emission reductions

from midstream segment fuel combustion equipment in their company ERPs, including capital costs, annualized equipment costs, annual operating costs, and costs in dollars per ton of CO<sub>2</sub>e reduced.

III.D.1.i. Describe how midstream segment owners or operators should incorporate midstream segment fuel combustion equipment that commences operation after December 31, 2022, into their company ERPs.

III.D.2. No later than December 31, 2022, the Division will make the draft midstream steering committee guidance document(s) available for at least 30 days of public comment.

III.D.3. By March 31, 2023, the midstream steering committee will publish its final guidance document(s) for the development of company ERPs.

III.D.4. By September 30, 2023, each midstream segment owner or operator must submit to the midstream steering committee its company ERP, consistent with and containing all the information identified in the guidance issued by the midstream steering committee, to achieve CO<sub>2</sub>e reductions from the owner or operator's midstream segment fuel combustion equipment. The Division will develop emission reduction requirements for an owner or operator that fails to submit a company ERP.

III.D.5. By March 31, 2024, the midstream steering committee will develop a midstream segment ERP, and provide the proposed midstream segment ERP to the Division for review. The proposed midstream segment ERP will

III.D.5.a. Identify the total tons of CO<sub>2</sub>e reduction from midstream segment fuel combustion equipment to be achieved by the midstream segment ERP, consistent with the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021).

III.D.5.b. Identify the total tons of CO<sub>2</sub>e reduction from midstream segment fuel combustion equipment for each midstream segment owner or operator, consistent with the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021).

III.D.5.c. Identify the midstream segment facilities and fuel combustion equipment addressed by the midstream segment ERP.

III.D.5.d. Prescribe the process and timing for midstream segment owners or operators to implement CO<sub>2</sub>e emission reduction strategies for midstream fuel combustion equipment, including, but not limited to, electrification, retrofit, shut-down, or replacement.

III.D.5.e. Describe how the implementation of the midstream segment ERP will affect disproportionately impacted communities within which midstream fuel combustion equipment is located, including a description of the percentage of CO<sub>2</sub>e emission reductions in disproportionately impacted communities that will be achieved by the midstream segment ERP as a percentage of total emission reductions to be achieved by the midstream segment ERP.

III.D.5.e. Prescribe how emission reductions will be achieved for midstream segment fuel combustion equipment that is modified, constructed, or relocated to Colorado on or after December 31, 2022.

III.D.5.f. Prescribe any additional recordkeeping and reporting requirements over and above existing provisions of Regulation Number 7, sufficient to ensure enforceability and verification of the midstream segment ERP.

III.D.5.g. To the extent feasible, the midstream segment ERP will report the total estimated cost to midstream segment owners and operators to achieve the CO<sub>2</sub>e reductions in the midstream segment ERP and the impact on CO<sub>2</sub>e emissions from electrical generating units in Colorado resulting from electrification of midstream fuel combustion equipment as set forth in the midstream segment ERP.

III.D.5. Following receipt of the midstream segment ERP from the midstream steering committee, the Division will make the midstream segment ERP available for at least 30 days of public comment.

III.D.6. By no later than August 31, 2024, the Division will submit a regulatory proposal based upon the midstream segment ERP to the Air Quality Control Commission and request a rulemaking hearing for no later than December 31, 2024.

III.E. Recordkeeping and Reporting. This Section III.E will be repealed upon adoption by the Air Quality Control Commission of regulations addressing midstream fuel combustion equipment to meet the requirements of Section 25-7-105(1)(e)(XIII), C.R.S. (2021).

III.E.1. Midstream segment owners or operators must retain records of information submitted to the Division or midstream steering committee, including information supporting the company ERP, for three (3) years and make them available for inspection by the Division upon request.

III.E.2. Midstream segment owners or operators must retain records of actions taken after January 1, 2022, to reduce CO<sub>2</sub>e emissions from their midstream fuel combustion equipment.

III.E.3. The Division will provide an update on the development of this program and initial implementation efforts to the Air Quality Control Commission during a scheduled Air Quality Control Commission meeting in or after July 2023.

#### IV. Control of Emissions from Petroleum and Natural Gas Upstream Segment

##### IV.A. Definitions

IV.A.1. "Calendar year" means January 1 up through and including December 31 of the year.

IV.A.2. "Commence[ment] of operation" means when a source first conducts the activity that it was designed and permitted for. In addition, for oil and gas well production facilities, commencement of operation is the date any permanent production equipment is in use and product is consistently flowing to sales lines, gathering lines, or storage tanks from the first producing well at the stationary source, but no later than end of well completion operations (including flowback).



- IV.A.3. “Disproportionately impacted community” (DI community) means a community that is in a census block group, as determined in accordance with the most recent United States census, where the proportion of households that are low income (meaning the median household income is less than or equal to two hundred percent of the federal poverty guideline) is greater than forty percent; the proportion of households that identify as minority is greater than forty percent, or the proportion of households that are housing cost-burdened (meaning a household that spends more than thirty percent of its income on housing) is greater than forty percent; or is any other community as identified or approved by a state agency, if: the community has a history of environmental racism perpetuated through redlining, anti-Indigenous, anti-Immigrant, anti-Hispanic, or anti-Black laws; or the community is one where multiple factors, including socioeconomic stressors, disproportionate environmental burdens, vulnerability to environmental degradation, and lack of public participation, may act cumulatively to affect health and the environment and contribute to persistent disparities.
- IV.A.4. “Greenhouse gas intensity” means the sum of preproduction emissions and production emissions in a calendar year in mtCO<sub>2</sub>e divided by the kBOE for that calendar year, calculated pursuant to Section IV.D.
- IV.A.5. “kBOE” means a calendar year production of hydrocarbon liquids and natural gas, measured in thousands of barrels of oil equivalent.
- IV.A.6. “mtCO<sub>2</sub>e” means metric tons of carbon dioxide equivalent, using global warming potential values approved by the Division.
- IV.A.7. “Majority operator” means an upstream segment owner or operator with company-wide production of hydrocarbon liquids and natural gas in Colorado in calendar year 2022 of greater than or equal to 10,000 kBOE.
- IV.A.8. “Midstream segment” means the oil and natural gas compression segment and the natural gas processing segment that are physically located in Colorado and that are upstream of the natural gas transmission and storage segment.
- IV.A.9. “Minority operator” means an upstream segment owner or operator with company-wide production of hydrocarbon liquids and natural gas in Colorado in calendar year 2022 of less than 10,000 kBOE.
- IV.A.10. “Preproduction emissions” means the greenhouse gas emitted during the construction and operation of an oil or natural gas well until the well commences operation, including emissions during drilling, fracking, completion, flowback.
- IV.A.11. “Production emissions” means the greenhouse gas emitted from and oil or natural gas well and associated equipment and activities after the well commences operation.
- IV.A.12. “Upstream segment” means oil and natural gas exploration and production operations physically located in Colorado upstream of the midstream segment.
- IV.A.13. “Well production facility” means all equipment at a single stationary source directly associated with one or more oil wells or natural gas wells upstream of the natural gas processing plant. This equipment includes, but is not limited to, equipment used for storage, separation, treating, dehydration, artificial lift, combustion, compression, pumping, metering, monitoring, and flowline.

IV.B. Greenhouse gas intensity targets for the upstream segment.

IV.B.1. Beginning January 1, 2023, upstream segment owners or operators must participate in this greenhouse gas intensity program to reduce preproduction and production emissions in Colorado. An owner or operator that fails to achieve any of the applicable targets in Section IV.B. must achieve additional reductions in preproduction and/or production emissions in the subsequent calendar year to address the difference between the owner or operator's reported intensity for that calendar year and the applicable target.

IV.B.2. For calendar year 2025, owners or operators subject to Section IV.B.1. must achieve the following greenhouse gas intensity targets for preproduction and production emissions.

IV.B.2.a. Majority Operator: 10.94 mtCO<sub>2</sub>e/kBOE.

IV.B.2.b. Minority Operator: 34.39 mtCO<sub>2</sub>e/kBOE.

IV.B.3. For calendar year 2027, owners or operators subject to Section IV.B.1. must achieve the following greenhouse gas intensity targets for preproduction and production emissions.

IV.B.3.a. Majority Operator: 8.46 mtCO<sub>2</sub>e/kBOE.

IV.B.3.b. Minority Operator: 26.60 mtCO<sub>2</sub>e/kBOE.

IV.B.4. For calendar year 2030, owners or operators subject to Section IV.B.1. must achieve the following greenhouse gas intensity targets for preproduction and production emissions.

IV.B.4.a. Majority Operator: 6.80 mtCO<sub>2</sub>e/kBOE.

IV.B.4.b. Minority Operator: 21.38 mtCO<sub>2</sub>e/kBOE.

IV.B.5. In calendar years 2026, 2028, and 2029, owners or operators subject to Section IV.B.1. must achieve a greenhouse gas intensity less than or equal to the applicable preceding year target in Sections IV.B.2. and IV.B.3. (e.g., for calendar year 2026 achieve the target for calendar year 2025).

IV.B.6. Acquisitions. Except as provided below, if an owner or operator acquires or takes over operation of an oil or natural gas well in Colorado after January 1, 2025, that owner or operator must meet the greenhouse gas intensity target in Sections IV.B.2. through IV.B.5. applicable to those assets at the time of the transaction for the calendar years.

IV.B.6.a. If a majority operator merges with, acquires, or takes over operation of an oil or natural gas well in Colorado from a minority operator after January 1, 2025, the majority operator (or surviving entity) must at least comply with the applicable minority operator greenhouse gas intensity target for the preproduction and production emissions from the acquired well(s) for the calendar year of the acquisition. Beginning with the calendar year after the acquisition, the applicable majority owner or operator must comply with the applicable majority operator targets for all its upstream segment operations, including the acquired well(s).

IV.B.6.b. If a minority operator acquires or takes over operation of an oil or natural gas well in Colorado from a majority operator after January 1, 2025, the minority operator must at least comply with the applicable minority operator greenhouse gas intensity target for the preproduction and production emissions from the acquired well(s) for the calendar years of and after the acquisition. If in the year after the acquisition, the acquiring minority operator has production or greater than or equal to than 10,000 kBOE, then beginning with the second calendar year after the acquisition, if the acquiring minority operator becomes a majority operator, the acquiring operator must comply with the applicable majority operator greenhouse gas intensity targets for all its upstream segment operations for all remaining calendar years through 2030.

IV.C. New facility greenhouse gas intensity targets.

IV.C.1. Beginning January 1, 2023, upstream segment owners or operators of well production facilities that commence operation after December 31, 2022, must also meet the new facility greenhouse gas intensity target(s) for those facilities as set forth in Sections IV.C.2. through IV.C.4. in the calendar year of and the calendar year after the well production facility commences operation. These targets are in addition to the targets applicable to all of the owner or operator's upstream segment operations as specified in Section IV.B.

IV.C.1.a. For purposes of Section IV.C., "new facility greenhouse gas intensity" means the production emissions in CO<sub>2</sub>e from all well production facilities commencing operation in a calendar year divided by the production of oil and natural gas from those facilities in kBOE for that calendar year.

IV.C.1.b. An owner or operator that did not produce any hydrocarbon liquid or natural gas in Colorado as of December 31, 2022, but who on or after January 1, 2023, drills, fractures, or refractures any oil or natural gas well in Colorado must comply with the new facility greenhouse gas intensity targets in Section IV.C. for all of its upstream segment operations through 2030, including preproduction and production emissions.

IV.C.2. For calendar years 2023 through 2025, the new facility greenhouse gas intensity target is 8.59 mtCO<sub>2</sub>e/kBOE.

IV.C.3. For calendar years 2026 through 2027, the new facility greenhouse gas intensity target is 6.64 mtCO<sub>2</sub>e/kBOE.

IV.C.4. For calendar years 2028 through 2030, the new facility greenhouse gas intensity target is 5.34 mtCO<sub>2</sub>e/kBOE.

IV.D. Determining kBOE.

IV.D.1. Owners or operators must account for production from all well production facilities in which the owner or operator holds more than a 50% interest in the entity operating the well production facility during the time in which the owner or operator holds that interest. If no one owner or operator holds more than a 50% interest in the entity listed as the well production facility operator, the owner or operator with the largest ownership share must account for the production.

Production can only be allocated to one owner or operator for the same time period.

IV.D.2. Owners or operators must calculate kBOE by dividing the million standard cubic feet (MMscf) volume of natural gas produced by the conversion rate of 5.8 MMscf/BOE.

IV.E. Company-wide greenhouse gas intensity plans. By January 31, 2023, each upstream segment owner or operator subject to Section IV.B.1. must submit to the Division a proposed greenhouse gas intensity plan demonstrating how the owner or operator intends to meet the applicable greenhouse gas intensity targets in Section IV.B.2.

IV.E.1. The greenhouse gas intensity plan must contain, at a minimum

IV.E.1.a. The facility name; facility AIRS ID, or facility location if the facility does not have an AIRS ID; and entity listed as the operator for all well production facilities covered by the greenhouse gas intensity plan for which production is included as specified under Section IV.D.1.

IV.E.1.b. The owner or operator's greenhouse gas intensity company-wide and per well production facility for calendar year 2021, including intensity calculation methodology.

IV.E.1.c. A list and description of the best management practices (BMPs), control methods, and technologies the owner or operator intends to use to meet the applicable targets in Section IV.B.2.

IV.E.1.d. An estimate of the greenhouse gas emission reductions that each type of BMP, control method, or technology is expected to achieve on a company-wide mass basis and on a company-wide greenhouse gas intensity basis, including calculations methods.

IV.E.1.e. A description of which BMPs, control methods, and technologies will be deployed in DI communities, and how owners or operators will seek to prioritize reductions of greenhouse gas and co-pollutants in DI communities.

IV.E.2. By June 30, 2023, owners and operators must submit an update to their greenhouse gas intensity plans with the greenhouse intensities achieved company-wide and for each well production facility in calendar year 2022, including intensity calculation methodology.

IV.E.3. By June 30 of 2024 through 2026, owners and operators must submit annual updates on a Division-approved form to the Division summarizing the company's greenhouse gas intensity plan implementation during the preceding calendar year. The annual update must include, at a minimum

IV.E.3.a. The company's implementation of the types of BMPs, control measures, and technologies in its greenhouse gas intensity plan, on a site-specific basis (by location name and AIRS ID, if applicable) for each BMP, control method, and technology implemented.

IV.E.3.b. If applicable, an identification of new well production facilities subject to Section IV.C. commencing operation in that calendar year

IV.E.3.c. If applicable, the company's implementation of BMPs, control measures, and technologies to achieve the new facility greenhouse gas intensity target at all sites subject to Section IV.C. on a site-specific basis (by location name and AIRS ID, if applicable).

IV.E.3.d. Instances of departure from the company-specific greenhouse gas intensity plan, reason(s) for departure, and any modifications of the applicable element(s) of the BMP plan.

IV.E.3.e. Use of any alternative emission reduction approaches not specified in the company-specific greenhouse gas intensity plan.

IV.E.3.f. Identification by location name, AIRS ID (if applicable), well API number, and COGCC location ID (if applicable) of any oil or natural gas wells acquired or divested during the previous calendar year; the date of acquisition or divestment; and the name of the operator from which the well(s) were acquired or to whom the well(s) were divested.

#### IV.F. Verification.

IV.F.1. By no later than March 2023, the Division will submit a proposed verification plan for how upstream segment owners or operators will demonstrate compliance with applicable greenhouse gas intensity targets in Sections IV.B. and IV.C. to the Air Quality Control Commission and request a rulemaking hearing in 2023. In preparing the proposed verification plan, the Division must

IV.F.1.a. Propose appropriate calculation methodologies for the emissions categories to be included in a demonstration with the greenhouse gas intensity targets in Section IV.

IV.F.1.b. Ensure the proposal addresses the relative completeness and reliability of the annual emission reports submitted pursuant to Regulation Numbers 7, Part D, Sections II.G. and V.

IV.F.1.c. Ensure the proposal addresses the results of the aerial and ground-based method surveys conducted by the Division in 2021 and how those surveys may be used to ensure abnormal operating conditions and other large hydrocarbon emission events are accounted for in the annual emission reports.

IV.F.1.d. Include recent annual production values for majority and minority operators, in units of kBOE, compare actual annual production values to forecasted production values used to derive the intensity targets, and evaluate implications of any departures from annual production forecasts.

IV.F.1.e. Include recommended method to evaluate total greenhouse gas emissions relative to the 2005 baseline and progress towards statewide greenhouse gas emissions reduction goals.

~~IV.F.1.e.~~ IV.F.1.f. Include recommendations to incentivize operators to reduce GHG emissions beyond the required intensity target with additional incentives for methane reductions.

~~IV.F.1.d.~~ IV.F.1.g. Include recommendations to ensure the enforceability of the greenhouse gas intensity targets.

~~IV.F.1.e.~~ IV.F.1.h. Include recommendations for greenhouse gas intensity plans for the 2027 and 2030 targets in Section IV.B.