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U.S. Early Plugging of Marginal Oil and Gas Wells Protocol V1.0

Workgroup Meeting #2

January 15, 2026

Housekeeping



- Observers are in listen-only mode.



- Workgroup members should actively participate throughout the meeting



- We will follow up via email to answer any questions not addressed during the meeting.



- The slides and a recording of the presentation will be posted online on the protocol webpage.



Introduction

Reserve Staff

McKenzie Smith – Associate Director, Strategic Implementation (development lead)

Rachel Mooney – Manager, Protocol Development

Jordan Mao – Senior Associate, Strategic Implementation

Partial Technical Support

Partial technical support was provided by ClimateWells, in collaboration with the Rocky Mountain Institute, EcoEngineers, and Netherland, Sewell & Associates.



Workgroup Introductions

- Raise your hand on Zoom and we will call on each member in order on Zoom
- Please briefly introduce yourself, your organization, and your experience as it relates to the development of this protocol

<i>*Dan Arthur, ALL Consulting</i>	<i>Jay Wintergreen, First Environment, Inc.</i>
<i>Arjun Patney, Avondale Private Capital</i>	<i>John W. Brooke, Franklin Well Services, LLC</i>
<i>Heather Rogers, California Resources Corporation</i>	<i>Michael Moorhead, PermCap-GHG LLC</i>
<i>Puneet Chhabra, Carbon Containment Lab</i>	<i>*Jason Seneker, Seneker & Associates, LLC</i>
<i>Reid Calhoon, ClimateWells</i>	<i>Beth Bader, SES Inc</i>
<i>Miguel Angel Freyermuth Corona, EcoEngineers</i>	<i>Issaí Medellín, TÜV SÜD America Inc.</i>
<i>Margaret Coleman, Environmental Defense Fund</i>	<i>*Marc Perez, ZeroWells</i>

Protocol Development Process & Timeline

Milestone	Date
Public Scoping Webinar	November 25, 2025
Statements of Interest Form (Workgroup)	December 1, 2025
Formation of workgroup	December 9, 2025
First workgroup meeting	January 7, 2026
Second workgroup meeting	January 15, 2026
Third workgroup meeting	January 28, 2026 (11am –1 pm PST)
Third workgroup meeting (TBD)	Week of February 9 or February 16
Request for feedback due	February 5, 2026
Public comment period	TBD – February/March 2026
Protocol presented to Reserve Board for approval	TBD – April 2026



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AGENDA ►

- Discussion of key considerations for the protocol
- Next steps



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KEY CONSIDERATIONS FOR PROTOCOL DEVELOPMENT

Section 2 The GHG Reduction Project



Project Definition

- Proposal: **Avoidance of production-associated GHG emissions** from marginal oil and gas wells by decommissioning and plugging these wells early and keeping hydrocarbons underground.
- Comments received:
 - Revise to “production and use”
 - Use a production decline curve to define “early”
 - Consider allowing multiple wells in one project – need to define
 - Separate protocol for orphaned/abandoned –
additionality/quantification differences
- Other comments?



Project Definition

- Proposed Definition from U.S. Department of Energy: “vertically drilled or slightly deviated oil or natural gas well with a known owner/operator that produced less than or equal to 15 barrels of oil equivalent per day and/or 90 thousand cubic feet of natural gas per day over the prior 12-month period.”
- Comments received:
 - Use professional engineering firm to certify economic reserves
 - Documentation may include third-party run tickets and sales receipts
 - Do not limit wells to vertical wells and allow for horizontal wells
 - Clarify how production is assessed, e.g., average production over 12 months
 - 15BOE/day is too limiting, consider other definitions (IRS 25BOE/day or 75BOE/day)
- Please provide source or supporting analysis for marginal well BOE/day
- Other comments?



Project Definition

- Proposal: “Baseline Scenario **assumes the marginal well would have continued to operate until they reach their economic limit**, resulting in GHG emission from ongoing hydrocarbon extraction and related activities.”
- How can project developers determine (site/well specific) economic limit?
- Measure, model, or measure and model?
- Is it common for wells to extract below than the economic reserves?
- Agree projects should have certification of economic reserves from a third-party Professional Petroleum Engineering Firm? Conflicts of Interest?
- Should this approach be standardized? Variables? Why or why not?
- What documentation can be provided during verification? Run tickets?



The Project Developer

- Proposal: “Project developer” is the entity with an active account with the Reserve and is responsible for project reporting and verification
 - Generally: May be oil and gas well owners or operators, entities that specialize in project development, well plugging service providers, or other entities
 - Must demonstrate clear ownership of the GHG reductions
 - Ownership must be established by clear and explicit title
- What type of entities have own marginal oil and gas wells?
- What documents can be used to demonstrate ownership?
- Landowner differences? Only for orphaned/abandoned?
- How should we prevent new drills or leakage?
- Are there other ownership structures for wells on tribal lands?



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KEY CONSIDERATIONS FOR PROTOCOL DEVELOPMENT

Section 3 Location, Start Date, Crediting Period



Project Start Date

- Proposal: “The project start date is defined as the earliest date on which the project developer and operator have begun expenditures related to plugging the project oil and gas well(s)”
- Feedback?
- What is the typical initial expenditure?
- What is the timeline between initial expenditures, ceasing extraction of hydrocarbons, and the completion of plugging the project well?
- What documents can be used to demonstrate the project start date during verification?

Next Steps



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Next Steps



- **For workgroup members:**
 - Attend third workgroup meeting January 28, 2026 (11am – 1pm PST)
 - Review the Request for Feedback to provide all written feedback on all topics by **5:00PM PST February 5, 2026.**



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- **For Reserve:**
 - Schedule next meeting(s)
 - Draft notes and takeaways for workgroup review
 - Publish recording, presentation, and notes and takeaways

Contact Information

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THANK YOU!