

Instructions for Filing Financial Security for Pit Operations

Determine Your Operating Status:

If you operate **five or fewer pits**, you are required to file a performance bond, letter of credit, or cash deposit.

If you operate **more than five pits**, you will need to follow different guidelines based on your total produced water recycling pit capacity or the number of pits.

Calculate Required Financial Security:

For Operators of Five or Fewer Pits:

Calculate the amount required:

Amount: \$1.00 per barrel of total pit capacity.

Example: If your total pit capacity is 100 barrels, your financial security will be \$100.

For Operators of More Than Five Pits:

You need to file as per the following conditions:

Condition 1:

The greater amount of \$1.00 per barrel for ten percent of the total produced water recycling pit capacity, OR \$1,000,000

Condition 2:

\$200,000 per pit, capped at \$5,000,000.

Choose the higher amount from Condition 1 or 2 calculations to determine your required financial security.

Complete the Required Documentation:

Fill out the tables corresponding to your number of pits, indicating your pit registration numbers and capacities. Write the total financial security calculated from your capacity outlined above for all pits listed in the table.

4. Submit with the completed Form EP-1.