



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON D.C. 20460

OCT 20 2003

OFFICE OF
WATER

MEMORANDUM

SUBJECT: Revisions to Standby Trust Agreements in Class II
Federally Administered Underground Injection Control
(UIC) programs

FROM: William R. Diamond, Director *William R Diamond*
Drinking Water Protection Division
Office of Ground Water and Drinking Water

TO: Regional UIC Program Branch Chiefs

Owners and operators of Class II (oil and gas related) injection wells must meet a number of financial assurance requirements. Language in EPA's guidance, 570/9-90-03, "Financial Responsibility Demonstrations for Owners and Operators of Class II Oil and Gas Related Injection Wells" (aka the financial responsibility blue booklet) in the Standby Trust Agreement had EPA acting as a trustee for an injection well operator's money when the funds needed to be moved from a Letter of Credit or Surety Bond and placed into the Standby Trust Agreement.

Attorneys from the Office of General Counsel advised us that it is an unacceptable practice for EPA to act as a trustee because, under the Federal Miscellaneous Receipts Act (MRA), this could be considered an unauthorized taking of money. I asked the UIC Financial Responsibility Workgroup to review our guidance and recommend appropriate changes. The Workgroup has completed this effort and made changes to relevant language within the Standby Trust Agreement so that it now conforms to the requirements of the MRA. We are requesting that each Regional Office begin using the revised Standby Trust Agreement immediately, with new permit issuances, and that you begin taking the appropriate administrative steps to amend the Standby Trust Agreements that are presently in effect with your operators. A copy of the revised Standby Trust Agreement is enclosed.

No regulatory change is required to address the changes in language made to the Standby Trust Agreement. We view these changes to be corrections that were necessary to allow EPA to continue to use this financial responsibility alternative in consort with the requirements of the MRA. In addition, we believe there is no new guidance that needs to be developed or issued at this time in order for EPA to use the revised Standby Trust Agreement.

The Workgroup will support us in the future by providing an addendum to the existing guidance to reflect not only the MRA related changes to the Standby Trust Agreement, but also any other changes made to other financial responsibility demonstrations alternatives (e.g., financial statement criteria).

The UIC Financial Responsibility Workgroup has also developed the enclosed "sample" letter to be used by the EPA Regional Offices when they need to request that the bank or surety company, which maintains the Letter of Credit or Surety Bond for an injection well operator, transfer funds from these accounts into the Standby Trust Agreement. This sample letter can be modified accordingly by each region to conform to their needs.

If you should require further explanation or additional information, please contact Stephen Platt, Chair of the UIC Financial Responsibility workgroup at 215-814-5464, Melissa Heath, Co-Chair of the workgroup at 404-562-9520, or Howard Beard of my staff at 202 564-3894.

Attachments:
Revised Standby Trust Agreement
sample letter

cc:
UIC Financial Responsibility Workgroup

TRUST AGREEMENT

THIS TRUST AGREEMENT (the "Agreement") is entered into as of _____ by and between _____, owner or operator, a _____ corporation / partnership / association / proprietorship (the "Grantor"), and _____ (the "Trustee"), a _____ corporation/financial institution.

Whereas, the United States Environmental Protection Agency ("EPA"), an agency of the United States Government, has established certain regulations applicable to the Grantor, requiring that an owner or operator of an injection well shall provide assurance that funds will be available when needed for plugging and abandonment of the injection well or wells,

Whereas, the Grantor has elected to establish a trust to provide all or part of such financial assurance for the facility or facilities identified herein, and

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement: (a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor. (b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee. (c) Facility or activity means any "underground injection well" or any other facility or activity that is subject to regulation under the Underground Injection Control Program.

Section 2. Identification of Facilities and Cost Estimates. This Agreement pertains to the facilities and cost estimates identified on attached Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund (the "Fund") for the purpose of assuring compliance with the plugging and abandonment requirements established by EPA for the facilities identified on Schedule A. The Underground Injection Control regulations which govern the authorization to inject include a requirement for such financial assurance that the well or wells shall be plugged and abandoned at the time designated by EPA. The Grantor and the Trustee acknowledge that the Fund and all expenditures from the Fund shall be to fulfill the legal obligations of the Grantor under such regulations, and not any obligation of EPA. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund,

together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible, nor shall it undertake any responsibility, for the amount or adequacy of any additional payments necessary to discharge any liabilities of the Grantor established by EPA, nor shall the Trustee have any duty to collect such additional amounts from the Grantor.

Section 4. Payment for Plugging and Abandonment. The Trustee shall make payments from the Fund only for the costs of plugging and abandonment ("P&A") of the injection wells covered by this Agreement and the associated P&A Plan, only after EPA has advised the Trustee that work has been completed under the P&A Plan that complies with 40 C.F.R. § 144.28 and/or § 144.52. The Trustee shall not refund to the Grantor any amounts from the Fund unless and until EPA has advised the Trustee that the P&A Plan has been successfully completed. The Grantor shall not release any funds to the Grantor that are necessary to cover liability for any injection wells covered by this Agreement that remain unplugged.

Section 5. Payments Comprising the Fund. Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; *except that:*

(i) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;

(ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and

(iii) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other

trusts participating therein; and (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U. S. C. 80a-1 *et seq.*, including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered: (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition; (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted; (c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund; (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. The Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the appropriate EPA Regional Administrator a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the EPA Regional Administrator shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement of any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the EPA Regional Administrator, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A or such other designees as the Grantor may designate by amendment to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the EPA Regional Administrator to the Trustee shall be in writing, signed by the EPA Regional Administrators of the Regions in which the facilities are located, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or EPA hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or EPA, except as provided for herein.

Section 15. Notice of Nonpayment. The Trustee shall notify the Grantor and the appropriate EPA Regional Administrator, by certified mail within 10 days following the expiration of the 30-day period after the anniversary of the establishment of the Trust, if no payment is received from the Grantor during that period. After the pay-in period is completed, the Trustee shall not be required to send a notice of nonpayment.

Section 16. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the appropriate EPA Regional Administrator, or by the Trustee and the appropriate EPA Regional Administrator if the Grantor ceases to exist.

Section 17. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the EPA Regional Administrator, or by the Trustee and the EPA Regional Administrator if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 18. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the EPA Regional Administrator issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of _____.

Section 20. Interpretation. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective representatives duly authorized and their seals to be hereunto affixed and attested as of the date first above written.

GRANTOR

TRUSTEE

By: _____

By: _____

[Print name]

[Print name]

Its: _____

Its: _____

[Title]

[Title]

Attest:

Attest:

Its: _____

[Title]

Its: _____

[Title]

[SEAL]

[SEAL]

Before me came the individual whose identity I confirmed as _____, and whose true signature is set forth above; wherefor have I set my hand and seal this _____ day of _____, 200_.

Before me came the individual whose identity I confirmed as _____, and whose true signature is set forth above; wherefor have I set my hand and seal this _____ day of _____, 200_.

Notary Public

Notary Public

(EPA Letterhead)¹

4WMD-WPEB

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Xxxxxx
bank or institution if applicable
Trustee
address

SUBJ: Trust (identify)
Operator
Injection Wells (identify by lease and number, location, etc. or reference attachment)

Dear Mr. Xxxxxx:

The above-referenced trust agreement (the "Trust") was established by (operator) as Grantor to ensure that the above-referenced injection wells, also listed in Schedule A attached to the Trust, are plugged and abandoned in accordance with regulations established by the U.S. Environmental Protection Agency ("EPA"). You/Yyyyy Bank/Other Institution agreed to act as Trustee for the Trust. The Trust has been funded (the "Fund") for the plugging and abandonment of the injection wells referenced above (the "Wells"). The Wells are in (state), in which EPA Region 4 has direct implementation authority for the Underground Injection Control program.

EPA Region 4 has determined that at this time it is necessary to properly plug and abandon the Wells in order to protect human health and the environment. NOTE: If not all wells covered by the FR are to be plugged, but only particular ones, make sure that the wells to be plugged are clearly indicated. Pursuant to Section 14 of the Trust, *Instructions to the Trustee*, this letter and the enclosures provide instructions to the Trustee for the plugging and abandonment of the Wells and payment therefor. The Trustee is authorized by Sections 4, *Payment for Plugging and Abandonment*, and 8(b), *Express Powers of Trustee*, to act in accordance with these instructions.

Obtain a Plugging Contractor. The Trustee is hereby directed that the wells must be plugged and abandoned in accordance with an EPA-approved plugging and abandonment Plan. The Trust was established by the Grantor to act in its stead to accomplish this plugging and abandonment. The Trustee may choose a plugging and abandonment contractor to perform this work or may perform the work itself.

Enclosed is a list of plugging and abandonment contractors known by EPA Region 4 to operate in the area of the Wells. The Trustee may engage any contractor that the Trustee

determines is acceptable, and inclusion of a contractor on this list does not constitute endorsement by EPA. EPA suggests that the Trustee contact several contractors and solicit bids for the work, considering the number of Wells to be plugged and the total available funds.

The choice of the plugging and abandonment contractor is to be determined by the Trustee. EPA will not be a party to the contract. The plugging and abandonment contractor shall act at the direction of the Trustee. However, EPA is available to give technical assistance upon request. Enclosed is a suggested plugging and abandonment contract for consideration by the Trustee, but any agreement may be used so long as the Trustee is assured that the contractor will complete the tasks required by EPA.

Plugging and Abandonment Plan. EPA Region 4 has/does not have a plugging and abandonment plan ("Plan") for the Wells. The Plan must be adhered to and all required steps completed for the plugging and abandonment to be approved. In the event the Trustee or its plugging and abandonment contractor deviates from the approved Plan, such a deviation must be approved by EPA prior to the action, or payment will not be released unless and until the deviation is justified to the satisfaction of EPA. In the event of an emergency on site, EPA staff on site may be consulted for authorization; or if none is on site, the plugging and abandonment contractor should use its best professional judgment to handle the situation in a manner which preserves safety and minimizes risk to human health and the environment, and subsequently provide thorough justification to EPA.

-- You must obtain final approval by EPA of the Plan prior to commencement of plugging and abandonment work. OR

-- Please submit to EPA Region 4 a plugging and abandonment plan for review and approval by (date). This task may be delegated to the plugging and abandonment contractor. You must obtain final approval by EPA of the Plan prior to commencement of plugging and abandonment work.

The suggested form to be used for a plugging and abandonment plan is available in hard copy from EPA, or may be obtained through the Internet at either of the following addresses: www.epa.gov/region04/water/uic/forms.html or www.epa.gov/r5water/uic/7520-14.pdf. This form is in .pdf format and can be viewed through Acrobat Reader, a program that can be obtained free on the web.

Cost Issues. In the event it appears to the Trustee that it cannot obtain a plugging and abandonment contractor to complete all required plugging and abandonment work for the amount existing in the Fund, please contact EPA Region 4 immediately. EPA is not able to fund cost overruns.

Witnessing of Plugging and Abandonment. All plugging and abandonment work must be witnessed by EPA staff or an EPA contractor. Please contact, or direct the plugging and abandonment contractor to contact, Carol Chen at 404-562-9415, to schedule a witness to be present for plugging and abandonment.

Payment of Plugging and Abandonment Contractor. As plugging and abandonment work is completed, the Trustee must submit to EPA documentation of completion of that work. EPA's witness will also provide EPA with information relating to completion and adequacy of the work completed. The Trustee shall not pay a contractor for completed plugging and abandonment work until EPA has advised the Trustee in writing that the work has been performed consistent with the EPA-approved P&A Plan and in compliance with 40 C.F.R. § 144.28 and/or § 144.52. EPA will determine the adequacy of the work performed as soon as practicable after completion of work.

Release of Excess Funds. In the event there are excess funds remaining in the Trust Fund after all required plugging and abandonment work has been completed, EPA will provide written instructions to the Trustee specifically authorizing the release of such funds back to the Grantor. In the event not all Wells are plugged and abandoned at this time, certain funds may be required to remain in the Trust until such time as those remaining Wells are plugged and abandoned. The Trustee must not release any funds back to the Grantor without express written authorization by EPA.

Questions and Consultation. EPA Region 4 staff are available for consultation by the Trustee on any issues related to the plugging and abandonment, the Trust, or related issues. For technical issues, please contact uuuuuu of the UIC staff at 404-562-xxxx. For legal issues, please contact eeeeeee of the legal staff at 404-562-xxxx. For other issues, please contact ssssssss, UIC Section Chief, at 404-562-xxxx.

Thank you for carrying out the responsibilities of Trustee in accordance with these instructions. The proper plugging and abandonment of the Wells is necessary for protection of the environment, and EPA appreciates the role of the Trustee in assuring that protection.

Sincerely,

Division Director

Enclosures:

- 1) Local Plugging and Abandonment Contractors
- 2) Plugging and Abandonment Plan form
- 3) Suggested contract for use with Plugging and Abandonment Contractor

bcc: Sandra Ramsey, GW/UIC

October 17, 2003

Note to Bill:

Re: UIC Financial Responsibility Workgroup Status and Work Product-"Revised Stand-By Trust Agreements"

Status of the Financial Responsibility Workgroup

The UIC Financial Responsibility Workgroup has completed the first of three products:

- (1) **Revised Standby Trust Agreements-** (Described below) Status: Completed
- (2) **Checklist of Plugging and Abandonment Costs** (This is to foster a consistent and thorough approach for permit analysis of the costs of plugging and abandoning wells) Status: Plans for headquarters review in Late November/Early December
- (3) **Analysis of Criteria for the Approval of Financial Statements** (This is to review the criteria used in EPA's guidance for evaluating an owner/operators financial statement as an instrument for demonstrating financial responsibility) .Status: April/June

Background on the need for the Revised Standby Trust Agreements:

Language in EPA's guidance (570/9-90-03, "Financial Responsibility Demonstrations for Owners and Operators of Class II Oil and Gas Related Injection Wells" aka the Financial Responsibility blue booklet) in the Standby Trust Agreement had EPA acting as a trustee for injection well operator's money when the funds needed to be moved from a Letter of Credit or Surety Bond and placed into the Standby Trust Agreement. Attorneys from the Office of General Counsel advised us that it is an unacceptable practice for EPA to act as a trustee because, under the Federal Miscellaneous Receipts Act (MRA), this would be considered an unauthorized taking of money.

OGC/UIC Financial Responsibility Workgroup Approved Revised Agreement:

The Financial Responsibility Workgroup has completed language on the Standby Trust Agreement so that it now conforms to the requirements of the MRA. No regulatory change is required with the language changes made to the Standby Trust Agreement and no new guidance has to be issued at this time in order for EPA to utilize the revised Standby Trust Agreement.

The Workgroup has volunteered to provide an addendum to the existing guidance to reflect the MRA related changes to the Standby Trust Agreement. The Workgroup soon may also soon recommend for your approval changes to guidance regarding other financial responsibility demonstrations alternatives (e.g., financial statement criteria) so that they may be added to the guidance.

The Workgroup was chaired by Steve Platt of Region II and Melissa Heath of Region IV and comprised of other UIC program and Regional Counsel representatives. The Workgroup was advised by both Jim Curtin and Jim Drummond from OGC.

Recommended Action:

The Workgroup recommends and the Prevention Branch concurs that you approve of the new language and sign the memo for the revised Standby Trust Agreement and advise Regional Offices that directly administer State Class II programs to use the new revised agreements and sample letters to owners immediately. Attached is a memo to the Branch Chiefs for your signature and sample revised agreements and letters.

Howard

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

SUBJECT: Financial Responsibility Work Product

FROM: S. Stephen Platt
Financial Responsibility Workgroup Chair

TO: William R. Diamond, Director
Drinking Water Protection Division
Office of Ground Water and Drinking Water

The Financial Responsibility Workgroup has completed work on one of the major tasks it was assigned. Changes have been completed on language within the Standby Trust Agreement so that it now conforms to the requirements of the Federal Miscellaneous Receipts Act (MRA). If you recall, language in the Standby Trust Agreement had EPA acting as a trustee for any injection well operator's money which needed to be placed into this Trust. Attorneys from the Office of General Counsel had advised us that this is an unacceptable practice under the MRA.

No regulatory change is required with the language changes made to the Standby Trust Agreement. The financial responsibility workgroup views these changes to be corrections which were necessary simply to allow EPA to continue to use this financial responsibility alternative in consort with the requirements of the MRA. In addition, we believe there is no new guidance that needs to be developed or issued at this time in order for EPA to utilize the revised Standby Trust Agreement. Existing guidance (blue booklet 570/9-90-03, "Financial Responsibility Demonstrations for Owners and Operators of Class II Oil and Gas Related Injection Wells") will be revised in the future to reflect not only the MRA related changes to the Standby Trust Agreement but also any other changes made to financial responsibility demonstrations alternatives (e.g., financial statement criteria).

The workgroup recommends that distribution of the "new" Standby Trust Agreement be made by your office to each of the EPA regions, with a simple explanation as to why the changes were made to this Agreement. If necessary, the workgroup will prepare this transmittal memo. The revised Standby Trust Agreement has been attached under separate cover.

The workgroup has also developed a "sample" letter to be used by the EPA Regional Offices when they need to request that the bank or surety company, which maintains the Letter of Credit or Surety Bond for an injection well operator, must transfer funds from these accounts into the Standby Trust Agreement. This sample letter can be modified accordingly by each region to conform to their needs. The workgroup recommends that this sample letter also be distributed to the regions at the same time as the Standby Trust Agreement. A copy of this sample letter has also been attached under separate cover.

If you should require further explanation or additional information from the workgroup on this issue, please contact me through email or by telephone at 215-814-5464.

