Orphan Well Association: Dealing with the Legacy of Abandonment and Reclamation

University of Alberta, LRIGS
Land Reclamation International Graduate School
March 13, 2015
Orphan Well Association

Presentation Overview

Orphan Well Association
- Orphans
- Details
- Operations

Basics
- Well Definitions and Basics
- Well Abandonments and Repairs
- Site Reclamation Definitions and Process

Summary
What is an orphan?

TRUE OR FALSE?

“An orphan is a well, pipeline, facility or associated site left with no one to pay for the cleanup.”

Regulators have committed to taking every reasonable effort to first investigate potential orphans for a legally responsible and financially viable party before a property is designated as an orphan for the purpose of abandonment or reclamation.
Is this an orphan well?

Canadian Industrial Gas Limited
00/07-35-055-25W4/0
Ajax Morinville No. 9
Orphan Well Association – Details 1

- It is incorporated as a **not for profit** organization under the Alberta Societies Act and operates **financially and legally separate** from the AER (with an independent board of directors that represent CAPP, EPAC, AER and ESRD).

- The OWA was established as a DAO of the AER under the Orphan Fund Delegated Administration Regulation or OFDAR, (AR 45/2001). Operations started in 2001.

- The OWA is the registered trade name of the Alberta Oil and Gas Orphan Abandonment and Reclamation Association.

- OWA subleases office space and services from AER.
What is a DAO?

The OWA is incorporated as a not for profit organization known as a provincial Delegated Administration Organization or DAO.

DAOs are created when the Alberta government regulates the collection of funds for a specific activity, and then remits the funds to a not for profit organization separate from the government to manage the funds.

Examples of DAOs
- Alberta Recycling Management Authority – recycling (DAO to ESRD)
- Alberta Real Estate Foundation – housing projects (DAO to Service Alberta)
- Orphan Well Association – orphan wells and sites (DAO to AER)
**Orphan Well Association – Details 2**

- A Memorandum of Understanding or MOU, between the OWA, AER and ESRD outlines our respective roles and responsibilities.

- Our legal authority to conduct Abandonment comes from the AER through a property specific signed Turnover letter which
  - Deems licensees as defaulting working interest participants
  - Designates specific properties as orphans i.e. wells, pipeline segments and facilities

- Note that the AER works with Licensees on a license basis (and ESRD works with Operators which has a broader definition than Licensees under EPEA.)
Our legal authority to conduct Reclamation comes through EPEA (Environmental Protection Enhancement Act) which is delegated to the AER to administer.

First a site specific Environmental Protection Order (EPO) is issued to the defunct operator and when the company fails to comply, the AER (previously ESRD) has the right to delegate an agent to conduct the work under the EPO.

The AER can then designate the operator as a defaulting working interest participant and the specific properties as orphan.

The AER issues an Agent letter to OWA which requests the OWA to act as its agent.
OWA Operations – What We Do

Orphan Well Association

This site under the management of the Orphan Well Association. For information please call (403) 297-6416 during office hours.

Condor Resources Inc.

Condor et al

10-19-48-08-W5M

780-621-1711
Our mandate is to manage the abandonment of Alberta upstream oil and gas orphan wells, pipelines and facilities and the reclamation (which includes decontamination/remediation) of their associated orphan sites.

Our goals are (as per our annual Business Plan)

• Efficient Operations
• Safety and Environment
• Compliance with Government
• Communication
OWA Organization

Office Staff

- **Manager**
  - Administrator – Marcia Baker (and Miranda Barrett, Clerical pt)
  - Abandonment Coordinators
    - Bob Browning, Lori Brown, Jason Alfke
  - Environmental Coordinators and Specialist
    - Allison Wolfe, Steffen Spoelstra, Wanda Sakura
  - Technical Operations – Cliff Pybus

Consultants and Contractors

- Five Abandonment Companies - Turnkey
- Ten Environmental Companies
Visit our website www.orphanwell.ca to find

- our annual report,
- inventory of orphan wells and orphan sites, and
- lists of defunct companies and expenditures to date,
- contact information.
Historical Summary of Operating Expenditures
## Orphan Well Abandonments

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Well Abandonment Expenditures*</td>
<td>$60,305,000</td>
</tr>
<tr>
<td>Number of Wells Abandoned</td>
<td>651*</td>
</tr>
<tr>
<td></td>
<td>694**</td>
</tr>
<tr>
<td>Number of Wells Remaining To be Abandoned</td>
<td>162*</td>
</tr>
<tr>
<td></td>
<td>605**</td>
</tr>
</tbody>
</table>

* As of Mar 31, 2014
** As of Dec 31, 2014 (605 wells, 57 facilities, 577 pl segments)
Tidy wells to abandon
Messy wells to abandon
Pipelines to abandon
Facilities to decommission
Infrastructure to remove
Our mandate includes obtaining Reclamation Certificates.
## Orphan Site Reclamation

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Reclamation Expenditures To Date*</td>
<td>$118,330,000</td>
</tr>
<tr>
<td>Number of Sites Reclaimed (408) and Handled (81)*</td>
<td>489</td>
</tr>
<tr>
<td>Number of Sites Remaining To Be Reclaimed*</td>
<td>383</td>
</tr>
<tr>
<td>Estimated Expenditures to Complete Reclamation*</td>
<td>$176,000,000</td>
</tr>
</tbody>
</table>

*As of Mar 31, 2014.
Orphan Well Association

Basics

- Well Definitions
- Well Abandonments and Well Repairs
- Site Reclamation Definitions and Process
Is this an Active or Inactive or Suspended Well?
You can’t tell by a simple drive by.