

Orphan Well Association



**Orphan Well
Association**

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**Synergy Alberta Winter Workshop
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Orphan Well Association

- OWA is not a Government Organization
- Non-profit organization
- Operate under the delegated authority of Alberta Energy Regulator (AER)
 - Orphan Fund Delegated Administration Regulation (OFDAR)
 - But - financially and legally separate from the AER
- Primarily funded by the Alberta oil and natural gas industry



Orphan Well Association Mandate



To decommission Orphan oil and gas infrastructure and reclaim the land similar to its original state in a safe, principled, and cost-efficient manner

What is an Orphan?



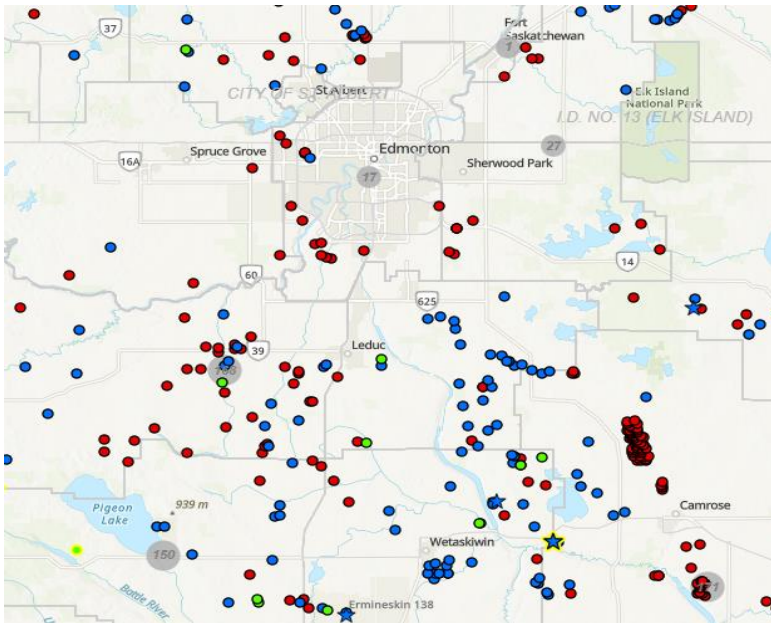
- Well, facility, pipeline or associated site
- Regulatory Designation that is determined by AER
- No legally responsible or financially viable party
 - 100% Working Interest only
- Only after Insolvency Proceedings
 - OWA funds many receiverships
- Access only
 - OWA does not step into “shoes” of defunct company
 - Does not hold surface or mineral leases

What if less than 100% Working Interest?

- **Property does not become an Orphan**
 - Can be confusing for landowners
- **AER directs Working Interest Participant(s) (WIPs) to manage site**
 1. Working Interest Participant(s) may decommission & reclaim site
 - Significant backlog of work to be completed
 - OWA reimburses WIPs for defunct company's portion of costs (Working Interest Claim - WIC)
 - After suspension, decommissioning, remediation, or reclamation (Rec Certified)
 2. Site can also be transferred from Defunct Company to Active Company
 3. *New Option* – **WIPA** - agreement for OWA to conduct work

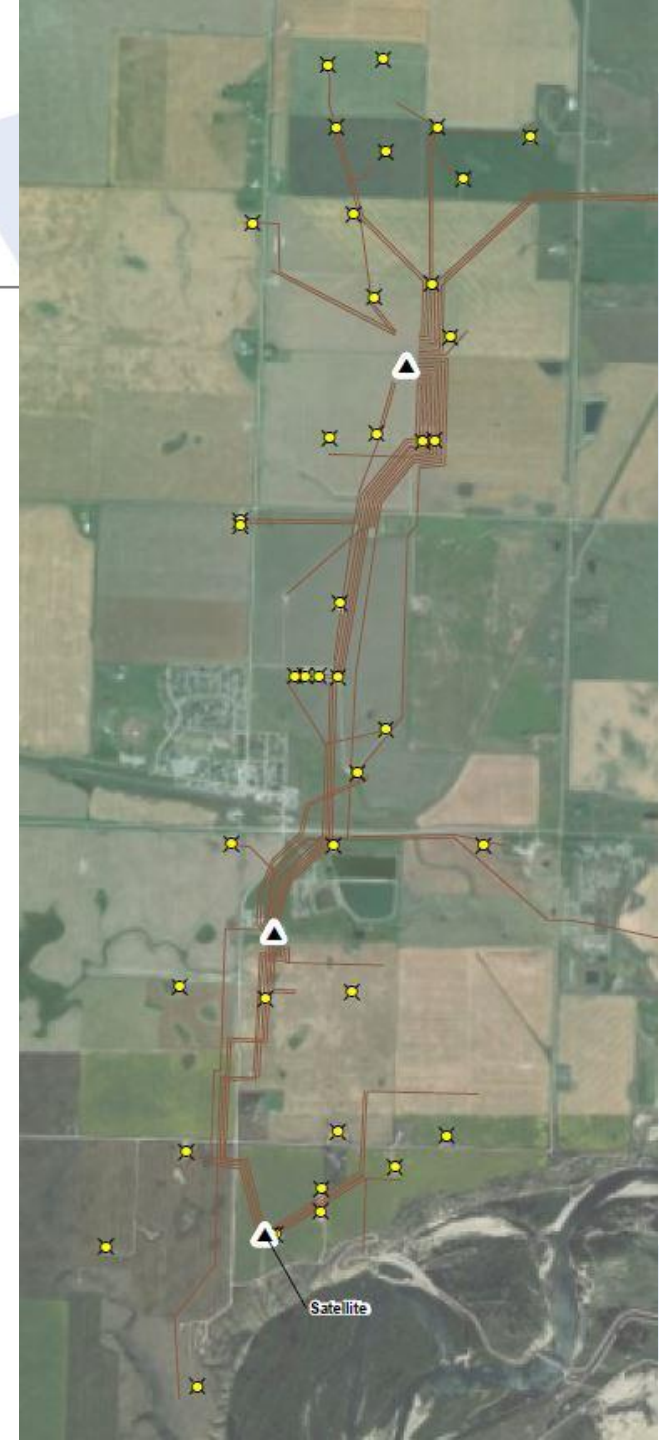
How to confirm if the OWA is Managing a Site

- Sign on lease
- OWA Website: Interactive Map
- Letter from OWA to landowner
- If Not OWA –contact OrphaningInsolvency@aer.ca



How Sites are Prioritized

- **All sites are risk-ranked upon intake**
 - Spud date, H₂S, proximity to receptors, etc.
- **Top Priority – Public Safety**
- **Second Priority – Efficient Operations**
 - Sites grouped into area projects to gain cost efficiencies (Area Based Closure – ABC's)
- **Third Priority – Chronological**
 - Amount of time since site has been designated as Orphan



When and how will a Landowner be contacted?

- **After site designated as an Orphan**
 - First - we must identify & contact landowner.
This can be difficult.
- **Landowner receives Information package in mail**
 - Who is the OWA – legal rights, contact information
 - Land and Property Rights Tribunal contact – surface lease payments/recovery of compensation
 - What work will be conducted on site
- **Prime Contractor contacts landowner when field work begins**
 - Decommissioning and reclamation
- **Landowner participates in Phase 1 review during Reclamation**



Access Issues for the OWA

- **Many landowners have been impacted by defunct operators**
 - Surface rent owed
 - Poor site condition – weeds, etc.
- **Cannot pay back rent**
 - Landowner must apply to Land and Property Rights Tribunal (LPRT)
- **Don't pay for access**
 - Not like an oil and gas company
 - Limited options

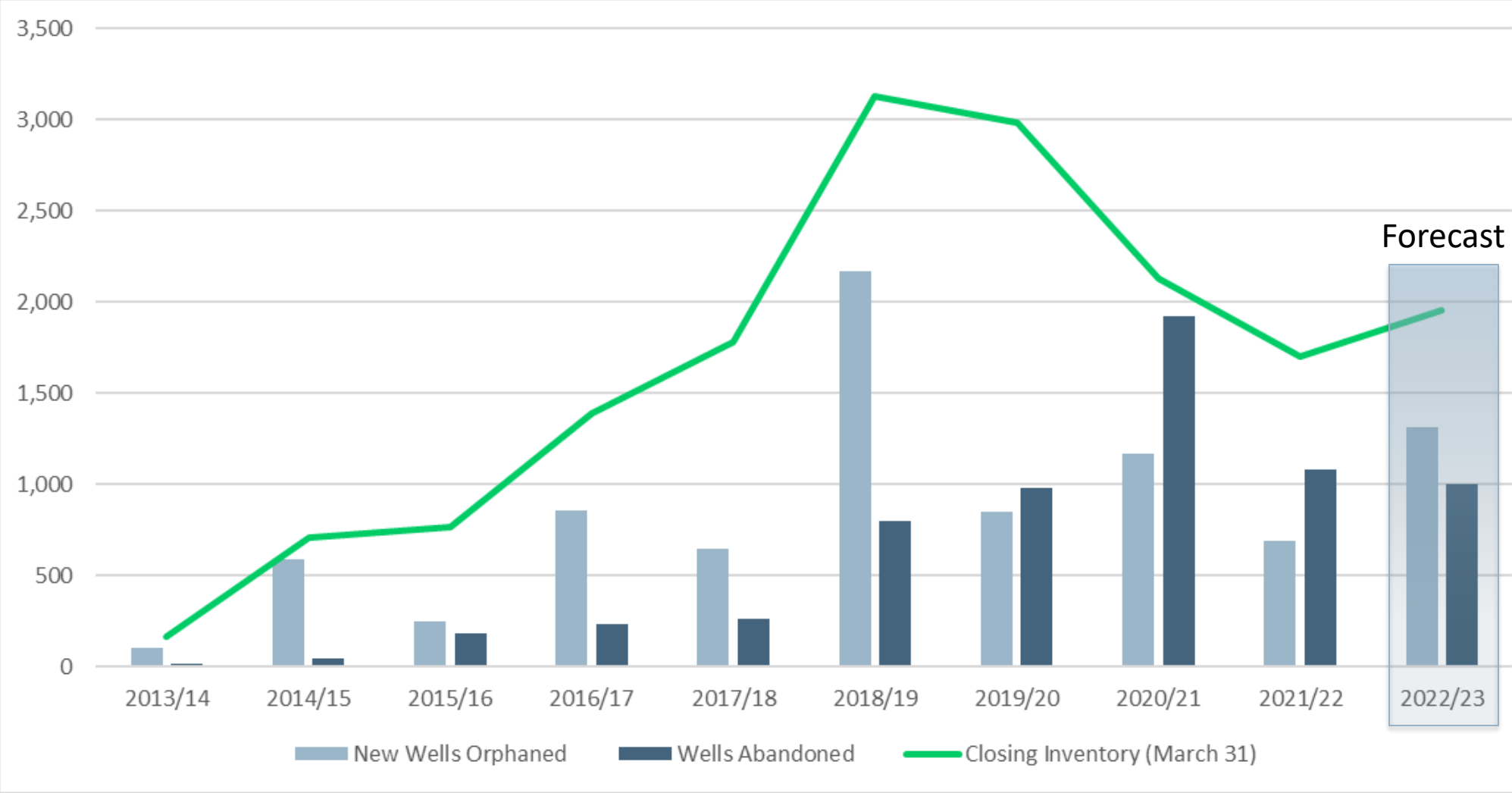


Authority of the OWA

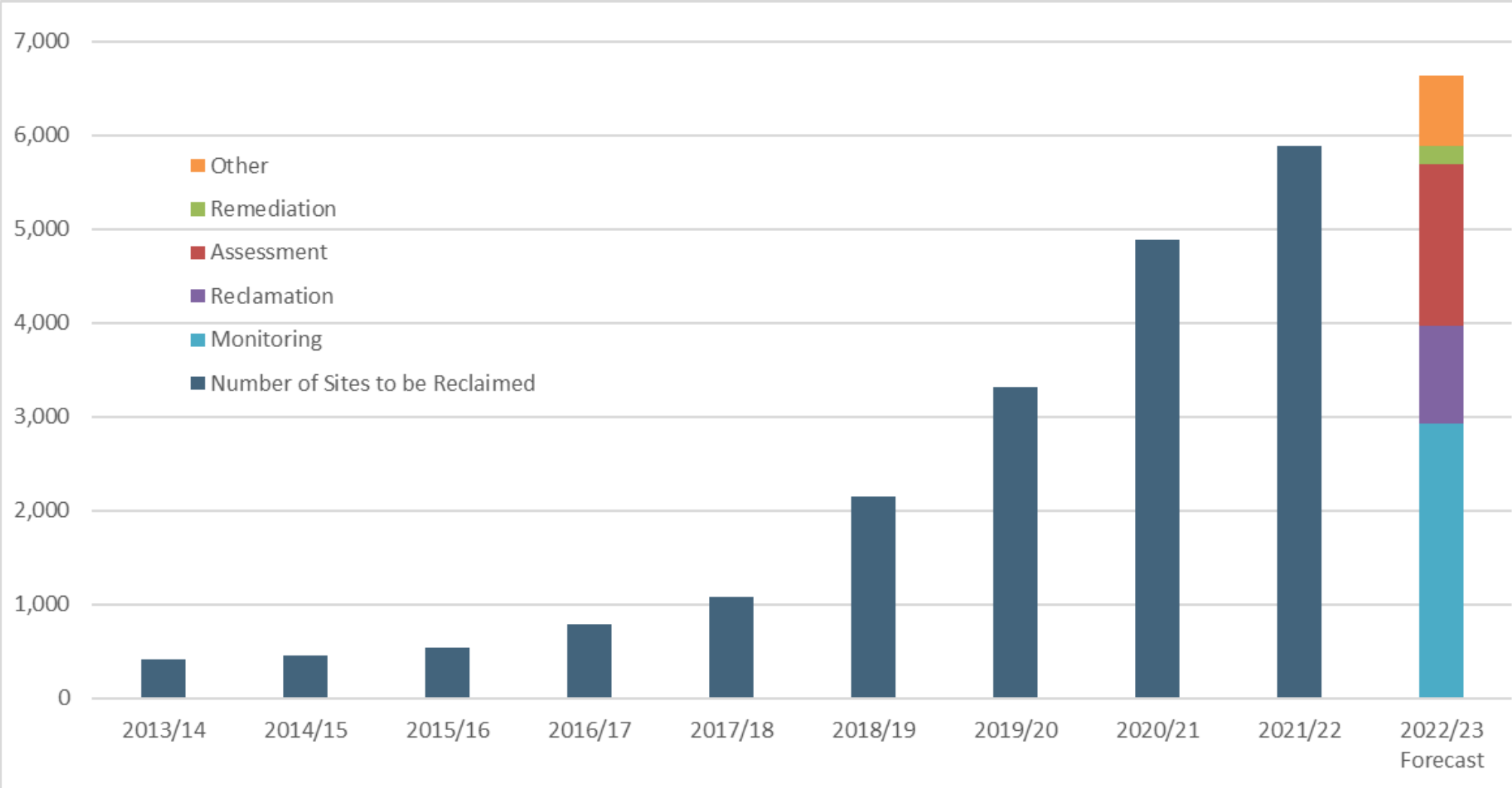
- **OWA is a delegate authority of the AER**
 - Legal access under Legislation
 - Abandonment (Decommissioning)
 - Section 101 of OGCA – Entry on land
 - Remediation and Reclamation
 - Section 250 of EPEA – Right of Entry, Environmental Protection Order (EPO) also issued
- **Most landowners work with OWA**
 - However, OWA is obligated to notify LPRT if site access is restricted
 - Surface Rights Act – 36(8)....
 - May impact landowners' ability to collect back rentals
- **Overall – positive relationship with majority of landowners**
- **Other issues: - Pace of work, weeds, understanding of process**



Change in Annual Orphan Well Inventory



Increase in Orphan Reclamation Inventory (at year end)



OWA Funding

- **Funded by the Annual Orphan Levy on O&G Producers (not taxpayers)**
 - Total industry levies to date - **\$581 million**
- **Recommended 2023 Orphan Levies**
 - \$135mm (Orphan Well) and \$0 (Large Facility)
- **Each Licensee's Annual Levy:**
 - $\frac{\sum \text{Licensee's AER Estimated Liability}}{\sum \text{All Provincial AER Estimated Liability}} \times \text{Total Annual Levy}$
- **Other sources of funding:**
 - Alberta and Federal interest free loans (\$335mm and \$200mm)
- **OWA was NOT eligible for Alberta's Site Rehabilitation Program (SRP)**
 - \$1 Billion Grant from Federal Government 2020-2023



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Thank you



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