



**Orphan Well  
Association**

# **Orphan Well Association**

**Liability Management Engagement Sessions**

**Introductory Session**

**Nisku Inn, 1101 4 Street, Nisku**

**May 10-11, 2017**

# 1. Orphan Well Association or OWA

---

- The Orphan Well Association (OWA) is a not for profit organization funded by the upstream oil and gas industry that is incorporated under the Alberta Societies Act.
- Since 2002, the OWA operates under the delegated legal authority of the Alberta Energy Regulator (AER) and is primarily funded by the upstream oil and gas industry through the Orphan Fund levy.
- OWA was established as a Delegated Administration Organization or DAO of the AER under provincial legislation.
  - *Orphan Fund Delegated Administration Regulation AR45/2001 (OFDAR) under the provincial Oil and Gas Conservation Act, Part 11.*
- OWA has an independent board of directors representing
  - *Industry: CAPP (3 reps) and EPAC (2 reps),*
  - *Government: AER (1 rep\*) plus AEP (1 non-voting rep) .*
    - \* *Provincial Regulations limits representation of government to 20% on DAOs.*

## 2. OWA – Accomplishments

---

- OWA was established through a unique collaboration between the Alberta government and industry to provide a backstop to the problem of orphans, which are specific upstream oil and gas properties left behind by defunct and/or insolvent companies.
  - The OWA mandate is to manage the abandonment of orphan wells, pipelines and facilities and the reclamation of associated orphan sites.
  - The OWA operates with highest consideration for safety and the environment and accomplished with technical proficiency.
  - Industry has contributed over a quarter billion dollars (\$239M) to pay for OWA's orphan activities. Using industry funding, the OWA has abandoned over 1100 orphan wells and obtained reclamation closure on almost 700 orphan sites to date.
- The OWA through its activities demonstrate jurisdictional leadership and industry cooperation to address end of life liabilities.

### 3. OWA – Looking forward

---

- The OWA is interested in the continued evolution of a sustainable process that fulfills the original vision of the Orphan Fund including:
  - *Liability Management system that reduces growth in inventory of orphan properties.*
  - *Continued collaboration between the province and upstream oil and gas industry.*
- Legacy properties, wells and sites, include Reclamation Certified, Rec Exempt sites, and historical leaking wells licensed to defunct companies prior to formation of OWA. Examples of OWA dealing with out of scope wells, without prejudice:
  - *Peace River Oil Company 04-31-085-21W5 – historical well drilled in 1916 with two associated relief wells, funded \$7.4M total abandonment (\$5.8M) and reclamation (\$1.6M), to address the long term flow from these wells into the Peace River.*
  - *American Hotel well 03/10-31-012-05W4 – historical well drilled in 1890's to supply gas to downtown building in Medicine Hat and associated relief well, providing care and custody to wells with \$498k spent to date to manage risk to public safety.*
- The development of a sustainable fully–defined process that is developed collaboratively to address Legacy properties is desired.