



Leading Energy Services,  
Supply, Manufacturing  
and Innovation

# Liability Systems Management Opportunities

**Ian McConnell**

**Petroleum Services Association of Canada**

May 11, 2017



# About PSAC

- National trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry
- Our members provide the continued innovation, technological advancement and in-the-field experience to Canada's energy explorers and producers, helping to increase efficiency, improve safety and protect the environment



# Liability Management System Needed Improvements

A system that:

- ensures a timely reduction of inactive wells/facilities
- provides for a maximum time of inactivity with some flexibility
- addresses high risk sites with priority
- reduces the occurrence of orphan wells
- maximizes the potential for assets and production

# Liability Management System

## Potential Options to Address Needed Improvements

- A requirement to abandon (decommission) a certain percentage or amount of inactive sites each year
- A maximum time limit for inactivity with some flexibility for a portfolio approach to optimize economies of scale
- A risk analysis based on established criteria for high risk wells/facilities/sites
- An analysis of inactive wells for production potential

# Liability Management System

## PSAC's Desired Outcomes from the LMS Review

Reduced inventory of inactive wells/facilities/sites in order to:

- Achieve Financial Solutions. Trusts, Bonds, tax/royalty incentives
- Reduce the occurrence of orphan wells
- Demonstrate environmental responsibility and stewardship
- Continue to improve expertise and technology for efficiency
- Retain skills, expertise and experience in decommissioning
- Maintain public support for oil and natural gas development



Leading Energy Services,  
Supply, Manufacturing  
and Innovation

**Thank you**

For more information, please visit

[\*\*psac.ca\*\*](http://psac.ca)

Presented on behalf of the  
**Petroleum Services Association of Canada**