



Orphan Well Association



The Orphan Well Association collaborates with the Government of Alberta, the Alberta Energy Regulator and the oil and gas industry to work toward a common goal: protecting public safety and managing the environmental risks of oil and gas properties that do not have a legally or financially responsible party that can be held to account. These properties are known as “orphans”.

Funded by industry, operated by the OWA, overseen by the AER

The OWA is funded by Alberta’s oil and gas industry (not taxpayers) and overseen by the Alberta Energy Regulator (AER) but operates independently. Since OWA operations began in 2002, total industry funding of \$710 million has been collected through an AER-directed levy on oil and gas licenses, with a levy on large industry facilities added in 2021. The industry levy for 2023/24 is set at \$135 million, a level we expect will remain consistent over the next several years.

OWA spending is focused on sites that have been designated as orphans by the AER. Most often, designated orphans are oil or gas wells but can also include pipelines and facilities such as gas plants. We prioritize sites based on public safety and environmental risk. Sites are grouped in project areas with the work bid out competitively for cost-efficiency. Where sites designated as orphans are on private land, the OWA notifies the owner, as well as keeping an updated inventory and maps under the *About* tab at www.orphanwell.ca

Not all sites licensed to a defunct operator are orphaned by the AER. In addition, wells that are inactive or suspended due to technical or economic reasons, but still have a viable operator or owner, are not considered orphans and cannot be closed by the OWA under provincial regulation.

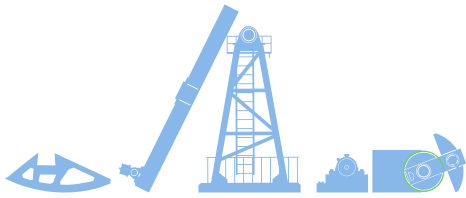
This includes assets that are managed by a third party during an insolvency process, such as a receivership. OWA operating funds are also not permitted to be used to cover surface lease payments, unpaid taxes, or other arrears. Landowners may apply to the Land and Property Rights Tribunal to recover unpaid surface lease payments for orphan wells. For further information please see www.alberta.ca/land-and-property-rights-tribunal.aspx

Results on the ground

With the support of the oil and gas industry, as well as provincial and federal government loans, we have decommissioned orphan wells at an accelerated rate for the past several years. We have decommissioned nearly 3,900 wells and received almost 1,000 reclamation certificates over the last three fiscal years and are currently monitoring vegetation on over 2,700 sites where we have completed our reclamation work. With loan funding now completely deployed for field activities, the OWA has already begun repayment. Nearly \$130 million of the Alberta loan was paid back from industry levies as of July 2023. Note that these loans are not part of the \$1 billion grant for the Alberta Site Rehabilitation Program, which concluded earlier this year and for which the OWA’s orphan inventory was not eligible.

Closing a site

Closing an orphan site typically involves three major stages.



DECOMMISSIONING

The well is permanently dismantled, with wells plugged, cut and capped below the surface, all equipment removed and the site made safe and secure.

Since beginning operations in 2002, the OWA has decommissioned more than 7,000 wells, including 781 last year.



REMEDICATION & RECLAMATION

After environmental assessments, the site is cleaned of any contamination to meet regulated soil and groundwater standards. The site is recontoured, as appropriate, with soils replaced and vegetation established.

We have completed reclamation work on nearly half of the sites in our reclamation inventory, including 1,000 sites in 2022 alone. We expect to maintain this pace of closure.



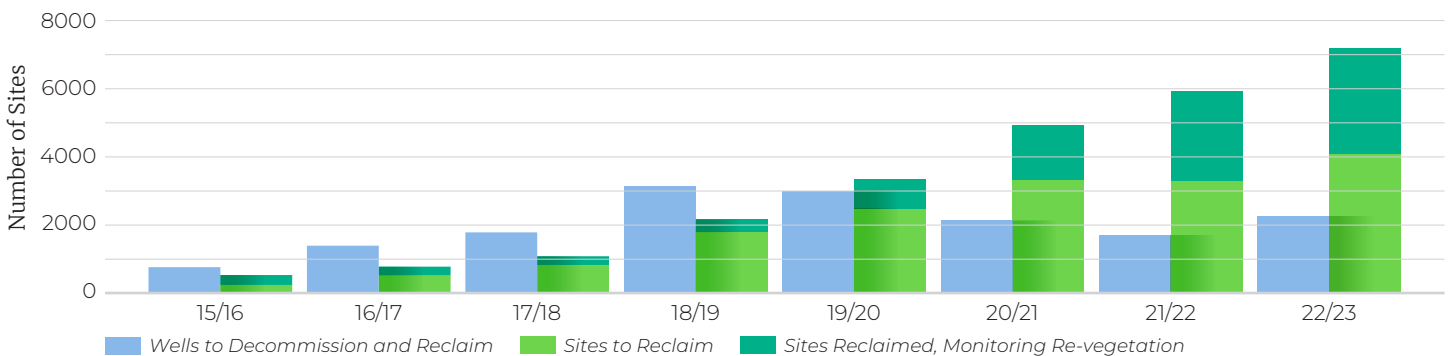
MONITORING & CERTIFICATION

Following remediation and reclamation work, the site is monitored for several years to ensure reclamation is successful. A site may be certified by the regulator as reclaimed after the monitoring period and a detailed site assessment.

Roughly 45% of our sites in the reclamation inventory are in the monitoring phase. We are forecasting to receive approximately 1,000 reclamation certificates in the next year.

Orphan inventory

Following a surge in site decommissioning, our work is increasingly focused on remediation and reclamation. Every site that receives a reclamation certificate is then available for farming, pastureland, recreation or a growing community.



Along the full cycle of closing orphaned sites, the OWA continues to work for Albertans to reduce environmental liabilities, improve cost-efficiencies, support local communities and build on our role as a trusted partner of government, industry and landowners.

Visit our website at www.orphanwell.ca for more information about our operations, funding, how to work with us and our current inventory.

Visit *Regulating Development, Project Closure* at aer.ca for information on regulatory enhancements to prevent orphan oil and gas sites.