

Abandonment & Reclamation of Oil & Gas Wells in Alberta: A Case Study of Regulatory Failure

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About Ecojustice

- National organization of lawyers and scientists dedicated to protecting the environment
- Formed in 1990
- Formerly the Sierra Legal Defence Fund
- Offices in five locations across Canada

The Issue



The Issue



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Questions still unanswered in Calmar well debacle

Posted 2 months ago

Calmar residents are still searching for answers as negotiations drag on in the Evergreen Crescent well site reabandonment debacle.

Trevor Smith and Ralph Olson both live in the affected area with their families. The men attended Calmar town council July 19 in hopes of learning more about the well's fate and what the town is doing to assist in moving things along with Imperial Oil.

Outline

- History of concern over abandonment and reclamation
- Scope of the problem
- Root causes of the problem
- Solutions to the problem

Definitions

- Inactive
- Suspension
- Abandonment
- Reclamation

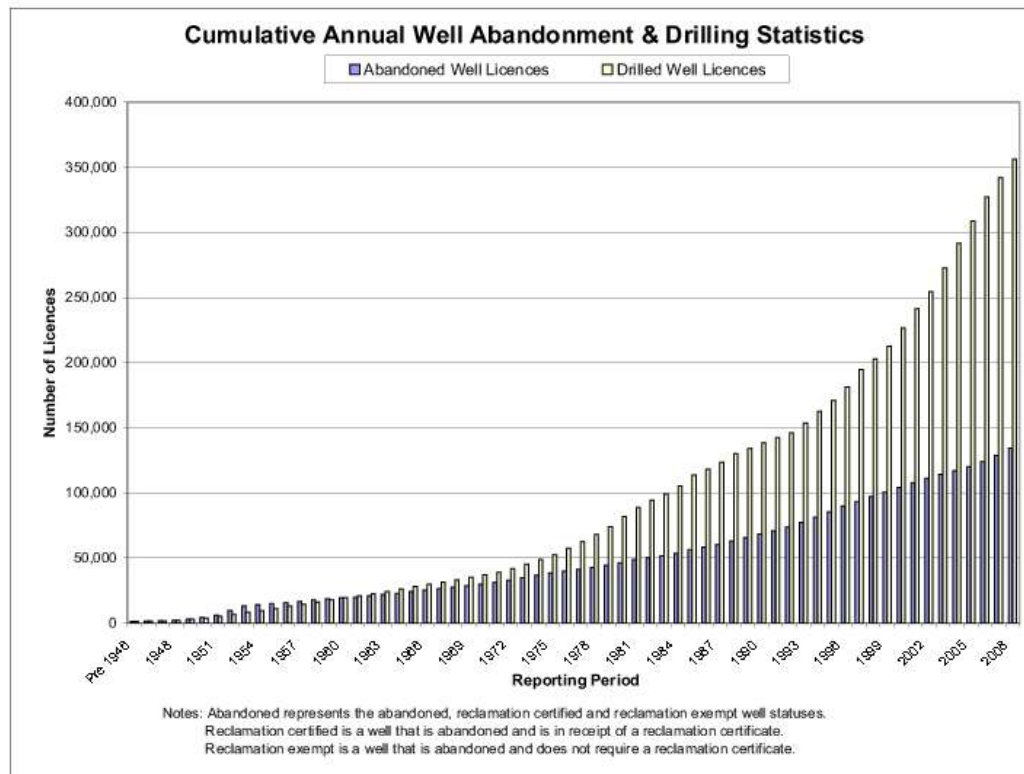
History

- 1986: Special Well Fund
- 1994: Abandonment Fund
- 1997: Long Term Inactive Well Program

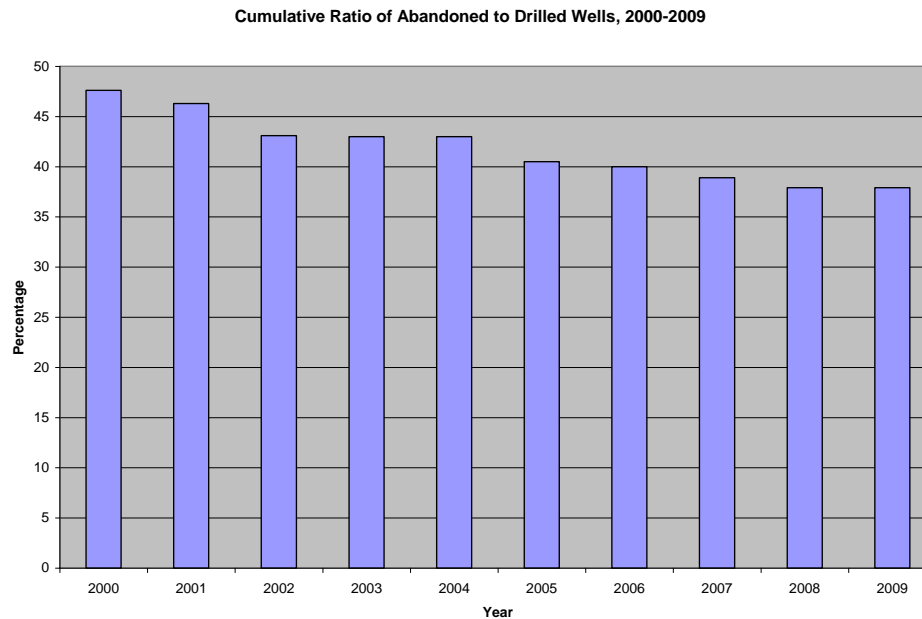
Licensee Liability Rating Program

- 2000: Long Term Inactive Well Program cancelled
- 2000: *Energy Statutes Amendment Act*
- 2000: Licensee Liability Rating Program (LLRP)

Cumulative Well Abandonment & Drilling Statistics

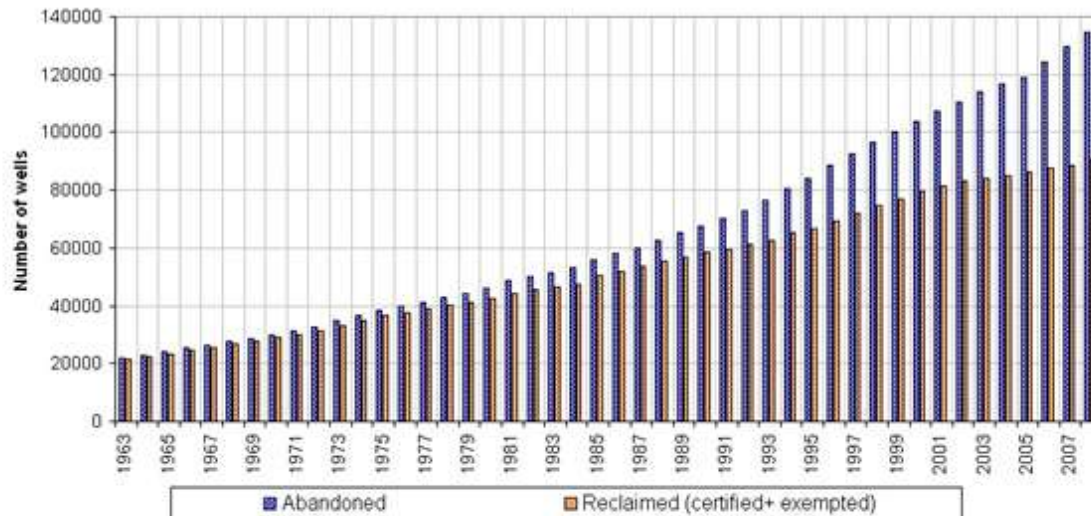


Ratio of Abandoned to Drilled Wells, 2000-2009



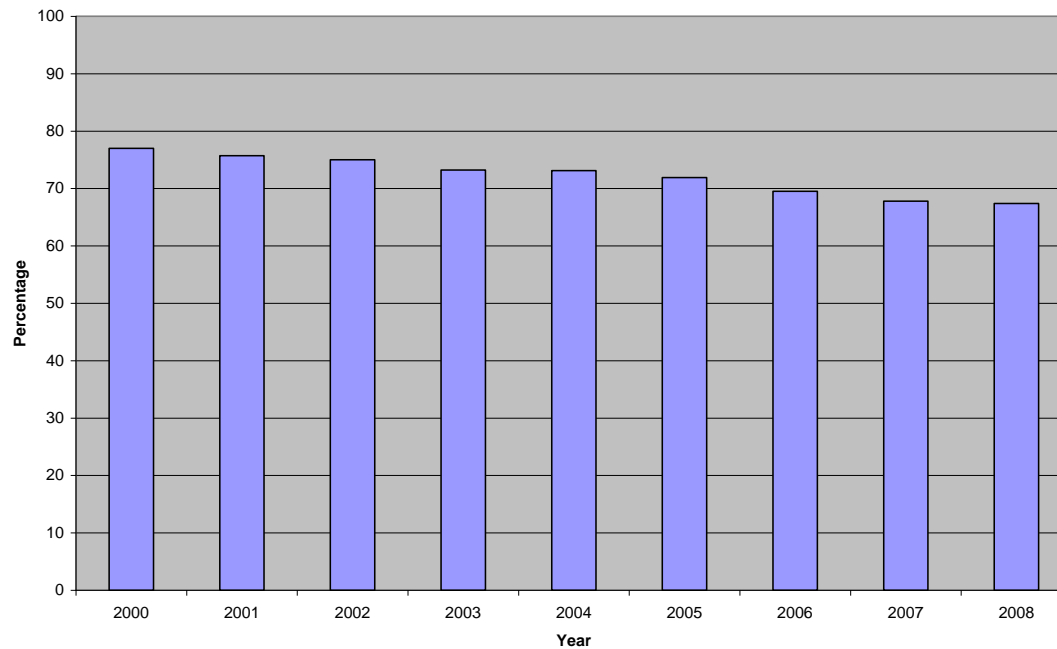
Comparison of Abandoned to Reclaimed Wells

Comparison of Number of Oil and Gas Wells Abandoned to Number of Wells Reclaimed (Certified or Exempted) from 1963 to 2008



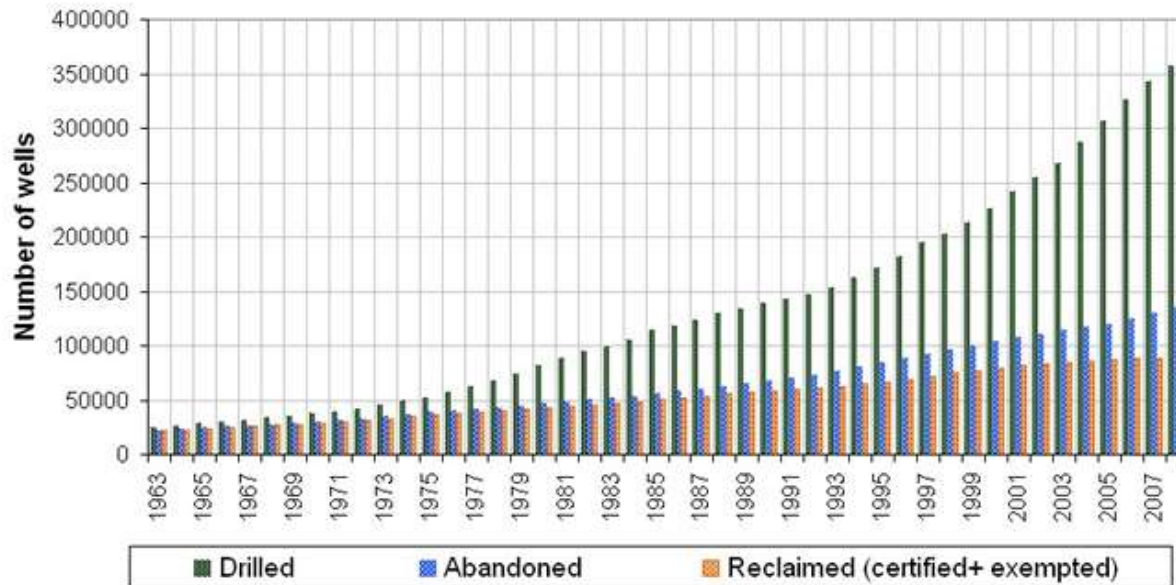
Ratio of Reclaimed to Abandoned Wells

Ratio of Reclaimed to Abandoned Wells, 2000-2008



Reclaimed/Abandoned/Drilled Wells

Cumulative Number of Drilled, Abandoned and Certified Oil and Gas Wells, 1963-2008



Why Should We Care?

- Risks to the environment and public safety
- Unreported financial risk
- Land out of production

Examples of Neglect



Examples of Neglect



Causes of the Failure

- The LLRP measures the wrong things

Causes of the Failure

- There are no regulated timelines for abandonment and reclamation.

“Without a requirement for timely abandonment...and subsequent monitoring and enforcement, industry may defer their abandonment and reclamation costs...EUB has no directives or guidelines for the timely abandonment of wells, pipelines and facilities.”

Auditor General of Alberta, 2004-2005 Annual Report

Recommended Timelines

- ERCB, 1989:
 - Five year limit to abandon inactive wells
- EUB, 1996:
 - Suspend within 6 months of inactivity
 - Abandon within 18 months of suspension
 - Reclaim within 3 years of abandonment
- EUB, 1997: Abandon all long term inactive wells within 5 years

Timelines in Other Jurisdictions

- Colorado:
 - Suspension for not more than 6 months unless an extension is applied for
 - Reclamation within 3 months on crop land/6 months on non-crop land

Timelines in Other Jurisdictions

- New Mexico:
 - Suspend or abandon within 90 days after one year of inactivity
 - Suspension for a maximum of 5 years
 - Reclaim the well site within one year of abandonment

Timelines in Other Jurisdictions

- Montana:
 - Reclamation as soon as weather and ground conditions permit

Timelines in Other Jurisdictions

- U.S. Federal Lands
 - Removal of all structures, equipment and facilities within a reasonable time after the cessation of operations
 - Reclamation of the surface within one year after the conclusion of operations

A Model Within Alberta

- *Timber Management Regulations*
 - Carry out reforestation activities within 2 years of harvest
 - Establishment survey between the third and eighth year
 - Performance survey between the eighth and fourteenth year
 - Retreatment if failure at any survey

Recommended Regulation

- Security deposit equivalent to the average abandonment and reclamation cost on every well
- Inactive wells suspended after 12 months of inactivity
- Suspended wells abandoned within 5 years unless an extension is justified
- Reclamation work within two years of abandonment
- Reclamation certificate within 8 years of abandonment or implementation of a supplementary reclamation plan

Discussion and Contact Information

- Questions and discussion
- Contact information:
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