



# Liability Management in Alberta's Maturing Oil and Gas Sector

David Hardie Advisor, Liability Management Group | May 21

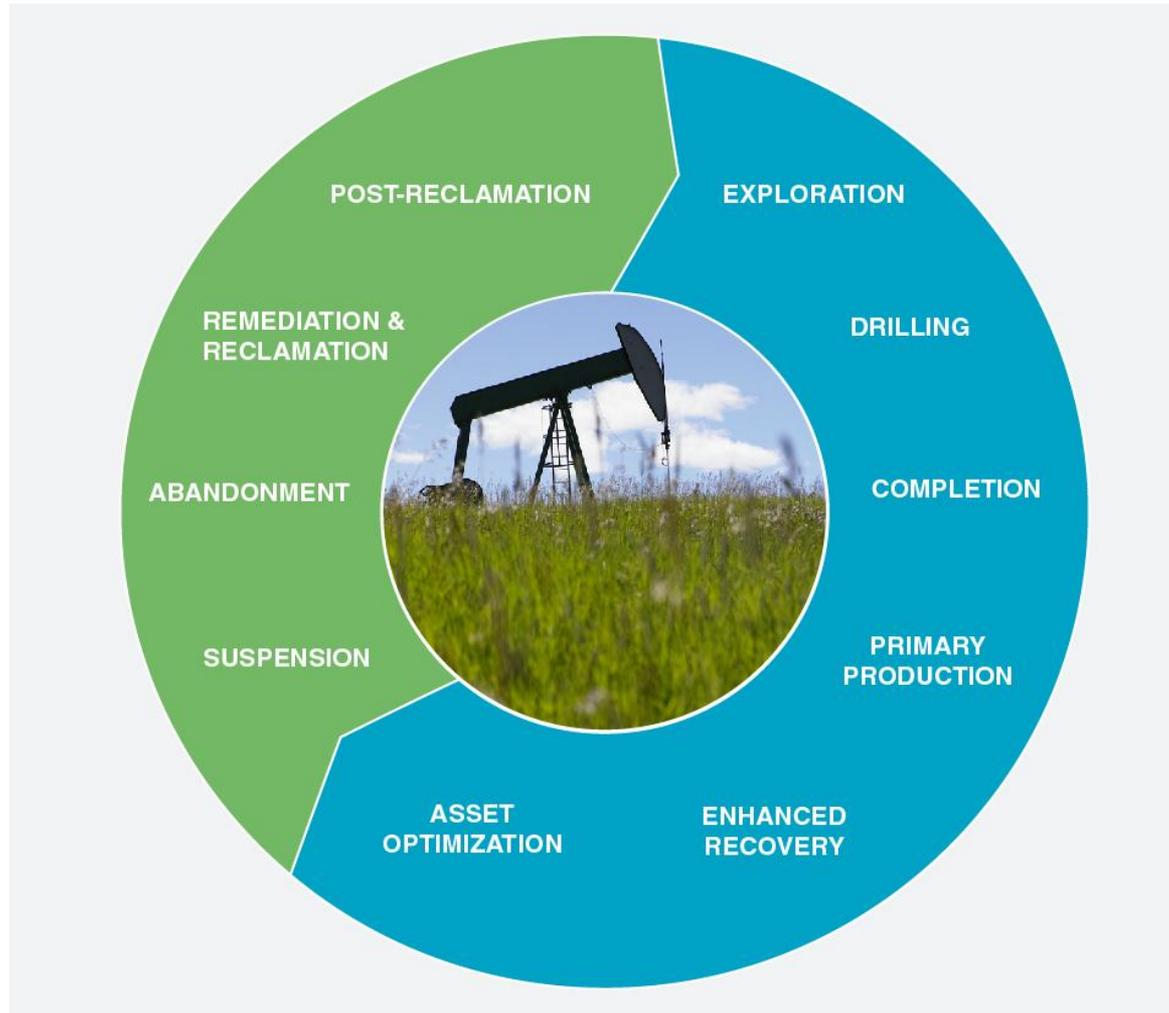
# Presentation Overview

- The ERCB mission
- Brief overview of liability management
- Signs of a maturing sector
- Liability programs in Alberta
- Next steps for managing the liability in Alberta

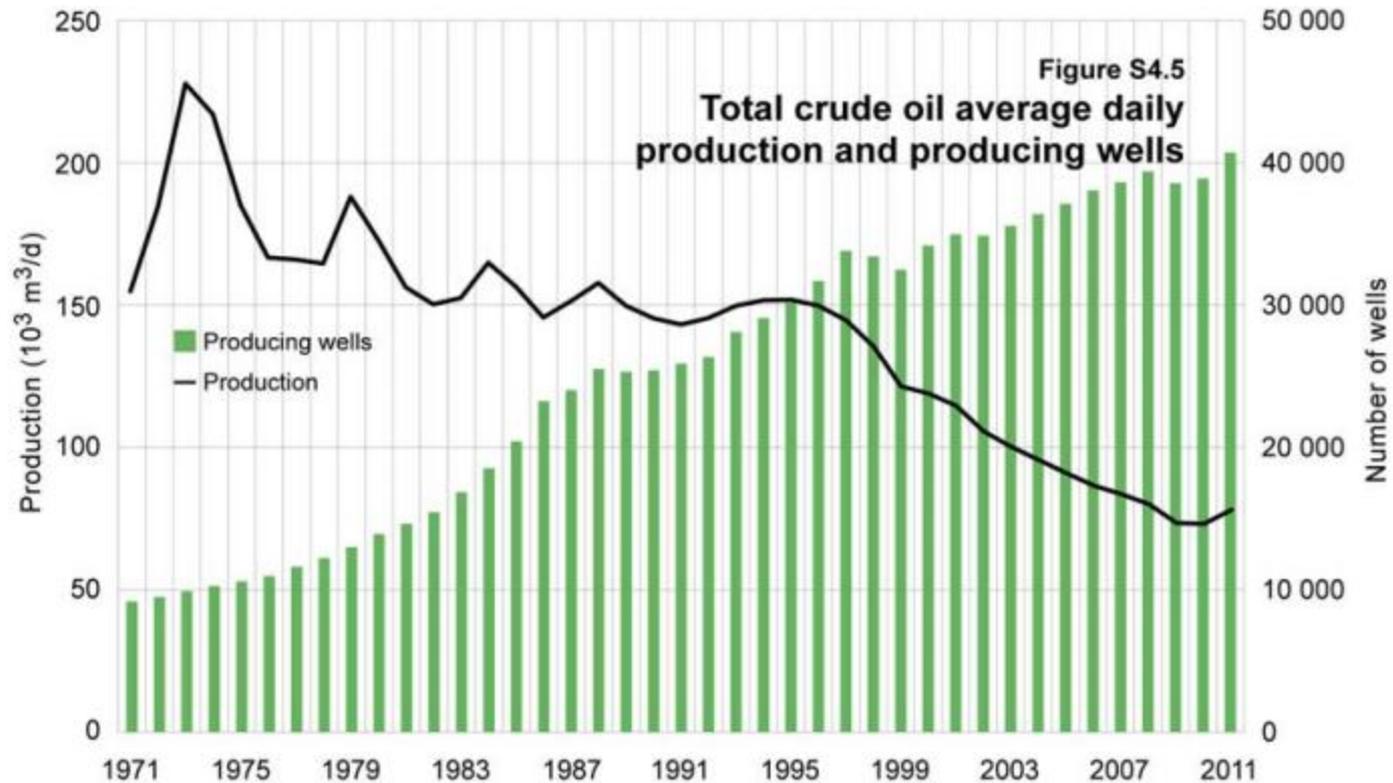
# **The ERCB Mission**

**To ensure that the discovery, development and delivery of Alberta's energy resources take place in a manner that takes into account public safety, environmental protection, and resource conservation.**

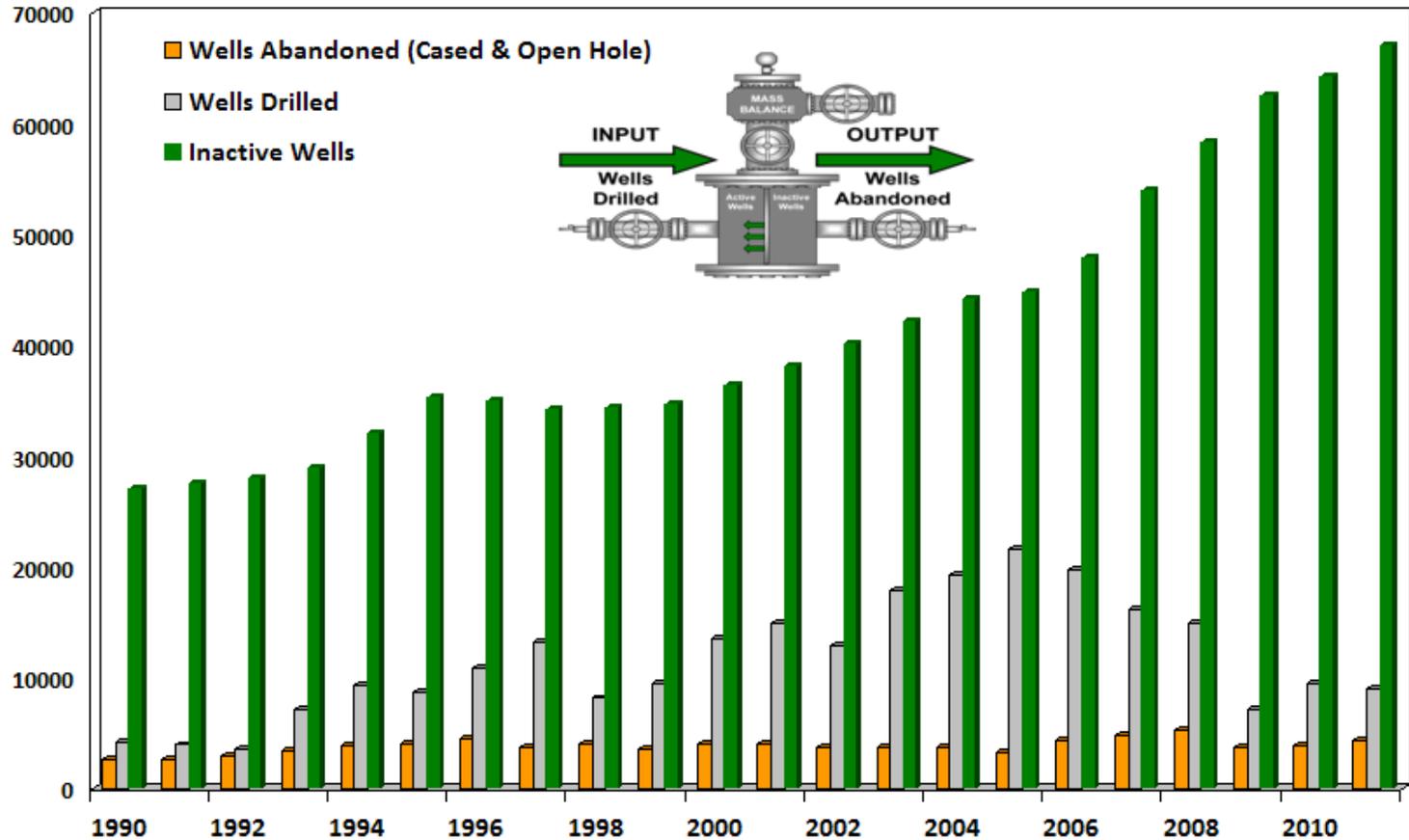
# Life Cycle of Energy Development



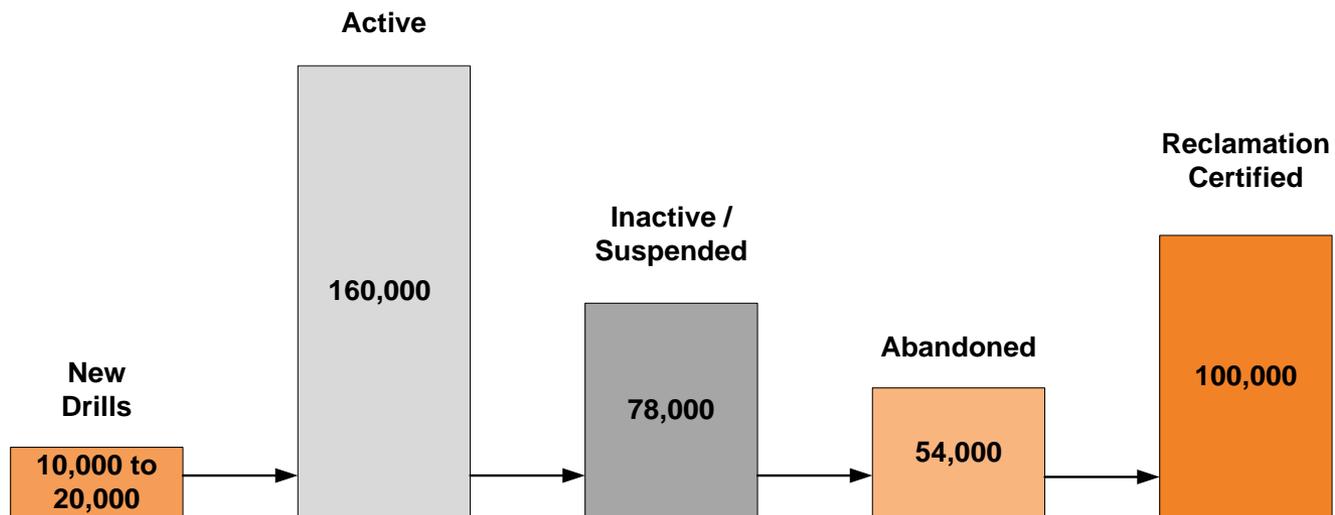
# Signs of a Maturing Sector



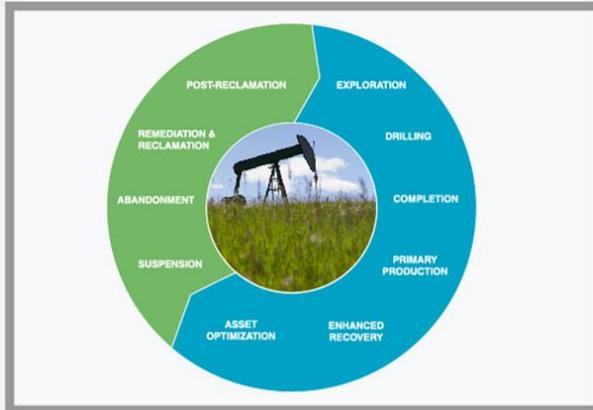
# Aging Infrastructure – Inactive Wells



# Alberta's Well Population



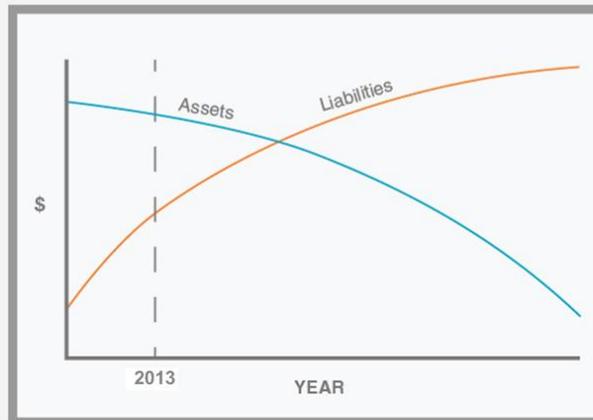
### Orderly development



### Public safety, environmental protection, and resource conservation



### Financial liability



### Public confidence and reputation



# Liability Management Programs

## Current programs protect public from unfunded liability

- Monitor licensee assets and liabilities monthly
- Analysis conducted at time of transfer
- Requires security deposits where liabilities exceed assets (only cash or Letter of Credit)
- Currently hold approximately \$160 million in security

## Recent Developments

- Updated program parameters
- Approximately \$300 million in additional security could be received over the next three years

# Orphan Well Association

- Legally & financially separate organization
- Industry funded by annual levy (\$205 million collected to date)
- Receives licences and associated security deposits where company is no longer active, an activity needs to be conducted such as abandoning an inactive well, and no alternative responsible party can be identified and held accountable (WIP)

# Managing the Liability

## Define the issues through data / information analysis

- Industry performance
- Regulatory solution development

## Inactive and suspended infrastructure

- Investigate development of timeliness requirements

## Update well suspension and abandonment requirements

- Enhance wellbore integrity

## Enhance compliance with requirements

# Managing the Liability (cont.)

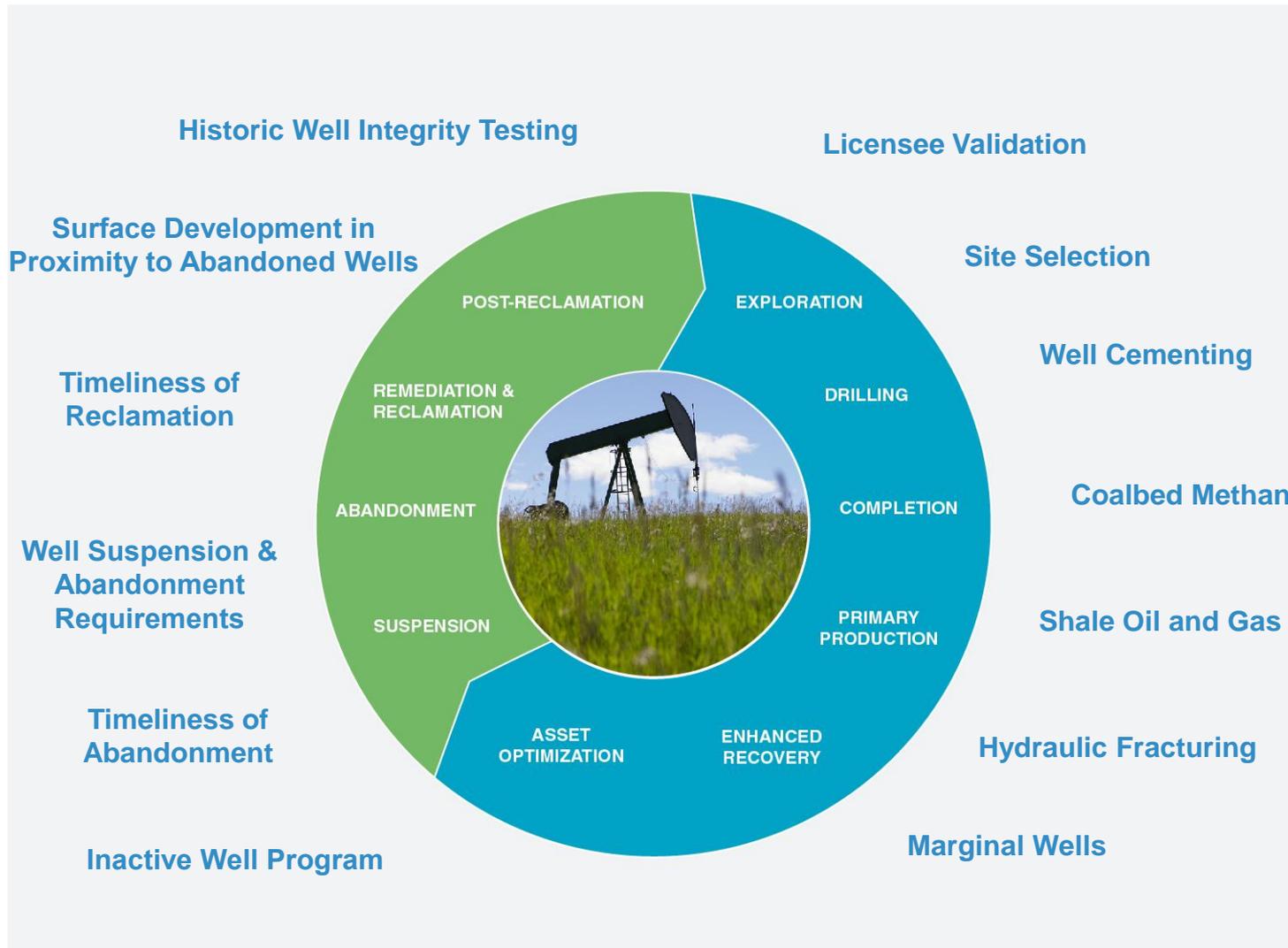
## Assess abandoned wells for leakage

- 2 - 3 year program
- Statistically significant sample
- Assess specific well characteristics for risk factors that contribute to leakage

## Surface development in proximity to abandoned wells

- Locating and testing in potential conflict situations
- Prevention of future conflicts

# Life Cycle of Energy Development



A large field of yellow rapeseed flowers stretches across the foreground and middle ground. The sky is a clear, bright blue. In the distance, a thin line of dark trees is visible on the horizon. A white rectangular box is overlaid on the left side of the image, containing the text "Questions?".

# Questions?

[www.ercb.ca](http://www.ercb.ca)

# Contact Information

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