

Inactive/Idle Wells

IOGCC International Committee
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Topics

- About the OGC
- Well Statistics
- Asset Retirement Oversight
- Long-Term Inactive Wells
- Long-Term Abandoned Wells

About the OGC





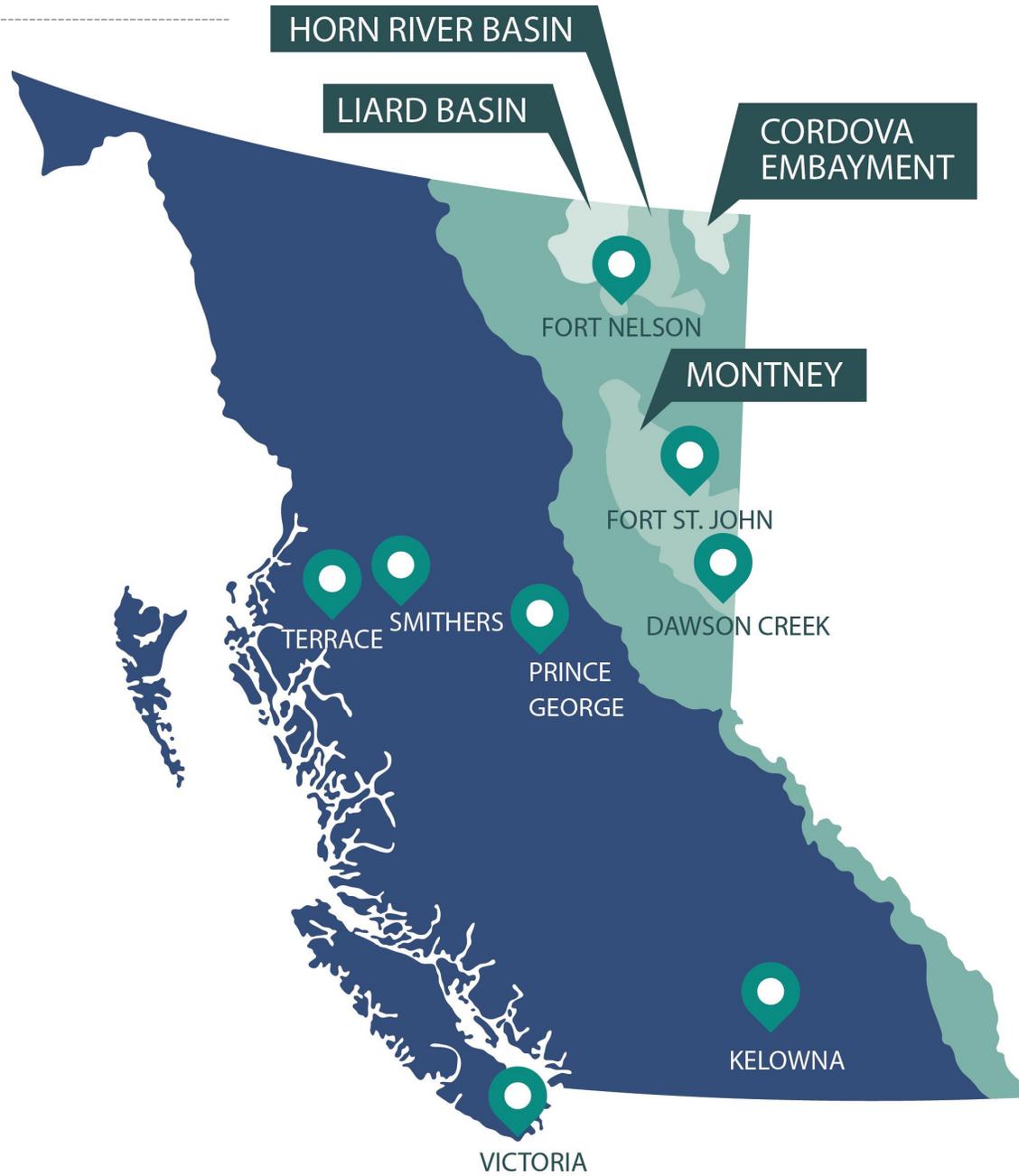
Created in 1998.

Responsible for
regulating oil and gas
activities in B.C.

Exploration,
production,
processing, storage,
disposal, pipelines,
reclamation and
roads.

Single-window
structure.

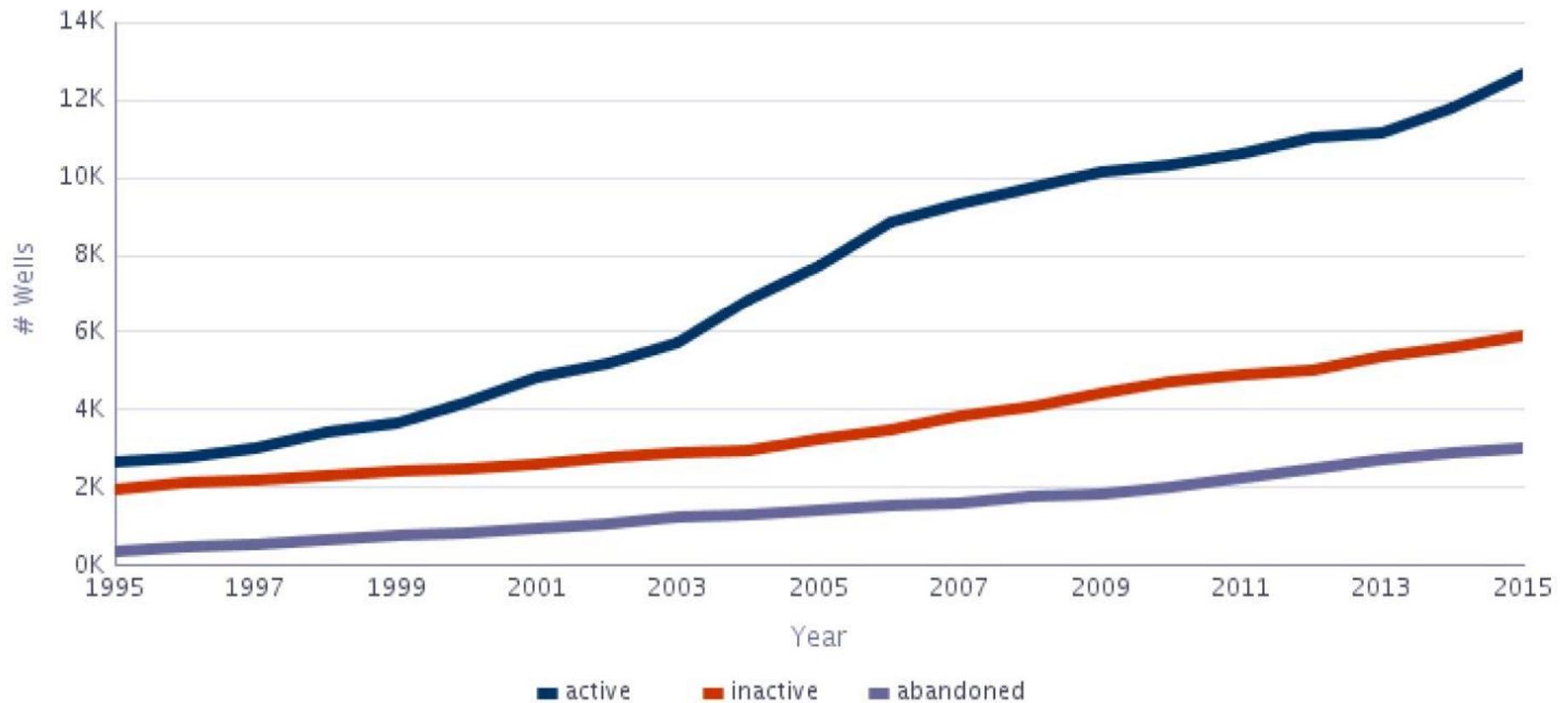
Commission's Presence



Well Statistics



Active, Inactive & Abandoned Well Statistics



Increase in Well Populations

- 12,700 active wells (includes drilled and completed)
- 5,900 inactive wells
- 3,000 abandoned wells

Asset Retirement Oversight



Closing the life cycle

Suspension

- Ensures the ongoing integrity of the well
- Risk based temporary plugging, testing, and inspection

Abandonment

- Require plugging to isolate zones, prevent leakage and pressure build
- Risk based inspection model
- Removal of unused equipment

Certificate of Restoration

- Two part process to 1) remediate contamination, and 2) restore surface

Liability Management Rating Program

- Ensure operators carry financial risk to closure

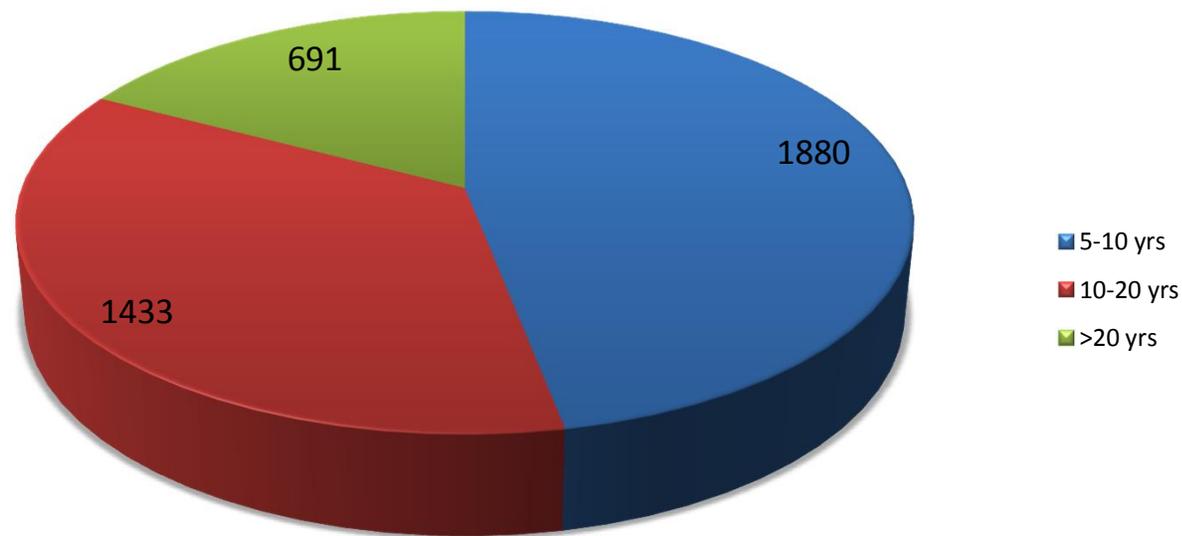
Orphan Site Reclamation Fund

- Plug and restore in case of insolvency

Long Term Inactive Wells



Populations by age

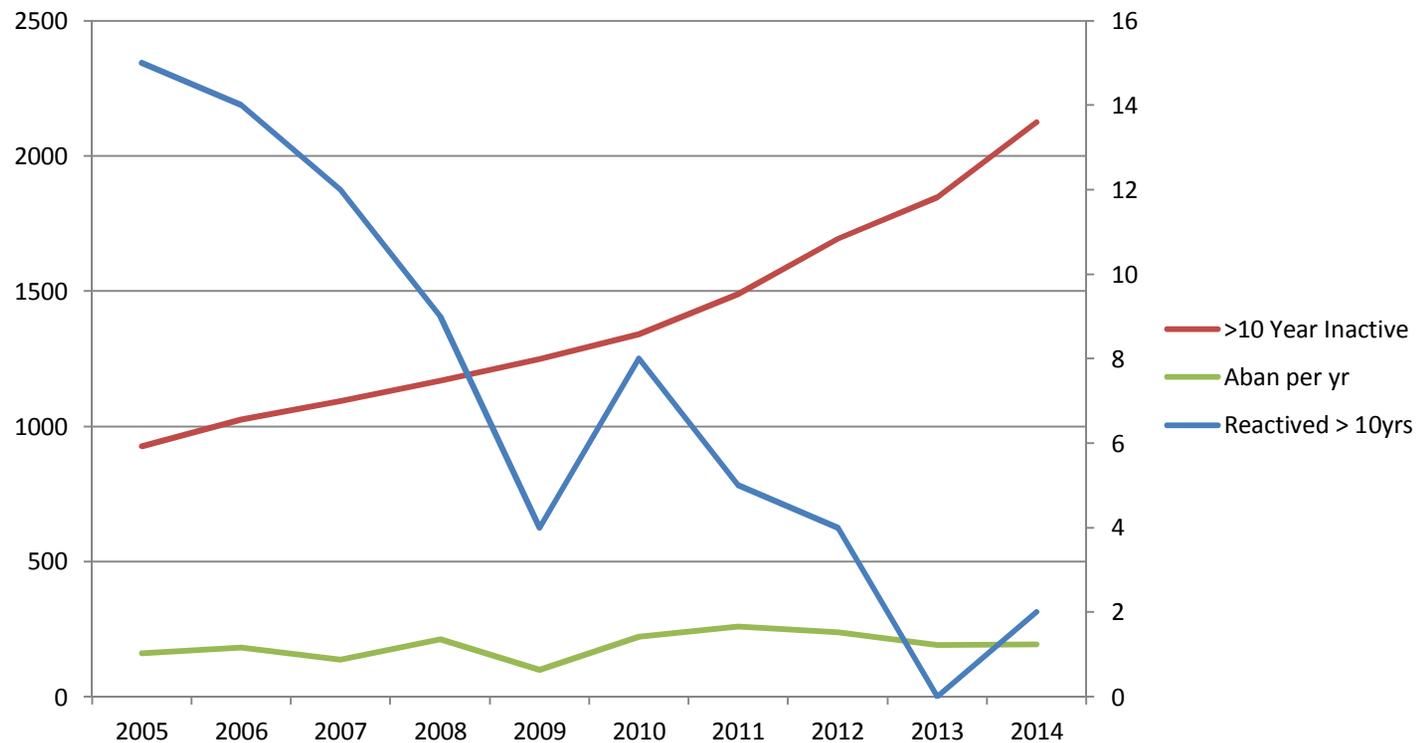


- 10% of all unrestored wells inactive >10 yrs
- More than 4000 ha (10,000 ac) of land disturbance

Reactivation

- Argument for future potential
- Price & technology improvements
- Bellman equation modelled conditions for reactivation
 - Technology doubles reserves – 26% reactivation
 - Price quadruples – 18% reactivation
- Aging wellbores unsuitable for new technology
- Wells inactive >10 years were presented opportunity

Reactivation & abandonment

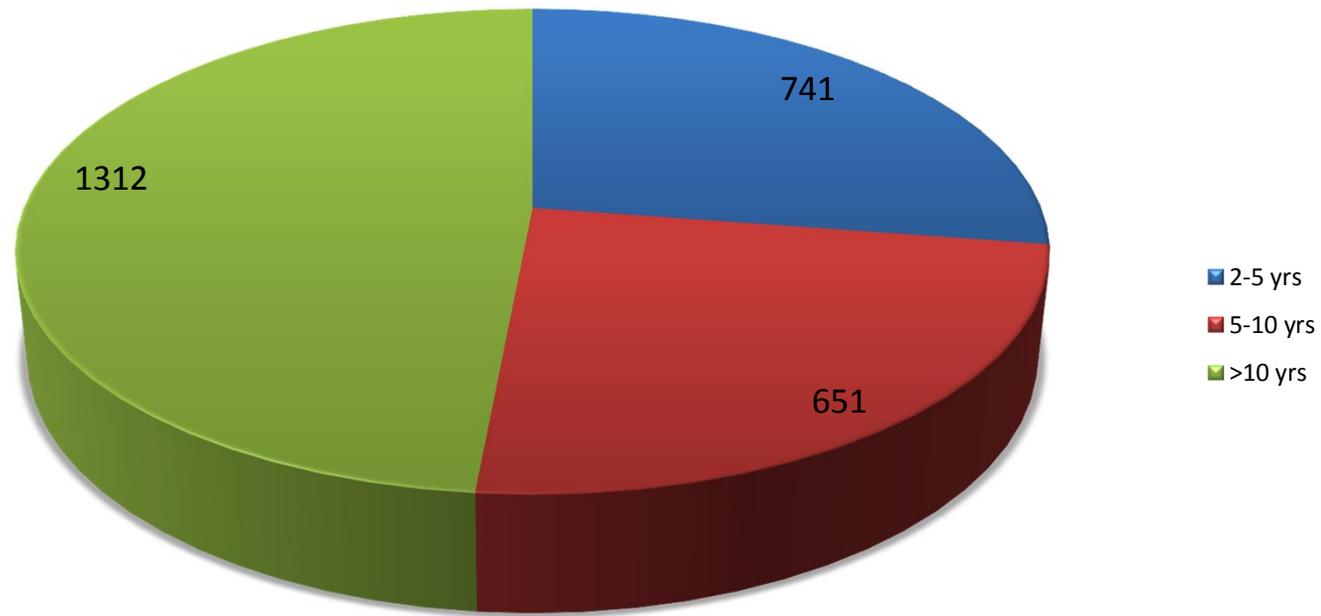


- Reactivations continue to fall
- Abandonment rate must increase 35%

Long-Term Abandoned Wells



Populations by age



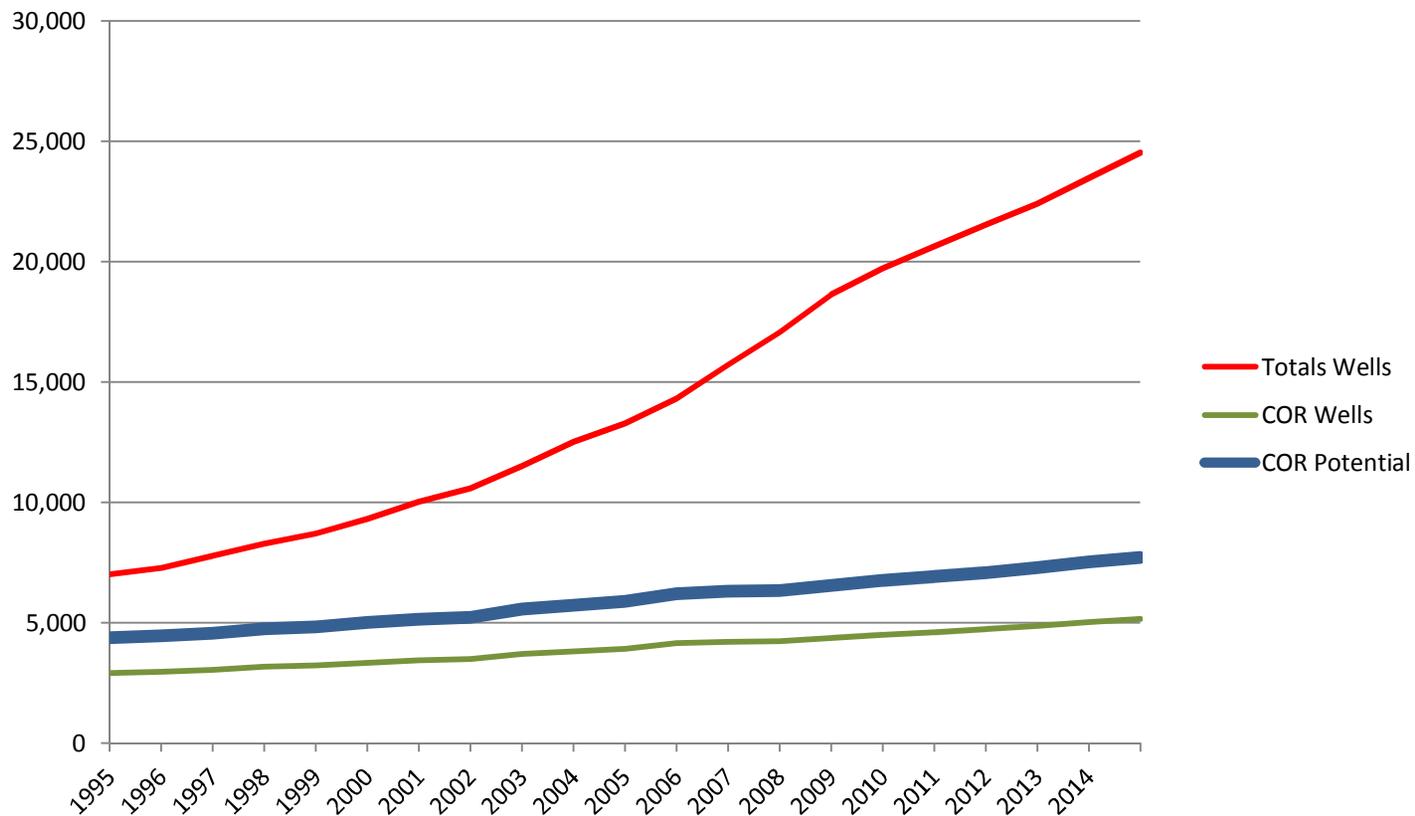
- Post 1974, nor COR Part 1
- Average 5 – 7 yr restoration timeline
- COR Part 1 possible within 5 yrs

Issues

- Footprint/Environmental Impact
- Social License
- Wildlife
- Financial Risk
- Housekeeping
- Well Integrity

****Focus on restoration and opportunity to shrink industry footprint**

Pace of Restoration



* Increase restoration rate from 22% to 32%

THANK YOU

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